

Quarterly Advocacy Update *Spring 2009*

ECOLOGY

Climate Change. We were greatly pleased to withdraw a shareholder proposal at **Dominion Resources** calling for a greenhouse gas (GHG) reduction target, after reaching an agreement for a multi-stage, substantive dialogue on what it would take for the company to set such a target. ▶ Trillium Asset Management Corporation (“Trillium”) is a co-filer of a similar resolution at **IdaCorp** and is headed into dialogue with that company as well. ▶ **ConocoPhillips** produced some limited reporting about its tar sands operations in response to our high scoring resolution in 2008, but it falls short of emerging best practices in this area, so we’ve re-filed for this spring’s proxy season. ▶ We continue to co-file at **ExxonMobil**, calling for quantitative greenhouse gas reduction targets for the company’s operation and products.

Global Water Scarcity. For several years, Trillium has worked to address the critical issue of growing water scarcity. We commissioned the Pacific Institute, a leading environmental think tank, to report on the business risks of water scarcity. ▶ Our advocacy helped convince **Intel** to set new water conservation goals and measure their progress meeting them. ▶ Our discussions with **Analog Devices** have led them to join the Electronics Industry Code of Conduct which should lead to improved environmental and social performance. Analog Devices has also responded to our request for sustainability reporting which we hope will provide the basis for performance goals and accountability. ▶ We are currently in dialogue with **General Mills**, **Kellogg**, and **Sara Lee** about addressing their very large water footprints. ▶ We have met regularly with **PepsiCo** and **Coca-Cola** to press these companies to protect local communities’ water resources and are in contact with them to ensure regular progress, and we led a broad coalition of shareholders meeting regularly with the two beverage giants.

Environmental Health. We’ve begun engaging with **Chipotle Mexican Grill** on pesticide use. The company promotes a healthy menu but is weak on disclosure. ▶ Unfortunately, our resolution at **Dow Chemical** on the pesticide 2,4-D will not appear on Dow’s proxy ballot after they persuaded the Securities and Exchange Commission that it was excludable. ▶ We are currently reaching out to companies for dialogue concerning their usage of nanotechnology in a variety of everyday consumer goods. We have received assurances from **Kellogg**, **PepsiCo** and **General Mills** that they are not using nanomaterials and will continue to dialogue with them about additional steps they can take. ▶ In 2007, our shareholder proposal calling on **Apple Computer** to set a deadline for the elimination of polyvinyl chlorides and brominated flame retardants in its products prompted Apple to do just that.

Indigenous Rights/Environmental Justice. We’ve re-filed our resolution at **Chevron**, addressing the company’s procedures for evaluating host countries’ environmental policies. The resolution drew attention to its subsidiary Texaco’s legacy of environmental contamination in Ecuador, ongoing strife in Nigeria, pollution in Angola, and its subsidiary Unocal’s deforestation of Burma. ▶ We have co-filed a proposal at **Enbridge** with Ethical Funds of Canada, drawing attention to risks associated with its Northern Gateway Project, which will be built in areas where comprehensive aboriginal territory claims have yet to be settled.

Environmental and Social Reporting Standards. Over 20 years ago, we originated and incubated Ceres, which developed a set of principles that commit companies to improve their environmental practices and publicly report their progress. Over the years, we’ve persuaded many major companies to adopt the Ceres Principles and are currently encouraging companies to meet the next standard of public accountability, the Global Reporting Initiative (GRI). A spin-off of Ceres, the GRI has developed a set of guidelines for companies to report their social and environmental performance. After several years of effort to highlight the importance of the GRI standards, we’ve helped convince major companies including **AIG**, **American Express**, **GE**, **Pfizer**, **Analog Devices** and **Time Warner** to release GRI reports. We are working with **Google** to join the mainstream of large companies that report on environmental and social performance.

Forestry. We are leading a group of shareholders pushing **Home Depot** to stop purchasing lumber from a consortium that is trying to build a system of dams that would flood two pristine rivers and some 10,700 acres of Chile’s most biologically rich forest, agricultural and ranching lands.

EQUITY/SOCIAL JUSTICE

Animal Welfare. This year, we are in dialogue with **Darden Restaurants**, pressing them to address factory farming cruelties by giving preference to suppliers that aggressively support more humane treatment methods.

Access to Healthcare. In May 2007, the *Journal of Corporate Governance*, a leading peer-reviewed publication, published “Why Lower Drug Prices Benefit Institutional Investors: An Application of Universal Ownership Theory,” co-authored by Trillium’s Chief Investment Officer, Adam Seitchik. This paper presents our economic analysis of how high drug prices may hurt institutional investors’ overall portfolios. ▶ Over the past several years, we have joined religious investors in asking **Eli Lilly**, **Johnson & Johnson**, **Merck** and **Pfizer** to increase access to drugs for HIV/AIDS, tuberculosis, and malaria in developing countries.

