How Climate Change Comes to Matter

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CHAPTER FIVE

What Gets Measured Gets Managed

Every year in April, Ceres, a corporate social responsibility organization based in Boston, puts on a conference that by both academic and nonprofit standards is rather lavish. Attendees include representatives from Wall Street, pension funds, and socially responsible investing firms, as well as a long roster of small and large businesses that include some highly recognizable consumer brands like Johnson and Johnson and Ford. Well over five hundred attended the two-day event in 2007 and 2008—the years I was a participant-observer. What attracted me to conduct research with Ceres was their focus on capital markets and corporations and their work to transform climate change into “climate risk” for corporate America.

In 2007, the first session began with a breakfast discussion on the Global Reporting Initiative (GRI), a standardized accounting system for sustainability issues that scores companies on their performance on
environmental issues, labor practices, human rights, and management strategies. Though Ceres is more established than Creation Care, the session had a similar feeling of being in the midst of an insurgency where the stakes were high and every comment reoriented what was up for discussion. Experiences and problems were raised, frustrations released, and opinions aired. The topic was not as much about GRI as it was about American capital markets in general. Representatives from major corporations like McDonald’s and Office Depot traded experiences and insight with Ceres board members, socially responsible investors (referred to as SRIs), and nonprofit executives. They talked about the difficulty of integrating sustainability into business models, the moral rationale for doing so, and the stakeholder process that Ceres has established.

In the discussion, Wall Street’s evaluation of their companies purely in the short term emerged as a serious and central concern. One contributor said: “Wall Street has the attention span of a gnat. It thinks long term is five years.” Another participant responded in metaphor that they “hoped there would be a process of gently petting the dog [that is, Wall Street and capital markets] awake rather than kicking it.” Others talked about the critical juncture confronting companies where what is at stake are communities and society. The key, one individual said, is recovering from “the hangover” of thinking that “if something is good for the environment, it must be bad for business,” and vice versa. “The idea that it’s a complicated process—I think we have to get away from . . . it’s really about connecting people and ideas.” The real key, another countered, was to look at things “in a more dimensional way.” “The issues,” claimed one major company representative, “are systemic. One company alone can’t solve it, yet I haven’t seen a model that reflects that.” An SRI representative responded, “The reason we go after single corporations is that there’s a domino effect,” implying both a systemic strategy and effect to interventions.

Sitting in on this session felt a little like being dropped off in the deep end of corporate social responsibility debates, live, in-person, and with some of its key players. Participants in the discussion were wrestling on multiple levels with what it means for a company to be accountable, what conceptions of a just and productive society drive most corporate social responsibility (CSR) work, and whether these ideals could possibly be reconciled with one another. Ceres’s much larger plenary sessions took place in massive hotel ballrooms and were considerably less philosophical, less full of debate, and less intimate. In the two years I attended, they in-
cluded keynotes by the CEOs of Baxter International, Citi, Bank of America, Timberland, and State Street International, as well as noted activist and author Bill McKibben. Plenary panel sessions ran the gamut of putting Stonyfield Farms and Timberland together, two leading-edge companies on the topic of sustainability, while another memorable session dealt with how the public was embracing climate change; this included thinkMTV, Steve Curwood from PRI’s *Living on Earth*, and the National Religious Partnership on the Environment. Breakout workshop sessions were held in medium-sized rooms that were almost always completely full to standing room only. They had titles like “The business value of sustainability,” “The collision between coal and climate,” “Global warming hits Wall Street,” “The rise of ecomessaging,” and “How insurance catastrophe models can help business and government plan for climate change.”

During sessions, I found myself seated beside a Wall Street banker, several socially responsible investors, a highly ranked individual from a state treasurer’s office, corporate representatives (from small, medium, and large companies), and environmental activists. Some attended because they were committed members of Ceres and others because they were being recruited to join. A few others were there because they were curious about how to tackle all of the environmental issues that were bubbling to the top, especially climate change. I had first heard of Ceres when they sponsored a talk at MIT by Solitaire Townsend, a UK public relations executive well known for her work on climate change communication. In Ceres’s participation in the panel after Townsend’s talk, it became evident that Ceres was approaching climate change much differently than the scientists in the room. The biggest difference was that Ceres often attached a dollar value to the investors they brought together for meetings as a way of heralding what those investors had at stake in relation to the risks associated with climate change.

Each year at the conference (and in most of the other events where I heard her speak), Ceres head Mindy Lubber took the stage to welcome guests and began by referring to the trillions that Ceres represents. At the 2008 conference, she referenced the $22 trillion in assets in the room, the $5 trillion represented in Ceres membership, and the $2 trillion represented in calls for addressing the climate crisis through Ceres’s Investor Network on Climate Risk (INCR). It’s from atop the trillions that Lubber commands the attention of the room and is able to talk convincingly to corporate audiences about “building sustainability into corporate ethic” and “managing footprint whether it be carbon, water, or labor practices.”
She said that in 2001 Ceres began to talk about climate, and now “climate risk” is “as commonly used as sustainability.” It’s on this point that Lubber declared that Ceres and its members are “thought leaders” able to ask and increasingly answer what “sustainable governance” means. In the case of climate, if Lubber’s October 2007 testimony to the Senate Subcommittee on Securities, Insurance, and Investment is a barometer, sustainable governance means standardized disclosure and regulation of the material and financial risks posed by climate change. This translation and transformation of climate change from being an ignorable environmental problem to being a pressing financial risk is a task Ceres has been working on tirelessly since 2001.

Ceres originally stood for Coalition for Environmentally Responsible Economies, but that’s an explanation I was only able to find in old news stories about the organization. Some of those stories also note that Ceres is the name of the ancient Roman goddess of agriculture. The way Ceres staff generally describe their organization is as “a coalition of investors and environmentalists.” Longtime Ceres employee and the director of special projects, Chris Fox, told me that the pairing is often a hard one for reporters to get their heads around. He said they usually want to pick one—Ceres is either an investor group or an environmental group. Indeed, it’s not been a usual occurrence to find Wall Street types and prominent environmental activists at the same conference, talking about the same thing: the magnitude of global warming and the need for policy and solutions. In his 2007 plenary address, activist and author Bill McKibben paid Ceres one of the biggest compliments possible from a self-described “ardent environmentalist.” He said, “Ceres is one of the few places I know that enjoys the trust of the entire community.” He also pointed out that “we are at a moment where we can stand shoulder to shoulder on global warming with the corporate community.” However, “shoulder to shoulder” does not mean that tension, productive or otherwise, does not continue to exist in such a coalition. Lubber in her conference opening speech in 2008 reminded the crowd that when it comes to addressing sustainable governance, “we must continue to dance at the intersection of our differences.”

Despite McKibben’s flourish, Ceres’s work has not been greeted by the same fanfare as the Inuit human rights claim or the seemingly new turn for evangelicals toward climate change. Rather, over a twenty-year period beginning with the Exxon Valdez oil spill off the coast of Alaska in 1989, Ceres has labored to build a coalition that negotiates between major cor-
porations, socially responsible and institutional investors, and environmental groups primarily through a process of stakeholder engagement. Ceres had more than seventy corporate members as of 2014. They also labored intensively for over a decade to put GRI in place as an internationally used and recognized standard for sustainability accounting. In 2003, they launched the Investor Network on Climate Risk, an initiative that brings to bear the weight of numerous institutional investors to press for regulation and policy changes, as well as changes in corporate practices related to transparency and disclosure. At the 2010 and 2012 summits, INCR brought together 520 financial, corporate, and investor leaders.

Ceres has also championed and supported shareholder resolutions and produced many reports that score and rate entire industries and numerous corporations. While there are many groups like the Climate Group, USCAP, the Carbon Disclosure Project, and other environmental groups that do some of the same work, Ceres is the only organization that approaches its work as a coalition of environmentalists and investors and performs a range of tasks from shareholder resolutions and stakeholder management to producing reports and “convening” groups in order to move policy and change regulatory frameworks. Convening is the word Ceres uses most often to describe what they’re doing with the annual conferences, INCR and its annual summit, and any initiatives they undertake to press for policy changes.

Science, climate or otherwise, is generally not part of this discussion. Rather, climate change and the disruption and possible chaos it will bring are considered facts worthy of translation into the vernacular of business. When I posed this to Ceres, the response from each of the people I interviewed was that there was no reason to delve into the science. “The jury is in,” one employee told me. Before his appointment as a science advisor to the Obama administration, Harvard scientist John Holdren provided a brief at INCR summits, but more often than not, what Ceres has found is that investors are “not interested in the details” of the science and are not likely to be skeptics. Rather, they want to know what it means for their financial liabilities and risks as investors and corporate executives. Ethics are thus articulated in terms of fiduciary obligation, shareholder value, foresight, and insurance of an investment. In doing so, ethics not only dictate what actions are possible and desirable, but also situate climate change on a distinct epistemological terrain.

Climate risk is predicated not just on scientific facts but on the basis of structural considerations related to markets and corporate logics and
grammars. In such a formulation, climate change’s form of life is articulated with moral and ethical contours that are deeply etched with the notion of winners and losers. Climate risk thus becomes a metric by which competitive advantage might be established and evaluated. This isn’t obviously a new turn for markets to adopt metrics based on social or scientific problems, but climate science produces probabilities that can be extrapolated into a variety of interdependent risk scenarios with financial implications. The assumptions underlying such formulations and weighting, coupled with capitalist imperatives, generate a distinct set of goals, standards, and ethical questions.

