



**Ceres**

*Sustainability is the bottom line.*

# Ceres Investor Network on Climate Risk and Sustainability

Presentation to College Trustee Task Force on Fossil Fuel  
Divestment and Climate Change Impact, Grinnell College

Kirsten Spalding, Director, Investor Program  
Wednesday November 7, 2017

# About Us

Ceres is a sustainability nonprofit organization leading the most influential investors and companies to build leadership and drive solutions throughout the economy. Through our powerful networks and advocacy, we tackle the world's biggest sustainability challenges, including climate change, water scarcity and pollution, and human rights abuses.



# Ceres Networks

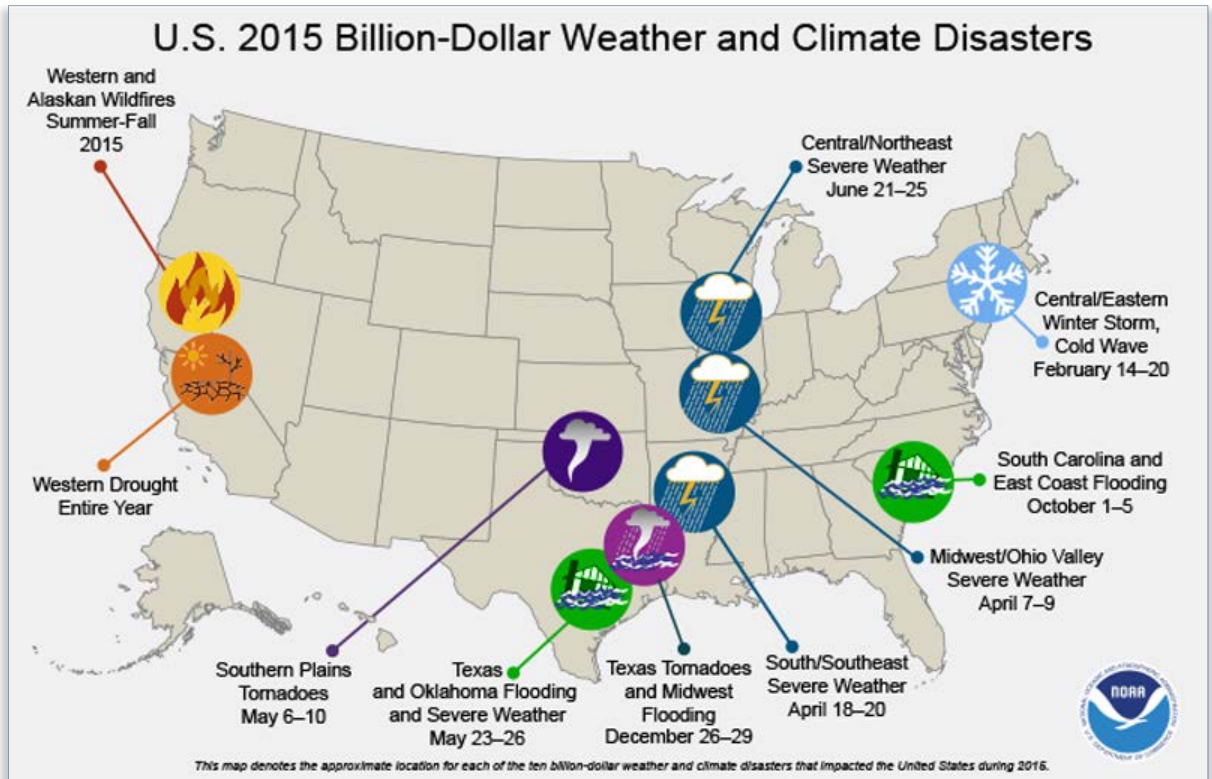
**Ceres Investor Network on Climate Risk and Sustainability** advances leading investment practices, corporate engagement strategies and policy solutions.

**Ceres Company Network** sets the highest bar for sustainability leadership, commits to robust sustainability goals, and improves resiliency in operations and supply chains.

**Ceres BICEP Network** advocates for stronger climate and clean energy policies at the state and federal levels in the U.S.



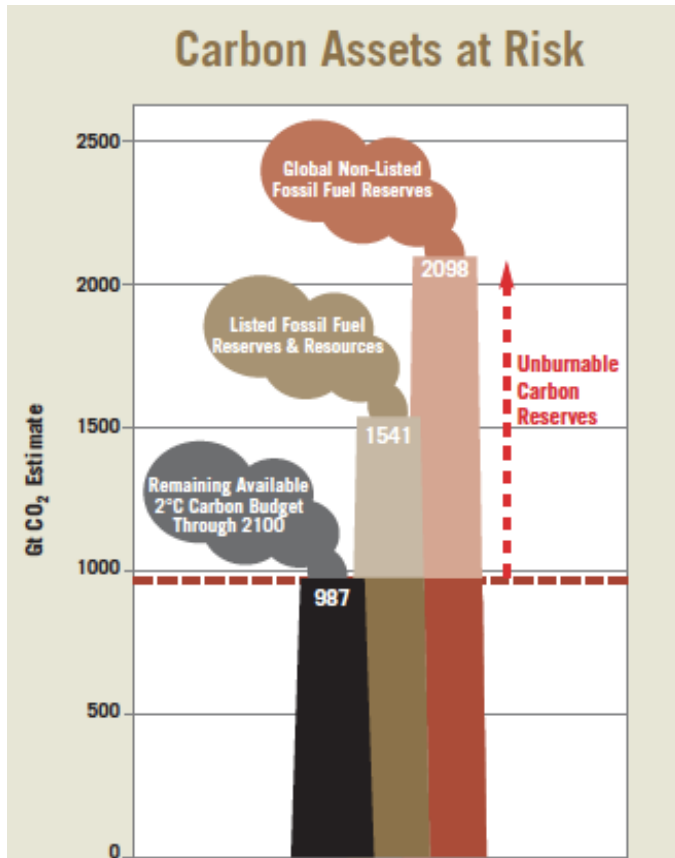
# Climate Change Causes Multiple Risks for Companies & Investors



