In 2015, global capital expenditures are expected to total $571B for oil and gas exploration.

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U.S. water infrastructure investment requires $1.7T over the next several decades.

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More than 1,350 global companies have signed Ceres’ Climate Declaration, calling for national action on climate change.

Nearly half of U.S. shale oil and gas wells are in areas with high to extremely high water stress.


By 2020, WILMAR’S commitment will reduce CO₂ emissions by an estimated 1.5B metric tons.

Not business as usual. 200 firms back EPA Climate regs. USA Today.


New Ceres network members in 2014.

More than 1,350 global companies have signed Ceres’ Climate Declaration, calling for national action on climate change.


Ceres' Climate Declaration. 200 firms back EPA Climate regs.

Morgan Stanley. CVS Health.

Total freshwater supplies available for human consumption.

New Ceres network members in 2014.

1.5B metric tons equal to 83% vs. 58% of the 600 largest publicly traded companies in the United States.


ANNUAL INVESTMENT IN CLEAN ENERGY NEEDED TO LIMIT WARMING TO 2°C

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$281B</td>
</tr>
<tr>
<td>2020</td>
<td>$500B</td>
</tr>
<tr>
<td>2030</td>
<td>$1T</td>
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</table>

THE EPA’S CLEAN POWER PLAN WOULD REDUCE CARBON EMISSIONS BY 30% FROM EXISTING U.S. POWER PLANTS

MORE THAN 1,350 GLOBAL COMPANIES HAVE SIGNED CERES’ CLIMATE DECLARATION, CALLING FOR NATIONAL ACTION ON CLIMATE CHANGE.
Nearly half of U.S. shale oil and gas wells are in areas with high to extremely high water stress.

In 2015, global capital expenditures are expected to total $571B for oil and gas exploration.

Not business as usual: 200 firms back EPA climate regs.

New CERES network members in 2014:

- Morgan Stanley
- CVS Health
Ceres began as a bold experiment 25 years ago, with just a few investors who envisioned a different way for companies and the capital markets to behave. At the time, our idea was radical: We set out to create a new sustainable business model that could protect the health of the planet and the long-term well-being of its people—all while strengthening, not limiting, our global economy.

Indeed, many called us dreamers. But today, our vision seems like common sense.

Capital market actors—especially corporations and investors—are making a strong case for building sustainability into their strategies, whether by limiting carbon pollution, protecting human rights or preserving precious water supplies.

The progress comes none too soon. Climate change is the greatest social, environmental and economic challenge facing our planet today. Slowing carbon pollution and global temperature increases requires exponentially more investment in clean energy. In fact, according to the International Energy Agency, the world must invest an additional $1 trillion per year. Ceres is calling this the Clean Trillion—and while that number may sound daunting, there’s good news as well. By working together, companies, investors and policymakers are accelerating action toward this goal. This report explains how we’re catalyzing progress toward the Clean Trillion.

Water scarcity is another urgent problem. In many parts of the world, including the United States, freshwater resources are in jeopardy—creating profound long-term risks for businesses and communities. The little-known truth is that while freshwater is a finite and precious resource, our economic systems treat it as limitless and of little value. At Ceres, we’re trying to shift such thinking, so that smart water management is a business fundamental and water stewardship an economic imperative. This report explains our multipronged approach to water, which we call Value Every Drop.

And it’s thanks to you—our partners, donors, Board of Directors and staff—that all of this important, urgent work is possible. My deepest gratitude for your ongoing support and leadership.

Mindy S. Lubber
President of Ceres

May 2015
In order to limit global warming to 2°C and avoid the worst effects of climate change, the world needs to invest an additional $44 trillion in clean energy—more than $1 trillion per year for the next 36 years. Ceres calls this clean energy investment goal the Clean Trillion. Meeting this goal will be a tremendous challenge, but it is possible if businesses, investors and policymakers join forces.
A report we unveiled at the United Nations includes 10 recommendations for increasing annual global investment in clean energy to at least $1 trillion by 2030—more than a threefold jump from the $310 billion of investments in 2014.

