PRI Principles for Responsible Investment

RI TRANSPARENCY REPORT

2013/14

Boston Common Asset Management

UNEP Finance Initiative Changing finance, financing change | United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the PRI website, ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2013-14 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six Principles for Responsible Investment. It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
🏳	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

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Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Private							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Private							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Private							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Private	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	✓	Private							✓
OA 16	ESG issues for externally managed assets not reported in framework	✓	Private							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

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Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
LEI 02	Description of ESG incorporation	✓	Private	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Private	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Description of ESG integration	✓	Private	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 14	ESG issues in index construction	🔒	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	

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Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Private		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Private	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Private		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 14	Examples of ESG engagements	✓	Private		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Private		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Private		✓					
LEA 20	Securities lending programme	✓	Private		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Private		✓					
LEA 24	Shareholder resolutions	✓	Private		✓					
LEA 25	Examples of (proxy) voting activities	✓	Private		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

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Boston Common Asset Management

Reported Information

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Organisational Overview

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Basic Information

OO 01	Mandatory	Gateway/Peering	General

OO 01.1 Select the services you offer.

☑ Fund management

% of assets under management (AUM) in ranges

- ○ <10%
- ○ 10-50%
- ◉ >50%

☐ Fund of funds, manager of managers, sub-advised products

☐ Other, specify

☐ Execution and advisory only services

OO 01.2 Additional information. [Optional]

Boston Common is a specialty investment manager and a leader in global sustainability initiatives. We are a women and employee-owned investment firm dedicated to the pursuit of financial return and social change. We seek sustainable, long-term capital appreciation by investing in diversifed portfolios of what we believe to be profitable, attractively valued, socially responsible enterprises. Our focus is global; we manage international and U.S. portfolios to meet the needs of institutional and individual investors. In the 11 years since we were founded, we have built a strong investment process and record, and meaningfully improved policies and practices at the companies we have engaged.

OO 02	Mandatory	Peering	General

OO 02.1 Select the location of your organisation's headquarters.

United States

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- ◉ 1
- ○ 2-5
- ○ 6-10
- ○ >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

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	FTE

31

OO 03	Mandatory	Descriptive	General

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

○ Yes

◉ No

OO 04	Mandatory	Gateway/Peering	General

OO 04.1 Indicate the year end date for your reporting year.

31/12/2013

OO 04.2 Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		2	118	878	386
Currency	USD				
Assets in USD		2	118	878	386

OO 04.3 Indicate the level of detail you would like to provide about your asset class mix.

○ Approximate percentage breakdown to the nearest 5% (e.g. 45%)

◉ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06	Mandatory	Descriptive	General

OO 06.1 To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

◉ Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	>50%	<10%
Fixed income – corporate	<10%	0
Fixed income – government	<10%	0
Fixed income – other	0	0
Private debt	0	0

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Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png,.bmp and .gif)

Gateway asset class implementation indicators

OO 10 | **Mandatory** | **Gateway** | **General**

OO 10.1 Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

☑ We incorporate ESG issues into investment decisions on our internally managed assets

☑ We address ESG incorporation, engagement and/or (proxy) voting in our external manager selection, appointment and/or monitoring processes

☑ We engage with companies on ESG issues via our staff, collaborations or service providers

☑ We cast our (proxy) votes directly or via service providers

☐ None of the above

OO 10.2 Indicate if your combined internally and externally managed listed equities are 10% or more of your total AUM.

◉ Yes, our total listed equities are 10% or more of our total AUM

○ No, our total listed equities are less than 10% of our total AUM

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OO 10.3	Additional information. [Optional]

Boston Common's unique investment research process enhances conventional investment analysis with our proprietary Environmental, Social and Governance (ESG) framework, seeking higher quality, attractively-valued businesses that we believe will outperform over the long term. In addition to our investment process, we add value through our shareholder engagement efforts that seek to improve transparency, lower business risks, and promote long-term thinking by corporate managements plus change for the better the industry and policy context that they operate within. Since our inception in 2003, Boston Common has built a strong investment record and meaningfully improved corporate practices globally.

OO 11	Mandatory	Gateway	General

OO 11.1	Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

☑ Fixed income – corporate

☑ Fixed income – government

☐ None of the above

OO 11.3	Additional information. [Optional]

For corporations issuing debt Boston Common employs the same comprehensive ESG guidelines that we use for the evaluation of equities. Our framework outlines ESG characteristics that we seek, those that we avoid and those that we exclude from our portfolios.

In the case of government debt, we would examine the purpose for which the bonds were issued - again with reference to our comprehensive ESG guidelines. We would not purchase bonds that are to be used to fund the construction of prisons for example.

OO 12	Mandatory	Gateway	General

OO 12.1	The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.

Core modules

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☑ Organisational Overview

☑ Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

Direct - Listed Equity incorporation

☑ Listed Equity incorporation

Direct - Listed Equity active ownership

☑ Engagements

☑ (Proxy) voting

Direct - Fixed Income

☐ Fixed Income - Corporate

☐ Fixed Income - Government

RI implementation via external managers

Indirect - Selection, Appointment and Monitoring of External Managers

☐ Listed Equities

Closing module

☑ Closing module

Note: Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General

OA 01.1 Indicate if you have a responsible investment policy.

- (•) Yes
- ( ) No

OA 01.2 Indicate if you have other guidance documents or more specific policies related to responsible investment.

- (•) Yes
- ( ) No

OA 01.3 Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

Boston Common Asset Management is a specialty investment manager and a leader in global sustainability initiatives. Since Geeta Aiyer founded the firm at the end of 2002, Boston Common's focus has been global, managing international and U.S. portfolios to meet the needs of institutional and individual investors. The firm seeks to preserve and build capital through diversified portfolios of what we believe are high-quality, sustainable, undervalued stocks. Boston Common's investment approach rests on our long-term analytical time horizon. Our unique investment research process enhances conventional investment analysis with our proprietary Environmental, Social, and Governance (ESG) framework seeking higher quality, attractively-valued businesses that we believe will outperform over the long term. Additionally, the firm looks to add value through targeted company and industry engagement efforts that seek to improve transparency, lower business risks, and promote long-term thinking by corporate managements and improve the policy and industry context that they operate within.