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Human Trafficking/Slavery. Trillium initiated a dialogue with **Nucor** in 2007 after reports uncovered the presence of slave labor and abuses in the steel company's supply chain. We co-filed a shareholder proposal with Domini Social Investments and subsequently withdrew it after the company agreed to implement a code of conduct expressing its opposition to forced labor, and ongoing dialogue with proponents. Nucor has fallen short of our written agreement since the withdrawal, so in 2008 we re-filed the resolution.

Forced and Child Labor. We have joined a diverse group of stakeholders addressing the issue of forced and child labor in Uzbekistan's cotton fields. Last fall, state officials ordered up to two million children in Uzbekistan ages 11 to 17 to leave school to work 10-hour days, seven days a week. Eight companies including **The Gap**, **Nike**, **Target** and **Wal-Mart** responded to a letter writing campaign we participated in, by taking measures to exclude Uzbek cotton from their supply chain and/or better trace the country of origin of the cotton they are using.

Sexual Orientation Nondiscrimination. Since 1995, we have been working to ensure that companies protect gay, lesbian, bisexual, and transgendered employees in the workplace. In 2008, following a majority-supported resolution at **Expeditors International**, the company implemented a sexual orientation nondiscrimination policy. ▶ It's Year 10 for our filing at **ExxonMobil**. In 2008, 40 percent of fellow shareholders agreed that the company should add both 'sexual orientation' and 'gender identity' to its nondiscrimination policy. Can a majority vote be far away? ▶ In January, we met with the insurer **W.R. Berkley** and encouraged them to add 'gender identity' to their nondiscrimination policies.

Equal Employment Opportunity. We are leading a large coalition of shareholders in filing a proposal at **Home Depot**, which still withholds detailed EEO data from shareholders despite years of class action lawsuits concerning race and sex discrimination and well-supported shareholder resolutions. The 2008 received a 25% vote.

Human Rights. Trillium joined a diverse group of human rights groups, investors and three Internet companies, **Google**, **Yahoo!** and **Microsoft** in launching the Global Network Initiative (GNI). All around the world companies in the information and communications industries face increasing government pressure to comply with domestic laws and policies that require censorship and disclosure of personal information in ways that conflict with internationally recognized human rights laws and standards. The GNI requires significant new commitments from participating companies, including: establishing greater transparency with users; assessing human rights risk; requesting the legal rationale for government actions and policies; training employees; challenging human rights violations; and providing whistleblowing mechanisms through which violations of the Principles can be reported.

ECONOMIC JUSTICE

Media Responsibility. In 2007, we launched a nonprofit dedicated to advancing media and broadband company responsibility, Open MIC (Open Media and Information Companies). ▶ In March of this year, Open MIC and the Paley Center for Media hosted a forum in New York on the future of wireless communications. A distinguished panel of speakers, including opening remarks by New York City Comptroller William C. Thompson Jr., examined the emerging wireless business environment, the rules of the road that might evolve for the mobile Internet and the challenges to ensuring open access for all. ▶ Trillium's 2009 shareholder proposals at **AT&T**, **CenturyTel**, **Verizon** and **Comcast**, to focus company and investor attention on the critical role these Internet service providers play as gatekeepers to free speech and privacy, were unfortunately deemed excludable by the Securities and Exchange Commission after the companies challenged them. ▶ In December 2007, Open MIC executive director Michael Connor and Trillium portfolio manager Farnum Brown published an op-ed in the Seattle Times on the importance of responsible and democratic media.

Political Contributions. For the third consecutive year, we are sponsoring a resolution at **Ford Motor** calling for greater transparency regarding political contributions. ▶ In the fall, we successfully engaged with **Baxter International**, which has committed to greater disclosure regarding its trade association payments used for political purposes. ▶ Since 2004, Trillium has successfully lobbied **Morgan Stanley**, **Eli Lilly**, **Southern Company**, **General Electric**, **DuPont**, **Hewlett-Packard**, and **American Electric Power** to disclose more information about their political donations.

Executive Compensation. We've joined a broad coalition of investors pressing to institute "say on pay," reforms, which would allow investors to cast advisory votes on CEO pay packages. In 2008, we co-filed a say-on-pay resolution at **Citigroup** that received 42% of the vote. ▶ In 2009, we are co-filing proposals at Citigroup, as well as **Plum Creek Timber Company** and **United Healthcare**. We withdrew at **Intel** when the company agreed to implement say-on-pay provisions.

Right to Organize. Regrettably, we were forced to withdraw a resolution at **Wal-Mart** challenging the company's opposition to the Employee Free Choice Act, due to a technical error. The proposed legislation would streamline the process through which employees form, join, or assist labor unions, as well as providing for mandatory injunctions for unfair labor practices during organizing efforts.