Navigating Vernaculars and Forms of Life in the Corporate World

Since at least the 1970s, scholars and activists interested in CSR have put some hard questions on the table for businesses to consider, questions that a growing field of scholarship has begun to explore: What’s a business for? Can a corporation have a conscience? Is the social responsibility of businesses solely to increase its profits, as Milton Friedman argued (Friedman 1970; Harvard Business Review 2003; May, Cheney, and Roper 2007)? Climate change presents a set of questions that builds on these questions, but as “climate risk” illustrates, it also confronts notions of how risk is articulated, accounted for, and managed. This chapter specifically focuses on how climate and climate science have been translated into the vernacular of business through actions taken by Ceres. This chapter then asks questions about CSR discourse that makes both change and claims to it possible. What does climate change sound like when it gets translated into an economic rationale for acting through prefigured modes of corporate practices and performance measures? How is climate change factored into the discourse of investment, insurance, and risk? How is Ceres a part of the changing relationship between environmental activism and corporate responsibility? How should we account for aspects of corporate image, association, and branding that play a role in a decision to join Ceres and be part of a CSR-oriented dialogue?

Corporations have traditionally been seen as opposing environmental concerns and, in the case of major extractive companies like Exxon, have funded climate change skeptics and “the production of doubt” (Hoggan and Littlemore 2009; Lahsen 1998, 2005a, 2005b, 2008, 2010; Oreskes and Conway 2010). In seeding the impetus for action on sustainability
issues like climate change, Ceres has built intensively on the success and assemblage of institutions and modes of interventions related to earlier anti-pollutant activism and anti-apartheid divestiture campaigns (Hoffman 1996). It has developed a number of tactics and strategies—notably, stakeholder management and shareholder activism—that navigate the proverbial terrains between stick and carrot. As evidenced by McKibben’s affirmation of its strategy, Ceres has managed to extend its influence among corporate leaders as well as rank-and-file companies and maintain an integrity that warrants respect among environmentalists.

Ceres’s utilization of the term climate risk speaks to the ways in which it has been able to seize upon the vernaculars inherent to the world of finance and corporate interests. Climate risk, perhaps more than the actionable vernacular advanced by Creation Care, reflects a wide spectrum of possible outcomes related to climate change. It advances notions of precaution as well as direct effects, drawing in part on quantifiable damages wrought by weather-related events (including Hurricane Katrina). This formulation can be critiqued for its overreliance on insurance rhetoric that ultimately benefits the insurance industry, but it also raises two other key issues.

The first is that risk is a modernist framework that works as both a herald of change and an impetus to more fully actualize the assemblage of institutions, modes of speech, and disciplining materiality (workshops, initiatives, briefings) that will address such change (Beck 1992). Risk frameworks imagine that change can be managed and accounted for, while also recognizing a spectrum of uncertainty. Crucially, too, the framework of risk and its attendant reordering of assemblages create new conflicts, inequalities, and political alternatives. These are the kinds of ethical problems that scientists, Inuit, journalists, and evangelicals have all been calling attention to in various ways (and in varied vernaculars). Yet in Ceres’s formulation, there are not just losers. There is also an attempt to carve out exactly who is a winner and how businesses and investors might benefit from recognizing this risk now and not when it fully materializes. Not only that, but Ceres is part of a much larger effort by many groups to create market-based incentives that reward this forward-thinking recognition.

The second issue is that Ceres struggles with the short-termism or “liquidity,” as ethnographer Karen Ho has termed it, endemic to Wall Street valuations (2009, 2010). Risk, as Ceres defines it, disrupts the usual straight line toward quarterly evaluation. It requires that investors and
companies think in terms of protecting infrastructural investments and other vulnerabilities that would be encountered should the extreme end of climate change occur. But risk is also a double-edged term, as Ho illustrates, where a valorizing of risk has led to an unwavering belief that high risk leads to high rewards, undermining the very shareholder value that such risk-taking purports to increase. So even if climate risk were to be recognized as an underlying risk, when and how to intervene still depends on valuation and what’s perceived as the best decision in profit-centric, loss-averse frameworks.

Ho further points out that before the 1980s, corporate and investment discourse spoke about much broader consumer, employee, and stakeholder engagement alongside shareholder value. But more recent discourse focuses solely on shareholder value—again, leading to the justification for risk-taking that leads to boom and bust scenarios. Ceres, too, articulates the need for action using notions of shareholder value and the fiduciary obligation to maintain and increase such value. Climate risk acts in Ceres frameworks to compel action on behalf of the shareholder, and its coalition of institutional investors and corporate leaders join together in Ceres-led and organized networks to demand such actions.

What bringing Ho’s ethnography alongside my narration of Ceres’s articulations illustrates is that Ceres must clearly negotiate and demarcate its use of a business vernacular that is at best muddied by multiple interpretations and translations within the multilayered corporate world of investment, capital, and management practices. Ceres uses terms like risk and shareholder value that are their own forms of life in order to mobilize actions and assemblages that will address climate change and utilize its risk factor as a means to effect greater change within processes of financial valuation and market practices. They often work by way of competitive advantage where some companies are doing it because their competitors or their industry as a whole are moving in that direction.²

From Valdez to Ceres: The Evolution of CSR Activism

Ceres was launched in conjunction with the announcement of the Valdez Principles, named for the Exxon Valdez tanker that ran aground in Prince William Sound, a remote area off the coast of Alaska in 1989. Spilling between 11 and 32 million gallons of oil (official estimates are widely considered to be too low), the Valdez spill became a rallying point for environmentalists and socially responsible investors who spent the summer
following the incident formulating the Ten Principles: protection of the biosphere, sustainable use of natural resources, reduction and disposal of waste, wise use of energy, risk reduction, marketing of safe products and services, damage compensation, disclosure, environmental directors and managers, assessment and annual audit. They were renamed the Ceres Principles in 1992 because as a Ceres representative pointed out at the 2007 conference: “They used to be called Valdez until someone from the Audubon Society mentioned you wouldn’t call Audubon the ‘dead oily bird society.’” Language, as I learned in my research with Ceres, is of particular importance to their organization and something they’re likely to point to as a marker of success.

Success of any kind was hard to foresee when the Valdez Principles were first announced. The New York Times ran a story almost immediately in September 1989 titled “Who Will Sign the Valdez Principles?” It described the Principles as being a surprise to corporations, none of whom were involved in the drafting process, and quotes corporate representatives as saying that the Principles were either impossibly broad or already representative of what they were doing (Feder 1989). There even seemed to be some offense taken by corporations who were already trying to integrate progressive environmental action into their business. Joan Bavaria, first head of Ceres and a well-known SRI proponent with her own firm based in Boston, responded to the criticism by saying that the Principles were about trying to find a way to reward progressive companies. She didn’t negate the challenge inherent in such a task, noting that many companies might have an easier time filling out the thirty-seven-page questionnaire required to join Ceres than they would signing (and therefore promising to adhere to) the Principles. Environmental groups like the National Audubon Society and the Sierra Club stated that they would use the Principles as “a basis for exerting economic pressure, possibly including consumer boycotts, on companies that fail to address their concerns.”

In a Washington Post profile of Bavaria the following year, she said she wasn’t willing to go that far just yet. She had mainly been “using persuasion and the threat of shareholder action to gain signers” so far (Hinden 1990). The Post noted that Ceres was being lent a hand not just by environmental groups but by institutional investors like the California and New York pension funds and the Interfaith Center on Corporate Responsibility (ICCR), both of whom were already pressuring Exxon to sign the Principles. In the same article, a manager at the U.S. Chamber of Commerce was quoted as saying that Ceres was “naïve” and that it wasn’t
that easy to put a “litmus test” to companies where they would have to say yes or no.

The Valdez/Ceres Principles were not the first to undertake such a test, however. They built upon groundwork laid by the seven Sullivan Principles that were introduced in 1977 to address corporate involvement and investment in apartheid South Africa. A 1991 scholarly analysis and comparison of the Valdez Principles with the Sullivan Principles found the Valdez comparatively “elusive and complex” without the finite geographical scope and time horizon (Sanyal and Neves 1991). It suggested there would be difficulties monitoring and enforcing the Principles because standards did not exist and performance goals were not legally mandated. The Sullivan Principles, Sanyal and Neves argued, were extremely effective due in part to the moral pressure exerted to sign the Principles, as well as the independent monitoring of compliance and the straightforward nature of the Principles that required corporations to comply or withdraw. The numbers back this up in rather stark terms. Between 1986 and 1990, 154 American firms ceased operations in South Africa, and more than $480 billion was divested. Sanyal and Neves concluded that it was unclear what “real rewards accrue to a firm that signs the [Valdez] code.” The value of the Valdez Principles, they thought, might lay in its ability to assist in designing an integrated plan that responded to enduring public concerns about the environment, noting in particular that the public relations yield would likely be immense for any company that signed.

Ceres’s first break into Fortune 500 corporations came in 1993. The Sun Company of Philadelphia, the twelfth largest oil company in the United States (in 1993), became the fifty-first endorser of the Principles and the first among its Fortune 500 peers. Sun negotiated some adaptations of the Principles. (A complete acceptance would have required them to go out of the oil business entirely.) In an interview following the ceremony, Sun’s CEO said “he did not foresee major changes in company operations,” since they had already been pursuing environmental initiatives (Wald 1993). Sun immediately embarked on a major advertising campaign announcing the partnership through full-page ads that cost more than 5 percent of their annual marketing budget, according to the Philadelphia Business Journal (Roberts 1993). The Journal surmised: “By being the first Fortune 500 company to endorse the Ceres principles, Sun has shrewdly positioned itself as a leader in corporate responsibility, an increasingly important image for companies selling to consumer markets.” Yet for all the positive press, Sun was clearly aware of the scrutiny such a
move would draw, as well as its binding commitments to Ceres to make data from its thirty-seven-page questionnaire publicly available, and to continue to monitor and report. Membership, too, came with fees that were indexed to a company’s revenues—the high of which at the time was $15,000, according to reports. In 1994, Ceres’s next big member to join was GM. The first major bank, Bank of America, joined in 1997.

The year 1993 proved to be pivotal not just in terms of membership for Ceres. *Pensions & Investments* reported that 1993 was the year “the number of shareholder resolutions on environmental matters” was higher than those on South Africa–related resolutions, “largely because of increased corporate environmental awareness and the prospect of the abolition of apartheid in South Africa” (Philip 1993). Apartheid formally came to an end in 1994 when free and democratic elections were held in South Africa. But a year earlier, the Ceres Principles had already begun to take the place of South African resolutions, with the total number of Ceres resolutions related to the environment going from thirty in 1992 to thirty-eight in 1993, and the total number of South African resolutions during the same period going from sixty-two to thirty. Besides Ceres requests, five other resolutions regarding the environment were put forward regarding ozone depletion, chemical emissions, and accident reporting.

