



**Carrie B. VanWinkle, CFP®**  
Socially Responsive Investment  
Advisor & Financial Planner

**Malaika Maphalala, CPWA®**  
Private Wealth Advisor

---

## **INTERVIEW WITH SUSAN BAKER**

### ***Trillium Asset Management***

Carrie: Welcome to Women Invested, Women on a Mission to Change the World. I'm Carrie VanWinkle, here with my co-host Malaika Maphalala. Both of us are with Natural Investments, and we're very excited today to interview our guest, Susan Baker. She's a vice president of shareholder advocacy with Trillium Impact Investments. And we are really excited to talk with her today about Trillium and really also spotlight this whole area of socially responsible investing, called shareholder advocacy. So welcome. Susan.

Susan: Thank you, Carrie. Thank you, Malaika.

Carrie: So Susan, like I said she's a vice president of shareholder advocacy with Trillium Asset Management. She has over 20 years' experience in the investment industry. Mentored early in her career by Joan Bavaria. Am I saying her name correctly?

Susan: Bavaria, like the country.

Carrie: Joan was the founder of Trillium and a pioneer in the field of responsible and sustainable investing. And I've heard some loving mention of Joan from other advisers and Susan has long believed that women's voices and leadership skills are important and beneficial to the investment field. She has held several positions at Trillium and for the past 10 years has been a member of Trillium's Shareholder Advocacy Team, leading direct to communication with company leadership on issues including board and workplace diversity, human and labor rights and environmental health. She earned a BA from Middlebury College and Masters in Education from Harvard University. And currently serves on some pretty amazing boards, including the board of The Thirty Percent Coalition, the Interfaith Center on Corporate Responsibility, and is currently the board chair of the Pesticide Action Network of North America. Susan lives in Arlington, Massachusetts with her husband, George, and she can be frequent found tending their tomato garden, hiking and keeping up the lives of her two grown children. We are excited to have you.

Malaika: Yeah. Thanks so much for joining us, Susan. So I'll kick off our interview questions here by just asking you to give us, the listeners a kind of overview of the the work that Trillium does, and how it's creating positive change in the world.

Susan: Sure. So Trillium is a registered investment adviser. We've been around for over three decades and we're dedicated solely to responsible and sustainable investing. And we do that through our managed investment accounts for individuals as well as endowments, foundations and other non-profits.

Malaika: So what is your particular role at Trillium these days and then along with that we'd love for you to tell us more about shareholder advocacy as a tool.

Susan: So let me just tell you initially how we create positive impact in the world at Trillium. And we really do that in four ways. I want to make sure I lay that groundwork first, because we're unique in that we have not only the integration of environmental, social and governance factors into our investment decision making process, but we also have type of the maximized our social and environmental impact with the shareholder advocacy component with community impact investing and with some public policy we do as well.

So there's really a layering of added social dividends, if you will, to the initial integration of environmental and social factors. Clearly, the allocation of capital to companies that are improving their ESG performance is going to benefit shareholders we believe in the long run and benefit our economy and society, and the planet at large. So my role is in the shareholder advocacy area. And that really means being a responsible owner of a corporation and being an active owner engaging companies to influence and inform them on a wide range of environmental and social issues.

So I am talking to companies, I am engaging in what shareholders can do which is file shareholder proposals on areas of interest where we think the board of companies, where the management of companies should take an interest in other shareholders to join us in trusting them to either disclose, or to improve environmental or social performance on a particular issue. And you had mentioned a number of those at the outset for...diversity is a very important issue that I work on. It affects women and when we look at gender diversity. Sustainable agriculture is another area where I've been actively engaging companies. Women farmers around the world are impacted by corporate practices and chemical footprinting is actually a new issue that I've started to work on. More and more consumers want to know what they put on

their bodies, personal care products they use. We've been engaging companies to look at those chemicals of high concern and to seek safer alternatives.

Malaika: You actually addressed it pretty nicely but I wonder if you could give some more specifics about one or two shareholder advocacy initiatives that have been particularly exciting to you in your work with Trillium.

Susan: Sure. Why don't I start with board diversity? Since that is a topic in the news quite a bit and I can segue to another topic as well. But what we are finding is that, particularly in the U.S., the number of women on boards has been increasing. However, it's been increasing at a glacial pace. Right now, just 19% of the companies in the Standard & Poor 500 index are women. And yet women are two-thirds of the consumers in our country and they are increasingly becoming asset owners and just really a voice that should be better represented in the boardroom.

