



# Scaling Sustainability\*

## 2012-2015 CERES STRATEGIC PLAN

\* A sustainable economy is one that meets the needs of people today without compromising the ability of future generations to meet their needs.



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# A MESSAGE FROM CERES

We live in times of enormous challenge and tremendous opportunity. A growing global population demands more energy and resources than our planet can sustainably provide with current technology. Human activity is stressing water availability and intensifying social, environmental and economic pressures. It is also causing profound changes to the climate. To overcome these truly global challenges, our societies, institutions and economies must adapt.

*A sustainable economy is one that meets the needs of people today without compromising the ability of future generations to meet their needs.*

For nearly a quarter century Ceres has been working to mobilize the world's largest corporations and institutional investors to build what we call *sustainable prosperity*. This requires fundamental change in how key economic actors analyze and respond to a range of sustainability threats, from exploitation of scarce resources, to vulnerable supply chains, to the health and human rights of people and communities. Our unique strategy is to mobilize companies, investors and other key market actors to accelerate these profound changes.

We began with the Ceres Principles, a 10-point code of conduct for corporate environmental responsibility developed in the aftermath of the 1989 Exxon Valdez disaster.

Then we established the Global Reporting Initiative (GRI), the de-facto gold standard for corporate sustainability reporting now used by more than 2,500 companies worldwide.

In 2010, we persuaded the U.S. Securities and Exchange Commission to require climate risk disclosure by public companies and released *The 21st Century Corporation: The Ceres Roadmap for Sustainability* (the Ceres Roadmap), a framework and practical guide for the sustainable corporation.

And we recently completed *The Road to 2020: Corporate Progress on the Ceres Roadmap for Sustainability*, an evaluation of the progress of 600 major U.S. companies in meeting key expectations of the *Ceres Roadmap*. This new report makes clear that the vast majority of companies, if they are acting at all, are taking a limited project-by-project approach to sustainability rather than a comprehensive business approach, especially in regard to conserving water and reducing carbon pollution to levels scientists say are needed.

Over our 23-year history we have persuaded major companies and institutional investors that sustainability risks are embedded

in every business and portfolio. We introduced the term "climate risk" into the economic lexicon, and we're now doing the same for "water risk." We made the case that these are material risks that directors and executives have a fiduciary duty to assess, disclose and address. A decade ago, few companies or investors even conceived of these risks. Now hundreds of the world's largest companies and investors are integrating climate and water risk management across their operations and overall strategies.

Making sustainability a focus for these companies and investors will improve their bottom lines, but more importantly, it is a strategic lever for the large-scale changes needed to protect the human and natural resources that are the foundation of a vibrant and sustainable global economy.

The flip side of risk, of course, is opportunity. Every sustainability risk presents an opportunity for creating new products and services—electric cars, waterless manufacturing and large-scale energy financing, to name just a few. Building a resource-efficient, low-carbon economy is our best strategy for mitigating the impacts of climate change, water scarcity and human vulnerability resulting from business-as-usual practices. Ceres has worked tirelessly to mobilize capital toward the opportunity side of the sustainability equation. If innovators and investors rise to the challenge, we will create millions of new jobs and a multi-trillion dollar economic opportunity.

Ceres uniquely unites investors, businesses, policy makers and advocacy groups working to meet the sustainability challenges of the 21st century. We bring together the world's most powerful economic players in the search for market-changing solutions that accelerate sustainable business performance. Our challenge is nothing less than reinventing and reengineering global capitalism to serve the future as well as the present.

To accomplish this, Ceres will continue to attract the best minds from a variety of academic, professional and cultural backgrounds to our staff and provide a creative, entrepreneurial and supportive workplace.

On the pages that follow, we lay out our strategic goals for the next three years and how we expect to achieve them. Building a sustainable economy is more than a three-year project, but the time for bold, scalable action is now.



Anne Stausboll, Ceres Co-Chair



Norman L. Dean, Ceres Co-Chair



Mindy S. Lubber, Ceres President

# CERES 2012-2015 STRATEGIC FRAMEWORK AT A GLANCE

## OUR MISSION

Mobilizing investor and business leadership to build a thriving, sustainable global economy

## OUR VISION: Four Pillars of a Sustainable Economy

**1**

Investors and businesses continually achieving higher standards and accountability for sustainability leadership, practice and performance

**2**

Honest, transparent accounting, with companies, investors and capital markets integrating the full environmental and social costs of economic activity

**3**

Government policies—the rules of the game—sending clear market signals that reward sustainable business practices and discourage harmful ones

**4**

Clean sustainable innovation driving the global economy, generating cutting-edge efficiencies, products and livelihoods

## OUR AREAS OF IMPACT

- Transforming Economic Systems*
- Sustainable Business Strategies
  - Sustainable Capital Markets
- Tackling Critical Environmental & Social Challenges*
- Climate & Clean Energy
  - Water

