



# INVESTING *for* a BETTER WORLD®

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## We're 25!

This year marks the 25th anniversary of Trillium Asset Management Corporation ("Trillium"). We've done a lot of learning and experimenting, had some adventures and even birthed some offspring (spinoff organizations, that is). As part of our ongoing celebration, in this issue we've pulled together excerpts from the last 25 years of *Investing for a Better World*® and its earlier incarnation, Franklin's *Insight*, from the days when we were known as Franklin Research & Development Corporation. We hope you enjoy this trip down the memory lane of both Trillium and the social investment industry. We extend our deep thanks to the many writers who contributed over the years, including columnists Milt Moskowitz and Elliot Sclar, and former co-workers Steve Lippman, Simon Billenness and Patrick McVeigh.

**Editor's Notes:** Some of the material has been edited from the original version. Dates indicate when we reported on events, not necessarily when they occurred. Due to space limitations, authors are credited only when the first person voice is used.

*In our first issue (Winter 1983), in "Our Intent," we wrote:*

There is a growing need to rethink the process of investment in this country. We are in an age of jet-propelled, satellite-transferred, and computerized legal tender.

Light years removed from the barter system, employers, producers and owners conduct business immersed in a glowing avalanche of statistics and CRTs. Efficient as this system might be, human it is not. The question we pose is this: In these times of electronic transfers and Visi-Cal, who protects the people?

In a multi-billion dollar company whose shares are bought and sold with lightening speed for numerical reasons by proxies in the names of "owners" who never see their stock, what motivation is there for the company to care whether it intrudes or destroys in the name of profit? To divest or not to divest is a question to be answered by the investor, but to fail to make a statement is to allow the power of ownership to lie untapped.

*Read more about Trillium through the years starting on page 4...*



*The original Visicalc (c. 1979)*

## From the President

by Joan Bavaria

During the 1970s, when the seeds were being sown that eventually grew into Trillium Asset Management Corporation ("Trillium"), several of my friends and clients had questions about their investments that reached beyond the financial. The questions 30 years ago included many of the issues we still work on, in different frames. McDonalds (MCD) was attacked repeatedly for their packaging, environmental profile, and the way they treated their part-time workers. But in addition, there were other concerns. For instance, South Africa divestiture grabbed headlines as the apartheid regime fought to survive in the face of global protests. In launching a new investment company aimed for those clients who shared our far-reaching concerns and questions, our lofty vision was to help capitalism integrate social and environmental costs and benefits into the decision-making process. But there was little or no information available to help us make investment selections or steer our strategy.

A small group of friends and I comprised the initial Board of the company. We vowed to serve a powerful four-part mission statement:

- Provide superior products and services that fulfill the financial, social, and ecological goals of individual and institutional investors
- Explore and develop all possible means of social progress offered by the capital markets, and educate other concerned investors in their use
- Create a work environment that encourages personal development and growth, and in which ownership, responsibilities and rewards are broadly shared, and
- Support other persons and organizations working to build a just society and a better world.

*Continues on page 12*



25 YEARS

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## Should an SRI firm celebrate a “Silver” Anniversary?

by **Blaine Townsend, CIMA, CIMC**

Lasting 25 years in the investment advisory business is a tremendous accomplishment. But I find myself balking at the term “Silver” Anniversary. After spending 20 years researching corporate responsibility, I don’t think we can recognize a quarter century of socially responsible money management by paying homage to a precious metal.

On the surface, it would seem simple enough to just re-brand the 25th year of an SRI pioneer the “Green Anniversary” or the “Sustainable Anniversary.” However, we didn’t last 25 years by scratching the surface issues. These issues are always more complex than they seem and silver is no exception.


We can avoid direct investment in the mining and extraction industries, but we can’t really avoid silver. Silver is used more widely now than ever before. We think of money and jewelry when we think of silver, but today nearly two-thirds of all silver is used for photography or industrial purposes. This is because silver is malleable and considered the best conductor of heat and electricity of all precious metals. Silver is already in our TVs, appliances and myriad other devices that pass electric currents.

Our social screens would likely prevent us from investing in the iShares Silver Trust because it represents a trust that directly owns silver. But our screens do not prevent us from investing in **American Superconductor (AMSC)**, an energy technology company whose products are used in wind farms. The company’s cables help deliver more reliable and cleaner energy, but they use silver to do so.

Historically, silver has been considered one of nature’s best antibiotics. The Greeks and Romans kept their wine in silver vessels to prevent spoiling, and Hippocrates wrote of silver’s medicinal benefits (the Food and Drug Administration does not agree). **Samsung** claims it has a patented nano-silver lining for washing machines that creates “an amazing anti-bacterial and sterilization effect on clothes.” Critics disagree, but the Environmental Protection Agency has approved silver in products used to sterilize hospitals.

These complexities should come as no surprise. After 25 years, we understand that balancing financial and social objectives is seldom a black or white issue. But the question remains: Should we acknowledge this as our “Silver” Anniversary?

Trillium is the oldest and largest independent investment advisory firm dedicated to socially responsible investing. We feel our socially-screened investment process is the most financially sophisticated available. We incubated Ceres, the Social Investment Forum and OpenMic. We filed among the first shareholder resolutions on sweatshop labor, human rights in China and Nigeria, sexual orientation in the workplace, protection of old growth forests and scores of other social issues.

Given that, I really can’t accept that our 25th be called a “Silver” Anniversary. Not because silver has become a ubiquitous presence in the capital markets. Rather, because silver also represents second place. That won’t work for me at all. 



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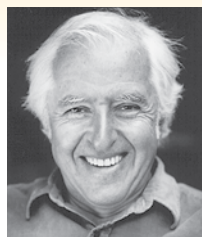
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## Reflections on a Quarter of a Century with Trillium Asset Management Corporation

**It Seems to Me**  
by Milton Moskowitz

My life is tied closely to the history of Trillium Asset Management Corporation (“Trillium”). I was there at the birth. The column I now write made its debut on the front page of the first issue of this newsletter in 1983. I served on the board of directors for eight years.

