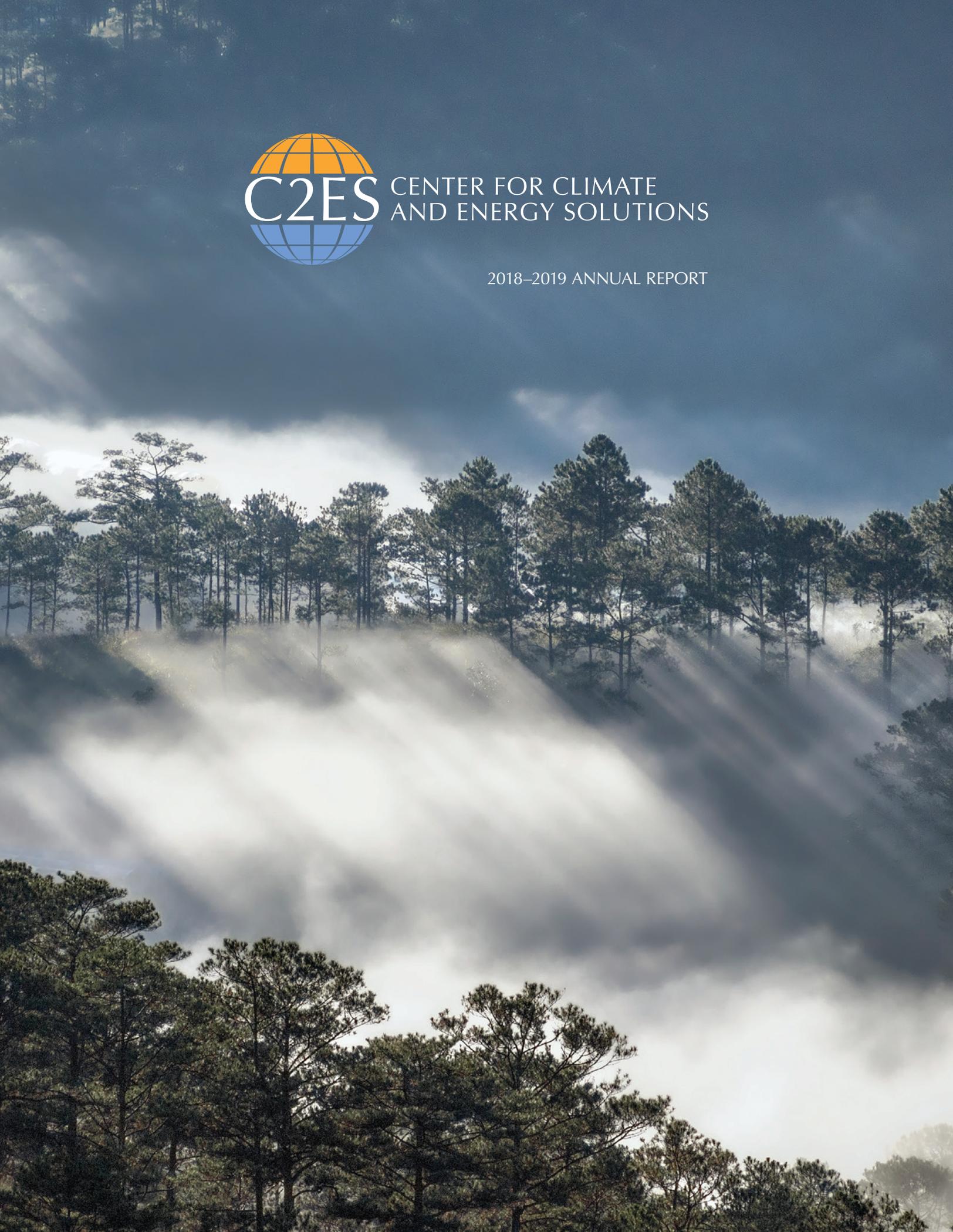




2018–2019 ANNUAL REPORT



The Center for Climate and Energy Solutions is an independent, nonpartisan, nonprofit organization working to forge practical solutions to climate change.

As one of the world's top environmental think tanks, C2ES brings together policymakers, business leaders, and other stakeholders to advance strategies for lasting climate progress.

