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Trillium Announces Partnership with First Peoples Worldwide

by Paul Hilton, CFA

This fall Trillium began a new research and advocacy collaboration with First Peoples Worldwide (FPW), a nonprofit development organization based in Fredericksburg, Virginia. Founded in 1997 by Rebecca Adamson, a Cherokee, FPW is dedicated to strengthening Indigenous communities around the world. Adamson has been a widely acclaimed advocate for local and global issues involving Indigenous Peoples, the Earth's first peoples, since 1970. Her work includes creating the first microloan fund in the United States, the first tribal investment model, a national movement for reservation land reform, and legislation that established new standards of accountability regarding federal trust responsibility for Native Americans. Most recently Rebecca and FPW have established a direct link for funding Indigenous grassroots communities called Keepers of the Earth, an Indigenous-led program that gives funds to support projects on culture and language preservation, biodiversity protection, and climate change mitigation.

In keeping with Rebecca's ongoing focus on innovation, she looked to Trillium to help build a new partnership to promote Indigenous voices in the corporate boardroom. Under this partnership, Trillium is leveraging our expertise in corporate responsibility research and advocacy as well as our deep ties within the sustainable investing community. Our goal is to help promote understanding of how corporate policies and programs can better protect and enhance Indigenous Peoples' rights. Trillium is providing First Peoples with regular research updates examining best practices in corporate America, as well as new developments in legal cases and local and national legislation.

We are also helping First Peoples engage in broader policy discussions around corporate responsibility, for example in providing formal input into the Global Reporting Initiative (GRI) Guidelines' next generation framework. A recent letter signed by Rebecca, and supported by Trillium, makes the case that the current GRI reporting guidelines can be significantly improved by developing indicators that more explicitly address the reporting organizations' impact on Indigenous communities and how well companies are equipped to anticipate, forestall and mitigate negative impacts. The letter argues that the GRI should more explicitly solicit companies' positions on the question of Free Prior and Informed Consent, a policy which requires companies

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Dear Reader

by Matt Patsky, CFA, CEO

As a guest on Fox Business News recently, I was asked how I squared Sustainable and Responsible Investing (SRI) with the Occupy Wall Street (OWS) movement and their contempt for the financial industry. For the past few months, many of us in the SRI industry have been asking a similar question: What relationship or similarities does our industry share with OWS?

At Trillium, we agree with many of the central issues that OWS is raising. Many Wall Street institutions recklessly participated in bringing the global economy to the brink of disaster. The ever-widening income inequality between our highest and lowest paid workers is unsustainable, as is a tax system in which lower paid workers pay a higher percentage of income tax. In the wake of The U.S. Supreme Court's *Citizens United* decision, we believe money's corrupting influence on the political process is growing at an exponential rate. Meanwhile, an estimated 2.5 billion people worldwide live at subsistence earnings of less than \$2 a day. These are all legitimate issues that are of deep concern to most Americans; certainly to us at Trillium and to our clients.

For 30 years, Trillium clients have been making proactive, change-oriented investments.

As investors, we have consistently pushed corporations to do their part by paying their fair share of taxes and to comply with the letter and the spirit of regulations designed to protect the public interest. Unfortunately, the federal government has failed to resist or meaningfully regulate the corrupting influence of corporate political spending. In response, Trillium has begun filing resolutions asking companies to refrain from making any political contributions.

More than a decade before the issue of excessive CEO compensation became part of the national dialogue, Trillium, along with our colleagues at United for A Fair Economy, was working to give shareholders, not just board insiders, a voice in creating an equitable pay package for company executives. We just signed on as a co-filer to the Nathan Cummings Foundation's proposal at JP Morgan Chase, calling upon the company to "assess how the Company is responding to risks, including reputational risks, associated with the high levels of senior executive compensation at our firm and report to shareholders."

Like the calls for change from OWS, we at Trillium support change that moves toward government policy that is fair to the 100 percent, not just the one percent. 



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A Cup of Coffee in Peru

by Brianna Murphy

Each day, over 2 billion cups of coffee are consumed around the world, but few people know where their coffee really comes from. Recently, I had the opportunity to visit Northern Peru as the second Trillium employee to take advantage of investor tours offered by Equal Exchange, a small employee-owned cooperative that purchases coffee, cacao, and bananas directly from small farmers all over the world. Trillium facilitated our clients' first equity investment in Equal Exchange in 2005.