- Physical Risk
- Regulatory/Policy Risk
- Liability/ Litigation Risk
- Reputation/Competitive Risk
- Supply Chain Risk
- Stranded Asset Risk
- Water/Resource Scarcity Risks
- Systemic Economic Risk



# Unburnable Carbon/ Stranded Asset Risk



- International Energy Agency (IEA) Report:

“We see clear winners for the next 25 years-natural gas but especially wind and solar-replacing the champion of the previous 25 years, coal,” said Dr. Fatih Birol, the IEA’s executive director... “This transformation of the global energy mix described in WEO-2016 means that risks to energy security also evolve.”
- Ceres Carbon Asset Risk (CAR) Initiative
- Portfolio Carbon Risk Management Working Group



# Investor Responses to Climate/Carbon Risk

- Portfolio Risk Assessment
- Low Carbon Investments
- Shareholder Proposals & Proxy Voting
- Climate/Clean Energy Policy Advocacy
- Divestment
- Corporate Engagement



# Ceres Investor Network

- We work with institutional investors and companies on key environmental, social and governance (ESG) issues as business and investment risks and opportunities.
- We make the economic case for sustainable business and investment strategies; for integrating material ESG issues into investment decision-making.
- We work with key capital markets players including stock exchanges, SEC, rating agencies, investment consultants.



# Ceres Investor Network

- 133 members
- \$17 trillion AUM
- Members: Asset owners, Asset managers, Pension Funds, Endowments, Foundations
- Focused on climate and sustainability as investment risks + opportunities

## *Largest public pension funds in North America:*



## *Largest asset managers in the world:*



## *Leaders in responsible/sustainable investing:*





# Ceres Investor Network Working Groups

## *Engagement Focus:*

- **Shareholder Initiative for Climate & Sustainability** supports investors filing shareholder proposals and engaging companies on climate and sustainability issues.
- **Policy Working Group** updates investors and supports investor advocacy on climate, water and clean energy policy in Sacramento and DC.
- **Carbon Asset Risk Working Group** supports investors who engage with oil and gas companies making a just transition to a low carbon economy.



# Engagement Opportunities

- **“1000 Companies & Investors Tell Washington: Continue Accelerating the Low-Carbon Economy”**, encourage Trump administration & Congress to support & advance low-carbon policies and investment –Jan 2017
- **“Leading Investors Press Meat Producers to Tackle Water Pollution Risks”**, 45 investors (managing \$1T) pressing nation’s largest producers of turkey & other meats to address water pollution risks associated with processing livestock” –Nov 2016
- **“Global investors launch guide to drive engagement on climate risk with the automotive sector”**, global network of +250 investors (managing \$24T) published guide setting out the threats facing the automotive sector & investor expectations for adapting business strategies to address climate related risk & build a low carbon transport system – Oct 2016
- **“Ceres and the PRI Join Forces to Tackle Tropical Deforestation”**, a joint investor group formed will support institutional investors pressing food and timber companies to eliminate deforestation related concerns, including forced labor and land rights disputes in supply chains. – Nov 2016



# Corporate Engagement Opportunities

- Investor Network members include some of the most active investors in shareholder engagement.
- The Shareholder Initiative on Climate and Sustainability (SICS) is a monthly working group for coordination around resolution filing and proxy voting. SICS maintains a resolution tracker and have active subgroups working on sectors and issues. Ceres' staff experts support investors.
- Investor Network members join in dialogues & stakeholder engagements about corporate sustainability issues w/ Ceres companies from 20+ different industries

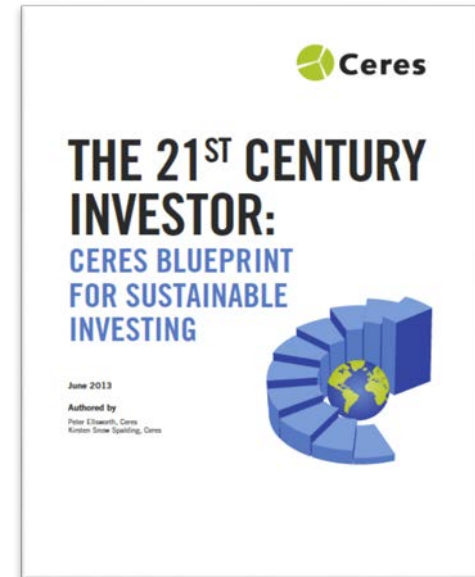


# 21<sup>st</sup> Century Investor Blueprint

- “Unprecedented ESG Risks & Opportunities
- Business Case for Sustainable Investing
- Fiduciary Duty & Sustainable Investing
- Key Steps to Integrate ESG Risks & Opportunities

**Premise:** Climate change and other key environmental, social and governance (ESG) factors can and do produce material investment risks and opportunities

**Conclusion:** Investors need to understand and address these material ESG risks and opportunities in order to be responsible fiduciaries and make their funds sustainable



# *Follow up*

- Kirsten Snow Spalding: Ceres Investor Network membership  
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- Rob Berridge: Shareholder filings and proxy voting  
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- Andrew Logan: Engagement with oil and gas and electric utilities companies  
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