## OUR 2015 GOALS



### Sustainable Business Strategies

**GOAL**

Advance large-scale change in sustainability strategy and performance by building on and expanding the leadership actions of companies in pivotal industries

- ⊙ Accelerate uptake of leading practices in *The 21st Century Corporation: The Ceres Roadmap for Sustainability* by companies and their suppliers
- ⊙ Mobilize the 70+ Ceres companies to achieve comprehensive environmental and social performance improvements in products, operations and supply chains
- ⊙ Establish sustainability as a permanent strategic governance priority at the corporate Board and CEO levels and ensure it is managed throughout the enterprise
- ⊙ Shape global consensus on corporate disclosure frameworks to drive integrated reporting, comparable key performance indicators and transparency of sustainability information for investors and stakeholders

### Sustainable Capital Markets

**GOAL**

Mobilize the most influential financial market actors to promote and integrate sustainability into investment decision-making, corporate practices and public policy

- ⊙ Accelerate the adoption of leading investment practices for integrating environmental, social and governance issues across the financial markets, including the \$10 trillion Ceres-led Investor Network on Climate Risk (INCR), through *The Ceres 21st Century Investor Roadmap for Sustainable Investing*
- ⊙ Leverage the strength of investors to promote and implement sustainable business practices among major global companies
- ⊙ Achieve robust sustainability risk management practices among key gatekeeper market institutions, including securities and insurance regulators, credit rating agencies, investment consultants and global stock exchanges
- ⊙ Launch a Global Investor Coalition on Climate Change focused on strong climate and clean energy policies to reduce carbon emissions and facilitate sustainable investment worldwide
- ⊙ Catalyze significant increases in investment in energy efficiency and other low-carbon solutions necessary to achieve sustainability throughout the world's economy

### Climate & Clean Energy

**GOAL**

Accelerate the sustainable global economy by championing low-carbon business, investor and policy solutions to drive economic growth and mitigate the impacts of climate change

- ⊙ Decarbonize the electric power and transportation sectors by advancing low and no-carbon electricity generation and infrastructure, clean fuels, and clean transportation choices that create jobs and stimulate sustainable economic development
- ⊙ Reduce the risks and minimize the social and environmental impacts of higher-polluting fossil fuel production
- ⊙ Mobilize the insurance industry to encourage broad, aggressive action to boost climate resiliency and address the root causes of climate change
- ⊙ Expand coalitions of companies and investors advocating for bold public policies to steeply reduce greenhouse gas emissions and expand efficiency and renewable energy
- ⊙ Engage major corporations and their global supply chains in the implementation of new business strategies that reduce greenhouse gas emissions, improve energy efficiency and source renewable energy

### Water

**GOAL**

Advance business, investor and government policies and practices to ensure abundant clean water supplies and healthy ecosystems

- ⊙ Accelerate uptake of leading water stewardship practices outlined in the *Ceres Aqua Gauge* by prominent global companies in priority sectors, including food & beverage, oil & gas, electric power, and apparel
- ⊙ Mobilize the largest companies operating in high-stress watersheds to set goals and make significant progress to reduce water use and pollution in their operations and supply chains
- ⊙ Advance the sustainability of U.S. water infrastructure by enabling the largest water utilities to promote conservation, reduce water loss and energy use, and invest in green infrastructure

## BUILDING ON EXPERIENCE

**OUR MISSION** is to mobilize business and investor leadership to build a thriving, sustainable global economy. The actions of companies, the allocation of capital by major investors, and reforms of capital markets can together create the large-scale changes needed to build an economy that preserves and protects the planet and its people.

The challenges of moving businesses and markets to operate sustainably are formidable. They include pressures to produce short-term financial results, entrenched ways of doing business, compensation structures that favor near-term financial returns over long-term value creation, and myopic regulatory and policy frameworks that often send the wrong market signals. Ceres leverages strong relationships with investors, companies and policymakers to engage in dialogues that change these business-as-usual paradigms.

Our strategic plan is informed by 23 years of experience working alongside business leaders, investors and public policymakers to create frameworks that reward sustainable performance.

### The Role of Companies



Sustainability isn't just about doing the right thing; it's about building long-term shareholder value, improving competitiveness and mitigating environmental, social and financial risks. Ceres has worked to move hundreds of major U.S. companies along the complex road of sustainability using customized stakeholder teams that include investors, NGO leaders and issue experts.

The cornerstone of our company engagement work is *The 21st Century Corporation: The Ceres Roadmap for Sustainability*. The *Ceres Roadmap* comprises 20 specific governance, stakeholder engagement, disclosure and performance expectations that companies must meet to be truly sustainable enterprises. Dozens of Fortune 500 companies now use the *Ceres Roadmap* to guide and inform their sustainability performance.