Founder Joan Bavaria lived in an apartment in my Mill Valley home for 10 years.

My stepson, Blaine Townsend, who lives with me along with his wife and three children in this same house, now manages the San Francisco office of Trillium.

When I look at the business landscape today, I am astounded at the changes that have occurred over the past 25 years:

- In 1983, there were only four mutual funds which specifically applied social considerations to investment decisions. Today, there are more than 60.
- In 1983, 136 major corporations had African-Americans on their board of directors. Today, blacks serve on the boards of more than 260 companies.
- The number of resolutions on social issues presented to companies in proxy statements has tripled since 1983 – and they gain much wider shareholder support than they did 25 years ago.
- In 1983, we didn’t have any organizations bringing people together around social responsibility in business. Today, we have a myriad of them, including the Social Investment Forum, Business for Social Responsibility and the Social Venture Network.
- And who would have thought in 1983 that members of the Rockefeller family would band together to challenge the head-in-sand policies and practices of ExxonMobil, the original source of their fortune?

What’s indisputable is that Trillium has been the catalyst for many of these changes. Two organizations, the Social Investment Forum and Ceres, were hatched at Trillium. I can recall Joan coordinating the principles of Ceres on the kitchen table in her apartment in my home. Pioneers such as Amy Domini and Steve Lydenberg were once employed here.

In my first column, I noted the sparse information available about corporate social responsibility in mainstream business publications like *Fortune*, *Barron’s* and *Forbes*. That was one of my preoccupations as a journalist. I wrote and published a newsletter, *Business & Society*, for six years (1968–1974), my first book, *Everybody’s Business*, published in 1980, profiled

318 companies and was billed as “the irreverent guide to corporate America,” and as Franklin was launched, I was working on my next book, *The 100 Best Companies to Work for in America*, published in 1984. But I did point out in that first column that new information sources were beginning to appear – and, indeed, Franklin Research & Development (now called Trillium) was one of them. The founding of Kinder, Lydenberg & Domini (now KLD Research & Analytics) was still a few years off.

Trillium, from the start, did its own research to determine the social profiles of publicly-traded companies. In fact, those people who subscribed to this newsletter, then called *Franklin’s Insight*, received a steady stream of information about corporate responsibility and irresponsibility. This newsletter turned out to be a prime source of information for financial advisors setting themselves up as managers of socially responsible portfolios. I remember that at board meetings the question occasionally came up: Why are we publishing this information to help our competitors?

Incidentally, that first issue of *Insight* had a box entitled “What Would We Buy?” And the recommendations were: **Quaker Oats, Wheelabrator Frye, Betz Laboratories, Evans & Sutherland, Herman Miller (MLHR), Johnson & Johnson (JNJ) and Digital Equipment.** Such are the ravages of capitalism that only two of these companies (Herman Miller and Johnson & Johnson) still function today as independent entities.

Prior to launching Franklin Research & Development, Joan had, thoughtfully, invited everyone in the country who had a connection to corporate social responsibility to attend a symposium on social investing. I mingled at a condo on Lewis Wharf with these participants, among whom were the late Robert Schwartz, who managed social responsibility accounts at Shearson/American Express, Stuart Baldwin from the Council on Economic Priorities, Randy Barber from a pension advisory service for labor unions, Steve Moody from U.S. Trust, Wayne Silby from the Calvert Group, Tim Smith from the Interfaith Center on Corporate Responsibility and Jamie Heard from the Investor Responsibility Research Center.

I recall getting on a plane to return to San Francisco, thinking: “These are certainly do-gooders. But what do they know about running a business?”

It was one of the more colossal misjudgments of my life.

Milt Moskowitz is a journalist and author who has been writing about corporate social responsibility since 1968. He is co-author of the annual *Fortune Magazine* survey, “The 100 Best Companies to Work for in America,” and the author of *The Executive’s Almanac: A Diverse Portfolio of Eclectic Business Trivia* (Quirk Books, 2006)



# 25 YEARS

*"The unthinkable has happened...  
the Cold War is over."*

**August 1989** *As far back as 1989, ESG (environment, social and governance) analysis, a now-popular version of social investing in which social advocacy is entirely optional, was an emerging trend. We were wary.* Social investing argues for something more than opportunistically profiting from social ills. As social analysis increasingly enters the mainstream of money management, it is increasingly important to reclaim the movement's roots in social change. To invest in a firm simply because it will profit from a particular social issue is not enough. Corporations have the ability and the resources to respond to major social ills. Those that respond with creative positive solutions to these problems will help to bring about a healthy future from which all can benefit.

**December 1989** The unthinkable has happened. The Wall has come down. The Cold War is over. History has changed. And the party in Europe has begun. Change in Eastern Europe strikes us as the most bullish of all possible events for our society and financial markets. We're ready to party if our defense budget is cut.

**July 1990** *And they're still in business.* Only read this if you need to. In what is surely a first, the clothing manufacturer **Esprit** (ESH) has begun to run ads and attach labels to its ap-

parel asking consumers not to buy these products unless it is something they really need. The company believes that unless we become more responsible consumers and stop over-buying, we will exhaust the resources of the Earth.

