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HOW CAN YOU HELP GET US THERE?

Get US There

In 1989, in response to the Exxon Valdez oil spill, a group of forward-thinking investors and environmentalists, led by pioneer Joan Bavaria, came together to form Ceres. At the time, they were at the forefront of a transformative movement in business. They understood that the most successful companies in the long term will be those that consider their impacts on the environment, employees and communities. They knew then what we say now at Ceres: sustainability is the bottom line.

Today, our research shows that nearly 400 of the 600 largest publicly traded companies in the U.S. have commitments to reduce greenhouse gas (GHG) emissions, 300 actively manage water resources and nearly 300 actively protect employees' human rights. Companies have begun to embrace sustainability and incorporate environmental, social and governance (ESG) risks and opportunities into their decision making in ways we couldn't have dreamed of thirty years ago.

And as low and zero carbon technologies continue to develop, the economic opportunities of the clean energy transition give us good cause for hope. As of 2019, for example, nearly 3.3 million Americans are working in the clean energy sector, showing that transforming the economy can create jobs, secure company profits and protect the planet—all at the same time.

As these changes have occurred in the decades since our founding, we've grown into an influential nonprofit organization, creating and partnering with powerful networks of investors, companies and nonprofits, and working with policymakers and other capital market influencers. Along the way, our founders' vision has moved from the margins to the mainstream. The business case for sustainability is clear and has never been stronger.

But the challenges we face have never been greater. We have roughly a decade to keep global average temperature from rising more than 1.5 degrees Celsius and thus avoid the worst impacts of climate change. Freshwater shortages are at crisis levels in both major cities and remote villages around the world even as demand grows. Deforestation and the resulting loss of biodiversity are devastating wide areas of the globe. And millions toil in forced labor or unsafe conditions, or suffer in workplaces where human dignity is ignored.

In response to these challenges, our strategic plan offers a roadmap to "Get US There"—to a just and sustainable global economy.

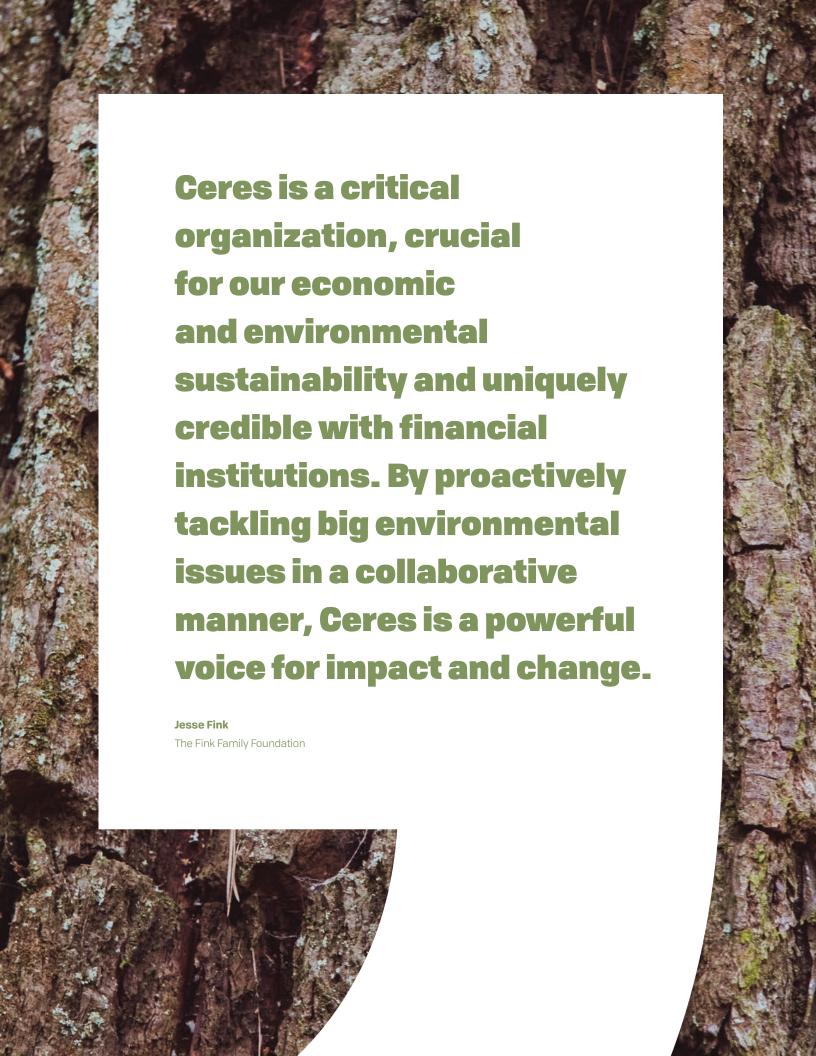
In the pages that follow, we explain who we are, whom we work with and how we create change. We share plans to address four global challenges: **climate change, water scarcity and pollution, inequitable workplaces and outdated capital market systems**. And we also lay out our plans for growing and strengthening Ceres in order to fulfill our mission.

