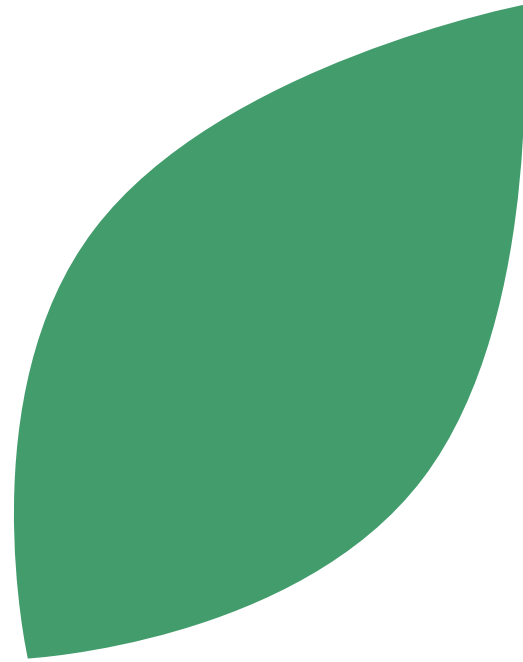


Boston Common Global Impact Equity

Strategy Impact Report | September 2021



Foreword



Dear Reader,

Boston Common's first impact report for the Global Impact strategy comes as we remain mindful of the lingering state of the pandemic. As we look to foster the transition to a just and sustainable society, we are taking advantage of opportunities to invest in businesses addressing climate change, racial inequity, health risks, and human rights.

Over the past year plus, we helped develop a global standard for carbon accounting for asset managers and banks and supported more equitable access to life-saving medicines including vaccines. We increased the ambition and urgency of our Workplace Racial Equity Initiative, challenging systems that perpetuate institutional racism and calling on portfolio companies to address racial inequity across their value chains, from their supplier practices to their governance, corporate culture, and reporting.

We engaged with companies across a range of environmental, social, and governance (ESG) issues, leading to positive impacts from increasing transparency on medicine pricing to establishing more ambitious emissions targets and improving gender and racial representation on boards.

The Global Impact strategy seeks alpha-generating impact investment opportunities and uses an active engagement & stewardship approach to stimulate progress towards sustainability goals, UN SDG targets, and impact among portfolio companies. This report highlights the wide scope of our leadership, engagement initiatives, and projects at the strategy and firm level, with a focus on the outcomes of our shareowner engagement activity and the cumulative impact generated by the solutions leaders in which we invest.

Our Approach to Impact

Firm Overview

Aligning Investments with Values

ESG

Impact

Engagement

Boston Common Asset Management

Pure-play sustainable asset manager since inception (2003)

Overview

Boston Common Asset Management (BCAM) is a diverse, women-led, sustainable investor and innovator dedicated to the pursuit of financial return AND social change. Integration of environmental, social, and governance (ESG) considerations has always been central to our mission and embedded throughout our investment process. We employ Comprehensive ESG Guidelines with which all our investments must comply. These guidelines shape which Products, Services, Policies, and Processes we seek to invest in and which we seek to avoid.

In 2008, we formally articulated our investment product categories, resulting in nine impact investment themes that continue to describe the variety of impact we seek. Following the 2015 launch of the United Nations Sustainable Development Goals (UN SDGs), we began mapping our nine impact investment themes to the SDGs – a natural alignment that continues to inform our thematic approach.

Throughout our history, we have activated our voice as shareowners to creatively achieve impact. We advocate for improved transparency and accountability from companies to accelerate their contributions to people and planet and to best position our investments for the transition to a more sustainable, inclusive economy.

The Global Impact strategy is an evolution of this history of ESG integration and impact-seeking. All holdings are subject to our ambitious, comprehensive ESG guidelines and our persistent shareowner engagement. Global Impact investment holdings are classified either as Solutions Leaders, which generate more than 50% of revenues from products or services that align with our impact investment themes, or Solutions Exposure contributors, "Future Solutions" companies which generate significant albeit less than 50% of revenues from impact offerings with the potential to evolve into Solutions Leaders over time.

ESG Guidelines

ESG integration has been at the heart of Boston Common's financial analysis and investment process since our inception. Only through ESG analysis are we able to see the complete picture of each investment. Our ESG focus areas serve as our guiding principles: Climate Change & Earth Renewal, Health & Community Well-being, and Inclusion & Empowerment.

Our comprehensive [ESG Guidelines](#) inform our financial research to identify sustainable companies that possess long-term drivers of success. We integrate ESG factors at every stage of our research and investment process: in the definition of the investable universe; in the stock analysis phase through detailed company research identifying leaders and laggards; and in the portfolio construction stage where our goal is to raise the portfolio's ESG profile.

We believe that companies addressing global sustainability challenges and opportunities will experience larger than expected demand for their products and services, thus building competitive advantages and ultimately outperforming broader global equity indices.

Our Approach to Impact

Impact Investing

Throughout our investment process we work to understand the breadth and depth of companies' environmental and social impacts and invest proactively addressing ESG opportunities and challenges effecting large-scale societal change.

The term impact investing was primarily used within the realm of private equity until recent years when it has been adopted in the public equity space. Since early 2020, the COVID-19 pandemic and the pursuit of social and racial justice have laid bare society's inequities and the need for action. We believe companies working to address inequities as well as social and environmental challenges are well positioned for long-term growth and the need for these companies' solutions will continue to rise. Against this backdrop, our investment focus is on solutions providers.

We believe portfolio impact can be generated through:

- Investing in solutions-oriented companies that are enabling the transition to a more just and sustainable society.
- Actively engaging with portfolio companies to generate positive improvements.

Our Impact Investment Themes

We have pursued ESG integration since our 2003 inception in service of our goal as investment managers: to generate financial return and social change.

In 2008 we began identifying and analyzing which companies in our portfolios were providing solutions to societal challenges as determined by nine impact investment themes. With the emergence of the UN SDGs in 2015, we began mapping our in-house framework to the SDGs, developing a strategy able to direct investor capital toward companies providing products and services helping achieve these goals. This strategy, launched in 2018 - an evolution of our commitment to generating impact - proactively allocates capital to solutions aligned with one of our nine impact investment themes.