**December 1993** I had the honor of attending a reception for Marland Mold in Pittsfield, Massachusetts. We helped the company's employees to purchase the company. About 40 jobs were saved in the short run and it is hoped that many more will be created. The investment made by a union pension fund and other parties is groundbreaking, risky, and very unconventional. But last night I looked into the faces of the workers, mostly over 40, whose jobs had been saved. It was everything to them; the pride of ownership and hope of the future success was palpable. Directly in back of this decision to invest money were families, human dignity, self-sufficiency, hope, and last, but by no means least, a Happy Holiday Season with bread on the table. ~Joan Bavaria

**April 1993** It was a public relations nightmare for **Wal-Mart Stores** (WMT). Shown a videotape of children working in a Bangladesh factory that made Wal-Mart shirts, CEO David Glass appeared dumbfounded. These allegations made by *Dateline NBC* illustrated dramatically the fact that corporate respon-

## Scenes from a Shareholder Meeting

**May 2001** *In Indonesia, ExxonMobil has security arrangements with the military and police, a relationship blamed for civilian massacres and other human rights abuses. In May 2001, Radhi Darmansyah traveled from Aceh, Indonesia to confront ExxonMobil CEO Lee Raymond directly at the stockholder meeting. We printed excerpts from the transcript.*

RD: While you made \$26 million last year Mr. Raymond, more than one thousand six hundred of my people were killed, maimed, or tortured around your facilities in Aceh. I am here to ask for your help. We, the Acehnese, are asking that ExxonMobil stop working with the Indonesian military for its security forces, because the Indonesia military is murdering its citizens in Aceh. They are murdering my brothers and sisters. They are raping and keeping schoolgirls as sexual slaves. I ask you today to please issue a public statement that you will not return to Aceh until my land is free of human rights abuses, and until my people are free....

LR: I believe your time is up. (Radhi continues.) I'm sorry you'll have to come back another time. Sister Pat, I think we're about to move on to the next item. You have three minutes. (Radhi continues.) Sister Pat, he's using your time....I think you should turn off the light of Number 1, please. You understand you're out of order? (Radhi still continues.) Sister Pat, please! I'm getting ready to move on to the next item. (Deliberately not calling on Bianca Jagger, who is at the microphone.) Sister Pat has the floor for three minutes [to continue her remarks concerning her shareholder resolution]. Thank you.

Joan Bavaria  
co-founds the  
Social Investment  
Forum

Franklin Research & Development  
Corporation (FRDC) launched as  
an independent, employee-  
owned company

FRDC launches *Insight*  
investment newsletter  
(now IFBW)

1981

1982

1983

1984

Union Carbide disaster in  
Bhopal, India; Ronald Reagan  
re-elected president

1988

Burmese army crushes pro-democracy  
movement, movement coalesces  
behind Aung San Suu Kyi;  
Bill Clinton elected president

# 25 YEARS

*"I will try to call you back this afternoon if I don't get arrested."*



sibility includes not just a company's own operations but also the operations of its suppliers. One U.S. company has already shown the *Dateline NBC* story to its Asian buyers and suppliers.

**May 1995** I was falling asleep with the news on when my husband shook me and said, "It's that kid, that kid you wrote about." In the morning I thought I had been dreaming until I saw the news. Iqbal Masih had been shot and killed. Iqbal was last year's recipient of the Reebok Human Rights Youth in Action Award. Iqbal was fighting for the rights of children held in bonded labor in Pakistan. Millions of Pakistani children are chained to looms in carpet factories, as Iqbal was from the age of four until he escaped at age 10. Their small hands are prized for their ability to tie tiny tight knots in the carpets they export to the West.

We all feel sadness at the loss of human life. When a child dies somehow the sadness is magnified. When a child is murdered it is almost incomprehensible.

Iqbal has left his mark. He helped to open the eyes of the world to the appalling conditions in which some children are forced to live. He died with a fire in his belly and the belief in his heart that children have a right to a childhood, a right to education, a right to be free. ~*Holly Davenport*

**April 1996** In the midst of frenetically filing last-minute resolutions to address corporate complicity in the death of the Nigerian dissident Ken Saro-Wiwa, I discovered that the pension funds of the three trade unions were also filing similar resolutions. Initial efforts to coordinate proved difficult. A Teamsters official cut short our initial conversation with the comment: "Sorry, I have to leave now for a demonstration outside the Nigerian embassy. I will try to call you back this afternoon if I don't get arrested." ~*Simon Billenness*

**July 1998** *Years before 9/11, Trillium protested Unocal's courtship of the Taliban as the oil company pursued a contract to build a gas pipeline through Afghanistan.* At the mic at Unocal's annual meeting, I noted its pledge "not [to] conduct business with any party in Afghanistan until peace is achieved and a government recognized by international lending agencies is in place." The Chairman tried to cut me off (actually addressing me as "young lady"), but I entreated him to pledge right then and

**Rita Zukauskas, Receptionist**

Some call us "The Island of the Misfit Toys...." It's funny, we all are so different and yet so much alike. Trillium is a company that revels in its diversity. This is why we all blend in so well to make Trillium the place to work. It's like a family – our family away from home. Not only do we work hard as a team in fulfilling our goals but we play hard too, at retreats, outings, cookouts and holiday parties.



there that Unocal wouldn't lay the pipeline until women's rights were fully restored in addition to the advent of something that passes for peace. My request was not honored. ~ *Shelley Alpern* [*Unocal dropped its plans in January 1999, citing the need to cut costs. We observed that "the real story is that feminists and human rights advocates have made Afghanistan too hot to touch for American companies."*]

**November 1999** In a conference room overlooking Lake Louise in the Canadian Rockies, Cherokee leader Rebecca Adamson made a desperate appeal to a conference of socially responsible investors. "You are our last hope," she said. Governments and businesses had betrayed the world's indigenous peoples time and again, and if concerned investors couldn't make a difference, she explained, they and their lands were doomed to extinction sometime in the next century. Her maps displayed clearly how the lands nurturing the world's remaining fossil fuel, timber and mineral resources are one and the same with the lands that nurture the last of the world's First Peoples. Her words moved the attendees deeply.

