



# BOSTON COMMON ASSET MANAGEMENT, LLC

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*In 2010, Boston Common will pursue a far-reaching shareholder engagement strategy to further the sustainability missions of our clients. We look forward to another active year of advocacy, and we welcome your participation. We are also pleased to announce that Boston Common completed its 2009 carbon neutral program through a new partnership with Las Gaviotas, a project of the Marion Institute (<http://www.marioninstitute.org/gaviotas>).*

## Environment

The **environmental and human rights impacts and liabilities from oil sands production** have led investors to question the entrance of diversified oil producers into this risky space. Boston Common is one of three US investors to successfully file a resolution on oil sands risk assessment at **BP\*** in coalition with nearly 150 shareowners globally. Over 15% of BP shareowners went against management's recommendation opposing the resolution. Because it is difficult for North American shareowners to file resolutions in the UK, Boston Common solicited support from major US pension funds and labor unions for oil sands resolutions at BP and **Shell**. Several pension funds allowed us to disclose their **favorable vote for the BP resolution** ([www.bostoncommonasset.com/news](http://www.bostoncommonasset.com/news)). Since 2008, Boston Common has raised concerns with BP regarding its involvement with oil sands partner, **Husky**, in Canada's Sunrise Project. A recent

benchmarking report of oil sands impacts rates Husky as having the highest risk exposure among its peers for disclosure, First Nations, air, water, land, and strategy related issues.

Boston Common reached an agreement with **JPMorgan Chase** on disclosure of activities related to its **financial support of companies developing new coal-fired power plants in the US**. JPMorgan Chase will disclose its procedure for ensuring enhanced due diligence is applied to all transactions that fall under the Carbon Principles, including a review of a plant's carbon mitigation plans. The company will publish a case study of a 2009 transaction illustrating how the diligence process impacted the bank's lending decision and explain its process for training bankers on **robust Carbon Principles implementation**. It will prepare an analysis for its bankers exemplifying a specific plant in Wisconsin that received financial support from JPMorgan Chase and was later denied by regulators, in part for poor carbon mitigation planning. As a result of the agreement, Boston Common was able to successfully withdraw the proposal on behalf of its clients, and JPMorgan Chase dropped its SEC challenge. We look forward to evaluating the new disclosures.

## Human Health

This quarter, Boston Common became the **first US asset manager to join the Access to Medicines Index Investor State-**

## 2010 Corporate Engagement Highlights

Company	Engagement Focus
JPMorgan Chase	Underwriting and lending support for new US coal-fired electricity generation
DENTSPLY International	Phasing out mercury in dental amalgam fillings and mitigating its environmental impacts
Apache	Developing industry leadership on climate change and environment
BP	Limiting exposure to oil sands development
Nokia, Henkel	Sourcing of minerals from conflict regions of Congo
Li & Fung	Banning cotton sourced from Uzbekistan, where it is harvested by forced child laborers
Cisco Systems	Addressing human rights implications of technological development
ConocoPhillips	Protecting Indigenous Peoples rights in Amazon and US Southwest
IBM	Giving shareowners an advisory vote on executive compensation
Toro Company	Expanding non-discrimination protections for employees
Toyota Motor	Improving labor rights and global supply chain management

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ment, in which investors publicly pledge to include global access to medicine in their analysis and engagement of pharmaceutical companies ([www.atmindex.org/about/institutional\\_investors](http://www.atmindex.org/about/institutional_investors)).

Many of the suggestions we made last year to improve the Index were adopted in 2010. Boston Common also hosted an investor briefing with Wim Leevard, Executive Director of the **Access to Medicines Foundation**, to help broaden the participation of US investors in advancing Access to Medicine's mission.

In March, Boston Common hosted **GlaxoSmithKline's Corporate Social Responsibility Manager** and stakeholders to review the company's latest Corporate Responsibility Report. Boston Common continues to view GSK's sustainability reporting as **best in class for disclosure and accessibility** via its new web-based format ([www.gsk.com/responsibility/index.htm](http://www.gsk.com/responsibility/index.htm)).

