



BOSTON COMMON
ASSET MANAGEMENT, LLC

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Dear Friend,

In the second quarter of 2008, Boston Common led several advocacy initiatives. We have continued to pursue issues relating to Indigenous Peoples' rights and global climate change concerns, and we have expanded our focus to problems such as child labor in the cotton industry. In addition, we are pleased that our efforts facilitated the adoption of a cosmetic safety policy by CVS Caremark, the first major U.S. retailer to do so. As always, our advocacy goals are to improve social justice, environmental standards, and corporate governance. We encourage your feedback and participation in our work. This spring, we were delighted to welcome Melissa Locke to our social team. She joined us in May after graduating from Vermont Law School, and has a special interest in environmental law and policy concerns.

Warm Regards,
The Social Research & Advocacy Team

Human Rights

Indigenous Peoples' Rights

In conjunction with the Brethren Benefit Trust, Boston Common filed a shareholder proposal with **ConocoPhillips** concerning Indigenous Peoples' rights. ConocoPhillips holds the largest total concessions of U.S. oil companies in the Amazon and the San Juan River Basin located in the Southwestern United

States. Shareholders who either abstained or voted in favor totaled 24%, versus 22% in 2007. About 9% voted in favor. At the May AGM, Boston Common commended ConocoPhillips for suspending its on-ground operations in Ecuador, which led to a sense of peace for the first time in many years for the Indigenous Peoples fighting oil development in the southern Ecuadorian Amazon since the 1990s.

Prior to the AGM, Boston Common pioneered the first meeting between ConocoPhillips staff, shareowners, and stakeholders on Indigenous Peoples' rights. Lilly la Torre, a Peruvian human rights lawyer representing Indigenous Peoples in the Amazon, explained that the Peruvian government did not seek the free, prior, and informed consent of Indigenous Peoples when negotiating oil exploration in their ancestral territories. Therefore, she believed that any ConocoPhillips operations in these territories resulted in human rights violations. Of particular concern was ConocoPhillips's involvement in "Block 39," where Indigenous Peoples Living in Voluntary Isolation are believed to live. Outside contact with these Peoples could lead to violence or their extinction by diseases. ConocoPhillips stated it would not proceed with oil exploration in its Peruvian oil concessions unless it received majority approval from those in affected communities. The company's representatives stated that because ConocoPhillips is only the minority partner in Block 39, the operator, **Repsol YPF**, maintains discretion as to operations in this territory. Boston Common will continue to advocate that ConocoPhillips adopt explicit global policies and procedures for obtaining consent from Indigenous Peoples.

2008 Annual Shareholder Meeting Participation

Company	Issue	Recommended Action
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 is not used to stifle human rights.
CVS Caremark	Human Health	Disclose to stakeholders cosmetic safety issues relating to products.
Repsol YPF	Indigenous Peoples' Rights	Disclose process for obtaining informed consent from Indigenous Peoples.
ConocoPhillips	Indigenous Peoples' Rights	Disclose process for obtaining informed consent from Indigenous Peoples.
Barrick Gold	Indigenous Peoples' Rights	Disclose process for obtaining informed consent from Indigenous Peoples.
Tesco	Labor Rights	Address labor concerns related to U.S. expansion.

Boston Common has attended or provided entrance cards to the 2008 annual shareholder meetings of the companies noted above.



Boston Common has also engaged Repsol YPF for many years on this issue and wrote to the company in the second quarter, urging it to adopt a comprehensive policy on Indigenous Peoples' rights and to detail its implementation procedures. We requested that it cease operations in Peru's Block 39. In order to express our concerns further, the Spanish NGO Intermon Oxfam represented Boston Common at Repsol's AGM in May. We expect to meet with the company later this summer.