Some of our biggest company partners, including Nike, Levi Strauss & Co. and eBay, have taken their sustainability commitments a step further on climate change by joining Business for Innovative Climate & Energy Policy (BICEP). BICEP is a Ceres-led network of 22 leading consumer brands that advocate publicly—in Washington and across the country—on the urgent need for strong, comprehensive climate and clean energy policies.

**“Our history of engagement with Ceres helped us recognize that sustainability must be at the core of our new business model.”**

— John Viera, Director,  
Sustainability & Vehicle Environmental Matters,  
Ford Motor Co.

### The Role of Investors

In 2003, Ceres founded the Investor Network on Climate Risk (INCR), which now comprises more than 100 institutional investors with collective assets of more than \$10 trillion under management. Through INCR we have helped expose hidden climate and sustainability risks in members' investment portfolios and have marshaled evidence that investing in the clean energy economy is a smart long-term strategy. We have also supported engagements by institutional investors with the companies they own on climate and other sustainability issues.

Through our unique capacity to bring together investor, corporate and environmental interests, Ceres helps guide investors through key sustainability challenges and opportunities. By expanding our focus to include global insurance companies, who are both major investors and linchpins of the global economy, we aim to ensure that investment decisions are made with long-term interests in mind.



**“If I have a question on sustainability, I turn to Ceres.”**

— Christopher Ailman,  
Chief Investment Officer,  
California State Teachers'  
Retirement System (CalSTRS)

### The Role of Policy Makers

Investors and businesses don't operate in a vacuum. Public policy, laws and regulations—the rules of the game—profoundly affect how business is done.

When policies create financial incentives that are misaligned with human and environmental imperatives, even the best-intentioned companies and investors cannot build a sustainable 21st century economy. For example, water is grossly underpriced, leading to wasteful practices that are outstripping available supplies. And there is little or no cost for companies emitting carbon pollution into the atmosphere, though we all pay the bill in the form of global climate change and its accompanying disruptions. At the same time, extractive industries receive billions in tax credits and subsidies while the fate of tax credits for renewable energy remains in question.

At Ceres we work with our business and investor partners to move policy makers to correct these market distortions. This in turn drives capital investment and innovation to create newer, cleaner, more efficient technologies.

For example, Ceres played a pivotal role in securing improved national vehicle fuel economy standards. We commissioned independent economic research showing the economic benefits of raising mileage targets to an average 54.5 miles per gallon by the year 2025. By making the economic case for sustainable policy, we also organized strong business and investor support behind the policies President Obama ultimately approved.

**“The (Ceres) report's results put the lie to the tired trope that stronger fuel standards will hurt the auto industry and jobs. Indeed, it found that stronger standards are good for the auto industry, particularly the Big Three in Detroit.”**

— *Forbes* magazine, August 2011

# The Road Ahead:

## OUR IMPACT FOR 2012-2015

Over the next three years, Ceres will work with its core constituencies to accelerate the adoption of sustainable business practices, integrate sustainability risks and opportunities into corporate and investor strategies, and establish new rules of the road. Fundamental, far-reaching transformation is required, and to achieve it we will continually work to change the conversation about sustainability challenges and the economy, both in the public realm and with business leaders.

Our programmatic work is divided into four mutually reinforcing impact areas: *Sustainable Business Strategies, Sustainable Capital Markets, Climate & Clean Energy and Water Resources*. The first two—strategies for sustainable business and sustainable capital markets—relate to changing systems and institutions in ways that foster broader integration of sustainability across the entire economy. This work offers a path to progress on the next two impact areas—climate & clean energy and water resources—the most acute environmental and social issues of our time.

## SUSTAINABLE BUSINESS STRATEGIES

GOAL

Advance large-scale change in sustainability strategy and performance by building on and expanding the leadership actions of companies in pivotal industries

Business performance has traditionally been defined and measured only in financial terms. However, businesses face increasing risks from a changing climate and limited resources. Performance on key sustainability issues, in addition to operational and financial ones, are rapidly converging into an integrated set of imperatives for the 21st century corporation. Integrating sustainability best practices from the boardroom and executive suite to factories and supply chains is a core Ceres competency. It is essential to building long-term shareholder value and improving competitiveness. It is also critical for addressing climate change, natural resource scarcity, poverty and income disparity, and creating economic growth.



## Sustainable Business Strategies Objectives

### OBJECTIVE 1

#### Accelerate uptake of leading practices in The 21st Century Corporation: The Ceres Roadmap for Sustainability by companies and their suppliers

The *Ceres Roadmap* defines both the path companies should be taking and the measurable outcomes companies should be achieving on sustainability. Its 20 key expectations for governance, stakeholder engagement, disclosure and performance make clear that the success of companies and the global economy depends upon healthy natural systems and engaged communities.

