



# BOSTON COMMON ASSET MANAGEMENT, LLC

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Dear Friend,

Happy New Year! In 2008, Boston Common was pleased to continue long standing corporate engagements and to pursue many new advocacy opportunities on behalf of our clients. Our multi-year dialogues on Indigenous Peoples' rights and free expression made key strides as we launched new engagements in areas such as mercury exposure, child labor, and energy efficiency of U.S. buildings. We are also delighted to announce that in 2008 Boston Common became an official signatory to the United Nations Principles for Responsible Investment, an international framework for incorporating sustainability into investment decision-making. We are grateful to all of our clients, who allow us to pursue change on their behalf through shareholder advocacy, and we look forward to continuing our collaboration in the year ahead.

Warm Regards,  
The Social Research & Advocacy Team

## Human and Environmental Health

Dental amalgam, commonly called a "silver filling," is composed of approximately 50 percent mercury, a virulent reproductive and neurological toxicant. Mercury fillings are a major source of **mercury pollution** in the U.S. In December, Boston Common filed a shareholder proposal with **DENTSPLY International, Inc.** asking the company to disclose how it might eliminate human and environmental exposure to mercury from its amalgam fillings. Several countries have banned or restricted the sale of mercury fillings because of health concerns and

the existence of alternatives. In June 2008, the **U.S. Food and Drug Administration (FDA)** withdrew earlier claims that mercury amalgam is safe. The FDA now says that mercury fillings may have neurotoxic effects on the nervous systems of developing children and fetuses. The FDA is expected to release new rules on dental amalgams containing mercury in 2009.

Buildings consume nearly a third of America's energy, and much of it is wasted as a result of poor building design. Last quarter, Boston Common reached out to **Real Estate Investment Trusts (REITs)** in its portfolios to inquire what steps they are taking to address climate change and rising energy costs. Approximately half of the companies we contacted have responded to our request for detailed information about their energy use and conservation efforts. For example, **Colonial Properties Trust**, which operates about 250 properties in fourteen states, informed Boston Common that it is installing **water conserving fixtures**, sensors, and mechanical equipment at its properties and has launched a campaign to help clients conserve energy. **BioMed Realty Trust**, which manages real estate for the life sciences industry, provided information about **LEED certification** for its properties. Boston Common is encouraged by the responses received thus far and will continue pressing REITs to set public goals to reduce **greenhouse gas emissions**.

## Human Rights

This quarter, Boston Common advanced our work with global retailers to address child labor in the cotton fields of **Uzbekistan**. We participated in multiple stakeholder discussions with companies, human rights groups, and government officials.

## 2008 Corporate Engagement Highlights

Company	Outcome
Cummins	Recognizes right to collective bargaining in its business code of conduct
CVS Caremark	Adopts cosmetic safety policy after two-year engagement led by Boston Common
TJX Companies	Surveys suppliers to ensure cotton not sourced from Uzbekistan where child labor is prevalent
Microsoft	Commits to multistakeholder Global Network Initiative on free expression and Internet privacy
Samsung Electronics	Joins the Electronics Industry Citizenship Coalition to improve supply chain working conditions
Toyota Motor	Engages coalition of institutional investors led by Boston Common on sustainability issues
ConocoPhillips	Suspends proposed operations negatively impacting Indigenous Peoples in Ecuador
Aflac	Holds first U.S. shareholder "say on pay" vote on executive compensation packages



Boston Common maintained dialogue with companies, including **Esprit Holdings**, and engaged cotton merchants, such as the Dubai Multi-Commodities Centre, on safeguards to end **child labor** in the cotton fields. We are encouraged that some global retailers, including **Marks & Spencer** and **Tesco**, are establishing traceability systems for cotton fiber throughout their global supply chains. Tesco was the first to use **Historic Futures**, a leader in global resource tracking, to implement a company-wide, electronic traceability system on cotton fiber origin. We are encouraging other companies to adopt this model.

