Active Investor Impact Update

First Quarter, 2023

Boston Common Asset Management

Recipient of ICCR's 2023 Legacy Award:

Boston Common's Steven Heim

Steven Heim

Director of ESG Research & Shareowner Engagement

We are proud to congratulate Boston Common's Director of ESG Research, Steven Heim, on being chosen for the ICCR Legacy Award. In its 12th year, the award recognizes an individual whose work and influence has had a tremendous positive impact on corporate policies and practices. Steven Heim is a founding member of the Boston Common team with over thirty years experience in sustainable and responsible investing. His commitment and expertise shine through his deep, research-derived perspective, unique lifelong personal and professional commitment to sustainability and inclusion, and his many successful innovations to the process of sustained investor dialogue with corporate leadership. An impactful leader and thoughtful contributor, Steven has been at the forefront of three major transformative efforts to create a more just and sustainable world through investor and corporate action. His considered and collaborative approach to corporate engagement has led to positive long-term change.

Steven's impactful engagement efforts:

- The Low Carbon Energy Transition
- Indigenous People's Rights
- Just Transition to a Sustainable Future

Steven's impact and influence throughout his career stand out, and we are proud to celebrate his legacy as a changemaker.

Read more about Steven's work

Inclusive Finance

Inclusion in financial systems can help individuals benefit from market growth, save for retirement, and reduce burdens on social support mechanisms.

Racial justice reached a flashpoint in the summer of 2020, motivating many institutions to finally commit to change. Corporations, including large banks, made ambitious pledges to close racial wealth gaps or reduce economic inequality, but they often failed to recognize that financial inequality is both a symptom and a driver of systemic racism and socioeconomic disparities.

In 2022, Boston Common engaged 11 large US banks on Inclusive Finance commitments to assess progress under those commitments—whether they are sufficient and what challenges remain. Our findings suggest banks are taking genuine steps but the level of ambition does not meet the challenge of adequately addressing the systemic drivers of financial equality. While many banks have made inroads in strengthening governance structures, current programs fail to sufficiently consider ecosystem factors in strategy, are not integrated into core business models, and often broadcast new regulatory requirements as commitments and pledges. Stakeholder voice, accountability, integration, and regulatory support are critical to avoid repeating past failed inclusive finance initiatives and spur meaningful change. Boston Common calls for accountability, transparency, impact, and innovation from large US banks to address the needs of BIPOC (Black, Indigenous, and people of color) and low-income communities.

Please watch for our upcoming engagement report on Inclusive Finance.

Boston Common's Investment Thought Leaders

EMERGING MARKETS SUSTAINABILITY:
A New Growth Foundation

As Emerging Markets (EM) governments chart a return toward growth, they are increasingly aligning economic policies and capital commitments with sustainability goals. EM companies are taking advantage of this trend and becoming global sustainability leaders in the process. In her new piece, Boston Common's EM Portfolio Manager, Liz Su shows us why Emerging Markets hold a winning-hand in a sustainability-driven economy.

Liz Su, CFA
Portfolio Manager, Emerging Markets

Read more here

The Many Dimensions of Shareholder Advocacy

What is shareholder advocacy and why it is important?

Shareholder advocacy is top of mind for investors when evaluating an authentic ESG (Environmental, Social, and Governance) investment strategy. In addition to embedding ESG considerations into the research and investment process, a complete ESG-integrated investment approach calls for thoughtful, effective, and sustained shareholder advocacy. This critical, multi-dimensional set of tasks activates investor capital in pursuit of financial returns as well as intentional impact.

At Boston Common, shareholder advocacy means using our voice as investors and shareholders to drive responsible risk management and positive change in corporate policies, processes, and products. As equity owners in a company, we have unique access to management teams. While the specific ways in which investors can engage with companies varies from country to country based on regulation and market conventions, active engaged investors universally have the opportunity to seek transparency and accountability, while promoting long-term thinking and action.

Such responsible stewardship is the foundation of Boston Common's long history and leadership in shareholder advocacy. Since our founding in 2003, active ownership has been integral to our investment philosophy and our team has played a leadership role in building the field. We continue to dynamically broaden and deepen our engagement to address emerging and impactful risks and opportunities across the Environmental, Social, and Governance challenges of our time.

