



BOSTON COMMON ASSET MANAGEMENT, LLC

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Happy New Year! As 2009 came to a close, we were again grateful to have the opportunity to pursue key environmental, social, and governance reforms on behalf of our clients. We look forward to continuing long-standing corporate engagements and to initiating new ones in 2010.

*Warm Regards,
The ESG Research & Shareholder Engagement Team*

Human and Environmental Health

Boston Common filed a shareholder proposal with **JPMorgan Chase** questioning its role as a lender to companies developing **new coal-fired power plants** in the U.S. Despite its commitment to the Carbon Principles in 2008 (www.carbonprinciples.org), the company continues to fund coal-fired utilities, even in locations where more efficient and cleaner energy alternatives are available. We will discuss our proposal with JPMorgan Chase and the strength of its commitment to the Carbon Principles in late January.

For the second consecutive year, Boston Common filed a shareholder proposal with **DENTSPLY International** on the negative environmental impacts of mercury in its dental amalgam “silver” fillings. In response to our first proposal, DENTSPLY created an internal task force on mercury and are expected to report findings this year. **Mercury from dental amalgams** enters municipal waste water systems and major environmental groups report it is the largest source of mercury in the nation’s wastewater. Products such as amalgam separators help control dental mercury releases, but only ten states currently require them and

many dentists do not use them. Uncontrolled air emissions by crematoria means dental amalgams are also a source of mercury air pollution. We have asked DENTSPLY to mitigate mercury entering the environment from its products.

Boston Common is leading a shareowner dialogue with **Staples** on the use of PVC in its products and packaging and has organized a stakeholder meeting at the company’s headquarters in January. Staples executives confirmed the company is evaluating ways to reduce **PVC in products and packaging** as part of its broader effort to develop a chemical safety policy. The results of this process, with emphasis on the Staples brand, will be made public in its CSR Report this year.

Boston Common has asked **XTO Energy** about its strategy to address public health concerns over **potential water contamination** from chemicals it uses in hydraulic fracturing, a technique to extract natural gas from otherwise inaccessible reserves. XTO believes the negative impact from drilling thousands of wells is minimal. XTO uses hydraulic fracturing to extract natural gas in Texas and may expand to the Northeast U.S. to access natural gas reserves in Pennsylvania and New York. The New York City Council passed a resolution asking New York State to declare the City’s watersheds in the Marcellus Shale region in upstate New York off limits to hydraulic fracturing.

Human Rights

For several years, we have been asking **Cisco Systems** to work to protect **Internet Freedom and Privacy in its global operations**, because fear of reprisals could curtail widespread internet

2009 Corporate Engagement Highlights

| Company | Outcome |
|------------------------|---|
| Apache Corp. | Hires global GHG manager and launches stewardship/sustainability reporting via its website |
| DENTSPLY International | Reviews policies and commits to public reporting regarding mercury in its dental amalgam fillings |
| Toro Companies | Expands non-discrimination policy to include sexual orientation and gender identity |
| Carrefour & TJX Cos. | Bans cotton sourced from Uzbekistan, where it is harvested by forced child laborers |
| Cisco Systems | Receives significant investor support for human rights proposal filed by Boston Common for 5th year |
| ConocoPhillips | Pledges to Indigenous Peoples in Peru to obtain their consent prior to conducting operations |
| Toyota Motor | Adopts new global supplier CSR guidelines |
| PepsiCo* | Supports right to access sufficient, clean water in local communities |

*Boston Common was a co-proponent of the proposal



use, limiting the market for the network routers that Cisco sells. For the fifth consecutive year, Boston Common led a shareowner coalition, representing over 24 million Cisco Systems shares, urging the company to adequately manage human rights-related risks. Our proposal received support from 34% of investors at the November annual meeting. Since 2005, average annual support for the proposal has been approximately 30%, which represents a **significant endorsement by mainstream investors**. Boston Common will continue to engage Cisco until it adopts a meaningful approach to human rights globally.

