



BOSTON COMMON ASSET MANAGEMENT, LLC

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ACTIVE INVESTOR SOCIAL UPDATE

FIRST QUARTER, 2009

Dear Friend,

Boston Common is pursuing a wide-ranging advocacy plan in 2009 to support our clients' commitment to equitable social, environmental, and governance practices in business. We have been fortunate to work directly with many of our clients to promote human rights for Indigenous Peoples, as well as Internet human rights. We have pressed for higher labor standards at the world's largest auto manufacturer, and promoted environmental and human health through the reduction of mercury and BPA in the environment. March marked the height of proxy season, and we used our clients' share ownership to vote in favor of progressive proposals on climate change, executive compensation, and other issues. We look forward to another successful year and welcome your feedback and participation.

Warm Regards,

The Social Research & Advocacy Team

Environment

PepsiCo has adopted guidelines supporting an individual's **right to access sufficient, clean water** in communities where the company operates. PepsiCo is also advocating for community involvement in the development of water resource plans. This was the result of a proposal co-filed by Boston Common and led by NorthStar Asset Management. The proponents withdrew the resolution once PepsiCo agreed to adopt the policy, which can be viewed at www.pepsico.com. Boston Common provided input to the policy, which was released on the 17th Anniversary of World Water Day.

Boston Common continued its multi-year dialogue with German household products and adhesives company **Henkel**. In 2005, we began a discussion on **product toxicity** and soon began advocating for the **elimination of polyvinyl chloride (PVC) packaging** from North American hair gel brands acquired from Dial Corporation. To date, we are pleased to report only two of the products about which we raised concern remain packaged in PVC, and at least one will be phased out by year end. The world's largest home care and toiletries manufacturers has heard our clients' desire to see more **sustainable packaging**. This quarter, we expanded our dialogue with Henkel to address **nanotechnology in consumer products**.

We are grateful to our clients who endorsed an inquiry letter to **International Power** in March, regarding the viability and future plans for its **Australia-based operations**. Australia's Rudd government recently put forth a **Carbon Pollution Reduction Scheme (CPRS)** proposing Australia start pricing carbon dioxide emissions in 2010 with the goal of **reducing overall CO2 emissions sixty percent by 2050**. International Power is concerned about the impairment of existing coal-fired assets and potential refinancing difficulties. We have asked the company to disclose its plans to conform to the CPRS, and we are encouraging management to view it as an opportunity to become a leader in mitigating climate change, as it responds to the new Australian context.

Human & Labor Rights

In February 2009, Boston Common organized the first direct shareowner meeting with **Toyota Motor** on workplace human rights and global supply chain standards in New York. In August 2008, Boston Common sent Toyota a letter signed by over twenty institutional investors raising concerns over reports of **human rights abuses** in the company's global supply chain. We sought detailed information on Toyota's human rights policies and practices to improve supply chain labor conditions. Toyota will publish **new global supply chain standards** this year and indicated interest in continued dialogue. Our investor coalition has offered to review drafts of the new standards.

Boston Common continues to advocate for an end to forced child labor in **Uzbekistan's cotton industry**. In the first quarter, the **International Labor Organization (ILO)** officially accepted Uzbekistan's ratification of **ILO Convention 138** on minimum employment age. During the country's cotton harvest last fall, child labor was widespread, though with fewer children under age thirteen. In February, Boston Common participated in a meeting with government officials, NGOs, investors, and companies to reflect on the effectiveness of engagement strategies to date. Multistakeholder meetings will take place globally to provide opportunities for companies, including those that Boston Common is engaging, to share experiences. **Tesco** and **Marks & Spencer** will discuss their electronic tagging system to trace cotton throughout the supply chains.

In March, Boston Common led a multi-investor dialogue with **Cisco Systems** on the company's human rights reporting. Investors provided detailed feedback to Cisco on how the company could improve its **policies on human rights** and convey those



commitments to stakeholders more effectively. We will continue advocating for substantive dialogue on how Cisco products and services impact human rights in its global operations.