Our mission is to advance policies and actions that reduce greenhouse gas emissions, promote clean energy, and strengthen resilience to climate impacts.

We believe a sound climate strategy is essential to ensure a strong, sustainable economy, and that environmental and economic progress go hand in hand.

Indeed, many leading companies agree. The C2ES Business Environmental Leadership Council is the largest U.S.-based group of Fortune 500 companies dedicated solely to addressing our climate challenges. And our new Climate Innovation 2050 initiative brings together dozens of top companies to work toward decarbonizing the U.S. economy.



Theodore Roosevelt IV

Theodore Roosevelt IV
C2ES Board Chairman

Of the many strengths that C2ES brings to the climate cause, perhaps our most distinguishing is our success in leveraging mainstream business voices in support of broad climate action. This singular advantage opens doors at all levels – state, federal, and international – and across party lines.

The members of our Business Environmental Leadership Council understand both the urgency and the economic benefits of addressing climate change. They work closely with us to advance the effective policies we need to realize a prosperous carbon-neutral economy.

We advise state governments on policy design and how to meet clean energy goals. We work behind the scenes with international negotiators to strengthen the global climate effort, helping to establish and implement the landmark Paris Agreement. And our nonpartisan approach enables us to work effectively on both sides of the aisle, nurturing fruitful dialogue with Washington policymakers and key stakeholders.

Together, these strengths have earned C2ES recognition from the University of Pennsylvania as one of the world's top environmental think tanks eight years running. We're pleased to share some of our recent accomplishments and invite you to join us in promoting ambitious and durable climate progress.



