



BOSTON COMMON ASSET MANAGEMENT, LLC

84 STATE STREET, Suite 1000

BOSTON, MA 02109

Tel: (617) 720-5557 Fax: (617) 720-5665

ACTIVE INVESTOR SOCIAL UPDATE
SECOND QUARTER, 2006

Dear Friend,

In the second quarter, Boston Common brought several of its ongoing initiatives to the broader shareholder base through the proxy ballot. The proxy ballot is the most public method of communication we have to voice governance, social, and environmental concerns to management and other shareholders. In the 2006 U.S. proxy season, shareholders voted on 156 socially-oriented shareholder proposals covering concerns such as product toxicity, human rights policies, and climate change. In addition, shareholders voted on over 330 resolutions related to governance factors such as executive compensation and declassification of the Board of Directors. Besides speaking directly at corporate annual meetings, Boston Common supported a diverse group of advocates globally by providing them with entrance cards to annual meetings around the world. We also continued to work outside the proxy voting process toward performance improvements in several areas of concern such as labor standards, HIV/AIDS workplace programs, and sustainable agriculture.

Sincerely,

Lauren Compere, Director of Shareholder Advocacy

Steven Heim, Director of Social Research

Dawn Wolfe, Research & Advocacy Analyst

Human Rights

Boston Common and the First Swedish National Pension Fund, Första AP-fonden, continued engagement of **Marriott**

International on the use of its establishments by the multi-million-dollar child sex trade industry. As a result of the dialogue and shareholder proposal, Marriott has established an internal task force to address our concerns. In May, Boston Common, its shareholder coalition, and an external issue expert from World Vision met with Marriott's Taskforce in **Washington, D.C.** to suggest elements of a corporate child protection policy. Marriott is developing a training plan for associates on how to recognize and respond to the use of its properties by the child sex tourism industry. The company committed to report out to shareholders on its progress by year end.

In May, Boston Common filed a resolution with **Cisco Systems** for the second consecutive year as part of our corporate engagement at the intersection of human rights and technology. In response to our first year resolution, Cisco Systems released a corporate-wide human rights policy (http://www.cisco.com/web/about/ac227/about_cisco_corp_citi_human_rights.html). While we were encouraged by this step, we are concerned by a lack of evidence that the policy is being meaningfully implemented. We hope our continued engagement will encourage management to more proactively address the impact of Cisco products on personal security and the development of a global Internet. Boston Common is also continuing its engagement of **Microsoft** on censorship of MSN Spaces in **China** and the implications for operations elsewhere. The potential impact of deleting web log (blog) postings considered sensitive by Chinese officials heightened in June when China introduced a bill forbidding news agencies to report on emergencies, such as the SARS outbreak, without prior government approval.

2006 Annual Shareholder Meeting Participation

Company	Location	Action
Chevron	Houston, TX	Provided admittance for indigenous leader from Ecuador seeking environmental justice.
ConocoPhilips	Houston, TX	Publicly expressed concern over aquisition of Burlington Resources and its operations in the Amazon.
CVS	Providence, RI	Presented resolution on phasing out toxic chemicals in private label cosmetics.
Dean Foods	Dallas, TX	Publicly addressed shareholder concerns on sourcing organic milk from factory farms.
Newmont Mining	Denver, CO	Publicly urged company to improve protection of indigenous groups affected by its operations.
Suez	Paris, France	Provided admittance for Water For All campaign representative in France.
TJX Companies	Framingham, MA	Publicly addressed company response to management diversity concerns.

For the 2006 proxy season, Boston Common attended or provided entrance cards to the annual general meetings of shareholders listed above.

Boston Common is also participating in a multi-stakeholder dialogue to develop industry principles for privacy and free expression. Boston Common will help craft standards to guide firms when government regulations conflict with internal commitments to privacy, human rights, and free speech.

