

Active Investor Impact Update

Second Quarter, 2021



During the second quarter of 2021, we celebrated the LGBTQ+ community, commemorating Pride Month in June, which marks the end of the 1969 Stonewall Riots in Manhattan - a critical tipping point in the movement towards LGBTQ+ liberation. With the Juneteenth holiday and the anniversary of George Floyd's murder still fresh on our minds, these solemn and celebratory dates have us focused on the human impact that our investor voice can have in building the future we seek. Join us in recognizing these impacts as we work to maintain our momentum through 2021.

From Awareness to Action: Turning pledges into practice

Geeta Aiyer

On Juneteenth last year, just weeks after George Floyd's murder, we promised to rededicate ourselves as investors and movement builders to the tasks of advancing antiracism and building a shared future with fairness, inclusion, and collective wellbeing. This past year has heaped new tragedy and economic hardship on communities of color as the pandemic and recession took their toll. The year also brought statements of solidarity and ambition from many companies; others built awareness and education.

This Juneteenth, the imperative is to move from awareness to action, from pledges to practice.

Recognizing the economic roots of enslavement and the persistent, foundational role of financial exclusion in systemic racism, we are moving forward to leverage investor capital and investor voice to build justice and equity, inclusion and belonging.

As we go to press, there is continued debate on whether these issues belong at the investor's table. Finance theory

Antiracist efforts to address inequity can enable us to realize our full potential for resilient, inclusive prosperity.

has traditionally put investors in a zero-sum relationship with employees, contractors, or any community engaged in creating a company's products or services. Thus, every effort to impoverish employees, deprive them of benefits or protections, the pursuit of "free" or "near-free" labor – from prison populations, elaborate systems of precarious contract work in dangerous conditions, supply chains with egregious human rights practices - is undertaken in the investors' name. Such financial orthodoxy has enabled the exploitative, short-sighted business models and structural racism we are witnessing.

As responsible investors, we reject this view. Widening inequality without mobility, supported, and perpetuated by structural racism, represents a growing systemic risk, threatening the very

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Fifth Annual Impact Report

[Delivering Equitable, Ethical, and Environmental Returns](#)

Boston Common's fifth annual impact report comes at a pivotal moment. As post-pandemic economies take shape, we are struck by what we've learned from this challenging time and the opportunities it has afforded to support businesses addressing climate change, racial inequity, health risks, and human rights. Over the past year plus, we examined the altered corporate landscape, engaging with companies across a range of ESG issues leading to several positive outcomes.

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fabric of our society. Conversely, antiracist efforts to address inequity can enable us to realize our full potential for resilient, inclusive prosperity. Investors have a role to play in creating the future we seek.

Taking stock of our own journey this year, we note some milestones. Raising the urgency of diversity, equity, and inclusion efforts in the ranks of portfolio companies has been the critical first phase of our work. Even more important and exhilarating is the second phase: the task of addressing the value chain of each company, its products, processes, and policies, leveraging the significant reach, impact, and opportunity for change they represent.

[Please read on about our ongoing efforts, our outlook, and our approach to enabling change.](#)

The next phase of our work has begun. We seek equity and justice in the broadest sense as the foundations of our interconnected future.



Liz Su shares a forward-looking take on impact investing [Investment Week](#).

“ More companies will be required to transition their business models to keep up with the challenges we face. ”

[Read the article here](#)

BOSTON COMMON IN THE NEWS!



Steven Heim was featured on podcast, “[On the This Way Up: Unpacking human rights for business](#)” and discusses the investor responsibility and the role mandatory measures can play in further driving respect for human rights in business.

Fifth Annual Impact Report



Spotlight

GlaxoSmithKline committed to expand COVID-19 vaccine access and improve workforce diversity

Reflecting on our engagement and thought leadership work, in 2020 we:

- Helped develop a global standard for carbon accounting for asset managers and banks.
- Supported more equitable access to life-saving medicines, including vaccines.
- Raised the ambition and urgency of our Workplace Racial Equity Initiative, asking nine major companies to address racial inequity across their value chains.
- Engaged with companies leading to positive outcomes, including establishing more ambitious emissions targets, increasing transparency on drug pricing, and improving gender and racial representation on boards.

[Read our 2020 Impact Report here](#)

In 2020, we engaged GlaxoSmithKline to refocus their attention on two critical, topical issues:

Access to COVID-19 vaccines and therapeutics

GlaxoSmithKline has since committed to reinvest short-term profits related to COVID-19 in further vaccine development. It has also signed onto two pledges—the Gates Foundation’s Joint Communique and The Trinity Challenge—to facilitate inclusive, global access to COVID-19 vaccines and therapeutics, and to prepare for future global health emergencies.

Racial equity

GlaxoSmithKline committed to improve representation of women in senior roles to over 37% and has since achieved this goal and is now targeting 45% representation by 2025. The company has also set targets to increase ethnic diversity in senior roles in its US and UK operations and to recruit more diverse talent into its talent development and leadership programs.

BCAM CEO Ally McDonald talks to Boston Business Journal about the opportunity ahead for authentic ESG managers.

[Read the article here](#)



In an interview with Uni Watch, Steven Heim shares insights into the efforts that laid the groundwork for the 2020 Washington Football team name change. Steven alongside others have been working towards this since 2007.

“ Our leverage as investors was just the harm to FedEx’s reputation by being associated with the Washington team name as the primary corporate sponsor, because of the naming rights to the stadium. And that’s the case that we made with the company over the years, in addition to how their association was detrimental to Native youth.

