



A PUBLICATION OF TRILLIUM ASSET MANAGEMENT CORPORATION

## New Year's Resolutions

by Shelley Alpern

If there's a theme tying together our shareholder engagements this year, it's aptly summarized in a *New Yorker* cartoon showing a corporate executive reminding his colleagues at the conference room table, "Let's never forget that the public's desire for transparency has to be balanced by our need for concealment."

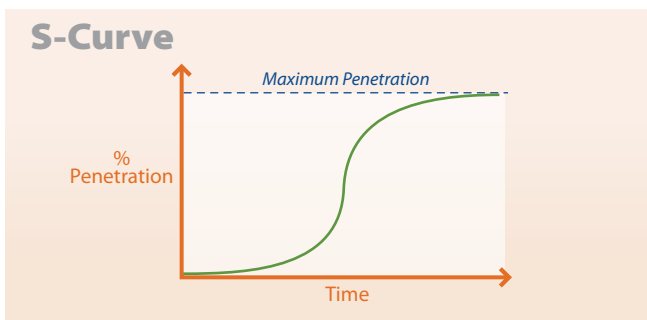
Come to think of it, that's every year's theme. As active investors placing careful bets on selected companies (as opposed to passive indexing, which mimics the general direction of the market) we're in the information gathering business. We 'crunch' financial data, then integrate it with environmental, social and governance (ESG) data and analysis to determine which companies belong in our portfolio and when it's time to sell. Our field is in a fascinating developmental stage because corporate divulgence of ESG data is largely unmandated and thus highly

*Continues on page 7*

## The Evolution of SRI: Introducing Version 3.0

by Farnum Brown

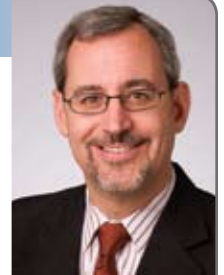
Society adopts innovative technologies by a process that business schools describe with an "S-curve," as on the graph below. The vertical axis represents the rising percentage of society using the technology while the horizontal axis represents time.



In the first stage early adopters represent a small, slowly rising percentage of society. At a certain point, however, the adoption rate accelerates sharply, steepening the curve, as the technology's benefits gain widespread acceptance. Once fully diffused through society, the adoption rate levels off and the curve flattens.

*Continues on page 4*

## Dear Reader



by Matt Patsky, CFA, CEO

Over the past year, I have spent a lot of time traveling around the country meeting Trillium clients. It is a part of my job that I enjoy very much. You, our clients, have helped me understand what Trillium is doing well and what needs improvement. For over 25 years, Trillium and our clients have been successfully working with companies and communities to improve social and environmental outcomes. During that time, Trillium has consistently delivered competitive financial returns.

We can't do what we do without you, our clients. Thank you.

For the past 13 years, Trillium has also had a great partner in Wainwright Bank and Trust. In 1997, Wainwright purchased a minority stake in Trillium and provided much-needed capital to expand our business. With a shared vision of social responsibility, Trillium and Wainwright worked to strengthen our company and the products we offer. In December 2010, Trillium bought back Wainwright's investment and once again became completely independent and wholly employee-owned.

While talking with many of you I have heard that you are proud to be connected with Trillium; that you fully support what we do on environmental, social and governance (ESG) issues and you want to see us "do more of what you do."

I heard that our clients want to have alternatives to our traditional offerings of equity and bond strategies. We know that clients are anxious to have access to emerging and international markets, while keeping true to our mission of investing for a better world.

As I write this, Trillium is actively exploring partnerships and strengthening internal capabilities to integrate ESG information to broaden our investment strategies. We are evaluating data providers in emerging markets to ensure the broadest and highest quality coverage of ESG issues. I expect that in the next 12 months Trillium will have products that meet the growing need of wider diversification for our clients.

Stay tuned!