**INVESTOR ACTION TO SCALE UP CLEAN ENERGY INVESTMENT**

01. Develop capacity to boost portfolio-wide clean energy investments and consider setting a goal such as 5 percent portfolio-wide clean energy investments

02. Elevate scrutiny of fossil fuel companies’ potential carbon asset risk exposure

03. Engage companies on the business case for energy efficiency and renewable-energy sourcing, as well as on financing vehicles to support such efforts

04. Support efforts to standardize and quantify clean energy investment data and products to improve market transparency

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**CLIMATE, ENERGY AND FINANCIAL POLICIES**

05. Support regulatory reforms to accelerate deployment of clean energy sources and technologies

06. Support government policies that result in a strong price on carbon pollution from fossil fuels and phase out fossil fuel subsidies

07. Support policies to incentivize deployment of clean energy sources and technologies

---

**GREEN BANKING AND DEBT CAPITAL MARKETS**

08. Encourage “green banking” to maximize private capital flows into clean energy

09. Support issuances of asset-backed securities to expand debt financing for clean energy projects

10. Support development bank finance for emerging economies
Investors

BUILDING MOMENTUM TOWARD PARIS

Ceres’ Investor Summit helped build momentum for the UN Secretary-General’s own Climate Summit in September 2014, which featured unprecedented business and investor calls for a new international climate agreement in late 2015 in Paris. In partnership with the Global Investor Coalition on Climate Change, and the UN Environment Programme (UNEP) Finance Initiative and the Principles for Responsible Investment, Ceres’ INCR coordinated nearly 350 investors representing over $24 trillion in assets to call on government leaders to provide meaningful carbon pricing and put an end to fossil fuel subsidies.

“Meeting the $1 trillion-a-year goal will be a challenge, but it is where we need to be in order to protect and grow our portfolios and to ensure the long-term sustainability of our planet.”

— Jack Ehnes
CEO of the California State Teachers’ Retirement System (CalSTRS), the nation’s second-largest public pension fund

LAUNCHING THE CLEAN TRILLION

We introduced investors and the global business community to the Clean Trillion in January 2014 at our sixth Investor Summit on Climate Risk at the United Nations, with 10 recommendations for how investors and companies can scale up their investments in the clean energy solutions needed to protect our economy and the environment.

The Clean Trillion’s goals dovetail with the International Energy Agency’s research showing that in order to limit global warming to 2°C and avoid the worst effects of climate change, an additional $44 trillion must be invested in clean energy—more than $1 trillion per year—for the next 36 years.

Among the critical financing mechanisms for the Clean Trillion are green bonds and, according to Bloomberg New Energy Finance, there were $38 billion in green bonds issued in 2014. This was a more than twofold increase from 2013, making it a record year for the green bonds market. A consortium of banks—including Ceres Company Network member Bank of America and Citi—announced the “Green Bond Principles” at the Summit, the first-ever voluntary disclosure standards for issuing green bonds. Ceres and its Investor Network on Climate Risk (INCR) will continue supporting the credible, sustainable growth of this market.

ANNUAL INVESTMENT IN CLEAN ENERGY NEEDED TO LIMIT WARMING TO 2°C

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
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<tbody>
<tr>
<td>2010</td>
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<tr>
<td>2030</td>
<td>$1T</td>
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Another key component of achieving the Clean Trillion goal is substantially reducing the amount of money being spent on risky, expensive fossil fuel projects and redirecting that capital toward clean energy.

Carbon asset risk is the possibility that fossil fuel companies will lose value as various market factors—such as energy efficiency, renewable energy and carbon-reducing policies—increasingly reduce global demand for fossil fuel resources such as coal and oil.

As part of this effort, Ceres is supporting 75 global investors managing $4 trillion in calling on the world’s largest oil, coal and electric power companies to address carbon asset risk and adjust their business plans for a low-carbon future.

The Carbon Asset Risk (CAR) Initiative—coordinated by Ceres and Carbon Tracker with support from the Global Investor Coalition—saw a number of positive developments in 2014. Building on their original disclosure requests, investors filed shareholder resolutions with 10 fossil fuel companies, resulting in far stronger disclosure from these companies on their low-carbon strategies and setting the stage for what must happen next.

As part of the CAR Initiative, investors are questioning the sustainability of the oil industry’s long-term business plans, which are premised on indefinitely increasing oil demand and perpetually high oil prices. This “business as usual” strategy is creating short- and long-term risks for investors.

Smart investors recognize that if fossil fuel companies are to remain successful in the transition to a low-carbon future, they’ll need to evolve. It is clear that their business models will need to adapt to a world that is less dependent on fossil fuel energy.
INVESTOR NETWORK ON CLIMATE RISK (INCR) MEMBERS

A basic management dictum states that if companies are not disclosing information on specific social and environmental risks and impacts, they’ll never be able to manage them. That is why Ceres is devoting significant effort to pushing global stock exchanges to adopt sustainability-reporting requirements for all listed companies worldwide.

In 2014, Ceres launched an effort in partnership with NASDAQ calling on investors and global exchanges to adopt uniform sustainability-reporting requirements for stock exchanges worldwide.