Our stewardship efforts can take many forms. Below are some examples of how we generate impact as engaged investors:

- Sustained Dialogue
- Proxy Voting
- Shareholder Resolutions
- Issue Area Initiatives
- Investor & Multi-Stakeholder Coalitions
- Public Policy

Read on to learn more about the different ways we engage portfolio companies and our shareholder advocacy efforts.

Read more here

Boston Common's US Value Strategy Awarded for Outstanding Perfromance

Boston Common's US Value equity strategy was recognized with two PSN Top Guns awards at the end of 2022, a notable honor, particularly for a fossil fuel free strategy in a year when Energy was the best performing sector.

In her role as Lead US Value Portfolio Manager, Boston Common Founder Geeta Aiyer brings more than 30 years of experience in sustainable investing, leveraging her expertise to navigate volatile market environments with an ESG-integrated approach.

Top Gun 1-Star Category Rating

Top ten returns for the quarter in its respective strategy.

Top Gun Bull & Bear Masters

Impressive upside and downside capture relative to its peer group.

Boston Common US Value Mutual Fund Launching Soon

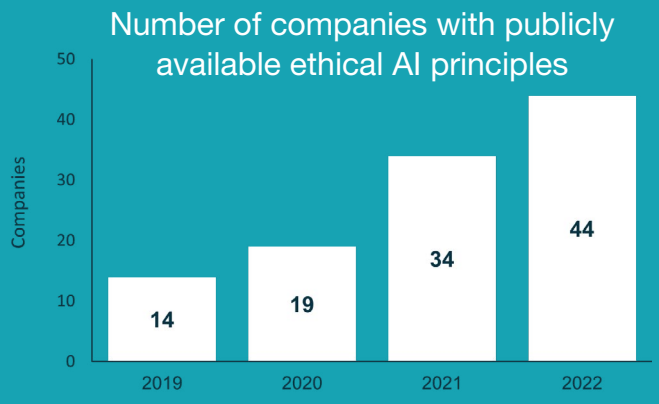
World Benchmarking Alliance Digital Inclusion Collective Impact Coalition

Full digital inclusion cannot be achieved without a focus on ethical and responsible use of Artificial Intelligence (AI) & algorithms. We risk unintended consequences when ethics and responsible use are not considered across the technology development cycle, R&D, distribution, monitoring, & sales. One of Boston Common's engagement priorities is digital inclusion, zeroing in on the ethical use and adoption of AI by technology companies to support digital human rights globally.

Boston Common is engaging 40 companies on adopting ethical AI policies as part of the WBA Digital Inclusion Collective Impact Coalition (CIC). The coalition, with Boston Common acting as the lead investor alongside Fidelity International, brings together stakeholders across sectors to collaborate and coordinate action to drive positive change and ensure corporate responsibility.

2023 Progress Update

There has been notable progress since the Digital Inclusion CIC was formed in 2022. An additional 14 companies adopted ethical AI policies in the past year bringing the total to 44.



Portfolio Company Highlights

- Boston Common has actively engaged SK Telecom and Tencent. Both companies adopted ethical AI policies in 2022.
- Substantive dialogue with Alibaba, SK Hynix, NTT, and Verizon on digital inclusion.
- Alibaba was the most improved company in the 2022 WBA benchmark (from 16 to 41/100) supported by:
  - Improved transparency through its new ESG report.
  - Initiatives to provide online and offline classes on digital literacy for the elderly in China.
  - Partnership with an African nonprofit to teach computer programming to women across the globe.

Alibaba Tencent SK hynix NTT SK telecom verizon

Boston Common Asset Management Welcomes Julie Praline to the Team as Global Equity Analyst

Boston Common is excited to welcome a new member to its team, Julie Praline. Julie recently joined Boston Common as a Global Equity Analyst, bringing over 12 years of experience in equity research with a focus on the consumer staples and industrial sectors. Praline is also a member of the US Value Portfolio Construction Team.