[Read the full interview here.](#) ”

In a piece for Chief Executive Group, our CEO Ally McDonald reflects on four ways leaders can help women rise through the ranks and succeed.

“ Let’s celebrate the women who break barriers and land the jobs they deserve. But as vaccines are delivered, schools reopen and life adapts to a new normal, let’s also welcome women back to a workplace that has evolved from the one so many left last year: a better workplace that values women as much as men, tackles gender barriers head on, and holds us all accountable for the progress that needs to be made. ”

[Read the article here.](#)

Climate Policy Engagement: The critical role of investors

Lauren Compere

While our priority as responsible stewards of capital is engaging directly with the companies we invest in, Boston Common also employs a robust public policy engagement strategy. The climate emergency makes it critical for investors to actively support progressive climate policies and interventions, making public policy engagement a core pillar of our approach. Advocating progressive climate policies has been a top priority of ours even prior to the Paris agreement.

We focus on existing or proposed policy that:

- Erodes shareholder rights directly or indirectly
- Increases access to standardized and enhanced corporate ESG disclosure supporting investment decision-making
- Presents opportunities to fundamentally improve ESG or sustainability management
- Addresses systemic risks such as climate disclosure

Boston Common recently signed onto the new [Global Investor Statement on Climate Change](#) - supported by 456 investors with over \$41 trillion in assets - highlighting the critical need to back comprehensive action steps for governments ahead of COP26; this includes stepping up ambition related to NDC (Nationally Determined Contributions) targets, adopting mid-century net-zero goals (2050 or sooner), and supporting mandatory climate disclosure.

Public Policy Engagement Strategy

Partners in Policy

We use collaborative platforms to carry out much of our public policy engagement, e.g. the PRI, Ceres, US SIF, Shareholder Rights Group, the International Corporate Governance Network (ICGN), and the Asian Corporate Governance Association (ACGA).

Prioritizing Mandatory Disclosure

Boston Common prioritizes company engagement on mandatory disclosure, such as the recent consultation by the US Securities & Exchange Commission (SEC), reinforcing the [recent G7 announcement](#) supporting mandatory disclosure. A study that found that mandatory ESG reporting enhanced the quality and increased the accuracy of reporting while reducing dispersion among analysts’ earnings forecasts.¹

Climate Lobbying Practices

We engage companies on climate lobbying practices, both direct and indirect (via trade associations). For over a decade, this has been both a focus of our standalone dialogue and also an integrated component of our engagements with global banks on climate and financed emissions, and with many companies on eco-efficiency. Importantly, we look for consistency in a company’s approach to climate through increased transparency on risk management and due diligence procedures.

We must accelerate action if there is hope of altering the global climate trajectory, which can cost economies trillions of dollars, while levying disproportionate impacts in the developing world and on low-income and communities of color. Focusing on innovation and climate resilience supported by robust climate policies will create opportunities for investors, companies, and governments. A strong and coordinated investor voice backing progressive climate policies is essential to making this happen.

[Please read Boston Common Asset Management’s letter](#) in response to an invitation for comment on climate change disclosures by SEC Acting Chair Allison Herren Lee.

[Read more here.](#)

¹Krueger, Philipp, et al. “The Effects of Mandatory ESG Disclosure Around the World.” SSRN, 26 Apr. 2021, papers.ssrn.com/sol3/papers.cfm?abstract_id=3832745.

Shareowner Engagement Highlights

Refrigerants engagement

We are engaging holdings that manufacture refrigeration and air conditioning appliances—Carrier, Daikin, and Voltas—to advocate adoption of alternatives to hydrofluorocarbon (HFC) refrigerants, increased refrigerant efficiency, and proper end-of-life disposal of refrigerants. HFCs are a potent greenhouse gas with 1,000-9,000 times the global warming potential of CO₂, and reducing refrigerant emissions is critical to mitigating climate change.

Investor letter to AT&T

Boston Common and Mercy Investment Services sent an investor letter to AT&T regarding CNN and anti-Native bias. 50 investors and organizations with over \$100 billion in assets under management recommended steps CNN can take to improve programming, staffing, and contributions related to Native Americans.

Fifth Third Bank joins PCAF

We continue to engage banks to join the [Partnership for Carbon Accounting Financials \(PCAF\)](#) to advance their carbon accounting and climate disclosures. Portfolio-holding Fifth Third Bank (FITB) joined PCAF in April.

Regeneron enhanced COVID-19 related disclosure

Regeneron enhanced its disclosure around pricing decisions on its COVID-19 antibody cocktail, and specifically the negotiated US price accounted for in the government's support for the program. Regeneron is also working with Roche to enhance access strategies for low- and lower-middle-income countries through drug donations and agreed to further disclosure on access strategies as they evolve.

Company Milestones

- ✓ We released our [Fifth annual Impact Report](#), “Delivering Equitable, Ethical, and Environmental Returns” representing the impact and engagement efforts of our ESG team in 2020.
- ✓ The Boston Common ESG Impact International Fund has topped the most recent [Responsible Ratings Index](#), which shows the top-rated and top-performing US funds based on ESG credentials, performance, volatility and company sustainability objectives.
- ✓ [Boston Common named Leah Turino, CFP®](#), [Head of ESG Integration](#), strengthening our integrated ESG investment process. Leah began her career in ESG at BCAM as a Research Analyst from 2011-2015. We are excited to welcome her home.

