



BOSTON COMMON
ASSET MANAGEMENT, LLC

84 State Street, Suite 1000 • Boston, MA 02109 • Tel: (617) 720-5557 • Fax: (617) 720-5665 • www.bostoncommonasset.com

Dear Friend,

Annual shareholder meetings and proxy voting results are defining characteristics of the second quarter. During this season, Boston Common leverages the share ownership of its clients to raise awareness of environmental, social, and governance concerns. As noted in the chart below, we broadcast our clients' concerns on issues as varied as CEO pay and biodiversity at annual shareholder meetings in the U.S. and Europe. This is one of many strategic tools available to investors committed to advancing social change.

Warm Regards,
The Social Research & Advocacy Team

Environment & Climate Change

In May, Steven Heim met in Houston with staff of **Apache Corp.**, including a private meeting with Apache's Chairman and CEO, Steve Farris. We discussed the potential of replacing coal based energy with natural gas. Natural gas is a preferable **"bridge fuel" to renewable energy** because of its lower greenhouse gas (GHG) emissions. Mr. Farris said vast new U.S. natural gas supplies are a "game changer." Steven also met Apache's new global GHG manager charged with reducing its global emissions. This spring, Apache launched a new "stewardship" section on its website, a direct result of our September 2008 shareowner meeting with the CEO.

As part of our ongoing climate change advocacy, Boston Common sent an investor letter to the **Texas legislature** endorsing a bill requiring natural gas pipelines to publicly report **lost and**

unaccounted for gas (LUG). While LUG of federally regulated interstate pipelines is generally less than 1.5%, intra-state pipelines in Texas have claimed loss rates of natural gas up to 40%. Natural gas is composed of about 95% methane, a greenhouse gas over twenty times more potent than CO₂.

International Power's CEO, Philip Cox, shared with Boston Common the company's plans to meet new climate change regulations in Australia; the government has proposed a **Carbon Pollution Reduction Scheme** that would impact International Power's operations. We are pleased to learn the company supports emissions trading to achieve GHG emission reductions. We will continue encouraging International Power to support legislation aimed at meaningful **reductions in CO₂ emissions**.

Human Health

In April, Boston Common organized a shareowner call with **DENTSPLY** regarding its use of **mercury in dental amalgams**, commonly known as silver fillings. As a result of our proposal, DENTSPLY formed an internal task force to review its mercury reduction options. We shared data with DENTSPLY on the serious **environmental impacts** of mercury in dental amalgams, such as water contamination. This summer, the U.S. FDA is expected to release new regulations on dental amalgams.

Together with global health experts, Boston Common provided feedback on the new **Access to Medicines (ATM) Index** at a roundtable in June. The Index independently **ranks pharmaceutical companies' performance** on access to medicine indicators. We encouraged the ATM Index to adjust its methodology so leaders and laggards are easily identifiable. As global

2009 Annual Shareholder Meeting Participation

Company	Issue	Recommended Action
Tesco	Labor Rights	Address labor concerns related to U.S. expansion.
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 technology is not used to stifle human rights.
CVS Caremark	Political Contributions	Disclose political contribution policy and expenditure with corporate funds.
Repsol YPF	Human Rights	Disclose payments made to governments in every country of operation.
ConocoPhillips	Biodiversity/Human Rights	Protect biodiversity and respect Indigenous Peoples rights in the Amazon.

Boston Common has attended or provided entrance cards to the 2008-2009 annual shareholder meetings of the companies noted above.



pharmaceutical companies expand in emerging markets such as Brazil, India, and China, unique challenges arise. Many companies consider lack of access to medicine by large sections of the population a core issue affecting their social license to operate.

Human & Indigenous Peoples' Rights

In May, Boston Common filed a proposal for the fourth consecutive year asking **Cisco Systems** to disclose how its products and services may be used by governments to stifle free expression and privacy online, and thus hamper demand for the networks it builds. Our proposal has received significant support from Cisco shareowners (over 30% have voted in favor of our proposal), and we intend to continue raising our concerns with Cisco until meaningful progress is made on the protection of human rights of free expression and privacy. Cisco adopted a **Human Rights Policy** following our initial proposal.