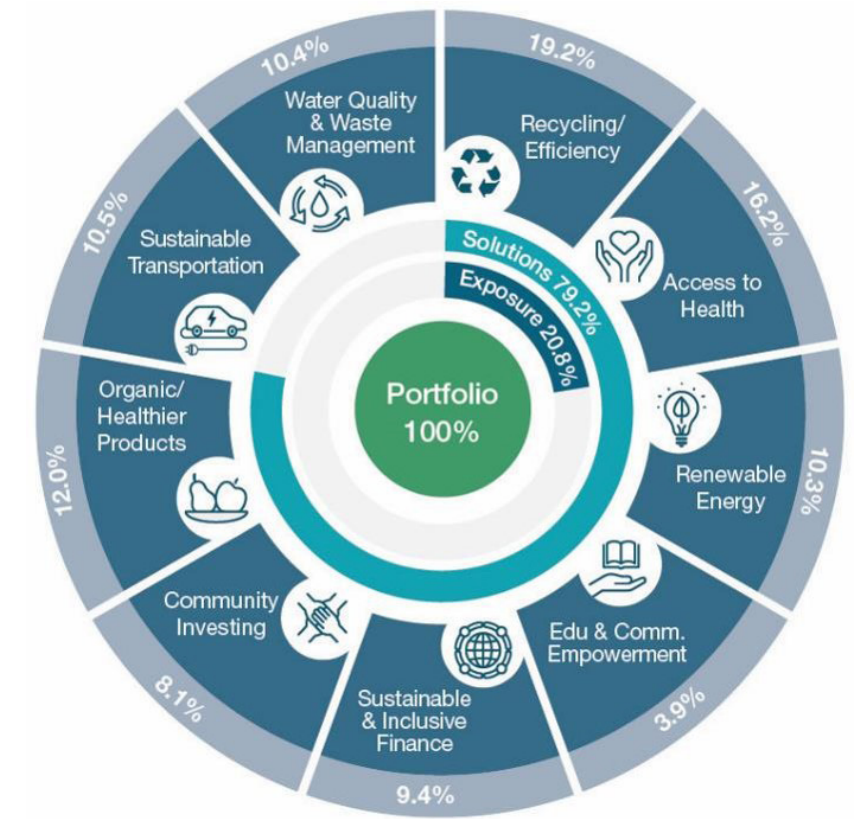
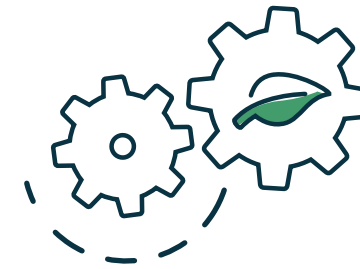
We believe that this proactive provision of capital to solutions providers should, over time, enable them to improve their cost of capital and competitive positioning compared to those companies failing to adapt to the transitions underway.

-  Recycling/Efficiency
-  Access to Health
-  Renewable Energy
-  Education & Community Empowerment
-  Sustainable & Inclusive Finance
-  Community Investing
-  Organic/Healthier Products
-  Sustainable Transportation
-  Water Quality & Waste Management

Our Impact Investment Themes

In our Global Impact strategy, we invest in both pure Solutions Leaders and "Future Solutions" companies with material Solutions Exposure.


Our ESG Research Team utilizes a proprietary methodology to determine company alignment with our impact themes and to estimate impact revenues. At the time of this report, our Global Impact strategy was $\approx 80\%$ allocated to Solutions Leaders and $\approx 20\%$ allocated to Solutions Exposure Companies.












Solutions Leaders

 companies that generate greater than 50% of revenues from products or services aligned with our impact themes.

Solutions Exposure

 "Future Solutions" companies that generate a material proportion of revenue (greater than 10%, less than 50%) from thematically aligned products or services and demonstrate continued sustainable innovation.

Thematic Exposure to UN SDG's	Solutions	Exposure	Example
 7, 9, 12, 13 Recycling/Efficiency	12.6%	6.6%	Hannon Armstrong
 3 Access to Health	15.0%	1.2%	Sonova
 7, 13 Renewable Energy	8.2%	2.0%	First Solar
 4, 10 Edu & Communication Empowerment	3.9%	0.0%	Adobe
 1, 5, 8 Sustainable & Inclusive Finance	6.1%	3.2%	PagSeguro
 10, 11 Community Investing	6.0%	2.1%	TopBuild
 2, 12, 15 Organic/Healthier Products	8.1%	3.9%	Croda
 9 Sustainable Transportation	8.8%	1.7%	Shimano
 6 Water Quality & Waste Management	10.4%	0.0%	TOMRA

Sources: BCAM revenue estimates, Viggeo EIRIS, MSCI. SDGs refers to the Sustainable Development Goals adopted by the Member States of the United Nations by resolution A/RES/70/1 of the General Assembly of 25 September 2015. The information in this document should not be considered a recommendation to buy or sell any security.

Our Changing Climate

As we approach the COP26 summit, 2021 has become a pivotal year for climate action and the transition to a low-carbon economy. The Intergovernmental Panel on Climate Change (IPCC) finds that limiting global warming to 1.5°C will be required if we are to avert catastrophic climate change, including the direst consequences to life on land and below water. The IPCC stresses that not all emissions pathways are equal, and urgently advocates for a pathway that limits global warming to 1.5°C with no or limited overshoot. Such a pathway appears increasingly difficult to achieve and will at minimum require reduction of global CO2 emissions by about 45% from 2010 to 2030, reaching net zero around 2050. Boston Common began measuring, tracking, and reporting portfolio-level carbon footprints in 2015. In 2020, we strengthened our commitment to portfolio-level carbon management, joining both the [Partnership for Carbon Accounting Financials \(PCAF\)](#) and the Net Zero Asset Managers initiative. We were the first North American asset manager to join PCAF, a global, industry-led initiative to harmonize the way financial institutions measure and disclose the greenhouse gas emissions associated with their investments.

[The Net Zero Asset Managers initiative](#), an initiative of the Institutional Investors Group on Climate Change (IIGCC), is currently endorsed by 128 global asset managers representing \$43 trillion in assets. As signatories, we are committed to aligning our investments to net-zero emissions and a 1.5-degree Celsius climate scenario by 2050.



Aligning our portfolio with UN Climate Goals

As of the end of 2020, our Global Impact strategy had **63.6% less exposure*** to Scope 1 and 2 greenhouse gas emissions and was 51.9% less carbon-intensive** than the benchmark (i.e., MSCI ACWI).

*Emissions exposure measures Scope 1 and 2 emissions allocated to an investor based on an equity ownership approach, utilizing the position ownership ratio, and normalized by the market value of the portfolio.

**Carbon intensity is measured by calculating the carbon intensity—Scope 1 and 2 emissions per USD 1 million in sales—for each portfolio company and calculating the weighted average by portfolio weight

Our Changing Climate

Global Impact Strategy



Portfolio and Benchmark Comparison to SDS Budget

	2020	2030	2040	2050
Portfolio	-52.7%	-33.0%	+18.5	+74.3
Benchmark	-3.7%	+27.6%	+117.5%	+197.4%

1.9°C The portfolio is associated with a potential temperature increase scenario of 1.9°C by 2050

The scenario alignment analysis compares current and future portfolio greenhouse gas emissions with the carbon budgets for the IEA Sustainable Development Scenario (SDS)*, Stated Policies Scenario (STEPS) and the Current Policies Scenario (CPS). Performance is shown as the percentage of assigned budget used by the portfolio and benchmark.

