INVESTING *for* a BETTER WORLD®

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Indecent Exposure

Investors Take Action Against Dangers of Bisphenol A

by Jonas Kron

Over the past year, the chemical bisphenol A (BPA) has received increasing scrutiny from consumers, scientists, regulators, the media and investors. You may have heard about it when Canada declared it unsafe. Or maybe when the water bottle manufacturer Nalgene (a brand of **Thermo Fisher Scientific**), announced it was phasing out its use of BPA. Or when Connecticut Attorney General Richard Blumenthal announced his office would investigate allegations that companies are using "fear tactics, political manipulation and misleading marketing" reminisent of Big Tobacco to fight regulation of BPA. Perhaps it was when California announced it might follow Connecticut, Minnesota, the city of Chicago and New York's Suffolk County

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The (R)evolution Will Be Computerized

Web 2.0 Technologies Will Make "Shareholder Democracy" a Reality

by Shelley Alpern

Just as doctors at dinner parties hear about fellow guests' medical dilemmas, people tend to confess to me that they throw out their shareholder proxy ballots. They're too jargon-filled and arcane, and who's got the time to evaluate whether the auditor is a good choice or whether a shareholder resolution is as preposterous and costly as management says it is? Besides, they only own 50 shares of the company.

Estimates range widely, but all agree that the vast majority of individual investors regularly toss their ballots into the circular file. Economists call this "rational apathy," but while it may be rational for an individual to conserve his or her energies for more effective pursuits, there are consequences. Ninety percent of institutional investors do vote, so when individuals don't, we cede

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Dear Reader

by Cheryl Smith, Ph.D., CFA, President

Clients have been asking us why we still own major banks in light of their tarnished reputation in the aftermath of the financial crisis. As emotionally satisfying as it might be to avoid the largest banks, we believe that they play an extremely important role in our economy. We would rather work for prudent bank and financial system regulation than avoid them completely.

Last September, as housing prices fell and the value of billions of dollars of mortgage-related securities plummeted, the U.S. was at the brink of worldwide financial disaster. This is not hyperbole. Consumers, manufacturers, company executives, bankers, stock traders, bond traders and pension funds were all paralyzed. Our financial system, previously bloated on an excess of credit, suddenly teetered on the precipice of no credit. The purpose of the financial rescues and bailouts was to prevent the implosion of the worldwide economic system, as an increasing number of small defaults on mortgages led to escalating losses on all types of bonds, stocks and financial instruments.

Much of the excessive expansion in mortgage credit happened in the "shadow" or unregulated banking system of mortgage brokers, but we have no doubt that many, if not most, of the major banks also contributed to the immoderate expansion of credit. After watching highly leveraged hedge funds reap outsize returns and fat fees, the major banks and investment banks greatly expanded their leverage, without considering the potential for systemic risk. Banks encouraged their

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IN THIS ISSUE

The Smart Grid Brings Smart Tips for Energy Use

by Will Lana

Knowledge is power? Not according to **Google** and **Microsoft**. These firms and many others have recently rolled out energy efficiency tools designed for consumers to use on the emerging smart grid. The hope is that knowledge will bring less power, fewer blackouts and reduced carbon emissions.

Investors are beginning to sit up and take notice of smart grid technologies, especially since the Obama Administration's stimulus plan directed over $4 billion to the young industry. There's been much talk about how a smart grid can reshape the utility industry, but smart grid technology also will bring about changes for you and me. This spring Google offered a glimpse with the introduction of PowerMeter, a web-based widget that displays and tracks information on home electricity use in near real-time. Turn on your heater and watch your energy use spike. Put on a sweater instead, flip the heater off and feel gratified watching your energy bill fall. Similar technologies are being developed by large players such as Microsoft and start-ups such as Tendril. Some companies are focusing on bringing this technology to smart phones, such as Trilliant's Energy Valet, being developed for the iPhone.

Accessible to about one percent of U.S. households, Google's PowerMeter isn't yet ready for primetime. Fortunately, there are other tools already available for the rest of us. In July Microsoft released Hohm (www.microsoft-hohm.com), an application that offers customized tips for saving energy. I tested Hohm with my mother and she was relatively pleased. After surviving a fairly tedious survey that takes an hour to fully complete, she was given a personal energy profile including a dozen energy saving tips prioritized by costs and savings. Some suggestions were too generic, but others were very helpful. She got detailed advice on a water heater upgrade she'd been thinking about, plus a few simple fixes that can save her hundreds of dollars a year and reduce her carbon footprint by thousands of pounds.

While Microsoft's Hohm offers good suggestions for one-time home improvements, **Black & Decker**'s Power Monitor is better suited to change everyday habits like forgetting to turn off the lights. The Power Monitor is a handheld display that wirelessly connects to a sensor attached to a regular meter. The portable Power Monitor then displays the cost (per hour or month) of current energy use. You can also isolate the cost of running individual appliances like a TV or toaster. The Power Monitor reminds me of the Toyota Prius and its dashboard display of its engine and fuel mileage. Just by monitoring this display, many Prius drivers learn to drive differently and conserve fuel. For some, it has become a game of sorts.

It's nice to see tools like PowerMeter, Hohm, and Power Monitor making it easier than ever to conserve electricity at home. While the rocky economy has delayed many wind and solar projects the advantages of energy efficiency remain strikingly clear – using less is cheaper and cleaner than using more.