Bob Perciasepe

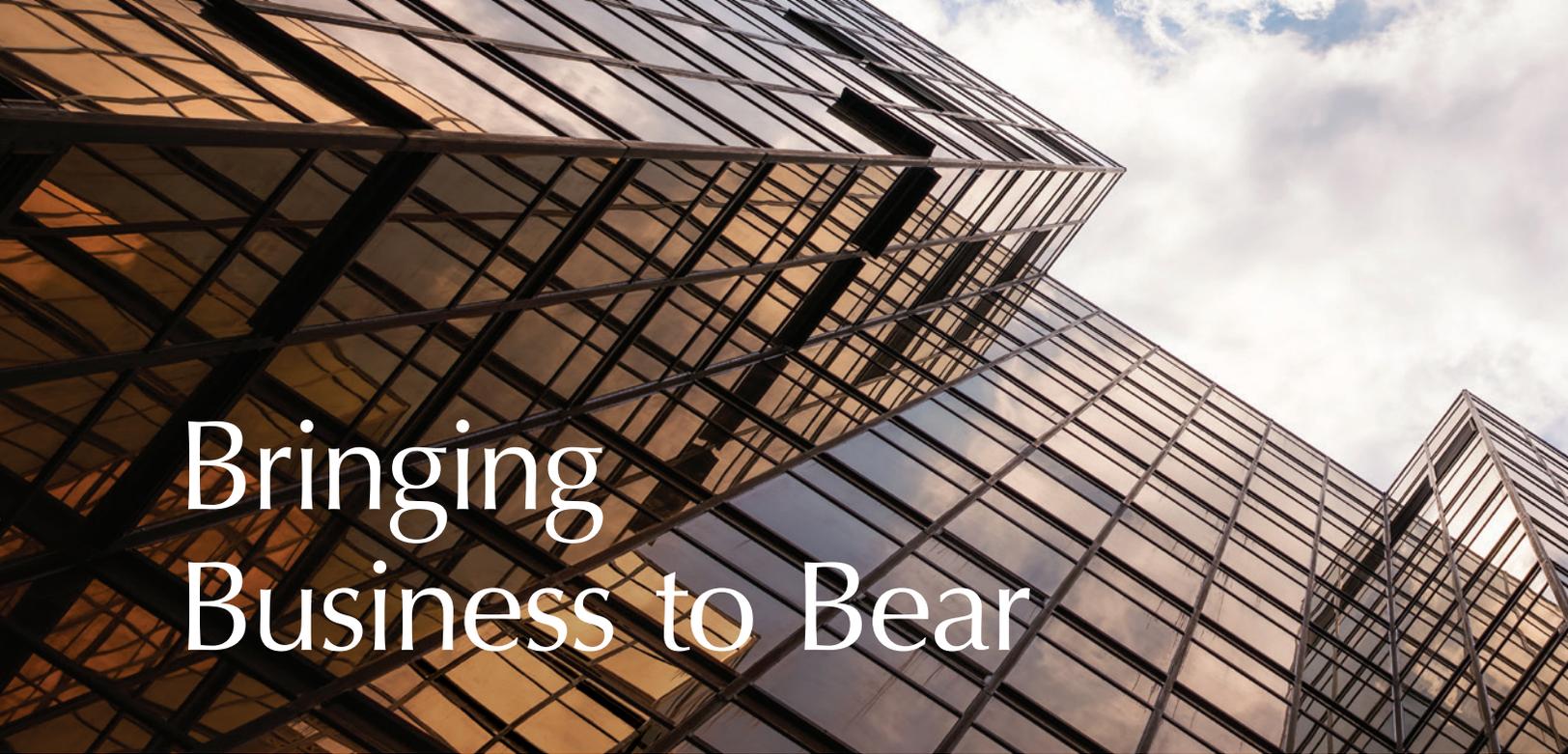
Bob Perciasepe
C2ES President

The latest science, and the rising toll of here-and-now climate impacts, underscore the tremendous urgency of addressing climate change. On our present course, we face truly grave risks. We need much stronger action, starting right now.

At the same time, it's important to see that there are many of the solutions at hand and that we are making progress. A strong and growing majority of Americans support action by government to reduce climate risks. States, cities, and companies are taking meaningful steps and setting ambitious long-term goals. And there is growing bipartisan recognition in Congress of the need for Washington to once again take the lead.

Our challenge is to build on this growing momentum to produce lasting change. We must mobilize innovative technologies, exercise our power as consumers and investors to advance climate solutions, and prevail on our political leaders to put effective policies in place.

By grasping both the urgency and the hopeful signs – and by working together – we can meet this epic challenge.



Bringing Business to Bear

For more than two decades, C2ES has worked closely with many of America's leading companies to advance climate solutions. Today, business leadership on climate change and sustainability is stronger than ever.

Our Business Environmental Leadership Council was at the vanguard of engaging companies on climate change when it was founded in 1998, and since then has nearly tripled in size. With members from across key sectors of the economy, it provides a unique and vital forum for companies to examine climate and energy challenges, weigh in on policy solutions, and discuss how to integrate climate-related risks and opportunities into their long-term business strategies.

Part of our role is to highlight exceptional climate leadership. Joined by The Climate Registry and headline sponsor Bloomberg Philanthropies, C2ES was proud to present the eighth annual Climate Leadership Conference and Awards in Baltimore, recognizing leading businesses, organizations, and individuals at the frontier of climate action and innovation.

