

Environmental Advocacy

A Multifaceted Effort

At Trillium Asset Management Corporation (“Trillium”), we believe that our long term sustainability depends on three interdependent conditions: ecological health, social justice, and healthy commerce. Our name is taken from the three-petaled trillium flower to symbolize our mission to promote these values.

How We Screen Portfolios to Reflect Environmental Concerns

Trillium seeks profitable investments in sectors such as renewable energy, organic agriculture and alternative transportation, and where firms are developing solutions to environmental problems.

We avoid investing in companies that are egregious polluters, both by absolute standards and in comparison to others within their industry. We systematically screen out companies with significant (> 5%) interests in nuclear power, and typically avoid companies involved in metals or mining.

In general, we apply a “best of sector” approach to environmental issues – seeking investments in companies that stand out in terms of minimizing any negative environmental impact of their operations. We look for evidence that companies are integrating environmental concerns in all aspects of their activities, such as product design, waste disposal, water and energy usage, community relations, and other areas.

Shareholder Dialogue and Advocacy

Given the tremendous environmental impact companies have every day and the strong environmental interests of our clients, environmental advocacy is a mainstay of our shareholder activism. We work closely with Ceres, the Interfaith Center on Corporate Responsibility, and other social investors on many efforts, which include:

Climate Change. We’re pressing companies in several key industry sectors including electric power, oil companies, banks and automobile manufacturers. In recent years, our efforts helped press ConocoPhillips and Anadarko Petroleum to commit to developing greenhouse gas reduction targets. We also brought the issue to the attention of the financial sector, helping convince American Insurance Group to become the first American insurer adopt a position on the need to fight climate change, and Wells Fargo to study the risks of climate change and boost funding for renewable energy. In 2008, we filed the first shareholder proposal to address oil sands development, and we engaged Bank of America in discussions about the carbon footprint of its utility portfolio.

Global Water Scarcity. Over four years ago, we launched a campaign to address the critical issue of growing water scarcity in many parts of the world. We commissioned a leading environmental think tank to report on the business risks of water scarcity, which gained coverage for the issue in the *Wall Street Journal* and business programs on CNN and CNBC. Since 2003, we’ve been meeting regularly with PepsiCo and Coca-Cola to press these companies to protect local communities’ water resources. In addition, our advocacy helped convince both Intel and Analog Devices to set new water conservation goals and measure their progress.

Toxics and Environmental Health. We’re active participants in several coalitions working to force companies to take responsibility for the impacts of their toxic releases and potentially harmful product ingredients. We participate in the Safe Cosmetics Campaign, the Alliance for a Healthy Tomorrow, and the Investor Environmental Health Network. Companies with whom we have recently engaged include Dow Chemical, Target, and Nestlé.

Greening Wall Street. Over the past several years, we’ve helped lead a coalition of shareholder and environmental groups that has encouraged some of the world’s largest banks to begin evaluating and reducing the environmental impacts of some of the large projects they finance and to eliminate funding for some of the most damaging projects.

Genetically Engineered Foods. We believe that genetically engineered foods have been foisted on consumers with little understanding of their long-term environmental and health risks, and little regard for the economic and ethical concerns that they raise. We persuaded a reluctant Whole Foods, a long-time holding, to disclose its GE-avoidant sourcing policies on the labels of its store-label brands. We have also pressed Starbucks to strengthen its policies discouraging the development of GE coffee and tea. We joined with religious investors to press food companies about the risks of new genetically engineered wheat crops; soon after, Monsanto suspended its development of GE wheat after major customers raised concerns about the product.

Forest Protection. We’ve played a lead role promoting more sustainable forestry and protection of endangered forests. We worked with environmental groups and other

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social investors to persuade The Home Depot to adopt a groundbreaking policy to protect endangered forests in 1999, and played a role in convincing Staples and Office Depot to commit to phasing out products from endangered forests and increasing their sales of recycled paper products.

Awards and Relationships

Trillium has received the National Wildlife Federation's "National Conservation Achievement Award."

Our founder Joan Bavaria received the City of Göteborg's International Environmental Prize in 2004. In October 2000, she was honored by Global Green USA and Green Cross International President Mikhail Gorbachev with the Millennium Award for Corporate Environmental Leadership. In November 1999, Joan was lauded as a "Hero for the Planet" by Time.com.

Joan played the leading role in founding Ceres. She served as Chair for twelve years. (See below for more information about Ceres.) Since 1989, Ceres has brought together leading U.S. investment funds, environmental organizations and other public interest groups with a shared goal of creating a more sustainable world. Their 85-member coalition and 70-plus partner companies share a core belief that environmental responsibility and corporate value are strongly linked, that the bedrock for sound corporate governance is measurement and disclosure, and that investors need complete and transparent information about a company's financial, social and environmental performance.

In 2005, our Director of Social Research & Advocacy Shelley Alpern received the first Rachel Carson Award from the Silent Spring Institute, a breast cancer research and advocacy organization, for her work on environmental health.



Ceres

In 1989, Joan Bavaria acted as the lead founder of Ceres, a partnership between leading environmental groups and institutional investors seeking ways to align investment dollars with social and environmental responsibility. Ceres emerged just as the Exxon Valdez oil spill in Alaska led the environmental and investor communities to push for higher standards of corporate responsibility and environmental and social sustainability. That work resulted in the creation of the Ceres Principles, a 10-point code of corporate environmental conduct, a pioneering effort that led to widespread adoption of environmental principles by numerous companies.

In 1997, Ceres launched the Global Reporting Initiative (GRI), an international standard for corporate reporting on the "triple bottom line" of economic, social and environmental performance. GRI is now an independent international institution with over 640 participating companies worldwide, and Ceres continues to be a major advocate for GRI disclosure by North American companies. In 2003, Ceres launched the Investor Network on Climate Risk (INCR) is a network of institutional investors and financial institutions that promotes better understanding of the financial risks and investment opportunities posed by climate change. INCR currently represents over 70 institutional investors with approximately \$6 trillion under management.