The 130-member Ceres Coalition—a group of leading environmental, human rights, community development, economic justice, corporate governance organizations, and socially and environmentally conscious investors—joins us in promoting the tenets of the *Ceres Roadmap*. Ceres facilitates candid conversations between these stakeholders and large corporations, and acts as an advocate for sustainability leadership. These dialogues provide credible, powerful feedback about business impacts and areas for improvement to CEOs and other senior executives. As a result of these dialogues, companies that work with Ceres have adapted their business strategies and models to benefit both shareholder and stakeholder interests.

To measure company progress in critical performance areas, Ceres issued *The Road to 2020: Corporate Progress on the Ceres Roadmap for Sustainability* in April 2012, an examination of 600 leading U.S. companies on sustainability performance. Despite identifying strong pockets of corporate leadership, the report concludes that substantial progress is still needed. Much of our work over the next three years will be focused on companies improving their performance more broadly and strategically relative to the expectations in the *Ceres Roadmap*. To that end, we are placing special emphasis on the sustainability of corporate supply chains.

### OBJECTIVE 2

#### Mobilize the 70+ Ceres companies to achieve comprehensive environmental and social performance improvements in products, operations and supply chains

Transforming the sustainability practices of one large corporation can catalyze performance improvements at thousands of other businesses around the world, namely the companies in its supply chain. A host of financially material environmental, social and strategic issues are embedded in corporations' supply chains, from human rights and local community impacts to responsible use of local water resources, and the total carbon footprint of products. The *Ceres Roadmap* provides a framework that has helped businesses set higher standards with their suppliers.

For example, Ceres worked closely with Levi Strauss & Co. to develop a new approach to improve worker well being throughout corporate supply chains. The framework was announced in spring 2012 and is being pilot tested at five locations globally. It represents a shift from a factory-oriented, compliance approach to a multi-dimensional community-based approach focusing on broader issues such as healthcare, child and maternal health and gender equality.

### OBJECTIVE 3

#### Establish sustainability as a permanent strategic governance priority at the corporate Board and CEO levels and ensure it is managed throughout the enterprise

A company's performance often depends on the strength of its governance and management practices. The BP oil spill and Massey coal-mining disasters, for example, reflected weak health and safety governance systems. Ceres makes the link between corporate governance practices and a company's sustainability performance.

Specific governance expectations in the *Ceres Roadmap* include board oversight for sustainability, executive compensation, management systems, goal setting and public policy positioning. To accelerate stronger sustainability practices in these areas, we will build on our relationships with Ceres companies, investors and other stakeholders to advance understanding of the role of governance systems and accountability at the board and C-suite levels. These dialogues are already underway with many companies in our network, and we will continue to build out expectations in this area over the course of this three-year plan.

**"The Ceres Coalition is a huge value and a distinguishing factor for the organization."**

— Janet Ranganathan, vice president for science and research at the World Resources Institute and Ceres board member

THE CERES ROADMAP IN ACTION:

Ceres and its investor partners are engaging with hundreds of companies on using the *Ceres Roadmap* to drive strategic and performance improvements. Among the companies embracing the *Ceres Roadmap*:

- ⊙ **EMC Corp.** is using the *Ceres Roadmap* in all of its business units to evaluate current and future strategies and performance on greenhouse gas emissions (GHG), supply chain impacts and other sustainability challenges.
- ⊙ **Nike** is using the *Ceres Roadmap* as part of an effort to integrate sustainability across all company business decision-making.
- ⊙ **Exelon and Bloomberg** are leveraging the *Ceres Roadmap* to develop future sustainability strategies and commitments.

OBJECTIVE

4

*Shape global consensus on corporate disclosure frameworks to drive integrated reporting, comparable key performance indicators and transparency of sustainability information for investors and stakeholders*

Robust disclosure of credible sustainability information is a cornerstone of building a more sustainable economy. The most-used current disclosure framework is the Global Reporting Initiative (GRI), launched by Ceres more than a decade ago.

Ceres seeks to accelerate disclosure and create consistent standards that will be used by companies and investors alike. To this end, we will employ our strong network of relationships, GRI experience and influence in the international integrated reporting movement to help forge a consensus on global standards for integrating the reporting of financial and sustainability information. A critical aspect of this process revolves around the key performance indicators (KPIs) that are used to evaluate a company's track record so that the sustainability bottom line and the financial bottom line are appropriately weighted and quantified. Through our role in international dialogues, Ceres will help forge a global consensus on leading practice indicators for sustainability performance.

Because sustainability ratings are currently neither consistent nor broadly understandable, Ceres will also help level the playing field through the creation of a universal methodology for corporate sustainability ratings that will better enable markets to reward true sustainability leaders. This involves the creation of a new sustainability rating standard being developed by Ceres and the Tellus Institute through the Global Initiative for Sustainability Ratings (GISR).

GOAL

*Mobilize the most influential financial market actors to promote and integrate sustainability into investment decision-making, corporate practices and public policy*

In today's capital markets, most decisions emphasize short-term gain while ignoring the long-term risks of climate change, water scarcity and other game-changing global threats. There is, however, a small but growing consensus among corporate leaders and institutional investors that today's sustainability challenges present both major risks and opportunities for businesses—and that managing those risks and seizing those opportunities will be key to 21st century success.