Ceres resolutions requested that corporations either sign the Principles or that corporations engage in better reporting related to the Principles. These resolutions were put in front of major corporations like McDonald’s, Bristol-Myers Squibb, R. R. Donnelley & Sons, Ford Motor Company, General Motors, USX-Marathon Group, Union Carbide Corp., and PepsiCo. (GM joined Ceres in 1994.) The groups that were reportedly most active on Ceres-related resolutions were the American Baptist Churches, the Evangelical Lutheran Church in America, the New York City Employees’ Retirement System, and the General Board of Pensions of the United Methodist Church. *P&I* makes a point of noting that 1993 was also the year in which activists saw shareholder resolutions begin to make a difference: “Of the 253 [total] shareholder resolutions [including those related to the environment] introduced in 1993, 96 have been withdrawn to date because of agreements reached in negotiations between shareholders and management.” According to *P&I*, 1993 was also the first year that activist groups began to argue that executive compensation should be tied to performance on social issues.

Through shareholder resolutions, Ceres Principles were used by activists in attempts to drive membership to Ceres and to make the environ-
ment a governance issue for corporations. Shareholder resolutions are heavily regulated by the Securities and Exchange Commission, but they are nonbinding. Primarily, they attract media attention and put pressure on companies by letting them know how much support there is for change on an issue without legally compelling them to do anything. They were extremely effective in anti-apartheid activism.

Ceres has benefited from and built on the legacy and infrastructure that anti-apartheid activism put into place. The very notion of calling corporations into account stems in part from this activism and particularly the Sullivan Principles. Many of the same entities who originated these methods like ICCR, pension funds, and other large institutional investors have continued to put pressure on corporations to account for their role in social and environmental problems confronting an increasingly global society.6 Previously, many of the divestiture campaigns had been exactly that—getting rid of or avoiding investments in companies that violated moral or social values. This new era, however, ushered in a different mode of thinking, termed at the time by one magazine to be the use of “corporate dialogue” as a “tool for social change” (Klinger 1994). Corporate dialogue includes a wide range of “tools,” from interviews and questionnaires to shareholder resolutions. Ceres can be seen as one outgrowth of this era of thinking. The participation of institutional investors like pension funds provided an added dimension beyond the usual suspects. They were interested in promoting social change as well as protecting their investments. The two, in their rationale, were inextricably linked.

**Inside Ceres**

The current offices for Ceres are located in downtown Boston in an old high-rise building, near the theater and shopping districts. It’s a gritty part of town, especially in the summer when hot days hang heavy with humidity, and the subway vents built into Boston sidewalks only seem to intensify the heat and city odors. I visited the Ceres offices several times during the summers of 2007 and 2008, following their annual conferences in April, to interview staff members. Their offices are located on a floor with a couple of other NGOs. They’ve stayed in the same location despite doubling in size from twenty to forty staff members during the one year between my visits. Even with renovations to accommodate the growth, the offices are rather subdued and unadorned—almost like a start-up that may or may not stick around. It’s a far cry from the sizable, stable
presence the conference projects when it charges $400/person or more to attend. The conference, though, Ceres’s Anne Kelly explained to me, is about (in this order) “convening,” educating, recruiting, and reasserting the message of sustainability with people other than Ceres members. And, she said, it would be difficult or impossible to operate without it because it plays such a vital role in the ongoing work of the organization.

The history of Ceres (and of the CSR movement more generally) is clearly reflected in the histories of two of the key interviews I conducted. Chris Fox, director of special programs, described his years with Ceres in ways that match the overall history of the organization and changes taking place in the wider popular and business culture. He describes himself as becoming committed to environmental activism in 1989. He said that in the wake of the Valdez spill, there was a sense that “the government was not doing enough to improve company practices,” and there was a “whole opportunity for a new strategy really to build on the success of the anti-pollutant movement.” That strategy was to “harness the power of investors to focus corporate boards on how responsible behavior on environmental issues actually is good for business.” He said it is modeled on this notion:

There’s three kinds of power people have in America: power as voters, power as consumers, and power as investors. And it’s really the third power that I think is so untapped seventeen years later. People are still barely aware that they have this power. There’s something like 50 million Americans that own mutual funds now, so there’s a huge block of Americans that could be shareholder citizens (that’s one term we use), that could be using their votes as investors to improve company practices.

Fox said he was inspired by the leadership of religious investors who “had tried to figure out how to fight apartheid using different shareholder activist tools.” It’s this interest in bringing together religious and environmental groups that eventually led him to seek a master’s of divinity from Harvard. He mentioned Sister Patricia Daly, a nun, as a particular inspiration. Her work regarding Exxon is well known in SRI circles. Fox was the fifth employee of Ceres, and following my first interview with him, he was leading a media conference call regarding the latest round of shareholder resolutions to Exxon.

When I interviewed Anne Kelly, director of public policy, she introduced the other contextual element to understanding the work of Ceres—
the shift from a law enforcement–inspired approach to a dialogue-centric one. Kelly has a background in environmental law, and prior to Ceres she had worked extensively on forcing companies to integrate environmental regulation into their practices.

I spent the first part of my career doing intense environmental enforcement—civil and criminal enforcement. I ran an environmental strike force with police officers, investigators, and engineers. I’ve done the photos and the undercover work. I used to have interns come and do sting operations. In the late 1980s, early 1990s, there was still a lot of open dumping, and you could plant people and get video. There was a lot of energy around using a lot of the techniques drug enforcement had used. Setting up fake companies and fake checkbooks and all that and putting that in the environmental area. Because, otherwise, the routine government enforcement had sometimes limited effect.

In 1995, Kelly took a break from this line of work and attended Harvard’s Kennedy School of Government (KSG) to pursue a master’s degree in public administration. After KSG, she worked with Mindy Lubber, who was then at the U.S. Environmental Protection Agency (EPA).

At EPA, I started the beginnings of thinking—well, maybe you could actually sit down and work with companies instead of just trying to throw them in jail. So that was a real shift for me in thinking from the first part of the 1990s to the second part. There was a real shift from command and control to conversation, mediation.

She eventually set up her own firm, which did exactly that—mediation on environmental issues. She said she had always found the Ceres model compelling, but thought it required her to have an MBA. Once Lubber took the helm of Ceres in 2003, Kelly investigated and found she didn’t need an MBA. When I first spoke with her, she was in the midst of wrapping up the work of her own firm and joining Ceres full time, though she had already been working at least forty hours a week for quite some time.

If the Valdez spill provided an initial event, the Sullivan Principles a precursor and model for corporate engagement, and corporate dialogue and investor “power” the underlying social trend, then it’s the influence of socially responsible investing that provides the rationale and philosophy for thinking about changing the current system. Ceres does not bend toward anticapitalist inclinations so prevalent among many environmental and social justice groups—rather, it hopes to effect change by employing
accountability mechanisms that value social and environmental elements alongside revenue/profit. Joan Bavaria, the cofounder and initial head of Ceres, personifies this approach in many ways. There have been three heads of Ceres. Bavaria’s leadership was followed by that of Bob Massie and then Mindy Lubber.

Bavaria began much earlier to work on issues that are at the core of Ceres. In 1981, she cofounded the Social Investment Forum, also based in Boston, and a year later, Trillium Asset Management Company—one of the oldest and best known of the socially responsible investment firms. Ceres describes Trillium as “the first U.S. firm dedicated to developing social research on publicly traded companies” (Ceres 2008). When Massie, Bavaria’s successor at Ceres, gave a talk at the Sloan Business School at MIT in 2007, he described Ceres as coming out of the Social Investment Forum and Boston-based investors who had used the Sullivan Principles in anti-apartheid activism—in both cases, a direct reference to the role of Bavaria.

In 2008, in the interest of focusing on and rewarding those who work on systemic change, Ceres created the Bavaria Awards for Building Sustainability into the Capital Markets—there are two: one for Impact and one for Innovation. At the initial launch of the awards during the 2008 conference, Bavaria gave a speech that provided some insight into her thinking. She said, “Wall Street and the market without steerage can wreak havoc” and “capitalism needs guidelines.” With these statements, she made a direct reference to the ongoing subprime mortgage crisis of 2008 that had embroiled many. She spoke of the realms of finance, the social, and the environment as systems that needed to be thought of together, noting that “fiduciaries [for investments] must take into account the planet on which business feeds.” She quoted Machiavelli’s The Prince: “There is nothing more difficult to plan, more doubtful of success, more dangerous to manage than the creation of a new system. The innovator has the enmity of all who profit by the preservation of the old system and only lukewarm defenders by those who would gain by the new system.” The awards reward those who work toward shifting the current capital markets from a “system focused on short-term profits toward one that balances financial prosperity with social and environmental health.” In the initial year, 2008, the awards were given to those working on transparency and education.
Ceres’s Core Business: 
Stakeholder Engagement and Sustainability Reporting

In its system and interventionist approach, Ceres seeks to demonstrate that “sustainability and profitability are not mutually exclusive,” as one conference participant put it. Massie, the second head of Ceres, described the organization as an answer to the twin problems of a lack of political leadership on environmental issues and “capital markets as negative pressure” against actions taken on environmental issues. Kelly put it more succinctly in terms of strategy by describing Ceres as “using the leverage of the capital markets to influence companies.” Massie said that Ceres’s work is based on the adage “What gets measured gets managed; what gets disclosed gets done.” In other words, Ceres provides a means and a suite of measures by which environment and social issues (labor and human rights, for example) can be factored into a corporation’s overall strategy and valuation, both for its own purposes (employee retention or preparatory work for future regulation, for example) and for that of its investors (thereby avoiding and/or fulfilling shareholder resolutions). To do this, Ceres uses stakeholder management, standardized reporting and analysis tools, sustainability reports, shareholder resolutions, policy activism, industry reporting, and other levers to further its objectives. Organizationally, Kelly told me that they divide Ceres into work with investors and work with companies—at the time of my interview, she headed up the companies section, and Chris Fox led the investor section. These lines are hardly firm as they admit and as will become obvious. For the purposes of this chapter, I’m going to follow this schema by beginning with an overview of how stakeholder teams and reporting function, and then move on to how climate risk as a concept functions within the Ceres framework.