## IN THIS ISSUE

Pebble Poses a Mountain-Sized Risk for Alaska Fishery . . . . .	2
It Seems to Me . . . . .	3

Community Investing: Community Capital Management, Inc. . . . .	6
--	---



## Pebble Poses a Mountain-Sized Risk for Alaska Fishery

by Will Lana

In October, as the first snow of autumn begins to fall near Alaska's Bristol Bay, I found myself visiting with a group of locals. Among them was Robin Samuelsen, a Yupik Eskimo and board member of the Bristol Bay Economic Development Corporation. The conversation began light and jovial as he fondly recalled fishing adventures with his father and grandchild. Then his voice grew anxious: "I've never seen the people of Bristol Bay so scared. If there ever is a mining accident our people are finished. Our way of life will be gone."

At issue is the controversial Pebble Mine Project, envisioned to be one of the world's largest open pit copper and gold mines in the headwaters of Bristol Bay, already one of



Photos © Bob Waldrop

the world's richest salmon fisheries. Commercial fishing is a \$300 million a year industry in Bristol Bay, which produces half the global supply of wild sockeye salmon. An astonishing 30 million salmon spawn in its rivers, creeks and lakes each year, feeding humans, bears and birds. Local support for the mine is scant, given the deep cultural roots to salmon fishing. For generations the Yupik people, a majority in the region, have depended on wild salmon as a staple in subsistence diets.

Despite the fishing industry's size, it financially pales to the \$300 billion of gold and copper wealth buried in the Pebble deposit. The project backers, British mining company **Anglo American** and Canada's Northern Dynasty, promote the economic benefits to community including roads, power plants, and about a thousand jobs for the duration of the mine's life.

*Continues on back cover*



*Investing for a Better World®*

711 Atlantic Avenue  
Boston, MA 02111  
617-423-6655

lmackinnon@trilliuminvest.com

*Editor*

**Shelley Alpern**

*Managing Editor*  
**Lisa MacKinnon**

*Contributors*

Shelley Alpern  
Susan Baker  
Farnum Brown  
Jonas Kron  
Natasha Lamb  
Will Lana

Stephanie Leighton, CFA  
Laura McGonagle, CFA  
Catherine Pargeter  
Matthew Patsky, CFA  
Randy Rice  
Cheryl Smith, CFA

*Investing for a Better World®* is published by Trillium Asset Management Corporation.

Trillium Asset Management Corporation is a sustainable and responsible investment advisor. For information about portfolio management services, visit our website at [www.trilliuminvest.com](http://www.trilliuminvest.com) or contact Lisa MacKinnon at [lmackinnon@trilliuminvest.com](mailto:lmackinnon@trilliuminvest.com).

The information contained in this newsletter has been obtained from sources we believe to be reliable, but cannot be guaranteed. Any opinions expressed herein reflect our judgement to date and are subject to change.

Printed with soy-based inks on 100% post-consumer content, certified Ecologo, processed chlorine free, FSC certified and manufactured using biogas energy.

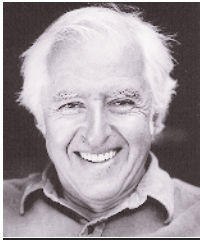
If you would like to receive this publication via email, please send a request to [lmackinnon@trilliuminvest.com](mailto:lmackinnon@trilliuminvest.com).

Certified





## IT SEEMS TO ME



## Upheaval in Global Automotive Industry: What Car Are You Driving?

Milton Moskowitz

Everyone remembers his or her first car. Mine was the 1951 Raymond Loewy-designed Studebaker Champion. My father was also a Studebaker owner. The 1951 model was a big hit with designers, and it had respectable, if not sensational, sales. But the company went out of business in 1963 when it closed down its factory in South Bend, Indiana.

In the 1950s, I began driving Fords. I am not sure why. They were always breaking down. At the same time I began following the entry of foreign cars into the United States as a reporter for *Advertising Age*. It was just a trickle at that point – and Detroit treated it as a laughing matter. The U.S. has these long highways, and these small cars would never make it here, said the moguls at **General Motors, Ford and Chrysler**.

Journalists love incisive, eye-catching leads and I had one of my best in 1959 when I crafted this opening sentence on a story sent to Chicago, where *Ad Age* was then published: “Doyle Dane Bernbach, the agency for El Al Israel Airlines, the Israel Tourist Office and Levy’s Real Jewish Rye, was today appointed to handle the advertising for the German import, **Volkswagen**.” On Monday when copies of the issue arrived in New York, I was horrified to find that the subordinate clause listing DDB clients had been excised. The editors in Chicago explained to me that they thought the clause was irrelevant. I remember screaming into the phone: “Didn’t you guys in the Midwest hear about the Holocaust?”

