



BOSTON COMMON ASSET MANAGEMENT, LLC

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Dear Friend,

In 2008, Boston Common filed shareholder resolutions on topics ranging from Indigenous Peoples' Rights to executive pay, and are engaging portfolio companies operating throughout the U.S., Asia, Latin America, and Europe. Our 2008 advocacy agenda strives to improve social justice, environmental standards, and corporate governance. As always, we welcome your feedback and participation.

Sincerely,

Lauren Compere, Director of Shareholder Advocacy
Steven Heim, Director of Social Research
Dawn Wolfe, Social Research Analyst

Environment & Climate Change

In March, Boston Common withdrew its shareholder proposal to **OGE Energy**, an Oklahoma-based utility that generates electricity and distributes natural gas. As a result of our proposal, OGE will make its first report to the Carbon Disclosure Project on how the company is **responding to climate change**. OGE also agreed to report on the feasibility of adopting quantitative goals to reduce its greenhouse gas (GHG) emissions. Unintentional leaks from valves, piping, and other equipment are the largest single source of GHG emissions by the natural gas transmission and storage industry.

This proxy season, Boston Common jointly filed a shareholder proposal with **Citigroup** asking it to cease investments in the construction of new **coal-fired power plants** and in **mountain-top removal coal mining**. Financing long-term coal projects, with their high carbon footprint, puts shareholders at risk, especially given potential emissions regulations in the U.S. and growing public opposition to coal. The proposal will be voted on by all Citigroup shareholders on April 22nd.

Boston Common is a member of the **Investor Network on Climate Risk (INCR)**, a group representing \$5 trillion in assets under management dedicated to shareowner action on climate change. In February, Boston Common signed on to a new **climate action plan** launched at the INCR's United Nations investor summit. The action plan aims to boost investments in energy efficiency and clean energy and to require tougher scrutiny of carbon-intensive investments. We've also endorsed an INCR letter calling on Congress to adopt strong federal legislation that sets a target and timetable to reduce GHG emissions.

In January, Boston Common met with environment, health, and safety officials of **Pfizer** to discuss the company's plans to **reduce emissions from its corporate vehicle fleet**. Boston Common asked Pfizer, which has one of the 20 largest commercial fleets in the U.S., to explain to shareholders how the company addresses rising fuel costs and the environmental impact associated with its fleet. A recent move by Pfizer to smaller SUVs for use in severe weather regions resulted in a 16% reduction in GHG emissions and 9% cost savings.

2008 Shareholder Proposals

Company	Issue	Proposal
EnCana	Climate Change	Disclose how EnCana incorporates the cost of carbon into capital planning.
OGE	Climate Change	Explain feasibility of adopting quantitative goals for reducing total GHG emissions.
Citigroup	Coal Financing	Cease financing new coal-fired power plants and mountain-top removal activities.
IBM	Executive Pay	Give shareholders a "say on pay" through a vote on executive pay packages.
Waddell & Reed	Executive Pay	Give shareholders a "say on pay" through a vote on executive pay packages.
Cisco Systems	Free Expression & Privacy	Adopt strategy to ensure Cisco technology is not used to stifle human rights.
ConocoPhillips	Indigenous Peoples Rights	Disclose process for obtaining informed consent from Indigenous Peoples.
AIG	Political Contributions	Disclose to stakeholders company policy on political contributions and expenditure.
CVS Caremark	Political Contributions	Disclose to stakeholders company policy on political contributions and expenditure.
Costco	Product Toxicity	Disclose products sold at Costco with substances linked to public safety concerns.



