



BOSTON COMMON ASSET MANAGEMENT, LLC

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ACTIVE INVESTOR SOCIAL UPDATE
THIRD QUARTER, 2010

*As summer turns to fall, Boston Common is identifying new areas of engagement for 2011 and reflecting on what worked in 2010. We are delighted to announce that the **United Nations Principles for Responsible Investment (UNPRI)** acknowledged Boston Common as the most active signatory to PRI related actions in 2009, leading or supporting thirty engagements on a range of issues. In September, at the 24th Annual Special Event of the Interfaith Center on Corporate Responsibility Lauren Compere was honored for five years of leadership in educating global companies about the risks of human trafficking in their operations.*

Labor & Global Supply Chain

New tools in the fight to curb use of minerals mined in conflict ridden areas of the Democratic Republic of Congo are now spelled out in a provision of the Dodd-Frank **Wall Street Reform Act**. The provision requires manufacturers to issue an annual report declaring if minerals were sourced from the Congo or nine surrounding countries, its processes to trace the origin of those minerals, and its methods to ensure purchases do not fund armed groups in the Eastern Congo. Boston Common has encouraged **Microsoft** and medical device company **Medtronic** to become more actively involved in addressing Congo conflict minerals on a cross-sector basis.



Photo: Sasha Lezhnev/Enough Project

Child miners, as young as 11 years old, in eastern Congo. More than 5.4 million casualties have resulted from conflict in the Democratic Republic of Congo, fueled in part by a lucrative trade in minerals. Boston Common is engaging companies on a conflict-free supply chain.

A rash of worker suicides earlier this year at Chinese factories of electronics giant **Foxconn** prompted Boston Common and other investors to publicly condemn abusive workplace conditions in the global electronics supply chain and call for greater oversight. A coalition of over fifty institutional investors from seven countries has now signed our joint statement. Foxconn and the **Electronic Industry Citizenship Coalition** responded, detailing actions to improve factory conditions, but labor rights groups say problems persist: <http://sacom.hk/archives/720>. In September, we endorsed the **California Transparency in Supply Chains Act of 2010**, requiring large manufacturers and retailers operating in California to disclose their voluntary efforts to eradicate slavery in their own supply chains.

This fall's global cotton supply was impacted by droughts in China and floods in Pakistan, raising the price of cotton and deepening already egregious child labor practices in Uzbekistan. The Uzbek government has undertaken extraordinary measures to shield these practices from world view. At investors' urging, over eighty companies have taken action to address Uzbek cotton in the supply chain. Boston Common has encouraged **Li & Fung** to adopt its own sourcing policy, and **TJX Companies** has expanded disclosure of its efforts per our request: http://www.tjx.com/corporate_vendor_relationships_challenges.asp.

Human Rights

This year marks the 5th anniversary of our shareholder proposal asking **Cisco** to be more transparent about how its products and services may impact human rights in China and around the world. Our growing investor coalition has approached an independent member of the board to help raise the level of the debate inside the company. Our human rights proposal, which has consistently received support from over a third of Cisco shareowners, will be put to a vote again in November 2010.

Boston Common issued an investor letter encouraging the U.S. Government to endorse the **United Nations Declaration on the Rights of Indigenous Peoples** to help provide policy certainty for corporations grappling with this issue. According to a Native human rights activist, our group's investor letter, now with eighteen co-signers, injected a new and constructive voice into the dialogue. In April, the U.S. State Department launched a public consultation regarding the government's opposition to the Declaration.

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We welcome your comments and questions. Contact Lauren Compere at lcompere@bostoncommonasset.com



This fall Boston Common and the Church of the Brethren Benefit Trust led our third shareowner meeting this year with **ConocoPhillips** on Indigenous Peoples' rights and operations in the Peruvian Amazon. We discussed ConocoPhillips's processes for human rights governance and consultation and consent of Indigenous communities in Peru. We also called for an independent assessment of the potential that Indigenous Peoples Living in Voluntary Isolation might be impacted by the company's Peruvian operations.

Governance

In September, Boston Common Asset Management joined the **United States Proxy Exchange** in asking **Symantec** to halt plans to hold a "virtual only annual meeting"—a stockholder meeting conducted entirely online without a physical venue. As a result of vocal opposition, Symantec will host a physical meeting next year. We support online annual meetings to increase participation, but only in conjunction with a physical forum where shareowners have an opportunity to meet executives and board members.

In September, Boston Common endorsed a letter to **U.S. Representatives Barney Frank (D-MA) and Spencer Bachus (R-AL)** of the **U.S. House Committee on Financial Services**, supporting the **Corporate Ownership Disclosure Law for Extractive Industries 2010**. The proposed legislation would increase the transparency of revenue flows into developing nations with significant natural resource wealth to help ensure revenue is used for the benefit of the people. The legislation helps banks identify accounts holding proceeds of corruption. Boston Common is a long-time, supporting member of the Extractive Industries Transparency Initiative, which has resulted in citizens of nineteen countries being able to see how their governments are benefiting from resource extraction.

Environmental Health & Justice

In July, Boston Common helped organize a forum for institutional investors on natural gas production using hydraulic fracturing ("fracking") methods. About fifty participants, including technical experts from **Apache Corp.**, **Chesapeake Energy**, and **Williams Cos.**, major Wall Street firms, state and local pension funds, NGO experts, and investors participated in the multi-stakeholder discussion. Water and chemical use for fracking gas wells and best practices to prevent water contamination were discussed. Investors and NGO experts urged full disclosure of chemicals used and industry adoption of best management principles for all wells. We expect good results from this forum and hope it can be a model for other complex issues.

For the sixth consecutive year, Boston Common organized an open dialogue for shareowners with Steve Farris, Chair and CEO of Apache Corp. Safety of offshore oil exploration and production, disclosure of chemicals used in hydraulic fracturing for natural gas production, climate change initiatives, and corporate governance issues were all discussed.

We continue efforts to support the **Forest Footprint Disclosure (FFD) Project**, an initiative helping investors understand how trading commodities contributes to deforestation. Boston Common contacted **Kraft**, **Disney**, and **Marriott** to raise the importance of disclosing the use and trading of soy, palm oil, and beef—all closely linked to deforestation.

In July, **Costco** adopted a company-wide seafood sustainability policy using the feedback we provided together with a group of investors. Costco has decided to end the sale of several at-risk species and work with the **World Wildlife Fund** to leverage its expertise on seafood procurement practices. We will continue our work with Costco to develop performance goals and timelines.

In September, Boston Common co-signed an investor letter to the **EPA** asking for better regulation of coal ash, a by-product of burning coal linked to serious health problems such as cancer and organ failure. Coal ash is generally stored in landfills or impoundment ponds, which are not strictly regulated.

Boston Common is engaging **Veolia Water** on access to water and sanitation issues. Given the company's involvement in water and waste management services worldwide, we want to ensure the company is actively promoting water and sanitation access where it operates.

Human Health

Boston Common's sustainability discussion with **Staples** is ongoing. We are happy to report that Staples recently ended the use of cash register receipt paper containing BPA—one of the largest sources of "free-BPA" exposure to the environment and people.

The global packaged food and beverage market is estimated at \$4 trillion. As the global obesity crisis expands to over forty countries, industry players are facing growing pressure to establish nutrition-centric marketing, distribution, and product development. Boston Common is now engaging food producers and beverage companies including **Kraft**, **Nestle**, **PepsiCo**, and **Unilever** to address the emerging markets paradox of high malnutrition rates and growing obesity.