In 1971, I moved from New York to the Bay Area, and I saw at first hand how the imports were beginning to take over the California market. In Marin County, where I now live, kids grew up not knowing what a Chevy or Ford looks like. We used to have one billboard in Marin along the 101 Freeway that cuts through the country. It was used to advertise GM cars. People began going out at midnight to tear it down. Finally, GM gave it up. So now we have a billboard-free county.

These reflections came to mind as I was reading Steven Rattner’s new book, *Overhaul*. Rattner is the Wall Street pro appointed by Barack Obama to orchestrate the bailout of General Motors and Chrysler. Both companies went, hat in hand, to Washington to accept bailout funds from TARP (Troubled Asset Relief Program), and both went into Chapter 11 bankruptcy to enable them

to emerge as slimmed-down versions of their old selves. The priority for the Obama administration was to save General Motors. Chrysler was considered expendable.


And Chrysler was ticketed for oblivion until Sergio Marchionne, the feisty CEO of Italy’s **Fiat**, arrived on the scene, ready to take the reins. We – the U.S. government – were so delighted to have a possible savior of the company that we said: “You want Chrysler? Here, take it, please.” So Fiat now controls Chrysler even though it only owns 20 percent of the shares. And it didn’t have put up a single lira for it. Chrysler’s largest shareholder is the United Auto Workers retiree healthcare trust. It owns 55 percent.

The reshaping of the auto industry has been dramatic. GM discarded its Oldsmobile, Pontiac and Saturn brands. It sold off Saab and Hummer. Ford shut down its longstanding Mercury brand. Ford also gave up on Volvo passenger cars, Jaguar, Aston Martin and Land Rover, brands it had acquired along the way. Volvo went to a Chinese company, **Geely**. Jaguar and Land Rover are now owned by the big Indian conglomerate, **Tata**.

We are no longer the world’s largest automaker. That distinction belongs to China, where output is over 15 million cars a year, compared to the 11.5 million rolling out of U.S. factories. And GM is no longer the No. 1 automaker. That title belongs to **Toyota**. Ironically, China has become GM’s biggest market. The Chinese

are nuts about Buicks. More Buicks are sold there than in the U.S. And they are being built there.

In Germany, after bitter bumper-to-bumper combat over four years, Volkswagen and **Porsche** are about to be melded into one company. It’s not clear who is buying whom. They will have a portfolio of ten brands: Volkswagen, Audi, SEAT, Skoda, Bentley, Lamborghini, Bugatti, Porsche and Scania. The Rolls-Royce brand now belongs to **BMW**.

Everyone in the world wants a car but the United States is no longer the prime supplier. As for me, I’m driving a **Honda Civic**. 

*The reshaping of the auto industry has been dramatic... We are no longer the world’s largest automaker. That distinction belongs to China.*

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).



## SRI Version 3.0 (continued)

Continued from page 1

For the past 30 years socially responsible investing (SRI) has steadily gained mindshare in society. SRI's focus on sustainability and environmental, social and governance (ESG) risks is becoming widely accepted – on Wall Street, in corporate boardrooms, and among the investing public in general. We're moving into the steep, accelerating part of the S-curve.

It's an exciting time and, indeed, we're on the cusp of a major transition in both the investment discipline itself and its impact on society. Appreciating SRI's evolution can help us understand the changes that lie ahead.

### SRI 1.0: Ethical Alignment

In its earliest and simplest form SRI 1.0 was (and is) about screening. Screening excludes certain companies from one's investment universe based on their negative social profiles while including others with more positive or at least neutral profiles. On this approach, SRI means avoiding the bad guys and profiting from the good (or at least okay) ones. Even today, this is what many people think of as SRI.

In 1988 I hosted an SRI conference whose keynote speaker was David Jones, a former vice president for public relations at a major pharmaceutical company. David's speech was titled, "Radicals, Romantics and Realists: Different Approaches to Corporate Social Responsibility." It landed like a bombshell.

