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ACTIVE INVESTOR SOCIAL UPDATE FIRST QUARTER, 2012

In this quarter, Boston Common travelled to East Asia to meet with company holdings and key stakeholders. We participated in the ESG Asia 2012 Conference with our presentation on ESG transparency and disclosure in emerging markets. We continued to advocate for Indigenous Peoples' rights by speaking at national forums and by organizing face-to-face meetings with large energy companies, where we discussed issues affecting Indigenous groups and tribes. We welcome your feedback on our key engagement initiatives as they develop throughout the year.

ESG Practices & Disclosure in Asia

In March, Lauren Compere, Director of Shareholder Engagement, travelled to Singapore and South Korea to speak at the **ESG Asia 2012 Conference** and to meet with core holding companies.¹ Lauren's presentation shared perspectives on how key global drivers, including U.S. legislation such as the Dodd-Frank Conflict Minerals Disclosure Act and the California Transparency in Supply Chain Act, affect human rights and labor disclosure by Asian companies.²



¹Lauren Compere met with the CapitalLand Sustainability Team in Singapore in March.

In Singapore, Lauren met with **CapitalLand**, **Olam**, and **SingTel** to discuss **increased sustainability disclosure** and each company's progress on material ESG issues. **CapitalLand** exceeds regulatory requirements on green building standards in the regions in which it operates. In Singapore, it requires its buildings to meet the BCA Green Mark Gold Plus Standard, an initiative developed by Singapore's Building and Construction Authority. We expressed our growing concern about the conditions of migrant workers in the construction industry and encouraged CapitalLand to address the issue pro-actively with its contractors, to provide more disclosure on human trafficking and modern-day slavery, and to work with peers to address the issue comprehensively at the sector level.

With **Olam**, we discussed the company's **sustainability approach** in new mergers and acquisitions and the extent to which it addresses **'land grab'** concerns in Africa. The company faces unique supply chain challenges with its agricultural products, especially palm oil. Olam's sustainable palm oil program manager discussed its community consultation process, including how it assesses stakeholders' grievances and the formal grievance mechanisms it has in place. We also encouraged **SingTel** to take steps to increase its global industry participation and disclosure on **freedom of expression and privacy issues**.

As part of the **Emerging Markets Disclosure Project (EMDP)** initiative on Korea that Boston Common co-leads with Korea CSR Research Services (KOCSR), Lauren Compere and KOCSR met with seven companies out of the fifteen EMDP participants in Seoul to discuss the project and to encourage further sustainability disclosure improvements. While Korean companies have gradually improved in materiality assessment, third party verification, and GRI reporting, they are lagging behind industry peers in disclosing policy implementations affecting labor and supply chains. Companies we met included Hyundai Motors, Hynix, KT, LG Electronics, Samsung Life, Samsung Electronics and SKT.

We encouraged companies to disclose implementation of anti-bribery and corruption policies and to improve their reporting frameworks by providing global coverage related to environmental and social data. As an example, **Hyundai Motors** offers good disclosure of corporate policies, but we suggested that the company include more comprehensive reporting on the governing committees that are responsible for policy implementation.

² http://www.responsible-investor.com/events/events_page/esg_asia_2012

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Our meetings in Korea also provided an opportunity to engage portfolio companies on **labor and human rights issues**, as well as to discuss the impact of U.S. Regulations on Korean companies, which are either directly required to provide disclosure under these regulations or are receiving pressure from their customers. We encouraged **Samsung** to adopt **UN Global Compact** to demonstrate leadership on the **four International Labour Organization (ILO) Core Standards**, and to include specific language on human trafficking and modern-day slavery in its human rights policy. The increasing material risk associated with privacy and freedom of expression in this post Arab Spring era, and the backlash seen by global giants such as Vodafone, prompted us to encourage **KT** and **SKT** to provide more disclosure on **protecting customer data** and to join the industry initiative led by the European telecoms to address these issues proactively.

LG Electronics and **Samsung** are leading the Korean companies in addressing the issue of conflict minerals as active members of EICC-GeSI's Extractive Working Group. These companies also work with the Korea Electronics Association and the Korean government to address the supply chain risk proactively. Boston Common encouraged both companies to take their leadership roles a step further by joining the Public-Private Alliance for Responsible Minerals Trade (PPA). LG Electronics has publicly posted comprehensive disclosure on its conflict minerals policy and procedures, which we encouraged the other Korean companies to follow. We also recommended that semi-conductor manufacturer **Hynix** join EICC-GeSI and asked **Hyundai Motors**, **KT**, and **SKT** to assess their own exposure to conflict minerals.

Human Rights

Boston Common and other investors met with **ConocoPhillips** Corp. to discuss the company's implementation and reporting of the **Indigenous Rights policies** that the company adopted last summer. We discussed the protests by residents of Iquitos, Peru who were worried about possible water contamination from future oil development projects by ConocoPhillips and others. This spring, we are expanding our shareowner dialogue with the company and investors to help develop the metrics the company should use to measure and report on its Indigenous rights policy performance.

In January, Steven Heim, Director of ESG Research and Engagement, gave a presentation on socially responsible investing to members of the **UN Permanent Forum on Indigenous Issues**. Steven and Andrea Carmen of the International Indian Treaty Council discussed how investors have encouraged corporations to respect the rights of Indigenous Peoples and how to implement free, prior, and informed consent policies. At the **Native American Finance Officers Association** conference in March, Steven shared how Boston Common approaches a difficult sector—such as energy—from portfolio construction to advocacy, and he highlighted our work on

Indigenous Peoples' rights in the Amazon and hydraulic fracturing in Indian country.

Corporate Governance

Boston Common, as a lead investor on ESG issues, organized a shareowner call with **Apache** to discuss the company's recent lawsuit against John Chevedden to omit his shareholder proposal from the company's 2012 proxy statement. Apache has doubts he is a shareholder and claimed the documentation he provided did not meet the SEC's new standards for proof of ownership. In February, Mr. Chevedden agreed to withdraw his proposal, and the Federal District Court issued a final judgment in Apache's favor. Apache assured us it was a unique situation. We discussed ways the SEC could make it easier for all shareholders to provide proof of ownership via brokerage statements or similar materials. Apache said it would welcome joint lobbying with investors and other companies of the SEC on this issue.

Environment Update

Boston Common was the only ESG investment manager to participate in a January financial analysts' meeting with **Spectra Energy** in New York. We asked about the company's pipeline capacity for gas from the Marcellus Shale region. We talked with Spectra CEO Greg Ebel about the new investor guide on disclosure regarding **hydraulic fracturing**, "Extracting the Facts," and the need for the industry to address growing public opposition to shale gas. We encouraged Spectra to adopt a policy on **Indigenous Peoples' Rights**. Spectra's apparent good relations with First Nations in Canada can provide the company with a competitive edge in securing new pipelines.