



2003 Sustainability Report

Contact Person:

Shelley Alpern
Director of Social Research & Advocacy
Trillium Asset Management
711 Atlantic Avenue
Boston, MA 02111
jsmith@trilliuminvest.com
(617) 423-6655

TABLE OF CONTENTS

Preface by Joan Bavaria, CEO, Trillium Asset Management.....	3
<u>Introduction</u>.....	4
<u>SECTION 1: KEY INDICATORS & VISION</u>	6
<u>SECTION 2: COMPANY PROFILE</u>.....	7
<u>SECTION 3: POLICIES, MANAGEMENT SYSTEMS & RELATIONSHIPS</u>.....	8
<u>SECTION 4: ENVIRONMENTAL PERFORMANCE</u>	11
<u>SECTION 5: SOCIAL AND ECONOMIC PERFORMANCE</u>.....	16

Preface

Fifteen years ago, Trillium Asset Management played host and wet nurse to CERES when the fledgling nonprofit was in its formative stages. From the beginning, environmental reporting was a key goal of the coalition – reporting that would elevate environmental and social management issues to the level of financial issues. Far sooner than the founders of CERES anticipated, that reporting has spread around the globe in the form of the powerful GRI guidelines.

Like other companies, we have found that the exercise of completing the report is more difficult than imagined, but also very illuminating and helpful. We complete our third report using the short form developed for small companies. In the spirit of transparency and stakeholder interaction, we encourage readers to contact us with suggestions or questions. Happy reading!

Jean Bavaria

Introduction

About This Report

This is the third edition of Trillium Asset Management's CERES Report. Most of the environmental statistics in this document cover the period 2002-2003; where we have data that dates back earlier, we have included it. This report is our first attempt to measure our use of physical resources and to estimate our greenhouse gas emissions. Future reports will be published annually and provide trend data dating back at least three years.

Who We Are

Trillium Asset Management manages customized portfolios for individuals and institutions, offering equity, balanced, and fixed income portfolios designed to meet specific financial and social objectives. Since our founding 1982, we have been a leading proponent of proactive social investing. We have spent, and will continue to spend, much of our time and fee revenue developing new and effective ways to promote corporate social change.

Trillium Asset Management's name was inspired by the tri-petalled trillium flower, which symbolizes our social mission – weaving together the three elements of sustainability: ecology (healthy environment), equity (social justice) and economy (vibrant commerce). A member of the lily family, the trillium grows best in shady, undisturbed forests. All of its parts, including petals and leaves, grow in groups of three. It is often the first flower to blossom in the spring.

Our vision for our firm is to achieve financial gain while promoting social equity and ecological sustainability. To bring this vision to life, we seek to:

- Provide superior products and services that fulfill the financial, social, and ecological goals of individual and institutional investors.
- Explore and develop all possible means of social progress by the capital markets, and educate other concerned investors in their use.
- Create a work environment that encourages personal development and growth, and in which ownership, responsibilities and rewards are broadly shared.
- Support other persons and organizations working to build a just society and a better world.

Our approach to social investment goes well beyond simple avoidance screens, to focus on creating positive change through balancing the dual strategies of divestment and engagement. These strategies include proactive investment in solutions-oriented companies, extensive dialogue and advocacy with corporate management, and directing investor capital to high impact community-based investments. Our record of using these tools to achieve social change is unmatched in the investment industry, extending our social, economic and environmental influence well beyond traditional investment services:

- Trillium Asset Management President and CEO Joan Bavaria founded CERES in 1989 and played a central role in founding the Social Investment Forum, the trade organization of the socially responsible investment industry.

- Each year Trillium Asset Management engages in numerous dialogues and files shareholder resolutions to promote sustainable and responsible corporate behavior across a range of issues including the environment, human rights, sweatshop labor and equal employment opportunity. (See our web site, www.trilliuminvest.com, for up-to-date information on our activism.)
- In the last decade, we have played a leading role in advancing certain issues before investors and corporations, such as corporate involvement with repressive regimes in Burma and Afghanistan, emerging concerns about water scarcity, and equal treatment for gay and lesbian workers.
- We participate in the making of public policy where our expertise permits. Trillium Asset Management portfolio managers and analysts have testified before legislative bodies considering bills related business with South Africa and Burma, corporate governance matters, the insurance industry, and nondiscrimination protections for lesbian and gay workers.
- In 2003, we facilitated \$8.9 million of client investments into community development securities that support affordable housing, microfinance and small business development.
- Trillium Asset Management designates 5% of our profits each year to charitable giving. From 1998 through March 2004, we have contributed over \$36,000 to nonprofit organizations.