Malaika: Just to help clarify real quick, it's women running the company as the CEO, just 19% of them. Is that...?

Susan: Nineteen percent of board members.

Malaika: Oh, board members. I missed that.

Susan: Board members, right. So in aggregate it's 19%. Right. And in other countries, you know, it's closer to some countries 30, some countries are putting in some mandates to reach certain targets. We won't have a quota system in this country. I do not believe that will happen, but the concern is that, you know, as companies, the competitive landscape has changed. Boards need to understand global markets and there's a tendency to have group think certainly on a board if you do not have a diverse board both places and there have been a number of studies conducted actually correlating improved financial performance to board diversity and board gender diversity especially.

So we've been tying that business case of improved financial performance from diversity on boards to shareholder advocacy in initiatives with companies. Basically, saying, "Listen, why do you not yet have any women on your boards yet we are seeing data from Credit Suisse, data from McKinsey & Company demonstrating that there are clear corporate governance benefits, clear financial benefits to having a more diverse board?" And it's led to some very constructive dialogue with corporate leadership. First, we've seen companies amend, break governance guidelines which is basically dictates

how they will look for qualified candidates for their boards. They're including gender, race and ethnicity in their board composition language.

So that was really a first step for us to make sure companies understood I think that diversity inclusive of gender, race and ethnicity should be embedded in their guidelines when they're looking for talented and qualified candidates. And so we filed a number of shareholder proposals, 15 in the last three years. And have had since then 8 companies of those 15 have appointed women subsequent to successful dialogues with those companies. And we're continuing to do that work this year. We're continuing to look at workforce diversity, too, particularly in the technology sector where the numbers of under-represented, minorities, Hispanics, African-Americans, has been very low numbers in the tech industry.

So we've begun some very constructive dialogues with tech companies on how they can build the pipeline, how they can attract and retain diverse candidates, and how they can demonstrate most importantly to shareholders that they're putting in place programs to expand diversity in their workforce.

Carrie: But I'd love to talk about pollinators.

Susan: Oh, good. Since you mentioned. That's another issue. It falls under the sustainable agriculture.

Carrie: Let me just preface. Before we started the interview, we were talking. Malaika and I are both sustainable beekeepers. So we're very excited to see that Susan is not only on the board, but the chair of the board of the Pesticide Action Network and yeah, and it sounds like this is coming into your work at Trillium, too. So tell us more.

Susan: Sure. Well, we've been working on pesticide use reduction efforts. But really seeing that as a systemic risk to companies who are well, a systemic risk to our food system. I believe that's a better way for me to preface this is the declining bee populations. You know, bees pollinate one in three bites that we put into our mouths. So they are critical to so many crops, especially fruits and vegetables. And while there are many causes believed to be...it has really been the pesticide and it has the long name. It's a neonicotinoid, neonic for short.

Carrie: Will you say that again?

Susan: It's increasingly neonicotinoid, yeah, neonic that's been creating a number of harms to their immune system, to their ability to forage and then we

are asking companies to report on efforts to reduce use of that pesticide. So as a shareholder advocate what I want to do is point out to companies the potential risk from declining bee populations and the escalating use of neonicotinoids and the impact it could have on our food system and demonstrate that it could work to their advantage to put in place policies and programs to mitigate the risk of that pesticide. And we've talked to food companies. We had a number of very good dialogues with home improvement retailers who have garden stores. And they took quick action to realize their consumers do not want to buy plants that could potentially harm bees or, you know, create unhealthy gardens. Because plants are sprayed with this neonicotinoid and then bees take the pollen then back to their hives and creates a number of harms.

So we've had very successful dialogues at least with home improvement retailers and understanding the risks. And Pesticide Action Network did play an important role as a subject expert. They have been doing science-based research and really were able to help us understand the issue and what corporations could do in addition to, you know, speaking out at the state level, too, where there can also be some work done to protect bees.

Carrie: Are there other parts of your focus on sustainable agriculture in addition to this piece of it or is that really the focus there?

