Boston Common Asset Management

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STEWARDSHIP AND ADVOCACY POLICY 2021-2024

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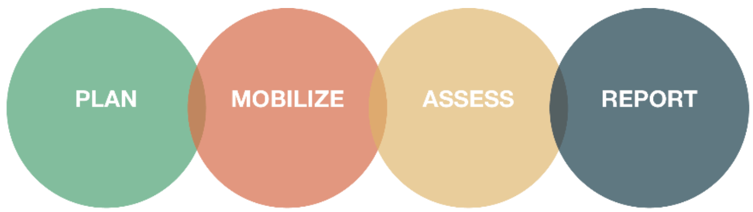
Introduction

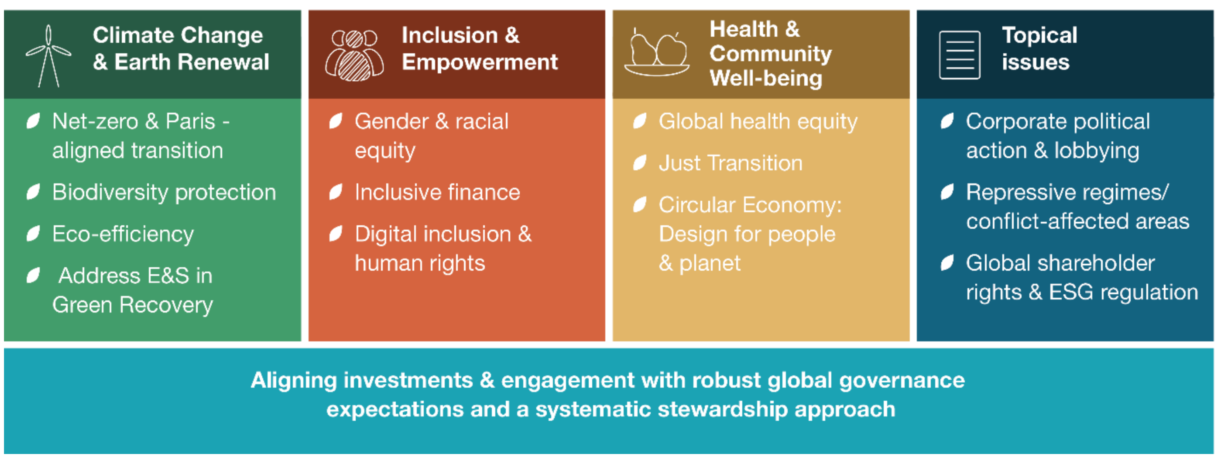
Systemic Stewardship & Engagement Approach

Our engagement and stewardship approach is intended to support long-term thinking by corporate management. We believe that long-term oriented decision making will improve the fundamentals of the companies we invest in, eventually becoming reflected in the value of shares. These improvements may take the form of lower risk premia, higher earnings, cost savings, product and process innovation, policy changes, etc. As shareowners, we seek transparency and accountability from companies. We also encourage companies to take steps towards better environmental, social, and governance performance. We utilize the many 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, which includes systemic top-down risks as well as bottom-up company analysis:

Top-Down Systemic Risks: Our three-year engagement framework focuses on macro-level systemic risks, typically identifying two to three key initiatives across our sustainability pillars. These are focused on emerging or systemic risks and opportunities we have identified through top-down macro-level analysis. These macro-levels issues are supported by core governance expectations, respect for human rights and prioritization is informed by our involvement in investor and other stakeholder forums such as the Interfaith Center on Corporate Responsibility (ICCR), Ceres, and the Principles for Responsible Investment (PRI), global governance forums (ACGA, ICGN. We review these initiatives on an annual basis and track engagement impact through our annual impact reporting. Our latest impact report, published in July 2023, is available on our website here.

Bottom-Up ESG Research Driven Engagement: In addition to focusing on top-down macro-level engagement on systemic or emerging risks and opportunities, we pursue bottom-up ESG research driven engagement. These engagements address company-specific opportunities to improve product, process, and disclosure that we uncover during our research process. Here, we also address the governance of sustainability (e.g., board-level oversight, links to performance and compensation) and systemic or emerging risks relevant to the company's business model.