SECTION 1: KEY INDICATORS & VISION

This is Trillium Asset Management's second CERES report and the first in which we have made efforts to quantify our use of resources. We believe that the **key indicators** of our ecological footprint are as follows. Subsequent sections of this report provide detail on our resource usage.

- Electricity required to operate four offices
- Purchase and recycling and/or disposal of paper, office supplies and equipment
- Business travel, in particular the air travel, of our employees and board members
- Employees' commute

In preparing this document, we have experienced on a small scale the very learnings that make this exercise so meaningful when undertaken by larger corporations. We have aggregated information in ways we have never done before. Two observations arise from this experience. First, collecting this data from multiple internal sources is not necessarily easy, even in a small company. Data does not always reside in obvious places, and tracking it down takes the collectors' and others' time. We operate with the advantage that our employees fully endorse and appreciate the practice of public sustainability reporting, but as we continue the work of persuading large and diverse corporations to prepare these reports, we'll better understand the complexity of the work involved and the numerous employees whose cooperation is required.

Second, we must now face the challenge of asking what we can do to further green our operations, given that we are leaseholders, indirect emitters of most forms of waste, and conscientious recyclers and reusers. Where does a small company go once the "low hanging fruit" of reducing, reusing and recycling office materials has been picked? Throughout this report we noted ways in which we mean to explore greater environmental efficiencies. We will spend the time between the publication of this report and the next to study the data and determine what kind of targets we can set for reducing materials and energy usage, boosting recycled content, or cutting or offsetting greenhouse gas emissions.

We welcome your feedback and suggestions.

SECTION 2: COMPANY PROFILE

Since 1982, Trillium Asset Management has managed customized portfolios for individuals and institutions, offering equity, balanced, and fixed income portfolios designed to meet specific financial and social objectives.

Incorporated in the state of Massachusetts, Trillium Asset Management employs 32 persons, most of whom work in our Boston headquarters (Fig. 1). We have branch offices in Durham (NC), San Francisco and Boise (ID).

Trillium leases office space in each of the four offices from the following firms (Fig. 3.).

Figure 1.

Number of Employees at Each Location					
	Boston	Durham	San Francisco	Boise	Total
Year-end 2000	21	4	2	2	29
Year-end 2001	26	5	3	2	36
Year-end 2002	21	5	4	2	32
Year-end 2003	22	4	4	2	32

Figure 2.

Annual Fee Revenue					
	Boston	Durham	San Francisco	Boise	Total
Year-End 2000	\$3,341,774	\$597,491	\$478,459	\$22,351	\$4,440,075
Year-End 2001	\$2,558,087	\$763,699	\$1,131,070	\$311,697	\$4,764,553
Year-End 2002	\$2,346,642	\$677,387	\$1,148,143	\$348,797	\$4,520,970
Year-end 2003	\$2,086,353	\$619,492.25	\$1,083,349	\$419,883	\$4,209,079

Figure 3.

Office Space (square feet)					
	Boston	Durham	San Francisco	Boise	Total
Year-End 2001-2003	8,156	1,550	1,467	1,350	12,523

SECTION 3: POLICIES, MANAGEMENT SYSTEMS & RELATIONSHIPS

Environmental Policies and Management

The CERES Principles (Fig. 4) form the core of Trillium Asset Management's environmental ethic.

Figure 4.

THE CERES PRINCIPLES

Protection of the Biosphere
We will reduce and make continual progress toward eliminating the release of any substance that may cause environmental damage to the air, water, or the earth or its inhabitants. We will safeguard all habitats affected by our operations and will protect open spaces and wilderness, while preserving biodiversity.

Sustainable Use of Natural Resources
We will make sustainable use of renewable natural resources, such as water, soils and forests. We will conserve non-renewable natural resources through efficient use and careful planning.

Reduction and Disposal of Wastes
We will reduce and where possible eliminate waste through source reduction and recycling. All waste will be handled and disposed of through safe and responsible methods.

Energy Conservation
We will conserve energy and improve the energy efficiency of our internal operations and of the goods and services we sell. We will make every effort to use environmentally safe and sustainable energy sources.

