

# Highlights of our Shareholder Engagement with Portfolio Companies on Environmental, Social & Governance Issues 4th Quarter 2010

---

## Climate Change & Fossil Fuels

- ▶ We have filed shareholder proposals at **Dominion Resources**, **ConocoPhillips**, and **ExxonMobil** concerning the carbon impact of their products and operations. The Dominion resolution focuses on the electric power producer's coal-fired power plant operations, and we have partnered with the As You Sow Foundation to submit a similar proposal at **Duke Energy**. The ConocoPhillips and ExxonMobil resolutions address those oil and gas companies' tar sands operations. We withdrew a proposal at Royal Bank of Canada concerning its role in financing oil sands operations was withdrawn after productive discussions.
- ▶ In October, Trillium signed on to an investor statement urging California voters to oppose Proposition 23, the statewide ballot initiative to stop implementation of the state's landmark clean energy law. The measure went down by a 23 percent margin.
- ▶ Trillium has filed a shareholder proposal at **Anadarko Petroleum** concerning its hydraulic fracturing operations. Hydraulic fracturing is a chemical-intensive method of extracting gas from deep underground reservoirs that has been linked to drinking water contamination.
- ▶ In the wake of the Deepwater Horizon disaster, Trillium was one of nearly 60 global investors who jointly wrote to major energy companies asking them to disclose information regarding their risk oversight measures, including spill prevention and response plans, for their own offshore oil operations around the world. The letters, sent to CEOs at 27 oil and gas companies, were signed by global investors with collective assets totaling more than \$2.5 trillion.

## Global Water Scarcity

- ▶ We are currently in dialogue with **General Mills**, **Sysco** and **J.M. Smucker** about their very substantial water footprints. Agriculture is responsible for 70% of water use in the United States, much that water-scarce regions. We are pressing these three iconic food companies to develop a greater understanding of how much water they are responsible for using and to make meaningful changes towards a more sustainable agricultural system.

## Environmental Health

- ▶ We remain in dialogue with **Chipotle Mexican Grill** concerning pesticide use reduction following the company's agreement to publish a position piece on its website. Chipotle has increased its purchase of organic beans, contributing to a direct reduction of chemical pesticide use and increased its purchases of herbs.
- ▶ After a number of years of dialogue with **General Mills**, about bisphenol-A (BPA), we were pleased with the company's April 2010 announcement to phase out the substance in its Muir Glen canned tomatoes packaging. We also received assurances from **Costco** that it no longer uses BPA as a liner for its private label canned goods. We have filed a shareholder proposal at **Dentsply** seeking greater disclosure of the company's use of BPA in its dental composites and amalgams and any efforts it may be taking to find alternatives. We co-filed a shareholder proposal with **Coca-Cola** on BPA which receive a strong vote (22%), and are in discussions with the company. Bisphenol-A is a potentially hazardous chemical known to mimic estrogen in the body. Numerous animal studies have linked it to potential changes in brain structure, immune system, male and female reproductive systems, and changes in tissue associated with breast cancer.

## Indigenous Rights/Environmental Justice

- ▶ We recently re-filed our resolution at **Chevron** calling on the company to add an environmental expert to its board of directors. Last spring, the proposal drew 27% of votes cast.
- ▶ We re-filed our resolution at **PPG Industries** requesting a report on community accountability, in response to complaints concerning toxic emissions in communities where the company has facilities.
- ▶ In light of growing concerns about the proposed Pebble Mine in Bristol Bay Alaska which would have dramatic consequences for the ecosystem, the native Alaskan tribes, and the fishing industry, we have begun engaging financial institutions like **Goldman Sachs** and **Barclays** which will likely be approached to finance the project. We will also be weighing in as the Environmental Protection Agency considers whether to initiate a veto consideration process over the project. In October, Will Lana, Trillium portfolio manager and research analyst, visited Bristol Bay to meet with local communities and hear their concerns.

*continues on following page*

## Environmental and Social Reporting Standards

- ▶ We co-filed a shareholder proposal at **St. Jude** urging the company to issue a sustainability report.
- ▶ In response to the shareholder proposal we filed in 2010, **J.M. Smucker** will be issuing its first sustainability report this spring.

## Drug and Medical Device Safety

- ▶ We have brought our concerns to **Johnson and Johnson** concerning safety and quality problems at that have emerged in the last year, leading to Congressional investigations. We have been in dialogue with the company seeking assurances that the Board is implementing strong risk oversight to ensure that the company's products do not harm customers.

## Labor & Human Rights

- ▶ After last year's revelations about harsh working conditions and a string of suicides at the Foxconn facility in China, a supplier to **Apple, HP, Dell** and others, we engaged with these companies on the rights of their workers throughout their supply chain and their quality of life in the workers' dormitories
- ▶ In November, we met with legal staff of the Securities and Exchange Commission (SEC) and other investors to provide input to the disclosure rules the Commission is drafting to address the sourcing of conflict minerals by publicly traded corporations. Such minerals are directly and indirectly benefiting armed groups in the Democratic Republic of Congo and adjoining countries. Trillium also is part of a broad multi-stakeholder working group including investors, nongovernmental organizations, and companies (including **Advanced Micro Devices, Hewlett-Packard** and **GE**), which provided consensus recommendations to the SEC. The SEC is set to announce final rules on conflict minerals by mid 2011.

## Lesbian, Gay, Bisexual, Transgender (LGBT) Workplace Policies

- ▶ We re-filed a resolution at **Gardner Denver** in December calling for the company to update its equal employment policies to include protections based on sexual orientation and gender identity/expression. Support for the resolution in 2010 was just shy of a majority.
- ▶ Our political contributions resolutions at **Best Buy** and **Target** (see below) addressed the misalignment in values between those companies' exemplary LGBT workplace policies and the anti-gay positions of their political contributions recipients.

## Equal Employment Opportunity

- ▶ Trillium has re-filed a shareholder proposal at **Home Depot** requesting disclosure of equal employment opportunity (EEO-1) data to shareholders, which received 27% of votes cast in 2010.

## Freedom of Expression and Privacy on the Internet

- ▶ We filed shareholder proposals at **AT&T, Verizon** and **Comcast** on the principle of network neutrality for their wireless networks.

## Political Contributions

- ▶ This year, Trillium filed shareholder resolutions at **Best Buy, Target, 3M** and **Pentair**, calling on the companies to strengthen their political contributions policies. Both had made very large donations to an intermediary that supported a Minnesota gubernatorial candidate who embraces extreme anti-gay positions.
- ▶ We have been in dialogue with **State Street Bank** about bringing its political contributions policies up to current best practices and have filed a shareholder proposal after disappointing results. For the second year and third years respectively, we are re-filing similar proposals at **Ford Motor** and **Halliburton**.