We also teamed up with CookESG Research this year to develop and launch an online tool to help investors analyze the climate-related disclosures of Russell 3,000 companies.

Available at ceres.org/secsearchtool, the tool allows users to filter and customize company 10-K filing excerpts (from 2009 to the present) related to clean energy, renewables, weather risks, and climate-related regulatory risks and opportunities. The tool scans filings, automatically identifies climate-related text, and sorts information into subject categories such as renewable energy or physical impacts. Users can search by industry and for topics such as “climate and fossil fuel extraction,” “energy/fuel efficiency,” and “GHG emission-reduction goals.”

Our online climate-disclosure tool has been well received—more than 700 parties, mostly investors, are registered to use it—and we’re planning to expand its reach in 2015 to include U.S. and non-U.S. companies and to cover a broader range of sustainability issues, including hydraulic fracturing and water availability.

TRANSPARENCY & DISCLOSURE

SHAREHOLDER RESOLUTIONS

In growing numbers, investors are engaging directly with companies to improve business practices on clean energy and climate change.

Members of Ceres’ Investor Network on Climate Risk filed nearly 150 climate-related resolutions during the 2014 proxy season, spurring 20 companies to set time-bound GHG reduction goals.

Investors also secured numerous company commitments to sustainably source palm oil, a leading cause of global deforestation, which in turn causes nearly 20 percent of global GHG emissions, according to the U.S. Environmental Protection Agency (EPA).

Lastly, investors worked with companies to secure an additional 45 corporate commitments related to sustainability reporting, energy efficiency and carbon asset risk.

One of the strongest commitments came from Colgate-Palmolive after direct engagement with INCR member Walden Asset Management.

Colgate-Palmolive committed to reduce its carbon emissions by 50 percent by 2050 (from a 2002 baseline), saying it would help the company “play its part in limiting global warming to 2°C, as recommended by the Intergovernmental Panel on Climate Change.”
Public Policy

The Climate Declaration

In 2014, Ceres celebrated the first anniversary of the Climate Declaration, a corporate call to action for strong climate policies. At year’s end, Ceres’ Climate Declaration had 1,300 company supporters, including General Motors, General Mills, Intel and dozens of other Fortune 500 companies. Its powerful message of economic opportunity draws ever more companies into the climate policy arena.

Companies that have signed the Climate Declaration have advocated for federal policies like the EPA Clean Power Plan, for extending renewable energy tax credits, and for strong truck fuel-efficiency standards, as well as state policies to protect or strengthen renewable portfolio standards, energy efficiency standards, and the ability to enter into third-party power purchase agreements.

The EPA’s Clean Power Plan

Clean energy investments reached $310 billion worldwide in 2014, up 16 percent from 2013. That’s progress. But to reach the Clean Trillion goal, we need stronger policies to accelerate the transition to renewable energy.

Policy advocacy is a cornerstone of Ceres’ Clean Trillion strategy. Strong clean-energy policies can remove the barriers that prevent companies and investors from shifting capital to low-carbon energy sources.

In 2014, Ceres mobilized its company and investor networks to support a wide range of clean energy policies—from state-level renewable portfolio standards to proposed federal standards like those in the EPA’s Clean Power Plan.

A linchpin in U.S. efforts to curb carbon, the Clean Power Plan would reduce carbon emissions by 30 percent from existing U.S. power plants, the nation’s largest source of GHG pollution. When implemented, the plan will achieve the equivalent of removing two-thirds of passenger vehicles from America’s roads, while providing the United States with critical leverage in global climate talks.

Ceres organized hundreds of companies and investors to support the plan. Our letters of support, signed by more than 220 companies, including iconic brands like The Kellogg Company and Nike, asserted that the Clean Power Plan is not only achievable, but that it would also create jobs and spur the necessary transition to a low-carbon economy.

Ceres also released two reports showing that the power sector is capable of meeting the Clean Power Plan while keeping our lights on and the U.S. economy growing. Widely cited, from Capitol Hill to the “Twittersphere,” our letter and reports provided critical support to this vital climate policy that the EPA plans to finalize in summer 2015.

Not Business as Usual

200 Firms Back EPA Climate Regs

USA Today
Companies

THE CERES ROADMAP FOR SUSTAINABILITY

The Ceres Roadmap for Sustainability has been used by hundreds of leading companies since 2010 to incorporate sustainability into their business planning. The Ceres Roadmap includes 20 specific company benchmarks for addressing pressing sustainability challenges, such as reducing GHG emissions, boosting renewable energy sourcing and establishing stronger human rights protections.

In 2014, Ceres and Sustainalytics assessed 613 of the largest publicly traded companies in the United States against the Ceres Roadmap.