We achieved the following in 2022 aligned with our engagement pillar priorities:

Inclusive Finance: Opening a new dialogue with the largest US banks on changing business practices in order to address the needs of BIPOC customers—through the communities in which they operate and invest, and how they develop, sell, and distribute their financial products and services.

Digital Inclusion: Zeroing in on the ethical use and adoption of AI to support digital inclusion and digital human rights globally with technology companies.

Prioritizing Gender: Issuing guidance for how investors and companies can more fully prioritize gender across the value chain of the investment process and set investor expectations for corporate practice.

Investors for Sustainable Solar: Addressing the E&S in the green recovery with a key focus on sustainable production and sourcing practices for
green energy.

Our Strategic Engagement Pillars

Climate Change & Earth Renewal: Future economic growth, social stability, and life on Earth itself depend on averting catastrophic climate change and ensuring the protection and renewal of biodiversity, watersheds and rivers, soil health, and air quality and the urgent transition to net-zero and absolute-zero carbon emissions as soon as possible. Through our investments — and our engagements — we seek to address direct and indirect physical and transition risks.

Inclusion & Empowerment (Human Rights, Equity, and Social Mobility): Social and economic mobility and respect for human rights enable people to improve their lives and those of their children, extended families, and communities. Alleviating poverty, addressing rising inequality, and promoting a vibrant middle class are key to ensuring future growth and social stability.

Health, Wellness, & Community Well-being: The future of health and well-being relies on companies' manufacture and marketing of safe, quality, and beneficial products and their contributions to vibrant communities and a clean environment.

Embedded Across Strategic Pillars:

Good Governance & Corporate Culture: We seek strong governance, good management, and positive corporate culture, all requisites for long-term company success and achievement of economic stability. Forward-thinking, proactive governance of sustainability, inclusion, and ensuring systemic resilience are critical to a corporation's preparedness for the future.

Topical Issues: During each engagement cycle, we provide flexibility to respond to emerging risks or new issues that impact our portfolios and industry practice. For example, in 2020 we addressed broad and sector-specific impacts of COVID. In the wake of the death of George Floyd and the broader call to address systemic racism in the US, we pivoted our focus to address the double impacts of COVID and racial equity in the US. In 2022 our focus turned to the impact that Russia's invasion of Ukraine had on our portfolio companies' operations and supply chains. To support urgent action in the US on climate, we supported efforts to implement a robust climate finance agenda and engaged regulatory agencies like the US Securities and Exchange Commission (SEC) to protect existing shareholder rights related to the shareholder proposal process and required ESG disclosures.

Systemic Stewardship in Action (Climate, Biodiversity, Deforestation)

In 2021 Boston Common made three significant firm-level commitments to align our investing, stewardship, and engagement approaches with a Net Zero by 2050 and Paris Agreement 1.5°C pathway. We joined the Net Zero Asset Managers initiative, committed to the Finance Sector Deforestation Action targeting Deforestation-Free Forest-Risk Agricultural Commodities by 2025, and joined the Finance for Biodiversity Pledge.

Given the systemic risk biodiversity loss and ecological destruction from deforestation pose to our ability to achieve a sustainable and inclusive future, we believe it is critical to step up our efforts with an approach that integrates our climate strategy with biodiversity and nature-related risks and opportunities. These commitments align well with and strengthen Boston Common's historical approach to avoid investing in egregious corporate players, prioritize investment in solutions, step up as a climate and sustainability leader, and systematically create impact through our stewardship and engagement work.

In 2022 we published an Investor Climate Action Plan (ICAP) which summarizes our long-term integrated approach to addressing climate change including through investing in companies that are accelerating the transition to a low carbon economy and focusing on renewable energy, climate mitigation and adaption, more efficient processes, and circular economies.

