

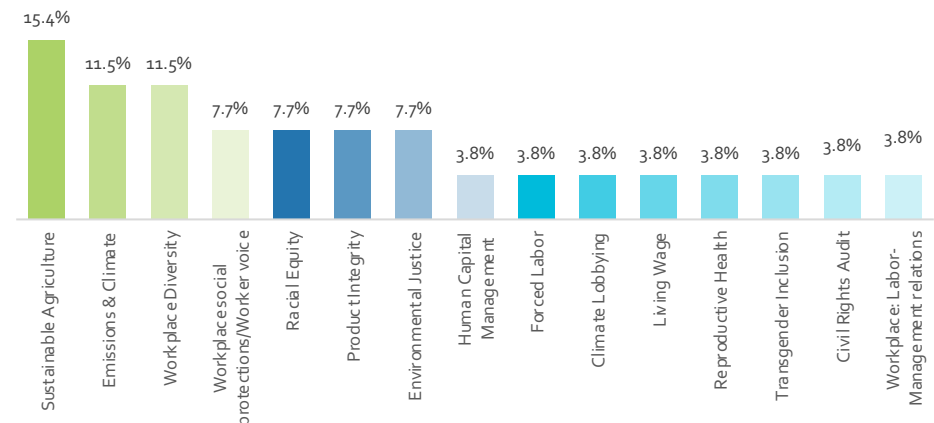
Advocacy Impact Report – 4Q 2023

The fourth quarter of the year is typically one of the busier seasons for Trillium’s shareholder advocates as we launch new engagements and dialogues and prepare to file shareholder resolutions with companies. This year was no exception, as we filed new resolutions and engaged companies on new topics such as free, prior and informed consent (FPIC) and diversity in clinical trials, while we continued to pursue existing engagements on setting science-based targets for greenhouse gas emissions reductions, advocating for accessible paid sick leave for workers, and pressing for companies to align their political lobbying with their own climate commitments, among others. We are pleased to share this summary of our work this quarter.

4Q 2023 Impact in numbers:

New Engagements:	26
Completed engagements:	6
New company contacts:	21
Public policy submissions:	2
Other Activity: (digital meetings, letters and shareholder resolutions)	28

Topics by Frequency of Engagement



Governance: Proxy Voting

The impact of our shareholder activism campaigns is not simply achieved when we receive a high or majority vote. Our proxy voting guidelines are important guidance for companies we invest in to communicate our expectations around responsible business behavior. Each year, public companies host their annual shareholder meetings where significant matters are deliberated by all shareholders. More traditional governance issues, such as ratifying auditors, electing board members, and determining executive compensation, appear alongside the shareholder proposals that we and others submit on important social and environmental topics.

As responsible fiduciaries and one of the oldest socially responsible investing (SRI) firms, Trillium reviews the previous proxy voting season annually in the late summer and updates our guidelines for the coming year. This year, we incorporated some notable changes to our guidelines on CEO pay.

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Currently we vote against pay packages which exceed a CEO-to-worker pay ratio of 50 to 1. Given the excesses of CEO pay, this results in Trillium voting against almost all CEO pay packages (particularly in the U.S.). To make sure that the board members who are responsible for setting these pay levels are held accountable, we are adding in an 'escalation pathway' for CEO pay, where we will vote against the chair of the compensation committee if the "say on pay" vote has received less than 85% support for the past two years and is not showing forward momentum.

Climate Change

In April 2021, Trillium joined other leading global asset managers in signing onto the Net Zero Asset Managers (NZAM) Initiative, formally pledging to align our portfolios with the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius. By joining NZAM, we pledged to move our equity strategies towards a net zero greenhouse gas emissions world.