To provide more detail to clients, Boston Common has developed a comprehensive set of ESG guidelines which underpins our analysis of environmental, social and governance risks and opportunities as we select stocks for our portfolios. These guidelines which detail what types of ESG characteristics we use to evaluate firms, divides them into qualities that we seek, we avoid and we exclude from our portfolio(s). We also have a detailed set of guidelines to govern our shareholder advocacy and engagement activities based on an analysis of challenges facing different companies in the same sector.

OA 02	Mandatory	Core Assessed	PRI 6

OA 02.1 Indicate if your responsible investment policy is publicly available.

- (•) Yes

OA 02.2 Provide a URL to your responsible investment policy.

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	URL

http://www.bostoncommonasset.com/investing.php

○ No

OA 02.3	Indicate if your other policies or guidance documents related to responsible investment are publicly available.

◉ Yes

○ Yes, all

◉ Yes, some

OA 02.4	List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.

Policy or document name	URL
Approach to the Energy Sector	http://www.bostoncommonasset.com/documents/ThoughtPiece-2013-01-Energy_002.pdf
Promoting access to Medicines	http://www.bostoncommonasset.com/documents/ThoughtPiece-2012-09-AccesstoMedicines_000.pdf
Natural Gas and Hydraulic Fracturing	http://www.bostoncommonasset.com/documents/ThoughtPiece-2012-05-HydraulicFracturing.pdf
ESG Approaches in Asia	http://www.bostoncommonasset.com/documents/ThoughtPiece-2012-05-Asia_000.pdf
Addressing Conflict Minerals in Portfolios	http://www.bostoncommonasset.com/documents/ThoughtPiece-2012-03-ConflictMinerals.pdf

○ No

OA 02.5	Additional information. [Optional]

Boston Common has produced a number of thought pieces articulating our responsible investment approach to a number of controversial or high profie issues. These publications provide a framework for our understanding of the issue and how we can best respond as responsible investors.

OA 03	Mandatory	Core Assessed	PRI 1,2

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OA 03.1 Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
☑ Policy setting out your overall approach	◉ Applicable policies cover all AUM
☑ (Proxy) voting policy	○ Applicable policies cover a majority of AUM
☑ Engagement/active ownership policy	○ Applicable policies cover a minority of AUM
☑ Specific guidelines on corporate governance	
☑ Specific guidelines on environmental issues	
☑ Specific guidelines on social issues	
☐ Asset class-specific guidelines	
☑ Screening/exclusion policy	
☐ Other, specify	
☐ Other, specify	

OA 03.2 Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]

There are no exceptions to the application of our responsible investment policy. We integrate financial and sustainability factors into our investment process because we believe Environmental, Social and Governance (ESG) research helps us find companies that could benefit over the long-term from three sources: (1) Visionary Management teams should capitalize on new market opportunities and revenue streams (2) Productivity and efficiency improvements should support higher profit margins; and (3) Unanticipated costs stemming from inadequate attention to ESG risks can avoided. As a result, we believe portfolio quality, return potential, and risk reduction are enhanced by integrating sustainablity with financial research.

OA 04 | **Mandatory** | **Core Assessed** | **General**

OA 04.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

◉ Yes

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OA 04.2 Describe your policy on managing potential conflicts of interest in the investment process. [Optional]

Our organization's Conflict of Interest Policy requires each employee, on both their employment start date and on an annual basis, to disclose all conflicts of interest to the Compliance Department, Compliance then monitors all trading against this list of conflicts on a quarterly basis.

○ No

Objectives and strategies

OA 05 | **Mandatory** | **Gateway/Core Assessed** | **General**

OA 05.1 Indicate if your organisation sets objectives for its responsible investment activities.

◉ Yes

OA 05.2 Indicate how frequently your organisation sets or revises objectives for responsible investment.

◉ At least once per year

○ Less than once per year

OA 05.3 Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

◉ Quarterly

○ Biannually

○ Annually

○ Every two years or less

○ It is not reviewed

○ No

OA 05.4 Additional information. [Optional]

Boston Common reports quarterly to all clients on both our Responsible Investment activities and the financial performance of our portfolios. We include a 'what worked and what didn't' summary which also touches upon ESG issues alongside financial ones.

Governance and human resources

OA 08 | **Mandatory** | **Gateway/Core Assessed** | **General**

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OA 08.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

	Roles present in your organisation

☐ Board members or trustees

☑ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee

- ☑ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☑ Other Chief-level staff or head of department, specify

Head ESG Research /Shareholder Engagement

- ☑ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☑ Portfolio managers

- ☑ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☑ Investment analysts

- ☐ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☑ Dedicated responsible investment staff

- ☑ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☑ External managers or service providers

- ☐ Oversight/accountability for responsible investment
- ☐ Implementation of responsible investment
- ☑ No oversight/accountability or implementation responsibility for responsible investment

☐ Other role, specify

☐ Other role, specify

OA 08.2	Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

	Number

4

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OA 08.3	Additional information. [Optional]

Boston Common has 15 employees dedicated to financial and ESG research as well as shareholder engagement. We consider this the full investment team. All employees are directly related to the domestic and international equity strategies in some capacity. Of the 15 employees related to the investment process, 13 are based out of our Boston office and two are based in our San Francisco office.

Promoting responsible investment

OA 10	Mandatory	Core Assessed	PRI 4,5

OA 10.1	Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

◉ Yes

OA 10.2	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

☑ Asian Corporate Governance Association

	Your organisation's role in the initiative during the reporting period (see definitions)

☑ Basic

☐ Moderate

☐ Advanced

	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We participated in two meetings in 2013.

☑ Association for Sustainable & Responsible Investment in Asia

	Your organisation's role in the initiative during the reporting period (see definitions)

☑ Basic

☐ Moderate

☐ Advanced

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Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We were investor members of ASRIA in 2013.