Integrated Engagement Approach

Boston Common's engagement approach is deeply intertwined with our Comprehensive ESG research guidelines and integrated investment approach, where we seek to proactively address opportunities and challenges along the same pillars identified above. In so doing, we are investing in an inclusive and sustainable future. Our ESG guidelines offer both "seek" criteria guiding investment in Products and Services, Policies, and Processes, as well as "avoid" criteria guiding investment away from Products and Practices that detract from the transition to a sustainable economy.

- We believe that a company's Products and Services (what a company makes), Processes (how they make it), and Policies (how they run the business) are meaningful dimensions of long-term sustainability.
- Through application of our seek criteria, we aim to invest in ESG leaders, solutions providers, and companies demonstrating positive ESG momentum.
- Through application of our avoid criteria, we choose not to invest in companies that depend on harmful Products or Practices or exhibit egregious behavior.
- Considerations in our decision-making process include peer-relative performance, history and pattern of practices and incident response, degree of positive and negative impacts, market leadership, and products or practices to be uniquely avoided.

Our seek and avoid criteria guide our investment-seeking and analysis; however, our guidelines do not prohibit additional information from consideration. We research Environmental, Social, and Governance (ESG) issues and themes as they emerge and incorporate them into our research process.

We also aim to align our investments—and shareholder engagement initiatives—with globally adopted standards and goals. Our guidelines reference key principles drawn from the International Labour Organization (ILO) core conventions, the United Nations (UN) Guiding Principles on Business and Human Rights, the UN Declaration on the Rights of Indigenous Peoples, the Paris Agreement, and the UN Sustainable Development Goals (SDGs). Our guidelines, while divided into groups, are interrelated, as the opportunities and challenges we face are interconnected. In practice, we analyze all investments through the lens of our four interrelated focus areas as we strive to construct portfolios positioned for financial return and positive social change.

Bottom-Up ESG Integrated Engagement

Our top-down macro-level engagement on systemic or emerging risks and opportunities, is combined with our bottom-up ESG research driven engagement. These engagements focused on company- specific opportunities to improve products, process, and disclosure that we uncover during our research process. Our bottom-up engagements also integrates a focus on the governance of sustainability (e.g., board- level oversight, links to performance and compensation), and systemic or emerging risks we have prioritized as relevant to the company's business model. Some systemic risks we pull into these engagements are focused on include, climate, deforestation and& biodiversity, digital human rights, ethical AI, and racial and gender equity.

How We Engage with Companies

Understanding that individual company engagement is not enough, we activate our full stewardship & engagement toolkit to identify opportunities to improve broader industry practice, collaborate with other investors and stakeholders, and engage in public policy where appropriate to address systemic risks and impacts.

Our stewardship & engagement approaches include:

- **Sustained Dialogue –** Our most common form of engagement is sustained dialogue with companies over many years on how ESG and sustainability issues are integrated into core business practices. We seek to better understand how the company approaches the governance of sustainability, including through board-level oversight and links to performance goals and compensation. Our dialogues advocate for robust overarching sustainability policies, alignment with international norms, response, and remedy to controversies, setting ambitious and long-term sustainability goals and targets, and robust and business relevant disclosure on implementation. We provide feedback to companies regarding what we consider key sustainability priorities, share best practices, and provide resources and guidance for policy development. We aim to establish dialogue with companies following purchase; we reach out to share our ESG thesis and to identify areas for improvement.
- **Benchmarking –** We will also use publicly available benchmarks to highlight specific issues and actively praise leaders and demand improvements from laggards.

- **Disclosure Standards –** We work with standard-setting bodies to develop better ESG metrics or key performance indicators.
- **Shareholder letters** – We will utilize investor letters and public statements to surface often collaboratively).
- **Proxy voting –** We have customized proxy voting guidelines designed to promote global corporate governance best practices and to encourage long-term thinking by corporate managements.
- **Shareholder Proposals –** We will file shareholder proposals with a select group of companies, typically as an escalation tactic.
- **Public Policy –** We will engage through public policy testimony and rule-making processes via collaborative forums, when necessary.

