

Quarterly Advocacy Update *Fall 2009*

ECOLOGY

Climate Change. A milestone is reached! In May, the first majority vote for a shareholder resolution addressing the reduction of greenhouse gases was recorded at **Idacorp**, an electric power provider, prompting the company to set greenhouse gas reduction targets. Trillium Asset Management Corporation (“Trillium”) was a proud co-filer of this proposal and is continuing to engage with the company. ▶ We are finishing up a series of talks with **Dominion Resources** following the withdrawal of a similar proposal last fall. ▶ Our resolution at **ConocoPhillips** concerning its tar sands operations received another high vote (30 percent) from shareholders on its second time on the ballot in the spring. ▶ The resolution we co-filed at **ExxonMobil**, calling for quantitative greenhouse gas reduction targets for the company’s operation and products, received 29 percent of the vote this spring.

Global Water Scarcity. ▶ 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**, **PepsiCo**, **Costco**, **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. ▶ 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 about additional steps they can take. ▶ We have recently received assurances from **Costco** that it no longer uses bisphenol-A as a liner for its private label canned goods. We are also engaged with **Dentsply** on greater disclosure of bisphenol-A in its dental composites and amalgams.

Indigenous Rights/Environmental Justice. In June, we led a fact-finding environmental justice tour through Louisiana’s ‘Cancer Alley’, drawing attention to the local communities disproportionately burdened by the toxic hazards emitted from 14 nearby industrial facilities. Working in coalition with the Interfaith Center on Corporate Responsibility, the New Orleans-based Advocates for Environmental Human Rights, and the Investor Environmental Health Network, we will bring our collective shareholder voice to bear on the environmental

injustices compromising human life and health in Cancer Alley. ▶ This fall, we expect to file another resolution at **Chevron** focusing on the company’s ongoing liability for environmental contamination in Ecuador. ▶ A proposal that we co-filed at **Enbridge**, drawing attention to First Nations’ objections to the company’s Northern Gateway pipeline, drew 32 percent of the vote last spring.

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. ▶ Most recently, we have filed a shareholder proposal at **Google** urging the company to join the mainstream of large companies that report on environmental and social performance. ▶ We withdrew a sustainability reporting resolution at **Darden Restaurants**, which agreed to disclose seafood sustainability initiatives and animal welfare policies, both integral to their supplier standards program. ▶ We were able to withdraw our sustainability reporting proposal at **Costco** after they issued their first sustainability report. Trillium co-filed this resolution with Green Century Capital Management.

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. We have had a number of conversations with the company this year and raised the issue directly with the board of directors at the company’s 2009 annual meeting.

EQUITY/SOCIAL JUSTICE

Access to Healthcare. We recently co-signed a letter to major U.S. healthcare companies asking themselves to distance themselves from the U.S. Chamber of Commerce’s anti-healthcare reform lobbying activities. ▶ 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. ▶ 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,” coauthored by Trillium staff. This paper presents our economic analysis of how high drug prices may hurt institutional investors’ overall portfolios.

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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 in Brazil. 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. The company failed to uphold the agreement, so we resubmitted the proposal. The resolution received 27 percent of the vote in 2009.

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. Eight companies including **The Gap**, **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. This fall, Trillium took further action with the stakeholder group by writing letters to state officials, and major traders of Uzbek cotton to press for their assistance in ending the coercive use of children to harvest cotton.

LGBT Workplace Policies. Since 1995, we have been working to ensure that companies protect lesbian, gay, bisexual, and transgender (LGBT) employees in the workplace. In 2008, following a majority-supported resolution at **Expeditors International**, the company implemented a sexual orientation nondiscrimination policy. ▶ 2009 was Year 10 for our filing at **ExxonMobil**. Forty percent of our fellow shareholders supported our proposal that the company add both 'sexual orientation' and 'gender identity' to its nondiscrimination policy. ▶ In January, we met with the insurer **W.R. Berkley** and encouraged them to add "gender identity" to their nondiscrimination policies.

Equal Employment Opportunity. Our resolution at **Home Depot** requesting disclosure of equal employment opportunity (EEO-1) data to shareholders received a 22 percent vote in 2009. Despite votes averaging 28 percent vote over the past five years, management continues to resist making a public commitment to diversity through EEO-1 disclosure and transparency. Trillium will refile our disclosure resolution again this fall.

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; chal-

lenging human rights violations; and providing whistle-blowing 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). ▶ Trillium's 2009 shareholder proposal at **CenturyTel** to focus company and investor attention on the critical role this Internet service provider play as gatekeepers to free speech and privacy received a groundbreaking 30 percent of the vote. ▶ In March of 2008, 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. ▶ 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. ▶ We are leading an initiative with **Apple Inc.** regarding allegations of rejecting iPhone applications for political reasons.

Political Contributions. Our third-year resolution at **Ford Motor** calling for greater transparency regarding political contributions, drew 10.5 percent of the vote. ▶ Since 2004, Trillium has successfully lobbied **Morgan Stanley**, **Baxter International**, **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. This spring, our filings at **Plum Creek Timber Company** and a co-filing at **United Healthcare** both drew about 40 percent of the vote. ▶ We withdrew a co-filed proposal at **Intel** when the company agreed to implement say-on-pay provisions.

Right to Organize. In coordination with other signatories of the UN Principles for Responsible Investment, we wrote to companies in the S&P100 to inquire about their positions on the Employee Free Choice Act (EFCA), a federal bill that would eliminate unfair obstacles faced by workers seeking to join unions. We also co-signed a letter to leading Congressional figures to share our perspective on why EFCA would be good for the economy and investors.