The analysis covered nearly 80 percent of the total market capitalization of all public companies in the country, identifying industry best practices and trends across eight key sectors.

We found that while there are encouraging pockets of sustainability leadership, far too many companies are still taking only small, incremental steps.

Among the report’s key findings:

While many companies are taking action to reduce GHG emissions, few have set time-bound targets. More than two-thirds of the companies evaluated have activities in place aimed at reducing GHG emissions, but only 35 percent have established time-bound targets for reducing those emissions.

More companies are setting clear sustainability standards for suppliers, but need to couple this with proactive engagement. Fifty-eight percent of companies have supplier codes of conduct that address human rights in supply chains, compared to 43 percent in 2012, but only 33 percent are actively engaging suppliers on performance issues.

A growing number of companies are establishing board oversight for sustainability and incorporating sustainability performance into executive compensation packages. Thirty-two percent of companies’ boards oversee sustainability performance, compared to 28 percent in 2012, and 24 percent link executive compensation to sustainability performance—up from 15 percent in 2012.

LOW-CARBON INVESTMENTS

In 2014, Ceres partnered with the World Wildlife Fund and Calvert Investments on a new report evaluating renewable energy sourcing by the Fortune 100 companies.

Our Power Forward analysis showed that clean energy is becoming mainstream for U.S. corporations.

Sixty percent of the companies have goals for renewable energy, GHG reductions or both. The 53 companies reporting on their climate and energy targets have collectively saved $1.1 billion annually and decreased their annual CO2 emissions by approximately 58.3 million metric tons—the equivalent of retiring 15 coal-fired power plants.
The Ceres Company Network includes 63 leading companies in diverse sectors, including the auto industry, consumer brands, electric power, technology, food and beverage, and financial services. Companies that join the Ceres network strive to address key environmental and social challenges in their business strategies in order to continuously improve bottom-line performance. We were pleased to welcome two new companies to the Ceres network in 2014:

Morgan Stanley – Last year, Morgan Stanley announced a five-year goal of having $10 billion in total client assets in investments that seek to deliver market-rate returns with positive environmental and social contributions.

CVS Health – In its 2013 Corporate Social Responsibility report, CVS Health identified increasing access and affordability of health care, utilizing sustainable packaging, reducing prescription drug abuse, and mitigating its carbon footprint as key sustainability priorities.

CERES COMPANY NETWORK MEMBERS

Advanced Micro Devices, Inc.
Allstate Corporation
APS
Aveda
Bank of America Corporation
Baxter International
Ben & Jerry’s
Best Buy Co. Inc.
Bloomberg
Brown-Forman Corporation
CA Technologies
Citi
Clif Bar & Company
Coca-Cola Company
Cone Communications

Consolidated Edison Inc.
Credit360
CVS Health
Dakters Outdoor
Dell Inc.
Dignity Health
Dunkin’ Brands
EarthColor
eBay Inc.
Ellen Fisher
EMC Corporation
Energy Management, Inc.
EverSource Energy
Exelon Corporation
Ford Motor Co.
Gap Inc.

General Mills, Inc.
General Motors Company
Green Mountain Energy Company
Halcy & Aldrich
Intuit Inc.
JLL
JPMorgan Chase & Co.
Libbey Mason Zc.
Levi Strauss & Co.
Morgan Stanley
National Grid PLC
Nike, Inc.
PepsiCo, Inc.
PG&E Corporation
Prudential Financial, Inc.
Recycled Paper Printing
Saunders Hotel Group
Seventh Generation
Sprint Nextel Corp.
State Street Corporation
Suncor Energy
The Co-operators Group
The North Face
Timberland
Time Warner Inc.
Vanguard Savings Credit Union
Virgin America
Wall Disney Co.
Wells Fargo
William McDonough + Partners

BUSINESS FOR INNOVATIVE CLIMATE & ENERGY POLICY (BICEP) MEMBERS

Annie’s, Inc.
Aspen Skiing Company
Aveda
Avon Products Inc.
Ben & Jerry’s
Burton Snowboards
CA Technologies
Clif Bar & Company
Dignity Health
eBay Inc.
Ellen Fisher
Gap Inc.
General Mills, Inc.
JLL
KB Home
L Brands Inc.
Levi Strauss & Co.
Mars Incorporated
Nestlé
New Belgium Brewing
Nike, Inc.
Outdoor Industry Association
Owens Corning
Patagonia Inc.
Portland Trail Blazers
Seven Generation
Starbucks Corporation
Stantec
Symantec Corporation
The Kellogg Company
The North Face
Timberland
Unilever
VF Corporation
Vulcan, Inc.