As of 06-30-2021, the Global Impact strategy is aligned with a 1.9°C scenario by 2050, whereas the MSCI ACWI has a potential temperature increase of 3°C.

Source: ISS ESG Climate Impact Assessment.

*IEA SDS: <https://www.iea.org/reports/world-energy-model/sustainable-development-scenario>

Proactive on plastics: Centering the circular economy

Boston Common has engaged portfolio companies on phasing out harmful plastics since 2003 and has been a formal supporter of the New Plastics Economy Global Commitment since 2018. We understand that plastics, as persistent organic pollutants, pose serious threats to both human and environmental health across the world. This global challenge requires both phasing out unnecessary plastics and redesigning plastics for improved recyclability and compostability.

In 2020, Boston Common engaged several holdings including Schneider Electric on their implementation of the Ellen McArthur New Plastics Economy Global Commitment. Our objective was to better understand key implementation challenges and best practices to guide companies' approaches. All companies engaged have committed to set goals to eliminate, innovate, and circulate plastics within their operations by 2030.

Schneider Electric has set interim goals around post-consumer recycled content, an encouraging sign given the infrastructure challenges in this workstream.

We have expanded the initiative to request that a broader set of companies consider joining the New Plastics Economy Global Commitment including holdings Cerner, China TCM, and Grifols.

Spotlight

Schneider Electric has set interim goals around post-consumer recycled content, an encouraging sign given the infrastructure challenges in this workstream.

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Impact Metrics

Global Impact Strategy

Green Patents are patents on products and or designs providing environmental benefits. Global Impact strategy holdings own a total of **4,545 patents** for low-carbon technologies.

Green Patents

Energy Efficiency Products & Services

Pollution Prevention Products & Services

Sustainable Water Products & Services

Environmental Issues

CDP

Portfolio Global Impact Benchmark MSCI ACWI

27% 13%

27% of portfolio holdings offer energy efficiency products and services vs. 13% of benchmark constituents.

21% 6%

21% of GI holdings offer pollution prevention products and services vs. 6% of benchmark constituents.

12% 6%

12% of GI holdings offer sustainable water products and services vs. 6% of benchmark constituents.

81% 59%

81% of GI holdings have established executive responsibility for environmental issues vs. 59% of benchmark constituents.

82% 47%

82% of GI holdings participate in CDP vs. 47% of benchmark constituents.

Source: MSCI

Impact Metrics

Global Impact Strategy

While we conduct our own due diligence to determine impact revenues and thematic alignment, we also consult with third-party research providers – including MSCI - and review their assessment of impact in our portfolios. [MSCI ESG Research](#) assesses a portfolio's impact by measuring exposure to certain sustainable impact themes in comparison to the benchmark. The figures in the table below reflect the estimated annual revenue exposure of Global Impact holdings from products, services, and activities in six environmental impact themes and seven social impact themes. MSCI has identified specific categories of products and services that qualify as environmental or social solutions under each of the impact themes.

MSCI Sustainable Impact Portfolio Snapshot

as of 6/30/2021

Estimated annual revenue generated by companies from products & services providing sustainable impact solutions.

Social Impact Solutions For a \$1mm investment in the portfolio or a hypothetical investment of \$1mm allocated to replicate the Index	Basic Needs				Empowerment		
	Nutrition	Affordable Real Estate	Major Disease Treatment	Sanitation	SME Finance	Education	Connectivity
Global Impact per year in Social Impact product and services	\$4,901 per year of revenues from nutritious food	\$2,312 per year of revenues from affordable real estate	\$10,826 per year of revenues from major disease treatment	\$6,269 per year of revenues from sanitary products	\$2,500 per year of revenues from SME lending	\$0 per year of revenues from education services	\$0 per year of revenues from connectivity digital divide
MSCI ACWI per year in Social Impact product and services	\$6,410 per year of revenues from nutritious food	\$297 per year of revenues from affordable real estate	\$8,350 per year of revenues from major disease treatment	\$2,715 per year of revenues from sanitary products	\$1,589 per year of revenues from SME lending	\$602 per year of revenues from education services	\$178 per year of revenues from connectivity digital divide

Environmental Impact Solutions For a \$1mm investment in the portfolio or a hypothetical investment of \$1mm allocated to replicate the Index	Climate Change			Natural Capital		
	Alternative Energy	Energy Efficiency	Green Building	Sustainable Water	Pollution Prevention	Sustainable Agriculture
Global Impact per year in Clean Tech product and services	\$22,652 per year of revenues from alternative energy tech	\$11,542 per year of revenues from energy efficient tech	\$23,393 per year of revenues from green building	\$2,739 per year of revenues from sustainable water tech	\$34,159 per year of revenues from pollution prevention tech	\$1,210 per year of revenues from sustainable agriculture
MSCI ACWI per year in Clean Tech product and services	\$3,041 per year of revenues from alternative energy tech	\$8,300 per year of revenues from energy efficient tech	\$1,001 per year of revenues from green building	\$549 per year of revenues from sustainable water tech	\$1,385 per year of revenues from pollution prevention tech	\$325 per year of revenues from sustainable agriculture

The figures sourced from MSCI in the tables above reflect the estimated annual revenue generated by companies from products and services providing sustainable impact solutions, based on a \$1mm investment in the Portfolio or a hypothetical investment of \$1mm allocated to replicate the benchmark. Using an investor ownership methodology, the metrics on this page are only applicable to equities. You cannot invest in an index. None of the information in this report constitutes an offer to sell, a solicitation of an offer to buy, endorsement, review, marketing, or opinion of, any security, financial product or other investment vehicle or ant trading strategy.

Impact Metrics

Stock Specific



Recycling/Efficiency

Our Recycling/Efficiency investments promote energy- and resource-efficiency in the world through products and services that combat climate change, reduce pollution, and drive long-term sustainability.

The COVID-19 pandemic has disrupted economies and businesses worldwide, and many feared such disruption would weaken climate action by governments and companies. And yet, green has emerged as the color of the recovery.

The Global Impact portfolio includes companies benefiting from key elements of global recovery plans, including economic circularity, building efficiency, and clean industrial production. These Recycling/Efficiency investments promote energy- and resource-efficiency in the world through services that combat climate change, reduce pollution, and drive long-term sustainability.

Hannon Armstrong: Financing energy efficiency and renewable energy

Solutions Leader
Exposure: 100% of revenues

Hannon Armstrong's (HASI) core business is providing debt and equity financing to the energy efficiency, renewable energy, and sustainable infrastructure markets. The company thus plays a pivotal role in the financing of sustainable development projects necessary for society's low-carbon transition.