☐ Australian Council of Superannuation Investors

☑ CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

☐ Basic

☐ Moderate

☑ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Boston Common is a full investor member of CDP and the related group Carbon Action. We have engaged companies regarding their CDP reports and setting GHG reduction targets. At the request of CDP we presented to a group of prospective Latin American companies on the value of CDP data.

☑ CDP Forests

Your organisation's role in the initiative during the reporting period (see definitions)

☐ Basic

☑ Moderate

☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Boston Common is a full investor member of CDP.

☑ CDP Water

Your organisation's role in the initiative during the reporting period (see definitions)

☐ Basic

☐ Moderate

☑ Advanced

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Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We have worked with CDP Water to identify any of our portfolio holdings which have not responsed to their survey. We have begun a letter writing campaign to all non-responders in our portfolio encouraging them to respond. In addition, in 2014 our Asian company holdings will be a specific focus and we will request that our Japanese holdings respond to the survey in face to face meetings (Alongside other discusion topics).

☐ CFA Institute Centre for Financial Market Integrity

☐ Council of Institutional Investors (CII)

☐ Eumedion

☑ Extractive Industries Transparency Initiative (EITI)

Your organisation's role in the initiative during the reporting period (see definitions)

☑ Basic

☐ Moderate

☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Boston Common is a contributing signatory to the investor statement on transparency in the Extractives sector (June 2013). The EITI has won the support of over 95 global investment institutions, that collectively managed over US$19trillion as of July 2013.

☐ Global Investors Governance Network (GIGN)

☐ Global Real Estate Sustainability Benchmark (GRESB)

☐ Institutional Investors Group on Climate Change (IIGCC)

☑ Interfaith Center on Corporate Responsibility (ICCR)

Your organisation's role in the initiative during the reporting period (see definitions)

☐ Basic

☐ Moderate

☑ Advanced

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Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Lauren Compere Director of Shareholder Engagement has been a member of the governing board of the Interfaith Centre of Corporate Responsibility (ICCR) since 2010. In 2013 Boston Common was one of the lead investors on an initiative co-ordinated by ICCR to address systemic problems in the Bangladesh apparel supply chain. An investor statement signed by over 200 organizations from 16 countries with combined assets of $3.1 Trillion called on companies to enact system wide reforms to combat unsafe working conditions. Boston Common led engagements with several global companies including Adidas - which became a signatory to the Accord on Fire and Safety in Bangladesh in Sept. 2013. Boston Common helped organize various ICCR investor dialogues with companies in 2013 such as ConocoPhilips and Veoila including an all day roundtable on the human right to water.

☐ International Corporate Governance Network (ICGN)

☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)

☑ Investor Network on Climate Risk (INCR)/CERES

Your organisation's role in the initiative during the reporting period (see definitions)

☐ Basic

☐ Moderate

☑ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Boston Common is an active member of the INCR and is active in the strategy and program development work by INCR related to climate change and sustainability. We provided critical feedback for their consultation paper on integrating sustainability disclosure requirements into listing standards for U.S. and global stock exchanges. (Spring 2013) We helped shape CERES/INCR's Carbon Asset Risk initiative that launched in Fall 2013. On behalf of INCR we were active in federal and state public policy advocacy work that included meeting with US Senate staff (Fall 2013). One of our staff was also a moderator for a panel at the annual CERES Conference on private engagements (Spring 2013).

☐ Local Authority Pension Fund Forum

☑ Principles for Responsible Investment

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Your organisation's role in the initiative during the reporting period (see definitions)

☐ Basic

☐ Moderate

☑ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Boston Common has been a member of PRI since 2009 and has been very active member of the Clearinghouse. We view the PRI as one of the significant platforms for coordinated global shareowner engagement. Boston Common has assumed leadership positions within PRI on steering committees focused on oil and gas sector engagement and labor standards in the agricultural supply chain. PRI was also one of the key partners in the Emerging Markets Disclosure Project which Boston Common co-chaired for 4 years (2009-2012).

☑ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

USSIF

Your organisation's role in the initiative during the reporting period (see definitions)

☐ Basic

☐ Moderate

☑ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Boston Common has been a member of USSIF since we were founded in 2003. We support the organization through our participation on their Board as well as membership in various Steering Committees including SIRAN (Sustainable Investment Research Analyst Network), the Indigenous Peoples Working Group, their Diversity Task Force and the International Working Group. Boston Common staff have also chaired the advocacy subcommittee of the Indigenous Peoples Working Group of USSIF since 2007.

☐ Shareholder Association for Research and Education (Share)

☐ United Nations Environmental Program Finance Initiative (UNEP FI)

☑ United Nations Global Compact

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Your organisation's role in the initiative during the reporting period (see definitions)

☐ Basic

☐ Moderate

☑ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

In the last year, Boston Common staff served as Expert Advisors for the UN Global Compact's new business reference guide on the UN Declaration on the Rights of Indigenous Peoples. The UN Global Compact published the new guide in December 2013.

☑ Other collaborative organisation/initiative, specify

Silicon Valley Toxics Coalition

Your organisation's role in the initiative during the reporting year (see definitions)

☐ Basic

☐ Moderate

☑ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Boston Common is the primary investor supporter of the annual Solar Scorecard published by the Silicon Valley Toxics Coalition. The Scorecard is a resource for consumers, institutional purchasers, investors, who wants to purchase PV modules from responsible product stewards. The Scorecard reveals how companies perform on SVTC's sustainability and social justice benchmarks to ensure that the PV manufacturers protect workers, communities, and the environment. Boston Common is also the only investor on the Solar Energy Industries Association's Advisory Council for its Solar Commitment code for sustainability and corporate responsibility.

