

Highlights of our Shareholder Engagement with Portfolio Companies on Environmental, Social & Governance Issues 3rd Quarter 2011

Climate Change & Fossil Fuels

► Hydraulic fracturing is a chemical-intensive method of extracting gas from deep underground reservoirs that has been linked to drinking water contamination. In the last two years we have engaged in constructive conversation with **Anadarko Petroleum** on this topic. We expect to resume discussions with Anadarko this fall and make inquiries on this issue at **Range Resources**. Our goal is to encourage transparency, environmental responsibility throughout the lifecycle of the “hydrofracking” process, and community accountability.

Sustainable Agriculture

► In August, we attended **J.M. Smucker’s** annual meeting to introduce our shareholder proposal on the sustainability of the company’s coffee supply chain. Because Folger’s coffee accounts for 40 percent of net sales and is at high risk to climate change, we argued that the company must provide a robust climate change strategy. We also talked with shareholders about the risk that climate change presents to the tens of millions of coffee farming families in the company supply chain. We were pleased that the proposal received 30 percent support and that we had the opportunity to speak directly with the CEO about our concerns. In the next few months we will continue to press the company to take responsibility for its impacts and the risks it is exposed to.

► At **Sysco** we have been very disappointed with the company’s failure to confront sustainable agriculture issues in a systemic way, so we led a group of shareholders in filing a proposal on the company’s agricultural supply chain. We are pleased to report that we withdrew the proposal in August after the company agreed to participate in the Carbon Disclosure Project and to develop a strategic level sustainability strategy that focuses on sustainable agriculture.

Indigenous Rights/Environmental Justice

► In September we met with the managements of **Conoco Phillips** and **PPG Industries** asking them to step up efforts to help the community of Mossville, a community battling multiple environmental health concerns resulting from decades of exposure to industrial toxic pollutants. We were pleased to learn both companies are working with local officials to ensure much needed water system repairs and consistent delivery of clean water. Conoco is providing bottled water in the interim, and became the first industry facility to send its local plant manager to meet individually with Mossville residents. PPG has taken steps to develop a sustainability committee and a community engagement framework since our resolution brought attention to the issue.

► The proposed Pebble Mine in Bristol Bay, Alaska would have dramatic consequences for the region’s ecosystem, and is opposed by Alaska natives and the fishing industry. We are leading a group of investors representing over \$170 billion in assets to press the Environmental Protection Agency to initiate a veto process for the project. Last October, Trillium portfolio manager Will Lana visited Bristol Bay to meet with local communities and hear their concerns. This October, we are joining a delegation to urge the EPA, Congress and the Administration to conduct a Clean Water Act review of the proposed Pebble Mine which we believe will conclude that this is the wrong project in the wrong place.

► In collaboration with other social investors, we have been pressing **FedEx** and **Bank of America** to sever their ties with the Washington Redskins football team as a means of isolating the franchise so that it adopts a non-offensive name.

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Environmental and Social Reporting Standards

- ▶ In August we withdrew a proposal at **Proctor & Gamble**, which requested the company take responsibility for post-consumer package recycling. We were able to withdraw the proposal after the company agreed to provide us with further information about its waste reduction planning and an ongoing good faith dialogue.

Labor & Human Rights

- ▶ The Securities and Exchange Commission (SEC) has solicited comment on draft rules to require transparency about 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**), that submitted comments on the draft.

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

- ▶ Trillium is preparing a round of letters to selected portfolio companies encouraging them to adopt fully inclusive health benefits for LGBT employees. We are also identifying additional companies in our clients’ portfolios that have yet to adopt fully inclusive nondiscrimination protections.

Freedom of Expression and Privacy on the Internet

- ▶ **CenturyLink** finally owned up to its responsibilities regarding Internet privacy and freedom of expression. Trillium’s well-supported 2009 and 2010 shareholders proposals (both received about 30 percent of the vote) had asked the company to report on how it would avoid violating Internet users’ privacy, after it was revealed to be in business with an online advertising company that secretly monitored Internet users’ browsing activities. In exchange for the withdrawal of our resolution this year, CenturyLink agreed to incorporate privacy and freedom of expression responsibilities into its governing documents.
- ▶ We are leading an initiative with **Apple** that is making inquiries into how the company may interfere with freedom of expression by excluding controversial apps from its App Store.
- ▶ We are in dialogue with **Intel Corporation**, concerning allegations that its McAfee unit is providing repressive regimes with Internet filtering software that will block information concerning human rights, political dissent and other forms of expression.

Political Contributions

- ▶ We will re-file shareholder resolutions at **Halliburton** and **State Street Bank** on bringing their political contributions policies up to current best practices. Last spring, these proposals received strong support from shareholders (46 percent and 44 percent respectively). We are also engaging with **UnitedHealth Group** about improving their transparency on indirect political contributions and lobbying expenditures.

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