Susan: That's...pesticide use reduction has been one of the primary areas. Another area we're looking at is somewhat related is food waste and looking at food companies and asking them to put in comprehensive policies and practices to reduce food waste in their supply chain. And that actually is a sustainable agriculture issue, but it's also a climate change issue. And a social justice issue because all of this food is going to waste. So that's one other issue that one of my colleagues has been taking up in the last two years and getting some traction.

Carrie: Amazing. Give us one more. I think this is really so interesting to hear about that... Give us another area that you're focused on.

Susan: Okay. Well, let's see. Another social issue is looking at slave labor in seafood supply chain. I work on a lot of consumer issues and the Guardian Newspaper revealed some pretty egregious human rights abuses and labor abuses in the seafood supply chain, particularly in the shrimp supply chain. And it impacted some real important brands because they were able to trace that this seafood was sold here in the U.S. So that gave us an opportunity to talk to companies about mitigating reputational risk and improving their labor and human rights standards that they put into their supplier contracts. And so



this is getting down into the weeds, but really companies have to know where their ingredients, where their suppliers get their raw materials because of social media, because of the ability to trace things, for consumers to know about these things. So it allowed us to help two companies put in some pretty robust, social compliance programs, where they're going to audit more regularly and monitor and eventually report out, we hope, on the results of those audits. And also, join industry taskforce who are addressing the issue. I mean, this is happening in Thailand and an area where U.S. brands have to better understand that traceability and the labor issues because they get so much seafood from that part of the world.

Carrie: I think, Malaika, I think were both in that presentation last year at the Azara [SP] Conference where we were together. They were talking about this issue and it was very eye-opening and I didn't know as much detail until that workshop. One of the women who actually went and interviewed workers who were basically living as slaves in the shrimp industry. It was pretty disturbing. So, yeah, it's real important.

Susan: I'll say two more sentences about another issue, the emerging issue with chemical footprinting. You know, you've seen some of the major mass retailers come out and say that they're going to get rid of particular phthalates or parabens or formaldehyde, triclocine [SP] now, all these ingredients that had in our toothpaste and our personal care lotions. We're trying to get companies to submit to a survey where they would be benchmarked on their use of chemicals and their ability to phase out chemicals of high concern. And then, you know, create this race to the top mentality where they understand where their chemicals come from and they can benchmark their own progress toward using safer chemicals.

Certainly, in Europe, you know, there's been more action around seeking safer chemicals and we're hoping that we can...this type of tool can help companies here in the U.S. do the same thing. That's called the chemical footprint. Somewhat akin to the carbon footprint that you've probably heard of.

Carrie: Yeah. That's amazing. You've been doing this particular work in shareholder advocacy for 10 years and here 20 years in the investment industry, and I'm just really curious to hear from your perspective, what are the changes you've seen with the shareholder advocacy work that's being done, and the receptivity from corporations in that 10-year span? Could you highlight what you've seen as changes over time?

Susan: Sure. I'll start off by saying is that the pace of information flow has accelerated tremendously. So we get information about companies, about corporate behavior, about NGOs and what they're finding out much more

quickly than we did in the '80s to '90s certainly. And another big change...so information flow would be number one. Number two would be the organizing capability of investor partner, investors like ourselves. Trillium leads on a number of issues but we also collaborate with like-minded socially responsible investors or other nations or NGOs who are also concerned about particular issues and that ability to create coalitions has also grown by leaps and bounds. And that has made our work more effective because we just have more people to draw on to inquire or press companies on a particular issue and engage.

And I would also say the third thing is that companies to their credit and I think it's been a learning process on both sides, now have more expertise. They've developed that expertise. I mean, there's still ways to go but they have sustainability officers, they have company representatives who are well-versed on these issues who can speak to them. They're understanding they need to disclose more because not only investors just like ourselves want this information, but rating agencies are starting to look at this information through our...so companies are getting more adept at providing disclosures that are meaningful. We have a ways to go but where we've come from is pretty significant.

Carrie: So, Susan, how do you see women investors are engaging with Trillium to create positive change?