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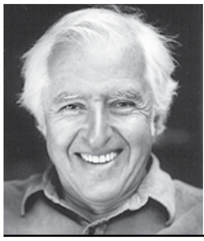

Why Holocaust Stories Still Have Meaning and Relevance

It Seems to Me

by Milton Moskowitz

It's been 64 years since the end of World War II but Holocaust stories in popular culture continue to cascade. Kate Winslet won an Oscar this year for her portrayal of a concentration camp guard in *The Reader*. John Demjanjuk, who served as a guard at three different death camps, was deported from the United States to Germany in May; now 89, he was implicated in the execution of 29,000 Jews. Two plays currently running in London deal with the collaboration of two German composers, Wilhelm Furtwangler and Richard Strauss, with the Nazis. And this year has seen the publication of *The Third Reich at War*, the third and final volume in Richard J. Evans's gripping account of how Germany lost the war.

There are many people who surely throwing up their hands, saying: "Enough already. Why do we have to put up with this endless recitation of atrocities?" The best answer is probably Evans's remarks at the end of his new book:

> *Most of us who lived through the Third Reich and fought in its wars are no longer with us. Within a few decades there will be no one left who remembers it at first hand. And yet its legacy is still alive in myriad ways.... The Third Reich raises in the most acute form the possibilities and consequences of the human hatred and destructiveness that exist, even if only in a small way, within all of us. It demonstrates with terrible clarity the ultimate potential consequences of racism, militarism and authoritarianism. It shows what can happen if some people are treated as less human than others. It poses in the most extreme possible form the moral dilemmas we all face at one time or another in our lives, of conformity or resistance, action or inaction in the particular situations with which we are confronted.*

Evans's history begins, "On September 1, 1939 the first of a grand total of sixty divisions of German troops crossed the Third Reich's border with Poland." I was 12 years old on that day and I remember looking at the headlines and recognizing that this was not good news for Jews. My father, his brother and his sister had made their way out of Eastern Europe to the United States in 1920. The rest of the family remained in a village that was alternately Hungarian, Czechoslovakian, Soviet, and is now Ukrainian. Very few Jews live there anymore. I have photographs of my grandfather, grandmother, uncle, aunt and two cousins – people I have never met. I don't know whether they were exterminated at Auschwitz or shot on the spot.

The point Evans makes about the moral dilemmas faced by people confronted with evil actions has direct relevance to social responsibility initiatives in the business world. How does a company respond to sweat shops in China, genocide in Darfur, sexual and racial discrimination in America? European companies that kowtowed to Hitler and were complicit in his demonic programs faced a backlash after the end of the war. Companies like **Bayer** and **Daimler-Benz** were asked to compensate their slave laborers. The giant insurance companies, **Generali** in Italy and **Allianz** in Germany, and the Swiss bankers were hit by a bevy of lawsuits over assets appropriated from Jewish clients. When families filed claims to get the proceeds from life insurance policies, companies demanded proof of death. Is it possible that executives of these companies didn't know that death certificates were not issued at Auschwitz?

The Final Solution was so large and brutal that even when the slaughter was revealed, it was discounted as being "beyond belief." And while Jews were the primary victims, others were also persecuted: gypsies, homosexuals, the mentally retarded, Poles, Russians, Italians. The Russians fared worst; 3.3 million Red Army POWs died in German captivity.

As the war wound down, the Germans accelerated their killing machine. Up to half of the 700,000 inmates of concentration camps at the start of 1945 were dead four months later. One was the young Dutch diarist Anne Frank, who died of typhus. Another was Lou Ernst, the first wife of the surrealist painter Max Ernst, who was shipped to Auschwitz on the next to last train. And perhaps my grandparents and their children were caught in those final days of the war since the Hungarian Jews were the last to be rounded up for extinction.

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).

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and ban many uses of BPA. BPA is indisputably under attack – and for good reason.

Without a doubt, BPA is attracting a great deal of attention these days. What is bisphenol A (pronounced "BIS-fe-noll A")? BPA is a chemical used in a wide variety of very common products including CDs, DVDs, electrical and electronic equipment, automobiles, sports safety equipment, reusable food and drink containers, and dental sealants. It is also used as a protective liner in metal cans to maintain the quality of canned foods and beverages.

However, the chemical mimics estrogen in the body and studies have found links between BPA and a wide variety of health impacts such as developmental toxicity in children, cancer, infertility, neurotoxicity, obesity, heart disease and diabetes. Some researchers have found a relationship with behavioral disorders including hyperactivity, aggressiveness and impaired learning. As an editorial in the *Journal of the American Medical Association* summarized in January, BPA is linked to "some of the most significant and economically burdensome human diseases."

The chemical mimics estrogen in the body and studies have found links between BPA and a wide variety of health impacts.

This is particularly disturbing when you also consider that approximately 90 percent of Americans have at least some measurable level of BPA in their bodies. In May, researchers from the Harvard School of Public Health found study subjects who drank for a week from hard clear plastic water bottles increased the BPA concentration in their urine by 69 percent. Add to these facts the 100 experiments demonstrating that BPA causes permanent harm to lab animals even at the low exposure levels currently found in humans, and the concerns grow even larger.