Trillium's equity strategies are already aligned with emissions levels well below 2 degrees of temperature increase,* so we are focusing our commitment on the climate targets of the companies in which we invest. In addition to our commitment to net zero by 2050, our interim target is that by 2030, 75% of the holdings of our Trillium-advised larger-cap equity strategies will have set science-based greenhouse gas emissions reduction targets approved by the Science Based Targets Initiative (SBTi). As of September 30, 2023, 70% of our large-cap, in-house strategies have set science-based targets. In the second half of 2023, we wrote to every single company in our in-house, large-cap strategies that had not yet set a science-based target. Several companies confirmed that they were in the process of submitting a commitment letter to the Science-Based Targets Initiative or had already submitted a letter including: **The Walt Disney Company, RELX, Lonza, and Ocado.**

In 2021, Trillium testified in support of an earlier version of The Corporate Data Accountability Act in California which requires major companies to disclose their Scope 1 (direct), Scope 2 (indirect), and Scope 3 (value chain) greenhouse gas emissions. The law was signed by California Governor Gavin Newsom on October 7, 2023. A second law, the Climate-Related Financial Risk Act, will require companies to disclose climate-related financial risks pursuant to the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations. It is highly likely that the rules adopted in California will influence the final version of the Security and Exchange Commission's (SEC) proposed climate disclosure rule.

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*Well below 2 degrees of temperature" is defined by the United Nations Framework Convention on Climate Change within the Paris Agreement as "preferably 1.5 degrees Celsius.



Paid Sick Leave

For years, Trillium has understood that it is important for companies to provide paid sick leave (PSL) to help support the health and well-being of employees and their families. The Covid-19 pandemic highlighted the serious risks frontline workers face and the domino effects that a lack of PSL can have on business productivity and the economy. We initially co-filed a resolution (with Mercy Investments) at **Target** in December 2021, asking it to take up this topic because:

- a) It did not have a companywide PSL policy, and
- b) Information about its paid time off (PTO) policy did not provide enough information to investors to evaluate whether it was sufficient.

Following a series of dialogues, we were able to withdraw our proposal when the company committed to improve disclosures addressing eligibility and paid leave benefits, and to evaluate ways to improve its programs, including adopting PSL.

We are happy to share that in July 2023, Target answered our request by adding a PSL policy — one that will impact thousands of its team members nationwide. Team members averaging at least 20 hours per week are covered under the PSL policy which accrues as vacation pay does, meaning that employees can take the time they need to recover from an illness or injury without having to worry about losing their incomes.

We were pleased after filing a shareholder resolution this past summer and engaging in several dialogues that **Union Pacific** reached an agreement with all 13 of their unions to ensure that their employees have access to paid sick leave. However, there are reports from union members that they are not able to take the sick leave they are entitled to due to overly strict attendance policies. As a result, Trillium has decided to file a shareholder proposal again with Union Pacific asking the company to adopt a policy allowing all UP employees to take sick leave without penalties.

Toxic Chemicals

Trillium has spent many years pressing companies to create a chemicals management strategy to track and reduce the use of toxic chemicals while investing in sustainable chemistry. We believe such actions can have meaningful positive impacts on adult and children's health and the environment. In 2017, **Costco Wholesale** launched its public chemical management strategy, however tracking progress over time proved difficult.

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Last summer Trillium began a dialogue and filed a shareholder proposal asking the company to provide meaningful data on its' progress. After a series of meetings, the company responded positively at the end of October 2023 by disclosing new process information and four years of quantitative data. For 2022 they reported that 79% of more than 8,400 products tested from high-risk categories (apparel, toys) showed no exposure to chemicals of concern.

Trillium also filed a similar shareholder proposal at **The Walt Disney Company** this fall — this time with co-filers Portico Benefit Services and Trinity Health. This proposal also led to conversations with the company and a commitment to take several actions in 2023 to enhance its disclosures around chemicals management as well as a strategy to reduce priority chemicals. Disney committed to addressing its baseline use and how the company will track improvement, in addition to providing information on what it considers as safer alternatives. Given these commitments, Trillium was able to withdraw our shareholder proposal.

