



The majority of our shareholder proposals are filed in the last quarter of the year. Most company filing deadlines are in these months and if dialogues have not been successful, shareholder proposals can provide an important avenue for pressing an issue further with management and the board. Here are the highlights from our advocacy efforts over the fall:

CLIMATE CHANGE

Church & Dwight: Following through on an earlier commitment to Trillium, the company announced in October it set a target to reduce GHG emissions 20% by 2025.

3M and **Home Depot:** In November and December, Trillium filed shareholder proposals at both of these companies regarding quantitative renewable energy targets. Producing or sourcing renewable energy is a viable way for companies to reach their GHG emissions goals while also reducing exposure to volatile energy costs.

Gilead Sciences: Surprisingly, Gilead is a large company without a sustainability report. Given the importance of these reports, we filed a shareholder proposal in September asking the company to issue a sustainability report with a focus on GHG emissions, water use management, waste minimization, and energy efficiency.

Umpqua: Lending portfolios present significant climate change risks and opportunities. That is why in November we filed a shareholder proposal at this banking company seeking an assessment of the greenhouse gas emissions resulting from its lending portfolio and its exposure to climate change risk in its lending, investing, and financing activities. We met with the company in November to have initial discussions about the subject.

Yum*: Following up on our previous shareholder proposals on palm oil sourcing, we are continuing to press this restaurant to make a strong commitment, and re-filed our shareholder proposal in December. In the past year, there have been dramatic commitments from palm oil traders and purchasers to not contribute to deforestation, peatland development, or human rights abuses. We believe Yum needs to join these companies with transparent and rigorous commitments.

EOG Resources: Concern over methane leakage and venting continues to grow as evidence mounts that this powerful greenhouse gas can be controlled in cost effective ways. Accordingly, we continue to meet with EOG to discuss what it is doing to address the issue. However, the company's failure to provide meaningful public disclosures or set any enforceable

reduction targets compelled us, in November, to re-file our shareholder proposal that received a 28% vote in 2014.

Policy Update: EPA: In October, along with New York City Comptroller Scott M. Stringer, Trillium led a group of investors representing more than \$300 billion in assets to strongly urge US EPA Administrator McCarthy to initiate a comprehensive national regulation addressing major sources of methane emissions in the oil and gas industry.

CORPORATE LOBBYING

eBay: Trillium is pleased to commend eBay for announcing in December that it is not renewing its membership in the American Legislative Exchange Council (ALEC). ALEC has been at the forefront of attacks on state renewable energy programs and legislative efforts to address climate change. Trillium began urging eBay to leave ALEC in January 2014.

American Express, Marathon Petroleum, and Wells Fargo: All three of these companies are in highly regulated industries that can have significant impacts on both the public interest and the economy. As such, Trillium feels strongly that they must be transparent and accountable in the use of staff time and corporate funds to directly and indirectly influence legislation and regulation. For that reason, we filed lobbying spending disclosure shareholder proposals at all three companies in November.

INTERNET FREEDOM

Verizon*: Working closely with our colleagues at The Nathan Cummings Foundation, we have again filed a shareholder proposal at Verizon on the issue of net neutrality in December.

SUSTAINABLE AGRICULTURE

Along with other investors, we filed two shareholder proposals in November and December identifying the potential impacts of pesticide pollution on the health of honeybees and other wild pollinators. The proposal asks **Pepsi** to report on ways it can minimize the impacts of pesticides called neonicotinoids in its supply chain. At **Lowe's**

CONTINUES ON REVERSE

In addition to engaging with our core portfolio companies, Trillium also conducts advocacy at selected companies (identified with an "*"") that are not on our buy list 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.

the proposal asks the Board to assess whether its current practices regarding the sale of neonicotinoid containing products are in the best interest of the company. In recent months, Trillium also met with **Walmart*** and **Smucker** to discuss how each is addressing this threat to agriculture.

HUMAN TRAFFICKING AND SLAVERY

Costco Wholesale: After an investigation by the Guardian linking U.S. and European food retailers (including Costco) to suppliers trafficking and enslaving workers in the Thai shrimp industry, Trillium organized a December meeting with the company to discuss labor and human rights risks in its seafood operations. We were pleased to learn that Costco is an active

member of a newly formed taskforce with peers, NGOs, auditors and governments to expose and correct the labor issues. We will continue to engage Costco in the year to come.

EQUALITY

ExxonMobil*: Trillium and the New York State Comptroller's office filed a shareholder proposal in December asking the company to amend its policies to explicitly prohibit discrimination based on sexual orientation and gender identity and to substantially implement the policy. In more than 24 states people can still be legally denied a job, or fired, simply because of their sexual orientation — and gender identity discrimination is legal in more than 30 states.

IN-DEPTH: Board Diversity

During the fourth quarter of 2014, Trillium filed shareholder proposals related to board diversity with **Chipotle Mexican Grill**, **Citrix Systems**, **Discovery Communications** and **eBay**. Trillium is co-lead filer with Mercy Investment Services, Calvert Investments, and Portico Benefits (an affiliate of the Lutheran Church), on the proposal with Discovery Communications, with support from Boston Common Asset Management. The New York State Controller's Office joined Trillium in filing at eBay, with Pax World and the United Methodist Foundation joining as co-filers.

Trillium believes that diversity, inclusive of gender, race and ethnicity, is a critical attribute of a well-functioning board and a measure of sound corporate governance. A number of studies now underscore the links between greater board and management diversity and improved governance practices and financial health. This has been particularly noticeable when there are three or more women on a board. A recent survey by Price Waterhouse Coopers of more than \$11 trillion in assets revealed that nine out of ten investors believe boards should be revisiting their director diversity policies.

Despite the data, women hold only 16.9% of Fortune 500 board seats, representing only a 3% gain in board seats over the past decade.

Our proposals ask for a report to shareholders on practices to increase diversity on the Board and the effectiveness of these efforts. Further, we have asked for a description of how the Nominating and Corporate Governance Committee, consistent with its fiduciary duties, takes every reasonable step to include women and minority candidates in the pool from which Board nominees are chosen.

Working with investor partners and the Thirty Percent Coalition we have had productive dialogues with nominating committee chairs focusing on the demand for qualified women candidates, not supply. Accordingly, we continue to ask companies to improve their governance practices and include women in every Board nominee search.

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