



In addition to engaging with our core portfolio companies, Trillium also conducts advocacy at selected companies (identified with an “*”) that are not in our core portfolios but are held as legacy positions in client portfolios. These are companies that may not meet our minimum social and environmental criteria, but that we still seek to improve.

CLIMATE CHANGE

Fugitive methane emissions (leakage) from natural gas production have 86x greater impact on global temperatures than CO2 over a 20-year time frame and potentially contribute 20% of short-term global warming impact. Unfortunately, reporting by natural gas companies is inadequate. A November 2013 study published in the Proceedings of the National Academy of Sciences shows the oil and gas sector in some regions may be emitting up to five times more methane than estimated. This debate is critical because natural gas cannot be considered a “bridge fuel” if emission rates are too high. Accordingly, we have filed shareholder proposals asking **Spectra Energy**, **EKG Resources**, and **Oneok** to disclose how they manage fugitive methane emissions.

On the policy front, Trillium submitted comments in support of the EPA’s proposed Carbon Pollution Standards for New Power Plants. Power plants are the largest individual source of carbon pollution in the United States, accounting for nearly 40% of carbon emissions. As a major contributor to climate change these emissions pose significant negative externalities that weigh on the US and global economy, public health, and the environment. We believe the proposed rule will encourage energy efficiency and new energy infrastructure as well as drive investment in low-risk and increasingly low-cost sources of energy.

Working to reduce the demand for fossil fuels, we filed shareholder proposals at **Church & Dwight**, **Lowes***, and **Valmont Industries** asking these companies to set quantitative goals for reducing greenhouse gas emissions (GHG). Companies that manage GHG emissions build resilient supply chains, reduce costs, manage operational risk, and create new products and services. Climate change could substantially impact a company’s operations, revenue, or expenditure, but by setting GHG targets, these companies can realize greater savings through operational efficiencies.

PRIVACY RIGHTS

Following a shareholder proposal filed by Trillium, **Verizon*** agreed to begin issuing semi-annual transparency reports that provide information on the number of law enforcement requests for customer information that it has received. Verizon indicated the reports will also contain information on how it responds to government requests. This was a significant breakthrough coming after sustained pressure by civil society organizations and investors led by Trillium. These reports will be an important step in pressing Verizon to protect privacy rights and will be a source of important

information as the nation debates the role of government surveillance programs in our democracy. We are also pleased that shortly after Verizon’s announcement, **AT&T** followed suit. Trillium worked closely with the lead filer at AT&T, the New York State Comptroller, and continues to press both companies on privacy rights.

POLITICAL CONTRIBUTIONS & LOBBYING SPENDING

Continuing our years of work on political and lobbying spending, including significant successes at many companies, we filed shareholder proposals at six companies — **Hess** (political contributions), **Amgen** (lobbying spending), **Marathon Petroleum** (lobbying spending), **Emerson Electric** (political contributions), **Motorola Solutions*** (political spending), and **Yahoo!*** (political spending). Lobbying spending and political contributions through third parties such as trade associations and the U.S. Chamber of Commerce are significant because indirect spending contributes to a gross imbalance of power that undermines sound public policy, which is crucial to a healthy democracy and a healthy economy. In an important victory, we successfully withdrew our proposal at Amgen as it has fully implemented best practices in lobbying spending disclosures in response to our engagement. We are also pleased that following our dialogue with **Endo**, the company has left the American Legislative Exchange Council (ALEC).

INDIGENOUS RIGHTS

On the Pacific Northwest coast a number of companies are proposing to build coal export terminals. However, the shipment of the coal would be through Native American territories and the impact on their hunting, fishing and gathering areas is being viewed as an assault on their treaty rights. The terminals are also being opposed for climate change reasons because they would facilitate the burning of high carbon coal. We are working with leadership of the Lummi and Swinomish tribes in Washington State to engage with the companies proposing these facilities.