**December 1999** The hot ticket in London last March was the first conference of the Global Reporting Initiative (GRI), an offspring of the U.S.-based CERES environmental coalition. As the name suggests, the enthusiastically embraced draft guidelines aim to do internationally what CERES has done so effectively in the U.S. – promote a widely recognized standard framework for corporate environmental reporting. The GRI Guidelines extend this concept to include social and economic elements of sustainability.

Ceres, the Coalition for Environmentally Responsible Economies, is launched by Joan and the Social Investment Forum

**1989**

Exxon Valdez spill; Tiananmen Square protests

**1990**

Clean Air Act passed; Nelson Mandela released from prison

1991 FRDC helps facilitate an employee buyout of Marland Mold, a Pittsfield, Massachusetts company about to close

**1991**

Aung San Suu Kyi wins Nobel Peace Prize; First Gulf War

1992 FRDC files first shareholder resolutions on Burma

**1992**

Securities and Exchange Commission decides to disallow shareholder resolutions raising workplace issues

**1993**

Denny's settles race discrimination suit for \$1 billion; Nelson Mandela calls for lifting of South Africa sanctions



*"Black South African leaders have written an amazing, miraculous story of human dignity, forgiveness and heroic tenacity."*

# 25 YEARS

## South Africa

How to leverage the influence of corporations to bring about the end of apartheid was the main preoccupation of the social investing movement in the 1970s, 80s, and into the early '90s.

**April 1984** *Au contraire!* On March 23, 1984 the *Wall Street Journal* published an editorial, "Playing with Africa." The writer insinuated that the divestment movement is improper strategically and self-righteous morally. *Au contraire!* Divestment is one of the three major strategies currently used by investors to oppose one of the great moral blots on western civilization. (The other strategies are shareholder action and the Sullivan Principles.) The divestment movement in legislatures represents a grassroots concern. It has emerged in part due to the ineffective policies of our current administration towards the Afrikaaner power structure. Feeling blocked by the administration, Americans are turning to the legislative branches. It must be time to become optimistic about the investment movement. To earn such negative notice in America's largest business daily's lead editorial is a fairly solid indicator that success is being scored.

**June 1985** It is heartening to note that over the past month the South African divestment movement has garnered an equal share of the headlines. Public leaders, organizations, college students and investors have raised a tumultuous outcry over the immoral nature of apartheid and corporate participation in its continuance. It is important to note that what divestment advocates are fighting for is not only the establishment of human rights in South Africa, but also an acceptable level of morality from American corporations.

**August 1986** The first shareholder resolution ever regarding South Africa passed. With the support of 68% of shareholders, **Pizza Inn** has been told to sign the Sullivan Principles.

**June 1987** Reverend Leon Sullivan called for all American firms to pull out of South Africa within the next nine months. Sullivan is the author of the Sullivan Principles, a code of conduct that has directed the employment practices

of U.S. firms in South Africa since 1977. In announcing his decision to abandon the doctrine that bears his name, Sullivan noted the increasing atrocities within South Africa.

**March 1990** Let freedom sing! We, along with the rest of the world, rejoice in Nelson Mandela's release from prison after 28 years of captivity. Now is not the time to consider slowing divestment pressures or easing economic sanctions lest the apartheid forces in South Africa think they have gone far enough already. When political democracy comes to South Africa, the time for divestment to end will be at hand.

**June 1993** The African National Congress is now encouraging investment in South Africa, asking companies to support the "Platform of Guiding Principles for Foreign Investors."

**June 1994** The miracle is not the overthrow of the white supremacist rule. That, we have agreed for years, was inevitable. But many of us used to think that the only way it would happen would be through bloody black revolt, poorly armed and kamikaze-like, with massive numbers of deaths, as the disenfranchised youth of the black tribes, with nothing left to lose, simply overwhelmed their elders and acted out a primal scream. History and the forces of justice seem to have had another end in mind. If the current of today's events continues on course, black South African leaders have written an amazing, miraculous story of human dignity, forgiveness and heroic tenacity. ~Joan Bavaria

**March 1998** In Robert K. Massie's new book, *Loosing the Bonds*, a blow-by-blow account of the dismantling of apartheid in South Africa, he concludes that "the most striking aspect of this story is that our seemingly rigid and material world is so influenced by ideas." It was certainly the force of ideas that got corporations to change the way they did business in South Africa. Or, as Massie put it so eloquently: "We have control over our ideas, our ideas have material consequences, and, in the end, as a people, we become what we believe."

FRDC files first Equality Principles resolution championing lesbian and gay workplace rights

**1995**

Oil companies stand by while Nigeria executes dissidents; SRI assets under management reach \$639 billion

FRDC holds the "Pasquinade" conference showcasing SRI and corporate responsibility leaders

**1996**

Landmark tobacco settlement of \$380 billion reached with state attorneys general; SRI assets under management reach \$1 trillion

Time.com names Joan Bavaria a "Hero of the Planet"; FRDC changes name to Trillium Asset Management Corporation

**1997**

1997 Global Reporting Initiative launched; Securities and Exchange Commission reverses 1992 Cracker Barrel ruling disallowing workplace-related shareholder proposals

Seattle World Trade Organization (WTO) protests

**1999**

Seattle World Trade Organization (WTO) protests

# 25 YEARS

*"There is little doubt that the continual public pressure from activists and shareholders was a factor in the Amoco's final decision to withdraw from Burma."*



## Burma

**April 1994** Advocates for corporate withdrawal from Burma recently scored a major victory. In March, **Amoco** announced its exit from the country before mid-year. Although Amoco states that it withdrew for "economic" reasons, there is little doubt that the continual public pressure from activists and shareholders was also a factor in the firm's final decision to withdraw from Burma.

**August 1996** In a recently smuggled video, Aung San Suu Kyi, the Burmese opposition leader whose election victory six years ago was annulled by the military, called for international sanctions to be imposed on Burma.

