

Global Impact Equity Strategy Update

Fourth Quarter, 2020



Portfolio Review

The Boston Common Global Impact strategy rose +20.3% before fees, comfortably ahead of the MSCI ACWI Index (“the Index”). The strategy’s 2020 calendar year return amounted to +25.8%, significantly outperforming the Index’s annual return of +16.3%. Strong stock selection in Industrials, Technology, and Real Estate as well as in Europe, Emerging Markets, and Japan were the leading contributors to annual performance. The Financials sector detracted from calendar year relative returns.

For the quarter, strong stock selection in Technology was the largest contributor to performance. Our semiconductor holdings led the way as First Solar, Taiwan Semiconductor, and Applied Materials benefited from stronger-than-expected demand. The Financials sector also helped performance with strong returns from Orix in Japan and emerging market banks, HDFC in India and Bank Rakyat in Indonesia. Within Real Estate, green infrastructure financier Hannon Armstrong continued its strong performance. Emerging Markets was the best-performing region, bolstered by Chinese green energy leaders Xinyi Solar (solar glass) and BYD (EVs and batteries) as well Brazilian payment processor PagSeguro. Japan also contributed to relative performance with 20%+ returns from holdings Hoya, Daikin, and Keyence. Other notable outperformers were Danish wind energy leaders Orsted (wind farm developer) and Vestas (turbine manufacturer) as well as British sustainable housing developer Barratt Developments Plc.

Stock selection in the Materials sector was the largest detractor from relative performance. Our sustainable leaders did not keep up as commodities price rallies benefited metal & mining stocks. From a regional perspective, Asia Pacific ex-Japan detracted modestly from performance. Defensive Consumer Staples and Healthcare holdings were among the notable detractors: Essity, Kimberly Clark, Biogen, and Gilead. US Sustainable housing leaders KB Home (developer) and TopBuild (insulation specialist) lagged after outperforming in earlier periods, while Technology holdings VMWare and Adobe also underperformed.

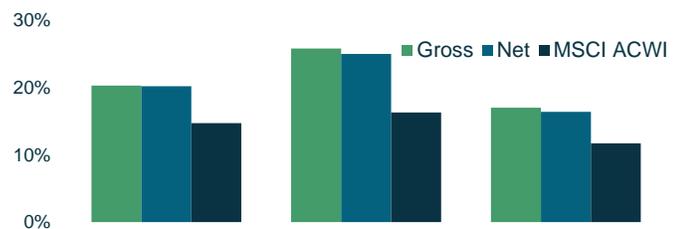
Portfolio Activity

Among our transactions this quarter, we bought several innovative companies whose products and services help to address some of the worlds’ environmental challenges and will benefit from rising sustainability-driven investment spending. Carrier Global is a manufacturer of sustainable solutions in heating, cooling, and refrigeration (HVAC) systems. With a large global business relative to its peers, Carrier is well positioned to benefit from demand for higher interior air quality and efficiency initiatives announced not only in the US, but also in countries with leading carbon-neutrality goals in Europe and Asia. The company’s ductless systems offer greater ease of installation while reducing the heat loss associated with traditional central air ducts and inefficiency of window units. We also purchased Borregaard, a Norwegian green chemicals specialist in petrochemical alternatives such as Lignin, a wood-derived product. With 95% of production sourced from sustainably grown spruce trees, almost every one of the nearly 650 products the company sells to its customers is replacing a fossil fuel-based incumbent. Finally, we initiated a position

in Tomra, another Norwegian sustainability leader focused on recycling. Its sensor-based machines are integral to the proper and efficient recuperation of resources such as plastics and metals. Demand for its tools and related services should see significant growth as they play an increasingly integral role in the establishment of a truly circular economy.

To fund these new positions, we exited positions with a relatively lower impact revenue footprint and less favorable future total return potential from current share price levels. We sold software and cloud services powerhouse Microsoft, digital media leader New York Times, French industrial software specialist Dassault Systems as well as Alexandria Real Estate. In the Consumer Staples sector, we sold out of consumer products giant Kimberly Clark and Japanese personal care company Kao Corp.