**Ceres works with leading investors to catalyze and accelerate the transition to sustainable capital markets that will help achieve a 'built-to-last' global economy. We make the business case for sustainability in terms of economic risk, opportunity and building long-term asset value.**



OBJECTIVE

1

*Accelerate the adoption of leading investment practices for integrating environmental, social and governance issues across the financial markets, including the \$10 trillion Ceres-led Investor Network on Climate Risk (INCR), through the Ceres 21st Century Investor Roadmap for Sustainable Investing*

In 2013, Ceres will release its *21st Century Investor Roadmap for Sustainable Investing (Ceres Investor Roadmap)*, a toolkit for investors working to integrate sustainability factors into their investment strategies across asset classes. The *Ceres Investor Roadmap* will establish key expectations for the use of environmental, social and governance (ESG) criteria in the investment process; provide tools that will help institutional investors identify material ESG risks and opportunities in their portfolios; and clarify the role of ESG factors in defining their fiduciary duty to their beneficiaries.

Through the use of the *Ceres Investor Roadmap*, we expect substantially more asset owners and managers to adopt investment policies on ESG issues and proxy voting guidelines that align with their sustainability strategies.

We will also use the *Ceres Investor Roadmap* to move more asset owners to routinely demand expertise in sustainable investing, analysis and advice from their asset managers by adopting standard sustainability provisions in Requests for Proposals (RFPs) and management agreements. The *Ceres Investor Roadmap* will also raise expectations for expertise, advice and services provided by investment consultants—a key link in the investing value chain—on sustainability issues.

OBJECTIVE

2

**Leverage the strength of investors to promote and implement sustainable business practices among major global companies**

Investors complement and strengthen Ceres' direct engagement with companies on sustainability challenges by providing a strong voice for change. In 2011, dozens of investors in the Ceres network who collectively manage more than \$1 trillion in assets, wrote to the CEOs of all the Russell 1000 companies asking that they develop a sustainable business strategy and consider using *The 21st Century Corporation: The Ceres Roadmap for Sustainability* as a guide to integrating sustainability across their enterprises. For those Russell 1000 companies that are not currently Ceres companies, leading investors are working with Ceres to engage with many of them, using their influence as shareholders to move them toward stronger sustainability performance. We will continue to encourage investors to use the *Ceres Roadmap* in their corporate engagements to promote sustainable business practices.

OBJECTIVE

3

**Achieve robust sustainability risk management practices among key gatekeeper market institutions, including securities and insurance regulators, credit rating agencies, investment consultants and global stock exchanges**

Ceres is committed to moving the institutions that most strongly influence the capital markets, including stock exchanges, securities and insurance regulators, and ratings agencies. Stock exchanges are an especially critical lever because they set the terms for a company to be listed publicly.

Extraordinary changes are now taking place in emerging-market stock exchanges. The stock markets of Brazil, China, India, Indonesia, Malaysia and South Africa have all adopted rules requiring listed companies to disclose sustainability-related risks. In 2010, the Johannesburg Stock Exchange became the world's first exchange to require listed companies to disclose financial and sustainability performance in single, integrated reports. And in 2012 at the Earth Summit in Brazil, NASDAQ, one of the major American exchanges, announced it would work through the World Federation of Exchanges, an association of 54 securities exchanges, to encourage sustainability information disclosure by listed companies.

Ceres is engaging with members of its Investor Network on Climate Risk (INCR), North American stock exchanges (NYSE, NASDAQ, TMX and Bolsa Mexicana) and Deutsche Borse as part of a global Sustainable Stock Exchanges Initiative under the aegis of the United Nations. The goal is to persuade exchanges to adopt specific listing standards requiring sustainability reporting (or integrated sustainability and financial reporting) by listed companies. Requiring such reporting would be a historic milestone in integrating climate change, water availability and other sustainability issues into the core fabric of capital markets.

OBJECTIVE

4

**Launch a Global Investor Coalition on Climate Change focused on strong climate and clean energy policies to reduce carbon emissions and facilitate sustainable investment worldwide**

Ceres sits at the intersection of a global network of institutional investors, asset managers and insurers who can have enormous influence in moving national policies, treaties affecting international finance, and galvanizing capital flows to sustainable solutions. Ceres is helping to lead the launch of a global investor coalition, a network of pension funds, asset managers and socially responsible investors with combined assets totaling more than \$20 trillion—nearly half from the Ceres-led Investor Network on Climate Risk.

By working with this leadership group, Ceres will develop a strong voice for responsible and sustainable investors to promote national and international policy advances on climate and clean energy, support corporate action on climate change and accelerate low-carbon investment in clean energy and related solutions.