☑ Other collaborative organisation/initiative, specify

Investor Environmental Health Network

Your organisation's role in the initiative during the reporting year (see definitions)

☐ Basic

☐ Moderate

☑ Advanced

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Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

The Investor Environmental Health Network is a collaborative partnership of investment managers, advised by nongovernmental organizations, concerned about the financial and public health risks associated with corporate toxic chemicals policies. Boston Common helped co-found the IEHN in 2005 and is active in shaping and implementing its engagement initiatives. The most recent initiatives include a focus on hydraulic fracturing for shale energy development and procurement and recycling of lead acid batteries. In conjunction with IEHN and Apache Corporation we organized two investor briefings in 2013 on chemicals and water use and management.

Boston Common co-authored the report, Disclosing the Facts: Transparency and Risk in Hydraulic Fracturing Operations, which benchmarks 24 companies engaged in hydraulic fracturing against investor needs for disclosure of operational impacts and mitigation efforts.

The report was authored by As You Sow, Boston Common Asset Management, Green Century Capital Management, and the Investor Environmental Health Network (IEHN).

Available online at disclosingthefacts.org

☑ Other collaborative organisation/initiative, specify

Global Network Initiative

Your organisation's role in the initiative during the reporting year (see definitions)

☐ Basic

☐ Moderate

☑ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

The GNI represents a collaborative approach among companies, civil society orgaizations, academics and investors to protect and advance freedom of expression and privacy in the ICT sector. Boston Common's Director of Shareholder Engagement serves as a board alternate of the GNI (Attends all meetings and contributes to quorum if adequate number of standing members absent).

☑ Other collaborative organisation/initiative, specify

BASIC - Boston Area Sustainable Investment Consortium

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Your organisation's role in the initiative during the reporting year (see definitions)

☐ Basic

☐ Moderate

☑ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

BASIC's mission is to connect Boston-area SRI professionals via educational, social, and networking activities. BASIC strives to achieve its goal primarily by hosting a robust series of events throughout the year. BASIC also operates online channels for knowledge sharing, interactive discussion, and organization facilitation. BASIC does not take political positions, lobby, advocate specific SRI strategies, or provide job search assistance. A member of the ESG research team serves on BASIC's leadership team and is the event chair - responsible for sourcing events and venues in collaboration with other volunteers.

○ No

OA 11	Mandatory	Core Assessed	PRI 4

OA 11.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

◉ Yes

OA 11.2 Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

☑ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations

☑ Provided financial support for academic or industry research on responsible investment

☑ Encouraged better transparency and disclosure of responsible investment practices across the investment industry

☑ Spoke publicly at events and conferences to promote responsible investment

☑ Wrote and published in-house research papers on responsible investment

☑ Encouraged the adoption of the PRI

☐ Other, specify

○ No

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OA 11.3	Additional information. [Optional]

Boston Common staff regularly participate in webinars, conferences and workshops to educate consultants, trustees and advisers about responsible investment. We have supported a number of sector-based initiatives designed to develop and encourage benchmarking of best practices (e.g. the Access to Nutrition index) which issue publicly available reports. We also have published a series of thought-pieces on responsible investment including topics such as energy, conflict minerals, access to medicines and engagement in Asia.

We view the PRI as one of the significant platforms for coordinated global shareowner engagement. As previously noted, Boston Common has assumed leadership positions within PRI on steering committees focused on oil and gas sector engagement related to hydraulic fracturing and labor standards in the agricultural supply chain.

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PRI Principles for Responsible Investment

Boston Common Asset Management

Reported Information

Public version

Direct - Listed Equity Incorporation

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PRI Principles for Responsible Investment

ESG incorporation in actively managed listed equities

Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1

LEI 03.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

- ☐ Screening alone (i.e. not combined with any other strategies)
- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☐ Integration alone (i.e. not combined with any other strategies)
- ☑ Screening + Integration strategies

Percentage of active listed equity to which the strategy is applied (estimate +/- 10%)	%
	100

- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☐ No incorporation strategies applied

	Total actively managed listed equities

100%

LEI 03.2

Describe your primary reasons for choosing a particular ESG incorporation strategy.

Boston Common endeavors to integrate financial and sustainability factors into its investment process because it believes ESG research helps it identify companies that should be successful over the long-term. It seeks companies that can capitalize on new market opportunities, implement efficiency improvements and avoid unanticipated costs stemming from inadequate attention to ESG risks. As a result, Boston Common believes ESG research helps improve portfolio quality and financial return potential.

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LEI 03.3	If assets are managed using a combination of ESG incorporation strategies, describe briefly how these are used in combination. [Optional]

We begin the equity selection process by creating a diversified monitor list of what we believe are high quality stocks. For our U.S. strategies, we start with the investable universe of 1,000 U.S. stocks with market capitalizations above $2 billion. For our International strategy, we construct a monitor list of securities drawn from the MSCI EAFE and the universe of emerging market ADRs. We screen these lists using statistical metrics such as capitalization, liquidity, profitability, and leverage as well as environmental, social, and governance criteria. These screens exclude companies that have consistently lost money, that have taken on unsustainable levels of debt, or that have experienced such volatile operating performance that we would not be confident in projections about their future profitability. We further refine this list by judging the quality of the remaining companies. We exclude from the list companies whose business models we consider unsustainable and whose financial reporting and managerial accountability we consider untrustworthy.

Boston Common has created proprietary databases and data sets reflecting the ESG characteristics of a broad set of U.S. and international companies. We believe this puts us in a unique position to make global industry relative ESG assessments, which are critical in adding exposure in "difficult" sectors such as utilities, industrials, energy, and materials.

Our fundamental equity research process produces a buy list of 125 stocks in the U.S. strategies and 150 stocks in the International strategy that we believe are high quality and trade below their intrinsic value. Selecting from this buylist of stocks, we build a model portfolio of 50 to 70 names (60 to 75 in International portfolio), in which each security usually has a weight ranging from one to three percent of the total at purchase.

(A) Implementation: Screening

LEI 06	Mandatory	Descriptive	PRI 1

LEI 06.1	Indicate and describe the type of screening you apply to your internally managed active listed equities.