2020 Highlights

- \$1.9 billion invested in climate solutions
- 2 million metric tons of incremental annual reductions in CO2 emissions
- Highest recorded annual CarbonCount® in company history, at 1.03
- Joined Partnership for Carbon Accounting Financials (PCAF)
- Expanded DEI disclosure; strengthened Board diversity
- New hires: 38% female-identifying, 41% racial or ethnic minority
- 17X CEO to Median Employee Pay, vs. average of 320x (by sales) for the largest 350 companies*
- Employee incentive compensation linked to progress in advancing climate positive mission.

Projects

- Avoided 2.0 million metric tons of CO2 emissions
- Saved 576 million gallons of water

*Economic Policy Institute 2019
2020 HASI Annual Report

CarbonCount

Hannon Armstrong has developed CarbonCount®, a scoring tool that estimates the CO2 emissions avoided annually per \$1,000 of investment in U.S.-based energy efficiency and renewable energy projects.

Lifetime impacts of investments:

- 5.2 million cumulative metric tons of CO2 avoided annually, equivalent to eliminating emissions from nearly 600,000 U.S. homes each year.
- 4 billion cumulative gallons of water saved annually, equivalent to eliminating annual water consumption of nearly 80,000 U.S. homes each year.

Sustainability

HASI's managed assets across the U.S. support >13 GW of renewables and nearly 300 energy efficiency investments:

- 292 energy efficiency investments
- 4.4 GW of wind
- 0.8 GW of grid-connected solar
- 2.3 GW of distributed solar
- 5.6 GW of wind and solar land

2020 saw HASI's highest annual carbon reductions to date. Its 2020 investments will reduce 5X more carbon vs. 2019, and with a CarbonCount® of 1.03, 2020 investments were also the company's most efficient use of capital in its history.



Impact Metrics

Stock Specific



Sustainable & Inclusive Finance

Our Sustainable & Inclusive Finance investments expand access to financial products and services for underserved populations and/or small- and mid-sized enterprises (SMEs) through specialized models or offer impact, green, or ESG products that promote social and environmental equity.

For the past six years, Boston Common has led a pioneering engagement to decarbonize the world's largest banks. In 2020, as the COVID-19 pandemic brought to light systemic racism and structural inequities such as unequal access to basic services, we called on financial services companies to grow their awareness of the institutional racism built into their products and services, which can then form the foundation for lasting racial disparities in wealth and income.

Our Global Impact portfolio includes companies expanding access to financial services for underserved populations and promoting sustainable financial products and promoting social and environmental equity.

PagSeguro: Expanding access to financial services

PagSeguro is a disruptive player in the Brazilian payment processing space, facilitating access to financial services for individuals and businesses in Brazil.

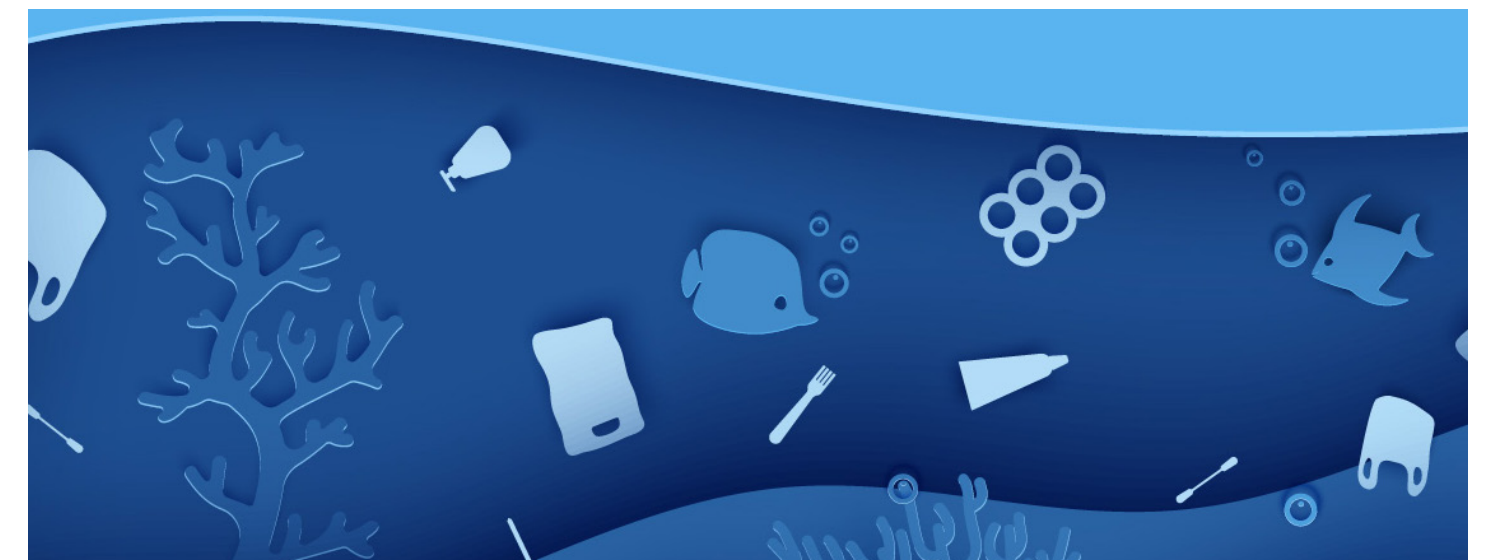
With its full suite of affordable, end-to-end digital payment solutions, PagSeguro is the leader within this market niche, activating an important segment of Brazil's economy by supporting dynamic entrepreneurs overlooked by traditional banking channels.

"We principally target micro-merchants and SMEs, many of whom were ignored or underserved by the incumbent payment providers and financial institutions in Brazil before PagSeguro was launched. These incumbents generally charge micro-merchants and SMEs higher overall fees and commissions because they generate lower transaction volumes. Our platform enables us to keep overall per-transaction fees lower for merchants who generate lower transaction volumes."

PagSeguro 2020 Form 20-F



Solutions Leader
Exposure: 100% of revenues



Impact Metrics

Stock Specific



Organic/Healthier Products

Our Organic/Healthier Products investments offer products with lower negative environmental or public health impacts through significant use of natural or organic ingredients or minimization or elimination of toxic chemicals.

The challenges to health and wellbeing have never been more evident; both our communities and our ecosystems are at risk. We need change on many dimensions, including in the development of organic, non-toxic, and plant-based products, the promotion of regenerative farming and grazing, and the end to deforestation and loss of carbon sinks.

The Global Impact portfolio includes companies offering products with improved environmental and public health impacts in alignment with our Organic/Healthier Products theme.

Weyerhaeuser: Supporting sustainable forestry and livelihoods

Weyerhaeuser manages nearly 25 million acres of timberlands across North America. The company has a strong approach to biodiversity and land management, certifying all forests to sustainable forestry standards and conducting community and biodiversity impact assessments. The company keeps harvesting rates within sustainable levels by using regeneration methods specific to each site and species and generates over 70% of its energy used from biomass waste from its manufacturing operations.