Cause for Investor Concern

Fortunately, there are alternatives for plastic products and in some cases, for can linings. However, a recent report by As You Sow and Green Century Capital Management, *Seeking Safer Packaging: Ranking Packaged Food Companies*, found that companies are taking insufficient steps to move toward alternatives. Companies surveyed in the report included **Hain Celestial**, **Heinz**, **Nestlé**, **Kellogg**, **ConAgra**, **General Mills**, **PepsiCo**, **Campbell Soup Company**, **Coca-Cola**, **McCormick & Company**, **Kraft**, **Hershey**, **J. M. Smucker**, **Del Monte**, **Chiquita**, **Dean Foods**, **Hormel**, **Sara Lee**, **SYSCO**, and **Unilever**. As investors who incorporate environmental and social issues into our investment and management decisions, we question what this means for our portfolios and what it says about the practices of some of the companies we invest in. Are the companies that produce and use BPA acting in an ethical manner or in a sustainable fashion? In the United States only five companies produce BPA – **Bayer**, **Dow**, **Hexion Specialty Chemicals**, **SABIC Innovative Plastics** (formerly GE Plastics), and **Sunoco**. But beyond the producers of BPA, we also need to look at the companies using BPA in their own products. These include, to varying degrees, the companies in the Green Century report, but also companies like **Kroger**, **Del Monte**, **Alcoa Inc.**, and **Crown Holdings Inc.** For that reason we seek to assess the risks that BPA presents to these companies.

One of the biggest concerns is the specter of regulation. In March, Representative Edward Markey (D-MA), Senator Dianne Feinstein (D-CA), and Senator Chuck Schumer (D-NY) announced they would introduce companion legislation to establish a federal ban on BPA in all food and beverage containers. Senator Schumer explained, "There have been enough warning signs about the dangers of BPA that we cannot wait to act. It's better to be safe than sorry. Many manufacturers and retailers have already recognized the danger and have taken steps to get kids' products containing BPA off store shelves." Clearly, the companies are on notice that Congress is very interested in this issue.

Interest is not limited to Congress. Most recently, the *Wall Street Journal* reported that Food and Drug Administration (FDA) Commissioner Margaret Hamburg agreed to reconsider a decision that BPA was safe at levels currently found in products such as baby bottles. Specifically, the FDA has assigned the agency's acting chief scientist to be in charge of the review and expects the review to be complete by the end of the summer or early fall.

BPA presents a litigation risk to companies as consumers of products like baby bottles and water bottles become the first plaintiffs to go to court. During the spring of 2008, at least six separate class action lawsuits were filed against manufacturers and distributors of plastic products containing BPA. As more is discovered about the health impacts of BPA in other products,

Indecent Exposure *(continued)*

additional lawsuits are considered likely. Possible defendants include companies that produce, use or sell BPA-containing products that come into contact with food or beverages.

Another concern, particularly for companies with valuable name brands that depend on the trust and goodwill of consumers, is rising public awareness of this issue. On the positive side, a recent report by the Investor Environmental Health Network noted, "Companies with the savvy to take advantage of this rise in awareness about bisphenol A in products are making BPA-free products that are flying off the shelves."* Likewise, a failure to confront the challenges presented by public awareness of BPA has potential consequences for the bottom line.

Signs of Progress

Nalgene, the hard plastic water bottle maker, took a proactive approach and announced in 2008 that it was going to phase out its use of BPA. A spokesman for Nalgene explained, "Because we listened to our customers and were able to rapidly respond to these concerns, the market recognized that we were ahead of the curve on this issue and we were able to maintain our industry leading position."

Sunoco will no longer sell the chemical to companies for use in food and water containers designed for children under three. By requiring its customers to guarantee that BPA will not be used in children's food products, Sunoco has indicated it cannot be certain of the compound's safety.

Lobbyists for BPA (inspired by The Da Vinci Code*?) came up with the idea of a so-called "holy grail" spokesperson – a pregnant woman.*

Shareholder Activism on BPA

In light of these growing risks, Trillium Asset Management Corporation ("Trillium") is taking a number of actions. As an active member of the Investor Environmental Health Network, we joined in coordinated efforts to bring BPA concerns to a number of companies such as Kroger and **Whole Foods Market**. This year we co-filed a shareholder proposal at **Macy's** that asked the company to address concerns related to a number of toxic chemicals present in consumer products including BPA. We also co-signed a letter of inquiry that was sent to Sara Lee seeking greater disclosure on BPA. Most recently, we joined Green Century Capital Management and shareholders representing approximately $26 billion in assets in writing to the Food and Drug Administration to support for its decision to reconsider its previous assessment of the safety of BPA. Our letter discusses how "the FDA's current assessment that BPA is safe is the fact most often cited by companies as the reason for the lack of market movement towards substitute materials." We point out that "Some of us have heard from companies that they would prefer to move towards BPA alternatives, but they state that the lack of regulation by the federal government creates disincentives for companies to invest in the research, development and deployment of alternatives."

One area that has not received much attention from the SRI community is the use of BPA in dental products. It is unclear how many dental products use BPA or its derivatives. To help plug that gap, we have written to **Dentsply**, the dental products company, inquiring about its past and present use of BPA. We also asked about its plans for potential future use of BPA, where they get information about BPA, and if they are directly or indirectly dedicating resources toward lobbying on the issue.