Susan: Well, I'd like to start off by first saying that women have been engaging with Trillium for positive change since 1982 when Joan Bavaria conceived this idea of Trillium, which back then was called Franklin Research and development. And I remember her telling me the story that it was a woman client who came to her with the idea of calling up a company and finding out, you know, trying to engage a company on a particular social issue. And Joan really realized that understanding environmental and social performance of a company was important to investors and voting proxies in understanding the issues on the ballot was important to her clients. And gradually she began to integrate that and having terrific researchers who would write up companies environmental and social profiles. We produced a newsletter. It's still called "Investing for a Better World," but it had very detailed analyses of companies and their environmental and social records.

And granted, back then it was hard to get good information, but she felt that was very important. She felt that talking to companies and understanding their policies and practices and what goals they were reaching toward, reducing carbon emissions on, you know, treating their workers in an equitable fashion. Those were all really important to her and a growing number of clients. I'd also say that we have...women can make an impact...are making an impact by

filing shareholder proposals. When I go to a company, we don't as a firm hold shares, so clients of Trillium sponsor the shareholder proposals and I've worked with a number of women who sponsored the board diversity proposals, and they're very happy to because they know their assets are making an impact. And my third thing I would add is that we have a number of women clients who are involved in work to promote the rights...to protect and promote the rights of women and girls around the world.

And so in running these organizations they want their endowments in operating reserves to be invested in financial assets that align with their mission. So by investing in Trillium's products and strategies they're able to do that. So they do their day to day work and they know that their operating reserves or endowment funds are also doing similar work.

Carrie: And are you seeing foundations more and more open to that type of alignment?

Susan: Yes. I would say that certainly that has grown and, you know, as you've seen there are more and more academic studies demonstrating that one need not give up financial performance or sacrifice financial performance when considering social and environmental factors. Trillium's record certainly demonstrates that and many of our partners in the industry also have similar records that on average risk adjusted basis, financial returns are not sacrificed.

Malaika: Susan, we're so curious to hear about your personal story about what really drew you to this work. How did you get here?

Susan: Sure. Well, I have to give credit to my mother. She sent me a newspaper clipping. Mothers are there for us when we need them and it was back when I was between jobs, and she sent me a newspaper clipping that described the work of South Shore Bank. That bank was the first community development bank in the U.S., and they actually worked on the south side of Chicago creating low income housing back in the '70s. So this clipping she described...she sent me described the work of the South Shore Bank. I had had some experience with an investment firm here in Boston before I worked at Trillium. And I'd taken a break thinking I want to do something different. That article plus the help of my adviser at graduate school put me in a position where I spoke to another woman here in Boston who had done some socially responsible investing work.

She introduced me to Joan Bavaria and I then got a job working for Joan in the early days of Trillium. And it was a great way for me to combine humanistic interests that I've had throughout my life with some financial



experience early in my career. And really have enjoyed working for this company for this long, 24 years almost.

Carrie: We'd love to hear if there's been something that you feel like is particular to your unique contribution in the field, so personal to you, and then also to Trillium's unique contribution in the field.

Susan: Sure. Yeah. I thought about that question.

Carrie: You know, it can be a tough one, especially personally, but we think there's a lot of amazing stories out there that women have.

Susan: I think what's unique...what Trillium is contributing that is unique is that socially responsible investing is all that we do and all that we've ever done. So we're not controlled by a larger entity or we have some autonomy. I feel like I can be nimble in what I want to pursue to particularly with shareholder advocacy initiatives. So having that history of independence, I think is something that's unique and related to that, I would say has been our ability to identify key emerging issues. Trillium was the first firm to file a shareholder proposal asking companies to include sexual orientation in their non-discrimination policies, really to ask companies to be explicit in their protections for LGBT employees in their work force.

So it really was an area where we were out in front. Also, on a number of, you know, the pollinator issue was one that we took a lead on, so I'm really proud of the fact that we're able to identify and begin to create change on a number of emerging issues. I think that's something that's unique. And just that our investment process has critical integration at the fundamental analyst level. We have dedicated teams who look at both the financial and the environmental, social and governance characteristics of a company.

So it's not siloed in a particular ESG department, it really permeates our entire firm, our investment management team that I constantly communicate with through, you know, the investment managers who talk to clients so it's really a full circle of communication.

Carrie: Just to jump in real quick, I think that is really apparent to us from the adviser side and the investor side. That when our role is to really sift through all, especially these days more and more people are jumping on board to this thing called socially responsible investing or green investing or ESG. We're seeing the lip service, you know, green washing kind of approaches and really sorting through what really rises to the top. And for us, Trillium is such a strong example of how it's clear and it's just clear what you said, that it's very

much a part of the foundational approach. It's not just some tag line to do some marketing.

