



PROGRESSIVE
Asset Management

Communication on Progress

***Supporting the United Nations Global Compact
2013-2014***

Submitted October 1, 2014



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

Progressive Asset Management is pleased to continue to support the ten principles of the Global Compact with respect to human rights, labor, environment and anti-corruption and to share that support throughout our organization. We have integrated the Global Compact and its principles into our daily operations and continue to work with others in the field to advance the broader acceptance of the goals of the United Nations.

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 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 recognize that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to implement the ten principles. We support public accountability and transparency, and therefore commit to report on progress within two years of joining the Global Compact, and every year thereafter according to 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.

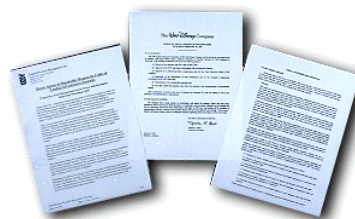
B. Our ESG Screening Service

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 support of the UNGC and its work.

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.

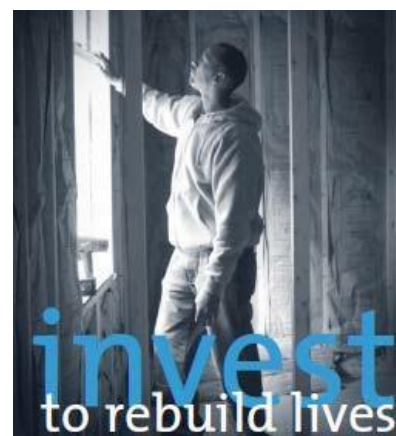
D. Proxy Alert Service

Based on the **PAM Proxy Voting Guidelines**, our social research and advocacy department provides opinion by way of **PAM Proxy 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 seven equity portfolios, US and International, 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. In late 2013 we divested the Portfolios of the top 200 public coal, oil and gas companies based on their potential climate impact as provided by FossilFreeIndexes.com (The Carbon Underground).

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.

III. Annual Progress 2013-2014: The Ten Principles

Progressive Asset Management, Inc. 2013-2014 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 UNGC Ten Principles of Corporate Conduct

Human Rights, Labor Issues

- **Eliminate Dangerous Chemicals from Manufacturing.** PAM signed onto a letter from Green America to Lisa Jackson, VP of Environmental Initiatives at Apple asking Apple to disclose and eliminate the most dangerous chemicals from the manufacturing process to better protect workers exposure. In response, on August 13 Apple Computer announced that it is taking the first steps to protect workers who make their products from dangerous chemical exposures, starting with banning the use of benzene and n-hexane in the final assembly of its products.
- **Reform Worker Safety Overseas.** In a follow up to our 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 in 2013, PAM partnered on a letter initiated by ICCR recognizing progress made following the Rana Plaza fire and noted areas where more progress is still needed.

Corporate Governance

- **Pressure Companies Not to Oppose GMO Initiatives.** PAM joined As You Sow, Green Century Funds and Environmental Working Group in a letter urging companies to refrain from spending corporate funds to oppose GMO related ballot initiatives and legislation or from secretly channeling such expenditures through trade associations.
- **Stand Up To The SEC Regarding Shareholder Activism.** PAM joined with the Forum for Sustainable and Responsible Investment, Calvert Investments, Unitarian Universalist Association and 65 others in calling on Mary Jo White, Chair of the US Securities and Exchange Commission to reject proposed revisions to SEC Rule 14a08 that would make it more difficult for investors to file shareholder proposals addressing environmental, social and governance (ESG) issues.
- **Global Investor Communication to the IOSCO Secretariat.** Along with Ceres Investor Network on Climate Risk and the UNPRI, PAM added its name to a letter to draw attention to investors growing needs for timely, comparable and material disclosure of corporate sustainability information to better inform their investment decisions. The letter highlights the need for IOSCO - working with its regulatory and exchange members - to improve the availability and quality of Environmental, Social and Governance information (ESG) in the marketplace.

Environmental Actions

- **Call Out Banks on Climate Change.** Because investors may unwittingly be investing in financial institutions that are heavily exposed to climate change, PAM joined Boston Common Asset Management in calling on the top 50 investment banks that underwrite carbon intensive industries to develop a long term climate strategy and play a positive role towards a more sustainable future.
- **Encourage Healthier Dietary Choices to Children Under 12.** Along with ICCR and Boston Common PAM signed a letter to the Children's Food and Beverage Advertising Initiative encouraging them to shift the mix of foods advertised to children under 12 to encourage healthier dietary choices.
- **Moratorium on Deforestation by Palm Oil Producers.** PAM joined institutional investors representing over half a trillion dollars in assets under management calling on four major palm oil producers to adopt an immediate moratorium of deforestation and join the effort to establish traceable, deforestation-free palm oil supply chains. Palm oil is the most widely used vegetable oil in the world, Over the past year, major corporations have made groundbreaking commitments to ensure that the palm oil they purchase is fully traceable back to sources independently verified as not developing High Carbon Stock forests or peat lands, and not violating worker and community rights.
- **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.

Anti Corruption

Due to limited resources PAM lends its' name and assets under management to others in the community in their calls to action. For the current year there were no actions that we were able to participate in the area of anti-corruption.

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 2014-2015

PAM and the PAM Group seek to continue leadership in the SRI community through continuation of social screening, shareholder advocacy and community investing activities. Along with Green Century, ICCR, Boston Common and others PAM strives to lend its support in the form of assets under management to urge change in all aspects relating to the UNGC principles.

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. Accommodate Greater Investments in Socially Screened Equity Portfolios

PAM is working to offer access to the Progressive Track Investment portfolios across multiple investment platforms, expanding its reach and impact in the SRI space.

In 2015 we expect to launch “Best of PTI” – an actively managed select equity portfolio comprising 23-30 securities showing the strongest commitment to UNGC and ESG standards and fundamentally screened for sustained growth.

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

As a leader in our industry for 27 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.

D. 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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