Workplace Human Rights/ Labor & Safety Advocacy

Uzbekistan is the world's second-largest exporter of cotton. After a BBC documentary aired in October 2007, exposing the state-sactioned use of forced and child labor in the cotton fields, a group of companies made preliminary efforts to address this issue. Tesco publicly committed to requiring its textile suppliers to identify and document their raw cotton sources. H&M and Marks and Spencer have pledged to exclude Uzbekistan-sourced cotton from their products.

To encourage global textile companies to follow the lead of companies such as Tesco, we and our coalition partners have sent inquiries to over 100 global apparel and retail companies. Boston Common wrote to sixteen of its retail holdings across its U.S. and international portfolios, including **Adidas, Aeon, Carrefour, Dress Barn, Esprit Holdings, Men's Wearhouse, METRO, PPR Group, and TJX Companies**. Some companies responded quickly, and Boston Common has already engaged Adidas, METRO, and TJX Companies on this issue. TJX surveyed its suppliers and asserted that its private-label products (i.e., 10% of its business) are not currently sourcing cotton from Uzbekistan. METRO, a major European retailer, is participating in the Business Social Compliance Initiative with other European retailers. Adidas supports multi-stakeholder initiatives such as the Fair Labor Association and the Better Cotton Initiative. Boston Common encouraged all three companies to audit their supply chains to assess their exposure to Uzbek cotton, and to consider adopting public statements indicating that they will not source cotton fiber or apparel from Uzbekistan until the Uzbek government rectifies the situation.

Human Health

Cosmetic Safety

In 2007, Boston Common withdrew its second-year resolution requesting that **CVS Caremark** adopt a cosmetic safety policy after the company agreed to a dialogue. We met with senior CVS officials in April of 2007. With the assistance of the Investors Environmental Health Network (IEHN), we provided background information on the Compact for Safe Cosmetics and safer chemicals initiatives taken by European-based retailers such as Boots. At its April 2008 annual shareholders meeting, Boston Common commended CVS Caremark for adopting

a cosmetic safety policy, highlighted in its first corporate social responsibility report. With over 6,300 stores in the U.S., CVS Caremark has raised the bar for other large retailers. We also encouraged the company to dedicate sufficient resources to its sustainability initiatives.

Pharmaceutical Roundtable

With the official launch of the Access to Medicines Index (ATM, www.atmindex.org) in June, global pharmaceutical companies will have one more incentive to demonstrate how they are facilitating access to essential, affordable drugs and vaccines in the developing world. The ATM Index identifies five industry leaders, with **GlaxoSmithKline** leading the pack followed by **Novo Nordisk, Merck, Novartis and Sanofi-Aventis**. As part of Boston Common's continued leadership in global health, we convened a multi-stakeholder Pharmaceutical Roundtable with the Interfaith Center on Corporate Responsibility on June 6, 2008. Other conveners included Oxfam America and the Global Business Coalition on HIV/AIDS, TB, and Malaria. The roundtable discussed alternative business models for research and development, as well as affordable pricing models in emerging markets. Participants included global pharmaceutical companies (e.g., GlaxoSmithKline and Novartis), investors, and other stakeholders.

Climate Change Initiatives

Energy Industry

In May, Boston Common met with **Apache Corporation** executives including CEO Steve Farris. We discussed the company's progress in contending with global climate change, as well as business opportunities for carbon capture and storage for enhanced oil recovery. Additionally, we addressed ways Apache can improve its environmental and social reporting by adopting Global Reporting Initiative standards, and we encouraged Apache's continued reporting to the Carbon Disclosure Project.

Transportation

In June, Boston Common and the Investor Network on Climate Risk hosted a conference call with **Volkswagen AG** on its response to climate change in operations and product development. Volkswagen expressed its goal to make each new generation of its passenger vehicles more fuel-efficient than the previous model by "double digits." Volkswagen is developing cars using alternative drive technologies, including electric power. In addition, the company expressed its plan to meet the new European Commission proposal requiring 120g CO₂/km average emissions for all new passenger cars by 2012.