



Advocacy Impact Report – 1Q 2024

Trillium’s shareholder advocates are in the thick of the proxy voting season in the first quarter of 2024 and are pleased to share updates on several issues we are working on – including our excitement about Starbucks agreeing to negotiate a collective bargaining agreement with their employees’ union, a major success after more than two years of investor pressure. Trillium has already withdrawn several shareholder proposals after reaching satisfactory agreements with several portfolio companies on issues ranging from improved reporting of workforce diversity data and access to paid sick leave. We also have an update on our firm-wide work to encourage companies to set science-based targets. Read on for more details on our progress!

Worker Empowerment: Labor Organizing

According to the U.S. Bureau of Labor Statistics (BLS), 10% of U.S. workers belong to a union. Successful walkouts by Hollywood actors and screenwriters, autoworkers, and health care professionals in 2023 demonstrated how effective labor organizing can be in achieving union gains. Trillium has successfully organized investors to encourage companies like **Starbucks** and **Apple** to address labor organizing productively.

From Advocacy to Agreement....

In February 2024, **Starbucks** and Starbucks Workers United agreed to develop a path forward for collective bargaining agreements and worker organizing processes. This agreement, praised by labor experts, was attributed to a worker-led organizing campaign, reputational damage, and investor actions, including a shareholder proposal and letters by Trillium and others.



1Q 2024 Impact by the Numbers:

New Engagements:	20
Successful Engagements:*	24
Field Building Interventions:	2
Sign-On Letters	5

*“Successful Engagement” is defined as an engagement that results in positive change at a company that improves: policy, practices, products, transparency, measurable outcomes, operations, governance or control mechanisms, or board/committee charters; OR a shareholder proposal vote in excess of 25% of independent/outside shareholders.

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Trillium's worker rights engagement with Starbucks began in late 2021, advocating for respect for unionized stores and good-faith negotiations. Despite initial efforts, a positive response was not received. In September 2022, Trillium, the New York City Comptroller, Pensions & Investment Research Consultants (PIRC), and SHARE (Shareholder Association for Research and Education) filed a shareholder proposal, leading to a 52% vote in favor at the 2023 Annual General Meeting. Subsequently, Starbucks agreed to an assessment of its worker rights standards, but Trillium and others were disappointed with the final assessment. The engagement continued, resulting in Starbucks' agreement with Starbucks Workers United in February 2024. The road ahead for Starbucks and its workers remains uncertain, but Trillium is committed to continuing its advocacy.

Though **Apple** agreed to a request to conduct a third-party assessment of their efforts to comply with its own human rights policy as it relates to workers' freedom of association and collective bargaining rights, the resulting report was fundamentally flawed in the view of Trillium and the other investors who requested it. Apple failed to assess the implementation of their policies and manager training on workers' rights; failed to interview workers who claimed their rights had been infringed upon, and used an external third party which lacked sufficient expertise. The investor group will evaluate next steps for engagement based on Apple's response to their criticisms.

Poor working conditions are endemic in global supply chains, but **Nike** has been the recipient of several troubling allegations around the treatment of workers and their unwillingness to pay wages and compensation owed. For example, Nike is facing pressure from labor and human rights activists as well as investors over its steadfast refusal to pay more than 4,000 garment workers \$2.2 million in unpaid wages and benefits according to the Clean Clothes Campaign. Trillium and Domini Social Investments wrote to Nike twice in 2023 about the steps they were taking to address human rights and labor protections in their supply chain without receiving a response. As a result, we joined again with SHARE (Shareholder Association for Research and Education), Domini Impact Investments to co-file a resolution asking Nike to investigate the impact of joining 'worker-driven' social responsibility (WSR) programs where they exist, like the Pakistan Accord on Health and Safety. These programs allow workers to determine the labor standards they work under and design the systems to enforce those standards.

Climate Change: 9 Portfolio Companies Set Science-Based Targets

In the fall of 2023, Trillium sent letters to 87 companies across all our investment strategies that had not yet set science-based targets (SBTs) for the reduction of greenhouse gas emissions. This work was a continuation of our Net Zero Asset Managers' pledge – via which we committed (alongside other investment managers) to align our portfolios with the goals of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to a rise of 1.5 degrees Celsius. Nine companies that we have written to have made public commitments to set science-based targets in the past year:

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- **AMN Healthcare Services Inc.**
- **Azenta Inc.**
- **Danaher Corporation**
- **Infineon Technologies**
- **Rockwell Automation Inc.**
- **Stryker Corporation**
- **Tractor Supply Company**
- **Walt Disney Company**
- **West Pharmaceutical Services Inc.**

We will continue to engage with our remaining portfolio companies which have yet to set an SBT, however, we are pleased to report that we are on track with our pledge to move Trillium’s equity strategies to align with our NZAM commitment.