Risk Reduction
We will strive to minimize the environmental, health and safety risks to our employees and the communities in which we operate through safe technologies, facilities and operating procedures, and by being prepared for emergencies.

Safe Products and Services
We will reduce and where possible eliminate the use, manufacture or sale of products and services that cause environmental damage or health or safety hazards. We will inform our customers of the environmental impacts of our products or services and try to correct unsafe use.

Environmental Restoration
We will promptly and responsibly correct conditions we have caused that endanger health, safety or the environment. To the extent feasible, we will redress injuries we have caused to persons or damage we have caused to the environment and will restore the environment.

Informing the Public
We will inform in a timely manner everyone who may be affected by conditions caused by our company that might endanger health, safety or the environment. We will regularly seek advice and counsel through dialogue with persons in communities near our facilities. We will not take any action against employees for reporting dangerous incidents or conditions to management or to appropriate authorities.

Management Commitment
We will implement these Principles and sustain a process that ensures that the Board of Directors and Chief Executive Officer are fully informed about pertinent environmental issues and are fully responsible for environmental policy. In selecting our Board of Directors, we will consider demonstrated environmental commitment as a factor.

Audits and Reports
We will conduct an annual self-evaluation of our progress in implementing these Principles. We will support the timely creation of generally accepted environmental audit procedures. We will annually complete the CERES Report, which will be made available to the public.

Environmental Staff

Trillium Asset Management's environmental reporting is coordinated by Shelley Alpern, Director of Social Research and Advocacy, assisted by Accounting Associate Janet Smith and other staff members and interns.

Shareholder advocacy on environmental issues is a function of our full-time Social Research and Advocacy staff (Shelley Alpern and Steve Lippman) and other Trillium employees including our President, Joan Bavaria and portfolio manager Blaine Townsend.

Staff Incentives for Environmental Performance

Because environmentally friendly behavior is already practiced throughout the company, we have not found it necessary to incorporate environmental performance incentives into our compensation structure. However, going forward we will consider the feasibility of implementing staff incentives for environmental performance.

Environmental Training

We offer employees no formal environmental training. Tuition reimbursement is available for environmental coursework.

A Trillium Asset Management staff member attended a workshop in February 2004 in Boston on measuring office greenhouse gas emissions. The workshop was led by the World Resources Institute.

Supplier Policies and Management Systems

Purchasing Policy

In purchasing decisions, our policy is to buy supplies and equipment that are made from recycled/recyclable materials wherever possible. We purchase supplies and equipment from W.B. Mason, Office Depot and Staples.

Our office paper contains 30% post-consumer recycled content.

*In 2002, Trillium Asset Management Senior Analyst Steve Lippman joined the advocacy group ForestEthics and other socially responsible investment groups in pressing the management of **Staples, Inc.** to increase its store offerings of recycled paper. We engaged with senior managers in correspondence and dialogue and enabled representatives of a number of environmental groups to attend Staples' annual meeting to raise these issues from the floor. In November of that year, Staples announced a commitment to dramatically increase its sale of recycled paper products by aiming to achieve a target of 30% postconsumer content as an average across all the paper products it sells. After the policy was announced, ForestEthics's Campaign Director Todd Paglia told us, "We could not have had the impact we had without Trillium addressing these issues with Staples as a major shareholder."*

Staples will report annually on progress towards meeting its target and committed to phasing out products that come from "endangered forests," which it will work with environmental groups to define and identify. The company established a new executive-level environmental affairs position to implement these and other environmental policies.

*Steve also teamed up with the Calvert Group, another socially responsible investing firm, and the As You Sow Foundation in discussions with **Office Depot**. On Earth Day 2002, Office Depot came out with a recycling policy in line with Staples, and another addressing sourcing from endangered forests.*

Office Space

As noted above, Trillium Asset Management leases space at all four locations. Any environmental improvements with respect to water usage (i.e., the installation of low-flush toilets or low-pressure faucets), heating, and lighting would have to be coordinated with the various management companies. We intend to make inquiries about building efficiencies in the next year.