He told the audience that as head of PR he considered it a "win" when his company was put on some group's "no buy" list. Why? Because it meant the group was effectively self-censoring. If they weren't shareholders, they had no voice in his company. He didn't have to deal with them.

On the other hand, he noted the dread the CEO felt at the prospect of facing the notorious activist, Sister Regina, at the annual shareholder meeting. As a shareholder she would attend in her nun's habit and ask informed, pointed questions about the company's performance on various social issues. Jones said the CEO would do almost anything to avoid that PR nightmare, agreeing to Sister Regina's proposals in advance if she would withdraw her proxy resolution.

Jones then drew a distinction that is underappreciated even today. He said that if one's goal in pursuing SRI is personal ethical alignment (not profiting from activities one objects to), avoidance screening is a perfectly adequate means to that end. However, he also said if one's goal in SRI is social change, avoidance screening was ineffective and possibly counterproductive.

Ethical philosophers put this distinction in terms of "self-regarding" vs. "other-regarding" moral objectives. Jones' first point was that avoidance screening is a self-regarding exercise. His second point was that if one's goal in SRI is other-regarding, screening is beside the point. Screening – as Wittgenstein famously said of philosophy – "leaves the world as it is."

Jones' central message was clear: If you want to change the world by changing corporate behavior, you need to be a shareholder and use the power that voice gives you.

### SRI 2.0: Activism

The shareholder activist approach to social change is SRI 2.0. Over the past fifteen years this approach has gained precedence and come to be seen as a requirement for state-of-the-art SRI. But shareholder activism itself has evolved over time.

In the beginning shareholder resolutions made appeals to corporate managements based on moral suasion (see Sister Regina). That is, they urged companies as corporate citizens to do the right thing because it was the right thing to do.

Over time, shareholders began to identify the connection between companies' social performance and their financial returns. The environmental coalition Ceres (which Trillium created) is perhaps the most notable example of this approach, having connected the dots between environmental issues like climate change and the risks they pose to long term corporate profitability.

Ceres took environmental issues straight into the corporate wheelhouse: profit-seeking. As economist Milton Friedman provocatively asserted in his critique of corporate social responsibility (I paraphrase): the social responsibility of corporations is to seek profits. Period.

Whether or not you agree with Friedman, it's true that shareholder appeals that rely on moral suasion fail to engage the core energies of a firm. Such appeals tend to be fielded by investor relations officers, PR flacks, etc. – i.e., not people who set corporate strategy or drive operating units.

In December 2006 the *Harvard Business Review* ran a piece devoted to this problem called "Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility." It argued that the most effective appeals to corporate social responsibility are those that offer firms some strategic commercial advantage.

Such appeals don't ask for altruism from corporate management. Rather, they attempt to *enlighten* management's self-inter-

Continues on page 5

*We're on the cusp of a major transition in both the investment discipline itself and its impact on society. Appreciating SRI's evolution can help us understand the changes that lie ahead.*



## SRI Version 3.0 (continued)

Continued from page 4

est, that is, to engage the firm's profit motive by demonstrating a connection between a social good and improved financial performance.

The adoption of nondiscrimination policies for gay, lesbian, and transgender employees in the workplace is a perfect example. It's the "right" thing for companies to do, but it also gives them a competitive advantage in hiring and retaining talented employees who happen to be gay, and hiring and retaining talented employees is a key challenge of every firm. This is why 89 percent of Fortune 500 companies have adopted such policies. It's a social good, to be sure, but it's also good for business.

### Toward Both/And

Over the past thirty years the evolution of SRI has proceeded along two converging tracks. One has taken us from a self-regarding concern with personal values to an other-regarding, activist focus on social change. The other has moved us from a rhetoric of moral suasion to a demonstration of the financial import of social issues.

Each of these developments naturally broadened SRI's engagement with traditional investors and corporate managements. Together, they converged on a formula that today defines SRI's distinctive contribution to society: translating social goods into profit-seeking concerns for both corporations and traditional investors.

At the heart of such translation is the notion of "shared value," that social good and financial return needn't be opposing values in a zero-sum game; rather, they can be two different expressions of a single positive outcome. This is certainly the case with companies adopting non-discrimination policies for gay, lesbian, and transgender employees in the workplace. It is *both* a social *and* a commercial good.