Our group visited CEPICAFE, a cooperative in the bustling city of Piura in northern Peru that supports 6,600 coffee farmers across the country. Founded in 1995, CEPICAFE is well-known throughout the country for its successful model of organizing smaller co-ops. All of its coffee is certified Fair Trade™ and organic. We toured the production facility where farmers send their coffee beans for final stages of processing and shipment. CEPICAFE operates efficiently, while passionately steering toward a clear mission that loosely translates from the Spanish to “empowering small farmers in a sustainable way.”

In Montero, which is located in the remote northwestern highlands, we spent several days with a coffee producing family. The population of the village is roughly 2,000 people and the local economy depends heavily upon agriculture. Santos, the

patriarch of our host family, grows coffee and sugar cane on two hectares of land, helped by his sons Christian, age 9 and “Junior,” who is 16. We joined Santos for a typical workday, and headed up a steep, winding, trail to his shade grown coffee farm. Side by side, we all spent a day harvesting coffee berries; a very wearisome task especially on the steep incline. There are no chemicals or machines on the farm; just coffee, picked the old fashioned

way. My labors produced a half sack of berries that day, a humbling yield next to the many picked by Santos. Over the next few days, we learned how berries are shelled, de-pulped, fermented, washed, and dried.

One farmer, who typically earns less than \$1,000 a year, could never buy a truck, build a warehouse or processing mill or pay for organic certification. Many farmers, working together in a co-op, can do all that and more. By combining their resources and energies, previously isolated farmers become the owners of a substantial enterprise that enables them to take more control over their economic lives, strengthen their position in the marketplace, and increase their options. As important, the co-op pays Santos a consistently fair price for his product. That stability has

an immediate, positive effect on the well being of his family and the long-term sustainability of the land.

Every morning when I have my favorite breakfast blend (organic and fair trade, of course), I sit for a moment and briefly go back to Peru to pick the coffee beans. I can sincerely say I appreciate every last drop. ☺



Brianna picking coffee beans in Peru.



Investing for a Better World®

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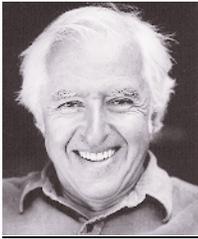
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IT SEEMS TO ME



They Are Still Kicking Around Ideas to Transform Capitalism into a Force for Good

Milton Moskowitz

Forty years ago, shortly after I had started writing a newsletter called *Business & Society*, the Nobel laureate economist Milton Friedman published an essay in *The New York Times Magazine* which argued persuasively that the social responsibility of business is to make as much profit as possible. It turned out to be a landmark article in the justification of capitalism, one that has been cited repeatedly by free enterprise boosters and one that has never been successfully answered by social responsibility advocates.

Not that they haven't tried. The literature on corporate social responsibility is copious. An army of academicians is at work, turning out tome after tome, much of it unreadable. And of course there are endless lists – to which I have contributed: 100 Best Corporate Citizens, World's Most Ethical Companies, 100 Best Companies to Work for, 100 Best Companies for Working Mothers.

2011 was a bumper year for this subject. James O'Toole, an astute observer of this field, noted in the winter issue of the quarterly *strategy+business*: "Not since the 1980s has so much been written about the social role of business enterprises." O'Toole's favorite book of 2011 was *Onward: How Starbucks Fought For Its Life Without Losing Its Soul*, Howard Schultz's explanation of how he came out of retirement to reverse the decline that had set in at the café chain he had founded. And guess what? He succeeded. Sales and profits rebounded and Starbucks shares jumped 33 percent in the first 11 months of 2011 to reach an all-time high. O'Toole describes two initiatives in this comeback:

Schultz shut down all the company's 7,100 North American stores for a barista video training session one Tuesday afternoon in February 2008. And to ensure that "the romance of coffee" would once again be central to the company's culture, he brought Starbucks' 11,000 store managers to New Orleans (at a cost of \$35.5 million) for a week of discussions about the firm's values, problems and potential.