SECTION 4: ENVIRONMENTAL PERFORMANCE

Energy Use

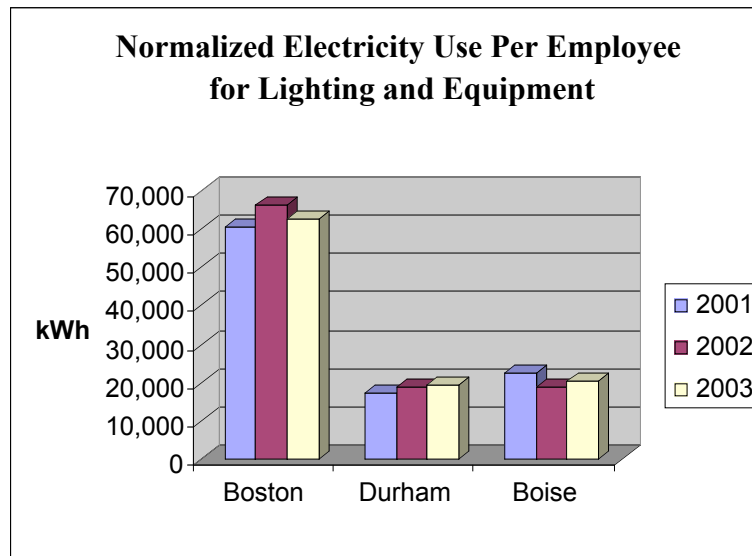
Trillium’s direct energy use is comprised entirely of electricity use, which is used for lighting and office equipment, space heating and cooling, and water heating.

For this report, we were only able to calculate the energy use associated with lighting and office equipment for 2001 and 2002 for three of the four branches (Figs. 5 and 6). The San Francisco branch does not pay its utility bill directly but as a percentage of the bill based upon the percentage of office space they occupy. We faced the same problem when it came to our space heating and cooling, which Trillium pays a percentage based on the amount of square footage of office space.

Figure 5.

Energy Use (kWh)				
	Boston	Durham	Boise	TAM Total by Year
2001	60,383	17,385	22,596	100,364
2002	65,921	19,108	19,043	104,072
2003	62,748	19,201	20,274	102,223
TAM total by office	189,052	55,694	61,913	

Figure 6.



Greenhouse Gas Emissions

Trillium has begun to estimate greenhouse gas emissions (GHG) associated with office electricity use, employees' air travel and commuting (Figs. 7-9).

Due to the difficulty of obtaining historic utility bills we were unable to calculate estimates for GHG emissions before 2000. We have begun to organize our expense reports and utility bills and improve reporting practices so that going forward to make this task easier.

Figure 7.

GHG Emissions from Lighting and Office Equipment				
	2000	2001	2002	2003
Emissions from Lighting and Office Equipment (in lbs. of CO ₂)	90,318	101,766	101,767	99,959
Normalized Emissions from Lighting and Office Equipment (in lbs. of CO ₂ per square foot of office space)	8.17	9.20	9.20	9.04
Normalized Emissions from Lighting and Office Equipment (in lbs. of CO ₂ per employee)	2,822	3,180	3180	3123

To calculate these metrics, we used the Power Profiler available on the EPA website¹.

¹ United States Environmental Protection Agency, available at <http://www.epa.gov/cleanenergy/powerprofiler.htm>.

GHG Emissions From Employee Commuting

Due to our Boston and San Francisco offices' close proximity to public transportation, most Trillium employees take public transportation to work. In our Boston and San Francisco locations, cars are used primarily to reach public transport stations. Figures 8 & 9 reflect data from 2003.

Trillium Asset Management subsidizes up to \$100 of the monthly subway pass or commuting expense for all employees. The subsidy results in a tax deduction for the company.

Figure 8.

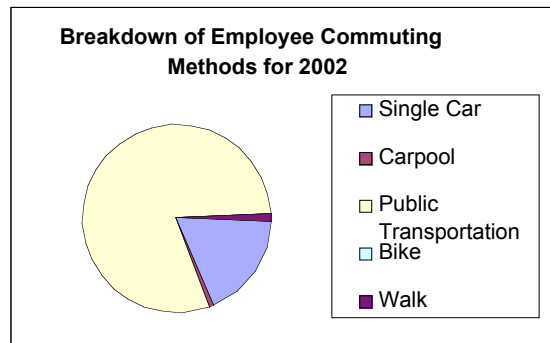


Figure 9.

Commuting Metrics					
	Miles per Day	Miles per Year	Miles per year/per employee	CO ₂ Equivalents (lbs./year)	CO ₂ Equivalents (lbs./year per employee)
Single Car	182	45,500	1,421.9	14,152	442
Carpool	8	2,000	31.3	8,870 *	277
Public Transportation	827.5	206,875	6,464.8	**	
Bike	-	-	-	-	-
Walk	19	4,750	148.4	0	0

* In collecting data on car pools, we assumed two people on average participated.