This shift to a more integrated perspective has led to the incipient "mainstreaming" of SRI. Today stock analysts from Goldman Sachs to UBS are beginning to pay attention to ESG factors and issues of sustainability. They're doing so not out of altruism or any left-leaning political sympathies, but because they think it can help them make money – and that, I submit, is the key to SRI Version 3.0.

### SRI 3.0: ESG Alpha Factors

By harnessing the advanced quantitative methods now available to professional investors, SRI 3.0 will take the field's genius


for translation to the next level. SRI 3.0 will identify, test, refine and systematize an evolving set of demonstrable ESG "alpha factors" – that is, quantifiable environmental, social and governance factors that measurably improve corporate financial performance and investor returns. This is what SRI 3.0 looks like.

At Trillium we are actively developing a new investment vehicle that we believe will be state-of-the-art SRI 3.0. It will rigorously integrate quantifiable ESG risk and opportunity factors with traditional investment metrics in the stock selection process. As importantly, our design will allow us to track quite precisely the "alpha" or excess return generated by each investment input, including ESG factors. In this way we will create an ESG laboratory for advancing our understanding of sustainable investing.

This sort of rigorous quantitative analysis of ESG factors wasn't possible even three years ago. Why? Because enough companies weren't publishing ESG and sustainability data, for one. We can thank groups like the Carbon Disclosure Project and the Global Reporting Initiative, Ceres, and our fellow shareholder activists for getting companies to publish such data.

You also couldn't do this sort of analysis before due to a lack of database vendors collecting and organizing ESG data. Today, three of the largest financial data purveyors in the world have moved aggressively into the space: Bloomberg, Reuters and MSCI each now have ESG offerings.

So the use of "quant" tools for SRI is very much a cutting-edge endeavor. (Indeed, the *Wall Street Journal* reported on the project last November in an article titled, "Quants and Do-Gooders Unite."<sup>1</sup>) We see it as part of a more general, accelerating move up the S-curve of a way of thinking about business, society and the planet that has driven SRI for nearly 30 years.

Demonstrating in hard statistical terms the impact of ESG factors on corporate and investor performance will be a long term project, to be sure. But as we and others succeed you can bet that traditional investors will take note, as will corporate managers. Better corporate and investor performance is not a partisan issue. Eventually, we won't even call them "ESG factors." They'll just be things that smart investors and able corporate managers pay attention to. 

*We are actively developing a new investment vehicle that we believe will be state-of-the-art SRI 3.0. It will rigorously integrate quantifiable ESG factors with traditional investment metrics in the stock selection process.*

1. *The Wall Street Journal*, November 2, 2010.



# COMMUNITY INVESTING



## Community Capital Management, Inc.

Randy Rice

*Author's Note: I have historically used this space to write a profile on a domestic or international loan fund or a community bank or credit union. Community Capital Management, Inc. is none of those, but has a unique approach on community investing that I think will be of interest to readers.*

### Mission

Community Capital Management, Inc. (CCM) is a fixed income manager and registered investment adviser with a goal to produce above average, risk-adjusted returns for investors while having a positive impact on the community and the environment. CCM is a majority women-owned firm that is headquartered in Fort Lauderdale, FL with an office in Charlotte, NC.

### History/Vision

CCM was founded in 1998 to capitalize on a belief that portfolios of government-related securities, which are primarily excluded from the major bond indices, could produce competitive returns while also promoting community development. Significant investor demand exists for this strategy as it helps to satisfy banks' community investing requirements under the Community Reinvestment Act (CRA).

CCM invests in high credit quality, government-related subsectors of the bond market including single- and multi-family agency mortgage backed securities, government-guaranteed SBA pools, and taxable municipal bonds, all of which finance community development initiatives.

### Impact

Since inception, the firm has invested over \$3 billion nationwide with the following impact:

- 8,200 affordable home mortgages;
- \$149 million in small business development;
- \$200 million in economic and environmental initiatives;
- \$375 million in statewide homeownership programs;
- \$31 million in affordable healthcare facilities; and
- 171,000 affordable rental housing units.