“Our millions of acres of forests have an important role to play in mitigating climate change by absorbing CO2 from the atmosphere and storing carbon in the wood products we make.”

“Because of where we operate across North America, we have a powerful opportunity to help rural communities remain thriving places to live and work.”

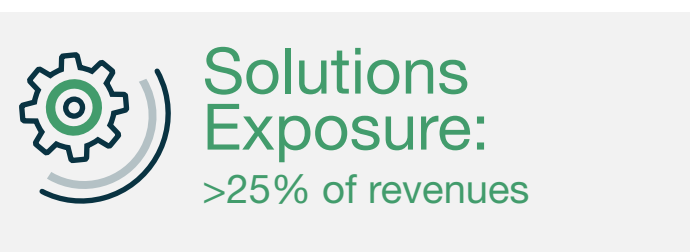
[Weyerhaeuser Announces Sustainability Strategy](#)

[Weyerhaeuser: Social Responsibility](#)

2020 Highlights

- 132 million seedlings planted
- 205,420 acres of timberlands harvested, 100% replanted or naturally regenerated
- \$8.6 million in forestry research spending, including forest health and productivity, water quality, fish, and wildlife, ecosystems, and biodiversity
- 100% of timberlands and manufacturing facilities certified to SFI's Sustainable Forest Management or Fiber Sourcing standards
- 100% of wood supply area assessed for risk of controversial sourcing
- 100% of raw material sourced from legal, non-controversial, and responsibly managed forests
- 5.8 million acres (cumulative) of protected habitat, including natural openings, riparian buffers, and wetland mitigation banks
- 14.7 million acres (cumulative) under formal habitat management agreements

[Weyerhaeuser.com](#)



Sustainability

- 100% of timberlands certified to the Sustainable Forestry Initiative
- Harvests only 2% of its forests each year
- Weyerhaeuser uses 95% of every log harvested (avg.)
- Reforests 100% of its timberlands after harvesting
- Plants approximately 150 million trees/year
- Equivalent 9 million metric tons CO2 is stored its wood products annually, equal to taking 2 million cars off the road every year.
- Enrolled 3.4 million acres of its timberlands in habitat conservation agreements in 2019



Engagement Impact

Investors look to impact strategies to invest in companies tackling societal challenges and positioned to benefit from growing end-market demand relative to the broader market. We believe **investors have an opportunity and responsibility to activate their shareholder voice** to accelerate society's pivot away from harmful activities and climate risks and toward better solutions for people and planet. As a pioneering Boston-based investor and with over 50% of the global market capitalization domiciled in the US, we believe we have a unique advantage and a key role to play in advancing the sustainability agenda in this large economic area in need of significant improvement.

Through our strategic engagement activities, we seek to:

- Generate positive societal impact
- Promote ESG momentum in Solutions revenue streams
- Nurture and develop the impact revenue streams of Solutions Exposure names



As focus and priorities shift to solving global challenges, some of the world's best investment opportunities will lie in addressing these challenges. The pillars of our strategic engagement work—Climate Change & Earth Renewal, Inclusion & Empowerment, and Health & Community Wellbeing—are designed to generate impact aligned with the UN Sustainable Development Goals (SDGs).

We employ ambitious, comprehensive ESG guidelines, with which all of our investments must comply. There are no perfect companies, however, and in all cases, there are ESG practices that can be improved; this is where we see opportunity and responsibility to activate our shareholder voice.

As assertive, engaged stewards of our investments, we challenge companies across all industries to redirect capital financing capacity, R&D efforts, and ingenuity towards creating a more sustainable world.

Our engagement and stewardship are intended to support long-term thinking by corporate managements, which we believe will improve the fundamentals of the companies we invest in, eventually becoming reflected in valuation. These improvements may take the form of lower risk premia, higher earnings, cost savings, product and process innovation, or policy changes.

Firm Wide Engagement for Impact Boston Common's 2020 Results: All Strategies

We engage companies primarily to encourage them to improve their ESG performance in two dimensions - (1) products and/or services, (2) policies and process - the same factors that we consider in our investment selection. We view increasing corporate transparency on ESG issues as a critical factor in improving performance and sustainability. Our goal is to empower management to focus on long-term sustainable enterprise value creation.

Our engagement strategy reflects our long-term-oriented, global investment philosophy. As such, we engage both US and non-US companies. We meet with many portfolio companies in their home countries and, on occasion, with local NGOs, labor activists, government officials, and investment analysts to inform our engagement and understanding of key ESG issues.

In 2020, we engaged with companies across a range of ESG issues, leading to positive outcomes from increasing transparency on drug pricing to establishing more ambitious emissions targets and improving gender and racial representation on boards.

We are proud to deliver growth for our clients, even in times of crisis. The wide scope of our leadership, engagements, and projects in 2020 is highlighted on the next page (15).



Firm Wide Engagement for Impact 2020



Committed to a pathway aligning our investing with net-zero carbon goals by 2050

10

shareholder resolutions filed in the US



0%

direct investment fossil fuels in Boston Common's portfolio



39

companies engaged on racial equity individually and collaboratively

Voted against 70 companies on gender or racial board diversity



Voted in favor of 70% of 116 ESG shareowner proposals at 56 companies



58

banks engaged on climate risk

95

companies engaged on response to COVID-19



44

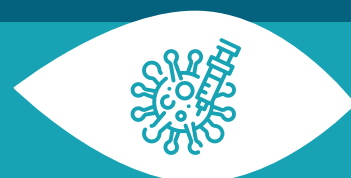
corporate policies, processes, or products improved through our engagements



GlaxoSmithKline committed to increasing female representation in senior roles to over 37%.



Citigroup and Morgan Stanley have adopted net-zero carbon commitments for their operational and financed emissions.



Gilead improved transparency around drug pricing for Veldury, an antiviral medicine used to treat coronavirus.



Regeneron Pharmaceuticals committed to release access plans for lower income countries in relation to their future pricing decisions for drug products.



Apple announced new targets to eliminate, innovate, and circulate plastics within their operations by 2030, including eliminating PVC and PVDC by 2025.



Mondelez committed to 100% sustainable soy sourcing by the end of 2020.

Our core engagement approaches to impact

As shareowners, we seek transparency and accountability from companies and look to catalyze steps towards better ESG performance. We have several tools at our disposal to encourage companies to address sustainability risks and opportunities; our most common approach is sustained dialogue with companies over the short, medium, and long term either through individual or collaborative engagement.