** Trillium is aware that there are emissions produced by public transportation, however, we are unable to estimate the emissions from this source.

To provide a more accurate estimate of emissions generated by staff commuting, going forward, we will also ask employees to provide the type of cars they use to commute. Determining the model of the cars will enable us to calculate the exact miles per gallon for each model, providing a more accurate calculation. In absence of this information, we used 28.5 miles per gallon as an estimate.² Finally, in future reports we also aim to include business travel by train and car.

² This figure was obtained based on the, *Automotive Fuel Economy Program Annual Update Calendar Year 2001*, which stated that the average fleet average for domestic and imported cars in 2001 was 28.5.

Greenhouse Gas Emissions from Staff Business Travel

Figure 10.

Air Miles Traveled	Total Miles Flown in 2002	Average Miles Flown Per Employee in 2002	CO ₂ Equivalent (lbs.)	Normalized CO ₂ Equivalent (lbs/employees)
2002	107,816	3,369	21,858	683

During the time period covered by this report, employees were not required to record the number of miles flown for business purposes. To provide estimates for the miles flown in this report we turned to the How Far Is It website.³ In the future, including the miles flown on expense reports will make the task easier and provide a more accurate calculation of emissions. At present, we were only able to produce greenhouse gas emissions for 2002 but will update the online version of this report with 2003 data. The equation presented in *Working 9 to 5 on Climate Change: An Office Guide*, produced by the World Resource Institute equation for medium flights was used for this report. In the future we will be able to produce more accurate reports by dividing flights into short, medium and long and using the respective equations. Future reports will also include board members' travel to board meetings.

Materials and Waste Streams

As noted above, our policy is to buy supplies and equipment that are made from recycled/recyclable materials wherever possible. Our office paper contains 30% post-consumer recycled content.

Employees are encouraged to print all materials double-sided and recycling bins are provided for white paper, newspaper, magazines and aluminum cans. Paper that is shredded for security reasons is also recycled. File folders and other office supplies are reused consistently. The recycling contractor for our building does not collect plastic or glass bottles.

Our coffee-drinking Boston staff quaff their brew from a Keurig Premium Coffee System™ machine that brews cups individually, which has eliminated wasted coffee and the electricity formerly used to heat it. Several of the selections available from our coffee supplier are organic.

Trillium does not currently have in place a program to track our material use and waste streams. This is something we are working on and plan to have in place for our next report, so that we can determine the amount of paper we purchased, reused and recycled.

We do not currently monitor our water usage, which could potentially be reduced through the installation of low-flow faucets and/or toilets in cooperation with our landlords.

³ How Far Is It website, available at: <http://www.indo.com/distance/>, accessed on July 23, 2003

We have chosen to use the amount we spend on shipping and delivery (e.g., overnight deliveries) as a proxy for distance traveled/carbon emitted. We are now tracking this information and seek to reduce it over time by encouraging staff to fax and email documents instead of using mail or private delivery services.

SECTION 5: SOCIAL AND ECONOMIC PERFORMANCE

Employee Health, Safety and Well Being

Trillium offers employees comprehensive health insurance plans. The following benefits are provided:

- Medical care coverage
- Dental care coverage
- Long- and short-term disability plans
- Supplemental disability plan
- Life and accidental death plans

With the exception of the medical coverage, Trillium absorbs the full cost of these programs. Both the medical and dental coverage are available to dependents, including domestic partners.

Another benefit that Trillium offers is the company cafeteria plan. Employees who choose to join can use a portion of their salary to pay for medical care or dependent care with pre-tax dollars.

Our only work-related health challenge to speak of is ensuring that employees who need specially designed ergonomic furniture or office equipment get it. As a small company, Trillium is not regulated by Occupational Safety & Health Administration.

In addition to the above, Trillium sponsors a 401k savings and retirement plan. The plan provides eligible employees an opportunity to reduce current income taxes and accumulate money for future financial needs. Employees may contribute as much as 25 percent of their salary. Trillium will contribute matching funds (dollar for dollar) up to the first 3 percent of the employee's salary. One of the key features of the plan is that employees may direct their employee deferral into a menu of socially responsible mutual funds.

As part of Trillium's education commitment, employees are encouraged to enroll in educational programs. The company will reimburse eligible employees up to \$2,000 per year for tuition. All awards are subject to the availability of funds. Occasionally, Trillium may request or arrange for employees to attend off-site seminars or training programs that are fully paid for by the company.