On this last point, there is a particularly interesting story. In late May, an article in the *Milwaukee Journal Sentinel* described a meeting of food packaging executives and chemical makers lobbyists in which they discussed a strategy to "protect industries that use BPA [and] prolong the life of BPA." A memo of the meeting obtained by the paper included discussions about the use of fear tactics and a so-called "holy grail" spokesperson – a pregnant woman. According to the article, companies and organizations attending the meeting included the Coca Cola, Alcoa, Crown Holdings, the North American Metal Packaging Alliance, the Grocery Manufacturers Association, Del Monte and the American Chemistry Council.

Socially concerned investors provide an important voice in this public debate that helps to focus policy makers and companies to solve this problem. If companies act, they can help to eliminate a threat to public health and better position themselves for long term value creation, not only for shareholders, but for our entire economy.

* *Public Awareness Drives Market for Safer Alternatives: Bisphenol A Market Analysis Report*, September 2008.

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control of corporate behavior to private and public pension funds, mutual funds, universities, and other large actors.* The problem is that these organizations frequently vote without regard to the preferences of their beneficiaries. Further, they are arguably irrational in their voting, tending to cast votes in favor of management far more often than not. As a result, directors are regularly elected with 99% of shares voted, and reasonable, timely shareholder proposals on urgent matters like climate change rarely, if ever, receive a majority vote.

What if someone stepped in and made proxy voting less of a bore and a chore for the individual investor, providing advice from multiple sources on how to vote, and making voting as easy as a few mouse clicks? Could the retail shareholder vote be roused into action to hold corporations accountable? This is the experiment currently underway using the new generation of interactive, information-sharing technologies often dubbed "Web 2.0."

Fifty-one percent of individual households hold stock, including direct ownership of stock (so-called "retail" shareholders) and indirectly through vehicles like mutual funds, 401(k)s or IRAs. These households collectively own 41 percent of outstanding U.S. equities. Until this voice is mobilized, corporations will never be held accountable for their impacts. In this article, we highlight some promising new Web 2.0 efforts that aim to give individual investors a new voice.

> *What if someone stepped in and made proxy voting less of a bore and a chore for the individual investor, providing advice from multiple sources on how to vote, and making voting as easy as a few mouse clicks?*

Help for the Rationally Apathetic Retail Investor

Are you overwhelmed with ennui when your corporate ballots arrive during the spring proxy season? Stricken with guilt by June? Banish that forever with **TransparentDemocracy.org**, the brainchild of Kim Cranston, a longtime progressive activist and former president of the Social Venture Network. Transparent Democracy makes it simple to learn more about ballot questions (and not just for shareholder ballots but electoral questions as well). From the home page, the user selects a company and is directed to a list of all the ballot questions, alongside advice on how to vote. The advisors include recognizable names (prominent unions and nonprofits), shareholder proponents who file many resolutions, and corporations themselves. For example, if one visits the page for **IdaCorp.**'s ballot, recommendations in favor of Trillium Asset Management Corporation's ("Trillium") climate change proposal are proffered by the environmental coalition Ceres and the actor and activist Ed Begley, Jr. Visiting the ExxonMobil page, you can view advice from the Pride Foundation, the Sisters of St. Dominic of Caldwell, NJ, the Responsible Endowments Coalition and several more.**

The startup **MoxyVote.com**, set to launch this fall, will provide a similar service with a leg up – shareowners will be able to upload their brokerage accounts, enabling them to vote their shares directly on the site. Users will also be given the choice to automatically vote all their proxies as a particular advisor does; as one (humbly suggested) example, one could set proxies so that they are automatically cast according to Trillium Asset Management Corporation's guidelines.

Help for Mutual Fund Shareowners, Too

Existing options for mutual fund shareowners who are uncomfortable with their fund's proxy voting practices are few. They can complain to fund managers (about as effective as it sounds) or move their assets to another fund that shares their values.

Backing up a moment, however, how does one even determine how a mutual fund votes on corporate ballot questions? Since 2003, mutual funds have been required to disclose their proxy votes (thanks to a Securities and Exchange Commission rulemaking change petitioned by our colleagues at Domini Social Investments). Two web sites have since sprung up to monitor mutual fund voting patterns.

ProxyDemocracy.org was inspired by its founder's "personal experience of being a confused shareholder." Writing case studies for Harvard Business School, Andy Eggers' interest was piqued by his research into the important role shareholders should play (at least in theory) in keeping boards of directors and corporate managers honest. But even with his background

* Clients of Trillium Asset Management Corporation typically authorize us to vote proxies on their behalf. Our proxy voting guidelines and voting record are posted on our web site http://trilliuminvest.com/our-approach-to-sri/proxy-voting.