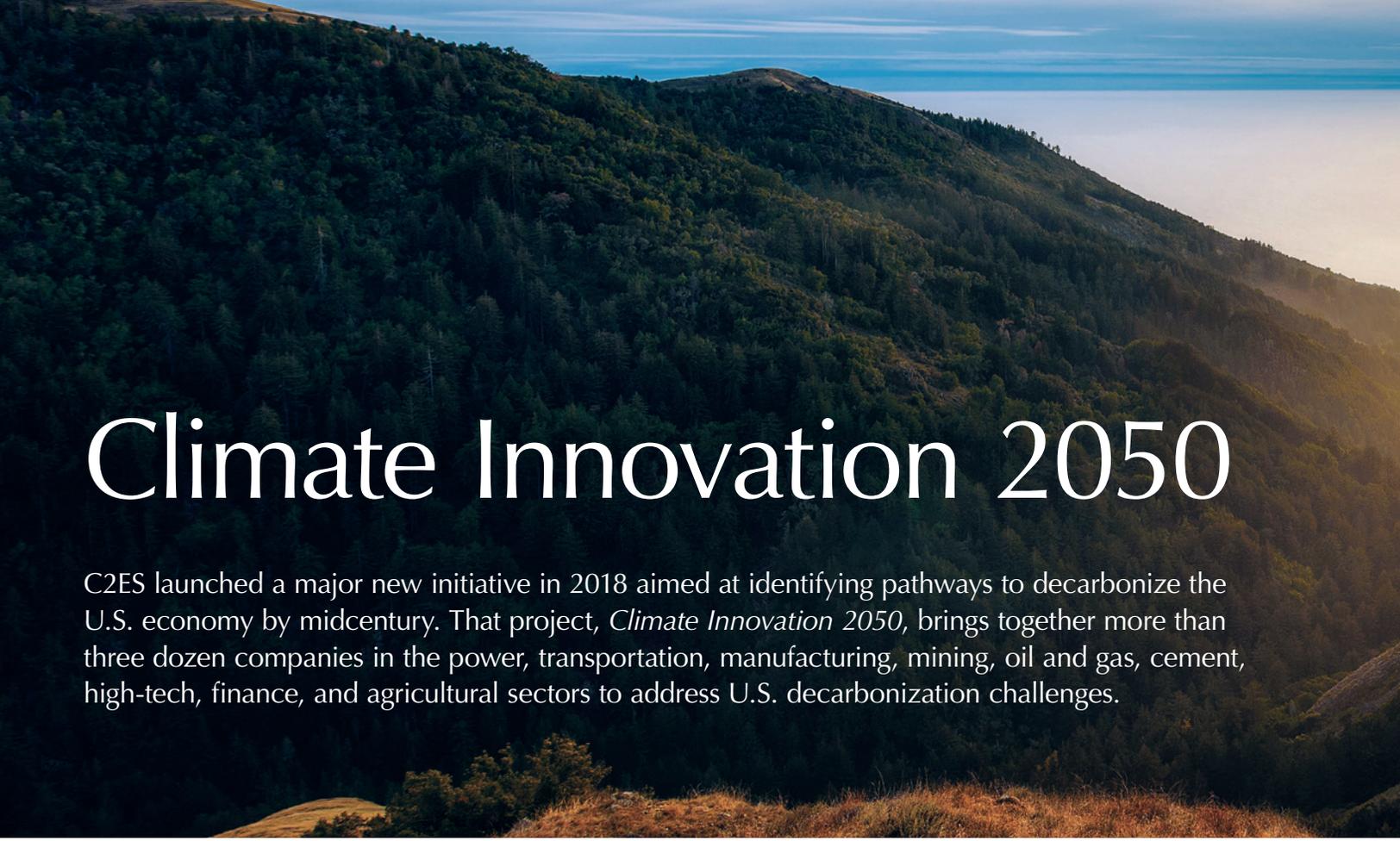
We also work with companies to help them better understand and communicate the risks presented by climate change. Investors increasingly want to know from businesses how they are preparing for both the physical risks of a changing climate and the policy demands of a

decarbonizing economy. C2ES helps companies address these concerns with advice on implementing the recommendations of the Task Force on Climate-related Financial Disclosure. This includes helping companies work through the challenges of using transition and physical impact scenarios to assess potential risks and opportunities associated with climate change.

Perhaps most importantly, C2ES works closely with a growing number of companies to mobilize support for effective climate policies.

We work with companies to support a broad array of climate policies to reduce risks across society, provide a level playing field, and foster new economic opportunities. As a member of the CEO Climate Dialogue, C2ES collaborates with three other nonprofits and the CEOs of 20 U.S. companies to urge Congress to establish an economy-wide carbon pricing program. In 2019, C2ES joined eleven other organizations in an open letter in the New York Times urging more business leaders to voice support for climate policy.

Looking forward, we're working with many of the country's leading companies through our Climate Innovation 2050 initiative to map out the policies needed to put the United States on the path to carbon neutrality by 2050.



Climate Innovation 2050

C2ES launched a major new initiative in 2018 aimed at identifying pathways to decarbonize the U.S. economy by midcentury. That project, *Climate Innovation 2050*, brings together more than three dozen companies in the power, transportation, manufacturing, mining, oil and gas, cement, high-tech, finance, and agricultural sectors to address U.S. decarbonization challenges.

Near-Term Federal Actions to Address Climate Change

A growing majority of Americans favor stronger government action to address climate change. Meanwhile, promising signs of progress have emerged in Washington as Members of Congress in both parties have put forward more ambitious climate proposals. To inform this renewed climate activity, C2ES outlined a wide array of interim policy options that could garner bipartisan support. *Near-Term Federal Actions to Address Climate Change* was presented at an event on Capitol Hill bringing together bipartisan members of the U.S. House and Senate as well as companies from diverse sectors. Many of the recommendations are now advancing in Congress.