Employees occasionally take advantage of Trillium's loan program. The company may make funds available to an employee (up to \$3,000) for continuing education, to finance the down payment for a primary home or certain work related expenditures; i.e. buying a home computer. Loans are granted interest free and have a tenure of three years or less.

To ensure that Trillium employees work together as an effective, cohesive team, Trillium has an open communications policy. Employees are encouraged to bring any issues or concerns they might have to their manager or even beyond. Employees understand that their opinions will be given full consideration with no fear of discrimination or retaliation.

To provide structured two-way feedback, Trillium employees are evaluated annually by their manager. This is an opportunity to recognize employees for good performance and to identify areas for personal development/improvement.

To recognize and reward employees who have made significant contributions to the company's growth and success, Trillium has established two internal recognition programs where monetary awards are granted quarterly.

Other employee benefits

The Massachusetts Bay Transportation Agency pass program was introduced to encourage commuting on the local transit system. As noted above, Trillium Asset Management will subsidize up to \$100 of the monthly subway pass or commuting expense for all employees. The subsidy results in a tax deduction for the company.

The Charitable Giving Committee was established to encourage community involvement and to support employees and other organizations in their efforts to build a better world. Trillium's gifting program is equal to 5 percent of its pre-tax profit.

Trillium also grants employees two hours per week or up to _ day a month to volunteer at a non-profit organization.

The normal work week for Trillium employees is 9 a.m. to 5 p.m. Monday through Friday. However, to assist employees in balancing their work and life demands Trillium does support flexible scheduling, compressed work weeks and telecommuting. Several employees take advantage of this benefit.

In cooperation with our landlord, Paradigm Properties, Trillium participates in the "Brickwire Program." Using Paradigm's scale and ability to aggregate demand from many companies in the same building, they are able to provide access to an array of business products and services at lower prices and better terms than most companies could otherwise achieve. Through their network of preferred vendors from plant care to corporate catering, Trillium is able to maximize productivity and reduce some of the costs associated with running the office.

Trillium also participates in Paradigm's "Community Connection." This is a unique program offering both individuals and corporations pre-screened, recommended opportunities for volunteering, donation and philanthropy. The program harnesses the collective energy and resources of the people within Paradigm's buildings to benefit non-profit organizations working to make a difference in the Greater Boston area. Trillium has continually supported their "Pack the Backpack" activity to aid underprivileged children returning to school in the fall and the "Pie in the Sky" drive to provide aids patients with Thanksgiving dinners.

Wages and Benefits

Compensation

Our compensation policy reflects the commitment to broadly shared rewards. Socially responsible investors have long used ratios of CEO pay to the average of all other workers or the median of all other workers to gauge fairness. Typical ratios of publicly held companies

are often well over 400x the average of other workers. Our policy on compensation is to pay competitive salaries to all staff, with senior manager and CEO targets relative to comparable companies and aimed somewhat below the average of comparable size firms.

Figure 11.

Executive Pay Metrics	
4 x	TAMC CEO/Median TAMC Employee (6/30/03 data)
3 x	TAMC CEO/Average TAMC Employee (6/30/03 data)
531 x	All Company CEO/Average Factory Worker*
411 x	All Company CEO/Average Hourly Worker**
46 %	TAMC CEO as % of Investment Industry All Company Median CEO
88 %	TAMC CEO as % of Investment Industry Small Company Median CEO

Average and median include all salaried employees. Trillium Asset Management employs between one and five people part-time whose compensation is not included.

*2001 data from United For A Fair Economy (www.ufenet.org)

** 2001 data from the American Federation of Labor-Congress of Industrial Unions (www.aflcio.org).

All employees receive merit and profit sharing bonuses computed as a percentage of operating profits. Profit-sharing bonuses are pro-rated (using salary as the denominator) through all staff without consideration for rank. The company matches contributions to the 401(k) retirement plan of any employee up to 3% of their salary. Merit bonuses are awarded from an all-company budget. CEO compensation numbers above include all compensation for the fiscal year ending September 30, 2003.

Our salary policy for the company is to pay all employees competitive salaries, regionally adjusted. Professionals are to be paid low median salaries for companies of similar sizes in our industry.

During times of economic hardship, we have chosen to enact temporary pay cuts for employees at the top of our salary ranges in order to avoid layoffs.