### Recent CCM Investment

A taxable municipal bond investment, the Greater Boston Food Bank Issue, is financing a 117,000-square foot building, known as the Yawkey Distribution Center, to be owned by the Greater Boston Food Bank for its food distribution programs. The new building enables the organization to handle more food while be-

ing more energy-efficient and community friendly. The facility roughly doubles the square footage of The Food Bank's previous home and provides more office space and training rooms.

The Food Bank distributes more than 31 million pounds of food and grocery products annually to a network of nearly 600 member hunger relief agencies. The new building, with expanded cold storage capacity and additional warehouse space, will enable The Food Bank to grow over the next 15 years to eventually distribute up to 50 million pounds of food and grocery products a year.

### Investing With CCM

The Fund currently offers three share classes: CRA Shares (Ticker: CRAIX), Retail Shares (Ticker: CRATX) and Institutional Shares (Ticker: CRANX).

CRA Shares (CRAIX), launched in 1999, is the original share class created to help banks and thrifts meet the requirements of the CRA. In 2007, CCM introduced two additional share classes, the institutional shares (CRANX) and retail shares (CRATX), to meet significant demand for the Fund's community investment strategy from non-financial institutions. CCM provides detailed social reporting on its investments with quantifiable social metrics and manages separate accounts on behalf of institutional investors.

One of the benefits in CCM's approach is that institutional investors have the option to place emphasis on specific economic development activities or they can elect to target predefined geographic locales. For example, an institutional investor in Boston may be interested only in bonds that finance community development in Suffolk County. On the other hand, an investor in California may have a mission of environmental sustainability and can specify bonds that finance green projects nationwide.

If you would like to discuss CCM in greater detail, please contact your Trillium portfolio manager. 



Yawkey Distribution Center – The Food Bank's new 117,000-square foot facility – roughly doubles the size of its previous home.

©2009 christianphilipphoto.com




## New Years Resolutions (continued)

Continued from page 1

variable in content. This has created a vigorous debate about which ESG indicators are the most valuable to investors and society, and a worldwide movement to require corporate ESG disclosure by law.<sup>1</sup>

Transparency is not usually an end in itself. As Louis Brandeis famously said, sunlight is the best disinfectant. At a more utilitarian level, what gets measured (in order to be reported), gets managed.

It is now the case (and may always be so) that the mandated disclosure already on the books falls behind ESG investors' demand for more data, particularly on emerging issues. Take for example hydraulic fracturing, a method of natural gas drilling that has received growing attention only in the last couple of years for suspected linkages to drinking water contamination and related environmental impacts. Citizens groups are pushing for legislation that would require the disclosure of the specific chemicals used in "hydrofracking fluids." A level playing field would be the ideal solution, but in the meanwhile, our shareholder resolution at **Anadarko Petroleum** gets at this issue by requesting a report on the known and potential environmental impacts of Anadarko's fracturing operations, and for a discussion of steps it might take above and beyond current regulatory requirements to reduce or eliminate hazards to air, water, and soil quality from fracturing operations.

With some notable exceptions<sup>2</sup>, corporations often prefer concealment, and so Trillium's 2011 resolutions, listed at right, reflect just how often we focus on the need for more transparency. The resolutions at **ConocoPhillips**, **ExxonMobil**, **Dominion Resources** and **Duke Energy** pose a \$64,000 strategic question ("What's the financial risk to shareholders of your company's reliance on fossil fuel development projects that are becoming increasingly expensive in light of tightening state and federal regulations?"), while others are far more specific (**Home Depot**: "What do your workplace diversity statistics look like?"). **St. Jude Medical** is being asked to commit to publishing a sustainability report describing the company's ESG performance, with a focus greenhouse gas reduction targets and goals. 