Pathways to 2050

To better understand the decarbonization challenge, C2ES worked with companies and a team of outside experts to visualize and test different pathways for reducing U.S. emissions 80 percent by midcentury.

Unlike many previous decarbonization studies focused primarily on technology pathways, this unique scenario exercise also looked closely at policy options and broader

social dynamics. The resulting report, *Pathways to 2050: Scenarios for Decarbonizing the U.S. Economy*, outlined three distinct pathways:

A Competitive Climate: Strong international pressure in the form of carbon tariffs and growing recognition of the competitive benefits of low-carbon innovation lead to a strong U.S. federal response, including an economy-wide price on carbon.

Climate Federalism: Responding to economic opportunities and intensifying climate-related disasters, a growing number of U.S. states implement ambitious climate policies, leading to calls from business for a more harmonized national response.

Low-Carbon Lifestyles: Increased urbanization, generational shifts, and technological break-throughs lead to strong market demand for low-carbon products and services, along with the emergence of new, innovative low-carbon business models.

The exercise underscored the essential role of policy in driving technology deployment. Another key takeaway was that decarbonization must be an all-in effort – it requires action by policymakers at all levels, companies, investors, and the public.



Getting to Zero: A U.S. Climate Agenda

The latest output from Climate Innovation 2050 is *Getting to Zero: A U.S. Climate Agenda*. Released in the fall of 2019, this comprehensive new agenda outlines the policies needed over the coming decade to put the United States on the path to carbon neutrality by 2050. Companies in key sectors worked closely with C2ES in developing and presenting this ambitious agenda, another sign of growing business support for strong climate action.

As the foundation for a U.S. decarbonization strategy, *Getting to Zero* recommends that Congress set a national goal of achieving net zero emissions no later than 2050 and establish an overarching statutory framework, including an economy-wide carbon pricing program.

Getting to Zero also recommends many complementary federal, state, and local measures addressing key sectors: power, transportation, industry, buildings, land use, and oil and gas. In addition, the agenda outlines policies to drive innovation, mobilize finance, ensure a just transition, and advance especially critical technologies. It also recommends steps companies should take on their own, including the adoption of carbon-neutrality goals and actively supporting decarbonization policies.

Getting to Zero was released at a Washington event with U.S. Reps. Ted Deutch (D-Fla.) and Fred Upton (R-Mich.), Exelon Generation CEO Kenneth Cornew, and representatives of Mars, Inc., Dow, Intel Corporation, Entergy, and LafargeHolcim U.S.

C2ES is continuing to work with companies through Climate Innovation 2050 to advance and elaborate the recommendations outlined in *Getting to Zero*.

“Getting to zero will be a massive challenge requiring best efforts by all sectors of the economy. Under C2ES’s leadership, this report goes a long way to map out sensible – and doable – paths for many sectors, including technology.”

—Stephen Harper, Global Director of Environment, Energy and Sustainability Policy, Intel Corporation



All In on Technology

“The message is clear – we all need to do more to reduce carbon emissions. As the leading producer of clean energy in the U.S., Exelon recognizes the important role our industry plays in de-carbonizing the U.S. economy, and we’re committed to working with partners like C2ES to drive the business and policy outcomes needed to achieve carbon neutrality.”

—Kenneth W. Cornew, President and CEO, Exelon Generation

Given the scale and urgency of the climate challenge, we must mobilize the full array of low- and zero-carbon technologies, from renewable energy to zero-emission vehicles, from nuclear power to carbon capture. We need a portfolio approach and can't afford to rule out viable solutions.

The growth of wind and solar energy has been remarkable, but we still have a long way to go in tapping the potential of renewable power. To help cities play a stronger role, C2ES published a brief outlining how municipalities across the country are using power purchase agreements to realize their sustainability and greenhouse gas reduction goals by buying more renewable and zero-emission energy.

But as the transportation, buildings, and industrial sectors rely more heavily on electricity in order to reduce their own emissions, the U.S. power sector will need to bank on other sources of low- and zero-carbon generation. These include both nuclear power and technologies to capture carbon emissions from remaining fossil fuel-based power, and potentially clean energy standard policies as explored by a 2019 C2ES report.