Workplace Diversity

Having advocated for greater diversity in corporate workplace at our portfolio companies⁴, Trillium Asset Management deeply appreciates the benefits and advantages that a diverse workforce brings to companies and their stakeholders.

With respect to gender equity, we are satisfied with our ratio of women to men in officer and management positions; 71% of our managers are women, as are 81% of our officers. If that looks a bit lopsided, it is less so when one considers that women are 69% of our workforce.

⁴ Trillium has filed shareholder proposals calling for the disclosure of equal employment data, greater board diversity, and the implementation of sexual orientation nondiscrimination policies. See our web site (www.trilliuminvest.com) for more information.

We readily acknowledge that we can do much better in hiring racially/ethnically diverse workers. Only 6% of our employees are persons of color. Among our officers and managers we have one person (a woman) of color.

Beyond these rough statistics, we are proud of the diversity of backgrounds and perspectives that the numbers do *not* reflect. Our employees include a Ph.D.-trained philosopher, a former professional ice skater, a maker of fine quilts, and portfolio managers with educational backgrounds in religion, social work and art as well as finance. Our workplace provides a comfortable environment in which to be openly gay or lesbian. Employees serve on the boards of community and professional organizations such as Shared Interest, CERES, Earth Justice Legal Defense Fund, Interlock Media, Durham Community Land Trust, the Shareholder Action Network, Fund for Idaho, the Unitarian Universalist Association's Committee on Socially Responsible Investing, the Boston Community Loan Fund and the YWCA Boston.

Our twelve-member board is composed of five women and seven men. Two board members are persons of color. Our board members are invited to serve as much for their social and environmental expertise as their financial acumen. A list of board members, their affiliations and ownership stake in Trillium Asset Management can be found on page 20. Their biographies can be found on our web site at www.trilliuminvest.com.

Governance

Our board is 75% independent.

Under our by-laws, one of our directors is the CEO and two non-voting members are chosen by shareholders from a slate elected by all employees.

Wainwright Bank, which owns about a third of the total equity of the company in the form of preferred stock, has two seats on the Board per agreement. A third Board member is, at this time, employed by Wainwright Bank. The unaffiliated Board members now number seven.

The Audit and Compensation Committees are comprised of two unaffiliated Directors each. Other Board Committees are populated by a majority of independent Directors and affiliated Directors.

Disclosure of Proxy Voting

Trillium Asset Management sponsors, co-sponsors and votes on numerous shareholder resolutions that appear on proxy ballots. We disclose our proxy voting guidelines and our voting record on our web site, along with the full text of the proposals we sponsor and co-sponsor.

Ownership

Since our founding more than twenty years ago we have been an employee-owned company. In 1997, [Wainwright Bank](#) of Boston purchased an equity position in the company consisting of non-voting, preferred shares. Wainwright is an award-winning bank committed to community lending and environmental values.

Until that purchase, shares of the company were valued on a discounted, book value basis that allowed shares to be awarded employees with no tax disadvantage to them. Subsequent to the purchase, the valuation of shares was set at market price and only options have been awarded to employees.

Board members are encouraged to own shares or options of the company.

Figure 12.

<i>OWNERSHIP</i>	Senior Management	Other Employees	Independent Board of Directors	Wainwright Bank	Publishing Consultants
Percentage Equity Including Options	Stock & Options 41.16%	Stock & Options 16.67%	Stock 6.12%	Preferred Stock 34.14%	Stock 1.91%

Trillium Asset Management Board of Directors

Ownership share (where applicable) shown in parentheses ().

In addition to the members listed below, two additional board seats are filled by Trillium Asset Management employees, who are elected by the staff to serve for one year.

Joan L. Bavaria, President (17.13%)
Trillium Asset Management Corporation,
President

Margaret Flinter
Community Health Center, Inc., *Vice President*
and Clinical Director

Thomas Gladwin (0.5%)
University of Michigan, *Max McGraw*
Professorship of Sustainable Enterprise and
Associated Directorships

Robert Glassman
Wainwright Bank & Trust Company, *Co-*
Founder and current Co-Chairman

Sally Greenberg (0.5%)
Consumers Union, *Senior Product Safety*
Counsel

Charles Grigsby, Vice-Chair (0.4%)
Mass Capital Resource Company, *Senior Vice*
President

Carol O'Cleireacain (0.5%)
The Brookings Institution, Center on Urban and
Metropolitan Policy, *Senior Fellow*