Boston Common continues to lead engagement at the intersection of business and human trafficking. Lauren Compere contributed to a recent publication of the **Interfaith Center on Corporate Responsibility (ICCR)**, *Of Human Bondage: Globalization's Darkest Secret*. Her article discusses the scope of **human trafficking** and its links to corporate operations. Contact Boston Common if you are interested in receiving a copy.

In November, 32 percent of **Cisco Systems** shareholders voted in favor of Boston Common's human rights proposal asking the networking giant to reduce the likelihood of its products and practices enabling **human rights violations**. Boston Common submitted the proposal for four consecutive years and was encouraged by a new invitation, extended by Cisco CEO John Chambers, to discuss our concerns. Boston Common hopes to restart a substantive dialogue with the company in 2009.

In December, the **Global Network Initiative** ([www.globalnetworkinitiative.org](http://www.globalnetworkinitiative.org)) was launched by a multistakeholder group of companies, human rights organizations, investors, and academics to help guide Internet and communications companies that are striving to protect freedom of expression and privacy in markets where they operate. Boston Common collaborated with the group for two years, helping create the **Principles on Free Expression and Privacy** and guidelines for implementation by companies including Microsoft, Yahoo!, and Google.

Boston Common met with representatives of **Deutsche Telekom** in November, including its Representative of the Board of Management for Sustainability and Climate Change, Dr. Ignacio Campino. Deutsche Telekom has taken numerous steps in recent years to mitigate its impact on the environment and to enhance labor conditions throughout its supply chain. The company participated in the recently released "**Smart 2020**" report, outlining ways the information and communications technology sector can help other sectors reduce emissions, in order to effect a 15 percent **reduction in global emissions** by 2020. Boston Common is actively encouraging Deutsche Telekom to take additional action in the areas of privacy and data security.

Among U.S. oil companies, **ConocoPhillips** has the largest collection of oil concessions in the Amazon, primarily in **Peru**. In

November 2008, Boston Common re-filed its shareholder proposal with ConocoPhillips on **Indigenous Peoples' Rights** and Free, Prior, and Informed Consent on behalf of the Church of the Brethren Benefit Trust. In addition to its presence in the Amazon, ConocoPhillips is a major operator of oil and gas wells in the Southwestern U.S. in the Navajo Nation. In response to our multi-year dialogue with the company, we understand ConocoPhillips will publish a report this summer on its interactions with Indigenous Peoples. However, we remain concerned that its operations will negatively impact Indigenous Peoples and harm sensitive, ecologically rich systems in the Amazon. We will continue to press the company to adopt a corporate policy on Indigenous Peoples' rights.

### Corporate Governance

Boston Common is the primary filer of shareholder proposals at **IBM** and **Waddell & Reed Financial** for the second year, asking both companies to give shareholders a "say on pay." The proposal requests shareholders be granted an advisory vote on senior **executive compensation**, which would provide the company with useful information on how its shareholders view compensation packages. Boston Common successfully filed the same proposal at Aflac in 2006; Aflac became the first company to adopt and implement "say on pay" in the U.S. in 2008.

In our ongoing work related to shareholder rights and SEC reform, Boston Common joined more than sixty investors in writing to **President Obama** to reverse recent **SEC** roadblocks to **shareholder proxy resolutions**. Boston Common views the SEC's withdrawal of our right to use resolutions to probe risks as hampering our ability to monitor and enhance corporate performance. A copy of the letter can be found on our website.

### Labor Health & Safety

Boston Common has actively engaged **BP** on environmental and social issues since 1997. In December, we spoke with Sheldon Daniel, BP's Director of Corporate Responsibility, regarding its implementation of safety procedures and management of high-risk projects around the world. We also raised concerns about its reduction of technical staff managing environment and social impacts at the **TNK-BTC pipeline** in Russia and its new foray into the **oil sands of Canada**. Since 2006, BP has adopted a decentralized approach to risk management, handing more authority over to business units while BP headquarters provides an outline of expectations and the resources to implement them. This is a fundamental shift under new CEO Tony Hayward. BP also reaffirmed its commitment to \$2.5 billion in capital spending on renewables over the next ten years.