Performance



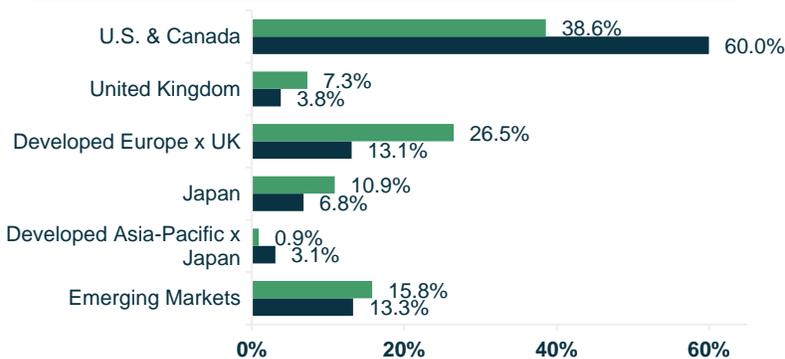
	QTD	1Yr	Since Inception*
Gross	20.3%	25.8%	17.0%
Net	20.2%	25.0%	16.4%
MSCI ACWI	14.7%	16.3%	11.7%

Portfolio Characteristics

	Boston Common	MSCI ACWI
# Holdings	52	2,982
Valuation		
Price/EPS (NTM)	21.2	20.1
Enterprise Value/EBITDA (NTM)	14.5	13.2
Price/Book	3.2	3.0
Price/Sales	2.5	2.3
Dividend Yield	1.1%	1.7%
Growth		
3yr EPS Consensus Growth	8.6%	6.7%
3yr Sales Growth	4.7%	2.6%
Quality		
Beta**	0.91	1.00
LT Debt to Cap.	33.2%	37.0%
Net Debt to EBITDA	1.7	1.1
Return on Equity	15.5%	14.7%
Earnings Variability***	21.2%	23.0%
Free Cash Flow Yield	3.3%	4.1%

*Since Inception: September 30, 2018. **The Beta calculation is based on the trailing five-year performance of a representative account within a portfolio’s strategy, ***Variability is calculated as the mean absolute difference between actual earnings per share and a five-year historical growth trendline, expressed as a percentage of trendline.