Working with the Oneida tribe of Indians of Wisconsin, we continue to press **FedEx*** regarding its sponsorship of the Washington Redskins NFL team. We are asking the company to join the growing call for the team to stop using the term “Redskins” which is racist and deeply offensive. This comes as the issue is gaining a great deal of public attention, including statements from President Obama, the NAACP and conservative columnist Charles Krauthammer expressing deep concern about the harmful impact of the team’s name.

SUSTAINABLE AGRICULTURE

Following up on the Trillium-initiated campaign with investor partners asking 19 companies to disclose how they are managing the potential risks in their supply chain associated with bee population declines, Trillium met with representatives from **General Mills** and **ConAgra***. Honeybees are the most economically important pollinators in our food supply chain, but are in double-digit decline. In these meetings, we discussed steps the companies are taking to mitigate the risks of bee toxic pesticides (known as neonicotinoids) to pollinator dependent foods — such as fruits and vegetables — in its supply chain. We also met with **Home Depot** to discuss how it is managing the risks of these chemicals also found in insecticides, and seeds and plants sold in its garden stores. We are surprised that few companies are rigorously monitoring the science of bee die-off. Our prodding of companies on this issue will continue into 2014 since no company, with the exception of Whole Foods, has taken action to reduce their exposure to neonicotinoids.

Investors increasingly find that sustainability reporting allows companies to gain strategic value from existing sustainability efforts and identify emerging ESG risks and opportunities. In keeping with that philosophy, we recently filed a shareholder proposal at **Panera Bread** asking the company to issue an annual sustainability report.

As the demand for sugar cane increases there is concern over large-scale land acquisitions in developing countries that evict traditional farmers through coercion or fraud. In search of greater transparency we co-filed a shareholder proposal with Oxfam at **PepsiCo***, asking the company to address land rights in its supply chain.

LABOR & HUMAN RIGHTS

In response to the catastrophic collapse of the clothing factory in Rana Plaza, Bangladesh, we joined our colleagues through the Interfaith Center on Corporate Responsibility in leading a group representing \$2 trillion in assets to urge apparel and retail companies to join the Accord on Fire and Building Safety. For companies that have joined the smaller industry group called the Alliance we are encouraging them to find common

ground with the Accord in areas such as worker empowerment and working conditions needing critical improvements. We are raising these issues in direct engagements with companies including **Target**, **Men's Wearhouse** and **Lululemon**.

LESBIAN, GAY, BISEXUAL, TRANSGENDER (LGBT) WORKPLACE POLICIES

This summer, we had a number of productive engagements with companies asking them to incorporate protections for sexual orientation and gender identity in their non-discrimination policies. **Middleby** agreed to update its written policies explicitly prohibiting discrimination on the basis of gender identity and sexual orientation. Following a successful dialogue with Trillium, **Factset** amended its code of ethics to include gender identity and expression. In the fall, we filed a shareholder proposal at **National Fuel Gas** as it does not yet offer protections for gender identity and expression. We also co-filed a proposal at **Exxon*** with the New York State Comptroller. We believe that corporations that prohibit discrimination on these bases have a competitive advantage in recruiting and retaining employees.

BOARD GENDER DIVERSITY

A number of studies underscore the relationship between corporate boards with one or more women and strong corporate governance and financial health. Building on successful engagements with **Superior Energy**, **Hartford Financial**, **Zimmer Holdings** and **Lowe's*** this spring, we recently filed a board diversity shareholder proposal at **Cree, Inc.** The proposal asked for public commitments to Board inclusiveness to ensure that women are sought as part of every Board search. Following a constructive dialogue which included a Cree board member and a representative of the 30% Coalition, we withdrew the proposal in exchange for a commitment to include gender and race in the company governance charter. In December, Cree appointed Anne Whitaker as its first woman board member. Following a shareholder dialogue with shareholders, **Apple** updated its Nominating Committee Charter to include strong language on diversity in its candidate selection for the Board.

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