Type of screening

☑ Negative/exclusionary screening

Screened by

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☑ Product

☑ Activity

☐ Sector

☑ Country/geographic region

☑ Environmental and social practices and performance

☑ Corporate governance

Description

Boston Common employs a comprehensive set of ESG guidelines that are an integral part of our standard investment process. We look to avoid companies that are egregious violators of regulations, those that exhibit a pattern of negligence, or have a deteriorating record on measurable conduct. We favor companies that have made changes in policies and programs to address past problems. These criteria are industry-specific, such that a company is judged in relation to its peers.

We avoid companies that have an egregious environmental record and a history of environmental violations as well as companies with poor environmental performance relative to their industry, especially in high impact industries.
Because of our commitment to select companies that uphold the highest social standards, we avoid corporations that have a history of violating fair labor standards (as defined by the International Labor Organization (ILO) standards). We also evaluate companies' health and safety record, and avoid those with a history of recurring health and safety problems.

☑ Positive/best-in-class screening

Screened by

☑ Product

☑ Activity

☑ Sector

☑ Country/geographic region

☑ Environmental and social practices and performance

☑ Corporate governance

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Description

We typically seek companies with a superior record in environmental responsibility, labor relations, and human rights, a commitment to good standards and compliance, and an improving record on these factors. We also examine whether the standards of a company's vendors broaden the impact of its policies. We favor companies that have made changes in policies and programs to address past problems and strive toward corporate accountability, allowing shareholders to participate in strategic decision making. We value Board diversity and independence in order to promote the preservation of the company's long-terms interests and those of its shareholders; and expect alignment of interests through remuneration, in order to ensure that senior executives and management interests are aligned with the interests of shareholders to enhance long-term value.

☑ Norms-based screening

Screened by

- ☑ UN Global Compact Principles
- ☑ Universal Declaration of Human Rights
- ☑ International Labour Organization Conventions
- ☑ United Nations Convention Against Corruption
- ☑ OECD Guidelines for Multinational Enterprises
- ☑ Other, specify

  Montreal Convention on Anti-Personnel Landmines, Convention on Cluster Munitions, United Nations Declaration on the Rights of Indigenous Peoples

Description

We avoid egregious violators of social norms, and avoid companies that have a history of knowingly using forced labor, child labor, or sweatshops and a history of discriminating illegally against their employees. These criteria apply to a company's suppliers as well as to its contractors.

We have an absolute exclusion of investment in companies that manufacture biological, chemical or nuclear weapons, anti-personnel landmines or cluster munitions.

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LEI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

We believe ESG research helps improve portfolio quality and financial return potential. There was no 'separate process' to establish our ESG criteria -we articulated a comprehensive approach to the consideration of ESG factors from our inception 11 years ago. Our preference has always been to seek out companies who were on average better than their peers on the relevant ESG metrics for their sector. We have undertaken a semi-formal review process every 3 - 4 years to determine if there are issues we need to formally include in our guidelines. This review process has lead to us identifying additional areas of concern. For example, as a result of changing market conditions which has made their exploitation more economical, we have confirmed the formal exclusion of investments in companies that generate their primary revenues from the mining, processing, or production of any product from bituminous sands, also known as oil sands or tar sands. This builds on our earlier decision to exclude companies whose primary revenues are from mining, transporting or burning coal for electric power generation. We also avoid direct investments in companies involved in nuclear power or uranium mining because we believe the tail risks are too great as the long-term disposal of radioactie waste remains unresolved.

In defining the investable universe, Boston Common recognizes that no company will outperform on all ESG criteria. We seek to identify companies with strengths in a reasonable number of ESG criteria and/or with the potential to make progress across the ESG spectrum including following our own engagement with the company. While seeking to rule out companies with the worst ESG records relative to industry peers, Boston Common looks for firms that are finding innovative solutions to problems faced by their industry and society.

LEI 06.3	Additional information. [Optional]

Boston Common employs some ESG criteria related to avoidance, such as screens relating to the risk areas of weapons contracting and tobacco. In implementing these "negative criteria," we set absolute standards related to an acceptable level of revenues. We then work to articulate what products qualify for the screen and determine the revenues associated with them. Some analysis may be required to ascertain a particular company's dependence on saless from such products, including revenues generated through subsidiaries or involvement in joint ventures.

LEI 07	Mandatory	Core Assessed	PRI 1

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LEI 07.1	Indicate which processes your organisation uses to ensure that screening is based on robust analysis.

☑ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.

☑ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies

☑ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar

☑ Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies

☐ A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions

☑ A periodic review of the quality of the research undertaken or provided is carried out

☑ Other, specify

We compare our own internal ESG view of companies with the ratings or findings of multiple ESG providers.

☐ None of the above

LEI 07.2	Additional information. [Optional]

Boston Common independently evaluates the ESG profiles of the companies it considers for investment. We have constructed broad domestic and international research databases that allow us to evaluate companies relative to each other and against absolute criteria. We have particular experience with the developing country practices of corporations, which often have human rights, environmental, and marketing impacts that are not well monitored or understood. Our ESG analysts travel in the US and to Europe, Asia, and South America to visit company facilities and meet with employees and community stakeholders as well as local corporate officers to gather information first hand. Further our active shareholder engagement program helps us identify leaders and laggards in various industries both in the US and globally as well as new trends.

We often invest in companies that are working on innovative solutions to the social and environmental challenges their industries face. We do not stray from our financial discipline in order to invest in positive ESG stories, because we believe that investing to achieve ESG goals without regard to viability and valuation would increase our clients' risk profile and harm returns. However, our social and environmental ethos helps us generate investment ideas. We subject these ideas to the structure and rigor of our traditional process, as with any other investment. Over the years, this approach has led us to invest in profitable, growing, well-run companies that have created cleaner production processes, or improved conditions in their supply chains, innovative medical tools, natural foods products, alternative energy, and more fuel-efficient vehicles.

