

Quarterly Advocacy Update *Winter 2010*

ECOLOGY

Climate Change. Our climate change filings this year include two resolutions addressing the inefficient and dirty Albertan oil sands. We have re-filed at **ConocoPhillips**, where our resolutions in 2008 and 2009 drew around 30 percent of the vote, and joined Green Century Capital Management in a first-year filing at **ExxonMobil**.
▶ In October, Trillium Asset Management Corporation (“Trillium”) co-signed a letter pressing companies that publicly support climate legislation to distance themselves from the Chamber of Commerce and the National Association of Manufacturers, two organizations prominent in fighting progress on climate change. ▶ A milestone was reached last May, when the first majority vote for a shareholder resolution addressing the reduction of greenhouse gases was recorded at **Idacorp**, an electric power provider, prompting the company to set greenhouse gas reduction targets. Trillium was a co-filer of this proposal.

Global Water Scarcity. We are currently in dialogue with **General Mills**, **PepsiCo**, **Costco**, **Kellogg**, **Sysco** and **Smuckers** about addressing their very large water footprints.
▶ We have met regularly with **PepsiCo** and **Coca-Cola** to press these companies to protect local communities’ water resources. We led a broad coalition of shareholders meeting regularly with the two beverage giants and are in contact with them to ensure regular progress.

Environmental Health. Trillium is sponsoring shareholder resolution at the restaurant chain **Chipotle Mexican Grill** asking for a report on progress toward reducing pesticide use at the supplier level. ▶ We are currently reaching out to companies for dialogue concerning their usage of nanotechnology in a variety of everyday consumer goods. We have received assurances from **Kellogg**, **PepsiCo** and **General Mills** that they are not using nanomaterials and will continue to dialogue about additional steps they can take.
▶ We have recently received assurances from **Costco** that it no longer uses bisphenol-A as a liner for its private label canned goods. We are also engaged with **Dentsply** on greater disclosure of bisphenol-A in its dental composites and amalgams. We co-filed a shareholder proposal with **Coca-Cola** on bisphenol-A as well and are in discussions with the company. ▶ We are withdrawing a proposal (co-filed with Green Century Asset Management) at **First Energy**, an electric power provider, on the safe disposal of coal ash.

Indigenous Rights/Environmental Justice. This fall, we filed another resolution at Chevron focusing on the company’s ongoing liability for environmental contamination in Ecuador, which an Ecuadorian court expert has recommended be set at \$27 billion. Our resolution, co-filed with the New York City pension funds, calls for Chevron to add an environmental expert to its board of directors.
▶ Inspired by last summer’s fact-finding environmental justice tour through Louisiana’s ‘Cancer Alley’, we filed a shareholder proposal at PPG Industries requesting a report

on community accountability. PPG manufacturers vinyl chloride and is one of 14 industrial facilities responsible for toxic hazard emissions that has damaged the community of Mossville. ▶ A 2009 proposal that we co-filed at **Enbridge**, drawing attention to First Nations’ objections to the company’s Northern Gateway pipeline, drew 32 percent of the vote last spring.

Environmental and Social Reporting Standards.

Over 20 years ago, we originated and incubated Ceres, which developed a set of principles that commit companies to improve their environmental practices and publicly report their progress. Over the years, we’ve persuaded many major companies to adopt the Ceres Principles and are currently encouraging companies to meet the next standard of public accountability, the Global Reporting Initiative (GRI). A spin-off of Ceres, the GRI has developed a set of guidelines for companies to report their social and environmental performance. After several years of effort to highlight the importance of the GRI standards, we’ve helped convince major companies including **AIG**, **American Express**, **GE**, **Pfizer**, **Analog Devices** and **Time Warner** to release GRI reports. ▶ Most recently, we have filed a shareholder proposal at **Google** urging the company to join the mainstream of large companies that report on environmental and social performance. ▶ This proxy season, we were able to withdraw our sustainability reporting proposal at **Costco** after they issued their first sustainability report. Trillium co-filed this resolution with Green Century Capital Management.
▶ In 2009, we withdrew a sustainability reporting resolution at **Darden Restaurants**, which agreed to disclose seafood sustainability initiatives and animal welfare policies, both integral to their supplier standards program.

Forestry. We are leading a group of shareholders pushing **Home Depot** to stop purchasing lumber from a consortium that is trying to build a system of dams that would flood two pristine rivers and some 10,700 acres of Chile’s most biologically rich forest, agricultural and ranching lands. We have had a number of conversations with the company this year and raised the issue directly with the board of directors at the company’s 2009 annual meeting.

EQUITY/SOCIAL JUSTICE

Access to Healthcare. In October, we co-signed a letter to major U.S. companies, organized by the Interfaith Center on Corporate Responsibility, asking them to distance themselves from the U.S. Chamber of Commerce’s anti-healthcare reform lobbying activities. The 36 major companies – which include **Merck**, **Walmart**, **McDonald’s**, **AT&T**, **IBM** and **General Electric** — were asked to state publicly if the U.S. Chamber speaks for them in its aggressive campaign to kill efforts to overhaul the U.S. healthcare system. All of the companies had previously agreed, at the urging of shareholders, to embrace healthcare principles that are now inconsistent with the anti-reform stance of the Chamber.