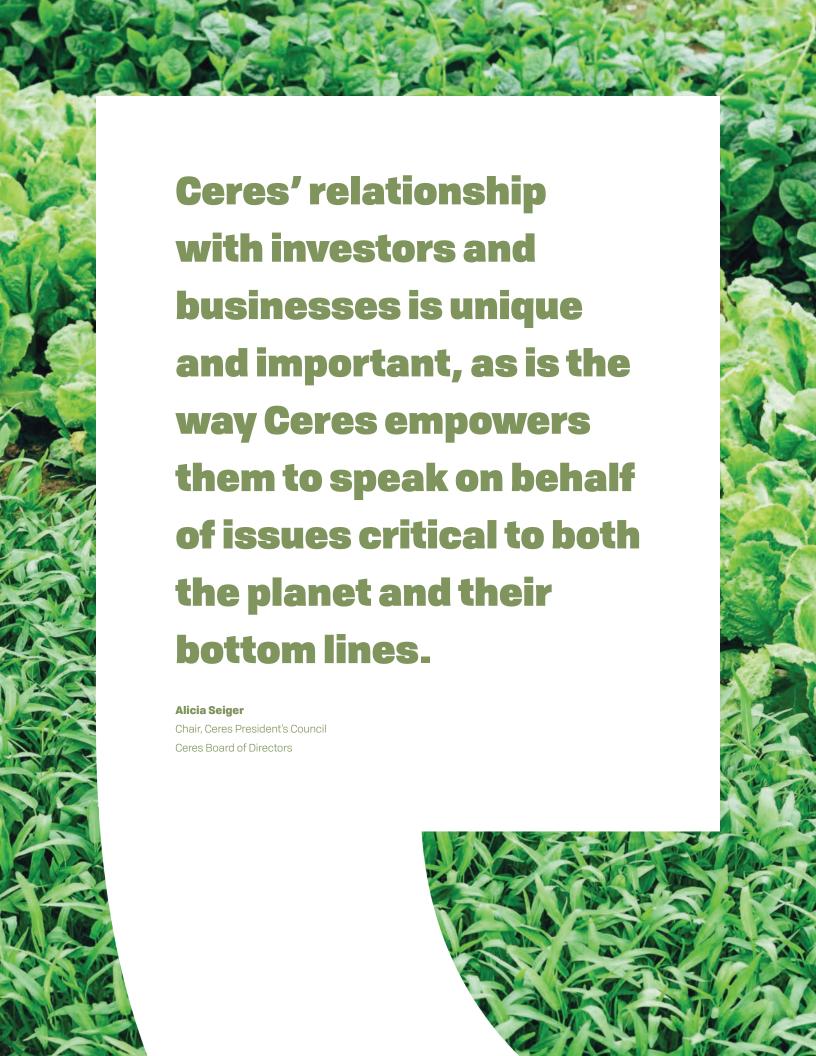
We are in uncharted waters, and it is truly an all-hands-on-deck moment. We are recruiting others to join us because we cannot tackle these problems alone. Our greatest impacts have always been realized through our collaborations — with investors, companies, nonprofit organizations, policymakers, donors and countless others who share our commitment to a more sustainable world. We are grateful for their vision and dedication.

We are on this journey together—every one of us needs to scale up our ambitions and actions to shape and secure our future. And I'm confident that, together, we can get there.



Mindy Lubber
Ceres CEO and President







Identity

Sustainability is the bottom line.

At Ceres, we're confident in the **business case** for sustainability.