As retailers of textiles, furniture, toys, and apparel (all product lines with high chemical risk), we are encouraged to see the efforts of Costco and the Walt Disney Company to engage suppliers on eliminating Chemicals of Concern (COCs).

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Toxic chemicals in pesticides are also a concern at **Target**. A third of the food we eat is dependent on pollinators; but pollinator species are declining at alarming rates significantly due to toxic pesticides on farms. In 2021, Target implemented a pollinator health policy encouraging suppliers to limit non-essential use of pesticides to all produce, live plant, and flower supply chains. Yet, absent timebound or measurable targets, investors and other stakeholders cannot assess its effectiveness. Therefore, this fall Trillium co-filed a proposal with Mercy Investment Services asking Target to explain in a report if and how the company is measuring and curtailing pesticide use in its agricultural supply chains.

After discussing the potential leaching of lead from underground cables near schools and other facilities with **Verizon** in the summer, Trillium had a follow-up meeting with the company in the fall. The follow-up meeting was arranged to review and discuss the results of Verizon's own testing of their cables in New York, New Jersey, and Pennsylvania. Though Verizon reported that toxicity levels found were below those requiring remediation action, we have encouraged them to be more proactive in their approach to toxics, including taking part in the **Chemical Footprint Project Survey** benchmarking survey that evaluates responders' chemicals management systems against best practice to measure and reduce chemical footprints.



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Environmental Justice

Trillium has engaged **BD Corp** (Becton Dickinson, or BD) since 2022 on the health and equity impacts of its operational pollution on surrounding communities of color, with a focus on BD's use of ethylene oxide, a known carcinogen. We co-filed this proposal in August 2023 after a second year of reporting from the company showing limited disclosures related to our concerns. Following the filing of the proposal, we had a series of meetings alongside our co-filers, Parnassus (lead), Trinity Health, the Presbyterian Church USA, and the Nathan Cummings Foundation with the company in the fall. The group was able to withdrawal the proposal once BD agreed to issue a report, describing its efforts to identify and reduce heightened health and environmental impacts from its operations on adjacent communities of color and low-income communities. BD also agreed to include quantitative and qualitative data in their reporting and describe how these data would inform business decisions and any efforts to strengthen policies and practices. The company will also meet with the proponents at least twice between now and the release of the 2023 report in July 2024 for input and feedback.

Diversity, Equity, and Inclusion

Trillium has long advocated for companies to measure and report useful information to investors on their progress towards building inclusive workplaces. By seeking disclosure of company EEO-1 reports which are mandated by the Equal Employment Opportunities Commission (EEOC) but not public, investors will be able to access workforce composition data by gender, race, ethnicity, and job category. This year Trillium has filed proposals on the effectiveness of disclosures at **Darling Ingredients**, **Wabtec**, and **Jones Lang Lasalle**.

Trillium decided to file a shareholder proposal with **Marriott International** requesting a civil rights audit after noting multiple allegations in recent years of racially discriminatory treatment of staff and guests. Marriott's workforce is primarily Black and Latino, while its corporate executives are overwhelmingly white. Marriott also is facing a series of lawsuits relating to allegedly enforcing a **discriminatory** 'no party' policy and tolerating a culture of discrimination and retaliation against African American employees.

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LGBTQ+ Rights

According to the Human Rights Campaign (HRC), ensuring LGBTQ+ inclusive benefits to employees and their families is an overall low-cost, high-return proposition for businesses. Trillium identified **JB Hunt** as one of the companies which scored poorly on HRC's Corporate Equality Index which measures the policies, practices, and benefits pertinent to lesbian, gay, bisexual, transgender and queer (LGBTQ+) employees and filed a proposal in support of transgender inclusive benefits for all employees. Companies report implementing inclusive benefits makes them competitive employers, makes it easier to recruit and retain employees, and reflects the values of

fairness and equality. By providing transgender inclusive benefits, JB Hunt may be able to improve employee satisfaction and morale while demonstrating their commitments to diversity and inclusion – reasons we believe are well-aligned to long-term shareholder value.