If there is an intellectual bible for corporate managers, it's the *Harvard Business Review* – and two of its 2011 issues featured cover articles on how social responsibility can be integrated into a for-profit business. Early in the year Harvard Business School professor Michael Porter teamed up with Mark R. Kramer, a

senior fellow at the university's Kennedy School of Government, to introduce in *HBR* their concept of "shared value," which comes down to companies making money by tackling social problems. Then in its last issue of 2011, *HBR* devoted 39 pages to what great companies do differently: "They create value for society, solve the world's problem, and still make money, too." The lead article was written by another Harvard professor, Rosabeth Moss Kanter, and a team of writers profiled five corporations said to be prime examples of the "good company": **Royal DSM**, a Dutch chemicals producer; **Southwest Airlines**, now the largest domestic air carrier in the U.S.; **Potash Corp**, a Canadian producer of fertilizers; **Broad Group**, a Chinese manufacturer of industrial products; and the British consumer goods giant **Unilever**. Another article detailed the arrival of the "for-benefit enterprise," heralded as a new fourth sector of the economy, "with the power to transform the course of capitalism."

Isn't it ironic that with all this verbiage about transforming capitalism, the message being delivered on the streets by the Occupy Wall Street movement is quite different? Crowds of young people are raising banners to decry oppression of the 99 percent by the 1 percent who are the wealthiest people on the planet. This is a leaderless but powerful indictment of the capitalist system. I don't see it as a call for corporate social responsibility. In fact, I was wondering whether any corporation would associate itself with this protest. I have found one: **Ben & Jerry's**. The Vermont ice cream maker was acquired in 2000 by the aforementioned Unilever but the deal was that Ben & Jerry's would be permitted to maintain its social activist culture. And so it has. The board of directors of the company passed a resolution expressing its "deepest admiration" for the Occupy movement. "We support you in this call to take back our nation and democracy," said the board statement. And then a Ben & Jerry's ice cream cart was wheeled into Zuccotti Park in New York, offering free scoops to the protestors. Think of that the next time you eat some Chunky Monkey. ☺

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Milt Moskowitz is an independent 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).



First Peoples Worldwide (continued)

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to gain full approval of local communities before impinging on local land rights or engaging in other projects that would impact the communities.

According to CEO Matt Patsky, “We believe Trillium Asset Management is uniquely positioned to work with First Peoples in developing cutting edge research and advocacy on Indigenous peoples’ issues. We have been integrating these issues into our investment process since our founding in 1982.”

Rebecca Adamson said of the partnership, “Our partnership with Trillium signifies one of the first genuine platforms for Indigenous grassroots voices to be heard by corporate America. Trillium’s deep understanding of research and advocacy related to corporate sustainability policies is a powerful springboard that drives grassroots voices into the boardroom.”

This partnership illustrates well Trillium’s ability to provide custom research and advocacy services on behalf of other groups of investors. We believe such a service could be of interest to a variety of such investor groups.

This partnership is a natural extension of the work Trillium has undertaken for some time to address Indigenous peoples’ rights. All companies that Trillium includes in its investment portfolios must meet our minimum environmental, social, and governance (ESG) criteria. Trillium was one of the first investment companies to explicitly reference Native American and Indigenous peoples’ rights as a specific area of focus in our ESG criteria. Our policies state that we will explicitly avoid investing in companies that have demonstrated a pattern of disrespectful or exploitative behavior toward Indigenous peoples regarding land use, cultural heritage, or negative imagery.

We also believe we have an important role to play through our shareholder advocacy work on these issues. Through dialogue and shareholder proposals, Trillium is helping to bring the concerns of Indigenous peoples to corporate decision-makers. If problems emerge at a company in which we are already invested, we will engage with management in dialogue to determine if the company is committed to changing its behavior and redressing past wrongs. We generally view divestment as a last resort, to be used only if dialogue and shareholder proposals fail to have a positive impact upon corporate behavior.