With more than 30 years of research, we have ample evidence that investors and companies that effectively integrate environmental, social and governance (ESG) risks and opportunities into decision making outperform their peers.

But we also know that sustainability does more than just secure greater profits: it saves and enriches lives while protecting our planet. The need to preserve our natural resources and ensure the health and well-being of both present and future generations drives us to transform the way business is done.

So, we create change by tackling four global challenges: climate change, water scarcity and pollution, inequitable workplaces and outdated capital market systems.

Our experts produce data-driven reports, cutting-edge tools and thought leadership that enable our networks of investors, companies and nonprofits, along with the policymakers and capital market influencers we work with, to make better decisions.

We empower members of our networks to take bold individual and collective action on meaningful performance improvement goals. We help them set these goals, develop strategies to reach them, disclose their progress clearly and foster robust sustainability practices across multiple sectors. We also mobilize leading investors and companies to advocate for policies that incentivize sustainability and the clean energy transition.



Influence

Ceres drives action to meet the world's biggest challenges. We build powerful networks and collaborations to tackle these challenges and ensure both long-term financial success and a healthy planet for all.

As global conditions have evolved, Ceres has been at the leading edge of change. We helped change Wall Street's mindset about the business case for integrating environmental, social and governance (ESG) risks and opportunities into decision-making. With our investor partners, we helped make "climate risk" a mainstream concept among the global investor community. We've worked to incorporate water, deforestation and human rights risks into business vernacular and these, too, have become growing concerns among investors and companies.

As our networks have grown, so have our expectations of them. We ask investors, "What if financial value was tied to your values?" We ask companies, "What if community stakeholders' interests were as important as shareholders' interests?" And we ask, "What can happen when forward-thinking investors and companies share their values and tell their stories to policymakers?"

With our help, investors increasingly seek corporate disclosures and best practices on ESG risks. We also empower companies to measure and improve their on-the-ground performance: smaller carbon footprints, reduced water use, and more robust worker protections. We work closely with policymakers and advocates at the state, regional, national and international levels to be leaders on the transition to a zero carbon economy and to protect freshwater resources.



Theory of Change

Ceres' theory of change uses capital to move companies and capital market leaders to influence systems and policies.

We work with key influencers along three core pathways to get us to a just and sustainable global economy: investor change, corporate change and capital market systems and policy change.

INVESTOR CHANGE →

We educate and empower investors to integrate environmental, social and governance (ESG) issues into their investment decision making and engagement with companies.

Investors decrease their exposure to holdings with high ESG risks and increase their investments in companies that are leading on ESG issues.

CORPORATE CHANGE →

We establish the business case for sustainability and benchmark the largest publicly traded companies in the U.S. on key sustainability metrics. We bring investors and other stakeholders into dialogue and engagement with companies to advance corporate ESG performance.

Companies respond by improving disclosure and governance of ESG risks and opportunities, and by implementing sustainable practices and policies.

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Companies and investments that perform poorly on ESG issues lose value and are exposed to greater risk, while high performers seize opportunities and gain value.

CAPITAL MARKET SYSTEMS AND POLICY CHANGE →

We organize leading investors and companies to engage with and educate credit rating agencies, stock exchanges, banks, financial Institutions, policymakers, regulators and other market influencers.

We work with these partners to advance responsible regulations, standards and public policy on ESG issues at the state, national and global levels that incentivize sustainable practices.

Our approach is based on concrete evidence that companies incorporating sustainable practices reap rewards in the marketplace, and those that fail to do so will ultimately fall behind.

A JUST AND SUSTAINABLE GLOBAL ECONOMY

Companies improve their ESG performance by better managing risks and by seizing the opportunities of a sustainable economy.

Business practices and technologies that mitigate or reverse negative impacts are scaled and spread throughout markets.

Capital market systems and policies foster economic practices and investments that protect both people and the planet.





Networks and Initiatives

In the last three decades, Ceres has built networks of leading investors, companies and nonprofit organizations that have grown exponentially in size, scope of work and depth of engagement. We equip these leaders with cutting-edge research and tools and partner with them to transform the global economy.

Networks

The Ceres Investor Network: Includes nearly 170 institutional investors with \$26 trillion in assets under management. Advances leading investment practices, corporate engagement strategies and key policy and regulatory solutions.