** Beginning in 2010, the site will include Trillium Asset Management's voting recommendations.

(Eggers is a Ph.D. candidate in Government at the university), he found it difficult to know how to vote on ballot questions, and was stumped by the lack of information available to individual investors. (Proxy research analysis is available, but it is affordable only to institutions.) So in his spare time, he created ProxyDemocracy. Like TransparentDemocracy.org, the site offers users a look at how responsible institutional investors (nine to date, including Trillium) plan to vote their proxies. But ProxyDemocracy's added contribution is its exposure and analysis of mutual fund voting patterns. It assigns scores based on the funds' records in key areas such as director elections, executive compensation, and environmental and social issues. (For example, Green Century Capital Management's overall activism score for 2008 was 66 of 100 possible points, placing them in the 95th percentile. By way of comparison, Fidelity's funds averaged a 22.8 activism score, placing them in the 48th percentile. Goldman Sachs's score was a respective 32.7 and 73rd percentile.)

> *Ninety percent of institutional investors do vote, so when individuals don't, we cede control of corporate behavior to private and public pension funds, mutual funds, universities, and other large actors.*

FundVotes.com, the brainchild of Canadian Jackie Cook, also aggregates mutual fund voting records. The site's data set consists of 12 million voting decisions from 450 mutual fund companies spanning five years of public records to date. Suppose you own shares in an Oppenheimer mutual fund. The site reveals that between 2004 and 2008, Oppenheimer's fund managers voted against management only 2, 0.6, 0, 1.3 and 1.6% of the time in each of those years, respectively. FundVotes also prepares studies based on the data. Its most recent report, co-authored with Ceres, is *Mutual Funds and Climate Change: Growing Support for Shareholder Resolutions* (March 2009).

Cambridge, Massachusetts consultant Glyn Holton, an expert on trading and risk management, is spearheading an out-of-the-box experiment to test whether mutual fund shareowners might be able to "take back the vote" from mutual fund managers. Holton envisions a web-based database wherein mutual fund shareholders can place their proxy voting rights. Using a feature similar to MoxyVote's, they could then designate a third party to vote their shares. Holton's project, **iSuffrage.org**, is also serving as a formal clearinghouse for investors to network with others who can present shareholder proposals at stockholder meetings that the proponents themselves cannot attend, making it possible for activists to expand their filings. If Holton's scheme succeeds in liberating voting rights from mutual fund managers' absolute control, it will be a game changer. While we are skeptical that mutual fund companies will cooperate, it is worth every effort to try.

Something For Everyone

No matter what kind of shareholder you are, you should be bookmarking **Shareowners.org**, an action-oriented news and blog site "educating shareholders about their rights and duties." The site was developed to provide "what was missing in the corporate governance debate – the voice of the average investor," as Rich Ferlauto, one its developers, told BoardMember.com recently. Ferlauto is director of pension policy for the American Federation of State, County and Municipal Employees; he blogs on the site along with corporate governance activist Jim McRitchie and other members can post their own commentary through the site's use of Ning social networking technology. Ferlauto continued, "it was the coming together of the need in terms of people were outraged and upset and, frankly, had lost confidence in the markets. We wanted to use a vehicle that would help organize their voices, and also provide them with education and background information to begin to build investor self-confidence, or confidence in the markets….[W]e also think shareholders need to be able to communicate better with their financial intermediaries and financial professionals— brokers and mutual funds—and make sure that those institutions put their client interest, rather than their own particular interest, first and we think that's the way that they can build market share."*

A Shareowners.org poll found that 17% of investors (24 million people) would be interested in joining an organization that would educate them and give them a voice. This site, with its nonpartisan tone and friendly design, is well poised to do just that.

* "It's Time for Directors to Step Up to the Plate," BoardMember.com.

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by Natasha Lamb

Efficient power transmission is essential as we move toward a more sustainable energy economy. ABB Ltd (NYSE—ABB) is the global leader in electricity transmission, focused on greener, smarter, more cost-efficient power infrastructure. The potential for efficiency gains between power production and consumption is believed to be 80 percent, and ABB invests heavily in R&D to create next generation energy technologies. Innovative products and strong project execution position the company to benefit from several long term trends: renewable energy transmission, an aging infrastructure replacement cycle, and international growth. Revenues are expected to increase 10 to 12.5 percent annually over the next 5 years.

Large-scale renewable energy transmission is constrained by geographic and technological barriers. In the U.S., our most abundant renewable power resources are located in the center of the country and require a highly efficient transmission infrastructure to direct energy to population centers on the coasts. ABB will be a critical player in meeting this challenge, while also acting as the largest supplier of products and services to wind turbine manufacturers. Currently, ABB is linking an offshore wind farm to the German power grid using high-voltage direct current transmission technology.

Infrastructure stimulus spending and a much needed replacement cycle will benefit ABB in the short term. Seventy-five percent of transmission lines in the U.S. are 25 years old or older, and the National Electric Reliability Council and new energy efficiency requirements from the Department of Energy are driving systems replacement. In addition, China is planning heavy infrastructure spending to shore up its own economy. Infrastructure buildout in emerging markets accounts for over half of ABB's revenues.

ABB's growth will also be bolstered by its financial flexibility. The company has the strongest balance sheet in the industry due to a successful organic growth strategy focused on improving operational efficiency, disposing of non-core assets, paying off debt, and avoiding large mergers and acquisitions. With $4.6 billion in net cash and very low debt, the company is poised to benefit from low acquisition target valuations and industry consolidation.

