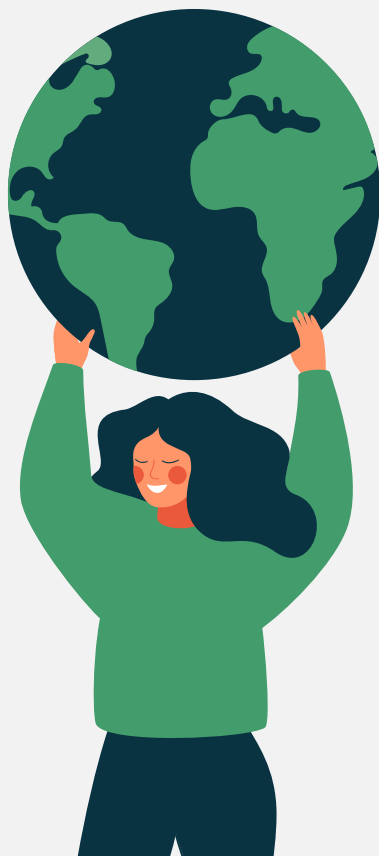


Active Investor Impact Update

First Quarter, 2021



International Women's Day Series

The 2021 theme for International Women's Day is [Choose To Challenge](#), highlighting our responsibility for challenging gender biases and celebrating women. In honor of Women's History Month and International Women's Day, we are featuring two of Boston Common's women leaders. Hear from Liz Su and Constantina Bichta on inspiring moments that have impacted their careers and personal lives.

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The first quarter of 2021 saw the inauguration of President Biden, the US rejoining the Paris Agreement, attacks on our democratic process, ongoing violence against people of color including hateful attacks on the Asian community, and the continued vaccine rollout fostering an improved public health and economic trajectory more than a year into the pandemic. As we reflect on Black History Month, Women's History Month & International Women's Day, and with our eyes on Earth Day in April - and an accompanying deluge of new commitments to address climate change - we are celebrating the progress we've made thus far, solemnly mindful of how much further we need to go.

Boston Common joins Net Zero Asset Managers Initiative

Lauren Compere

Climate is a systemic risk for every investor. In nine months, COP26 in Glasgow will bring together governments, central banks, investors, insurers, and companies. These players are finally leaning towards net-zero carbon commitments by 2050.

In advance of Biden winning the 2020 US election, Chairman Jerome Powell stated that the Fed can play a part in keeping global warming from destabilizing US banks and financial markets¹. With the US once again backing the Paris Agreement and President Biden pushing a climate-friendly regulatory environment, there is an opportunity to address the systemic risk that climate represents for all sectors, particularly the financial sector.

According to the Intergovernmental Panel on Climate Change (IPCC), if all the unconditional NDCs (Nationally Determined Contributions) under the Paris Agreement are implemented, the world is on track for warming around 3.2 degrees Celsius above pre-industrial levels by the year 2100, far exceeding the 1.5-degree target set by the Paris goals. Despite this frightening projection, investment in fossil fuels continues to dwarf green financing commitments.

In early 2020, Boston Common became the first US asset manager to join the Partnership for Carbon Accounting

"The time for incremental change to address the climate emergency is long over. We must transform the financial system. All actors, including asset managers, have a part to play."



Financials (PCAF). As part of the PCAF Core team, we helped develop global carbon accounting standards launched in November covering six asset classes. Recently, Boston Common joined the Net Zero Asset Managers Initiative alongside 73 global asset managers representing \$32 trillion in AUM. As signatories, we are committed to aligning our investments to net-zero emissions and a 1.5 degrees Celsius scenario by 2050.

Boston Common has a long history of investing in companies that are accelerating the transition to a low carbon economy, including companies that focus on renewable energy, climate mitigation and adaptation, more efficient processes, and circular economies. We fully divested from fossil fuels in 2019 and we have been assessing and publicly disclosing our financed emissions since 2015.

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¹ <https://www.reuters.com/article/us-usa-fed-climatechange-idUSKBN1ZT031>

International Women's Day Series



Liz Su, a Portfolio Manager at Boston Common, reflects on some of her personal experiences during Women's History Month.

“ I started a Girl Scout troop with another working mom when my daughter was in kindergarten. I think it is important for younger girls to have role models and to learn how to meet the challenges in both their professional and personal life through commitment and leadership. I also wanted to show my daughter that making an impact is not difficult; if you have an idea, rally the troops and go get it done. ”

Liz Su



Constantina Bichta shares a moment that inspired her professional career. Constantina manages the ESG research process at Boston Common.

“ I read Rachel Carson's Silent Spring in College, which was a defining moment in my academic and professional career. It made me realize the severity of our actions on the natural world and the importance of giving a voice to the voiceless - our natural environment - through the environmental movement that followed. The book has defined generations of women including me, who are driven by a commitment to make companies better stewards of our natural world. ”

Constantina Bichta

Climate Action for Earth Day: let's vow to "Front-end Load"

Geeta Aiyer

Net-zero commitments by 2050 from companies and countries are encouraging, but not enough. We must make dramatic changes by 2030. Climate change and rising carbon concentrations are cumulative. This makes straight-line abatement plans or back-end loaded solutions not fit for purpose, less likely to work, and ultimately much more expensive. We need to act decisively today, in this decade. Kicking the can to the 2040s is insufficient, unacceptable, and far too risky. The only time to act is Now.