The Ceres Company Network: Comprised of more than 50 companies, nearly 75 percent of which are Fortune 500 firms. Members raise their ambitions on robust sustainability goals and improve resiliency in their operations and supply chains.

The Ceres Policy Network (BICEP): Includes more than 50 companies, including leading consumer brands and Fortune 500 firms. Members advocate for climate and clean energy policy at the state, federal and global levels.

The Ceres Nonprofit Network: Involves more than 90 environmental, labor, religious and investor nonprofit organizations that support our engagement with business leadership on ESG risks and opportunities.

Initiatives

Beyond our networks, Ceres also organizes initiatives that leverage the actions and influence of a wider range of private sector leaders:

Our <u>Connect the Drops</u> initiative mobilizes corporate leadership on sustainable water policies in California.

Our flagship **Commit to Climate** initiative builds broad private sector leadership on climate action and drives strong corporate commitments on clean energy and transportation.

In response to President Trump's plans to withdraw the U.S. from the Paris Climate Agreement, we helped launch and grow **We Are Still In** into a coalition of more than 3,600 leaders committed to meeting the goals of that historic accord.

International investor coalitions and campaigns such as the Global Investor Coalition on Climate Change, Climate

Action 100+ and The Investor Agenda harness the power of a global movement of investors acting on behalf of sustainable business practices.

Successes

Here are some of the strides we've made toward a just and sustainable global economy by working with our network members and other partners over the last three decades. To learn more, visit www.ceres.org/about-us.

Founded by Joan Bavaria and other forward-thinking investors and environmentalists in response to the 1989 Exxon Valdez oil spill. Early investor members were joined by others, becoming the Ceres Investor Network.

Developed the first corporate sustainability standards, The Ceres Principles. Endorsers were the start of the Ceres Company Network, disclosing environmental impacts and engaging with stakeholders.

1989 - 1999

Launched the Ceres Business for Innovative Climate and Energy Policy (BICEP) Network to mobilize companies to advocate for robust action on climate and clean energy in the U.S.

Released the Ceres Roadmap for Sustainability, setting the highest standards for corporate sustainability leadership.

2000 - 2010

Secured first-time majority votes on climate-related shareholder proposals at major oil and gas corporations through the Ceres Carbon Asset Risk initiative, which also secured the first climate scenario analysis at a major utility company.

Helped quickly mobilize 900 initial influential companies and investors to say "We Are Still In" after President Trump's announcement he would withdraw the U.S. from the Paris Climate Agreement. This coalition is now a national movement of more than 3,600 business leaders, governments, universities, faith groups, tribal leaders and others.

2011 - TODAY

Launched the Global Reporting Initiative (GRI), the standard for corporate sustainability reporting now used by 13,400 companies.

Framed climate change as a business and investment risk and helped establish "climate risk" as a mainstream global investment concept; organized the first Investor Summit on Climate Risk at the United Nations.

Mobilized investors to successfully petition the U.S. Securities and Exchange Commission (SEC) to issue guidance on mandatory corporate reporting of material climate risks.

Secured first-time commitments from some of the largest meat and agricultural production companies in the U.S. to identify and reduce their water footprints.

Launched the investor-led Climate Action 100+ initiative to reduce corporate greenhouse gas (GHG) emissions in line with the Paris Agreement and improve corporate disclosure and governance on climate change.

Helped secure passage of California's 100 Percent Clean Energy Act, the most comprehensive state effort in the U.S. to date to tackle climate change and accelerate the transition to a zero carbon economy.



Promise

The world has made astonishing progress on key development measures in recent decades. More than one billion people have moved out of extreme poverty. Agricultural yields have grown exponentially, as has energy productivity. And we've seen breakthroughs and rapidly lowering costs in waterless technologies, energy storage, electric vehicles (EVs) and renewable energy.

At the same time, political inertia and retrenchment, regulatory uncertainty and perverse incentives that sustain fossil fuel industries have curbed larger-scale investments in cleaner, low-or-zero carbon technologies and infrastructure. The proliferation of energy extraction techniques such as hydraulic fracturing have deepened our reliance on fossil fuels. Rapidly spreading deforestation and biodiversity loss increasingly endanger vast and fragile ecosystems and local indigenous communities.