We create engagement impact via four main activity streams:



Sustained dialogue



Public policy



Shareholder resolutions



Thought leadership



Sustained dialogue to raise ESG standards and drive business transitions

We engage directly with companies to advocate for ambitious sustainability policies and targets, alignment with international norms, appropriate response to controversies, and robust sustainability disclosures. Achieving robust integration of ESG factors and supporting companies' transition to more sustainable, impact-focused business models often requires patience and persistent dialogue with companies over years. Our sustained dialogues are founded on a deep understanding of sustainability governance, including board-level oversight and links to performance, goals, and compensation. This year, we initiated dialogue with every new investment, voicing our impact thesis of the company and areas identified for improvement.

Spotlight



Initial purchase dialogues with First Solar & Grifols

In our initial outreach to portfolio holdings First Solar, a leading photovoltaic solar solutions provider, and Grifols, a producer of blood plasma-based solutions, we highlighted opportunities for improvement that we had identified in our ESG research evaluations of the companies:

- Sustainability Reporting, Eco-Efficiency, and Environmental Goals (FSLR)
- Access Strategies for COVID Therapies, Plastics, Net-Zero Goals, and Racial Equity (Grifols)

Both holdings responded thoroughly across all areas of enquiry.



Public policy engagement and firm-wide impact

The best pathway to sustainable long-term change is through public and private sector cooperation. This year, we've witnessed the power of that union in coordinating our global response to the COVID-19 pandemic.

Throughout our history, we have actively engaged to shape global public policy. Our public policy efforts center on protecting shareholder rights, encouraging standardized sustainability reporting and measures, and supporting a more sustainable financial system.



Spotlight

US public policy engagement

Over the last four years, Boston Common submitted comments directly to the US Securities and Exchange Commission (SEC) advocating for the protection of shareholder rights and the maintenance of the existing shareholder proposal process. We submitted a letter expressing dismay at the proposed US Department of Labor (DOL) rule, "Financial Factors in Selecting Plan Investments", which purported to limit the ability of ERISA plans to actively choose investments with ESG criteria.

We also supported a letter to the Financial Accounting Standards Board (FASB) on Disclosure of Tax Havens and Offshoring Act (H.R. 5933) to address opaque tax reporting by corporations and meet emerging global country-by-country reporting standards.

As part of an investor coalition in 2020, we provided feedback on the Organisation for Economic Co-operation and Development (OECD) BEPS Action 13 Public Consultation to support country-by-country tax reporting - an area we address with investee companies. To support a strong, sustainable financial ecosystem, we participate in consultations by the OECD on climate change due diligence and human rights due diligence.



Shareholder resolutions

Shareholder resolutions are one of our key tools for achieving impact in our public equity investments. We routinely support relevant ESG shareholder proposals and file or co-file shareholder proposals when a company dialogue has stalled or when a company is not willing to engage. We withdraw the resolution if the company is engaged and willing to make changes to improve current practices.

The most common ESG issues we vote on include board gender or racial diversity, climate change targets, human rights, political and lobbying disclosure, and sector-specific issues like drug pricing and accessibility in the pharmaceutical industry. In the 2020-2021 proxy season, we filed 10 shareholder resolutions and voted in favor of 47 shareholder proposals in the US across a diverse range of issues from facilitating access to COVID vaccines to protecting human rights and setting emissions targets aligned with the Paris Agreement.



Thought leadership

With more than 17 years of experience in creating positive impact, we continue to go above and beyond to define best practices for the global responsible investment community, for example by creating new metrics, indices, and frameworks that can help investors measure progress on issues from lobbying to labor standards.

In 2020, we became the first US asset manager to join the Partnership for Carbon Accounting Financials (PCAF) and were part of the 2020 PCAF Core team, which led the development of global carbon accounting standards for six asset classes applicable to asset managers, asset owners, and banks. This is an important piece of the puzzle if the investment industry is to successfully measure, report, and reduce financed emissions.

Proxy Voting

Boston Common's proxy voting guidelines are designed to promote best global corporate governance practices and advocate for increased board independence, disclosure, transparency, and management accountability to shareholders. Boston Common pays particular attention to board diversity. For several years in Australia, Canada, Europe, and the US, we have voted against the nomination of directors if the board does not have a minimum of 30% women and at least one racial minority after the election. In nine Asian markets we advocate for a minimum of one woman on the board after the election. We conduct an annual review of our proxy voting guidelines and revise as appropriate to capture evolving expectations informed by our travels and participation in global governance organizations.

Engagement impacts across emerging issues

Boston Common cultivates the flexibility to be ready to rapidly respond to emerging issues that could impact our portfolios. In 2020, we pivoted our focus to address three of the most pressing issues facing society: COVID-19, climate change, and racial inequity in the US.

Responding to a global pandemic

The COVID-19 pandemic brought to light structural inequities and revealed the vulnerability of business models to interconnected risks like food insecurity, forest, and biodiversity loss, rising temperatures and public health shocks. In 2020, we focused on engaging companies on the short-to-medium-term impacts of COVID-19.

To address short-term concerns, we joined 'Call to Action on COVID-19' as a signatory. The initiative, which represents investors with over \$9.5 trillion in assets under management, articulated five recommendations for companies: provide paid leave for workers; prioritize health and safety; maintain employment throughout the crisis; maintain supplier and customer relationships; and exercise financial prudence.

To address medium-term impacts, Boston Common added several COVID-19-focused questions to existing dialogues regarding companies' abilities to achieve sustainability goals. We called attention to potential supply chain disruption and asked for companies to remain committed to their sustainability programs and targets. Many companies we engaged have doubled down on their sustainability programs, setting ambitious goals and targets despite the economic impacts of the pandemic.



Spotlight

Pricing and public access in the pharma sector

Boston Common participated in a campaign coordinated by the Interfaith Center on Corporate Responsibility (ICCR) to engage the global pharmaceutical industry on the accessibility of COVID-19 vaccines and therapeutics. The ICCR Call to Action for global pharma not only focuses on core access and pricing strategies, but also targets broader expectations around paying a fair tax and establishing responsible lobbying practices.

Boston Common was the lead filer on a shareholder resolution with biopharmaceutical firm Gilead on drug pricing transparency. Since then, the company has enhanced its disclosure around the pricing strategy for Veklury, an antiviral medicine used to treat coronavirus disease.

As investors, we support the innovation, accelerated partnership, and collaboration coming out of this crisis and advocate for these practices to become standard. Pharmaceutical companies need to embed health equity and access considerations into new business models, continue to support partnership and collaboration, and promote transparency and accountability. This must include establishment of equitable pricing models reflecting public investment, participation in intellectual property sharing platforms, and support of local manufacturing and distribution by generic producers through knowledge share and technology transfer.





Disrupting inaction on diversity: Our Workplace Racial Equity initiative

Despite widespread corporate adoption of diversity initiatives in recent years, retention, and promotion of employees of color have remained relatively low, with the percentage of Black managers in large US companies remaining stagnant since the 1980s.