On Transgender Day of Remembrance, (November 20th) Trillium submitted a petition to the EEOC requesting it adopt new rules to expand the EEO-1 reporting requirements to include sexual orientation and gender identity (SOGI) and disability in the data collection process for private employers with over 100 employees.

Diversity in Clinical Trials

Most clinical trials are rarely representative of the general population or of those with a particular disease. Clinical trials primarily enroll white, male patients, with consistent underrepresentation of women, the elderly, and people of color — especially Black and Hispanic patients. This prevents potentially eligible patients from taking part in newly developed innovative therapies or devices and may provide results that fail to address some patient populations. With these concerns in mind, we reached out to **Hoya** and **Coloplast** regarding their compliance with new requirements for diversity action plans in clinical trials for any drugs or medical devices regulated by the Food and Drug Administration. Unlike some of their peers, we found no information on their websites about their approach to ensuring diversity across different dimensions in their clinical trials. We plan to reach out to them in the New Year to follow-up once the FDA releases their promised guidance on the format and content of these plans.

Free, Prior, and Informed Consent

Trillium has filed a shareholder proposal with **Travelers**, a major U.S. insurer with a history of underwriting oil and gas projects regarding the adoption of a human rights policy that incorporates 'Free, Prior and Informed Consent' (FPIC) for projects that impact indigenous peoples' lands. FPIC is a principle and legal norm that protects the collective rights of indigenous peoples. It is a cornerstone of international human rights standards, such as the UN Declaration on the Rights of Indigenous Peoples (UNDRIP).

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Travelers has been asked to publicly commit to not provide underwriting or reinsurance for at least two projects that could potentially infringe on the rights of indigenous peoples:

- The Arctic National Wildlife Refuge (ANWR) and oil and gas exploration, and
- Extraction in the Democratic Republic of Congo (DRC).

In the case of the ANWR, seventeen insurance companies have already committed not to insure oil and gas projects there, noting potential negative impacts on Indigenous Peoples and biodiversity.

Fair Chance Hiring

Employers currently face a daunting challenge: the latest data shows that we have 9.5 million job openings in the U.S., but only 6.5 million unemployed workers. Today's labor shortage limits companies' ability to grow and disproportionately affects industries that rely on frontline workers. Yet one source of talent remains significantly underutilized: Americans with a criminal record—one in three working-age adults. Removing the barriers this population faces in the employment process, also known as fair chance hiring, can help companies address their labor needs.

Trillium is launching a campaign in the first half of 2024 inquiring about companies' implementation of fair chance hiring policies and will start by requesting information from **Visa** and **Mastercard** on their approach to and implementation of such a policy.

Worker Empowerment: Labor Organizing

In late 2022 and early 2023 Trillium and other investors engaged **Apple** and **Starbucks** filing shareholder proposals at both companies seeking an assessment of the companies' adherence to their commitments to international labor standards. These shareholder proposals were prompted by company conduct which drew serious allegations of union busting. After some dialogue, Apple agreed to conduct the assessment and released it in late December. At Starbucks, the shareholder proposal went to a vote and received a supporting vote of 52% — leading the company to agree to conduct an assessment. The Starbucks assessment was also released in December.

¹<https://ai.google/responsibility/principles/>

The responsible regulation and management of Artificial Intelligence (AI) systems has been in the news repeatedly in recent years due to rapid developments in the commercialization of large language models (LLMs) like ChaptGPT.



We are currently conducting a comprehensive review of the assessments and preparing to share our conclusions in January.

Governance of Artificial Intelligence

The responsible regulation and management of Artificial Intelligence (AI) systems has been in the news repeatedly in recent years due to rapid developments in the commercialization of large language models (LLMs) like ChaptGPT. Back in 2018 **Alphabet** launched its Artificial Intelligence (AI) Principles which proclaimed its commitment to be 'socially beneficial' and 'accountable to people' among other goals¹.