OBJECTIVE

5

**Catalyze significant increases in investment in energy efficiency and other low-carbon solutions necessary to achieve sustainability throughout the world's economy**

Global investing in clean energy, clean technology and related solutions grew exponentially in recent years, hitting a record \$260 billion in 2011 alone and eclipsing \$1 trillion overall since 2004. Despite economic challenges, policy uncertainty and the lack of a global carbon market, such investments have continued. Ceres will educate investors on evolving opportunities in low-carbon investment and marshal key market actors critical to accelerating these investments between now and 2015.



**“Ceres has done an outstanding job with respect to catalyzing the investor and corporate community to move forward on addressing climate risk and environmental protection”**

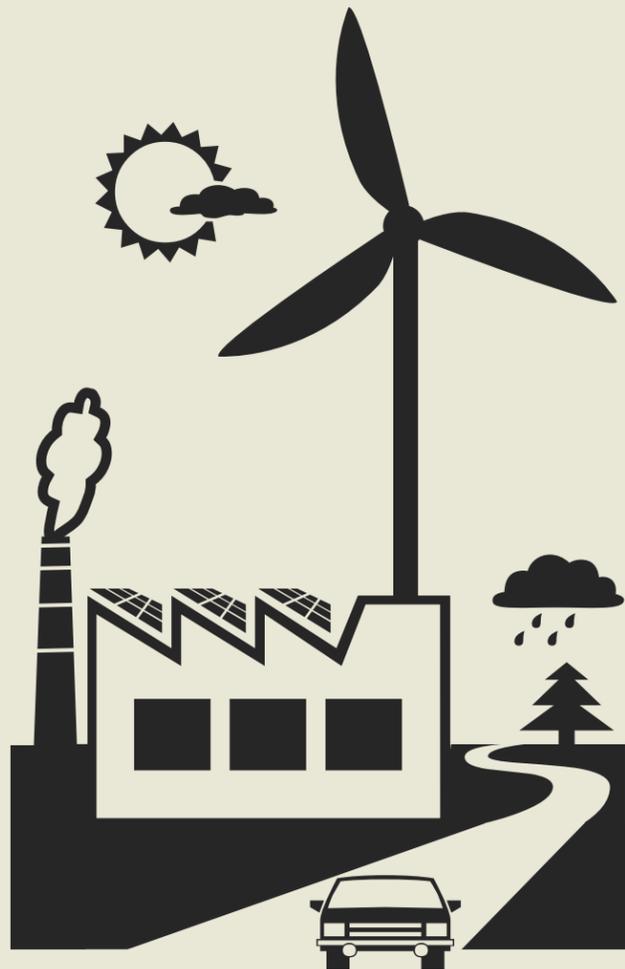
— Ken Sylvester, assistant comptroller for pension policy at the New York City Comptroller's Office (retired)

## CLIMATE & CLEAN ENERGY

**GOAL** Accelerate the sustainable global economy by championing low-carbon business, investor and policy solutions to drive economic growth and mitigate the impacts of climate change

Historically, the energy sector has been one of the world's largest sources of greenhouse gas emissions, but today's technology proves that it need not be. Any effort to reduce the projected impacts of climate change must include robust investments in clean energy and new transportation infrastructure.

To accelerate emissions reductions and enable new energy markets that will power our future, Ceres is committed to changing outmoded business models and related government policies.



## Climate & Clean Energy Objectives

### OBJECTIVE 1

**Decarbonize the electric power and transportation sectors by advancing low and no-carbon electricity generation and infrastructure, clean fuels, and clean transportation choices that create jobs and stimulate sustainable economic development**

The U.S. electrical grid is entering a pivotal period. Over the next two decades utilities will have to make about \$100 billion per year in power plant and other infrastructure upgrades. This is an unprecedented opportunity for utilities to improve their carbon risk management, cut reliance on high polluting coal-fired power plants and capitalize on new technologies for energy efficiency and renewable energy. Ceres's 21st Century Electric Utility report and related initiatives have positioned us to play an important role in helping shape these decisions.

Our collaborators in this effort will be utilities looking to make smart, clean and efficient investments, regulators looking to assure reliable and modern infrastructure for states and taxpayers, and investors looking for stable returns on investment that include reduction of carbon pollution.

### OBJECTIVE 2

**Reduce the risks and minimize the social and environmental impacts of higher-polluting fossil fuel production**

Ceres research reports and company and investor engagements work to expose the wide-ranging financial risks and environmental impacts of fossil fuel production. Over the next three years, we will focus these efforts on the proliferation of unconventional fossil fuel production, such as shale oil and natural gas hydraulic fracturing in the United States and oil sands production in Alberta, Canada.

### OBJECTIVE 3

**Mobilize the insurance industry to encourage broad, aggressive action to boost climate resiliency and address the root causes of climate change**

After experiencing record extreme-weather losses in recent years—\$32 billion in U.S. insured losses in 2011 alone—insurers are acutely aware of the risks and opportunities posed by climate change. This includes building near-term resilience to growing climate threats and long-term mitigation, such as creating strong policies to reduce climate-warming pollution.