Regional Allocation



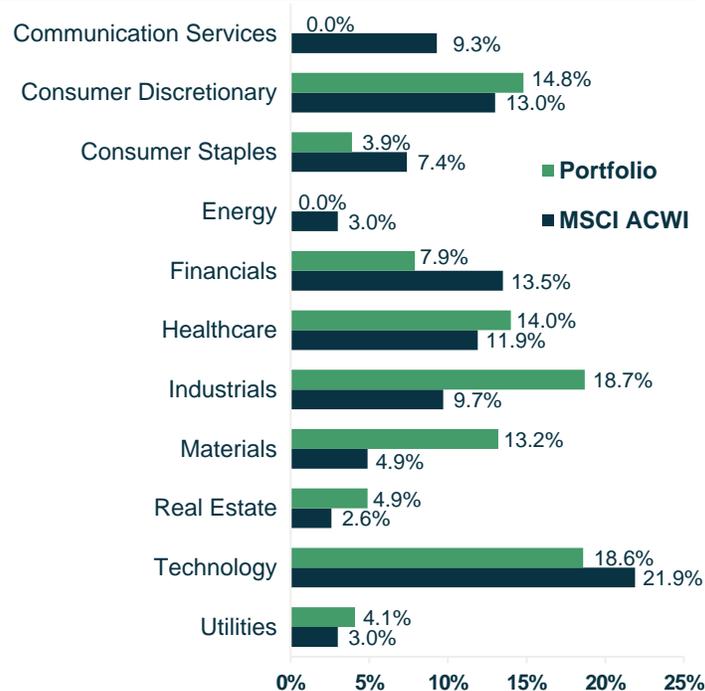
Portfolio Activity

Closed	Sector	% of Port.
Alexandria Real Estate	Real Estate	0.9%
Biogen	Healthcare	1.3%
Dassault Systemt	Technology	1.5%
Ferguson PLC	Industrials	1.5%
Kao Corp	Consumer Staples	1.1%
Kimberly Clark	Consumer Staples	1.3%
Microsoft Corp	Technology	1.5%
New York Times	Comm. Services	1.4%
Total Closed		10.5%
New	Sector	% of Port.
Borregaard	Materials	2.1%
Carrier Global	Industrials	2.6%
China Trad. Chinese Medicine	Healthcare	1.9%
Tomra Sys	Industrials	2.3%
Total New		8.9%

Contributors & Detractors

Top 10	% of Capital	Return	Relative Contrib.	Sector
XINYI SOLAR HOLDINGS LTD	2.5%	66.0%	1.07%	Technology
HANNON ARMSTRONG	3.1%	51.9%	1.00%	Real Estate
BYD COMPANY LTD	1.8%	65.3%	0.96%	Consumer Discretionary
FIRST SOLAR INC	2.5%	49.4%	0.78%	Technology
VESTAS WIND SYSTEM	2.8%	44.9%	0.76%	Industrials
PAGSEGURO DIGITAL LTD	2.2%	50.9%	0.69%	Technology
BARRATT DEVEL	2.0%	48.9%	0.57%	Consumer Discretionary
BK RAKYAT	2.2%	45.2%	0.54%	Financials
ORSTED A/S	1.7%	48.2%	0.49%	Utilities
APPLIED MATLS INC	1.8%	45.5%	0.49%	Technology
			7.36%	
Bottom 10				
KB HOME	2.1%	-12.2%	-0.60%	Consumer Discretionary
VMWARE INC	2.1%	-2.4%	-0.38%	Technology
ESSITY AB	1.6%	-3.2%	-0.30%	Consumer Staples
NOVOZYMES A/S	1.2%	-8.9%	-0.29%	Materials
BIOGEN INC	0.8%	-12.6%	-0.28%	Healthcare
KIMBERLY CLARK CORP	1.1%	-8.5%	-0.28%	Consumer Staples
GILEAD SCIENCES INC	1.2%	-6.4%	-0.25%	Healthcare
ADOBE INC	1.6%	1.9%	-0.21%	Technology
TOPBUILD CORP	2.6%	7.8%	-0.17%	Consumer Discretionary
VONOVIA SE	1.9%	6.4%	-0.16%	Real Estate
			-2.91%	

Sector Allocation



Shareowner Engagement Highlights

Ensuring COVID-19 Vaccines and Therapies are Affordable and Widely Accessible

Boston Common is part of a [group of investors](#) raising the pressure on drug makers to ensure COVID-19 vaccines and therapies are affordable and widely accessible. Shareholder resolutions were filed at pharma Companies* seeking to prioritize access and affordability over profits for COVID medicine developed using public funds.

*Eli Lilly, Gilead, J&J, Merck, Pfizer, & Regeneron

Addressing Racial Disparities in the Food and Beverage Industry

Boston Common is among the [investors that sent letters](#) to major food and beverage companies calling on them to examine how their business models, operations, and value chains may directly or indirectly contribute to racial inequities.

Maturing Approach to ESG Oversight and Disclosure in Emerging Markets and Asia

In the second half of 2020, we actively engaged our EM and Asian holdings* on advancing ESG oversight, management, and disclosure. This includes guidance related to future ESG disclosure, assessing and setting metrics and targets, and establishing clear oversight on ESG/Sustainability strategy. One clear priority is climate with net zero carbon goals being set in countries like China and Japan. We continued our multi-year dialogue with Bank Rakyat (BRI) on how they are addressing deforestation risk related to lending to commodities producers including palm oil.

*Beijing Enterprises Water Group, CTCM, LG Chem, NTT, Sundrug, Sunny Optical, Taiwan Semiconductor, and Xinyi Solar

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