In recent years, Trillium has undertaken a number of initiatives in support of Indigenous rights:

- ◆ With other concerned investors, Trillium is in dialogue with **Bank of America** and **Federal Express** concerning their sponsorship of sports teams using logos that denigrate Native Americans.
- ◆ Through shareholder resolutions, since 2004 we have pressed **Chevron** to take responsibility for contaminating large areas of the Ecuadorian rainforest inhabited by Indigenous tribes.
- ◆ In 2011 Trillium filed a shareholder proposal at the **Royal Bank of Canada** concerning the company’s business relationships with tar sands operators. We withdrew it after making progress in dialogue with the company.
- ◆ In 2009, we co-filed a proposal at **Enbridge**, addressing First Nations’ objections to the company’s Northern Gateway pipeline, which drew 32 percent of the vote. We have also provided tickets to Enbridge’s annual shareholder meeting to First Nations’ representatives.
- ◆ We facilitated a shareholder proposal at **Honeywell** addressing the company’s pollution of Lake Onondaga (with the Oneida Nation).
- ◆ Our shareholder resolution at **Home Depot** spurred the company to work with Forest Stewardship Council on phasing out use of old growth wood products and considering Indigenous rights in sourcing wood.
- ◆ Trillium analysts participate in US SIF’s Indigenous Peoples Working Group (see sidebar).

As noted in the Winter 2010 edition of *Investing For A Better World*, Trillium has been active in the fight against the Pebble Mine in Bristol Bay, Alaska. The proposed mine sits at the head of two rivers that flow directly into the habitat of over 40 million wild Alaska salmon, a resource that provides income and jobs to thousands of Alaska Natives (including Eskimo, Aleut, and Athabaskan). The mineral rights are jointly owned by London-based mining concern **Anglo-American** and by Canada-based **Northern Dynasty Minerals Ltd.** Through a powerful advocacy coalition that includes Trillium, Trout Unlimited, the jewelry company **Tiffany**, and representatives of local tribes, we have brought concern about the Pebble Mine directly to the White House and the Environmental Protection Agency. Trillium advocacy team member Jonas Kron has led this work for our company, and had a chance to speak directly with senior White House representatives in October of this year. “By tying the fight against Pebble Mine to the thousands of jobs that depend on the health of Bristol Bay, we are getting more support than ever before,” Jonas says. “We are in the final push of this fight and gaining momentum with every step.” The EPA has put the Bristol Bay watershed under a scientific review and decision is expected in 2012.

Over the years we have witnessed the impact corporations have had on Indigenous peoples and their land. Many of the ancestral lands of native peoples are rich in natural resources coveted by the timber, oil and gas, mining, tourist and other industries. But these areas are also home to diverse and fragile ecosystems whose survival is key to a sustainable human future. For this reason, Trillium believes protecting Indigenous peoples rights is an imperative; it is the right thing to do and is essential to protecting true global sustainability over the long term. 



Trillium and the Oneidas

Trillium has been managing money for the Oneida Tribe of Indians of Wisconsin Trust Committee since 1995. The Oneidas were early leaders in Sustainable and Responsible Investing (SRI) and they have promoted SRI among other tribes. In fact, Susan White, Oneida Trust Director, received the prestigious SRI Service Award at the most recent annual SRI in the Rockies conference in recognition of her work directing shareholder advocacy and investments for the Oneidas, as well as her role as co-chair of US SIF's Indigenous Peoples Working Group (IPWG). The IPWG has been coordinating shareholder advocacy related to Native American issues and working to promote the uptake of SRI among Native American tribes. As one example of the success of this work, in 2010 the National Congress of American Indians passed a resolution calling on tribes to adopt SRI policies as part of their investment practices. Stephanie Leighton and Shelley Alpern of Trillium both serve on the IPWG.



Susan White with Trillium Portfolio Managers Stephanie Leighton and Paul Hilton during a November visit to the Oneida Nation.

UN Releases Guiding Principles on Business and Human Rights

by Susan Baker

Good news came out of the United Nations this past summer with positive implications for shareholder advocates and civil society activists working to promote and protect human rights. The UN Human Rights Council endorsed the *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*.¹ Six years in the making, the *Guiding Principles* are the first set of standards ever endorsed by the UN that examine the intersection of business and human rights and distinguish the corporate duty to respect and protect human rights as separate from the State's duty.