Proxy Voting

Boston Common's proxy voting guidelines are designed to promote best global corporate governance practices and to encourage long-term thinking by corporate managements. Our guidelines ensure we vote to support shareholder proposals which focus on respect for human rights, gender and racial equality, proactive approaches to climate risk, environmental stewardship, and advancing material sustainability disclosure to inform investment-decision making Our guidelines related to management proposals advocate for ethical, transparent, and accountable corporate cultures. Boston Common pays particular attention to nominations for boards of directors; we apply four broad principles when considering director nominees: Board Accountability, Board Responsiveness, Director Independence, and Director Diversity and Competence. Our guidelines also address problematic compensation practices and environmental, social and governance (ESG) failures. In 2021, we added guidelines to address Climate Change Risk Mitigation and Performance Failures.

Board Diversity Proxy Guidelines/Outreach Strategy:

We believe companies that leverage the benefits of a diverse workforce are slated to access new customers, generate higher revenues, and win market share. We therefore prioritize diversity in our proxy voting, and ask companies to achieve the following minimum diversity standards to receive our vote:

- BCAM will vote against all directors in US/Canadian/Australian boards when the board has less than 30% females.
- BCAM will vote against all directors in UK/Irish/European boards when the board has less than 33% females.
- BCAM will vote against all directors in French/Italian/Norwegian boards when the board has less than 40% females.
- BCAM will vote against all directors in /UK/Irish/Australian/Canadian boards when the board does not contain at least one racial minority.
- BCAM will vote against all US boards (Large Cap) when the board does not contain at least 2 racially or ethnically diverse candidates.
- BCAM will vote against all directors in Indian boards when the board does not contain at least two women.

- In all other regions including Asia and Emerging Markets (other than US/Canada/UK/Ireland/Europe/Australia) BCAM will vote against all directors when the board does not contain at least one female.

We also engage companies before and after the proxy season to communicate our stance for voting against the board and encourage better practices. Prior to proxy season, we reach out to the chair of the board and/or nominating committee to share our rationale for voting against the board. During this dialogue, we suggest best practices and begin a conversation about board diversity and workplace diversity, equity, and inclusion (DEI). For example, in 2022, we shared our intention with US large cap companies that we would vote against their boards if they did not have at least two 2 diverse directors in 2023.

Our pre-and post-proxy season outreach on voting rationales related to board diversity with companies supports our expectations that companies need to accelerate progress on board and workforce diversity, including to address and prepare for regulatory headwinds, demographic shifts, rising consumer awareness, and mounting investor expectations. In our engagements, we encourage companies to disclose disaggregated workforce disclosure, regularly assess gender and racial pay gaps, conduct racial equity audits, and drive DEI improvements across the value chain.

Environmental, Social and Governance (ESG) Failures

We may vote against or withhold from individual directors or committee members or potentially the entire board, due to:

- Material failures of governance, stewardship, risk oversight, or fiduciary responsibilities at the company, including failure to adequately guard against or manage ESG risks;
- A lack of sustainability reporting in the company's public documents and/or website in conjunction with a failure to adequately manage or mitigate environmental, social and governance (ESG) risks;
- Failure to replace management as appropriate;
- Egregious actions related to the director(s)' service on other boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company.

Climate Change Risk Mitigation and Performance Failures

In 2021 we added a specific guideline related to management proposals where we will vote against or withhold from directors individually, relevant responsible committee members, or company reports or statements due to a failure to adequately address climate-related risks, realize climate-related opportunities, and improve climate-related performance.

Review & Disclosure of Proxy Voting Guidelines

We conduct an annual review of our custom proxy voting guidelines and revise to capture evolving expectations informed by our travels and participation in global governance organizations. We publicly disclose our full proxy voting guidelines for US and non-US markets via our website as well as a summary of our proxy voting guidelines and proxy voting record of our mutual funds via our mutual funds website.

Shareholder Proposals

Voting on ESG Shareholder Proposals

We routinely vote in favor of ESG shareholder proposals and disclose information on our voting record in our annual impact report. In 2022 we voted in favor of 81.3% (401) ESG shareholder proposals and voted against or withheld from 18.7%.