(C) Implementation: Integration of ESG issues

LEI 11	Mandatory	Core Assessed	PRI 1

LEI 11.1	Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

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ESG issues	Coverage/extent of review on these issues
Environmental	◉ We systematically review the potential significance of environmental issues and investigate them accordingly ○ We occasionally review the potential significance of environmental issues and investigate them accordingly ○ We do not review environmental issues
Social	◉ We systematically review the potential significance of social issues and investigate them accordingly ○ We occasionally review the potential significance of social issues and investigate them accordingly ○ We do not review social issues
Corporate Governance	◉ We systematically review the potential significance of corporate governance issues and investigate them accordingly ○ We occasionally review the potential significance of corporate governance issues and investigate them accordingly ○ We do not review corporate governance issues

LEI 11.2 Additional information. [Optional]

Additional Information on Integration of ESG issues Issue areas such as the environment, human rights, labor relations and employment practices require a nuanced, judgment-based approach, framed in terms of attributes to seek and those to avoid. We typically seek companies with a superior record in environmental responsibility, labor relations, employment practices and human rights, a commitment to good standards and compliance, and an improving record on these factors. We also examine whether the standards of a company's vendors broaden the impact of its policies. Conversely, we look to avoid companies that are egregious violators of regulations, those that exhibit a pattern of negligence, or have a deteriorating record on measurable conduct. We favor companies that have made changes in policies and programs to address past problems. These criteria are industry-specific, such that a company is judged in relation to its peers.

Communication

LEI 18 | **Mandatory** | **Core Assessed** | **PRI 2,6**

LEI 18.1 Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

◉ We disclose it publicly

Provide URL

http://www.bostoncommonasset.com/quarterly-memos.php

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	Provide URL

http://www.bostoncommonfunds.com/funds/international/overview.html

LEI 18.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- ○ Yes
- ◉ No

LEI 18.3	Indicate the information your organisation proactively discloses to clients/ beneficiaries and/or the public regarding your approach to ESG incorporation.

Reporting to public	Reporting to clients/beneficiaries
◉ Broad approach to ESG incorporation	○ Broad approach to ESG incorporation
○ Detailed explanation of ESG incorporation strategy used	◉ Detailed explanation of ESG incorporation strategy used

LEI 18.4	Indicate how frequently you typically report this information.

Reporting to public	Reporting to clients/beneficiaries
◉ Quarterly or more frequently	◉ Quarterly or more frequently
○ Between quarterly and annually	○ Between quarterly and annually
○ Less frequently than annually	○ Less frequently than annually
○ Other, specify	○ Other, specify

- ○ We disclose it to clients and/or beneficiaries only
- ○ We do not proactively disclose it to the public and/or clients/beneficiaries

LEI 18.5	Additional information. [Optional]

Information on our model portfolios is disclosed via our quarterly investment memos and our 'Active Investor' Social update that we provide dierctly to clients and others plus post on our public website. Clients with customised engagement or ESG screens are supplied with additional reports on the performance and characteristics of their portfolios.

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Boston Common Asset Management

Reported Information

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Engagement

Overview

LEA 02	Mandatory	Gateway	PRI 1,2,3

LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.

Type of engagement	Reason for interaction
Individual/Internal staff engagements	☑ To support investment decision-making (e.g. company research) ☑ To influence corporate practice (or identify the need to influence) on ESG issues ☑ To encourage improved ESG disclosure ☑ Other, specify To influence industry adoption of current best practices. ☐ We do not engage via internal staff
Collaborative engagements	☑ To support investment decision-making (e.g. company research) ☑ To influence corporate practice (or identify the need to influence) on ESG issues ☑ To encourage improved ESG disclosure ☑ Other, specify To influence industry adoption of current best practices. ☐ We do not engage via collaborative engagements
Service provider engagements	☐ To support investment decision-making (e.g. company research) ☐ To influence corporate practice (or identify the need to influence) on ESG issues ☐ To encourage improved ESG disclosure ☐ Other, specify ☑ We do not engage via service providers

Process

Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2

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LEA 03.1	Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

◉ Yes

LEA 03.2	Describe how you identify and prioritise engagements.

Boston Common has an annual engagement planning process which focuses on five strategic pillars:

- Corporate Governance

- Global Health

- Environmental Risk Management

- Human Rights

- Sustainability Disclosure

Each year we pick two or more main themes under each strategic pillar. For example, in 2013 under Corporate Governance we focused on political& lobbying transparency in the US and the UK, under Human Rights we focused on supply chain accountability in the apparel sector post the Rana Plaza tradegy in Bangladesh, and under Environmental Risk Management we focused on sustainable sector practices related to hydraulic fracturing in the gas and oil sector and related to the solar photovoltaics industry.

Through our ESG integration process, we have conducted global sector ESG benchmarking exercises to identify, leaders, best in class and average players across our investable universe. This serves as the initial stage of identifying which companies we choose to engage during the year. We believe it is important to engage not just the laggards but the leaders on material ESG issues in order to elevate how an entire sector is addressing these risks. Therefore, we may chose to engage with companies that do not currently meet our ESG criteria or are not in our portfolios for other reasons.

Some of the companies we own have very high ESG ratings and so we do little or no advocacy work or may engage with therm to improve further or advance best practices. Other companies (or their respective industries) have ESG issues that we believe can be improved and these may be companies and/or industries where we prioritize our engagement focus. We may not be the lead on all engagements as we work collaboratively with other investment firms, clients, and NGO's to leverage our expertise and resources.

○ No

LEA 04	Mandatory	Core Assessed	PRI 2

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LEA 04.1 Indicate if you define specific objectives for your engagement activities.

- ◉ Yes
  - ◉ Yes, for all engagement activities
  - ○ Yes, for the majority of engagement activities
  - ○ Yes, for a minority of engagement activities
- ○ No

LEA 04.2 Indicate if you monitor the actions that companies take following your engagements.

- ◉ Yes
  - ◉ Yes, in all cases
  - ○ Yes, in the majority of cases
  - ○ Yes, in the minority of cases

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LEA 04.3	Describe how you monitor and evaluate the progress of your engagement activities.