Ceres’s members are either publicly held or privately held companies, environmental organizations, SRIs, institutional investors, and/or public service organizations. The latter groups (those that are not corporations) populate the stakeholder teams that help the corporation move toward sustainability goals. Essentially, stakeholder meetings put a corporation’s critics at the table with corporate executives. When it works well, Kelly told me, the executives do less talking and more listening. I wasn’t able to sit in on any stakeholder meetings, nor did any of the stakeholder team members want to talk with me about their experiences. They sign a contract that stipulates that what happens in stakeholder meetings remains
confidential. From the outset, they decide how much to be involved and are paid for their involvement.

At the 2008 conference, I got some insight into how the stakeholder process functions and where its challenges may lie. The panel titled “Critical Friends: Engaging Stakeholders to Catalyze Change” first featured Tod Arbogast, Dell’s director of sustainable business, and Ted Smith, co-founder of Silicon Valley Toxics Coalition (SVTC), who became a member of the stakeholder team once Dell joined Ceres. SVTC began when ground water contaminants were traced to high-tech development in Silicon Valley. SVTC engaged in protests and consumer boycotts against Dell—even at one point being accused rather overdramatically of “Hezbollah type tactics” because of a protest that involved Susan Dell, Michael Dell’s wife. In other words, these are not individuals or organizations one would necessarily expect to be sitting on a panel together. SVTC was eventually able to explain to Dell, Smith said, that greening the supply chain was not just PR and that it would increase his market share. Smith said the way they achieved that was by putting pressure on Hewlett-Packard to disclose since they were perceived as the market leader in sustainability, and then demonstrated that consumer demand for greener products and recycling did exist. Eventually Dell hired Arbogast, and Arbogast said they chose to respond to the protests with “engagement.” In media coverage, Dell does not give credit to SVTC, but Arbogast did not object to Smith’s version of events while sitting on the panel (Gunther 2007).

The questions afterward were intense from the audience with some asking whether capitalism was up to “saving” itself, whose role it was to educate consumers, and still another who pointed out that sustainability does not always equal market share. Both parties readily admitted that stakeholder engagement hasn’t necessarily increased the level of agreement, but it has changed the nature of engagement. Smith pointed out that Moore’s Law states that technological innovation is exponential, but “the slope for sustainability is nowhere near as steep.” The challenge then is to increase that slope, Smith declared. Ceres’s solution is to do this through tools that promote listening to stakeholders and through reporting and disclosure.

The Dell discussion was followed immediately by Sandy Nessing from American Electric Power (AEP) and Andrea Moffat from Ceres. Moffat said that she and Nessing had met via a shareholder resolution and that she was initially surprised to hear from AEP. Nessing pointed out that AEP is still new to the issue of sustainability and that they were “caught
between the duty to serve and protect environment and society.” AEP, she said, was the biggest coal burner in 2007 and the largest carbon dioxide emitter in the Western Hemisphere, and they had initially opposed the Clean Air Act. But they had come a long way, as shown in their newly released sustainability report. She said AEP executives had never conversed with the array of stakeholders Ceres brought in. It became apparent during the first session that they did not know how to listen, and there was a lot of anger. Executives had “no idea about the perceptions and expectations of AEP.”

When it was her turn to speak, Moffat described the executives as “shell-shocked” after their first meeting. She said they had a large table with eighteen stakeholder representatives and that Ceres had to turn other potential stakeholders away. She described the meetings as ones where the AEP executives sit at either end of the long table and the stakeholders sit in the middle and do most of the talking. Moffat said Ceres is not a “neutral facilitator.” “Our goal,” she said “is to get companies to increase exposure and transparency.” Sustainability reporting is a tool that drives change in company strategy and structures conversations. She said Ceres was pressing AEP on a range of issues from policy positions on climate change and carbon sequestration and alternative energy to efficiency, environmental health and safety, an aging workforce, and coal in the supply chain. She said AEP has a new position on carbon, which she doesn’t agree with, but it is on page 37 of their sustainability report—a report that board executives read and approved. CEO compensation is also tied to delivery on sustainability goals. Ceres’s goals are focused on this level of integration, both at the board level and among the companies’ executives.

Listening to these two cases of stakeholder engagement, one gets the sense that the process Ceres engages in is exactly that: a process of engagement with many twists and turns that reorient how and what goals can be achieved. Moffat called it “a complex relationship with milestones” and suggested that all parties must have “realistic expectations.” She said Ceres has to “sit back sometimes,” and despite wanting to get to solutions, they have to “work toward prioritization.” Julie Fox Gorte, a Ceres board member and SRI executive who moderated the session, described her frustration with other stakeholders who are not as focused as she is on dealing with carbon-related issues, so clearly there isn’t a straightforward or unified process of directing stakeholder interests (Ceres 2010). Nessing said they’ve had at least one stakeholder walk out and not want to talk
anymore. Smith noted that there’s an enormous amount of negotiation that goes on—one either side of the table. If anything, a minor criticism of this process might be that it is too incremental in moving toward tangible change. However, it’s worth noting that whatever progress does get made occurs as a result of negotiating ongoing tension that does not negate direct protest action, but it doesn’t directly enroll protest action either. So it takes a middle approach, and as in the case of Dell, it makes progress as a result of direct conversations that may or may not build on the pressure already applied through protest.

This is what results from what Kelly describes as Ceres’s unique niche as “a convener” of diverse multisector parties in both the nonprofit and corporate worlds.

There is an internal conflict within Ceres, a dissonance, that is really at the core of what we are. Because, on the one hand, we’re supporting and partnering companies, and then, on the other hand, we’re beating them over the head to take action. So we live with that and I think do a pretty good job of managing that dissonance and that, some would say, contradiction. Because companies don’t really want shareholder resolutions per se, and we have a very active global warming shareholder campaign.

This is perhaps the best way to understand Ceres—as a suite of multiple pressure points where shareholder action, stakeholder teams, sustainability reporting, and other work Ceres does in the policy sphere and with investors work together to continually move forward, however incrementally, toward a different paradigm for management and accounting that includes material and financial risks related to the environment. What both Fox and Kelly emphasized in my interviews with them is that Ceres does not want sustainability issues to be relegated to a CSR department. Rather, they want it integrated from the board on down as a strategic and governance issue. This is part of what has made climate risk such an important tool for Ceres because it becomes, as Kelly put it, “a lens by which we see all the other issues.” In this, there is a clear echo of epistemological statements made by evangelicals about how their beliefs inform their interactions with and learning about other kinds of knowledge, but here Kelly uses it as a call to action.

This view of climate change as risk calls companies to fully integrate a spectrum of concerns and possibilities that relate to massive environmental changes. Companies must account for their emissions as well as infra-

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structure and supply chains that might be vulnerable to such changes. These responsibilities, if they are to be fully addressed, can’t be relegated to a part of the company. What Ceres generally recommends doing is establishing some kind of in-company committee that straddles different core areas of business, as well as developing some kind of accountability at the board level.

**Greenwashing**

A major point was raised by external critics of Ceres’s inclusion of carbon emitters like AEP. Ceres, it was implied, makes it too easy to sign on to their organization and gain their “stamp of approval” and association similar to the initial concerns expressed by Sanyal and Neves when they compared Ceres to the Sullivan Principles. The inference of such criticism is that it would be better to continually hammer away at a company like AEP rather than reward them for any positive behavior with regard to the environment.

I was similarly surprised to see Suncor receive an honorable mention for their sustainability report. Suncor’s involvement in Canada’s oil sands would seem to preclude any reward for plans to move toward sustainability. When I asked Kelly about Suncor in particular, she struggled to find the right words. She admitted that the extractive industries are perhaps the “hardest” and are the subject of internal debates at Ceres, but she said that they have opted to reward “best practices” for being best practices. And she concluded that being “at the table” even with the “highly unsustainable version” of a company allows Ceres to attempt to divert them to more sustainable practices. These internal debates point to the difficulty Ceres encounters as an organization in its role of wielding the stick and carrot—offering rewards or carrots through association and membership and sticks through shareholder resolution and stakeholder management.

The specter of what is often called greenwashing looms large when it comes to rewarding companies, even by virtue of associating with them. Greenwashing is defined quite elegantly by SourceWatch as “the unjustified appropriation of environmental virtue by a company, an industry, a government, a politician, or even a non-government organization to create a pro-environmental image, sell a product or a policy, or to try and rehabilitate their standing with the public and decision makers after being embroiled in controversy” (SourceWatch 2010).
In putting the greenwashing criticism to other Ceres and SRI representatives, several argued like Kelly that effecting small changes through membership and/or association is precisely the point. Joining is “sometimes the thin wedge that gets things moving,” as one SRI representative said to me. In other words, if companies do start out by thinking it might be a good public relations move, they often get pulled in much deeper than they could anticipate and more often than not they begin to make real changes that may have a wider effect. Peyton Fleming, Ceres’s senior director of strategic communications, echoed Kelly’s perspective, but went further: “We don’t feel there’s much to be gained by working with companies that are doing everything right and are relatively small. We think the biggest gain could be from working with one of the largest companies in the business sector, and if you get them to change their practices, that will ripple through their industry.”