While we routinely vote in favor of ESG shareholder proposals through application of our proxy voting guidelines, we also file shareholder proposals each year with a select group of US companies. We generally file shareholder proposals when a company dialogue has stalled or when a company is not willing to engage or has been non-responsive to our enquiries. We most often file on material business model risks where the company's practices are is lagging compared to peers, where enhanced sustainability disclosure would improve our ESG insights or inform investment decision-making, or to address systemic risk and impacts and salient risk like human rights. Common focuses of our common shareholder proposals **board gender or racial diversity, climate change (adopting GHG emission reduction targets), human rights, political and lobbying disclosure**, and certain **sector-specific issues.** We have filed shareholder proposals in non-US markets, but this is not common practice.

Escalation Approach

We consider voting against boards or specific board directors based on our proxy voting guidelines and filing shareholder proposals to be forms of escalation. In both cases, we reach out to the company to share our voting rationale and seek to understand how they are improving their practices. When we file a shareholder proposal, we generally favor negotiating a withdrawal versus having the resolution go to shareholder vote. We have demonstrated this approach over our 20-year history. In 2022, we withdrew 75% of the resolutions we filed as these companies agreed to take companies' steps to improve their policies, practices, or disclosure.

Investor Collaborations

Where appropriate, we look to collaborate with coalitions of shareholders and other partners. Our collaborative engagements are selected based on a review of the ESG risks and opportunities and the issue's suitability for a wider group of stakeholders. For example, engagements to encourage disclosure are often a good fit for a collaborative approach.

Some of our collaborative platforms include Ceres, the Interfaith Center on Corporate Responsibility (ICCR), and the UN-supported Principles for Responsible Investment (PRI). We also belong to and are active in governance organizations including the International Corporate Governance Network (ICGN) and the Asian Corporate Governance Association (ACGA).

Public Policy

While our priority as stewards of capital is to engage with the companies in which we invest, as part of our systemic stewardship approach we also maintain a robust strategy for public policy engagement. Our strategy is to engage in public policy globally where existing or proposed policy:

- Erodes shareholder rights directly or indirectly;

- Increases access to standardized and enhanced corporate ESG disclosure that supports investment decision-making;
- Presents opportunities to fundamentally improve ESG/sustainability management;
- Addresses systemic risks such as climate disclosure; or
- Advances appropriate shareholder rights protection.

We typically engage in public policy through collaborative platforms, including the PRI, Ceres, Shareholder Rights Group, the International Corporate Governance Network (ICGN), and the Asian Corporate Governance Association (ACGA). On occasion we meet directly with regulatory and financial supervisors, as we have in Japan and India through ACGA. In certain instances, we take a more active role, such as when we supported the rule-making process for Dodd-Frank Section 1502: Conflict Minerals Disclosure, the US Securities and Exchange Commission (SEC) Climate-related disclosures, and the EU Corporate Sustainability Due Diligence Directive (CSDDD). We have also publicly advocated for enhanced climate-related disclosures and mandatory human rights due diligence.

ESG Disclosure and Reporting

Given the evolving expectations around ESG disclosure and reporting on our engagement and stewardship activities in 2016 we began to produce an annual Impact Report which focuses on our engagement activities and impacts and provides firm-level and portfolio impacts. We are signatories to the Montreal Carbon Pledge (2015-2023) and supporters of the Task Force on Climate-related Financial Disclosures (TCFD) (2017) and have been annually disclosing our portfolio-level carbon footprint for core investment strategies. 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 developed global standards for six asset classes on carbon accounting for asset managers, asset owners, and banks. As part of our commitment to the Net Zero Asset Managers initiative (NZAM), we released an Investor Climate Action Plan (ICAP) in 2022 and have committed to disclose our annual progress on our NZAM targets through the PRI reporting platform.

In addition to formal annual reporting on our engagement program, we periodically publish papers. Such papers include our report describing our multi-year engagement with the global banking sector on climate risk (Banking on a Low Carbon Future: Finance in a Time of Climate Crisis), our paper describing our engagements calling for an integrated approach to managing water, GHG emissions, energy mix, and waste (Eco-Efficiency Framework), and our new Investor Guide to Prioritizing Gender, which was published in 2022.