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by Natasha Lamb

Sigma Designs, Inc. (NASDAQ—SIGM) is a fabless provider of integrated system-on-chip solutions used to "power the digital media generation." The stock is a play on the shift toward higher quality, consumer-centric, digital video technology. Several trends favors Sigma's products including the shift from analog to digital TV, increasing demand for HDTV and Internet enabled television content, video conferencing, and centralized home energy management systems.

Sigma is a first mover and market share leader in the IPTV (Internet Protocol TV) market with 75 percent share. Telephone carriers such as Verizon and AT&T are adopting IPTV to compete with cable companies who have infringed on their fixed line phone business. IPTV delivers high quality video to customers' homes via telephone lines or the Internet and is popular in European and Asian countries with low levels of cable TV. IPTV revenues are projected to scale from $780 million in 2006 to $26 billion in 2011, as it displaces cable and satellite TV. IPTV contributes 67 percent of Sigma's revenue, while 26 percent is derived from sales of chips for Blu-ray DVD players, the market winner after the HD format war. Given the growth profiles of Sigma's target markets, earnings are projected to increase 15 percent over the next three to five years.

Sigma's recent acquisition of Zensys Holding Corp. gives the company access to the emerging smart device and energy management markets. Its Z-Wave product creates a wireless network of electronic devices in the home, allowing for Internet based access. These digital systems are used to monitor, control, and manage electricity use and are an important progression toward user-controlled energy efficiency. Sigma's video conferencing chips also have an environmental benefit. Sigma sells chips to companies such as Cisco, who is revolutionizing the way corporations work through videoconferencing technologies that greatly reduce the need for travel.

Portfolio Profiles are not recommendations for any investment action. They are intended expressly to provide social, environmental and business information on companies that may appear in Trillium Asset Management Corporation ("Trillium") client portfolios. Clients and/or employees of Trillium may own this stock.

Community Investment Notes from Calvert Foundation

by Randy Rice

Vision/Mission

Since 1995, Calvert Foundation has provided social investors with the Community Investment Notes, which help to lift people out of poverty while providing a modest financial return back to the investor.

Calvert Foundation works to maximize the flow of capital through more than 250 community development organizations globally, to benefit underserved communities and individuals, and to achieve a more equitable and sustainable society. Through Calvert Foundation's different programs, individuals and institutions place capital to finance affordable homes, fund small and micro-businesses, and make available essential community services.

Program

Community Investment Notes offer individuals and institutions the chance to invest in dozens of microlending, low-income housing, and community development loan funds. The Notes offer flexible terms and target geographic and social interest. Targeted sectors include:

Full Portfolio: Place your investment where funds are needed most in Calvert Foundation's portfolio, helping to create jobs, homes and hope for communities in the U.S. and abroad.

United States: Select from eight domestic regions to direct your investment geographically.

International / Microcredit: Support microfinance projects and other international efforts to help end poverty in more than 100 countries around the world.

Gulf Coast Recovery: Channel funds toward rebuilding efforts in the Gulf Coast and other regions devastated by hurricanes.

Social Enterprise: Finance business ventures that produce tangible social or environmental benefits for local economies and communities.

Independent Media: Invest directly in public radio stations to promote independent, plural and local public media ownership.

Calvert Social Investment Foundation *Financial Indicators as of 12/31/08*	
Total Assets	$207,711,820
Total Liabilities	$175,235,034
Total Net Assets	$32,476,786
Community Investment Portfolio	$161,159,904
Loan Loss Reserves	$4,857,787

Impact/Client Population

Calvert Community Investments have put capital more than 250 community development organizations. Investments have been made into community development financial institutions, social enterprises, microfinance institutions, community development banks and credit unions serving lower income communities.

Investing in Community Investment Notes

On behalf of our clients, Trillium Asset Management Corporation will purchase Calvert Community Investment Notes of at least $5,000. Term and rate of return will vary. Notes can be bought electronically in some brokerage accounts in a manner similar to buying conventional investment products.

Upon purchasing a Community Investment Note, the full value of your principal is lent out to help underserved communities. As loans are repaid, the capital is lent out again, multiplying the social impact that your investment has created. At maturity, your capital is returned to you with interest.

Calvert Community Investments is administered by the Calvert Social Investment Foundation, a 501(c)(3) non-profit organization. Calvert Community Investments should not be confused with any Calvert Group sponsored investment product, is not a mutual fund, nor is it FDIC insured.

Visit www.calvertfoundation.org for more information.

Portfolio Profiles are not recommendations for any investment action. They are intended expressly to provide social, environmental and business information on companies that may appear in Trillium Asset Management Corporation ("Trillium") client portfolios. Clients and/or employees of Trillium may own this stock.

ConocoPhillips Cops Out on Aggrieved Refinery Neighbors

by Susan Baker Martin

In early June, I traveled with members of the Interfaith Center for Corporate Responsibility (ICCR) through Louisiana's heavily industrialized and highly polluted 85-mile stretch between New Orleans and Baton Rouge known as "Cancer Alley," then further west to the town of Mossville, a cancer alley unto its own. Our guides were leaders from local environmental justice, indigenous community, and coastal restoration groups, including the New Orleans-based Advocates for Environmental Human Rights (AEHR), which fights to restore the state's damaged coastline and obtain environmental justice for neglected communities.

