



PROGRESSIVE
Asset Management

Communication on Progress

Supporting the United Nations Global Compact 2012-2013

Submitted October 1, 2013



This is our **Communication on Progress**
in implementing the principles of the
United Nations Global Compact.

We welcome feedback on its contents.

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I. Statement of Continued Support

As our 25th year in business comes to a close it's time to take a moment to look back, and ahead. Our efforts have touched financial professionals and thousands of investors over the years. We have offered and will always offer a place where people of conscience feel welcomed and among kindred spirits as they use their investment dollars as another way to promote world change. It has been an honor for PAM to have played, and continue to play, a pioneering role in today's ever strengthening SRI community. The future has never been brighter for SRI and we are excited to be a part of it.

We are pleased to reconfirm that Progressive Asset Management, Inc. and the Progressive Asset Management Group support the ten principles of the Global Compact with respect to human rights, labor, environment and anti-corruption. It is our intent to advance those principles within our sphere of influence.

We recognize that a key requirement for participation in the Global Compact is the annual submission of a Communications on Progress (COP) that describes our efforts to implement the ten principles. We support public accountability and transparency, and therefore commit to report on our progress annually according the Global Compact COP Policy.



Catherine Cartier
President

II. Profile of Progressive Asset Management, Inc

Progressive Asset Management, Inc. (PAM) is a registered broker/dealer in the United States specializing in socially responsible investing. Founded in 1987, PAM formed a strategic alliance in 1999 with **Financial West Group**, a leading California broker/dealer, and formed the **Progressive Asset Management Group (PAM Group)**, the socially responsible division of Financial West Group. Today, PAM's ground breaking social research, product development and advisory services are offered through members of the PAM Group.



The PAM Group is a national network of Financial Advisors who provide investors with a way to invest for competitive financial return and social and environmental progress at the same time. Through our broker-dealer relationship with Financial West Group (FWG), and our custodial and clearing relationships with **National Financial Services** (a division of Fidelity Investments) and **Charles Schwab and Co.**, we offer a complete range of investment services for individuals, organizations, families and institutions.

A. A Leader In Social & Environmental Investing

At PAM, we believe that corporations that combine strong financial and social performance make the best long-term investments. We believe that companies that do not follow socially responsible practices will tend to have greater potential liabilities. Those liabilities may lead to sub-par financial performance.

PAM employs a personalized investment process designed to bring one's financial investments in line with their social values. Because we feel that one's investments should be governed by one's definition of social responsibility, individualized standards and strategies can be developed according to specific needs. Since our founding in 1987, PAM has been at the forefront of providing PAM Group Financial Advisors and their clients a broad range of socially and environmentally responsible financial products and services, including positive impact community development investments.

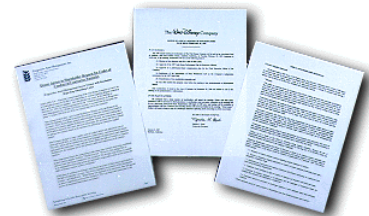
B. Our ESG Screening Service

We maintain relationships with several providers of social research to give our clients a comprehensive social and environmental perspective on their current and potential financial investments. Looking at multiple quantitative and qualitative measures, we provide individualized screening based on clients' ESG requirements.

We incorporate the 10 principles of the United Nations Global Compact (UNGC) into our social screening process in order to facilitate greater awareness and acceptance of the UNGC and its purpose.

C. Client Centered Shareholder Advocacy

Not many investment advisors have their work enshrined at the **Smithsonian Institution**. In 1997, Progressive Asset Management filed shareholder resolutions challenging the **Walt Disney Company** to improve their suppliers' labor practices. After the publicity surrounding these resolutions, and the 39 million shares voting in support for the resolutions, Disney posted a contractor code of conduct and pledged to authorize audits and inspections of all their disparate contracted suppliers. Our effort was recognized as a major step forward in the Smithsonian's permanent exhibit, "Sweatshops In America".



Since then, PAM has helped like-minded organizations and clients file and co-file resolutions on a wide range of social issues. Shareholder advocacy is a key tool investors use to influence corporate decision making at the highest levels. PAM is committed to supporting our shareholder advocacy efforts.