Ceres is leading efforts to adopt best practices and improve industry disclosure on this issue. We are also forcing a fundamental rethinking of industry business models, both through new research and industry partnerships such as ClimateWise, a group of global insurers based in Europe who are building a strong business case for action on climate change.



**“Climate change is strategically important to our industry, and by having the relationship with Ceres we are able to get insight from a broad range of stakeholders on the issue, and are therefore better able to manage the issue.”**

— William Brady, director of corporate environmental strategy at Exelon Corp.

## Climate & Clean Energy Objectives

### OBJECTIVE

4

**Expand coalitions of companies and investors advocating for bold public policies to steeply reduce greenhouse gas emissions and expand efficiency and renewable energy**

Ceres works with a wide range of economic actors speaking out for concerted action on climate change and the emerging clean energy economy. Business for Innovative Climate & Energy Policy (BICEP) is our network of large consumer brands—including Starbucks, Nike and Levi Strauss & Co.—advocating for strong state and national policies on greenhouse gas reductions, energy efficiency, renewable energy and more.

The Investor Network on Climate Risk (INCR) is our network of more than 100 institutional investors, collectively managing more than \$10 trillion in assets, supporting policies and actions that mitigate material climate risk to their portfolios and help capital flow to new opportunities.

Ceres is advocating for sector-specific, comprehensive policies at all levels of government that promote the transition to a low-carbon economy. These include greenhouse gas emissions standards, clean fuels standards, and model state, regional and federal emissions-reduction programs. Ceres also targets pivotal market institutions that can shape the terms of the energy and climate debate, including the U.S. Securities and Exchange Commission and the National Association of Insurance Commissioners.

**“BICEP companies played a leading role in fending off a repeal of California’s landmark climate law. They also led in advocating for stronger national automobile fuel economy standards.”**

– The Guardian, 2012



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### OBJECTIVE

5

**Engage major corporations and their global supply chains in the implementation of new business strategies that reduce greenhouse gas emissions, improve energy efficiency and source renewable energy**

Ceres works with major companies to reduce the worst impacts of climate change. We have called on companies across all industry sectors to meet key *Ceres Roadmap* expectations by 2020, such as reducing their greenhouse gas (GHG) emissions by 25 percent, improving energy efficiency in operations by 50 percent, reducing electricity demand by 15 percent and sourcing 30 percent of their power needs from renewable resources. We expect companies to make these commitments in their internal operations and to work with their suppliers to do the same.

## WATER

GOAL

**Advance business, investor and government policies and practices to ensure abundant clean water supplies and healthy ecosystems**

Dwindling supplies of water, coupled with global population growth, industrialization and a warming climate, present profound risks underappreciated by businesses, investors and policymakers. **From Africa to Asia to many regions of the United States, water supplies are being strained by unprecedented and burgeoning demand, with industrial, agricultural, energy and residential water users coming into more frequent conflict in pursuit of secure water access. Climate change is worsening the situation. Its impacts are already being felt in water-dependent sectors such as food & beverage, commodities and energy production. According to recent demand projections by McKinsey & Co., the world may face a 40 percent global water shortfall by 2030.**

**Without substantially improved water management by both companies and the utilities that deliver this water, a sustainable economy is unachievable. The primary challenge is inadequate water supplies, which threaten direct operations and supply chains of countless businesses. Companies that compete with local communities for limited water face risks to reputation and even loss of their licenses to operate. In addition, fundamental laws of supply and demand mean water scarcity will have an impact on the price of water and every product that depends on it—in other words *nearly every product*.**



## Water Objectives

### OBJECTIVE

1

**Accelerate uptake of leading water stewardship practices outlined in the Ceres Aqua Gauge by prominent global companies in priority sectors, including food & beverage, oil & gas, electric power and apparel**

Ceres’s work on corporate water stewardship is designed to spur the largest global companies in high-impact sectors to significantly reduce their impacts and those of their suppliers. The program also aims to showcase companies that contribute to watershed-level collaborations that advance sustainable water management.

In consultation with a range of investor, corporate and NGO stakeholders, Ceres recently released a first-of-its-kind benchmarking tool—the *Ceres Aqua Gauge*—to incentivize sustainable corporate water management. The tool, backed by investors managing more than \$2 trillion in assets, provides a benchmark for best practices in everything from corporate water policies to setting efficiency goals to supply chain standards—enabling investors to assess, score and compare companies’ water management. The *Ceres Aqua Gauge* provides companies with a detailed roadmap for developing comprehensive, 21st century water stewardship strategies that integrate consideration of water issues from the boardroom to the farm field.

We are using the *Ceres Aqua Gauge* as a framework to mobilize investors to drive more robust consideration of water-related risks into their investment decision-making and corporate engagement strategies. We are also working directly with companies and industry groups to advance widespread adoption of the leading water management practices in the *Ceres Aqua Gauge*.