Boston Common advocated to end **forced child labor** in the Uzbekistan cotton industry in 2009. We have ongoing engagement with **Carrefour, Esprit Holdings, and TJX Companies**, all of which have taken steps to address this human rights concern. Carrefour has now banned the use of cotton from Uzbekistan in its products and requires suppliers to provide country of origin labeling on cotton. In December, Carrefour convened a meeting of major brands in the French retail sector to begin collaborative work on this issue. At our request, TJX Companies made its ban on Uzbek cotton public: <https://www.tjx.com>.

We have expanded our engagement with companies utilizing **minerals mined in the conflict region of eastern Congo**. Through our involvement in the stakeholder advisory group of RESOLVE, we are encouraging companies such as **Henkel** to help map the geographic sources of key metals sourced from conflict zones. Boston Common also helped organize an investor statement signed by over 60 faith-based and institutional investors, encouraging companies to take a more systematic approach to **trace conflict minerals in their supply chain**. The investor statement will be used to communicate with a broad range of companies that use cobalt, tin and tantalum in their products including aerospace, automotive and medical devices.

In November, the U.S. Supreme Court declined to hear the **Harjo et al v. Pro-Football Inc.** case that Boston Common and others supported via amicus “friend of the court” briefs. The plaintiffs asked the Court to hear the case to revoke the trademark by Pro-Football Inc. for the Washington “Redskins” National Football Team because the name is **disparaging and demeaning to Native Americans**. Boston Common is helping to lead an investor dialogue with **FedEx**, one of the Washington team’s major corporate sponsors. A nearly identical lawsuit is now moving forth with a group of younger Native Americans. We are also supporting efforts to engage other corporate sponsors of the Washington NFL team such as **Bank of America**.

Workplace Rights

Together with its clients, Boston Common submitted arguments to the **SEC** advocating for **additional disclosure on diversity**

and how it plays into the nomination of candidates for a company’s **Board of Directors**. We are thrilled to report that on December 16th, the SEC adopted a provision requiring companies to disclose if diversity is a factor in candidate nominations and how a company assesses the effectiveness of its diversity policy. Boston Common and its clients have a long history of engaging portfolio companies on efforts to achieve a balanced and diverse board. All stakeholders will have greater visibility into corporate diversity commitments as a result of this ruling.

As a result of Boston Common’s shareholder proposal to **Toro Companies** requesting a more inclusive, non-discrimination hiring policy, the company has agreed to **expand its protection of lesbian, gay, bisexual and transgender (LGBT) employees** by enhancing its stated non-discrimination commitments. The expanded policy was released publicly in January.

Boston Common convened a shareowner meeting with **Toyota Motor** in October on **human rights** and Toyota’s **global supply chain**. We provided Toyota feedback on its 2009 Supplier CSR Guidelines, including how it addresses non-compliance by suppliers. Toyota is expanding its supplier CSR training to India, Turkey, and Brazil in conjunction with the global working conditions initiative of the Automotive Industry Action Group. We further requested that Toyota formally adopt a workplace human rights policy based on the International Labour Organization core labor standards. We will hold our second in-person shareowner meeting with Toyota in February.

Corporate Governance

In November, **IBM** requested approval from the SEC to omit Boston Common’s proposal requesting an **advisory vote on executive compensation**. The SEC denied IBM’s request and our proposal will go to a vote by all IBM shareowners this spring. In our challenge to IBM’s request on behalf of the 18 proponents, Boston Common argued that a **“say on pay” is likely to be legislated** in the near future and that many corporations have already undertaken the reform we have presented to IBM for three consecutive years. Boston Common also joined 30 global investors in supporting a say-on-pay resolution at **Novartis** led by the Ethos Foundation. Unlike other European markets which already allow an advisory vote by shareholders on a company’s executive compensation package, Swiss company law does not require it. This is the second year that this resolution has been voted on at Novartis, receiving just over 30% support in 2009: <http://www.ethosfund.ch>.

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