Guaranteeing Access to Paid Sick Leave

The United States is one of only three high-income countries in the world that does not have a universal paid sick leave (PSL) program available to its workforce. Not only does PSL help support the health and well-being of employees and their families, it also reduces turnover (an important consideration in a time of tight labor markets), and, in the aftermath of a global pandemic, helps prevent the spread of infectious disease. Trillium was pleased to see a commitment from **Union Pacific** to provide paid sick leave to all their unionized employees after we filed a shareholder proposal in support in 2023. However, we were dismayed to hear later in the year that railway employees across the industry reported being penalized when requesting sick leave, rendering the policy ineffective. To ensure Union Pacific’s policy helps ensure effective access to PSL, we filed a new shareholder proposal asking that the company to publicly disclose on their website that they do not and will not discipline any employees for taking sick leave. After the company agreed to our request, Trillium withdrew our shareholder proposal.

Climate Lobbying

Trillium filed a new proposal at **Bank of America (BAC)** on ensuring alignment of corporate climate policy with lobbying on public policy – particularly through trade associations. Though the bank has made significant corporate commitments regarding climate change, including setting a net zero target and committing to financing low carbon and sustainable businesses, it also is a member of several industry associations actively lobbying against effective climate policy. For example, BAC (along with other large U.S. financial institutions) is a member of the U.S Chamber of Commerce, which has been actively working to obstruct climate policy and the federal and state level, including running ads in Arizona to persuade the state’s senators to vote against the Inflation Reduction Act, a bill centered around accelerating the U.S. transition to a low carbon economy.

Trillium has requested that BAC provide an annual report to its shareholders that assesses how their membership in trades associations, coalitions and the like align with their net zero commitment and their support for the transition to a low carbon economy. Negotiations are on-going, but we expect to go to a vote at their annual general meeting on April 24th, 2024.



Toxic Chemicals

Trillium is pleased to report that we successfully withdrew a shareholder proposal we co-filed asking **Target** to disclose more on its approach to managing pesticides after the company committed to:

- Engage with external expert organizations on pesticide measurement and reduction
- Continue engagement with shareholders on the topic

Trillium has long advocated for corporate policies that reduce the use of toxic chemicals given the risks they can create for investors, consumers, and workers. Pesticides are particularly worrisome as they threaten farmer resiliency and productivity due to the proliferation of pesticide-resistant weeds and insects, loss of topsoil, and soil degradation.

ESG Backlash

The backlash against the use of environmental, social, and governance factors in business and investment has resulted in several companies backsliding on previously made sustainability commitments. Trillium and other sustainable investors were disappointed when **Bank of America (BAC)** recently dropped its pledge to stop directly financing new coal mines, coal-burning power plants, and Arctic drilling projects. The New York Times links BAC's updated policy to attacks by Republican lawmakers on corporations who consider environmental and social factors in their operations. Trillium and members of **Interfaith Center on Corporate Responsibility (ICCR)** are discussing steps we can take to encourage BAC and other firms to reverse the backsliding on previously made commitments. BAC's announcement follows the withdrawal of JPMorgan Chase's and State Street's investment arms from the Climate Action 100+ coalition, a global investor initiative encouraging the world's largest greenhouse gas emitters, to take necessary action on climate change. Trillium continues to be a member, along with hundreds of other investment managers. It is notable however, that Blackrock, the world's largest investment manager, did not leave the initiative entirely but transferred their membership to their international arm.



Expanded disclosures are vital to evaluating the efficacy of diversity programs and creating accountability on workplace equality.



Diversity, Equity, and Inclusion

Expanded disclosures are vital to evaluating the efficacy of diversity programs and creating accountability on workplace equality. In Fall 2023, Trillium filed three shareholder proposals asking **Darling Ingredients**, **Jones Lang LaSalle**, and **Westinghouse Airbrake Technologies** to expand their disclosures of employment demographic data, including EEO-1 data and hiring, retention, and promotion metrics broken out by race and gender. Trillium successfully withdrew all three resolutions following agreements with the companies.

Supporting Gender Affirming Healthcare

Trillium scored a significant victory with **JB Hunt** regarding our proposal to provide equal benefits under their health insurance plan to transgender employees and domestic partners of employees. JB Hunt filed a no action request against the proposal seeking to have it excluded from the ballot by the Securities and Exchange Commission (SEC).

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However, Trillium was able to successfully argue that the proposal had not been substantially implemented and dealt with a significant social policy issue. Due to our engagement, the company agreed to extend coverage for all employees for medically necessary, gender-affirming care.

We reached out to JB Hunt because according to the Human Rights Campaign's 2022 Corporate Equality Index (CEI), it did not offer equal health coverage for transgender employees or domestic partner benefits. Unfortunately, JB Hunt does not extend spousal benefits to unmarried partners in opposite sex or same sex relationships. This makes JB Hunt a laggard compared to most large U.S. firms as 86% of the 1,200 companies rated by the CEI offer transgender-inclusive health coverage, and more than three quarters of these firms offer inclusive benefits for same- and different-sex spouses and partners.