Greenhouse gas (GHG) emissions have changed the global climate, producing more menacing and more frequent storms, droughts, floods and wildfires. Increasing agricultural needs and a shift to more meat-based diets worldwide are outpacing freshwater supplies, depleting soil fertility, drying up aquifers and driving deforestation. Misguided practices in beef and soybean production destroy forests which would otherwise store vast quantities of carbon dioxide (slowing climate change) and provide habitat for millions of species. Nearly 25 million people are still trapped in forced labor, or face hostile and otherwise unsafe workplaces that violate their human rights.

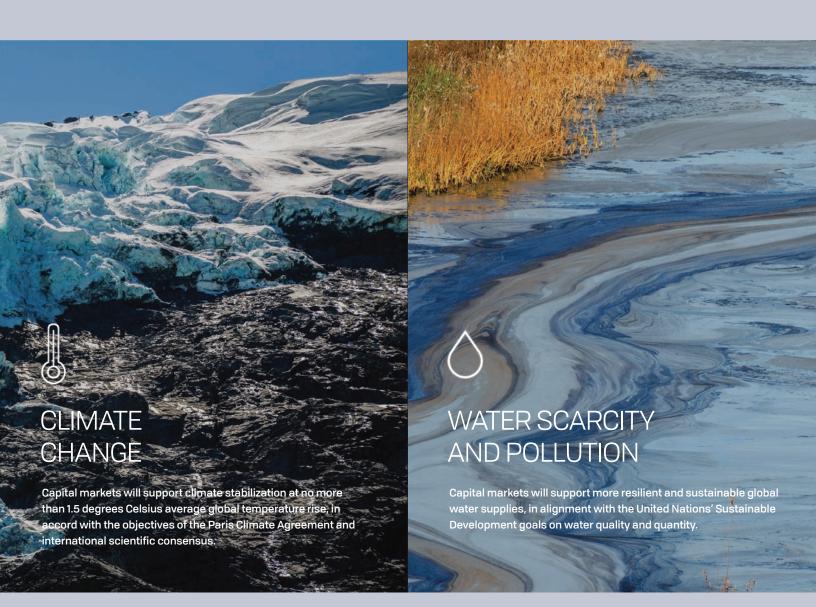
Responding to both these historic opportunities and to these grave risks, our strategic plan offers a path to a just and sustainable global economy, identifying the changes our economic system needs to make, and showing how we will marshall our networks, assets and unique theory of change to get us there.

We will implement this plan by sharpening our focus on key sectors that have the biggest impacts on global natural resources and society: oil and gas, electric power, transportation, and food and agriculture. We will continue to strengthen our policy efforts in the U.S., where business leadership on climate change is more important than ever in the absence of presidential leadership. And, we will greatly accelerate our work to change how capital markets evaluate, manage and disclose environmental, social and governance (ESG) risks and opportunities.

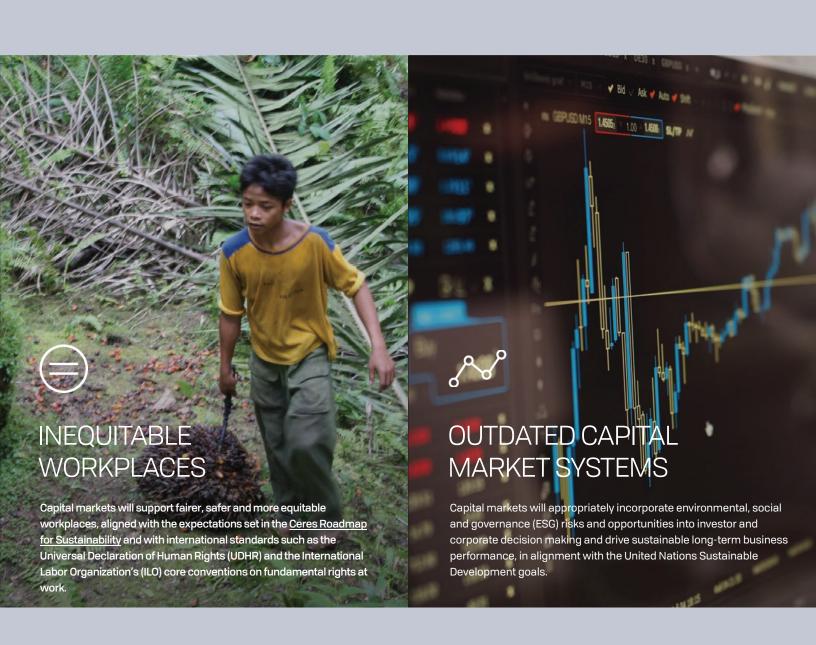
Ceres' strategic plan offers a path to a just and sustainable global economy, identifying the changes our economic system needs to make, and showing how we will marshall our networks, assets and unique theory of change to get US there.