Unlike the UN Global Compact, a set of voluntary business principles introduced in 2000 to address human rights, labor standards, the environment and anti-corruption strategies, the *Guiding Principles* were born of a mandate by UN member governments. Developed under the leadership of the UN Secretary-General's Special Representative on Human Rights and Transnational Corporations and Other Business Enterprises, John Ruggie. Their purpose is provide corporations, investors and governments with a set of standards against which to hold companies accountable for respecting human rights.

To develop this comprehensive framework, Ruggie, a profes-

sor at the John F. Kennedy School of Government at Harvard University, undertook research that included mapping patterns of human rights abuses by businesses, and examining standards of international human rights law and international criminal law. From numerous meetings across 47 countries, Professor Ruggie concluded that the public and private initiatives working to uphold human rights hadn't yet reached a scale sufficient to change market behavior. The *Guiding Principles* were designed to act as an authoritative high level guidance that provide room for tailoring at the industry level. They emphasize stakeholder engagement and collaboration among governments, businesses, and civil society, anchored by three pillars of responsibility:

1. The state duty to **protect** against human rights abuses from third parties – including business – through policies, regulation, and adjudication;
2. The corporate responsibility to **respect** human rights, implementing due diligence to avoid infringement and address adverse impacts; and,
3. Access to effective **remedy** for victims of human rights abuses.

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1. <http://www.business-humanrights.org/media/documents/ruggie/ruggie-guiding-principles-21-mar-2011.pdf>



SHAREHOLDER ACTIVISM



Brother, Can You Spare Some Systemic Reform?

Shelley Alpern

Thirty years ago, my late friend, hero and boss, Joan Bavaria, founded Franklin Research & Development Corporation, now Trillium Asset Management, LLC. Joan was an innovator, making Franklin a very early adopter of ESG (environmental, social and governance) screens, and she established one of the investment industry's first positions in full-time ESG shareholder advocacy.

You could say we were Occupying Wall Street.

As a cranky vet in this space (17 years – I started as a child), I extend my congratulations to Occupy Wall Street for quickly putting its finger on what, it has become apparent to me, is the major blockage to progress on our country's worst problems – corporate political spending and lobbying so vast that it drowns out other voices, like a horn section from hell, in the halls of Congress, statehouses, on the airwaves and even on Main Street. We can forget any meaningful progress on climate change, income inequality, worker safety, food safety, environmental toxins and about a hundred other things I could list, until this core imbalance is addressed.

I gave a brief talk about shareholder advocacy one afternoon last month at Occupy Boston, which until recently inhabited a wedge of green space in the shadow of the Boston Federal Reserve building, about two blocks from Trillium's office. I was joined by Libby Edgerly, a long time researcher in our field. The turnout was spectacular – at least a dozen – but for those of you who missed it, a brief summary. Libby reviewed the four-decade history of minority shareholders raising their voices about everything from the role of corporations in South Africa to environmental safety to reasonable executive pay packages – and quietly succeeding in prodding companies toward greater social responsibility. We both emphasized that the investing class isn't just comprised of the one percent – it includes everyone with a pension plan or a few thousand dollars in a mutual fund. In theory at least, shareholder activism could become a mass movement. (I have always maintained that shareholders have nothing to lose but their chains.)

As always, I saw a few intent expressions that seemed to read, "I didn't even know this was possible!" (either that or, "there's a piece of food on your tooth.") Most of this era's revolutionaries, I believe, don't want to scrap capitalism so much as to distribute its profits more equitably and guarantee a safety net for the inevitable "market failures" and "externalities" that put people out on the streets.



Occupy Boston protestor.

Photo by Flickr user qwwrty/ Tim Pierce. Used under Creative Commons license.

While we're on the subject of political spending and lobbying, I'm delighted to inform you that Trillium has filed shareholder proposals at **Bank of America** and **3M** calling upon them to stop making political contributions. We're also filing additional resolutions at **Chubb**, **Ford**, **CenturyLink**, **Halliburton** and **State Street** calling for disclosure of political contributions, and calling upon **UnitedHealth Group** to become more transparent about its lobbying. Why ask more of Bank of America and 3M? Bank of America, you may have noticed, has a bit of reputation problem and doesn't need to be seen as trying to buy political favor. (The same, of course, could be said for so many big banks. The Center for Responsive Politics, which maintains the widely cited Open Secrets political spending database, described the financial sector as "far and away the largest source of campaign contributions to federal candidates and parties.")