C2ES research has highlighted the market conditions that threaten existing nuclear plants – which generate more than half of U.S. zero-emission power – and the state and federal policy solutions that can help prevent early plant retirements. C2ES President Bob Perciasepe testified before the U.S. Senate Committee on Environment and Public Works on the climate benefits of licensing advanced nuclear technology. And state legislatures in New Jersey and Pennsylvania called on C2ES experts to testify on strategies to maintain existing zero-carbon nuclear generation.

C2ES also is a founder and member of the Carbon Capture Coalition, a broad coalition of business, labor, and

environmental groups working to accelerate commercial deployment of carbon capture technologies. One promising path is converting carbon captured from factories and power plants to valuable products such as construction materials, fuels, plastics, and chemicals. C2ES helped illustrate the potential of an expanding market for captured carbon in a 2019 report identifying the growth areas and the policies needed to support them.

In the transportation sector, stronger efforts are needed to deploy electric vehicles and the charging infrastructure to support them. A new C2ES partnership with the Retail Industry Leaders Association, David Gardiner and Associates (DGA), and Atlas Public Policy is working closely with major retailers to examine challenges and opportunities in switching to electric trucks to move their freight.

The technology challenge may be the greatest in the industrial sector, in part because of the vast quantities of high-temperature heat needed to produce materials such as metals, glass, and cement. C2ES is helping to address this challenge through the Renewable Thermal Collaborative, a partnership with DGA and the World Wildlife Fund that works with manufacturers and state and local governments to scale up the use of renewable sources such as biogas and solar thermal for heating and cooling.

Meeting the decarbonization challenge as quickly and affordably as possible requires a technology-inclusive approach. And that's precisely what C2ES is advancing.

Advancing the Global Effort

“C2ES has been a crucial forum and safe space for negotiators representative of the full diversity of views to come together and explore potential solutions to some of the most intractable issues in the international climate negotiations. C2ES made a crucial contribution to the success of the Paris Agreement and the rule book that implements it, and continues to help set a vision towards increased climate ambition.”

—Luis Alfonso de Alba, UN Secretary-General’s Special Envoy for the 2019 Climate Action Summit



Even as the United States steps away from the Paris Agreement, the global climate effort remains strong, and C2ES continues to play a vital role.

One of the hallmarks of C2ES is our behind-the-scenes work helping climate diplomats from around the world reach agreement. Ahead of the 2015 Paris summit, we brought together lead negotiators from more than 20 countries in the Toward 2015 dialogue. The report that emerged from these intensive discussions was widely credited as an essential blueprint for the Paris Agreement reached five months later.

In the years since, we've continued convening negotiators to help ensure the agreement's success. Our efforts helped deliver the rules for implementing the Paris Agreement at the 2018 U.N. climate conference in Katowice, Poland, including the critical transparency rules that hold countries accountable for their promises. And, ahead of the 2019 conference in Madrid, we partnered with the Environmental Defense Fund to organize discussions among negotiators on the last remaining piece of the Paris "rulebook" – the accounting rules for international carbon markets.

With the United States withdrawing from the Paris Agreement, C2ES is working closely with our partners in the U.S. climate community to demonstrate continued support for the Paris goals and growing action by U.S. states, cities, and companies. Each year, we bring U.S. business leaders to the international talks

to tell other countries what they're doing back home to advance climate solutions. At the conclusion of the Katowice conference, we organized a joint statement by leading companies applauding the near-completion of the Paris "rulebook."

C2ES is known both for our incisive policy analyses that help lay out the issues and options for climate negotiators and for our succinct plain-English guides translating these complex issues for a broader audience. We're frequently a go-to source for journalists looking to understand and explain the latest turn in the negotiations.

C2ES is also working closely with governments around the world to help advance climate solutions on other fronts. To help strengthen international collaboration on carbon capture, use, and storage (CCUS) technologies, we partnered with the Research Institute of Innovative Technology for the Earth to develop a series of recommendations adopted by Ministers from G20 countries ahead of the 2019 leaders summit in Osaka, Japan.

Looking to 2020 and beyond, C2ES will continue working internationally to advance the global climate effort and at home to reestablish strong U.S. leadership on climate change.