Strategic Plan

Our strategic plan is oriented around four key global challenges, with the following broad goals:



Ceres' strategic plan tackles four key global challenges: climate change, water scarcity and pollution, inequitable workplaces and outdated capital market systems.





Tackling Climate Change

We now know we need to limit average global temperature increase to no more than 1.5 degrees Celsius to avoid the most devastating human, environmental and economic impacts of climate change. We need to immediately bend the curve and within roughly a decade slash in half worldwide greenhouse gas (GHG) emissions to reach this goal. With time running out, Ceres' ability to mobilize both the private and public sectors to step up and offer effective leadership on climate and clean energy is more critica than ever.

Therefore, Ceres is dramatically expanding our efforts to accelerate investor, corporate and political leadership on climate and clean energy. Our Commit to Climate initiative will spur hundreds of leading U.S. companies to set and meet robust GHG emissions reduction goals. Through the investor-led global Climate Action 100+ initiative, we'll help move the oil and gas, electric power, automotive and other high-GHG-emitting sectors into alignment with a low-carbon economy. We'll work to end deforestation and its contributions to climate change in the supply chains of major consumer companies, focusing on the food and beverage sector. And we will mobilize private sector leaders to advocate for state and federal policies that support clean energy uptake and carbon reductions.

Through three key areas of climate work, we will build leadership to reduce GHG emissions across all major sectors, tackle deforestation and shift investments to zero carbon. Overall, we'll advance policies and changes to capital market systems that capitalize on the unprecedented global economic opportunity associated with building a zero carbon economy.



2025 Goals

Private sector leadership on U.S. GHG reductions:

Through our Commit to Climate initiative, and as a co-leader of Climate Action 100+, we will secure more investor and corporate clean energy and GHG reduction commitments, and will advance our advocacy on clean energy and climate policy. Through private sector leadership, we'll work to keep the U.S. on track to reduce GHG emissions at least 28 percent below 2005 levels by 2025 and achieve a net-zero carbon economy by 2050.

We will secure corporate clean energy commitments, including vehicle fleet electrification, renewable energy, energy efficiency and GHG goals aligned with science-based targets, from some of the largest U.S. companies.

We'll also increase the number of states with ambitious GHG reduction and clean energy mandates, defend critical existing federal clean energy and climate policies, and build bipartisan support for a future federal price on carbon.

The transition to zero carbon: We will move influential oil and gas, coal and electric power companies to align their strategies, capital planning and capital expenditures with the goal of limiting average global temperature increase to no more than 1.5 degrees Celsius. We'll move these companies to materially decrease investment in the development of high-carbon fuel reserves, power plants and other long-lived infrastructure and, where appropriate, to materially increase investment in clean energy development and deployment.

Deforestation: We'll move major consumer product companies, especially in the food and beverage sector, to commit to and implement policies to source 100 percent deforestation-free commodities throughout their supply chains. These actions will preserve global forests as carbon sinks, protect watersheds, stop and reverse land degradation and halt biodiversity loss.

Globally, corporate buyers purchased over 13.4 gigawatts (GW) of renewable energy in 2018, more than double 2017's record of 6.2 GW. Skyrocketing demand has helped drive down the cost of renewable energy for all.



Reducing Water Scarcity and Pollution

Water consumption and pollution from corporate activities cost about \$2.2 trillion a year. These costs represent water resource risks generally not borne or paid for by companies. Pension funds and institutional investors, as shareholders and bondholders, provide the critical capital that enables—and can change—these activities. Ceres provides tools and resources for investors to assess and respond to water risks and costs so they can improve water management, especially in agricultural supply chains.

We've identified more than a dozen capital market strategies to protect water resources. We educate and empowers our investor networks about water risks in their portfolios so that they can move low-performing companies and change their own investment practices. And we work with a critical core of companies to take material action, knowing that will lead to broader changes across global supply chains.