Fleming said that’s why they work with McDonald’s, Ford, big power companies, Suncorp, and some of the largest banks. “A lot of people hate the companies I just mentioned, but on the other hand, we think there are things that you could point to within these companies that they’ve actually done a pretty good job at and hopefully they’ll do better. So, yeah, we specialize in working with highly imperfect companies.” That’s not to say that investigation isn’t required. An SRI team I spoke with said they rely on employees much more today to blow the whistle, which perhaps puts an enormous onus on personal ethics. In contrast, another SRI executive, whose mandate it is to invest in companies with reliable CSR practices, told me they have six people in their firm doing research on greenwashing and that they take the problem very seriously as a matter requiring investigation—not just happenstance revelations through whistleblowing.

Ceres goes one step further than reliance on either whistleblowing or research. They purport to build a kind of anti-greenwashing antidote into the structure of their involvement and ongoing relationship with corporations through the stakeholder process, stringent reporting, and a policy of pushing companies to remain competitive in their commitments to “going green.” Fox explained it to me this way:

In terms of our board, it’s half environmentalists, half investors. So the environmentalists are always saying, “Nobody understands us and the urgency of climate change. We have to move quicker, we have to make productions faster, we have to get the world governments to agree.” Well, there’s a sense of impatience that we bring to it, and we
kind of challenge the investor and business communities to actually take bolder action than they have already taken, and for setting the standard for what constitutes responsible climate change behavior by investors and companies. We’re constantly raising the bar, in other words, and saying the standard that existed three years ago is no longer enough. That puts us in a relationship of tension with big companies like Exxon, who think, “Okay, yes, they’re doing the advertising campaign about how they care about climate change, so that’s probably enough.” And we’re saying, “No, there’s actually seven actions you should be taking to address climate risk that other oil companies are taking but you haven’t taken.” You know, it’s our role to often help investors and journalists sift through what’s greenwashing and what’s actually responsible corporate action.

Shareholder resolutions, stakeholder management, and sustainability reporting work together, then, to accomplish the task of moving companies out of their comfort zone or public relations efforts and into responsible corporate action. Coziness, in a counterintuitive way, results not in corruption but in effecting positive social-oriented change. And as Fox points out, it’s driven by the way Ceres structures itself such that forces within the organization remain in constant productive tension with one another. This in turn trickles down to how work gets tackled at the stakeholder tables, with shareholder resolution targeting and other initiatives that Ceres undertakes to promote CSR tools, accountability, and education.

It’s Fox’s statement that undergirds what I heard at the conference when the comptroller for the New York Pension Fund went so far as to call Ceres a “support service” for their initiatives. Ceres is a workhorse in terms of pumping out reports, supporting shareholder resolutions, and creating stakeholder teams, but its staff, as Fox pointed out, are also intent on strategizing how and when to push major companies forward. This is what keeps Ceres competitive as a CSR organization in a field of many approaches (Hoffman 2011). One of its key selling points is that it maintains enough independence to make an association with it valuable, and part of that valuable association lies in the fact that real progress is seen on issues related to that amorphous notion termed “sustainability.”

Fleming added one more aspect to this value by pointing out how influential many of Ceres’s reports have been in getting attention for issues (like climate) by relevant industries (like insurance and banking). He said they did this with climate change and banking responses to it, and then
scored the actions taken (or not) by major banks, which in turn drove awareness to the issue. Banks then began to call and ask how they could build climate change into their business strategy.

We don’t really use the reports to sell ourselves directly, but it’s mostly to identify issues ahead of the curve, and I do think there’s some recognition that we are reasonably good at that. Abby Joseph Cohen from Goldman Sachs has said, “The reason I value Ceres is that they identify issues earlier than I would otherwise.” So that’s always a big challenge for us to try and stay ahead of everybody else in terms of tapping issues before they get a lot of attention.

How they stay “ahead of the curve,” Fleming said, is by paying attention to “what investors should be caring about” and asking companies questions about that issue or set of issues. When I spoke to him in 2008, the issue Ceres was tackling was water scarcity. They later issued a report on climate change and water scarcity.

One of Ceres’s key contributions as a “support service” has been the crafting of a standardized reporting system for companies doing sustainability reporting. Called GRI or the Global Reporting Initiative, it was launched in 1997 under Bob Massie’s leadership, and it received a major boost in 1998 from the United Nations Environment Programme partnering with it. It was spun off from Ceres in 2002 and became a separate entity basing itself in Amsterdam instead of Boston.11 At the 2007 conference, GRI was celebrating its tenth anniversary and the third incarnation of its guidelines, called “G3” for short. At his MIT talk at the Sloan School, Massie said they started GRI in order to craft something like the generally accepted accounting principles. He said the rise of the Internet at this time played an important role because of the low cost of international communication. There were (and continue to be) several competitive disclosure models, but none that covered all of the categories that Ceres does.12 In addition, there were other scattered ways of addressing sustainability, and “every company had a pet NGO; every NGO had a bunch of pet companies.” GRI provided unified reporting requirements for companies, comparable information for investors, and consistency and completeness for accounting purposes. By 2007, GRI had over a thousand companies that used its guidelines. However, Alison Snyder, the GRI representative at the 2007 conference, told me that only about one hundred companies in the United States were using the guidelines at that time, and none of them were Fortune 500. Most of the GRI use was happening in Europe and South America.13
Climate Risk and Ceres’s Investor Network on Climate Risk

Ceres’s focus on climate change, in part, grows out of the successful launch of GRI in 1997 and its maturation over time until it was spun off in 2002. It was around this time that Ceres began to look for its next big project. Fox told me that they had started an energy and climate program in 2000 in order to “educate our network about the importance of climate change.” But in 2001, Ceres representatives had a momentous meeting with Nell Minnow, founder of the Corporate Library and well-known investor activist. Minnow recently coauthored a textbook on CSR. Fox describes the meeting with Minnow this way:

The meeting we had with her in September 2001 was influential because she cited these anthropologists who would go into Wall Street and study what Wall Street talks about and is obsessed with. Risk was the term they realized was the most powerful. So if you had to approach mainstream investors and said you should care about global warming in 2001, it basically would have led to the door being slammed. So we came up with the idea of linking a new concept of climate change to an old concept of risk and doing the scaffolding or whatever theorists call the ways that people learn new things. The other psychological studies on people in Wall Street is that the fear of losing money is actually more powerful than the greed of wanting to make money, and as fiduciaries and people responsible for other people’s money, that’s the biggest fear.

This was the genesis for transforming climate change into “climate risk,” but Fox said that it wasn’t just tapping into the concept of risk.

Ceres was also helped along by major events in 2001. First, the IPCC made its strongest statement to date with the third assessment report. Second, George W. Bush rejected the UNFCCC’s Kyoto Protocol, and so the “scientific community’s sense of urgency and the environmental community’s sense of despair” at facing another four to eight years of no government pressure on corporations to account for climate change also drove Ceres to consider climate as a major issue to take up. Third, the Enron scandal broke that year—the largest U.S. bankruptcy until Worldcom the following year in 2002. It’s this third element that created the biggest opportunity for Ceres to begin talking about climate change as a risk among investors.

At that point [after the Enron scandal] investor anger at companies not being honest was at an all-time high, and there was a window
that opened that we put the concept of climate risk through, and said there’s another risk that’s not been adequately disclosed to you, and it actually has major financial implications for these companies and therefore your portfolios. You have a fiduciary duty to assess the financial risk posed by climate change. And we just asserted that and did our best to back it up with various lawyers and legal people. It was put into a study we did called “Value at Risk” that was done in 2002. So that was the first time really that the term climate risk was used widely, and we certainly popularized that term and kept repeating it, and now it’s a commonplace term.

But again, it wasn’t just raising climate as a risk with companies and investors and building on fears and/or new information. Fox said they purposely positioned climate risk as a corporate governance issue. “This became like the key that unlocked all these big pension funds because they had corporate governance departments. It just fit into a frame that they already got an approval for. Then it was not a social or environmental issue. It was a corporate governance issue.” Environment, social, and governance issues, often shortened to ESG, are often put together and sidelined instead of being integrated into the core strategy of a company, but corporate governance for investors is a core concern.

Fox said they used a “two-pronged approach” that prioritized getting the attention of investors. First, they went after large institutional investors like California Public Employees’ Retirement System (CalPERS), which Fox said was the largest public mutual fund in the United States. Second, they went “on a separate track targeting corporate boards,” working with the theory that boards are “supposed to be accountable to investors.” Corporations are usually structured in such a way that CEOs report to the board, and the board is accountable to the investors, hence the power of shareholder resolutions to shape major governance issues. Fox said the crucial breakthrough came when they got the U.S. treasurer and the California state treasurer to collaborate. They had already been working together on corporate governance issues related to the huge losses to pension funds stemming from the Enron scandal.

Fox said that together Ceres and the treasurers had an idea for a high-profile event. He said state treasurers are usually “political animals” and want to lead on the national and international stage, but there’s a risk in acting alone. The treasurers suggested doing something at the United Nations in New York, and what came out of that suggestion was the In-
vestor Summit on Climate Risk at the UN in November 2003. Sixty trea-
surers attended and called for the creation of INCR. Since then, summits
have been held in 2005, 2008, and 2010. Attendees numbered 520 at the
2010 summit, representing $22 trillion in combined assets. INCR’s mem-
bership (not everyone who attends the summit is a member) has grown
from ten investors with $600 billion in assets to more than ninety inves-
tors with nearly $10 trillion in assets. Members now include asset manag-
ers, state and city treasurers and comptrollers, public and labor pension
funds, foundations, and other institutional investors. What INCR points
to as its many accomplishments includes promoting clean technology in-
vestments ($4.9 billion in low-carbon investments since 2005), publishing
research for investors on the implications of climate change, improving
corporate disclosure and governance, issuing a call for international leaders
to pass a treaty on climate (signed by 181 investors in 2009), issuing a
call for U.S. action in 2007 (called “Capital to the Capitol”), seeking
mandatory disclosure regulation from the SEC, setting best practices for
investors, and training investors on climate risks and opportunities. In
2010, it seems as if Ceres succeeded in at least one of these goals when
the SEC announced that climate risk disclosure would now be mandatory
(Johnson 2010).