Susan: Right. Yeah, thank you.

Carrie: What do you feel like your unique contribution has been in the work?

Susan: Oh, well, I think one thing we didn't talk about was the fact I've had two careers at Trillium. In my first career for the first 14 years that I was here, I was a portfolio manager and equity analyst. So I had more interaction with clients and talked to companies more about their financial performance. And then I left the company for six years to work closer to my community and be closer to my children or spend more time with my children. So I came back to the shareholder advocacy team subsequent to that six-year break.

So I think what I bring to Trillium is this unique, this long perspective of having been on the...in the early days of working closely with clients and their portfolios, and then now on the advocacy side speaking more directly with each of the companies whose stock we hold. So I'm getting, you know, I can bring both sides to bear not only to the organizational structure of our company, but also to the work of shareholder advocacy having understood where the pulse of clients and some of the financial performance experience has really helped me in the advocacy side also.

But I, you know, I get excited about this work because I do have two millennials now and I think anyone who's a parent wants to make some contribution in some small way to make sure the planet is healthy and the economy is a healthy economy as we move in through the 21st century. So I think that I feel that I'm making some contribution to the future generations.

Malaika: What would you like to see in this space that you're not seeing yet and/or that you'd like to see exponentially more of?

Susan: Sure. Oh, I think as Carrie eluded to there's...it's just been terrific to see the number of asset owners beginning to integrate environmental, social and governance issues into their investment analysis, their decision-making process. However, you know, we need more shareholder advocates really. We need that engagement piece because as a shareholder that...being a shareholder, with that status comes responsibility I believe to exercise your shareholder rights, and demand, you know, some answers about corporate behavior and understanding of how, you know, corporations have a license to operate in communities, and making sure that they are being fair and just and accountable for their actions.

So I really think that merely taking data from a company's website, informing decisions is one step and one important step in analyzing companies because that creates greater awareness on the part of the entire investment community. But being a serious owner, a more serious owner really involves the engagement piece.

Carrie: I guess the main criticism I've heard or read about shareholder advocacy is one of the pillars of socially responsible investing, is that it's really not effective. So what would...and I know you really answered that to some degree already, but what do you say to someone who has that criticism?

Susan: Well, I would say that you have to look across all issue areas. I would have to say that there has been change, and sometimes it doesn't happen in one year or two years, but it happens over three or four years. And I think it could be issues there have been more changes on, for example, workplace protections, the LGBTQ issues that I talked about earlier. I think what you might be alluding to is engagement perhaps. We haven't seen as much movement on climate change even though we have had tremendous engagement with companies on climate change. We're still heating up the planet and why is that?

So you know, rightfully so that's an area where the impact that shareholder engagement has made, you know, that story's starting to be told, but it still bumps up against the fact that we're still warming the planet and we're not going to change the oil industry by engaging them necessarily, and that's not going to reverse the trend. So yes, that's been a very much debated topic on the issue of impact and outcome. But I have to say I've just seen it in the last two years on board diversity shareholders are making an impact, no doubt about it. Yeah. That's one area I can say is...

Carrie: Can you talk a little bit more about that?

Susan: Well, I think companies realize that it's...I've had companies' leadership tell me that we've known this had to be a priority, we just haven't made it a priority until shareholders called us up and started talking about it. So that...and we don't always hear back from companies that way. That's part of the problem of measuring impact. We as an industry are trying to get better at measuring impact. And what I have found though is sometimes there are internal champions at a company, but having that...having a shareholder be another lever for their cause or just being another voice, I think there's some truth to the fact that that can move an issue, affect some change.

Carrie: So when you say a shareholder, who are you really talking about? What does that really look like?

Susan: Right. So we at Trillium, I represent shareholders for Trillium. Right? So we go to the company saying that our shareholders of XYZ company noticed that you do not have any board diversity. We're concerned about that issue because we're shareholders, we want to...we're long term shareholders. We want this company to grow and take advantage of all its potential market opportunities. And without diverse representation on its board, how can you know your marketplace? How can you understand your consumer in this growing competitive global environment that you operate in. So the shareholder is our client, right? And we're their authorized agent to go to the company and engage.