Human Rights

Together with the Brethren Benefit Trust, Boston Common is leading a proposal with **ConocoPhillips** on **Indigenous Peoples' Rights**. Our proposal will be voted on by shareholders for the second consecutive year this May. ConocoPhillips has the largest operations among U.S. oil companies in the Amazon and the San Juan River Basin of the southwest U.S. Some of its proposed operations in Peru affect lands believed to be inhabited by Indigenous Peoples Living in Voluntary Isolation, for whom contact could be life threatening. Together with Native American leaders, Steven recently attended meetings in Washington D.C. to transform the **Indigenous Peoples Task Force** into a full working group of the Social Investment Forum. Steven will serve on the steering committee of the working group and continue as chair of its advocacy subcommittee. Recent advocacy has centered on corporate sponsors of professional sports teams named after derogatory terms for Indigenous Peoples. Boston Common has questioned **Bank of America's** sponsorship of Washington, DC's NFL football team given the banks' diversity record and its loans to tribal gaming businesses.

Asset management firms bear fiduciary and moral responsibilities as owners of stock in companies that may be connected to human rights violations. Boston Common is participating in a dialogue led by human rights groups and other investors with **JPMorgan Chase** regarding its investments in the four most significant companies in **Sudan's oil sector**. JPMorgan has committed to developing a human rights policy and releasing a position statement on Sudan within the next year. Boston Common also wrote to **Barclays** in January, 2008, after allegations that it acted as a correspondent bank to the Sudanese Bank of Khartoum and was a "partner bank" to two other financial institutions in Sudan. Barclays has denied any business relationships with the banks in question. We've asked Barclays to publicly state its position on Sudan to mitigate further reputational harm stemming from these allegations.

In February, Boston Common met with **Marriott International** for a one-year update on the firm's implementation of policies to combat **child sex tourism**. We are impressed with Marriott's efforts and disclosure as outlined in its Socially Responsible and Community Engagement Report (available at www.marriott.com). Through involvement with the International Tourism Partnership's Youth Career Initiatives, Marriott will offer alternative employment opportunities to at-risk youth and will lead program outreach in **Egypt, Jordan, Costa Rica and Mexico**.

Corporate Governance

Aflac became the first U.S. company to officially give shareholders a "say-on-pay" in its 2008 proxy released in March. Aflac's

decision to adopt an advisory vote on **executive compensation**, commonly referred to as a "say on pay," evolved from an open and constructive dialogue led by Boston Common beginning in 2006. The advisory vote is a management-sponsored proposal presented in the annual proxy statement, allowing shareowners to cast non-binding 'yes' or 'no' votes on the company's executive compensation report. With the decoupling of pay from performance and the widening gap between CEO compensation and that of the average U.S. worker, Boston Common continues advocating for say-on-pay reform at other portfolio companies.

In an effort to encourage **emerging market companies** to become more transparent about management of environmental, social, and governance issues, Boston Common and a coalition of global investors representing over \$850 billion in assets endorsed the Investor Statement on Sustainability Reporting in Emerging Markets (www.siran.org/EMD). Boston Common will follow up with **South Korean** companies and continue dialogues we started with **Hyundai Motors, Kookmin Bank, Posco, and Samsung Electronics** on a recent investor visit to Asia.

Workplace

In January, Boston Common organized a shareowner meeting with **Cummins** to discuss its **labor policies** and reports of labor rights violations at its U.S. joint venture distributors. Cummins reported that, following our letter last fall, it amended its new code of business conduct to include respect for its employees' right to bargain collectively and all other workplace rights. Cummins will ask its distribution joint ventures to adopt these principals too. We are urging Cummins to adopt and implement fully all core ILO labor standards.

Corporate Sustainability

This spring, the **International Working Group (IWG) of the U.S. Social Investment Forum (SIF)** held its first meeting outside the U.S. The group met with the UK SIF and Euro-SIF in **London** to share perspectives on social screening, human rights, and corporate engagement approaches. In London, Lauren met with **Unilever** and **Vivendi** to discuss changes to their social responsibility programs. Vivendi outlined a renewed focus on minors and **video game addiction**, with new controls allowing parents to set limits on game playing and to review an activity log. Unilever representatives said concerns raised previously by Boston Common and others over **polyvinyl chloride (PVC) packaging** prompted the company to consider adopting a PVC-free policy. Unilever outlined specific steps taken to reduce PVC in its packaging and aims to be "PVC Free" within five years.