Before joining Boston Common, Praline was an Equity Analyst at Crestwood Advisors, a Boston-based RIA, researching stocks and co-managing the equity portfolio for high-net-worth clients. During her tenure at Crestwood, she was essential in developing and integrating ESG into the stock selection process. Praline also has prior experience as a Vice President Equity Research Analyst at Loomis Sayles, and as an Equity Analyst covering aerospace and defense stocks at Oppenheimer & Co.

"We are thrilled to have Julie join our investment team", said Ally McDonald, CEO of Boston Common. **"Julie's experience, thoughtfulness, and poise have already made an impact in the office and on the US Value portfolio construction team."**

Read the press release here

In the News

- Geeta Aiyer was listed among the women leaders making a difference and taking action on climate in Reuters's list of trailblazing women!
- Geeta Aiyer was honored on Inc.'s 2023 Female Founder list, highlighting entrepreneurs with world-changing companies.
- Boston Common's Michelle Buckley, incisively stated "Florida's boycott and those like it may ultimately curtail the fiduciary duties an investment manager is bound to uphold." Read more in Gina Gambetta's piece in Responsible Investor.
- Ally McDonald spoke with Financial News about the ABN AMRO Boston Common Sustainable US Equities Fund and its recent upgrade to "dark green".

From the Commons

- Boston Common welcomed new Investment Team member Julie Praline and new Head of Operations & Technology, Tom Richardson.
- Ally McDonald and Geeta Aiyer toured Europe in March with our partners ABN Amro.

Shareowner Engagement Highlights

Action on Deforestation

- Boston Common had dialogues on investor expectations with Essity and Mondi regarding certification of sustainable wood fiber and ensuring full traceability.
  - Essity wood pulp is 100% FSC[1] or PEFC[2] certified primarily from either the Nordic countries or Brazil but never from Indonesia or the US where they cannot source 100% certified fiber.
  - Building on Mondi's Zero Deforestation commitment, our dialogue focuses on full traceability and the regional approaches necessary to ensure it. In Brazil, for example, sourcing from plantations is common, whereas South Africa has a more community-centric approach in which communities own the land.
- We encouraged more explicit integration of human rights and FPIC[3] as part of deforestation efforts.
- We followed up on our 2022 meeting with Shiseido, requesting the company review its latest assessment to improve deforestation and biodiversity efforts. Shiseido's goal is to achieve 100% sustainable palm oil sourcing by 2026 and 100% sustainable paper use for product packaging by 2023.

[1]Forest Stewardship Council. [2]The Programme for the Endorsement of Forest Certification. [3]Free, Prior, and Informed Consent

US Shareholder Proposal Wins

Carrier

We withdrew our resolution after Carrier publicly committed to SBTi (Science Based Targets Initiative) and to expanding its Scope 3 emissions disclosure by the end of 2023. We began engaging Carrier on refrigerants in 2021.

Netflix

In response to the 2022 **majority vote (60.4%) on lobbying**, Netflix enhanced its disclosure on oversight and process including:

- Globe scope, board oversight, alignment, and escalation process
- Trade associations list by category
- Public policy positions

Wabtec

We withdrew our resolution on the Just Transition[1] with Wabtec after the company agreed to provide more disclosure on how it is addressing workers and communities in its transition plans including enhanced disclosure in 2023 on stakeholder engagement & workforce composition and ongoing dialogue to guide use of transition disclosure frameworks and oversight in 2024.

[1]Greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind

Boston Common Asset Management

Boston Women's Workforce Council · 100% Talent Signer · City of Boston

Certified B Corporation

Boston Common Asset Management is a federally registered investment adviser. The information in this document should not be considered a recommendation to buy or sell any security. There is no assurance that any securities we discuss will remain in an account's portfolio at the time you receive this document. The securities discussed do not represent an account's entire portfolio and may represent only a small portion of an account's holdings. It should not be assumed that any securities transactions we discuss were or will prove to be profitable. Past performance does not guarantee future results. All investments involve risk, including the risk of losing principal. © 2022 May not be duplicated without the consent of Boston Common Asset Management, LLC; 200 State Street; 7th Floor; Boston, MA 02109; www.bostoncommonasset.com