"Waiting for perfect technologies, silver bullets to bail us out is unrealistic."

Our climate challenge is growing exponentially, making early steps worth much more. Imperfect action today beats perfect action tomorrow, so, let's raise the ambition of the early years and stop trying to be "efficient" and "cost-effective" at a time of crisis. The COVID-19 crisis engendered hundreds of vaccine efforts, an "inefficient" response, wasting R&D money and effort, but the right response. We are more resilient with many possible solutions instead of waiting for the "perfect" vaccine to scale up.

We already have the major technologies we need, and some Green groups estimate we can cut US carbon in half this decade. Energy efficiency, clean energy, and electrification are available at attractive prices through market forces in spite of inconsistent policy and

reversals. Waiting for perfect technologies, silver bullets to bail us out is unrealistic. There may be breakthroughs in atmospheric carbon removal and decarbonizing difficult sectors like cement manufacture or air travel. We should explore those options while also moving fast-forward using known methods.

Without a perfect, single solution, we need change on many dimensions, including regenerative farming and grazing, stopping deforestation and loss of carbon sinks. We now have policy support, but executive orders are easy to reverse; let's make lasting change at state and local levels. As investors, we use our voice and capital to intentionally redirect corporate conduct, operationally align with net-zero commitments, change banking, insurance and other "enabling" industry groups, and support policies pricing carbon high enough to precipitate immediate transformation. Corporate capture of policy-making is hurting us all. Let's update and replace aging systems, build efficient, clean new ones, and change our supply chains too.

As consumers, we are economic actors with power, though behavior change alone is an insufficient solution. Let's eat healthier, support regenerative agriculture, fly less, insulate and electrify our homes, and be politically active, educating and telling our leaders we want more done soon. Just as we've monitored COVID statistics, let's urge news purveyors to have a banner headline item - "Today on the Climate Front" - updating progress in our race to the top.

The climate is in crisis; let's act like it. Our front-end loaded action plan for this cumulative fight starts this Earth day!

Boston Common Joins Net Zero Asset Managers Initiative

Our engagement initiatives have focused on addressing the systemic risks and impacts of the climate emergency. Under our five-year flagship initiative, “Banking on a Low Carbon Future”, we engaged nearly 60 global banks on climate risks and opportunities, highlighting the need for the financial sector to step up on climate. In 2019, we issued our first benchmarking report, “Improving Efficiency, Unlocking Returns” built on five years of engagement with nearly 50 companies. The report identifies a baseline for Eco-Efficiency practices for energy, water, and waste. We engage companies on deforestation risk in multiple sectors including Financials, and have started to explore incorporating biodiversity into our approach.

The time for incremental change to address the climate emergency is long over. We must transform the financial system. All actors, including asset managers, have a part to play.



Banking on Climate Chaos: Fossil Fuel Finance Report

The 2021 Banking on Climate Chaos report is the most comprehensive analysis on fossil fuel banking produced to date. This 12th annual version of the report expands its scope to investigate the fossil fuel financing and policies of the world’s 60 largest banks to over 2,300 companies. It also highlights case studies of bank financing for destructive fossil fuel projects and companies around the world. The report is prepared by Rainforest Action Network, BankTrack, Indigenous Environmental Network, Oil Change International, Reclaim Finance, and Sierra Club, and endorsed by hundreds of organizations around the world.

[Read the report here](#)

Portfolio Carbon Footprint: International Equity

Boston Common is a member of the Partnership for Carbon Accounting Financials (PCAF) Global Core Team, which developed a global GHG accounting and reporting standard for the financial industry.