Indigenous Rights: Free, Prior and Informed Consent

There is a significant overlap between land that has been identified for renewable energy development and land that is held by indigenous communities. This overlap has led to tensions around the rights of Indigenous People to object to renewable energy projects both here in the United States and abroad. Trillium recently sent letters to two renewable energy companies in our portfolio – **Ormat** and **EDP Renewables** enquiring about allegations of infringement on the rights of indigenous people through projects that they are developing on or adjacent to Indigenous land. In Nevada, the construction of renewable energy projects was halted in response to lawsuits filed by environmental groups alongside local indigenous people. The concept of Free, Prior, and Informed Consent (FPIC) gives Indigenous Peoples the right to give or withhold consent to projects that may affect them or their territories. We are concerned about how these companies are upholding their human rights obligations in their interactions with local Indigenous communities.

Trillium expects that our shareholder proposal filed with **Travelers** regarding the adoption of a human rights policy that incorporates FPIC will go to a vote at their upcoming AGM (Annual General Meeting). As a major insurer for oil and gas projects the incorporation of the FPIC standard will help ensure the review of all new underwriting projects for their impact on indigenous peoples' lands.

¹ <https://www.uschamber.com/workforce/education/the-business-case-criminal-justice-reform-second-chance-hiring>

Diversity, Equity, and Inclusion: Improving Data Disclosures

We have recommended to several of our portfolio companies that they conduct a civil rights or racial equity audit to understand the potential differential impacts of their business operations or products and services they offer may impact marginalized communities and people of color. We expect to take our proposal to a vote at Marriott International requesting a civil rights audit. **Marriott International** has faced multiple allegations in recent years of racially discriminatory treatment of staff and guests and is also 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.

Connecting the formerly incarcerated with employment supports individuals to take care of themselves and their families, allows employers to access a talented labor force to meet their workforce needs, and contributes to the reduction in recidivism.



Fair Chance Hiring

According to the U.S. Chamber of Commerce an estimated 70 million people (about twice the population of California) in the U.S. have an arrest or conviction record, and over 600,000 men and women are released from jail each year.¹ Connecting the formerly incarcerated with employment supports individuals to take care of themselves and their families, allows employers to access a talented labor force to meet their workforce needs, and contributes to the reduction in recidivism.

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Trillium contacted **Visa** and **Mastercard** about their policies and practices around fair chance hiring. Both companies are members of the Second Chance Business Coalition which promotes the benefits of second chance employment and provides employers with resources to hire and provide career advancement to people with criminal records. However, neither company provides sufficient disclosure on their approaches to aid formerly incarcerated individuals.

Menopause-friendly workplaces

Over the past several months, Trillium has been engaging with several companies around the creation of a menopause-friendly workplace for women. We reached out to **Gilead Sciences, Levi Strauss and Co, Tractor Supply, Edwards Life Sciences** and **TJX Companies**.

These are companies with a majority or near majority of employees being women. We believe this is the correct place to start this work and will build out a longer-term set of engagements on this important topic.



We believe there are, broadly speaking, four areas that companies should have fully developed and comprehensive approaches to providing a menopause friendly workplace including:



1. **Policy:** A clear and supportive menopause policy can help create or improve a culture of respect and inclusion for women who are going through this transition
2. **Healthcare coverage and access:** Providing necessary insurance coverage and healthcare access for women who are experiencing menopause can be an important part of supporting and improving their physical and mental health, as well as their engagement and productivity at work.
3. **Education and awareness:** Raising awareness and providing education about menopause in the workplace can help foster a positive and supportive work environment for perimenopausal and menopausal people.
4. **Physical workplace:** Physical workplace adjustments can include providing access to fans, air conditioning, windows, water coolers, restrooms, showers, lockers, or other facilities that can help women manage hot flashes, sweating, fatigue, or other discomforts.

Supporting Collaborative Stewardship *GREENing the Real Estate Industry*

The real estate industry is the single most significant contributor to climate change after the oil and gas industry, responsible for about 40% of all greenhouse gas emissions globally. Trillium is a member of GREEN, the Global Real Estate Engagement Network, which is a not for profit engagement platform for the global real estate industry. The network aims to ensure that the industry reaches the Paris goals on climate change. Trillium recently joined a collaborative dialogue with **Camden Property Trust** - a real estate investment trust (REIT). Though their tenants control the power usage in their real estate portfolio they are considering setting science-based targets. They are planning to reduce energy consumption through retrofits and upgrades to their buildings.