Workplace Safety & Diversity

In April, Steven Heim met with union members and company officials of **Imerys SA**, a major French industrial minerals company. Imerys has an operation near the southern edge of the **Appalachian Mountains** that processes marble into calcium carbonate, a performance additive for industrial products. The firm's quarry and mills, located in Sylacauga, **Alabama**, have histories of poor worker safety and labor relations. Union members expressed grievances to Boston Common, which included accusations of racial harassment, unsafe equipment, and anti-union campaigning. Several workers who opposed the union have joined this year due to deteriorating conditions. The next day, Steven met with Imerys executives at their North American headquarters near **Atlanta**, shared Boston Common's concerns, and questioned Imerys' public commitment to sustainable development. During the meeting, a fire broke out at the Sylacauga plant, destroying a key building and leading to one injury. Boston Common continues to engage management and advocate for improvements. To expand external monitoring, we alerted an international social research provider of our concern.

Boston Common hosted members of **The TJX Companies** management and Board at our offices in May to discuss executive management diversity. According to the most recent biannual survey by research group Catalyst, TJX falls below the Fortune 500 average for representation of women within its managerial ranks. During our meeting, TJX agreed to work with shareholders in addressing the shortfalls of its current advancement programs, such as an implied versus mandatory commitment to consider diverse candidates for retail-level management positions. Boston Common expressed our client's concerns related to workplace diversity at the TJX annual stockholder meeting in June.

Human Health

Boston Common shared its expertise on HIV/AIDS workplace programs with **IBM** at a meeting to advise the company on its response to the pandemic. IBM's India workforce rose from 9,000 in 2003 to 43,000 in 2006. Public health experts fear that in the absence of greatly expanded education and treatment programs, prevalence rates in **India** and **China** could follow the trajectory of **sub-Saharan Africa**. The workplace is an ideal place to disseminate education and services. This year IBM will implement manager and employee HIV/AIDS training and education in Brazil, China, India and Russia.

On June 27th, Lauren spoke at the **Technology & HIV/AIDS Working Session in Washington D.C.**, which was co-sponsored by the Office of the U.S. Global AIDS Coordinator, the Global Business Coalition on HIV/AIDS, the Corporate Council on Africa, and the Interfaith Center for Corporate Responsibility (ICCR). Industry leaders, including **Dell, IBM, Intel, Motorola, and Sun Microsystems**, discussed how IT companies could use core competencies to enhance data management and access to education, training and treatment.

Boston Common has been leading a three-year dialogue with **GlaxoSmithKline** on access to medicines in the developing world. In May we expanded the dialogue to focus on pediatric drug formulation research, including alternatives to liquid drug formulations that require continuous refrigeration—a scarce luxury in many of the world's most affected areas.

Environment & Sustainable Agriculture

In June, Steven Heim, along with Mark Kastel of The Cornucopia Institute, visited **Horizon Organic's** 4,000+ cow "factory farm" organic dairy in Paul, **Idaho**. **Dean Foods**, the parent company of the Horizon brand, invited them to see first hand Horizon's Idaho farming operation, which has drawn intense criticism from organic dairy advocates and consumers who assert it is a high-production factory farm that is skirting national organic standards. The average U.S organic dairy farm has 50 to 70 cows; few in the West have over 500. The Horizon operation currently has about 600 acres of irrigated pasture for its milking dairy cows situated in a high desert area sprinkled with sagebrush. Currently, Horizon buys conventional replacement animals, a controversial practice in the organic industry. During our visit to the Idaho farm, Horizon outlined plans to start raising calves. Next year, the company intends to split the herd to increase available pasturelands and build a state-of-the-art dairy facility. Steven suggested that organic consumers will continue to reject Horizon's Idaho operation as a factory farm due to its size.

Corporate Sustainability

In May, Boston Common led a broad-based shareholder meeting in **New York** with longtime holding **ABN-AMRO** to discuss its approach to sustainability, including microfinance. ABN-AMRO, a Dutch bank, has microfinance programs in **Brazil** and **India**. The company has made a total of 8,300 loans between 70 and 7,000 Euros in Brazil and 18 loans to microfinance institutions in India that serve 178,000 women with loans between 70 and 100 Euros. Boston Common plans to have a more substantial dialogue on the company's plans to expand its microfinance programs to other regions.