On the website, INCR is listed as “a project of Ceres.” When I talked to
Fleming, who began work with Ceres after the formation of INCR, he said
that funding also drove its particular incarnation. Fleming said that 75–80
percent of Ceres’s funding comes through foundation grants. I was sur-
prised to learn that fees from companies are not the main driver behind
many of Ceres’s projects and initiatives. Some of the foundation funding
is earmarked for specific purposes—in this case, raising awareness about
climate change as an investor issue.

Fox said their marketing strategy for the message of climate risk has
been to just repeat the message: “That’s what big companies do. They
continue advertising their products.” The implication is that climate risk
as a discursive turn is actually a product for Ceres. The goal, Fox said, was
to make climate change “a top tier issue for investors and business leaders
by framing it as a work issue. That way they have to manage it.” He said
they try to do “a surround-sound strategy,” first targeting investors, since
companies can’t ignore them. “That’s the most important group of mes-
sengers to communicate with the corporate world.” Ceres staff members
identify board members and staff of large investors. One institutional
investor I met at the conference who was not yet a member said they
definitely receive regular calls from Ceres staff members. Ceres is limited by their own small staff of twenty-five (which grew to forty in 2008), but they do their best to do direct communication through phone, web, e-mail, webcasts, meetings, conferences, and media campaigns.

Fleming and Fox said that Ceres is primarily focused on business and financial press. Their coverage doubled and tripled year after year during the period I studied them, but their online presence has yet to become as robust as they would like. Fox’s prediction was that as climate change increases in profile, “there will be much more specialization. Who’s going to help me out as a consumer? Who’s going to help me out as an investor? Who’s going to help me out as a voter?” This kind of thinking about a proliferation of data such that different user perspectives will be required speaks to the changes that have occurred related to climate change and its attendant prospects.

“Just So You Know, We Love Exxon Every Day”

When I talked with Fleming about the popularization of the term climate risk, he said the cost of carbon is a similar term that has become common, but clearly it has much more to do with regulation as well. The cost of carbon refers to what the price is on carbon trading markets or a potential carbon tax on all fossil fuel usage. The cost factor, Fleming said, is what is likely to change business practices, or at least that’s the hope.

Ultimately, we want to change business practices and Wall Street practices and how they start factoring these kinds of issues in, and we’re now seeing banks and Wall Street firms evaluating investments and including a cost of carbon in their decision making. That’s ultimately what we’re trying to achieve. Just as a company or a Wall Street firm looks at interest rates as an issue that they should always be paying attention to, we also want them to pay attention to what the cost of carbon has gotten to be in this five-year investment or ten-year investment. And are you factoring that into the value of the company or whether or not it makes sense to build that project? Those are the kinds of actions we’re trying to ultimately achieve because that will then move the markets to be more responsive to issues like climate change. So that’s our grand vision: trying to move the capital markets to operate in a more sustainable way. You can only do that by creating institutional change. I mean, the ultimate endgame is to improve the
world and improve environmental conditions and such, but you can only do that if you get companies and investors to start building these kinds of metrics into their way of functioning.

At the annual conference, this kind of reasoning is couched in terms of what the investor wants, requires, needs. And it’s kept at a rather high level much like this explanation. There is little mention of the problems with carbon development mechanisms (CDMs), whether or not emissions trading actually decreases emissions, or debates about whether “cap and trade” or a carbon tax are better options. Instead, the focus is more generally on the transformative power of creating metrics that take into account climate change as a risk and opportunity for individual businesses and industries. In pointing this out, I mean to signal that Ceres makes tactical choices about how much to challenge companies and capital markets, as opposed to partnering with more basic critiques of the ways in which new risk paradigms have caused new inequalities and regionalizations to erupt.

This focus on instituting new metrics and augmenting the existing ones is particularly evident in reading through the many reports Ceres has released regarding climate change. New metrics provide a kind of ultimate lever for effecting change, and it goes back to something Massie said early on in my research: “What gets measured gets managed.” Mindy Lubber uttered the same phrase in one of her conference addresses. Metrics offer a way of quantifying (and rewarding) success, and expanding current metrics is meant to trigger a new set of practices in order to meet their demands. Institutional change results because of the new practices and thresholds set for their related metrics—for example, the integration of clean energy technology or the reduction of greenhouse gas emissions.

And yet one of the clearest complaints I heard at both conferences is that Wall Street doesn’t get it—“it” being sustainability and/or climate risk. When I asked Anne Kelly what that meant, she said those complaints were referring to “the absolute embracing of short-termism, the absolute insistence on measuring everything by a quarter.” At my first breakfast session at the 2007 conference, this was the subject of the meeting, and it wasn’t just about time frame, but the nature of the measurement as well. The discussion participants talked about the fact that civic society spoke a “different language” than Wall Street, and companies were “beholden to analysts,” who don’t understand what the company is trying to do. One of the participants bluntly asked: “How do we create opportunities...
for companies to do something differently?” At another session later in the day that focused on how Wall Street finally might be coming around, one of the statistics an SRI contributor mentioned was that hedge funds tend not to hold stock for more than sixty days, so that shortens the window even more than quarterly earnings reports. This is the central issue confronting companies that seek to make changes or investments in sustainability-oriented goals, which usually require much more than a quarter to see results or returns.

Kelly explained what they’re up against with Wall Street analysts: “Chris Fox did an interview with CNBC six weeks ago about Exxon Mobil. Chris was saying that Exxon’s lack of address of shareholder resolutions and climate change issues is completely unacceptable. And the guy said, ‘Just so you know, we love Exxon every day.’ And that was the quote from the Wall Street guy. And if you look at the way Wall Street rewards, why do bad companies continue to do well? Because Wall Street rewards them.”

Exxon continues to be “loved” by Wall Street because its earnings consistently rank in the number one place or right behind it (often battling with Wal-Mart) on the Fortune 500 company list. It has been a continuous target of Ceres and CSR shareholder activism, but Exxon’s directors had refused to yield at that time despite direct pressure from the Rockefellers, whose family founded Standard Oil, of whom Exxon is the current incarnation (Carroll 2008). Kelly mentioned that looking at Exxon is a good test for showing how much work Ceres still has to do, and this is an instance where their efforts have failed to make substantial changes. Yet shareholder resolutions are generally as much about directing change within an organization as they are about garnering attention from media about the issue the resolution is putting forward. Such a strategy with Exxon is not entirely without merit or results then. Similar to the other social groups researched here, notably the Inuit human rights petition, it attempts to change the discourse and, in so doing, expands the notions associated with climate change as a form of life, establishing new starting and referent points and enrolling new players, institutions, and forms of expertise.

At the 2007 conference session on how Wall Street might be coming around to climate change as a pressing issue, one of the presenters put up a slide that showed all of the major investment banks—the majority of whom are encapsulated in the term Wall Street—have begun to do something about climate change. One of the prime instigators has been the carbon futures trading that has gone on in Europe in relation to the
Kyoto-based emissions trading. Some like Goldman Sachs have begun to issue reports and speak out on the subject. One of the participants at the conference session said, “The race is on on Wall Street” to move on this issue.

At the conference, I met the then new environmental director at Morgan Stanley, Jim Butcher, and later interviewed him in his Manhattan office. Morgan Stanley had a large unit that does carbon trading based in London, but was also looking to keep up with the pace being set on Wall Street. Butcher came from a scenario planning and consulting background, and he said Morgan Stanley was the only bank on Wall Street to have an internal scenario planning unit. He said the business environment was changing, and they needed to “get on board.” He said they were spurred on by actions taken at Citibank and Goldman Sachs, but the Stern Review (examined in chapter 4) was also a key instigator of concern. He said that in 2006, climate change was not “on the forefront” of executives at Morgan Stanley, but that had changed. Butcher’s role was to review what Morgan Stanley was already doing and engage in a broad stakeholder process. Risk and opportunity were something he saw as going together in part because of his scenario planning background. He said at the time of our interview in 2007 that climate change was not yet woven into research, nor was it consistently tracked, and he saw that as a weakness. Butcher said he saw himself as a translator of different perspectives and that bringing the science together with the intensive “language of financial services” was part of his role. Butcher’s commitment to acknowledging climate as a risk reflects much of what Ceres’s mandate and work have been about, but criticism emerged the following year that drew Ceres’s methods into question.

In 2008 two Dartmouth College professors, Karen Fisher-Vanden and Karin S. Thorburn, produced a report that quickly became news. They studied the stock performance of companies who joined Ceres and Climate Leaders, an EPA industry-government program that mandates greenhouse gas emissions reduction. They found that companies that joined Climate Leaders received a negative reaction. The New York Times quoted Thorburn as saying “The pattern was clear—the more aggressive the goal, the more the stock price fell” (Deutsch 2008). Ceres membership, on the other hand, came with no significant reaction. Fisher-Vanden and Thorburn concluded: “The stock market is saying, don’t count on voluntary initiatives.” In response, Mindy Lubber, Ceres’s board member Julie Fox-Gorte from Pax mutual funds, and representatives from Gold-
man Sachs and Morgan Stanley all agreed that the best run companies are those that also perform well by environmental metrics. Lubber, in particular, wouldn’t accept the finding that companies get dropped because of environmental initiatives. Otherwise, she argued, “you wouldn’t see so many companies addressing climate change with such a vengeance” (Deustch 2008). Quoted in the same article, Fox-Gorte also rejected the study’s findings, saying they were “measuring the most ultramyopic reactions” that reflect short-term thinking.