Mossville was once rich in biodiversity and natural resources. The country town was thriving when Jim Moss, a former slave, arrived in the 1790s and opened a post office. Settlers fished the swamps, raised livestock and raised families free from racial hostility.

In the 1920s and 1930s, oil and chemical companies were lured south by cheap labor and tax exemptions that endured for decades. By the 1970s, Mossville was home to the largest concentration of polyvinyl chloride (PVC) facilities anywhere in the U.S. In all, 14 industrial facilities won permits to operate in and around Mossville.

The community's health declined as it was gradually poisoned by industrial flares, groundwater contamination, PVC emissions and other potent chemical hazards. **ConocoPhillips**, **PPG Industries** and **Georgia Gulf** are among the companies responsible for the most toxic and flammable substances processed and stored in Mossville.

By 1998, Mossville residents began exhibiting recurring illnesses – cancers, rashes, and chronic respiratory and reproductive diseases – compelling the federal Agency for Toxic Substance and Disease Registry (ATSDR) to test residents' blood. Blood levels of dioxin were an alarming three times higher than the general population. The Environmental Protection Agency (EPA) recorded vinyl chloride emissions at 120 times greater than the ambient air standard. University of Texas researchers found that 91 percent of the residents suffered from at least one disease related to toxic chemical exposure. Despite these findings, government agencies failed to respond to the community's need for medical services, relocation assistance, and pollution reduction.

Faced with a dying community, residents mobilized to create Mossville Environmental Action Now (MEAN), and collaborate with AEHR and Wilma Subra, a chemist who received a MacArthur "genius" grant for her environmental health advocacy. Their analysis of government data found clear matches between the specific dioxins and dioxin compound in emissions and waste transfers, and the those found in residents' blood, attic dust, yard soil and vegetables. A comparison of EPA and ATSDR data found an astounding 77 percent of the dioxin compounds emitted by one Georgia Gulf facility, for example, matching 77 percent of the dioxins detected in blood samples in 2001.

In 2008, Mossville residents brought their story to ConocoPhillips' (ticker symbol: COP) annual meeting. ConocoPhillips' Lake Charles refinery sits on the edge of Mossville and has a history of ignoring community concerns. At the meeting, CEO Jim Mulva promised them a thorough and careful investigation of their concerns. A year passed. Residents returned to the 2009 annual meeting, and again heard promises – this time Mulva's personal assurance he'd travel to Mossville within sixty days.

In support of the community, members of the ICCR (including Trillium Asset Management Corporation) wrote to Mulva, urging him to keep his promise.

Mulva agreed to meet in Mossville in July, stipulating that only three residents could attend. The community agreed to this unreasonable condition hoping that a first meeting could plant the seeds for future dialogues. One day before the scheduled meeting, local plant manager Willie Tempton emailed MEAN, saying that Mulva would not attend because "significant changes in the external environment" would make it difficult if not impossible to meet the objectives of the meeting. Tempton attributed Mulva's no-show on outside interference "from the media and the investors."

A respectful letter from investors and vague indications of media interest either frightened off the chief executive of one of the nation's largest companies or merely brought to the surface the arrogance that allowed it to pollute Mossville. If ConocoPhillips intends to proceed from a place of respect and integrity, Jim Mulva should have nothing to fear from media interest or concerned shareholders. The invitation is still open to visit Mossville. It would be a wiser move to accept it than to underestimate the persistence and determination of Mossville residents and their allies.

Shareholder Activism

2009 Shareholder Advocacy At-A-Glance

Since *Investing For A Better World* is a quarterly publication, we lack the space to write about all of our advocacy initiatives in depth. But at the end of each proxy season, we attempt to give them all their due at least graphically! On our web site, you'll find the text of every shareholder resolution that we sponsor (and co-sponsor, in which we take a lesser role). An asterisk (*) indicates topics on which more information can be found on our web site and in recent issues of IFBW.

Resolutions Sponsored		
AT&T	**Omitted**	* Internet privacy & freedom of expression
CenturyTel	**30.5%**	* Internet privacy & freedom of expression
Chevron	**7%**	* Strengthen global environmental standards
ConocoPhillips	**30.5%**	* Report on impact of tar sands
Dominion Resources	**Withdrawn**	Adopt a greenhouse gas reduction target
Dow Chemical	**Omitted**	Impact of pesticide "2,4-D"
Ford Motor	**10.5%**	* Greater transparency on political contributions
Home Depot	**22.3%**	Disclose equal employment data
Kelloggs	**Withdrawn**	Nanomaterials and product safety
Plum Creek Timber Company	**39%**	* Advisory vote on compensation
Walmart	**Omitted**	* Report on Employee Free Choice Act lobbying activities

...Co-Sponsored		
Citigroup	**Withdrawn**	* Advisory vote on compensation
Enbridge	**32%**	Impact of Northern Gateway project on indigenous Canadians
ExxonMobil	**29%**	Develop renewable energy alternatives
ExxonMobil	**39%**	* Expand nondiscrimination protections for lesbian, gay, bisexual and transgender employees
FedEx	**Omitted**	Adopt policy on indigenous peoples
Goldman Sachs	**Withdrawn**	Remedy borrowers for past predatory loan practices
IdaCorp	**52%**	Set GHG reduction target
Intel	**Withdrawn**	* Advisory vote on compensation
Nucor	**27%**	* Adopt human rights policy
UnitedHealth Group	**41%**	* Advisory vote on compensation
Verizon	**Omitted**	* Internet privacy & freedom of expression