## 2011 Shareholder Proposals Sponsored by Trillium Asset Management

Climate Change	<b>Dominion Resources, Duke Energy</b>	Report on the financial risks of continued reliance on coal contrasted with increased investments in efficiency and cleaner energy
	<b>St. Jude</b>	Issue a sustainability report describing the company's ESG performance, including GHG reduction targets and goals
Environmental Health	<b>Coca Cola, Dentsply</b>	Report on alternatives to Bisphenol-A
Environmental Justice	<b>Chevron</b>	Add environmental expert to Board of Directors
	<b>PPG</b>	Disclose environmental impacts at community level
Equal Employment Opportunity	<b>Home Depot</b>	Disclose workplace demographic data
Inclusive LGBT Workplace Policies	<b>Gardner Denver</b>	Ensure nondiscrimination policies cover lesbian, gay, bisexual and transgendered workers
Media Responsibility	<b>AT&amp;T, Comcast, Verizon, CenturyLink</b>	Implement "net neutrality" principles (free and open Internet)
Tar Sands	<b>ExxonMobil, ConocoPhillips</b>	Report on financial risks of tar sands oil extraction
	<b>RBC</b>	Financial risks of lending to oil sands operators
Hydraulic Fracturing	<b>Anadarko</b>	Environmental impacts from hydraulic fracturing operations
Political Contributions	<b>Ford Motor, State Street Bank, Halliburton, Pentair, 3M, IBM, Best Buy, Target</b>	Provide comprehensive disclosure of all contributions used for political purposes
	<b>JP Morgan</b>	Initiate a review of the company's role on the Board of the U.S. Chamber of Commerce

**Bold** indicates a "lead filing" where Trillium acts as a primary engagement contact with a corporation. All others are proposals that we have co-filed with other concerned investors who provide leadership. The companies above may or may not be on our current buy list. Inclusion of holdings in this article is not meant to be a recommendation to purchase these securities. Trillium's investment team and process continuously and regularly supervise holdings to determine entry and exit prices for all holdings. You can find the full text of our proposals at <http://trilliuminvest.com/our-approach-to-sri/advocacy/resolutions-page/resolutions-by-year/> and more specific information about each issue via the search engine on our web site at [www.trilliuminvest.com](http://www.trilliuminvest.com).

1. See "South Africa Leads the World's Stock Exchanges on Environmental and Social Reporting" in the Fall 2010 issue of *Investing For A Better World* in the "News and Views" section at [www.trilliuminvest.com](http://www.trilliuminvest.com).
2. For example, in 2004 **The Gap** published what the As You Sow Foundation described as a "warts and all" report disclosing considerable noncompliance with wage, hour, and overtime rules, and evidence of environmental, health and safety violations. "The report was recognized as a new benchmark for disclosure, even by critics of the company," As You Sow wrote in *Toward a Safe, Just Workplace: Apparel Supply Chain Compliance Programs* (2010). **Merck** is one of a rising number of companies setting an example with greater transparency of its political contributions.

## Pebble Mine *(continued)*

*Continued from page 2*

Contrary to developers' assurances, developing Pebble would carry huge environmental risks. For example, 10 billion tons of toxic mining waste would sit behind earthen dams in the seismically active area. Catastrophic releases do happen. The Nature Conservancy found 147 cases since 1960 of disastrous dam failures of mining waste. One occurred in Hungary just last year.

Even more likely to emerge is the slow developing threat of drainage and leaching from sulfuric acid, cyanide, arsenic and cooper. Once in waterways, the contamination risks to salmon speak for themselves. Wayne Nastri, a former highly ranked EPA official, told us, "in my experience I don't know of a major hard rock mine near a water body that hasn't had significant leaching."

For concerned environmental and indigenous rights advocates there is hope Pebble Mine can be halted. One promising avenue is the U.S. Environmental Protection Agency's (EPA's) authority un-



Photos © Bob Waldrop

der the Clean Water Act to protect Aquatic Resources of National Importance. The EPA has begun the process necessary to assess Bristol Bay's "national importance" and mining's potential impacts on the watershed.

At Trillium we strongly believe the Bristol Bay fishery is of national importance and is inappropriate for extensive hard rock mining. The Bay's national importance extends to anyone who wishes to continue enjoying fish for dinner. Trillium is writing directly to the EPA, making inquiries at **Goldman Sachs** (due to our expectation that they will be approached to underwrite the project), and preparing for potential engagement with Anglo American should the need arise.

Ted Stevens, the late Republican senator from Alaska, may have said it best: "I am not opposed to mining, but [Pebble] is the wrong mine for the wrong place." 