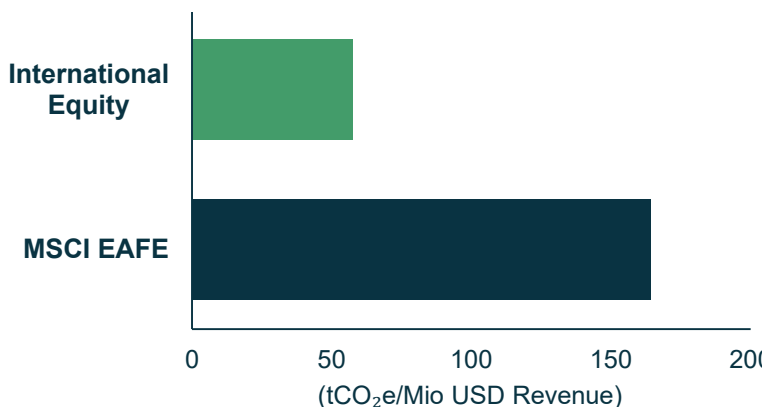


65% less carbon intensive**

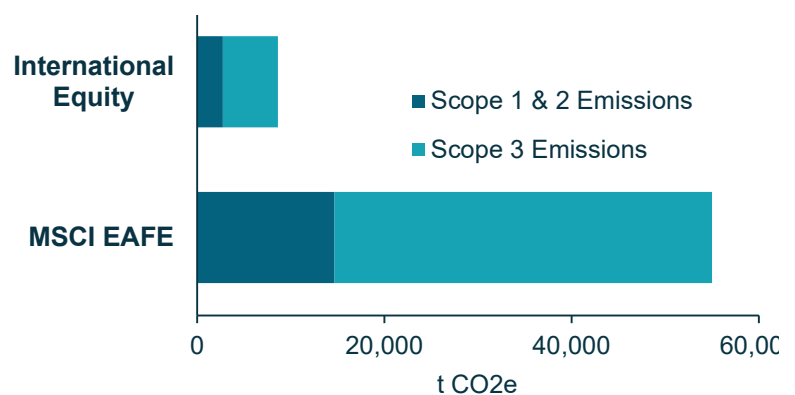
84% fewer emissions standardized by position ownership*

The portfolio is associated with a potential temperature increase of **1.5°C** by 2050

Carbon Intensity



Emissions Exposure



Data Source: ISS ESG Climate Impact Assessment. *ISS Climate Impact Assessment defines portfolio the carbon footprint using the position ownership ratio, which is the aggregated weight per position in the portfolio calculated by aggregated position value divided by the total analysis value. The resulting aggregated position value is then divided by the Market Cap or AEV (Adjusted Enterprise Value, defined as "total debt plus market capitalization). **A portfolio's Carbon Intensity is achieved by calculating the carbon intensity (Scope 1 + 2 Emissions / \$M Sales) for each portfolio company and calculating the weighted average by portfolio weight. All data as of reporting date: December 31, 2020. ISS is an independent company owned by entities affiliated with Genstar Capital ("Genstar").



Company Milestones

Boston Common has entered into an exciting new partnership with [Affiliated Managers Group](#) (AMG), enhancing our ability to serve our clients and remain an inclusive, independent, majority women- & employee-owned firm for the foreseeable future.

Boston Common is a finalist for Emerging Manager Monthly's "[Emerging Manager of the Year](#)" award¹.

Boston Common joined the [Net Zero Asset Managers Initiative](#), committing to aligning our portfolios to net-zero emissions and a 1.5 degrees Celsius scenario by 2050.



2021 Proxy Season Update

Boston Common came to agreements with six of the twelve companies we filed shareholder proposals with during the 2021 proxy season, withdrawing proposals from the following companies in response to new commitments and progress on key issues:

- ✓ **Citigroup committed to net-zero GHG emissions** by 2050 and will release plans for achieving this later in 2021. Citigroup also joined the Partnership for Carbon Accounting Financials, a key focus of our long-term engagement.
- ✓ **3M enhanced its lobbying disclosure**, expanding disclosure of 501(c)4 organization support, and confirming the company will not engage in grassroots lobbying and will not use trade association membership dues for campaign purposes.
- ✓ **Gilead and Regeneron increased disclosure on access strategies for COVID therapeutics.**
- ✓ **Booking.com improved its climate-related disclosures** - focused on assessing and managing GHG emissions across its operations and customer base - and has agreed to continue dialogue through 2021.
- ✓ **Advance Auto Parts committed to joining the Science-Based Targets Initiative**, establish a GHG reduction target, increase renewable energy use, and improve energy efficiency. In the coming year, AAP will publish plans to reduce its total contribution to climate change.

Shareholder Engagement Highlights

Corporate Political & Lobbying Practices

In the aftermath of the January 6th Capital riot, Boston Common asked several US portfolio holdings* to stop political donations to representatives who opposed the election results and to consider closing their corporate Political Action Committees (PACs).

Positive results include:

- UPS stopped all PAC contributions
- Microsoft suspended its PAC contributions to these individuals for the 2022 election cycle and will make further changes in the coming months

*3M, Home Depot, Microsoft, Verizon, UPS

Human Rights in the Xinjiang Uyghur Autonomous Region

Boston Common joined the Investor Alliance on Human Rights (IAHR) in leading outreach to apparel and technology companies** on addressing human rights abuses in the Xinjiang region by mapping supply chains, disengaging with customers & suppliers in the region, and publicly disclosing these efforts. Adidas, TJX, and PVH no longer have business relationships in this region.

**adidas, PVH, TJX, Alphabet, Apple, Microsoft

Digital Human Rights

Companies must demonstrate transformative change with increased transparency and users' rights at the core to avoid increasing reputational, regulatory, financial, and legal risks. We encourage investors to use the [2020 Ranking Digital Rights Corporate Accountability Index](#) as a key input for investment-related decision making and to leverage recommendations in human rights engagement through forums like the Investor Alliance for Human Rights. [Read more here.](#)