

LEADERSHIP ON LGBT ISSUES

Trillium Asset Management believes that companies and workers benefit from consistent, corporate-wide efforts to prevent LGBT discrimination, ensuring a respectful and supportive atmosphere for all employees.



We know that investors have an opportunity to deploy capital and use their voices as shareholders to empower the LGBT community, primarily by supporting anti-discrimination measures related to sexual orientation and gender identity and expression. For over 20 years, Trillium has been a leading investor voice on LGBT issues — we are proud of our successes and committed to continuing the fight for equality.

Many private and non-profit employers have taken the lead in creating inclusive workplace policies. According to the Human Rights Campaign 2019 Corporate Equality Index, over 90 percent of Fortune 500 companies provide explicit protections on the basis of sexual orientation and 85 percent on the basis of gender identity. Engaged shareholders have made a major contribution in this advancement, and Trillium is proud that we, and our clients, have played a leading role in this effort.

Before we invest in a company, Trillium evaluates its environmental, social, and governance (ESG) performance and includes this analysis in identifying the companies best positioned to deliver strong long term financial performance. Trillium's ESG research is primarily focused on selecting companies that are meeting positive thresholds of performance for ESG issues, such as strong workplace practices, a demonstrated record of producing safe products for consumers, protecting the environment, fair compensation for employees and executives, and respecting and upholding human rights.

Trillium avoids investing in companies with egregious, pervasive or longstanding patterns of discriminatory behavior. If issues emerge at a company in which we are already invested, we engage with management in dialogue to urge it to take meaningful action against prejudice and discrimination.

[Continued>>](#)

As part of our due diligence, we also evaluate whether a company's non-discrimination policies include protections based on sexual orientation and gender identity or expression.

In September 2016, Trillium released a white paper, *Investing in Equality: Integrating LGBT Issues into Total Portfolio Activation* prepared by the Croatan Institute, with the guidance and close collaboration of Microsoft Corporation, Out Leadership, and Social Justice Fund Northwest. The paper provided a framework to help impact investors expand the scope of investing in LGBT issues across asset classes. It was the first effort to structure a total portfolio approach thematically around LGBT equality.

Additionally, in July of 2018, Trillium announced that all of the companies held in our Large Cap Core and All Cap Core strategies have workplace policies that protect LGBT employees from discrimination. Specifically, these companies explicitly identify sexual orientation and gender identity or expression in their Equal Employment Opportunity (EEO) policies.

Shareholder Engagement

With the U.S. Supreme Court *Obergefell* case finding a right to same-sex marriage in the U.S., it may be difficult to believe that in more than two dozen states people can still be legally denied a job, or fired, simply because of their sexual orientation or gender identity. According to *Freedom for All Americans*, in the United States, 30 of the 50 states lack state-level employment non-discrimination laws covering both sexual orientation and gender identity.

Working with other investors, through dialogue and shareholder proposals, Trillium has helped move dozens of corporations to update their employment and non-discrimination policies to explicitly prohibit discrimination on the basis of sexual orientation and/or gender identity and expression. Companies like Acuity Brands, Amgen, Chrysler, Dentsply, EOG Resources, Expeditors

International, Gardner Denver, Halliburton, Johnson & Johnson, J.B. Hunt, Lowe's, McDonalds, National Oilwell Varco, Pentair, and Wal-Mart now have fully inclusive non-discrimination policies following our advocacy work at these companies. Over the last two decades Trillium has filed more than twenty shareholder proposals related to LGBT non-discrimination policies.

We have provided consistent leadership in organizing other shareholders to press for change, and educated many investors over the years on how shareholder activism can advance comprehensive workplace non-discrimination policies for the LGBT community.



In 1995, Trillium was the first investment firm to sponsor a shareholder proposal asking a company to add 'sexual orientation' to its non-discrimination policy. We have provided consistent leadership in organizing other shareholders to press for change, and educated many investors over the years on how shareholder activism can advance comprehensive workplace non-discrimination policies for the LGBT community.

[Continued>>](#)

Trillium's Corporate Engagement with J.B. Hunt

For several years, trucking and transportation company, J.B. Hunt Transport Services, Inc., lacked explicit language in its employment policies protecting its lesbian, gay, bisexual, and transgender employees. In October 2015, Trillium filed a shareholder proposal asking the company to amend its equal employment opportunity (EEO) policy and explicitly prohibit discrimination based on sexual orientation, gender identity, or expression. Despite J.B. Hunt's management advising shareholders to vote against these changes, the proposal received a remarkable 54.7% vote at the meeting in May. In response to the vote the board appointed an internal task force to study, compile, and identify the practical effects of amending its EEO policy. In July 2016, the J.B. Hunt directors approved the policy amendment, ultimately providing protections for its 19,000 employees across the country.