As for 3M, it was one of a handful of Minnesota companies that last summer gave a large indirect contribution to a candidate so controversial that another corporate supporter, the retail chain **Target**, was boycotted nationwide for also supporting him. 3M's response to the backlash against Target was to make a second large contribution, demonstrating an obliviousness to reputation risk that makes us think it might be better for them to stay out of politics. I would hate to see those great sticky notes they manufacture to become the focus of a boycott – I'm too dependent on them.

I left Occupy Boston with copies of Trillium's statement on the Occupy movement, which reads, in part: "We believe it is our duty to advocate for a market-based economy that provides opportunity for, and serves the needs of the 100 percent – not just the one percent." You can find the entire statement at www.trilliuminvest.com.



COMMUNITY INVESTING



Boston Community Capital / Boston Community Loan Fund

Randy Rice

Boston Community Capital (BCC) is a community development financial institution whose mission is to build healthy communities where low-income people live and work. BCC invests in projects that provide affordable housing, good jobs, and new opportunities in low-income communities, connecting these neighborhoods to the mainstream economy.

Since 1985, BCC has invested more than \$650 million to support organizations and businesses that benefit underserved communities. Those loans and investments have helped:

- Build or preserve affordable homes for more than 11,100 families and individuals
- Support child care facilities serving more than 7,100 children
- Finance schools and youth programs serving more than 2,800 low-income students
- Renovate more than 800,000 square feet of commercial real estate in distressed inner-city communities
- Create more than 1,500 jobs in low-income communities
- Generate over 1.4 million kilowatt hours of solar capacity annually on affordable housing serving over 1,100 families and individuals, and,
- Provide fixed-rate mortgages that have allowed nearly 150 families facing foreclosure to remain in their homes.

Since 1985, BCC has invested more than \$650 million to support organizations and businesses that benefit underserved communities.

Boston Community Loan Fund (BCLF), a BCC affiliate, was founded on the belief that low-income communities can sustain debt. The Fund makes loans that enhance and stabilize these communities. BCLF complements the standard metrics of collateral and credit history with internal assessments of the borrower's capabilities and knowledge of the community and an evaluation of each project's impact. BCLF has provided \$300 million in loans to affordable housing developers and nonprofit organizations providing services in low-income communities. Total losses to date are less than one-thirtieth of one percent and all lenders have repaid on time and in full.

Since its launch in late 2009, BCC's SUN ("Stabilizing Urban Neighborhoods") Initiative has prevented the eviction of almost 150 Massachusetts residents, helping them repurchase their homes and reducing average monthly housing payments. SUN works with banks and attorneys to stop the eviction process, purchase foreclosed properties at current market values, and resell those properties to their current occupants at a significant discount off the prior mortgage value.

SUN carefully examines the income, circumstances and ability of a homeowner in foreclosure to carry a mortgage that is roughly equivalent to the value of their home. SUN provides foreclosed homeowners with a new 30-year, fixed rate mortgage. A biweekly payment plan helps homeowners build up reserves that can be used to pay down the mortgage principal and reduce the length of the loan, or used to pay for necessary repairs.

BCC is proving that low-income communities can not only be part of the environmental movement, they can be part of the global solution. BCC Solar Energy Advantage (SEA) is a third party owner of solar photovoltaic (PV) systems, primarily located on and serving affordable housing developments, municipalities and other organizations in low income communities. SEA stabilizes and reduces the host properties' utility costs through long-term, fixed-price power purchase agreements. SEA is the largest non-utility owner of solar PV systems in Massachusetts, with over 7,000 panels generating 1.4 million kilowatt hours annually, and serving over 1,000 families. SEA also coordinates BCC's energy efficiency and conservation strategies.

Investing with BCLF

On behalf of our clients, Trillium Asset Management made its first investment with BCLF in 1986. New BCLF investments for Trillium clients can be made with a minimum investment of \$50,000 for a term of two to five years. Please contact your portfolio management team for more information. 