Forced and Child Labor. We have joined a diverse group of stakeholders addressing the issue of forced and child labor in Uzbekistan's cotton fields. Eight companies, including **The Gap**, **Target** and **Walmart**, responded to a letter writing campaign we participated in asking them to take measures to exclude Uzbek cotton from their supply chain and/or better trace the country of origin of the cotton they are using. This winter, Trillium organized a dialogue with **Liz Claiborne**, which wrote to its major supplier and agreed to our request to make this letter discussing their supply chain concerns public. ▶ In September 2009, investors representing almost \$200 billion in assets under management, including Trillium, issued a statement urging corporations to identify where raw materials in their products originate and take steps to ensure conflict minerals from the Democratic Republic of the Congo are not entering their supply chain.

LGBT workplace policies. Since 1995, we have been working to ensure that companies protect lesbian, gay, bisexual, and transgender (LGBT) employees in the workplace. This season, we withdrew a shareholder proposal at **Lincoln Electric** (co-filed with the Calvert Group) following the company's agreement to add gender identity/expression protections to its equal employment policies. We are filers on similar resolutions that will go to a vote at **Questar** and **Gardner Denver**.

Equal Employment Opportunity. Our resolution at **Home Depot** requesting disclosure of equal employment opportunity (EEO-1) data to shareholders received a 22 percent vote in 2009. Despite votes averaging 28 percent over the past five years, management continues to resist making a public commitment to diversity through EEO-1 disclosure and transparency. Trillium refiled our disclosure resolution again this fall, and will be having a dialogue with management and a dozen proponents of the resolution in March.

ECONOMIC JUSTICE

Media Responsibility. In 2007, we launched a nonprofit dedicated to advancing media and broadband company responsibility, Open MIC (Open Media and Information Companies). ▶ Trillium's 2009 shareholder proposal at **CenturyTel** to focus company and investor attention on the critical role this Internet service provider play as gatekeepers to free speech and privacy received a groundbreaking 30 percent of the vote. We have shareholder proposals pending on net neutrality issues at **AT&T**, **Verizon**, **CenturyTel**, and **Comcast**. ▶ In March of 2008, Open MIC and the Paley Center for Media hosted a forum in New York on the future of wireless communications. A distinguished panel of speakers, including opening remarks by former New York City Comptroller William C. Thompson Jr., examined the emerging wireless business environment, the rules

of the road that might evolve for the mobile Internet and the challenges to ensuring open access for all. ▶ We are leading an initiative with **Apple Inc.** regarding allegations of rejecting iPhone applications for political reasons.

▶ Trillium joined a diverse group of human rights groups, investors and three Internet companies, **Google**, **Yahoo!** and **Microsoft** in launching the Global Network Initiative (GNI). All around the world companies in the information and communications industries face increasing government pressure to comply with domestic laws and policies that require censorship and disclosure of personal information in ways that conflict with internationally recognized human rights laws and standards. The GNI requires significant new commitments from participating companies, including: establishing greater transparency with users; assessing human rights risk; requesting the legal rationale for government actions and policies; training employees; challenging human rights violations; and providing whistleblowing mechanisms through which violations of the Principles can be reported.

Political Contributions. 2010 marks the fourth year for our resolution at **Ford Motor** calling for greater transparency regarding political contributions, and the first for similar resolutions at **Halliburton** and **State Street Bank**. ▶ Since 2004, Trillium has successfully lobbied **Morgan Stanley**, **Baxter International**, **Eli Lilly**, **Southern Company**, **General Electric**, **DuPont**, **Hewlett-Packard**, and **American Electric Power** to disclose more information about their political donations.

Executive Compensation. We've joined a broad coalition of investors pressing to institute "say on pay," reforms, which would allow investors to cast advisory votes on CEO pay packages. This year, we have re-filed our majority-vote resolution at **Plum Creek Timber Company**, and are in negotiations about its implementation. ▶ We also co-filed a say-on-pay resolution at **Goldman Sachs** with the State of Connecticut, withdrawing when the company agreed to implement it.

Corporate Governance. In the fall, co-sponsored a proposal at **Whole Foods Markets** (co-filed with the union coalition Change To Win) calling for a by-law amendment mandating that the position of Board Chair be held by an independent director. We withdrew our proposal after the controversial CEO John Mackey stepped down as Chair, and have a meeting scheduled with the new Chairman.

Right to Organize. In coordination with other signatories of the UN Principles for Responsible Investment, in 2009 we wrote to companies in the S&P100 to inquire about their positions on the Employee Free Choice Act (EFCA), a federal bill that would eliminate unfair obstacles faced by workers seeking to join unions. We also co-signed a letter to leading Congressional figures to share our perspective on why EFCA would be good for the economy and investors.