Public Policy

We also know that it is important to support laws that protect the LGBT community from discrimination and fight efforts to institutionalize discrimination. State and federal laws that recognize the human rights of LGBT people and put the force of the government behind protecting them in the workplace and beyond are critical. It is for these reasons that Trillium regularly engages with policy makers at the state and federal level, and joins legal efforts to educate judges on why investors support strong LGBT non-discrimination laws.

State and federal laws that recognize the human rights of LGBT people and put the Force of the government behind protecting them in the workplace and beyond are critical.



In July 2019, Trillium joined an amicus brief organized by Lambda Legal, the Human Rights Campaign, Freedom for All Americans, Out & Equal, and Out Leadership on three United States Supreme Court cases which sought to prohibit employment discrimination based on sexual orientation or gender identity as forms of sex discrimination. Trillium had been part of a similar amicus brief in 2017, and in 2012 Trillium supported another amicus brief challenging the federal Defense of Marriage Act (DOMA) in *Gill v. Office of Personnel Management*.

Also, in mid-2019, Trillium joined the Human Rights Campaign, Out Leadership, and many other organizations in supporting the Equality Act. The Equality Act would extend federal fair employment practices to the gay, lesbian, bisexual, and transgender community. Trillium's support for these kinds of federal laws spans back to 1996, when we testified before Congress in support of the Employment Non-Discrimination Act (ENDA).

In 2017, Trillium and the New York City Comptroller led a group of investors, with a combined \$11 trillion of assets under management, to speak out against the infamous Texas bathroom

bill and similar discriminatory legislation. The signatories that we brought together included some of the biggest investors in the world, such as BlackRock, State Street Global Advisors, T. Rowe Price, and Alliance Bernstein, as well as multiple state treasurers. In that letter, the investors urged Texas lawmakers to oppose the legislation, which targeted discrimination against transgender Texans. As we argued, laws discriminating against the trans community make it more difficult for companies to attract and retain the best talent, can have real negative effects on local economies by undermining businesses operating there, and deliver extraordinary reputational harm to the Texas business environment. As of this writing, our efforts seem to have been successful at staving off these harmful laws.

The Texas case was actually not the first time Trillium used this kind of advocacy to fight for LGBT rights. In 2016, Trillium organized a letter signed by investors representing \$2.1 trillion in collective assets under management, which called for a full repeal of North Carolina's anti-LGBT law, House Bill 2. Co-organized with Croatan Institute, a Durham-based research institute, and the New York City Comptroller, the letter expressed signatories' concerns for the bill's invalidation of human rights and the financial implications for the investment climate in North Carolina. The letter persuasively argued that corporate and public policies that celebrate and strengthen diversity and inclusivity are good for society and good for business. We also made those same arguments in a CNN Op-Ed published around the same time.

Charitable Giving And Corporate Culture

Trillium's Charitable Giving Committee routinely directs the firm's charitable giving to organizations that are working for LGBT equality. Organizations that have received gifts include The Boston Alliance of Gay, Lesbian, Bisexual and Transgender Youth (BAGLY), Boston Pride, GLAAD (Gay and Lesbian Alliance Against Defamation), GLAD (Gay and Lesbian Advocates and Defenders), The International Gay and Lesbian Human Rights Commission, Marriage Equality Rhode Island Fund, PFLAG, and Youth Pride Rhode Island.

From the earliest days of the firm, the LGBT community has been represented on Trillium's investment team. In 2001, Trillium was one of only five companies to achieve a perfect score on the Gay and Lesbian Values Index, on which the Human Rights Campaign's Corporate Equality Index was originally based. In 2009, Trillium hired Matthew Patsky, CFA as CEO. Mr. Patsky and his husband have been active fundraisers in the LGBT community for over 30 years.



About Trillium Asset Management

Trillium Asset Management, with over \$4.3 billion in assets under management (as of 3/31/2021), offers investment strategies and services that advance humankind towards a global sustainable economy, a just society, and a better world. For nearly 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'.

Contact Information

ContactUs@trilliuminvest.com

800-548-5684

Perpetual US Services Co, LLC and Trillium Asset Management are affiliates under Perpetual Ltd. Australia.
Please note this email is for general inquiry purposed and personal information should not be provided.

IMPORTANT DISCLOSURE. The views expressed are those of the authors and Trillium Asset Management, LLC as of the date referenced and are subject to change at any time based on market or other conditions. These views are not intended to be a forecast of future events or a guarantee of future results. These views may not be relied upon as investment advice. The information provided in this material should not be considered a recommendation to buy or sell any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. To the extent specific securities are mentioned, they have been selected by the authors on an objective basis to illustrate views expressed in the commentary and do not represent all of the securities purchased, sold or recommended for advisory clients. The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy, and is not a complete summary or statement of all available data. This piece is for informational purposes and should not be construed as a research report.