Protecting Communities

“C2ES was an indispensable partner in bringing businesses into our community-wide effort to make Phoenix the first HeatReady city. We’re showing how economic development and climate resilience can go hand-in-hand.”

—Theda Williams; Former Mayor; Phoenix, Arizona



Stronger efforts to reduce carbon emissions will not come soon enough for the many U.S. communities already suffering the impacts of a warming climate. C2ES is helping the communities on the front lines prepare for the more severe impacts yet to come.

Strengthening Climate Resilience

Beyond their immediate toll, climate impacts such as flooding, wildfires, record-setting storms, and extreme precipitation are a burden on local economies. How those new threats affect a city's long-term competitiveness is the focus of a new two-year C2ES research effort. Through interviews with dozens of cities and companies, we're learning how climate change affects local economies, and how strengthening climate resilience can make it easier to attract businesses, investment, and new residents to promote long-term growth.

To help communities weigh their resilience options, C2ES produced a series of fact sheets outlining strategies for coping with extreme heat, drought, fire, power outages, and flooding. And while there is much that communities can do on their own, they also need help from the federal government. To help inform federal policymakers about local needs, we launched a new Climate Essentials series in 2019 outlining climate change impacts across the U.S. economy.

C2ES also works directly at the community level, bringing policymakers together with community and business leaders to better understand community needs and risks. C2ES hosted a community-focused workshop with the City of Phoenix's Office of Sustainability on extreme heat and also raises national conversations, including a Baltimore workshop weighing the costs and benefits of resilience efforts. A 2019 workshop with Oregon State University brought together academics,

engineers, and government officials to identify technical and policy innovations to make critical infrastructure more climate-resilient.

The Alliance for a Sustainable Future

To help cities reduce their own contribution to global warming, C2ES partners with The U.S. Conference of Mayors, which represents more than 1,400 mayors across the country, in the Alliance for a Sustainable Future. The Alliance helps strengthen partnerships between cities and businesses to promote more sustainable development.

Since 2017, C2ES and The U.S. Conference of Mayors have conducted annual surveys of city efforts to reduce climate emissions. The resulting responses show the steps cities are taking to expand green vehicle fleets, purchase more renewable energy, and improve the energy efficiency of buildings – and how they are eager for stronger partnerships with businesses in their communities.

San Francisco Mayor London Breed joined the Alliance Chair, Salt Lake City Mayor Jackie Biskupski, to present the 2018 survey results at the Global Climate Action Summit hosted that fall by California's then-governor Jerry Brown.

As cities large and small confront their new climate realities, C2ES will continue helping them work with the business community to strengthen their climate resilience, reduce their carbon footprints, and forge a more sustainable future.

Business Environmental Leadership Council

The C2ES Business Environmental Leadership Council—including top companies in the power, manufacturing, transportation, technology, oil and gas, finance, and other sectors—is the largest U.S.-based group of companies devoted solely to addressing climate change. Over the past year, we welcomed new members Chemours, Cheniere, Goldman Sachs, and Morgan Stanley. C2ES works with these business leaders to understand and pursue the policies and technologies that will help us reach our climate goals.

Council members endorse the following principles:

1

We accept the scientific consensus that climate change is occurring and that the impacts are already being felt. Delaying action will increase both the risks and the costs.

2

Businesses can and should incorporate responses to climate change into their core corporate strategies by taking concrete steps in the U.S. and abroad to establish and meet greenhouse gas emission reduction targets, and/or invest in low and zero greenhouse gas products, practices, and technologies.

3

The United States should significantly reduce its greenhouse gas emissions through economy-wide, mandatory approaches, which may vary by economic sector and include a flexible, market-based program. Complementary policies may also be necessary for sectors such as buildings, electricity generation, forestry, agriculture, and transportation that will help drive innovation and ease the transition to a low-carbon economy.

4

Climate change is a global challenge that ultimately requires a global solution. An international climate framework must establish fair, effective, and binding commitments for all developed and major developing economies.

MEMBERS

AECOM

Alcoa

Amazon

American Honda Motor Company, Inc.