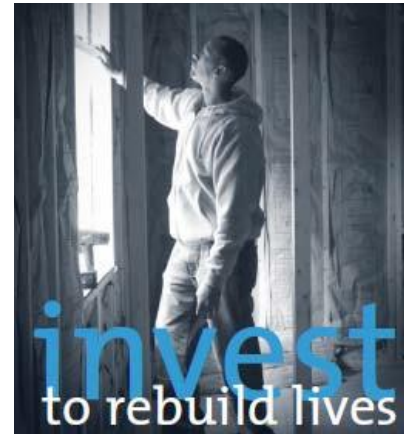
D. Proxy Alert Service

Based on the **PAM Proxy Voting Guidelines**, our social research and advocacy department provides opinion by way of **PAM Proxy Voting Alerts** for both management and shareholder proposals up for proxy vote on our clients' top 200 holdings, carefully considering the ESG impact of each proposal on the ballot. Through this service, investors are better empowered to vote their proxy ballots to reflect their values.

E. Positive Impact Investing

We provide our clients with a number of opportunities to invest in positive-impact social investments supporting low-income housing, better nutrition and education, clean energy resources and micro-lending enterprises for disadvantaged people and their communities.

Previously PAM teamed up with the **Calvert Foundation** to create **PAM Community Investment Notes**. PAM Community Investments Notes provided a powerful social investment program, professionally managed by the Calvert Foundation, a pioneer in the field of community investing.



Most recently we have joined with **Enterprise Community Partners** to offer investors a way to support greater positive impact in communities around the country in the areas of health care, low income housing, education and career support.

From time to time, the PAM Group, as registered representatives of Financial West Group, raises private equity for high social impact ventures. Previous offerings have been in the areas of wind energy, organic foods and gardening, fair trade commerce, and SRI mutual funds.

F. Proprietary Offerings

Since endorsing the UNGC, PAM and the PAM Group have spearheaded many programs that directly pertain to the principles of the Global Compact. Among them:

Progressive Track Investments Portfolios

Progressive Track Investments (PTI), a proprietary suite of portfolios, bench marked to well-known market indices, became the first such program specifically screened for UN Global Compact issue concerns.

Screening out over half of the market capitalization of their respective benchmarks, PTI employs robust ESG standards and provides socially concerned investors the benefit of passive index portfolios performing comparably to associated benchmarks.

PAM/RBC Water Resource Direct Investment Notes Series

Teaming up with RBC Capital Markets, in November 2009, PAM created the world's first Direct Investment Note based on an equity basket of companies determined by PAM research not only to be engaging in meaningful efforts to stem the global water crisis, but also screened to pass stringent ESG standards and the principles of the Global Compact.

Subsequent Notes in the Water themed series were launched in January 2011 and April 2012. The latter two notes were constructed to adhere to the 2010 UN declaration of access to water and sanitation as a fundamental human right. Accordingly, this program became the first water-themed investment series in the world to screen out all private investor owned water utilities

and other companies deriving their profits from the direct ownership of water resources. PAM raised over \$12.2 million invested in the notes highlighting the growing demand for stringently screened proactive investments addressing global priorities.

G. Strategic Partnerships Program

PAM partners with several SRI organizations and coalitions including **US Social Investment Forum (USSIF)**, **The Interfaith Center for Corporate Responsibility (ICCR)**, the **Green America** Green Business Network, the **Apollo Alliance** (now affiliated with the **Blue/Green Alliance**) and the **Ceres Coalition**. Through these partnerships we join other investors, businesses, labor unions and community groups to form a powerful voice for change in Washington, on Wall Street, in boardrooms and throughout the world.

II. Annual Progress 2012-2013: The Ten Principles

Progressive Asset Management, Inc. 2012-2013 Initiative Participation and Advocacy

PAM has joined with other investors, advisors, businesses, labor unions and like-minded SRI organizations to effect change in Washington and on Wall Street in support of the UNCG Ten Principles of Corporate Conduct:

1) Human Rights, Labor Issues, Social Justice

- **Reform Worker Safety Overseas** PAM, along with other members of The Forum for Sustainable and Responsible Investment released a statement in the New York Times calling on major American retailers to act together to improve safety in Bangladesh apparel factories and other overseas workplaces. This past July, global retailers including Wal-Mart, Gap, and Target announced a new alliance to improve working conditions in Bangladesh that includes a \$50 million, five-year fund to address safety conditions and help factory owners obtain financing for repairs.