On a quarterly basis Boston Common reports to our clients and other stakeholders on our engagement objectives and progress made against them in our newsletter - 'Active Investor Social Update'. We regularly track activities and performance across five broad themes:

(1) Corporate Governance
(2) Global Health
(3) Environmental Risk Management
(4) Human Rights
(5) Sustainablity Disclosure

We note 'what has changed' at the company, sector or regulatory level for each theme and also identify longer-term goals that we will continue to work towards.

In some cases we have actually been part of an Expert Group developing metrics or key performance indicators (KPI) to benchmark performance on certain ESG issues. For example,Boston Common lent its expertise to in 2013 on two projects and continues to do so for the Access to Nutrition Index (ATNI) and the Fracking Scorecard. ANTI benchmarked the performance of the top 25 food& beverage players on how they were addressing nutrition and obesity across a range of issues (March 2013). The Fracking Scorcard developed by Boston Common and others (As You Sow, Green Century, Investor Environmental Health Network) was part of a larger report that benchmarked the use and disclosure of best practices by two dozen oil and gas companies related to their hydraulic fracturing activities. These public index and scorecard tools were then later used in dialogues with the companies in 2013 to prioritize areas for improvement and to gauge progress.

In addition, Lauren Compere and Steven Heim of Boston Common lent their expertise on the PRI Steering Committees for two new collaborative engagements: Labor Standards in the Agricultural Supply Chain and the Fracking for Shale Energy. The engagements also used initial baseline reports and metrics setting to establish goals to monitior progress for companies engaged in 2014.

○ No

Process for engagements conducted via collaborations

LEA 05	Mandatory	Core Assessed	PRI 2

LEA 05.1	Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

◉ Yes

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LEA 05.2	Describe how you identify and prioritise collaborative engagements.

Our collaborative engagements are selected based on a review of the ESG risks and opportunities facing companies in our portfolios and our own assessment of the severity or urgency of the issue and their suitability for engagement by a wide group of stakeholders. Characteristics that we consider suitable for collaborative engagement include the following: they may lead to research and develop best practice standards or guidelines, they may encourage additional disclosure by companies on how they are managing relevant risks (or exploiting opportunities) and/or it may use leading companies as best practice examples for their sector peers.

As part of our assessment of coalitions and networks that we belong to focused on sustainability and ESG practices, we prioritize those collaborative engagements which complement our own engagement priorities described previously including opportunities to participate in global coalitions such as PRI, the International Corporate Governance Network, and ASrIA to leverage on the ground connections.

○ No

LEA 06	Mandatory	Core Assessed	PRI 2

LEA 06.1	Indicate if the collaborative engagements in which you are involved have defined objectives.

◉ Yes

- ○ Yes, for all collaborative engagement activities
- ◉ Yes, for the majority of collaborative engagement activities
- ○ Yes, for a minority of collaborative engagement activities

○ No

LEA 06.2	Indicate if you monitor the actions companies take following your collaborative engagements.

◉ Yes

- ○ Yes, in all cases
- ◉ Yes, in the majority of cases
- ○ Yes, in the minority of cases

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LEA 06.3	Describe how you monitor and evaluate the progress of your collaborative engagement activities.

We measure the success of our collaborative engagement using a similar set of metrics to our individual engagements. However, we recognize that collaboration is in and of itself often a significant accomplishment. We have successfully brought together a disparate group of stakeholders including companies, investors, NGOs and researchers to meet on a semi-regular basis, develop common frameworks for evaluating and discussing progress on particular issues and agree to a set of specific recommendations and actions (often around disclosure). One key example of this would be the Emerging Markets Disclosure Project (EMDP) that was supported by PRI which brought together over 50 investors focused on improving ESG disclosure in four emerging markets (Brazil, Indonesia, South Africa, and South Korea) over a four year period (2008-2012). Boston Common co-chaired this project.

○ No

LEA 06.4	Additional information. [Optional]

We have found a variety of tools useful for leveraging constructive dialogue with companies and other stakeholders. These include public rankings and scorecards for example the Access to Nutrition Index (ANTI), a company's own reporting and public commitments through industry initiatives such as CDP, the Global Compact and the GRI and NGO reports such as the 2013 Oxfam 'Behind the Brands' report which ranked the ten largest food and beverage companies on a variety of key social and environmental impacts in the global food supply chain, We have also worked with others to publish global investor statements that have played a critical role in raising awareness and support for better sustainablity practices. Notably the statement coordinated by the Interfaith Center on Corporate Responsiblity that came out shortly after the Rana Plaza disaster in Bangladesh. Finally we have worked collaboratively under multi-stakeholder initiatives, such as the one organized by the Responsible Sourcing Network to address the US Securities and Exchange Commissions's rule-making (Section 1502 of the Dodd-Frank Act).

General processes for all three groups of engagers

LEA 10	Mandatory	Gateway/Core Assessed	PRI 2

LEA 10.1	Indicate if you track the number of companies you engage with.

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Type of engagement	Tracking engagements
Individual / Internal staff engagements	◉ Yes, we track the number of our engagements in full ○ Yes, we partially track the number of our engagements ○ No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers ○ No, we do not track and cannot estimate our engagements
Collaborative engagements	◉ Yes, we track the number of our engagements in full ○ Yes, we partially track the number of our engagements ○ No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers ○ No, we do not track and cannot estimate our engagements

LEA 10.2 Additional information. [Optional]

We discuss a selection of current engagements under each of our themes in our quarterly Active Investor Social Update newsletter. For our largest clients we also develop customized engagement plans and report to them privately on the objectives and progress made on an annual basis.

Communication

LEA 15 | **Mandatory** | **Core Assessed** | **PRI 2,6**

LEA 15.1 Indicate whether your organisation proactively discloses information on its engagements.

◉ We disclose it publicly

please provide URL

http://www.bostoncommonasset.com/quarterly-memos.php

LEA 15.2 Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

○ Yes

◉ No

LEA 15.3 Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.