However, there is evidence which suggests that the AI Principles have not been successfully implemented. For example, in August 2023, the New York Times reported the tech giant was developing tools that would use artificial intelligence to perform tasks that some of its researchers have said should be avoided.

Google's rival to ChatGPT, Bard, now has an extension which can connect to a user's Gmail, and other Google apps but the company itself warned against sending Bard "any data you wouldn't want a reviewer to see or Google to use."

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According to the Living Wage Network, paying a living wage can improve the quality of service, lower turnover rates, save money for employees, and aid in job creation. The minimum wage in the United States is no longer a living wage as it has not kept up with the cost of living in more than half a century.



As a result of these issues, Trillium has filed a shareholder proposal at **Alphabet** requesting the board of directors amend the charter of the Audit and Compliance Committee of the Board to add to the committee's "purpose" section appropriate language which makes it clear that the Committee is responsible for overseeing Alphabet's artificial intelligence activities and ensuring management's comprehensive and complete implementation of its AI Principles. These governance oversight approaches to ESG issues have been successful in the past, and we hope will continue to be part of a constellation of measures that companies like Alphabet can take to ensure AI is socially beneficial and accountable to society.

Public Policy

Trillium Chief Advocacy Officer Jonas Kron was invited to participate in the U.S. Department of Labor's 'New Frontiers for Empowering Workers and Business' event which brought businesses, finance leaders, workers, and worker advocates together at the department's Washington headquarters on November 28, 2023. Attendees discussed the case for businesses, investors, and related entities to expand their practical understanding of the benefits of worker voice. Given the record levels of worker organizing occurring across the country and the shift in how workers view work

and the role of work in their lives, investors like Trillium are pressing companies to provide channels for workers to voice their concerns, promote equity, and support economic empowerment.

Supporting Collaborative Stewardship

Trillium joined a collaborative engagement led by the FAIRR initiative (FAIRR) which sent sign-on letters on two different topics to companies affecting the global food system: establishing protein diversification as part of climate transition plans (encouraging consumers to reduce their consumption of animal proteins) and examining the impacts of manure and animal waste on water and biodiversity. The FAIRR is a collaborative investor network that raises awareness of the environmental, social, and governance (ESG) risks and opportunities in the global food sector. Their mission is to build a global network of investors who are aware of the issues linked to intensive animal production and seek to minimize the risks within the broader food system.

Trillium joined other members of the Racial Justice Investing Coalition in writing to the CEOs of Fortune 100 companies after a letter to the same group from 13 Republican Attorney's General suggested (erroneously) that Diversity, Equity, and Inclusion (DEI) initiatives were illegal in the wake of the Supreme Court's decision on affirmative action in higher education. The letter encouraged companies to disclose comprehensive human capital management data including workforce diversity and conduct a racial equity audit.

In support of living wages, Trillium signed on to a statement authored by the Interfaith Center on Corporate Responsibility (ICCR) sent to dozens of U.S. companies this past fall. The letters called on companies to take steps towards the payment of a living wage to direct and contract workers, in line with international human rights standards. According to the Living Wage Network, paying a living wage can improve the quality of service, lower turnover rates, save money for employees, and aid in job creation. The minimum wage in the United States is no longer a living wage as it has not kept up with the cost of living in more than half a century.



About Trillium Asset Management

Trillium Asset Management offers investment strategies and services that advance humankind towards a global sustainable economy, a just society, and a better world. For over 40 years, the firm has been at the forefront of ESG thought leadership and draws from decades of experience focused exclusively on responsible investing. Trillium uses a holistic, fully integrated fundamental investment process to uncover compelling long-term investment opportunities. Devoted to aligning stakeholders' values and objectives, Trillium combines impactful investment solutions with active ownership. The firm delivers equity, fixed income, and alternative investments to institutions, intermediaries, high net worth individuals, and other charitable and non-profit organizations with the goal to provide positive impact, long-term value, and 'social dividends™'.

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