2) Environmental Action

- **Reduce Toxic Chemicals from the Marketplace** Together with Green Century Funds, urged top ten retailers Wal-Mart; Target; Kroger; Walgreens; Costco; Home Depot; CVS; Lowe's; Best Buy; and Safeway to exercise leadership and market influence by making a visible commitment to safer products.
- **Urged Bank of America to Phase Out Support of Coal Industry** Joined with Rainforest Action Network to urge Bank of America to phase out its support of the US coal industry and use their underwriting dollars and take the lead in financing the transition to renewable energy in the US

3) Corporate Governance

- **End Political Spending as a Business Practice.** Joined with Harrington Investments call on Starbucks to officially renounce political spending as a business practice, in line with Howard Schultz's (CEO) public positioning and efforts to organize CEOs around this issue. As Starbucks currently does not spend any money in this way, establishing an official policy would send a powerful message and position Starbucks as a leader on this issue without impacting the company's current business practices.

IV. Internal Operations

We know that it's very important for companies reporting on progress to the United Nations Global Compact to be able to show not only what they advocate in the public sphere, but also to show how the actual operations, production and conduct of the enterprise itself is managed so as to be congruent with the Principles.

A. PAM's Environmental Footprint

PAM's environmental footprint is negligible. Employees of PAM and members of the PAM Group are encouraged to minimize their carbon footprint substantially.

PAM Group members are independent contractors empowered to telecommute from home at their sole discretion.

We strive to conduct all PAM, Inc. management meetings via teleconference.

All PAM, Inc paper marketing materials are produced using recycled paper and soy based inks (as available).

B. PAM's Labor, Human Rights & Social Justice Issues Footprint

With the exception of two corporate officers, all PAM, Inc. employees and PAM Group financial advisors are independent contractors prohibited by U.S. law from collective bargaining or joining a union.

The PAM Group is encouraged to provide guidance and feedback to PAM, Inc. on programs and delivery of services.

PAM, Inc. has employee policies in place prohibiting discrimination by race, religion, ethnicity and sexual orientation.

PAM, Inc. has had no employee related nor customer related complaints filed with any regulatory body since 1999. Our complete regulatory record can be found at www.finra.org.

V. PAM Goals for 2013-2014

PAM and the PAM Group seek to continue leadership in the SRI community through continuation of social screening, shareholder advocacy and community investing activities.

As we continue to strive for improvement within our company and to support the UNGC Principles, we are determined to make meaningful progress annually. Moving ahead in the coming year, we outline the following goals to further our commitment to the Principles:

A. Facilitate Greater Investment in Socially Screened Bonds - The Green Bond Desk

PAM is pleased to have recently launched, in association with Financial West Group, the industry leading **Green Bond Desk**. This fixed income broker-dealer service is geared towards providing Financial Advisors and their investors with a resource for purchasing bonds issued by companies who have been screened using PAM proprietary sustainability and responsibility criteria. For the first time in our industry, Financial Advisors who are registered representatives of Financial West Group will be able to access socially and environmentally screened bonds from the Russell 1000 Index.

B. Offer New Retail Investor Products with Positive-Social Impact

As a leader in our industry for 25 years, we strive to keep abreast of changes including new and developing models of sustainable finance and investment. Recently, we have seen technology being used to offer investors access to sustainable investments in easy yet powerful ways. We are exploring relationships within our industry to allow us to create more high-social impact investments, and we are focusing on using technology to facilitate these investments.

C. Expand our Network of Financial Advisors

At PAM, we feel that the principles of the United Nations Global Compact form a universal declaration and definition of socially responsible investing. As the first full service broker/dealer in the United States founded and dedicated to socially responsible investing, and as one of the premier networks of independent Financial Advisors specializing in socially responsible investing, adherence to and promotion of the United Nations Global Compact Principles is central to our mission. By expanding the PAM Group and its network of advisors, the UNGC Principles will continue to grow in influence and acceptance in the financial community.



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