We also tackle poor water management through stronger statewide policies, such as in water-stressed California, the nation's largest agricultural producer. Agriculture uses 70 percent of the world's freshwater and is a leading driver of water pollution and groundwater depletion. We mobilize dozens of California companies through our <u>Connect the Drops</u> initiative to enact stronger water protection laws.

Global population growth, wasteful practices, destructive commodity sourcing trends and climate change have put us on an unsustainable path of water use. Unless investors, companies and governments improve water stewardship, the United Nations says we will be unable to meet 40 percent of global water demand by 2030.

In response to these clear and growthing threats, we build investor and corporate leadership to protect water supplies around the globe. Our work aims to turn smart water management into a business fundamental, and water stewardship into an economic imperative.



2025 Goals

Water risk integration: We will empower the most influential global investors to integrate water risks into investment decision making with tools that enable them to analyze and act on these risks embedded in the investments at all levels.

Agricultural water risk: We will move the 30 largest companies in the food sector, which have significant impacts on water quantity and quality through their agricultural supply chains, to source crops grown with less impact on water resources.

California water policy: We will mobilize investors and companies as powerful and influential messengers to make the business case during critical policy debates for sustainable water management policies to address the core drivers of California's water challenges. We'll help champion and advance water policies that accelerate urban and agricultural water conservation, increase stormwater capture and reuse, increase reuse and protect groundwater.

U.S. investors filed nearly 350 water-related shareholder resolutions in a 13-year period, showing growing demand for companies to measure, disclose, manage and reduce their water footprints.



Achieving Equitable Workplaces

While they can create vast wealth and advance standards of living for many, companies can also have massive negative impacts on human rights and dignity, from forced and child labor used to harvest commodities, to unfair and unsafe work practices at manufacturing sites to the lack of diversity and equity at corporate headquarters and on boards.

Left unaddressed, these practices pose significant business risks in the form of supply chain disruptions, decreased licenses to operate, reputational damage and costly litigation—to say nothing of the harms they cause individuals.

Ceres works with our <u>Company Network</u> members and other stakeholders to get us to a future where human rights are protected and respected, and where fair, safe and equitable workplaces are the norm, both in direct operations and across global supply chains. We regularly engage investors and other stakeholders to ensure companies address these risks through disclosure, effective management systems and policies and meaningful board oversight.

We work to secure the human rights of those affected by business operations in three critical areas: advocating for the saliency of human rights policies that guide decision making; fostering management systems that ensure integration and accountability; and calling for robust disclosure mechanisms that provide investors and other key stakeholders critical information.

To effect meaningful, widespread and long-lasting changes, we'll continue to focus on the roles companies have as employers, purchasers and influencers of the market to respect and protect human rights.



2025 Goals

Policy adoption and disclosure: We'll move influential U.S. companies to adopt and disclose formal human rights policies and management systems that support fairer, safer and more equitable workplaces across direct operations and supply chains.

Alignment with United Nations' Guiding Principles:

We will also move these companies to provide more robust disclosures of human rights policies and management systems, across both direct operations and supply chains. These disclosures will be in line with the United Nations Guiding Principles Reporting Framework.

Compared with only four in 2016, there are now 36 countries with active or pending regulations requiring corporate disclosure or due diligence on human rights issues.



Transforming Capital Market Systems

Although corporate sustainability has come a long way in recent decades, short-term earnings pressures, a move toward deregulation and ingrained practices in capital markets hamper the efforts of even leading investors and companies to fully integrate environmental, social and governance (ESG) risks and opportunities into business strategies and corporate governance. These dynamics have dire consequences for long-term business value and weaken our collective response to the largest sustainability and human rights challenges of our day, including climate change, deforestation, water supply, biodiversity loss and forced labor.

Therefore, Ceres will greatly accelerate our work to transform the rules, policies, practices and signals that govern the capital markets in ways that will drive market action on climate change and other sustainability risks. Our goal is a capital markets system in which investors and companies fully integrate these risks just as they would other material financial risks and opportunities, ending the special niche focus of these areas.