To disrupt this trend, we launched our Workplace Racial Equity initiative in 2020, writing to nine companies with questions on how they are addressing racial equity in the areas of board & executive accountability, corporate culture, data, analysis & reporting, and alignment across the value chain. We then leveraged the Workplace Racial Equity framework more broadly with a diverse set of companies including **American Water Works, Cerner, & First Solar**.

American Water Works created new positions to oversee their diversity and inclusion approaches. American Water Works also completed our 2020 asks on lobbying disclosure following a shareholder proposal. The updated disclosure is reflected in the company's 2021 proxy statement and on their website. First Solar's Global Women's Network (GLOW), which launched in 2019 and aims to develop future leaders through mentoring, sponsorship, networking, and a collaborative learning model, has served as a blueprint to launch additional networks for Black & African American and Hispanic/Latinx employees.

Following our 2019 Board Gender Diversity letter-writing, Croda contacted Boston Common to confirm that the company has an excess of 30% of women on the board, including its female Board Chair. In addition, **Croda has set a target to double the number of women in leadership positions by 2025 and to achieve gender-balanced shortlists for 80% of roles by 2023.**

Our 2019 dialogue with Mohawk on board diversity led to improved disclosure on its board search criteria and nomination process, as detailed in their 2020 proxy statement.

Advocating for racial equity

Active antiracism has been central to Boston Common's mission and identity since our inception. Appropriately, persuading corporations to make changes in pursuit of social justice has been a cornerstone of our engagement work. In 2020, we joined 128 other investors in signing onto a public solidarity statement and a call to action for investors to dismantle systemic racism and recognize our responsibility to act.

Throughout the year, our engagement priorities have focused heavily on the call to address systemic racism, especially with US companies and those with a significant US footprint. We have done this through targeted engagement, integrating this issue into our active company dialogues as part of our Workplace Racial Equity initiative and our initial outreach with new holdings.

Since 2003, we have voted against corporate boards in the US without at least one person of color - people of color make up just 12.5% of the boards of the 3,000 largest publicly traded companies.

We will continue to use our voice in service of Black and Indigenous People of Color in our narrative, on social media, in meetings with clients and prospects, and in dialogues with portfolio companies, where we will demand an evolving understanding of effective and essential antiracist principles, policies, and practices.

As part of our engagement and stewardship approach, we routinely vote against boards that fail to meet our racial and gender diversity thresholds. For the past two years, Boston Common has reached out to the boards we voted against to share our rationale, suggest improved practices, and open a conversation on board diversity. Here are some of our findings:

Our Engagement Summary

We wrote to **70 companies** that we are invested in

More than **1/3** of companies responded. We pursued **active dialogue** with 4 companies

9 companies* have made progress and will meet our board diversity thresholds in 2021

7 companies** have added **diverse directors** in the past year or disclosed time-bound targets to increase board diversity

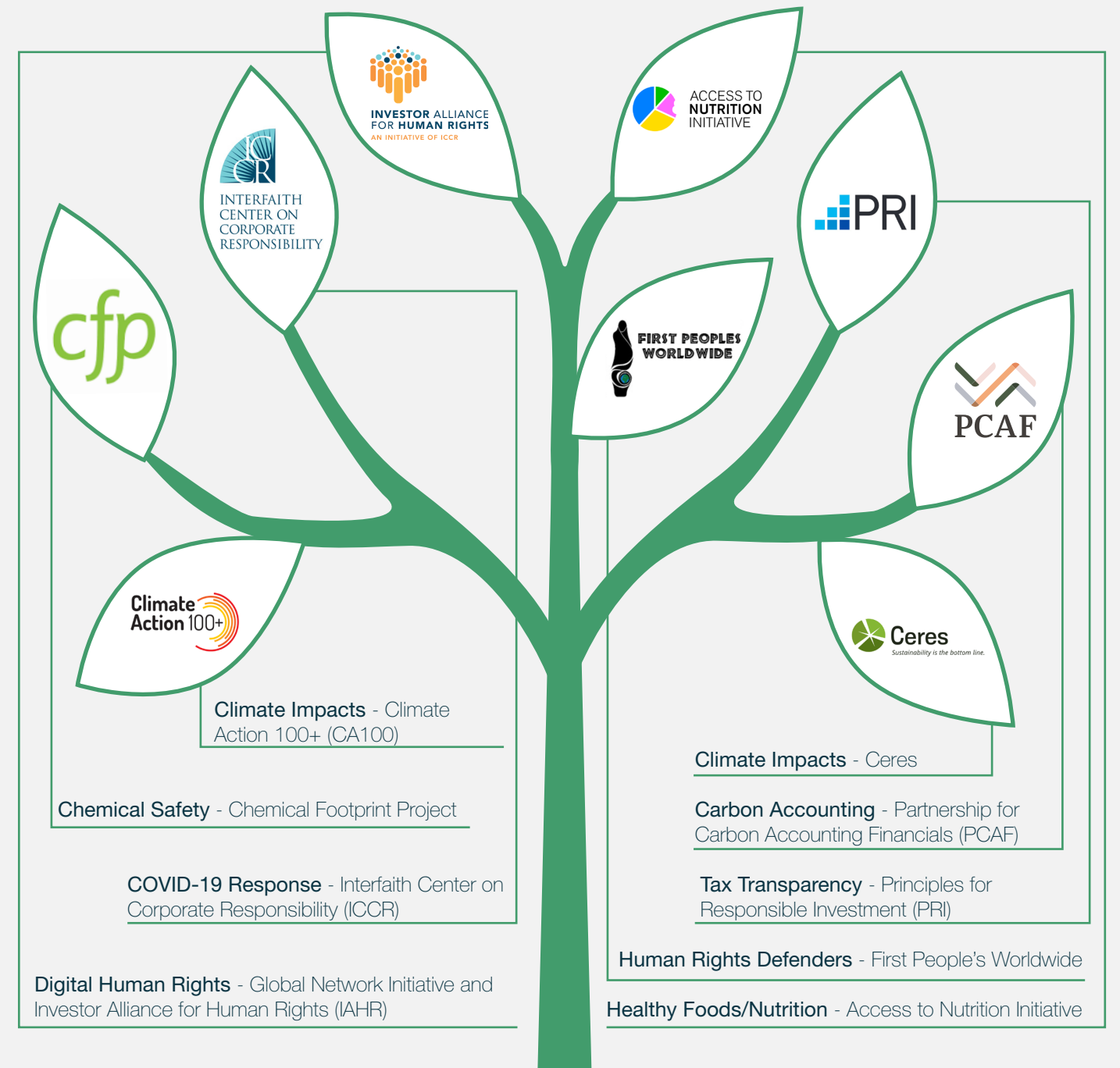
Since 2003 Boston Common has advocated for increased diversity in the workplace



*The New York Times, Carlisle Companies, Zimmer Biomet, Hannon Armstrong, United Parcel Service, Visa Inc., Intuit, Barratt, and Dechra
**Amgen, Mettler Toledo, CME Group, Weyerhaeuser, KB Home, Novartis, and Sonova

Strength in numbers: our collaborations

We believe in strength in numbers. We regularly partner with a number of organizations to amplify our voice and accelerate the transformation that is urgently required on a global scale. When it comes to changing the behavior of multinational corporations that make up equities markets, we recognize that no one investor can succeed alone.