UN Releases *Guiding Principles* (continued)

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The thirty-one *Guiding Principles* aligned with these pillars give states and businesses a roadmap. The centerpiece of the corporate responsibility to respect is a due diligence process that includes adopting a policy, assessing human rights risk, acting on the findings, and tracking and reporting on performance. Investors have worked for decades to bring human rights assessment into the realm of reporting and accountability. We think the *Guiding Principles* provides a coherent platform that if used as an accountability tool can further compel companies to manage and report their human rights policies and performance.

The office of the UN Special Representative has already compiled 15 pages of references to instances that illustrate a practical application of the “protect, respect and remedy” framework, in whole or in part, within the context of a particular organization.² Among the references are companies that have said they have applied or plan to apply the framework to their operations. These include **Citigroup** and **Phillips Van Heusen**.

Investor actions are also referenced, including Trillium’s work in 2010, partnering with Domini Social Investments and the Interfaith Center on Corporate Responsibility, to pressure **Toyota** to influence an affiliate to divest from its joint venture with Myanmar Suzuki Motor. The joint venture was directly aiding the Burmese regime notorious for its wide-scale human rights abuses and suppression of democracy. Prodding Toyota to act on its duty to respect human rights and understand the reputational risks at stake were the levers that led to the successful outcome.

Spreading Influence

Importantly, the Global Reporting Initiative’s latest revision of its reporting guidelines were amended earlier this year to address the “protect, respect and remedy” framework and now include disclosure expectations around due diligence and access to grievance and remedy.

The Social Sustainability Resource Guide: Building Sustainable Communities through Multi-Party Collaboration, published this summer by the Interfaith Center on Corporate Responsibility (ICCR), makes a strong case for elevating the importance of measuring social impacts. The authors site the “protect, respect and remedy” framework for business and human rights, underscoring that an emphasis on assessing potential and actual human rights impacts is directly relevant to measuring social sustainability impacts.³

Some organizations involved in developing the framework were disappointed with the final result. “In effect, the council endorsed the status quo: a world where companies are encouraged, but not obliged, to respect human rights,” said Arvind Ganesan, business and human rights director at Human Rights Watch. “Guidance isn’t enough – we need a mechanism to scrutinize how companies and governments apply these principles.”⁴

The Child Rights Information Network (CRIN), a network of organizations that support the United Nations Convention on the Rights of the Child, drew attention to what it perceived as a lack of attention in the document to children’s rights. “Regrettably, upon review of the *Guiding Principles* as submitted to and adopted by the Human Rights Council, it is clear that children’s rights continue to be ignored,” the organization stated in a June 2011 press release.⁵

Christine Bader, a former advisor to John Ruggie, acknowledged the criticism, but defended the UN Human Rights Council’s endorsement. “Even if a milestone like endorsement of the *Guiding Principles* is considered a victory, it’s within the context of a much longer journey.... The *Guiding Principles* don’t suddenly solve all of the world’s problems; rather, they’re meant to serve as a common foundation for all that is needed next, including sector-specific guidance, capacity building, and ongoing multi-stakeholder dialogue.”⁶

It is important that the *Guiding Principles* be viewed as more than a modest attempt to improve corporate responsibility around human rights abuse. A five-person working group will meet in 2012 to develop ways to promote the *Guiding Principles*. A Forum on Business and Human Rights for governments, business, and others is expected to meet annually and act as an evaluative body, taking a broad look at how the guiding principles are being carried out. This working group will need to produce timely and substantive communications in order to temper skepticism.

Trillium strongly believes that the promotion and protection of human rights specifically, and social sustainability generally, need greater participation from the corporate sector. The “protect, respect and remedy” framework will give shareholder advocates and human rights activist a standard that can be used to measure a company’s progress on human rights. Multi-stakeholder strategies offered by the ICCR Resource Guide and other complementary resources can help to sharpen the guidance corporations need to embrace. The work of discerning the leaders and laggards has become more achievable with the publication of these efforts. 

2. <http://www.business-humanrights.org/media/documents/applications-of-framework-jun-2011.pdf>

3. <http://www.iccr.org/publications/2011SSRG.pdf>

4. <http://www.hrw.org/en/news/2011/06/16/un-human-rights-council-weak-stance-business-standards>

5. <http://www.crin.org/violence/search/closeup.asp?infoID=25245>

6. <http://csrwiretalkback.tumblr.com/post/7316048731/ngos-dissatisfied-fine-with-me>