Boston Common successfully negotiated with **DENTSPLY International** to withdraw our shareowner proposal regarding **dental amalgam fillings containing mercury**. DENTSPLY acknowledged mercury in dental amalgam waste may enter the environment in some circumstances and said the company offers mercury-free alternatives. DENTSPLY **pledged to encourage dentists to use best management practices** to address mercury waste, such as amalgam separators to capture mercury. Last year, DENTSPLY launched an internal review of mercury in its amalgam products in response to our proposal. DENTSPLY has committed to discuss with stakeholders the environmental harm and business risk associated with mercury-containing products.

## Corporate Governance

Boston Common continues to lead a coalition of eighteen investors requesting **IBM** give shareowners an **advisory vote on executive compensation**. IBM challenged shareowners every step of the way to the **2010 proxy, and the investors prevailed!** We won at the SEC last November, when IBM was denied a request to stop our "say on pay" proposal from going to a vote. This quarter, IBM took a rare step, asking the SEC to reverse its November decision favoring the proposal. Boston Common again prevailed in February, and "say on pay" will be put to a vote by IBM shareowners at the April 27, 2010 annual meeting.

Boston Common and other investors became concerned when **Apache Corp.** filed a lawsuit in federal court in January 2010 to **omit a shareowner proposal from its proxy** rather than rely on the standard SEC process for omitting proposals. Apache claimed the filer, John Chevedden, had not submitted sufficient proof of shareownership. Boston Common joined other investors, led by the **US Proxy Exchange**, in submitting affidavits stating that we had filed shareowner proposals without incident

with proof of ownership verification similar to that provided by Mr. Chevedden. We were concerned this case would set an onerous precedent for shareowners and harm our ability to file proposals. In a narrow decision, the Court ruled that Apache could omit Mr. Chevedden's proposal for technical reasons, but it did not set a new ownership verification precedent as feared. Boston Common organized a shareowner call with Apache following the ruling. Apache explained that it filed the lawsuit due to particular facts with this case and the company was concerned that even if it won an SEC challenge, Mr. Chevedden could file a lawsuit against Apache. Apache said it did not intend for this case to limit shareowner rights in the future.

## Human and Labor Rights

In 2010, we aim to focus on both individual company action and industry collaboration, to achieve the abolition of **child labor in the cotton fields of Uzbekistan**. We are encouraging **Li & Fung**, for example, to use leverage with the broad factory base it manages for global brands. To date, more than fifty global retailers and brands have taken significant steps to address child labor in the supply chain, including many of Boston Common's portfolio holdings: **Carrefour, Disney, Kohl's, TJX Companies, and Tesco**. As a result of such efforts, **Adidas and Esprit Holdings** agreed to attend a meeting in Brussels to learn more about actions taken by peer companies.

Boston Common is addressing **conflict minerals sourced from the Congo**, including helping electronics companies assess exposure and take action. Companies can help ensure they are not inadvertently fueling instability in the Congo through their mineral sourcing by implementing traceability mechanisms, identifying alternatives, and working with industry peers. In 2010, Boston Common will move beyond the electronics sector to **automotive, medical devices, and mining**. Boston Common is encouraging **Nokia** to leverage its role as industry convener on the issue to do the same. This quarter, Boston Common also provided feedback on the RESOLVE report, which **maps key metals in electronics (tin, tantalum, and cobalt) sourced from the Congo**. We helped organize the investor statement on the Congo and Conflict Minerals, which will be used to communicate with a broader set of industries in April.

Boston Common was an investor sponsor for a new survey and public score card by the **Silicon Valley Toxics Coalition (SVTC)** on the global solar photovoltaics (PV) industry, regarding their **recycling of spent solar PV panels, use of toxic chemicals, and supply chain standards** to promote green jobs. We encouraged portfolio companies to respond to the survey and helped edit the SVTC report ([www.solarscorecard.com](http://www.solarscorecard.com)).