We will continue to regularly assess, publicize and advise on the ESG progress of more than 600 U.S. publicly traded companies through reports like <u>Turning Point</u> and others. We will expand the reach and influence of our <u>Company Network</u>, which directly engages with board members, C-suite executives, general counsels, sustainability officers and others within organizations. We'll increase our focus on those charged with finance, risk and strategy within corporate management to elevate the urgent need to evaluate ESG risks and opportunities and integrate them accordingly into decision making. We will continue to bring investor and other stakeholder pressures to bear as needed to catalyze change.

We'll also expand our already wide range of investor tools such as the Ceres Blueprint for Sustainable Investing, the Investor Water Toolkit and Engage the Chain: An Investor Guide on Agricultural Supply Chain Risk. We will continue to build our capacity to develop new products and innovative best practices that drive action in capital markets.

And, we'll continue to foster the adoption of good governance and disclosure systems by influencing key actors such as securities and industry regulators, stock exchanges, rating agencies, professional associations and others to issue guidance and rules that raise expectations for all companies.



2025 Goals

Corporate sustainability: We'll guide the most influential U.S. companies to integrate sustainability risks and opportunities into their core business systems and decision making. We'll ask companies to improve stakeholder engagement, create robust governance around sustainability issues and provide useful and relevant disclosures to investors.

ESG risk and opportunity integration: We'll move the most influential North American investors to integrate ESG risks and opportunities into their investment decision-making with tools that enable them to analyze and act upon issues embedded in their investments at all levels.

Responsible investment grew 25 percent in a two-year period to account for \$22.89 trillion of all professionally managed global assets by 2016.



Organizational Growth

Ceres has grown enormously since our founding, from a handful of investors and environmentalists with a new vision for the future to a nonprofit organization with more than one hundred staff and an annual budget approaching \$20 million. As we look to the future, we must continue to strengthen our organization to meet the challenges before us and implement our strategic plan.

Funding for the Future

Our annual budget has more than doubled over the last seven years. To sustain and expand our impact, we will continue to increase and diversify our revenue. We will strengthen our relationships with major grantmaking foundations in the U.S. and abroad and also build our capacity to secure large, multi-year grants from government and multilateral institutions. We will grow our member networks and partnerships with companies seeking our expertise to tackle critical sustainability challenges. And we will continue to expand efforts to engage individual donors through our Ceres 1000 donor community and through collaborations with leadership donors who exponentially advance our work.

We'll also continue to grow our San Francisco office to expand our climate and water work in California and on the West Coast, and seize opportunities for leading sustainability efforts in a vanguard state that is also on its own one of the world's largest economies.

Governing for Results

In recent years, we've enhanced our management and governance systems, and we will continue to evolve these systems to keep pace with our growth. Having recently completed a thorough risk assessment and management plan, we'll further strengthen operations in a range of areas, including procurement and contracting, grants management, information technology and data privacy. We will also invest in improved systems and capacity to measure and evaluate our impact. And we will continue to grow our leadership bodies, the Ceres Board of Directors and President's Council, to strengthen our governance and strategic direction at the highest levels.

Improving our Sustainability

Just as we call upon others to lead on sustainability issues, we must be leaders ourselves. We will continue to strengthen our sustainability reporting by measuring the environmental impact of our office operations, staff travel and commuting. We will expand efforts to increase the diversity of our staff and leadership and foster a more inclusive workplace. And we'll invest even more in the training and well-being of our greatest asset: our passionate and talented workforce.

How Can You Help Get US There?

The vision and passion with which Ceres was founded are alive and well today.

We've traveled far since 1989 and are proud of the work of staff both past and present. We're equally proud of and grateful for the efforts of the thousands of investor, corporate, policy and capital markets partners with whom we have collaborated to build a more sustainable world. And we know we could not have come so far without the expert guidance and support of the Ceres Board of Directors, our President's Council and other Ceres ambassadors, advocates and supporters.

But we have to keep going. We have to travel farther, and faster.

And we need your help to do it

So we ask those of you who share our vision of a just and sustainable global economy to join our efforts and help "Get US There."

There are many ways to get involved. Investment, company and nonprofit leaders can join one of our <u>member networks</u>. And all are welcome at a Ceres Conference or other convening to learn and engage with like-minded professionals. You can support our work directly by joining our <u>Ceres 1000</u> donor community.

Find out more about all these opportunities at: www.ceres.org/get-involved.

Though we have come so far, the road ahead will be as difficult to travel as it is necessary to do so.

Together, we can get there.





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