John Plukas
Wainwright Bank & Trust Company, *Co-*
Founder and current Co-Chairman

George Rooks (1.8%)
Heritage Capital Management, *President*

Sherry Salway Black
First Nations Development Institute, *Senior Vice*
President

Elliott Sclar, Chair (2.0%)
School of Architecture at Columbia University,
Professor

William Torbert (0.4%)
Boston College, *Professor*

Philanthropy and Community Development

Philanthropy

Trillium Asset Management has a policy to donate 5% of all pre-tax profit to charitable organizations chosen by employees. These grants go to organizations for which our employees volunteered, or to groups that meet basic human needs. In addition, employees can donate up to two hours per week of work time to volunteer for non-profit groups. The company also matches employee fundraising for an approved non-profit, dollar-for-dollar, up to \$300, and makes after-tax payroll deductions available for **Community Works**, a partnership of grassroots, community-based organizations in the Boston area working together to raise resources through workplace payroll deduction campaigns

Our 3-year giving history is detailed below. From 1999 to 2003, our total charitable contributions amounted to approximately \$24,000. We have not kept records on in-kind giving or employee time spent volunteering during work hours.

Figure 13.

2000	
Durham Community Land Trust	\$1,500
Neighborhood Housing Partnership	\$500
SEED	\$1,500
March of Dimes	\$160
AIDS Walk Boston	\$230
Weston Community Club	\$50
2000 TOTAL:	\$3,940

2001	
Amaze	\$500
BAGLY (Boston Area Gay and Lesbian Youth)	\$500
Community Friends for Human Services, Inc.	\$500
CPPAX	\$500
Durham Community Land Trust	\$500
Interlock Media	\$250
Light Hawk	\$500
Sisters of Charity of Nazareth of Nazareth, KY	\$500
Neighborhood Elder Lead Inc. (now Seniors Connect)	\$500
Save Fenway Park	\$250
SEED	\$500
Women in Community Service	\$500
Students for a Free Tibet	\$500
Project Bread	\$200
AIDS Action Committee	\$300
September 11th Fund	\$250
2001 TOTAL:	\$6,750

2002	
BAGLY (Boston Area Gay and Lesbian Youth)	375
Richie McFarland House	250
National Multiple Schlerosis Society	300
Oak Square YMCA	108
Neighborhood Elder Lead Inc. (now Seniors Connect)	375
Baba Siri Chand Yoga Center	375
Community Friends for Human Services	375
Dismas House of Central Massachusetts	375
Durham Community Land Trust	400
Interfaith Center for Corporate Responsibility	375
The Fund for Idaho	375
Interlock Media	375
Light Hawk	400
Maine Women's Fund	125
Mass Breast Cancer Coalition	75
Sisters of Charity of Nazareth of Nazareth, KY	375
New England Shelter for Homeless Veterans	375
Outward Bound Thompson Island	375
Rodman Ride for Kids	375
Save the Harbor/Save the Bay	375
Share Our Strength	375
Slide Ranch	375
Unitarian Universalist Association	200
Women's Institute for Housing and Economic Development	375
2002 TOTAL	\$7,858

As we did not have any net earnings in 2002, we did not make charitable gifts in 2003 (gifts are calculated as 5% of the previous year's earnings).

Community Investments

Many **Trillium Asset Management** clients choose to expand their investments beyond publicly traded stocks and bonds, to what we view as an emerging new asset class with particularly high social impact: community-based investments. These investments are typically directed to community loan funds, nonprofit groups, and community development banks that help provide a flow of capital to historically under-served sectors of society, both domestically and abroad.

Throughout our two-decade history, Trillium Asset Management has been a leader in helping our clients participate in community investing. In 1981, our president and founder Joan Bavaria Joan initiated and organized some of the very first meetings to bring together community development organizations and the investment community. Trillium Asset Management is one of only a few active investment management firms with more than 1% of assets under management in community investment instruments. All of our community investments are client directed, and many of our clients choose to allocate a portion of their portfolios to community investing. Community investment instruments are customized for each client, and can be targeted both geographically and by area of interest. In addition to their high social impact, community investments can also provide diversification and risk control helpful in meeting some clients' financial goals.

Community investments are made through such organizations as Shared Interest, the Boston Community Loan Fund, Accion International and ShoreBank.

Figure 14.

Community Investments	
2001	\$6,892,521
2002	\$6,940,071
2003	\$8,917,145