**June 1999** The Free Burma Coalition announced a boycott of Suzuki and targeted the San Diego marathon and a post-marathon concert, both sponsored by Suzuki. Quite by chance, the band scheduled to headline the concert was Hootie & The Blowfish, a money management client of ours. We approached the band to brief them on Suzuki's involvement in Burma and see if they were interested in working

with us to apply leverage on the company. For the concert, the band invited Free Burma Coalition activists to distribute information. Many of Hootie's band and crew sported stickers and T-shirts that proclaimed "Suzuki Out of Burma." Before they would play, the band had the organizers remove the giant Suzuki banner at the back of the stage. To cap the evening, Hootie gave an interview to VH-1 denouncing Suzuki's ties to the Burmese military.

**December 2000** In March, I sat in the public section of the U.S. Supreme Court to watch the justices hear oral arguments in the case of the Massachusetts Burma Law. It is not every day that you witness the Supreme Court debate the constitutionality of a law you helped write and enact. Three months later, the Supreme Court struck down the law as unconstitutional. While unanimous, the Supreme Court's ruling was very narrow in its scope. The Free Burma movement faces a new challenge: how to re-launch the campaign to enact local Burma laws despite the political and legal obstacles thrown up by the Supreme Court ruling. ~Simon Billenness

**Spring 2001** The memory of warrior and spiritual leader Tasunke Witko – Crazy Horse to most of us – is so sacred to the Lakota Nation that his descendants and admirers wouldn't even think about naming one of their children after him. That commercial enterprises appropriate his name for profit is galling. Wrote his descendant Seth Big Crow about Crazy Horse Malt Liquor: "The ploy here is to romanticize the life and death struggle of a Lakota Warrior, as a macho-myth appealing primarily to young urban men. The message is DRINK THIS PRODUCT AND BECOME 'CRAZY HORSE.' In reality, this strategy promotes both stereotyping and alcohol abuse. Our young people can be particularly vulnerable." [In April 2002, Stroh Brewery settled with the estate of Crazy Horse and offered a public apology; two years later, a settlement was reached with Hornell Brewing.]

### Diane DeBono, Director of Operations

In 1987, I was eligible to buy a share of company stock. It wasn't much money, but I was young and didn't have much money. It wasn't really clear to me what it really meant, but there was this interesting document about "The Role of the Cooperative" and I wanted to be a team player, so I wrote the check. The early years of a small company offer all kinds of opportunities. We got to manually mail the newsletter and wash dishes and take turns answering the phone. We also actually discussed what language our mission statement would have. It was truly to be a mission, not a marketing piece. In the ensuing 20-plus years I have been involved in discussions regarding products, systems, personnel, culture, location, vision, ownership and entertainment! In each of these cases, the basic respect for our mission, our clients and each other has remained constant. This has taught me what it means to have ownership in your beliefs and your deeds. I am honored and proud to be an owner and participant in making the Trillium vision a reality.



Global Green USA and Green Cross International President Mikhail Gorbachev present Joan with the Millennium Award for Corporate Environmental Leadership

### 2000

George W. Bush inaugurated; 2000 U.S. Supreme Court narrowly strikes down Massachusetts Burma law

### 2001

World Trade Center attacked; U.S. invades Afghanistan

### 2002

Enron scandal; Investor Network on Climate Risk launched by Ceres

2002 Swedish government environmental research foundation MISTRA names Trillium among the top three best-practice SRI managers in the US and Europe; *Scientific American* names Joan Bavaria to their list of the "Scientific American 50"



*"I want to thank you for influencing my employer to adopt a written policy which bans workplace discrimination based on sexual orientation. Such a policy has been a long time coming."*

# 25 YEARS

## Championing Lesbian, Gay, Bisexual and Transgendered Rights

Starting in the 1990s, Trillium played a leading role in organizing shareholders to press corporations to implement more progressive policies for their lesbian, gay, bisexual and transgendered employees, resulting in numerous policy changes.

**May 1988** An anonymous corporate respondent to the National Gay Rights Advocates survey on AIDS in the workplace illustrates [homophobic] hostility all too well. In response to the question "Does your company have a policy that forbids employment discrimination against workers with AIDS?", the company replied: "We shoot gays – much less gays with AIDS." The question "Does your company's employee medical plan cover AIDS-related medical expenses?" elicited the reply, "Just enough to cover the cost of the bullet."

**June 1991** In a press release, **Cracker Barrel Old Country Stores (CBRL)** crowed that "it is inconsistent with our concept and values... to continue to employ individuals whose sexual preferences fail to demonstrate normal heterosexual values which have been the foundation of values in our society." We have written that the company recently eliminated this policy and chose to have no policy at all. Actually, decisions about hiring gays and lesbians are now made on a store by store basis. Such persons are not hired in areas where it would "disrupt" business. [In November 2002, a shareholder resolution calling for a nondiscrimination policy received 58% of the vote – the first social issue shareholder proposal to win a majority vote since the anti-apartheid campaigns of the 1980s.]

**September 1991** In what is the first such move by a major U.S. company, Lotus Development announced that it has begun to offer a full range of family benefits to the "spousal equivalents" of gay and lesbian employees.

**April 1996** *Kudos from Johnson & Johnson Employee.* I want to thank you for influencing my employer to adopt a written policy which bans workplace discrimination based on sexual orientation. Such a policy has been a long time coming. Here's to the power of socially responsible stockholders! ~Name withheld.

**March 1997** Chrysler's CEO Bob Eaton released a simple statement declaring that the company would not tolerate harassment or discrimination on any basis, including sexual orientation. It took a full-blown national protest campaign, the lobbying of the United Auto Workers, internal lobbying from employees, pressure from shareholders such as ourselves, considerable media coverage, and scores of letters from concerned consumers who'd decided now was not the time to buy a Jeep Eagle.