The 2006 Ceres toolkit for corporate leaders that deals with “Managing the Risks and Opportunities of Climate Change” is also an attempt, like Butcher’s role, to bridge the language of financial services and provide a roadmap for change. It makes clear how the Ceres methods fit together when it says, “Most successful corporations engage with concerned stakeholders, disclose their strategies to investors, and take concrete actions to manage risk and capitalize on opportunities” (2006, 2). It suggests ten steps to developing a comprehensive climate change strategy, grouped into a diagram with three overlapping circles entitled “assess,” “engage,” and “implement”—with the word disclose set around each overlap of the circles. The first four steps include creating a climate management team and a board oversight committee, measuring greenhouse gas emissions, computing physical, regulatory, and financial risk exposure, and assessing strategic, branding, and product opportunities in relation to climate change. Steps 5–7 involve creating plans to reduce emissions and risk. Step 8 suggests engaging in policy dialogue about reducing climate risk and enhancing opportunities. The final two steps are public disclosure and engagement. AEP, GE, Ford, Chevron, and Bank of America are used as exemplars of best practices on various steps. This is another key tactic of Ceres—getting industry leaders and major corporations on board.

What becomes evident reading this toolkit (as well as reports prepared on the banking and insurance industries) is that it is not just about getting corporate leaders or large corporations to take climate change seriously enough to change their practices and R&D investments. It is also about the power of association. Certainly, Ceres benefits from an association with these major industry leaders who are looking to make a change in their public image or to intervene in nascent policy debates early on. But it’s not just an association with Ceres. The exemplars listed in the toolkit have begun to distance themselves from certain attitudes about climate change. Fox said that with apartheid, at some point it became morally repugnant to be associated with it. Similarly, he felt that the year
2005 marked a turning point for climate change because of several factors far outside of Ceres’s control that were of immense benefit to INCR and the summit.

I think 2005 is a critical year. Because of a variety of things that happened. Russia ratifying Kyoto in February. That was the moment where carbon was going to have a price. Industrialized nations were definitely moving ahead with regulating and then smart businesses like GE realized it was going to be a new market for low carbon products basically. Our second investor summit, which was much bigger than the first—twice as big—it was on May 10. And GE announced its Ecoimagination initiative on May 9, and then the whole buzz was about how the biggest company in the world had just announced this. So that was the moment where the business community shifted and the kind of Exxon Mobil-dominated business world of businesses funding different industry associations and climate deniers and skeptics and all that—it just became irresponsible. Because, if you really cared about your shareholders, you’d be figuring out how to protect and enhance shareholder value in a carbon-constrained world because that’s now what we live in. It was like the moment where we just all acknowledged we live in a carbon-constrained world and that was going to be the future. And it was inevitable, and it was going to affect your market.

Kelly, too, agreed that this period was critical to the generalized sense of a sea change on attitudes toward climate change. Yet she questioned whether it is a matter of trickling up or trickling down. Shortly after the Kyoto ratification and Ecoimagination, Fox and Kelly both noted that Hurricane Katrina hit, which for many Ceres members, both new and old, was an event that reinforced the idea of climate change as an unavoidable material and financial risk factor.

Hurricanes Katrina and Rita—the images of destruction and suffering in particular—have been deployed by a range of actors to make climate change and inaction in the face of what could be much more widespread global suffering morally repugnant. The images, for those with or without institutional memories, are intended to create an effect not dissimilar to the years immediately preceding the fall of the apartheid government in South Africa when the success of divestiture and accompanying moral judgment was evident. What these kinds of moral prescriptions do in the face of risk is perhaps less easy to determine in stark terms of success or failure. The fraught process of creating and fostering a bandwagon for ad-
dressing risk, however, inevitably leads to a reorganization of some kind within affected institutions, their practices, and social groups.

**Climate Risk and Recession**

The framework of risk speaks to a certain view of economics, the role of corporations, and notions of social responsibility and to the larger context in which media, politics, and bureaucracy are a part of the formation of what Beck (1992, 2002) calls a “world risk society.” Risk and the specter of catastrophic danger may act to unite societies, but in their demands that nations, or in this case corporations, unite and negotiate a response to the looming crises, they also create new conflict and political alliances, reorienting topographies of power, wealth, and capital, leaving in their wake new regionalization, inequalities, and exploitation. Positioning climate change as a risk implies that it can be rendered “predictable and controllable” in a modern society, and institutions, bureaucracy, and media rise to meet the challenge entailed therein. Risk thus works as a motivator precisely because it both heralds oncoming, unstoppable change and calls it into being. This is the paradox of identifying climate change as a material and financial risk and as an attendant suite of potential chaos and actual opportunity simultaneously.

This is not to say that the risk is not real. Perhaps one of the most staggering metrics Ceres has popularized through its report on the insurance industry is that the damage caused in 2005 by weather-related events rose sharply to $80 billion worldwide, equivalent to four 9/11s. Others at the conference and at Ceres have thrown around more colloquially the notion that Katrina incurred costs three times the cost of 9/11. At the conference in 2007, one of my favorite moments occurred during the panel that was discussing whether or not Wall Street was taking climate change seriously as a risk factor. One of the environmentalists got up and said, “Katrina blew the door down, and Al Gore walked through it.” Bill McKibben later said something similar in his plenary address. “Al Gore” is a reference to the role of his phenomenally successful and Oscar-winning film, *An Inconvenient Truth*, released a few months after Katrina hit in 2006.18

I have used this phrase about Katrina and Gore many times in interviews with the people I’ve talked with for this book, and usually it elicits a smile. But generally a verification of the Katrina + Gore equation as the experience one had during the pivotal years of 2005 and 2006 depend on the importance ascribed to popular culture and trends in public opinion.

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polling. Corporations (and, by extension, those involved in CSR activism) are incredibly concerned about consumer trends, competitive advantage (what other corporations are doing or in what direction their industry is heading), and maintaining investor confidence and shareholder value—all of which to greater or lesser degrees have some relation to public opinion. When Ceres talks about climate risk, these are exactly the levers they lean on, and events as well as popular culture in 2005 and 2006 finally began to provide some support for their claims.

I tentatively called 2007 the “summer of love” after I went to the Ceres conference because of the effusive tone of the participants, many of whom had waited for a decade or more for climate change to be taken seriously. This was a period whose highlights include a Supreme Court ruling saying the EPA could regulate emissions under the Clean Air Act, polar bears being listed as endangered species due to climate change concerns, insurance companies and Wall Street investment firms issuing high-profile reports about climate change, retired army generals issuing a report making climate change a security issue, and the release of the fourth IPCC assessment report with more dire warnings than the third. But the 2008 conference lacked much of the ebullient tone of the previous year. Instead, it was marred by the now epic subprime crisis, the roots of which continue to hamper economic recovery in the United States and many of the world’s economies. Citibank was deeply embroiled in the crisis, and yet its CEO, Michael Klein, still agreed to give the keynote at the Ceres conference in 2008. Klein began his keynote by saying that they continued with their commitment to focus on climate issues throughout the crisis because it’s “so deeply integrated into our company that we couldn’t pull back if we wanted to.” Citibank set targets of reducing greenhouse gas emissions by 10 percent by 2011 from 2005 levels.

Still, I wondered whether or not climate risk could stand the test of a major economic recession, and I asked Kelly what they were saying about climate in 2008. She said they were positioning climate change as “another risk” that investors and companies might not be fully aware of or prepared to face.

Well, we had used the subprime as a proxy for climate and Mindy Lubber has quite a good phrase around this—climate risk could be the next subprime crisis. We didn’t pay attention to subprime for a long time and people kind of knew that that was building—they knew that sloppy decisions were being made. They knew that risks were being
taken, but nobody got on top of that, and then look what happened. And so she sometimes characterizes climate change in the same way, as a hidden risk that needs attention.

Looking back at how Ceres used the Enron scandal in a similar fashion, it certainly has echoes of the same logic. Crisis then doesn’t have to work to supplant the groundwork laid by Ceres. Rather, it can be the impetus for further development of risk preparation and awareness.

Bob Massie called climate change a “disruptive syllogism.” The Oxford Dictionary defines a syllogism as “an instance of a form of reasoning in which a conclusion is drawn (whether validly or not) from two given or assumed propositions (premises), each of which shares a term with the conclusion and shares a common or middle term not present in the conclusion.” Massie explained that climate change is the largest physical change affecting certain industries and regions. It is hence embedded in every investment portfolio. Therefore, fiduciaries must assess what this change means for the investments they manage. Failure to assess equates to a breach of their fiduciary duty. This is the logic that pervades much of Ceres and SRI efforts to raise the issue of climate risk. But syllogisms often have important exceptions that can cause their seemingly perfect logic to unravel.

This is where Hurricane Katrina and the research that Kerry Emanuel released in the months before it hit become important verifiers of such logic-based assumptions. Kelly and Fox both pointed out that Ceres benefited enormously from studies that were already under way first when Katrina hit and then when the banking crisis hit. Fox said that Ceres was putting the finishing touches on their report on the insurance industry when Katrina hit, and Kelly said they had recently released their report on the banking industry when the subprime crisis began to unravel. Although the subprime crisis had nothing to do with climate change, Kelly said there were significant correlations that allowed them to capitalize on the risk paradigm: “We looked at their relationship to climate and energy and climate governance, and HSBC was number one with its 100 point score. I think they had 90 or something, and the lowest point-getter got zero points, and that was Bear Sterns, and we all chuckled. And there was a fair amount of publicity after that. It was just a coincidence that we happened to be looking at banks this year.” The implication was that Bear Sterns was not a forward-looking bank concerned about the presence of risk in any of their portfolios, whether it had to do with mortgages, credit,
or climate change. Bear Sterns collapsed in 2008 related to its role in the subprime mortgage crisis.

If we follow Beck’s formulation through then, Bear Stearns becomes an example of the reorganization and reordering of new assemblages and institutions. Wealth in this case was not enough insulation from risk. Alternately, Karen Ho’s explanation here might be that such risky behavior is endemic to Wall Street, creating more and more appetite for risk such that it unraveled the entire company—and could also potentially unravel much larger swathes of the capital markets and the American economy for years to come. Risk, in other words, begets yet more risk. And certainly, as Beck also predicted, activism like Ceres’s work becomes important in identifying such risks—both the short-term evaluations of Wall Street and the possible long-term chaos associated with climate change predictions.