Highlights of the 2009 Proxy Season

- Strong votes on nearly all Trillium Asset Management Corporation ("Trillium") resolutions that went to a vote
- The greenhouse gas (GHG) reduction target resolution at **Idacorp** became the first proposal addressing climate change to receive a majority vote
- **Dominion Resources** agrees to a yearlong structured dialogue with Trillium on the feasibility of setting a GHG reduction target
- Discussions with **Analog Devices** led the company to join the Electronics Industry Code of Conduct, which addresses environmental and social performance
- Assurances received from **Kellogg**, **PepsiCo** and **General Mills** that they are not currently using nanomaterials
- Participated in diverse investor coalition to address use of labor in the cotton supply chain
- Successful engagement with **Baxter Corporation** led the company to agree to provide greater transparency around political contributions

Green Century Balanced Fund is First U.S. Mutual Fund to Report its Carbon Footprint

The Green Century Balanced Fund, which is subadvised by Trillium Asset Management Corporation ("Trillium"), became the first U.S.-based mutual fund to disclose its own carbon footprint in August. The fund's holdings are 66 percent less carbon-intensive than the S&P 500® Index.

The leading environmental data and analysis firm Trucost performed the analysis. The metric used to calculate the carbon footprint is tons of carbon emissions per million dollars of revenue. The methodology of Trucost's carbon audit included calculating the direct and indirect (major supplier) greenhouse gas emissions for each company in the Green Century Balanced Fund portfolio as of April 30, 2009. Each holding's contribution to the emissions profile of the portfolio is then calculated on an equity ownership basis. The carbon footprint of the Fund is normalized by its value to produce a measure of carbon intensity. The same analysis was also conducted on the S&P 500® Index for the purposes of comparison.

"The debate over climate change is over. With emissions restrictions pending in the U.S. and internationally, we believe it is in the best interest of our shareholders to recognize and understand the carbon footprint of the Fund's investments," stated Green Century Funds President Kristina Curtis. "This information will better inform investment decisions and will strategically enhance our efforts to encourage companies to further measure, report, and reduce their carbon emissions."

Other key findings of the carbon audit include:

- The majority of the Green Century Balanced Fund's low carbon intensity is attributable to the Fund's under-weighting or avoidance of the utilities, oil and gas, and basic resources sectors. Being free of fossil-fuel production or manufacturing companies contributed to the relative positive environmental impact of the Fund.
- The carbon footprint of the Green Century Balanced Fund (126 tons of carbon per million dollars of revenue of each of the Fund's portfolio holdings) is almost half the average footprint of 16 other sustainability and socially responsible investing funds (226 tons of carbon per million dollar of revenue of each of those funds' portfolio holdings) analyzed by Trucost.

Simon Thomas, Chief Executive of Trucost added, "There will clearly be winners and losers from climate change regulation, with companies that are less carbon intensive than their sector peers standing to gain competitive advantage. Carbon footprints provide an important measure to understand what fund managers are doing to address carbon risks in their portfolios. We commend Green Century for its open and transparent approach in this important area."

Margie Alt, Executive Director of Environment America, commented, "Carbon emissions resulting from the production and use of fossil fuels inflict costly damages on our environment, health, and society. Every additional dollar we spend on fossil fuels buys us more global warming, more smog, and more asthma attacks. Investors should focus on options like the Green Century Balanced Fund that are free of fossil fuel companies and their detrimental impacts."

Dear Reader

Continued from page 1

employees and traders to take on additional risk with pay incentives that heavily rewarded successful bets and only lightly penalized unsuccessful ones. We agree that there is more than sufficient blame to go around. We don't like having had to use public resources to save private companies in order to ward off worldwide financial collapse.

In an advanced financial economy, both big and small banks serve essential functions. When all is functioning well, banks gather smaller sums of money as deposits and use them to fund loans critical for business expansion and growth. Without loans and without credit, economic growth is severely constrained. We actively invest in small community development financial institutions (CDFIs) that direct credit to the most underserved communities, helping to build small businesses and neighborhoods. These small CDFIs cannot put together the scale of loans and credit necessary for bigger borrowers in the way that big banks can do.

We now see an amazing opportunity for advocacy. In the past, opportunities to influence public policy were limited, and we focused on advocacy at the company level. Over the years, shareholder advocacy helped pave the way for the Equator Principles, a set of voluntary standards adopted by major banks to ensure that environmental reviews precede the financing of large infrastructure projects. We've filed "say on pay" resolutions at major banks. At this point, Congress and the Obama Administration are drafting the regulations and creating the governing bodies to strengthen the oversight applied to the banking sector and to other financial institutions. As a start, the Troubled Asset Relief Program contained a restriction on executive pay, limiting it to $500,000 as long as a bank still has those funds outstanding. We have joined with the Social Investment Forum on a range of policy initiatives in financial regulation. Our goals are to increase transparency, safeguard the financial system, strengthen say on pay initiatives on executive compensation, mandate corporate disclosure on environmental, social and governance issues, and to reduce conflicts of interest. Now is the time and the opportunity to change the system; we choose to do it as involved and active investors.