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### OBJECTIVE

2

**Mobilize the largest companies operating in high-stress watersheds to set goals and make significant progress to reduce water use and pollution in their operations and supply chains**

Our approach of establishing water not only as an environmental issue, but also as a business and investor issue, looks at addressing water-related risks—physical, regulatory and reputational. Addressing those risks means not just reducing companies’ operational impacts on water, but also driving innovation in water-friendly processes and products and scaling up multi-stakeholder collaboration at the watershed level.

Ceres focuses on having companies and their suppliers that operate in regions of high water stress set and achieve aggressive water reduction goals. We also encourage companies to invest in and partner with communities, governments and other business operators to improve the overall conditions of the watershed. These actions, combined with investment in development of new products that have lower water impacts, are critical for substantial changes to occur. Leveraging the tools that Ceres has developed for investors and companies will drive these changes, along with the necessary capture of metrics and results, to ensure long-term results and support for the ecosystem and communities.

**“The Ceres Aqua Gauge reflects the most advanced thinking available on corporate water management—it’s a ground-breaking framework that we are using and sharing with suppliers and customers.”**

— Greg Koch,  
Director, Global Water Stewardship,  
Coca-Cola Company

### OBJECTIVE

3

**Advance the sustainability of U.S. water infrastructure by enabling the largest water utilities to promote water conservation, reduce water loss and energy use, and invest in green infrastructure**

Today’s water infrastructure is hugely resource inefficient—Americans use more water per capita than any nation on Earth, even in areas of the country with the most arid climates. The way we move and treat water is energy-intensive, making water utilities a major source of carbon emissions. Our water systems are poorly maintained and literally crumbling in many U.S. cities. We are at a critical juncture where new investment can either go towards maintaining the status quo of traditional water and energy-intensive supply projects, or towards the necessary alternatives, including conservation pricing, efficiency investments and green infrastructure supplies.

Building on research and risk frameworks developed in two reports, *Charting New Waters: Financing Sustainable Water Infrastructure* and *The Ripple Effect: Water Risk in the Municipal Bond Market*, we are working with water utilities, credit rating agencies and investors to advance their understanding of the risks of unsustainable water infrastructure and potential solutions to those risks.

Ceres seeks to fundamentally improve incentives for water utilities to more sustainably manage water resources by educating and influencing the behavior of the key financial market actors, including credit rating agencies, underwriters and bond investors, that affect a utility’s cost of capital. To foster this shift, we will improve overall transparency of the water sector by working with utilities and investors to develop models for enhanced disclosure of sustainability risks and opportunities. We will also continue to contribute intellectual capital and advance the financial case for the benefits of conservation pricing, water efficiency and green infrastructure.



# Organizational Effectiveness and Excellence

**Ceres recognizes that our effectiveness in delivering our goals rests in large measure on how we develop and invest in those areas that cut across and support the whole of our work. This strategic plan advances these ends through a set of organizational goals that will improve our practices and enhance our impact.**

**Our organizational effectiveness and excellence goals for 2015 are to:**

- ⊗ **Change the global conversation about sustainability issues through compelling stories, analysis and new media**
- ⊗ **Empower leadership, bold thinking, and action for sustainability through our signature events and issue dialogues**
- ⊗ **Extend and deepen our partner and member networks and relationships**
- ⊗ **Diversify and expand our base of funding and support to advance innovation and scale our impact**
- ⊗ **Invest in the people and systems of Ceres to ensure a diverse, entrepreneurial, and supportive workplace to deliver our mission**

The foundation of this strategic plan rests on our ability to communicate about our work in ways that inspire people to action, and the way our events, such as our annual Ceres Conference and our biennial Investor Summit at the United Nations, incubate new thinking and create the space for leadership. It rests on the strength of our partners and collaborators in the investor, corporate, policy, civil society and funder communities who are moved to embrace and champion the fundamentals of our work as the way forward for the global economy. And it rests on the people of Ceres who work tirelessly every day in an effort to transition our world toward a sustainable future.

## CONCLUSION

For nearly a quarter century, Ceres has been a leading advocate for a thriving and sustainable global economy. We work to drive sustainability into the core DNA of key economic institutions—major corporations, institutional investors, stock exchanges, credit rating agencies and others—so that they can be catalysts for the fundamental change needed if humankind is to continue to thrive and prosper on this planet.

Our mission has never been more urgent. The challenges are grave, but the opportunities are profound. As we near Ceres's 25th anniversary, we hope you will continue to work with us to build a sustainable prosperity that works for all.



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For more information and details on our vision for achieving a sustainable global economy, please visit [www.ceres.org](http://www.ceres.org).

Follow us on twitter ([@ceresnews](https://twitter.com/ceresnews))  
and on Facebook ([www.facebook.com/ceres.org](https://www.facebook.com/ceres.org).)



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