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Reporting to the public	Reporting to clients/beneficiaries
Engagement information disclosed	**Engagement information disclosed**
☑ Details of the selections, priorities and specific goals of engagement	☑ Details of the selections, priorities and specific goals of engagement
☐ Number of engagements	☑ Number of engagements
☐ Breakdown of engagements by type/topic	☑ Breakdown of engagements by type/topic
☐ Breakdown of engagements by region	☑ Breakdown of engagements by region
☑ An assessment of the current status of the engagement	☑ An assessment of the current status of the engagement
☑ Outcomes that have been achieved from the engagement	☑ Outcomes that have been achieved from the engagement
☐ Other information	☐ Other information

LEA 15.4 Indicate how frequently you typically report engagements information.

Reporting to the public	Reporting to clients/beneficiaries
○ Disclosed continuously (prior and post engagements)	○ Disclosed continuously (prior and post engagements)
◉ Disclosed quarterly	◉ Disclosed quarterly
○ Disclosed annually	○ Disclosed annually
○ Disclosed every two years or less	○ Disclosed every two years or less
○ Other, specify	○ Other, specify

LEA 15.5 Describe any other differences in the information being disclosed. [Optional]

For clients that have customized engagement plans, we provide more detail as described above. We also provide in our marketing materials key successes and engagement results on an annual basis. For the public, we provide through our quarterly Active Investor Social Updates a summary of issues, activities and progress to date. Copies of quarterly memos going back several years are on our website.

○ We disclose it to clients and/or beneficiaries only

○ We do not proactively disclose it to the public and/or clients/beneficiaries.

(Proxy) voting and shareholder resolutions

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Process

LEA 17	Mandatory	Descriptive	PRI 2

LEA 17.1 Indicate how you typically make your (proxy) voting decisions and what this approach is based on.

Approach

○ We use our own research or voting team and make our own voting decisions without the use of service providers.

◉ We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

Based primarily on

○ the service provider voting policy signed off by us

◉ our own voting policy

○ our clients requests or policy

○ other, explain

○ We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.

○ We hire service provider(s) which make voting decisions on our behalf.

LEA 17.2 Additional information.[Optional]

Please see our response to LEA 16 for more detail.

LEA 21	Mandatory	Core Assessed	PRI 2

LEA 21.1 Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.

○ Yes, in most cases

◉ Sometimes, in the following cases:

☐ votes in selected markets

☑ votes on certain issues (all markets)

☐ votes for significant shareholdings (all markets)

☐ other, explain

○ No

○ Not applicable as we and/or our service providers do not abstain or vote against management recommendations

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LEA 21.2	Additional information. [Optional]

We do not generally provide the rationale to companies for why we might vote against management recommendations except in the case where we have filed or co-filed a shareholder resolution. We are exploring whether to initiate a selective approach in 2014 where we communicate to companies why we voted against the board of directors where they do not meet our board diversity guideline for US companies.

Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2

LEA 22.1	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

◉ We do track or collect this information

Votes cast (to the nearest 1%)

%

90

Specify the basis on which this percentage is calculated

○ of the total number of ballot items on which you could have issued instructions

◉ of the total number of company meetings at which you could have voted

○ of the total value of your listed equity holdings on which you could have voted

LEA 22.2	If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional]

There may be instances in which Boston Common will not vote proxies. This may happen, for example, if:

We aren't provided authorization from specific clients to vote their proxies
We may not receive a paper ballot before the deadline
We may not know there's a ballot measure before the deadline

○ We do not track or collect this information

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LEA 22.3	Additional information. [Optional]

Boston Common has voted greater than 90 percent of all the proxy votes received that we are authorized to vote,

The details of votes for 2013 are as follows:

For (supporting) management proposals: 3341 out of 6425 agenda items (52%)

This excludes items where an ABSTAIN vote was submitted.
This includes items where the management recommendation was "none".

Against (opposing) management proposals: 3065 out of 6425 agenda items (47.7%)

This excludes items where an ABSTAIN vote was submitted.

Abstentions: 19 out of 6425 agenda items (.3%)

All these votes were excluded from the first two stats.

Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6

LEA 26.1	Indicate if your organisation proactively discloses information on your voting activities.

◉ We disclose it publicly

	provide URL

http://www.bostoncommonasset.com/quarterly-memos.php

	provide URL

http://vds.issproxy.com/SearchPage.php?CustomerID=3409

LEA 26.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

○ Yes

◉ No

LEA 26.3	Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

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Reporting to the public	Reporting to clients/beneficiaries
Indicate how much of your voting record you disclose	**Indicate how much of your voting record you disclose**
◉ All voting decisions	◉ All voting decisions
○ Some voting decisions	○ Some voting decisions
○ Only abstentions and opposing vote decisions	○ Only abstentions and opposing vote decisions
○ Summary of votes only	○ Summary of votes only
Indicate what level of explanation you provide	**Indicate what level of explanation you provide**
○ Explain all voting decisions	◉ Explain all voting decisions
○ Explain some voting decisions	○ Explain some voting decisions
○ Only explain abstentions and votes against management	○ Only explain abstentions and votes against management
◉ No explanations provided	○ No explanations provided

LEA 26.4 Indicate how frequently you typically report voting information.

Reporting to the public	Reporting to clients/beneficiaries
○ Continuously (primarily before meetings)	○ Continuously (primarily before meetings)
○ Continuously (soon after votes are cast)	○ Continuously (soon after votes are cast)
○ Quarterly or more frequently	○ Quarterly or more frequently
◉ Between quarterly and annually	◉ Between quarterly and annually
○ Less frequently than annually	○ Less frequently than annually
○ Other, specify	○ Other, specify

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LEA 26.5	Describe any other differences in the information being disclosed. [Optional]

We are legally required to provide our proxy voting decisions annually for our publicly traded mutual funds. Boston Common's report filed on Form N-PX is available via this link:

http://www.sec.gov/Archives/edgar/data/811030/000089418913004192/0000894189-13-004192-index.htm

Our proxy voting policy and rationales is disclosed to clients as part of their initial intake process. Clients are also able to request quarterly or annual proxy voting reports for their particular account or for the funds they are invested in.

○ We disclose it to clients/beneficiaries only

○ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

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