**July 1996** We testified before the U.S. House Committee on Small Business Subcommittee on Government Programs in support of a federal bill to ban sexual orientation-based discrimination in the workplace. The fairness and simplicity of this bill is one of its most compelling features. Affirmative action is not mandated by this bill. It contains no reporting requirements, and imposes no regulation. It does not compel employers to grant spousal benefits. The Employment Nondiscrimination Act (ENDA) simply embodies the principle of nondiscrimination that already enjoys the wide support of the American people. Americans have mixed feelings about homosexuality, but there is little confusion about where the public stands when it comes to job discrimination. In repeated surveys, Americans support laws protecting gay men and lesbians from discrimination in the workplace. [ENDA has yet to pass.]

**Pat Davidson**  
Portfolio Associate and Assistant to the CEO

When I interviewed for my job in 1982, I had heard a little tiny bit about Joan's efforts to start social investing. I interviewed with a couple of different people, and when I asked one of them for more information about what she was doing, the response was – "Oh, you mean Joanie's little thing?" Hmmmm....



Trillium co-founds the SIRAN, the Sustainability Investors Research Analyst Network

Trillium becomes subadvisor to the Green Century Balanced Fund; SRI assets under management reach \$2.29 trillion

Trillium launches Open MIC

SRI assets under management reach \$2.71 trillion

Ceres holds the first Joan Bavaria Awards presentation

**2003**

U.S. invades Iraq

**2005**

Hurricane Katrina

**2006**

**2007**

U.S. subprime debacle

**2008**

# 25 YEARS

*"We had gone from Joan testifying before Congress against apartheid to me, a Black African American, casually sitting on the steps of the President's building in Pretoria."*



## **Linnie McLean, Director of Finance and Administration**

In 2001, I visited South Africa for the first time with a delegation sponsored by Shared Interest/Thembanani International Guarantee Fund, a US/South African community development fund. The Fund helps to mobilize the resources of South Africa's economically disenfranchised communities so they can sustain themselves and build an equitable nation. I am now a member of the board of Shared Interest and visit South Africa biannually.



My visit in 2004 was so poignant. It made me appreciate more the power of "patient capital." Ten years had passed since South Africa's first democratically elected government. We had gone from Joan testifying before Congress against apartheid to me, a Black African American, casually sitting on the steps of the President's building in Pretoria after listening to the new president's inaugural address celebrating ten years of democracy.

**Fall 2001** *In 2001, our columnists reflected on American resilience in the aftermath of the World Trade Center attacks. Milt Moskowitz wrote:* In many cases within the workforce, the impetus to do something – to help the victims of families – was so strong that individuals came forward with actions on their own, not prompted by any corporate directive. The best example is probably the drive at **Southwest Airlines (LUV)** for employees to donate part of their

pay to the New York relief effort. This was a campaign that originated in the employee ranks – and in the end *every single Southwest employee participated.* ... Farnum Brown wrote: Sadly, it seems our country is at its best in times of crisis. Stranded in Tucson after 9/11, I spent the last few days driving back home to Durham. I ate in a lot of truck stops and stayed in a lot of motels. I found civility, diversity, humor, helpfulness and an expansiveness of spirit you have to call "heart." I hope that spirit guides our leaders in their awesome deliberations. I hope they show the world that we as a nation are not only strong, but also wise.

**Summer 2007** What is the social responsibility of media? Is there a civic dimension of social responsibility distinctive to media companies? And does a media company's social or civic performance have any systematic impact on its bottom line? Trillium Asset Management has created a special research and advocacy vehicle to explore these questions. It's called the Open Media and Information Companies Initiative (Open MIC). Before the internet, one could argue that what was good for the business of media was bad for democracy: consolidation of ownership and a corollary loss of diversity in media. Going forward, what's good for the business of media appears to be just what democracy requires: the expansion and amplification of individuals' ability to create and share information – our ability, in a word, to communicate. ↻

## **Climate Change Blues**

**December 1990** *If we only knew then what we... oh wait, we did.* You do not wait for unemployment to reach 10% before you adjust portfolios for a recessionary environment. Similarly, it makes little sense for the government to wait for the greenhouse effect to be causing massive problems before reacting to it. We continue to ignore early warning signs rather than aggressively promote energy conservation... as our government stays committed to allowing the "market" to find the answers.

**April 2000** *How long ago it seems...* At some point, however, the overwhelming evidence and public concern about global warming will reach critical mass. When this happens, only the companies that diversified into alternative energy sources and worked with the scientific and environmental community to mitigate environmental problems will survive.

**Summer 2004** Ten years ago, members of the Interfaith Center on Corporate Responsibility began serv-

ing companies with shareholder proposals calling for action to reduce greenhouse gas emissions. As the science of global climate change has become more certain, support for these resolutions has steadily increased. The average level of support in 2001 was 9.3%. This year, a new high was reached at 37.1%. Resolutions at **Ford (F)** and **General Motors (GM)** received only single-digit votes of support. Somehow the automakers have managed to convince investors that dragging out the life of the internal combustion engine for as long as possible is sound environmental policy.

**Spring 2008** The Investor Network on Climate Risk is a coalition of 60 institutional investors (including many state pension plans and Trillium) with a combined \$5 trillion in assets. It has partnered with major corporations to call for federal legislation to curb greenhouse gas emissions, and also asked the Securities and Exchange Commission to oversee corporate disclosure on climate change. This is a rare situation indeed, where both corporations and investors are calling for more government regulation, not less.



