Separate Account Managers in Sustainable and Responsible Investing

Strategy Profile:

Boston Common Catholic International Strategy

About This Strategy

Assets Under Management (AUM): $288M (in US$ millions)

Required Minimum: $10M for an institutional separate account. A Commingled vehicle with lower minimums is also available upon request.

Benchmark used: MSCI EAFE Equity

Strategy type: International/Global

Strategy description: The Boston Common’s Catholic International Equity strategy offers investors global diversification while remaining true to their social mission. Managed according to our comprehensive social ESG criteria as well as screens based on the U.S. Conference of Catholic Bishops guidelines, the strategy seeks long-term capital appreciation by investing in a diversified portfolio of non-U.S. stocks that appear undervalued relative to their long-term fundamental outlook. We look for high-quality franchises with sound governance and sustainable business models that are selling into growing end markets, but trade at discounts to their prospective profitability. We have a 3-5 year time horizon with low turnover.

Strategy web link: External Link

About The Company

Institution Name: Boston Common Asset Management

Approach to Sustainable & Responsible Investment: Boston Common Asset Management is a sustainable investment firm based in Boston, MA. The firm is dedicated to generating competitive financial returns and meaningful improvements in corporate performance on environmental, social and governance (ESG) issues. Since its founding in 2003, Boston Common’s focus has been global, managing U.S. and international portfolios to meet the needs of institutional and individual investors. Our unique investment process enhances conventional investment analysis with our proprietary Environmental, Social and Governance (ESG) framework. In addition, we add value through our shareholder engagement efforts that seek to improve transparency, lower business risks, and promote long-term thinking by corporate managements. Since inception, Boston Common has built a strong investment record and meaningfully improved corporate practices here and abroad. Boston Common seeks to preserve and build capital through diversified portfolios of what we believe are high-quality, sustainable, undervalued stocks. We seek companies with sound governance and a history of responsible financial management that we believe are capable of consistent, visible profitability over a long time horizon. We look for indicators of quality in firms operating successfully in economic sectors with superior end-market growth or improving industry competitive dynamics, but that appear to be trading at discounts to their intrinsic value. Here our research-driven conviction is enhanced by our 360 degree perspective where we integrate financial and ESG criteria into our stock selection process. We believe markets typically mis-value the risks and opportunities presented by environmental, social, and governance factors, both in terms of the timing and the magnitude of outcomes.

Total AUM in SRI: $2100M (in US$ millions)

Research conducted: Internally

Researcher name: Boston Common fields an internal independant ESG research team who work alongside our financial...
analysts in the investment team.

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Specific Screening Information by Category

Environment

- **Climate / Clean Technology**: Combination of Positive and Restricted/Exclusionary Strategies - The Strategy seeks companies that produce innovative, desirable products. The Strategy avoids companies that are major coal producers; companies whose primary revenues come from the mining of uranium or the production of electric power relying on coal or nuclear power. The Strategy also avoids companies whose primary revenues are from producing corn-based ethanol and that generate their primary revenues from the mining, processing or production of tar sands. In challenging sectors, our goal is to find companies that are leaders on ESG issues relative to industry peers, and avoid ESG laggards.

- **Pollution / Toxics**: Combination of Positive and Restricted/Exclusionary Strategies - The Strategy seeks companies with superior records in environmental responsibility and avoids companies that are egregious violators of regulations or exhibit a pattern of negligence.

- **Other Environmental**: Combination of Positive and Restricted/Exclusionary Strategies - The Strategy seeks to invest in companies that display a commitment to good standards and compliance. The Strategy avoids companies that receive significant revenues from nuclear power plant design, construction, maintenance or parts.

Social

- **Community Development**: Positive Investment - The Strategy seeks to invest in companies that demonstrate high levels of accountability in their involvement with the communities in which they operate.

- **Diversity & Equal Employment Opportunity**: Combination of Positive and Restricted/Exclusionary Strategies - The Strategy seeks companies that have strong programs to promote diversity and demonstrate support for work/life balance initiatives. The Strategy avoids companies that have a history of significant employment discrimination.

- **Human Rights**: Combination of Positive and Restricted/Exclusionary Strategies - The Strategy seeks companies that have explicit human rights principles or global labor standards with independent monitoring and reporting. The Strategy avoids companies that have a history of significantly and directly supporting human rights abuses.

- **Labor Relations**: Combination of Positive and Restricted/Exclusionary Strategies - The Strategy seeks companies that have positive relations with union representatives or initiatives encouraging employee participation. The Strategy avoids companies that have a history of violating fair labor standards and freedom of association.

- **Conflict Risk**: Restricted/Exclusionary Investment - The Strategy avoids companies that have significant, direct operations in the Sudan.

Governance

- **Board Issues**: Combination of Positive and Restricted/Exclusionary Strategies - The Strategy seeks companies that allow shareholders to influence strategic decision-making, exhibit Board diversity and independence and align their interests to enhance shareholder value. The Strategy avoids companies that currently engage in egregious activities that compromise shareholder value such as extortion, bribery, securities fraud and corruption.

- **Executive Pay**: No Screens - We have addressed this issue at times via shareholder engagement.

Products

- **Alcohol**: Restricted/Exclusionary Investment - The Strategy excludes companies that receive significant revenue or have leading market share in the production and marketing of alcoholic beverages, including components.

- **Animal Welfare**: Restricted/Exclusionary Investment - The Strategy excludes companies that engage in irresponsible animal testing or widespread abuses of animals.

- **Defense/Weapons**: Restricted/Exclusionary Investment - The Strategy excludes companies that: (1) receive significant revenues from the production of firearms or military weapons systems including key components, (2)
produce biological, chemical or nuclear weapons, anti-personnel land-mines or cluster munitions (zero tolerance), or (3) rank in the top 50 global defense contractors for weapons.

- **Gambling:** *Restricted/Exclusionary Investment* - The Strategy excludes companies that receive significant revenues or have leading market share from gambling devices or activities including lotteries and hotels with casinos.
- **Tobacco:** *Restricted/Exclusionary Investment* - The Strategy excludes companies that receive significant revenues or have leading market share in production and marketing or tobacco products, including components.

**Other**

- **Other/Qualitative:** *The Strategy excludes companies that (1) provide or carry out abortions; and/or (2) manufacture abortifacients or contraceptives or derive significant revenue from the sale of contraceptives or abortifacients. The Strategy also excludes companies that (1) engage in research on human fetuses or embryos; (2) conduct human embryonic stem cell research, fetal tissue research or human cloning; or (3) derive significant revenue from pornography or adult entertainment services. The Strategy seeks companies that produce safe, useful, high-quality products or services that enhance quality of life for their consumers.*
- **Shareholder Engagement - Shareholder Resolutions:** Filed or co-filed with companies on environmental, social or governance issues
- **Shareholder Engagement - Private Dialogue:** Conducted with companies on environmental, social or governance issues
- **Proxy Voting:** Actively voted by my institution for this investment strategy in support of environmental, social or governance issues in accordance with formal guidelines

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