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Shareholder Rights at Virtual meetings

Trillium signed onto an investor letter prepared by the British Columbia General Employees' Union (BCGEU) addressed to Canadian constituent companies of the S&P TSX 60. The letter calls for the companies to commit to upholding shareholders' full rights at virtual shareholder meetings. While physical shareholder meetings remain by far the most common approach for companies, the number of virtual meetings in the Russell 3000 for example has tripled since 2014. Companies and shareholders need to feel confident that the annual meeting format will afford all stakeholders a fair, complete, effective, and secure forum.

Letter to the EPA in Support of California's Carbon Neutrality Targets

Trillium signed a letter to the Environmental Protection Agency (EPA) in support of California's Advanced Clean Cars II (ACC II) regulations. These rules aim to support California's carbon neutrality targets and require that 100% of passenger vehicles sold in California be zero-emission by 2035. The EPA must grant a waiver before California's rules, which are more stringent than the federal regulations, may be enforced. California's ambitious clean cars standards should encourage innovation as automakers improve vehicle technology and emission controls to meet California's requirements and will reduce greenhouse gas and other vehicle emissions.

Support of Mandatory Human Rights and Environmental Due Diligence Legislation in the U.K.

Trillium joined more than 40 other investors in signing a statement supporting robust mandatory human rights and environmental due diligence (mHREDD) in the UK. For the first time, a bill implementing the United Nations Guiding Principles on Business and Human Rights (UNGPs) in the UK is expected to be discussed in the House of Lords. The investor signatories to this letter believe it is important that any UK due diligence legislation be consistent with similar legislation in other jurisdictions. Robust mHREDD legislation aligned with the UNGPs will increase legal certainty about the standards expected from companies across jurisdictions, ensure consequences when responsibilities are not met, promote engagement, and leverage between value chain

partners, and incentivize effective action on the ground to manage human rights and environmental impacts.

U.N Business and Human Rights Working Group survey on LGBTQ+ Rights in the Corporate World

Trillium responded to a survey circulated by the Working Group on Business and Human Rights at the United Nations on how to better protect LGBTQ+ rights in the corporate world. The Working group has a mandate promote, disseminate, and implement the Guiding Principles on Business and Human Rights (UNGPs). The group also collects best practices globally and will present their findings report to the 79th session of the United Nations General Assembly in October 2024.



Finance Statement on Ending Plastics Pollution

Ahead of the fourth round of negotiations for an international, legally binding instrument to end plastic pollution taking place in April, Trillium joined other financial institutions in signing the Finance Statement on Plastic Pollution to call on governments for an ambitious Global Plastics Treaty.

The statement is endorsed by the United Nations Environment Programme Finance Initiative (UNEP FI), Principles for Responsible Investment, Finance for Biodiversity, the Dutch Association of Investors for Sustainable Development, and the CDP and urges governments to take decisive action against plastic pollution.

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Investor Guide on Responsible Contracting

Trillium joined a working group under the auspices of the Interfaith Center on Corporate Responsibility (ICCR) to contribute to the recently published “Investor Guidance on Responsible Contracting.” The guide equips investors to engage their portfolio companies on how they integrate human rights and environmental due diligence (HREDD) into their commercial contracts. The report provides an overview of key concepts to explain the critical role that due diligence-aligned contracts play in promoting better HREDD, better HRE outcomes, and better legal compliance. It includes:

- Sample questions that investors can use in their dialogues with companies
- A template shareholder resolution
- A template investor engagement letter and
- Sample responses to frequent pushback (“FPBs”) from companies.

CDP’s Annual Non-Disclosure Campaign

CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts. Trillium joined the CDP’s Non-Disclosure Campaign (NDC) as a signatory on letters to companies that have failed to respond to requests to disclose through their climate change, forests and/or water security questionnaires. The NDC runs alongside the main CDP disclosure request to boost transparency and drive-up rates of corporate disclosure.

Public Policy Updates

FCC (Federal Communications Commission) reinstates collection of Equal Employment data from broadcasters.

Two decades after the Federal Communications Commission decided to stop collecting data about the race, ethnicity, and gender of broadcast employees, it has voted to reinstate the requirement that stations provide such data. In a 3-2 decision along party lines, the Commission voted to restart the process, calling it a statutory requirement under federal law. Trillium submitted a letter to the FCC in 2022 in support of the annual release of equality data by broadcasters.

New York Deforestation Bill Vetoed by Governor

Governor Kathy Hochul vetoed the New York Tropical Deforestation-Free Procurement Act in September 2023, despite receiving bi-partisan support in both chambers and strong public support, including the investor letter signed by Trillium and other investors in May 2023 representing \$2.5 trillion in AUM. The bill was designed to ensure that New York State government procurement did not drive tropical deforestation or degradation by tightening an existing state ban on the use of tropical hardwoods for government projects, and creating a new statute requiring state contractors who deal in forest-risk commodities to certify that their products do not drive deforestation.

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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