*"At a press conference in New York City began another major campaign to alter corporate behavior."*

# 25 YEARS

## Ceres

**September 1989** At a press conference in New York City began another major campaign to alter corporate behavior. Under the banner of the Coalition for Environmentally Responsible Economies (the acronym is CERES – the Roman goddess of agriculture), co-chairs Joan Bavaria and Denis Hayes, founder of Earth Day, announced a new coalition of environmentalists and social investors. Ceres's goals are multifold. To begin, the coalition has issued a set of environmental standards called the "Valdez Principles." [On March 24, 1989, the tanker Exxon Valdez spilled 10.7 million gallons of oil, which, while not the world's largest spill, appears to be the most significant in terms of environmental damage. More than 1,100 miles of beach have been contaminated and more than 90,000 birds and 1,000 sea otters have already died. Delays on the part of Exxon and the Alyeska Pipeline Company allowed the damage to intensify. Emergency crews did not even reach the Valdez for ten hours.] A shareholder campaign, led by the Interfaith Center for Corporate Responsibility and the New York State Controller's Office, will ask corporations to become signatories to the principles.

### In Memoriam – Harvey White Woman

Harvey White Woman, a former Oglala Sioux Tribe councilman and member of the Board of Directors of Lakota Funds, died on March 31, 2008 from a rare form of cancer. He was forty-four.



White Woman was executive director of Wawokiye Business Institute (WBI), a project of Lakota Funds on the Pine Ridge Reservation. WBI provides a hands-on business coaching system uniquely tailored to the needs and circumstances of business clients on the reservation.

In 1992, White Woman and his family, who are descendants of Native American warrior Crazy Horse, successfully sued the brewers of "The Original Crazy Horse Malt Liquor" to force them to stop using the "Crazy Horse" name.

On a recent visit to Lakota Funds White Woman presented a history of the Lakota people to Linnie McLean and me. That afternoon, he gave us a tour of the site of the massacre at Wounded Knee.

"Harvey was a leader and an inspiration to us all", said Dowell Caselli-Smith, executive director of The Lakota Funds. "He was able to tell the Lakota Funds' story in a way that showed the historical and cultural roots and the profound importance of the work Lakota Funds is doing for the future of the Oglala Oyate. To Harvey, entrepreneurship was the essence of being a Lakota in history and the most important ingredient of a viable future for the reservation."

~Randy Rice

**January 1990** Exxon (XOM) has received nine shareholder proposals dealing with environmental issues, including a proposal to sign the Valdez Principles.

**April 1990** I will never forget the experience of touring Prince William Sound. Emotions ran high in Alaska last week. Captain Hazelwood's verdict was handed down days before the anniversary, and since he was staying in our hotel, the press was omnipresent. Third World organizers pleaded for compassion, progressive companies urged cooperation, old institutions defended archaic policies, and environmentalist choked with emotions when describing animal rescue operations and serious economic and cultural chaos that followed the spill. Above it all, the majestic and awe-inspiring beauty of Alaska gave us a sense of our place.

**July 1991** An unexpected benefit so far of the Valdez Principles is the large number of companies that have drafted environmental policy statements or conducted environmental audits as a way to halt the groundswell of support for the Principles. **General Motors (GM)**, for example, wrote and introduced its first environmental policy statement in time for its annual meeting. While deficient in comparison to the Valdez principles, it is still an improvement for the company. **Waste Management (WM)** issued a 160-page environmental audit that largely reflected the goals of Valdez Principles.

**May 1992** Two days ago, Ceres sponsored the first conference for the 42 companies who have signed the Valdez Principles. I was privileged to be the person to introduce Senator Al Gore. I am a real neophyte at Washington politics, so I was hyper-aware of all that happened. What struck me the most about the experience was intensely personal, though, since I relate on a very small scale to a quasi-political life by traveling and meeting with lots of people. When Senator Gore entered the room, with all the usual charisma, poise, and flawless grooming, I recognized in his eyes the effort to focus ("Where am I?"), the veneer of calm (which may in this case be real), and the aura of impermanence (he was only passing through). But he was gracious, appropriate, eloquent, and very much in the moment. I was impressed, as I have been in earlier meetings with him. ~Joan Bavaria

**February 1993** Corporate America is beginning to see the light. **Sun Company (Sunoco – SUN)** has just become the first major corporation to become a signatory to the Ceres Principles.



## 25 Years of Community Investing

by Randy Rice

The concept of “community investing” is as old as money itself. People invest directly in their community for the greater good of that community. It is a notion that modern credit unions are built upon.

In 1973, ShoreBank (then South Shore Bank) opened its doors on the south side of Chicago. While other banks were leaving the inner cities, ShoreBank was incorporated specifically to focus on investing in the neighborhoods it served, becoming the first community development bank. In the early days of the socially responsible investing (SRI) movement, local credit unions and ShoreBank were just about the only option for people who wanted to do community investing.

When we were founded, some of our clients were seeking investment opportunities that would provide a high social impact with a modest financial return. From the inception of Trillium Asset Management Corporation (“Trillium”), direct community investment has been a core part of our mission.

In 1984 Joan Bavaria invited Chuck Matthei of the Institute for Community Economics (ICE), an organization that helps communities create and sustain land trusts, to a meeting of the Social Investment Forum. It is likely that this was the first time a non-profit organization with a loan fund would meet directly with SRI managers. Trillium clients began investing in ICE later that year. Many of the clients who made early investments with ICE are still invested in their loan fund.

Our clients were among the first investors in many early community loan funds. Lakota Funds, a Native American CDF based on the Pine Ridge Reservation, Boston Community Capital and Opportunity Finance Network, among others, received early investments from our clients.


At Trillium, final investment decisions regarding community investments are ordinarily made only after consulting with

the client. Clients may authorize Trillium to invest in a range of community investments without further consultation. In total, we have a portfolio of about three dozen international and domestic loan funds, community banks and credit unions in which our clients can invest. We have the ability to invest in organizations that fit the social and geographical concerns of our clients. If a client has a social or geographical interest that Trillium can't fill, we will work with them to find an organization that meets their need.