**Insuring (and Educating) for Risk**

The insurance industry has been on the forefront of concern about climate change. At the 2007 conference, representatives from Swiss Re, F&C Management, and Fireman’s Fund participated in a panel on how they are managing climate risk. The Stern Review’s findings were at the forefront of their concerns because of its estimates about how much mitigation and adaptation would cost if actions to stem emissions are not taken now. Alexis Krajceski from F&C summed it up when she said that for insurance companies, it’s about accurate risk assessment as well as keeping insurance affordable and that they were counting on the wealth of “intellectual capital” they have with complex modeling to see them through. Swiss Re’s representative, Mark Way, began his presentation by saying that Swiss Re “first labeled climate change an emerging issue in 1996.” He said that average losses are increasing and the individual burden doubles every decade due to the demographics and economics of coastal development. This was the primary concern for the entire industry, Christopher Tulou from the Heinz Center concluded. Heinz and Ceres have been working together with the insurance industry on climate risk issues with their Resilient Coasts Initiative. Tulou said, “If there is a frontline, it’s our coastal communities” who generate most of the country’s GDP and contain two-thirds of its population. It’s impossible to abandon these places, and so the “focus should be on protecting investments that are already there.”
In my conversations with Kerry Emanuel, he similarly expressed concern about coastal development. He said that the federal and state governments were already subsidizing or providing insurance for communities in these vulnerable areas because insurance companies were unwilling to or their rates were prohibitively high. Conversely, Harvard’s Dan Schrag, whose research focus is not on hurricanes, expressed a certain amount of skepticism about the insurance industry being involved in climate issues. He said that the insurance industry benefits enormously from something being labeled a “risk,” because then they’ve got one more issue to insure. When I put this to Kelly, she said that she would think more about this, since it was the first time she had heard such a criticism. As she talked, however, she noted that the losses in the industry were very real, and she thought these business concerns were still the primary motivating concern for action on climate change.

The concerns of the insurance industry, however, echo, perhaps in starker and more concrete terms, the long list of risks Mindy Lubber laid out in a speech she gave at the Ethical Corporation conference in Boston in 2007. She said that companies are facing (in this order) regulatory risks, physical risks, reputation risks, and litigation risk. Krajceski clearly agreed when she said that she thought it was a “real opportunity to be involved in public policy debates” and that “insurance companies have much to gain from deliberate action and everything to lose from not participating.” In the question period following various presentations, a representative from Marsh Insurance in the audience was called on to answer a question about policy changes. He noted that the EPA ruling, the latest IPCC reports, and the possibility of litigation were all on the horizon. He said they were “trying to elevate the level of public conversation” in order to account for these “tectonic shifts” in thinking about regulation, physical risks, and the need for disclosure.

In an effort to do just that, Marsh joined in a partnership with Ceres and Yale University to begin educating boards about how these issues were affecting corporations. Kelly headed up this program on behalf of Ceres, and she considers this an analog to INCR, but one that deals expressly with companies rather than investors. Called the Sustainable Governance Forum on Climate Risk, it is described as a “leadership development program designed to help . . . address the problem of climate risk.” Kelly told me that it brought together scientific, legal, business, and insurance aspects of climate change in an attempt to help corporate directors integrate it into company strategies: “Ceres figured out wisely in
2003 or 2004 that this is a top-down issue. That it’s really important to train the boards of directors and CEOs. These issues are so big. They’re a matter of long-term value, and they shouldn’t be tucked into the ghetto of the EH&S [Environmental Health and Services] department. It’s a matter of risk. It’s a matter of long-term risk.” This is a message that was often repeated at the conference and in other speeches I’ve heard Mindy Lubber give—that climate risk must be accounted for at the strategic level, and sustainability concerns must be integrated throughout the company. For companies, then, it must come from both the board and the executives in order for the kinds of change to occur that Ceres expects.

Kelly said directors don’t like words like *teach* and *educate* because “they feel like they already know everything,” so Ceres uses *engage* and *convene* instead. The forum describes itself as highly exclusive, invitation-only, “intimate,” and “collegial” with a “discussion-based format.” Part of the reason for both the format and the need for “engagement,” Kelly said, is that corporate directors in the United States are an extremely “homogeneous” group—usually older, extremely wealthy white men. And while the climate risk framework has gotten through to some, there is a wide spectrum of knowledge. Kelly told me that she had one director come up to her after a session to say: “What’s that word they were using? Starts with anthro.” She said, “Anthropogenic?” And he said, “Yeah, I don’t know what that means.” She said that even within the Ceres membership, this represents one end of the knowledge spectrum while Seventh Generation, Aveda, Interface, and other highly progressive companies represent the other end.

The launch of the Forum was made during a session of the Clinton Global Initiative, and former secretary of state Madeleine Albright is on the advisory panel. The booklet describing and announcing the program has several bold quotes from corporate leaders, scientists, and political leaders. One from the *Wall Street Journal* stood out to me. It said:

> The group U.S. Climate Action Partnership (USCAP) stressed that by proactively dealing with the issue, companies can earn a voice in planning policy and thus avoid “stroke of the pen” risks in which new government rules can undermine a company’s value overnight.22 “If you’re not at the table when these negotiations are going on,” said James Rogers, Duke Energy’s chief, “you’re going to be on the menu.” (Ball 2007a)

These are certainly the kinds of statements that motivate corporate executives and their company’s directors, but they also are exemplary of the
kinds of work that climate risk is doing for Ceres and others who have an interest in making climate change a CSR issue. Climate risk encapsulates a wide range of risks from regulation and litigation to material and competitive—all of which provide significant strategic concerns for both investors and companies.

Conclusion

What this chapter records is the work Ceres undertakes both with companies and investors in order to bring about a discursive shift and institutional transformation in corporate America. Climate risk is the latest and perhaps strongest of heralds that Ceres has been using to bring about such a transformation. Businesses and business media have, in recent years, often talked in terms of “going green” or becoming more sustainable. But it’s not always been clear what this means in concrete terms—or indeed, whether it means anything at all. Ceres attempts to move beyond both the morass of what sustainability might mean and the problems inherent in the threat of greenwashing by asking corporations to become accountable to a set of stakeholders that are usually composed of nonprofit members of Ceres. It’s through this mechanism that companies begin a process of identifying how they will become more sustainable across a number of markers, including how they will respond to climate risk. GRI, the sustainability accounting system that Ceres pioneered, requires an accounting of a baseline, any changes, and goal setting. Ultimately, a sustainability report will result, and Ceres provides awards as well as limited kudos even for the most recalcitrant who make incremental changes, with Suncor being the example I’ve used here.

Certainly, there are others who are working in the same space on CSR issues like Ceres (see Hoffman 2011), but Ceres’s tactical work with both investors and companies, producing reports, supporting and leading the charge on shareholder resolutions, and calling for policy changes and regulations set it in a category by itself. What became apparent to me through the course of my research with Ceres is that it tends to think of linguistic and vernacular changes as a kind of product. The uptake of terminology by the business community, writ large, is both the goal and the marker of success. Climate risk is such “a product” in terms of both the effort to conceive of it and the success with which deployment has been met. Unlike the pastors in Creation Care who assume that their words will be paired with others, dissected, and discussed, Ceres’s word-products re-
verberate via marketplace circulation. INCR and the Summit at the United Nations proved to be key mechanisms and testing grounds for furthering the notion of climate risk, and they have attracted leading investors and companies such that the volume reinforces the weight and claim of risk associated with climate change.

Climate risk has come to encapsulate regulatory, litigational, physical, and reputational risks. In order to transmit these risks to both investors and companies, Ceres has built on the infrastructure left in place by anti-apartheid and anti-pollution activism with corporations. Much like apartheid, climate risk has been positioned as both a kind of moral pariah and present danger, where action is required by companies in order to disassociate themselves from it. Unlike apartheid, however, climate risk is fraught with potential unintended consequences suggested through Beck’s work in the form of new alliances, assemblages, inequities, and other structural shifts and changes. As well, the notion of risk if we follow Ho’s work can undermine arguments for addressing climate change and shareholder value. The higher the risk, as Ho’s research narrates, the higher the reward. One only has to consider the continued fallout from the credit crises and subsequent restructuring of the banking industry to find further evidence to support Ho’s analysis.

One of the deep concerns for Ceres and its membership has been the reward structure in place through capital markets—more commonly referred to as “Wall Street.” Public companies are to a great degree valued by their publicly traded share price on stock markets, which reward with a higher price/valuation based on quarterly earnings. Major changes on emissions reductions usually require investments that will take much longer to see returns than markets have the patience to wait for—hence the importance of a term like climate risk as well as the role of INCR and its annual summit. They lobby for disclosure of the amount of risk a company is exposed to related to climatic changes and demand changes to protect their investments, thus giving “cover” to companies who need to make massive changes, infrastructural or otherwise, to address this risk.

In 2010, it looked as though Ceres had seen one of its goals realized when the SEC set out nonbinding guidelines that recommended disclosure on the risk of climate change. SEC commissioners, of which there are five, noted that they were under immense pressure from investors to make this change, yet they were careful to avoid taking a stance on climate change itself. Two of the five commissioners, noted as Republican appointees, voted against this decision, citing the problem that climate change is
still “unsettled” in terms of the scientific claims associated with it. Clearly then, not all of Wall Street has come around to the notion of climate risk or the veracity of the scientific claims associated with climate change.

This chapter’s account of Ceres provides another facet by which to understand climate change’s evolving, emergent form of life. But coming to terms with climate change in this chapter is not about epistemological difference in the classic sense of resisting science or its factual claims. Rather, the risk framework in this instance sidelines debates about the specifics of climate science in favor of the language of business and investment such that action is required both by investors in their assessment of companies and by companies in their strategic planning. Sea level rise and more volatile, disrupted weather patterns provide the impetus for assessing physical risk, while regulation, litigation, and reputational risk are aspects that pertain solely to a business environment. In calling these other considerations into being, providing opportunities for investor and environmental concerns to establish collaborative discursive turns and mechanisms, Ceres establishes itself as a pivotal element of the assemblage of institutions, vernaculars, and articulations.