Carrie: So let's bring it back around. You had mentioned climate change, so where are you seeing...and that that's really an area where it's been more difficult than some other issues to really make impact with shareholder advocacy. So where are you seeing the opportunities or where do you think it makes sense to focus for you all?

Susan: So where we see companies making impact. There's been two areas we've been focusing on, that is on renewable energy. So companies are doing a lot of work to change their light bulbs, just be more eco-efficient, but part of...and setting targets to be more efficient, but renewable energy investing in wind solar has to be part of that portfolio mix of getting energy. So we've been asking companies to set a target to buy renewable energy and that's been very successful. Another area has is working on a public policy issue, and we organized an investor's day. So sometimes we model shareholder proposals but I haven't talked about this other avenue where investors can get together and create a statement saying, "We believe the EPA's rule to regulate methane emissions is a very good rule." Methane emissions are a very potent greenhouse gas, and there's so much leakage coming from pipes in this country. We need to get a better handle on that.

So, in addition to shareholder advocacy work, we can work in the regulatory arena and provide, you know, our representatives in Washington, or leaders of state departments information. Like you probably don't hear from investors. Let us tell you how investors think about methane emissions and how it can improve the long-term prospects of corporate corporations, if we had a better understanding of how much methane is leaking and how that could impact climate change.

So like \$3.6 trillion in assets under management came together. It was all investor dollars basically saying that we need to address...the oil and gas sector needs to address methane emissions. And this is one...

Carrie: That's primarily through natural gas pipelines, right?

Susan: Exactly. Yeah, and so this rule is going to start the path of better measuring and better containing those gases and it's money out of the door, too, for companies, right? If they have leaking pipes. That was a very successful initiative in part because we did get feedback from the rule makers saying, it was really important for us to hear the investor voice, you know, that helped us you know, create a strong rule. And so that was an instance where we could bring to bear some important information about climate change, some important information about corporate practices, and business and reputational risk, and work together to hopefully create some change.

Carrie: And when you say rule maker do you mean within the company or regulatory body?

Susan: Regulatory. So this was going to the EPA essentially, was making the final rule.

Carrie: Well, was there anything else you'd like to highlight or share about your work or the work of Trillium and shareholder advocacy?

Susan: I mean, just going back to women, I would say that women have a powerful voice, an important voice. Clearly, I talked about their voice. It's important in the boardroom, it's important in the workplace, but also as an investor. I think it's important for women investors to understand that socially responsible and sustainable investing does not mean sacrifice to returns number one. And unfortunately, I think that myth is still out there because women who feel that they're not financial savvy will perhaps back off if they hear that statement. So, that I think we still have to get that message out there, and I would say that it's exciting to see more women investing, more women understanding they can make an impact with the public equity markets, using financial assets, using shareholder ownership to affect social change. And men are doing it, too.

Carrie: Of course.

Susan: But I just think it's particularly empowering for women to see women in places of decision making and leadership and realizing that they can speak up and have a voice and ask for higher wages and, you know, leadership positions and vote their proxies and ask questions to their financial advisers. So it's exciting time for us.

Malaika: I'd just like to add I think it's also really an empowering element to know that, you know, that the kind of positive effect that that can have. Like for



a company, I think...I would imagine that part of the reason that's been so well received is that there's this financial bottom line that you can show them that says, "Well, when you include more women, when you have a more diverse board you have a financially stronger company and that seems like a good motivator and a good place for women to understand that this is what they bring to the table and it's a benefit for everyone.

Susan: Yeah. Over half of the workforce here at Trillium are women.

Carrie: Right now?

Susan: Yeah.

Carrie: Great.

Susan: We're growing and women are well-represented and it's a good mix. Most 50/50. But the women tilt a little bit, it's like 54%, 46%. Joan, she had a very nurturing demeanor, you know, very tough but also very nurturing. She liked to create things. She was an artist from the start. So she wanted to create a firm that walked the talk, that invested for a better world.

Carrie: Super. Well, thank you so much, Susan, for your time and it's so great to hear about this legacy essentially of Trillium and how long you've been a part of that, and the work that you all continue to do and be a leader, and so great. So thanks so much for your time. We appreciate it.

Susan: Thank you. I enjoyed speaking with you. Bye.

Carrie: Bye.