In June, Boston Common became a founding member of the **Conflict Risk Network**, formerly the Sudan Divestment Task Force, to join with institutional investors, financial service providers, and critical stakeholders in efforts to **mitigate risk and protect civilians in conflict zones**. We will continue to partner with the Conflict Risk Network on advocacy initiatives and to support its research on corporate involvement in Sudan.

In May, Boston Common asked **ConocoPhillips** to adopt a corporate policy on **Indigenous Peoples' rights** at the company's annual meeting in Houston. We also asked the company to address troubling issues raised by a new **Amazon Watch report** on its Peruvian Amazon operations. We followed up with an inquiry to ConocoPhillips in June on police attacks on Amazonian Indigenous Peoples protesting new laws allowing easy access without consultation to their territories by oil, timber, and mining companies. The Peruvian Congress quickly suspended the new laws after the violence. We are organizing a shareowner meeting with ConocoPhillips in the fall to review its new sustainable development report and to continue the discussion.

Boston Common led an investor meeting with **FedEx** in June regarding its corporate sponsorship of the **Washington Redskins NFL football team**. FedEx bought naming rights to the team's stadium, now called FedExField. We asked FedEx to encourage the team to change its name because it is offensive, demeaning, and dehumanizing to Native peoples. FedEx and our investor group committed to further dialogue on the issue.

Fair Labor

Since February, Boston Common has helped lead an international engagement on U.S. labor standards with institutional

investor signatories to the UN **Principles for Responsible Investment** (PRI). The proposed **Employee Free Choice Act** (EFCA) will help bring U.S. labor laws more in line with international standards on freedom of association and the right to collective bargaining. In May, Boston Common and twenty-five other PRI signatories sent a **letter to Congress** endorsing the EFCA. Boston Common also helped lead a larger PRI investor group with over \$750 billion in assets to contact the companies in the S&P 100, asking for details on labor relations policies and their position on the EFCA. To date almost fifty companies have responded. For more details visit www.bostoncommonasset.com/news.

Boston Common co-hosted a multi-stakeholder meeting in May to discuss next steps in eradicating state-sponsored child labor in the cotton fields of Uzbekistan. **TJX** participated upon Boston Common's request and has since explicitly prohibited all vendors from **sourcing cotton from Uzbekistan**. TJX now joins several U.S. companies that have taken similar steps to protect children, including **Disney** and **Target**. Boston Common has also engaged **Adidas** over the past year on this issue. While Adidas is taking initial steps to identify its exposure to Uzbek cotton, it has not expressly prohibited sourcing cotton from Uzbekistan. Adidas is now participating in a pilot project in India to **improve tracking of its cotton supply chain** and hopes to expand electronic tracking to other countries next year.

Governance and Sustainability

Boston Common is a lead organizer of the **Emerging Markets Disclosure Project**, which recently completed a survey finding that 70% of socially responsible institutional investors globally view lack of environmental, social, and governance (ESG) data as a key barrier to emerging market investing. Brazil and South Africa were identified as having the most robust **ESG disclosure** as a result of mandatory ESG listing requirements, local sustainability indices, and strong domestic sustainability markets. See <http://bostoncommonasset.com/news/EMDP-Survey062209.html>. Boston Common is head of the Project's Korea team, which is engaging ten Korean companies, including Samsung Electronics, to improve ESG disclosure.

Petrobras's sustainability team came to Boston Common to discuss ongoing ESG challenges, including **forced labor in Brazil**. Petrobras is one of the largest producers of sugar-based ethanol. While this is an important renewable energy source in Brazil, forced labor has been uncovered in the sugar cane fields. Petrobras currently screens its suppliers for forced labor involvement and has established a confidential reporting channel for human rights violations. Boston Common encouraged Petrobras to continue focusing on this issue and to provide leadership to other companies facing similar risks.