ESG engagement with Solutions companies



The Solutions Leaders we invest in demonstrate strong sustainability characteristics, yet opportunities for improved ESG/sustainability management remain.

2020 Global Impact Strategy

Engagement Outcomes

60%

of holdings engaged

We engaged 41 out of 68 total companies held for some portion of 2020.

Proportion of holdings engaged across issue area



BYD
Manufactures trains, electric vehicles (EV), batteries, and solar photovoltaic (PV) products.

- Solutions Revenue exposure > 50%
- Sustainable Transportation
- In 2020, BYD generated 53% of revenues from automobiles and related products and 8% revenues from rechargeable batteries and solar photovoltaic products.
- In 2021, we engaged with BYD regarding the company's human rights due diligence for its own operations as well as its value chain.

2020 BYD Annual Report

Vestas Wind
Provides wind energy technologies and related services.

- Solutions revenue exposure = 100%
- Renewable Energy
- In 2020, Vestas generated 100% of revenues from the production of wind energy and the servicing of wind turbines.
- In 2020, we continued our sustained dialogue with Vestas, addressing community engagement, economic circularity and end-of-life product management, and company climate targets.

2020 Vestas Annual Report

Xinyi Solar
Solar power generation and construction of solar power plants.

- Solutions revenue exposure = 100%
- Renewable Energy
- In 2020, Xinyi generated 100% of revenues from the sale of solar glass and the development of solar farms.
- In 2020, we deepened our dialogue with Xinyi Solar on advancing ESG oversight, management, and disclosure. We addressed the business impacts of China's recent net-zero carbon goal by 2060 and how the company can address circular economy concepts.

2020 Xinyi Solar Annual Report

Outlook for 2021

Solutions Exposure companies



The Solutions Exposure companies we invest in demonstrate strong sustainability characteristics with opportunities for improved ESG management and therefore opportunities to improve long-term performance. Solutions Exposure names are often large-cap companies with embedded divisions generating significant impact revenue. They may already be leaders in their field with the opportunity to continue to shift business models in alignment with our impact revenue categories. These companies have the ability to effect societal change due to their size and influence. These companies often develop new and exciting technologies and benefit from consumer, corporate, and regulatory changes.

Security	Impact Momentum	Impact Investment Theme	2020 Revenue*
Ping An Insurance	Insurance to underserved populations	Sustainable & Inclusive Finance	\$110 billion
Cummins	Emissions solutions, hydrogen	Sustainable Transportation	\$20 billion
Daikin Industries	Interior air quality, heat pumps	Eco- & Resource Efficiency	\$23 billion
Orix	Largest renewable energy developer in Japan	Renewable Energy	\$21 billion
Applied Materials	Solar photovoltaic manufacturing equipment	Eco- & Resource Efficiency	\$18 billion
HDFC Bank	Mortgages in rural India	Sustainable & Inclusive Finance	\$12 billion
Koninklijke DSM	Bovine feed additives, algae-based fish oil substitute	Organic/Healthier Products	\$9 billion
Kerry Group	Enzymes for beverage, dairy, meat, culinary industries	Organic/Healthier Products	\$8 billion

*Source: BCAM Revenue Estimates

Prioritizing ESG Impact Revenue Generation

All our Solutions Exposure companies operate a sustainable business line positioned to effect positive societal change with evidence of growing impact revenue streams. We believe engagement can nurture and accelerate this growth. In 2021 we will engage our "Future Solutions" holdings to advocate for accelerated prioritization of their sustainable product offerings.



ORIX Corporation:

Financial services conglomerate operating in traditional financial areas and Real Estate management.

ORIX manages one of the largest rental car fleets in Japan, offering a range of hybrid, electric vehicle, and car sharing options. The company offers incentivized loan options for small enterprises with environmental criteria, carbon offset and emissions trading products, and renewable energy financing.

Long tenured in solar financing and installations, the company's renewables portfolio is a key growth driver. Using this experience, Orix has expanded its environmental services business, which should see accelerating demand amidst a global recovery focused in part on decarbonization.

Boston Common has engaged ORIX as part of its Sustained Engagement Program in Japan for the past five years. As part of our 2019 bank climate survey, we provided Orix with input on strategic management of sustainability issues and enhanced climate disclosure and actions, including adopting Taskforce on Climate-Related Financial Disclosures (TCFD) recommendations. ORIX has since launched their first sustainability report, added new roles overseeing sustainability, and in 2020, publicly supported TCFD and joined the TCFD consortium.

Our engagement pillars

2021-2024

To guide our continued engagement efforts and facilitate our intended impacts, we employ a three-year engagement framework with two to three key initiatives across our sustainability pillars.

Corporate governance considerations and impact investment themes underpin and support these strategic pillars



1. Climate Change & Earth Renewal: promoting the transition to a low-carbon and sustainable future

Building upon our ongoing work to encourage the transition to a low-carbon economy, we will continue to facilitate the shift to net-zero in our engagement activities, prioritizing biodiversity and forest protection and addressing the social and governance challenges within the Green Recovery from the global pandemic.



2. Inclusion & Empowerment: respect for human rights and gender and income equality

We will continue our efforts to improve workplace gender and racial equity. We will align with the UN's guiding principles for Business and Human Rights, and launch our work on Inclusive Finance.



3. Health & Community Wellbeing: advocating for health equity and safer products

We will continue our work on global health equity to make medicines more available and accessible to communities.

Alongside these three principal pillars, we cultivate flexibility to respond to topical issues and emerging events that affect our investments. We will continue to protect shareowner rights in the US, support the development of climate finance regulation, and address ongoing impacts of COVID-19 and systemic racism in the US and beyond.

<p>Climate Change & Earth Renewal</p> <ul style="list-style-type: none"> Net-Zero Transition Biodiversity Protection Address E&S in the Green Recovery 	<p>Inclusion & Empowerment</p> <ul style="list-style-type: none"> Workplace Gender & Racial Equity Inclusive Finance Align with UN Guiding Principles for Business and Human Rights 	<p>Health & Community Well-being</p> <ul style="list-style-type: none"> Global Health Equity Sustainable Chemicals Management: Design for People & Planet Advocate for Just Transition 	<p>Topical Issues</p> <ul style="list-style-type: none"> Global COVID-19 Impacts Addressing Systemic Racism (US) Climate Finance Regulation Protecting Shareholder Rights (US)
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