Trillium made an early commitment to join the Social Investment Forum's “1% or More in Community Campaign,” pledging that at least 1% of our assets under management would be in community investments. We are also part of an inaugural group of investors, including banks, socially responsible investors, and foundations, to use CARS™ ratings in our due diligence process.

The money that our clients have placed in community investment instruments has provided capital to non-profit organizations that have created and saved tens of thousands of jobs and homes in the communities they serve. The patient capital these investments provide has been used in the U.S. and in countries on five continents.

The community investing industry still faces many challenges. Most community investments are still made manually, with pen, paper and the U.S. mail. Many broker-dealers are reluctant (or refuse) to hold these assets in their clients' accounts. In the coming years, much work will need be done to standardize community investments and broaden the market and impact. At Trillium, we see a future where community investments are analyzed and rated by traditional investment analysts and are held and traded on the open market, much like bonds.

It is a daunting task, but we believe that the SRI community is up for the challenge. 

*Our clients were among the first investors in many early community loan funds.*

1. Community Development Financial Institution, or CDFI, is a U.S. Treasury Department designation adopted in 1996.

2. The Community Development Financial Institutions Assessment and Rating System (CARS™) is a third party administered analysis and rating of non-bank credit union CDFIs. It was developed by the Opportunity Finance Network to aid investors in their investment decision process.

# Strategic View: Changing the World, One MBA at a Time

by Adam Seitchik, CFA

The change we want to see in the world is being created by activists, artists, philanthropists, social entrepreneurs, responsible investors and ... MBAs. Yes, MBAs! Given that corporations have become the dominant institutions on the planet, this represents a much-needed revolution from within, augmenting all the good work making a positive difference from the outside.

I recently spent four days at Bainbridge Graduate Institute (BGI) as a "Change Agent in Residence," joined by the renowned Native American environmentalist Winona LaDuke, the nation's leading expert on employee ownership, Corey Rosen, and the Chief Operating Officer of the Gates Foundation, Cheryl Scott. BGI is a pioneering leader in sustainable business education and in just five short years is already developing an international reputation for its authentic and powerful learning community, infusing sustainability throughout a business curriculum.

BGI's motto, "Let's Change Business for Good," is reflected in each and every course listing, such as: "Finance, Accounting and the Triple Bottom Line," "Classical & Ecological Economics," "Sustainable Operations," and "Creativity and Right Livelihood." The school's popularity is growing like a weed, fostering a new generation of socially conscious, highly skilled business leaders.

BGI's innovative delivery model includes nine long weekends per year on Bainbridge Island, WA at IslandWood's 255-acre environmental learning center. This über-green, gorgeous setting helps attract some of the most innovative professors from other, more traditional institutions around the country. The academic faculty co-teaches courses along with creative entrepreneurs and experienced business professionals. IslandWood's ecological simplicity adds to the monthly BGI magic, recharging the

action-oriented innovators to continue pushing the boundaries of sustainable business practice. A web-based, distance learning and social networking platform called "The Channel" knits the community together in between the monthly convenings.

The long BGI weekends are called "Intensives," and it is no doubt intense to spend what feels like 72 continuous hours immersed in intergenerational teamwork, research, presentations, networking and socializing. In their first year, BGI's students engage in action learning projects within corporations, helping engineer sustainability into existing business models. In their final year, students form teams to design entrepreneurial, sustainable businesses from scratch, and some of these are becoming a reality.

The risk-taking and enchanting founders of BGI, Gifford and Libba Pinchot, acted from the deep belief that fundamental reform of business education is required for positive systemic change. In recognition of their inspiring achievement, BGI won the inaugural *Joan Bavaria Award for Innovation in Building Sustainability into the Capital Markets* at April's Ceres conference in Boston. The development of entrepreneurs rooted in the multiple bottom lines of profit, people and planet is laying the groundwork for a more sustainable and conscious capitalism, consistent with Joan's and Trillium's mission over the last quarter-century.

BGI now needs to take another leap and focus on its own long-term sustainability, including more expansive fundraising and the development of a diverse and engaged leadership board. I have been asked to serve as a Trustee at BGI, and look forward to working with this joyous and energetic community to change business for good. ♪

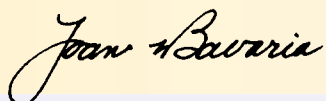
## From the President Continued from page 1

The company also was given three strategic goals: to create a mechanism whereby all investors could find social information about their investments, to create a network of like-minded individuals and organizations to help with the development of responsible investing, and of course, to create a company that walked its talk. Twenty-five years ago, in early 1983, the newborn Trillium Asset Management Corporation was called Franklin Research & Development and had three employees, only one full-time.

A vivid memory from the early days even before our incorporation is that of trying to convince the late Chuck Matthei, then Executive Director of the ICE loan fund into attending a meeting with people from banking and management firms who were interested in forming an organization to promote socially responsible investing. After much persuasion and exposure to the very sincere people involved in the project, Chuck became one of the founding board members of the Social Investment Forum, and helped catalyze the process that has placed \$25.8 billion in community investing products according to the Forum's latest survey.

McDonalds is now a company working with Ceres (a powerful coalition working for to promote sustainability), to infuse better nutrition into their products, promote the humane treatment of poultry, and work on many other issues that we cared about but could not discuss with them 25 years ago. Importantly, McDonalds and hundreds of other companies now issue sustainability reports, giving investors easy access to information about their environmental and social policies and results.

We and the world around us have changed. Trillium now manages more than \$1 billion, and the Social investment Forum in 2007 counted \$2.71 trillion invested among three core socially responsible strategies. There are many research products available and many mutual fund options for investors who believe that truly successful long-term investing takes into consideration more than the financial bottom line. We've come a long, long way, and have much more to do. We think we're up for it!



Joan Bavaria, President • Trillium Asset Management Corporation