Apple

Arconic

Arizona Public Service Company

Bank of America

Berkshire Hathaway Energy

BHP

BP

Chemours

Cheniere

Dominion

Dow Chemical Company

DTE Energy

Duke Energy

Energy Corporation

Equinor

Exelon Corporation

GE

General Motors

Goldman Sachs

HP Inc.

IBM

Intel Corporation

JPMorgan Chase & Co.

LafargeHolcim

Microsoft

Morgan Stanley

National Grid

Pacific Gas and Electric Company

PSEG

Shell International

Toyota

C2ES Funders (FY 2018–2019)

The Center for Climate and Energy Solutions (C2ES) welcomes and appreciates the generous support of charitable foundations, governments, individuals, and businesses. As a fully independent organization, C2ES is solely responsible for its positions, programs, and publications.

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 Jeffrey Williams
 Robert Zeller

Note: This list does not include Business Environmental Leadership Council membership dues or honoraria.

Fiscal Year 2018–2019

April 1, 2018 - March 31, 2019

Statement of Activities

REVENUES

Grants and Contracts	3,359,566
BELC Membership Dues	989,500
Conference Sponsorships	527,167
Conference Registration Income	186,047
Contributions	264,580
Interest Income	20,348
Other Income	11,842
TOTAL REVENUES	4,596,273

EXPENSES

Domestic Policy	1,467,999
International Policy	1,348,251
Business Innovation	1,203,845
Management and General	533,807
Fundraising	207,533
TOTAL EXPENSES	4,326,854

NET ASSETS

Change in Net Assets	597,615
Net Assets, Beginning of Year	1,481,828
Net Assets, End of Year	2,079,443

Statement of Financial Position

ASSETS

Cash	1,913,967
Grants & Accounts Receivable	1,275,488
Prepaid Expenses	42,742
Property and Equipment, Net	110,244
Deferred Compensation Investments	213,440
Deposits	81,488
TOTAL ASSETS	3,637,369

LIABILITIES

Accounts Payable	565,429
Payroll Liabilities	87,387
Accrued Expenses	41,519
Deferred Membership Dues	592,000
Capital Lease, Current and Deferred	58,151
Deferred Compensation Obligation	213,440
TOTAL LIABILITIES	1,557,926

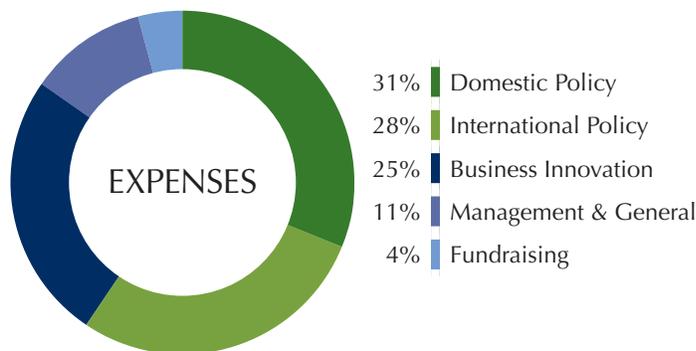
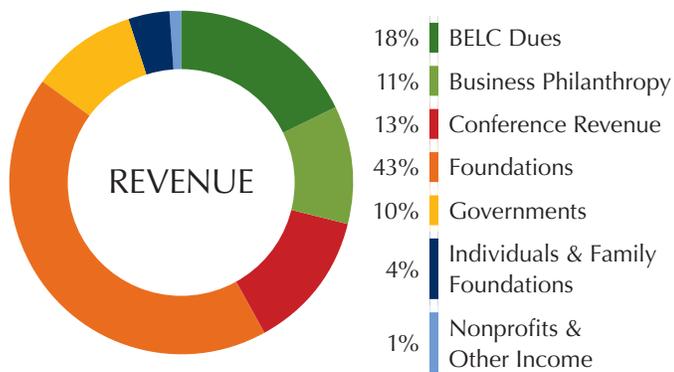
NET ASSETS

Unrestricted	479,554
Temporarily Restricted	1,599,889
Total Net Assets	2,079,443

TOTAL LIABILITIES AND NET ASSETS **3,637,369**

Note: Net assets at the beginning of the year included funds that were reserved for FY 2018-2019.

Our fully audited financial statements are available at www.c2es.org or upon request by writing to the Development Department, 3100 Clarendon Blvd., Suite 800, Arlington, VA 22201.



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