Business for Innovative Climate & Energy Policy (BICEP) is an advocacy coalition of businesses committed to working with policymakers to pass meaningful energy and climate legislation enabling a rapid transition to a low-carbon, 21st century economy—an economy that will create new jobs and stimulate economic growth while stabilizing our planet’s fragile climate. BICEP members are leading companies that have demonstrated a commitment to sustainable practices within their own operations and are willing to be advocates for systemic change.
Water makes life possible. It makes economies function. But, in many parts of the United States and the rest of the world, freshwater resources are in jeopardy, creating profound long-term risks for businesses and communities.

Our freshwater supplies are under severe strain due to growing demand, pollution and climate change. Rethinking how we value water is a critical first step in reducing these strains and safeguarding future freshwater supplies.

Ceres is committed to building a global economy that values every precious drop.
If you’re wondering if water scarcity is becoming a big global problem, look no farther than California, where a half-million acres of farmland were left uncultivated last year due to a devastating drought and declining groundwater supplies. Or look to the parched state of Texas, which is scrambling to quench the growing water demands of more people and higher water demands for the tens of thousands of wells hydraulically fractured annually.

Ceres is changing the way that businesses and public utilities manage water, and the way that investors consider water risk in their investment decisions.

Freshwater is a finite and precious resource, but our economic systems treat it as limitless and of little value. Agriculture accounts for approximately 80 percent of the United States’ water use.

Ceres’ water researchers made a critical finding this year: More than half of U.S. irrigated corn production is occurring in areas where groundwater supplies are declining. In a groundbreaking report, “Water and Climate Risks Facing U.S. Corn Production,” Ceres also documented widespread pollution impacts from the corn sector’s vast use of fertilizer.

The biggest force for change is the corn industry itself. The food, feed and energy companies that buy most of the nation’s corn have an enormous stake in ensuring that future supplies are reliable. With our guidance, PepsiCo has launched its Sustainable Farming Initiative, which aims to reduce water and fertilizer use by its growers all over the world. Coca-Cola and General Mills, also members of the Ceres Company Network, have set goals to sustainably source priority agricultural ingredients—including corn—by 2020.

It’s no secret that “fracking” for oil and gas has grown exponentially in recent years, but a lesser-known and alarming fact is that the industry is using significant amounts of water in parched states like Texas and Colorado.

Ceres set out to examine this troubling trend, collecting water-use data from nearly 40,000 fracked wells. The resulting report, “Hydraulic Fracturing & Water Stress,” showed that over 55 percent of the wells were in regions experiencing drought and 36 percent were in regions with significant groundwater depletion. Water-use impacts were especially significant at local levels, sometimes exceeding the water used by all residents in some water-parched counties in the southwestern United States.

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Freshwater is a finite and precious resource, but our economic systems treat it as limitless and of little value. Agriculture accounts for approximately 80 percent of the United States’ water use.
### OPERATING REVENUE

<table>
<thead>
<tr>
<th>Source</th>
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<th>FY 2013</th>
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<tr>
<td>Company &amp; Member Fees</td>
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<tr>
<td>Corporate Foundations &amp; Other Corporate Support</td>
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<td>Events &amp; Sponsorships</td>
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<td>Individual &amp; Family Foundation Giving</td>
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<tr>
<td>Other Revenues</td>
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<td>Special Award*</td>
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<td><strong>Total</strong></td>
<td><strong>$9,908,117</strong></td>
<td><strong>$9,178,941</strong></td>
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</tbody>
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*In January 2013, Ceres was awarded the Zayed Future Energy Prize in the Non-Governmental Organization (NGO) category. The award, inspired by the vision of Sheikh Zayed, founder of the United Arab Emirates, was presented at the 2013 Abu Dhabi Sustainability Conference.

The financial statements of Ceres, Inc. as of October 31, 2014, were examined by the independent certified public accounting firm Mayer Hoffman McCann P.C., Boston, Mass. The above are financial highlights. The complete audited financial statements and report are available on the Ceres website. Ceres’ fiscal year 2014 started November 1, 2013, and ended October 31, 2014.
The Ceres Coalition is a group of more than 130 institutional and socially responsible investors, environmental and social advocacy groups, and other public interest organizations. The Coalition works to promote sustainability by pushing companies, policymakers, and other market players to incorporate environmental and social challenges through the stakeholder dialogues that we organize and lead.
Ceres wishes to thank the generous supporters who have made it possible for us to advance our efforts to create a more sustainable economy. As a nonprofit, 501(c)(3) organization, Ceres relies on support from foundations, individuals and other funders to achieve our mission to integrate sustainability into day-to-day business practices for the health of the planet and its people.