Indigenous Peoples' Rights

ConocoPhillips has committed to reporting on its dealings with **Indigenous Peoples** and has agreed to meet with shareowners in 2009 to review the new report. As a result, Boston Common withdrew its shareholder proposal on behalf of the Church of the Brethren Benefit Trust and fourteen other proponents. We will continue to press the company to adopt a global policy on Indigenous Peoples that will affirm its support of the **UN Declaration on the Rights of Indigenous Peoples**. We have asked that the Chairman of ConocoPhillips, James Mulva, meet briefly with Indigenous leaders from the **Peruvian Amazon** prior to the annual meeting in May.

In February, Boston Common organized a letter to **FedEx Corp.**, signed by two dozen organizations, questioning FedEx's corporate sponsorship of the **Washington Redskins NFL football team**. In 1999, FedEx paid a reported \$200 million for the naming rights to the Washington team's football stadium known as **FedEx Field**. All major American Indian inter-tribal and professional organizations have publicly denounced the use of so-called Indian or Native images, names, and symbols that disparage, demean, belittle, stereotype, or offend American Indian peoples. Steven Heim of Boston Common chairs the advocacy committee of the **Social Investment Forum's Indigenous Peoples Working Group (IPWG)**. This engagement is in collaboration with members of IPWG, and FedEx has agreed to have a meeting with investors to discuss our concerns.

Corporate Governance & Sustainability

A majority of shareowners in **Waddell & Reed Financial** voted in favor of the **say-on-pay** proposal requesting a non-binding 'yes' or 'no' vote on the company's executive compensation report, according to preliminary results announced at the annual stockholder meeting in April. Boston Common Asset Management was the lead sponsor of the proposal, which was submitted for the second consecutive year. The proposal received **50.6% support in 2009** and 49.5% support in 2008. The high vote of support is particularly notable considering the CEO submitted a personal letter with the proxy statement urging investors to vote against a say-on-pay. Boston Common will continue encouraging Waddell & Reed to reverse course and to elect a path that more accurately addresses the current political and economic context surrounding executive compensation.

In March, Boston Common provided input to **Kellogg's** first sustainability report. We encouraged Kellogg to address **human rights and global workplace health** issues more comprehensively. A 2008 report, *The Proof is in the Pudding*, by **Insight Management** compared the healthy foods trends of the top ten global food companies. Kellogg scored poorly for its lack of public disclosure but high on actual performance. Given the report findings, Boston Common suggested that Kellogg provide more disclosure on the link between local norms and product development, especially in **developing countries** experiencing a rise in obesity.

Boston Common continues its involvement in the **Emerging Markets Disclosure Project (EMDP)**, an international coalition of investors and organizations working together to improve **sustainability disclosure** by companies in emerging markets. In March, EMDP developed a survey to gauge investor activity and to assess current levels of responsible investment, as well as the perceived opportunities and barriers to investment, in emerging market countries. Results will be available in June.

Human Health

The potential danger of exposure to **Bisphenol A (BPA)** in baby bottles and food product containers found its way into headlines throughout 2008. While the **U.S. FDA** maintains its position that there is an adequate margin of safety for BPA at current levels of exposure, regulatory agencies in Canada have declared BPA a **toxic chemical**. Boston Common continues its long-term engagement with companies on BPA through advocacy efforts at **Unilever** and **Nestlé** as part of a coalition-wide benchmarking study.

In January 2009, Boston Common withdrew its shareholder proposal with **DENTSPLY International** regarding the manufacture and marketing of **dental amalgam fillings containing mercury**. The company agreed to a multistakeholder dialogue with the proponents, an internal review on the issues we raised in our shareholder proposal, and new disclosure on mercury fillings. This will include a link to the latest FDA statements on dental amalgams (www.fda.gov/cdrh/consumer/amalgams.html). DENTSPLY's internal review will focus on the environmental, workplace, and health impacts of mercury in its dental amalgams. The web page cited above includes the FDA's strongest statement to date: "dental amalgams contain mercury, which may have neurotoxic effects on the nervous systems of developing children and fetuses." Dental amalgam, commonly referred to as a "silver filling," is composed of approximately fifty percent mercury, a virulent **reproductive and neurological toxicant**. Amalgam fillings are now a major source of **mercury released into the environment** in the U.S., especially into ground water supplies.