



**Boston Trust Walden**  
Principled Investing.

# ACCELERATING CHANGE. AMPLIFYING IMPACT.

2021 ESG IMPACT REPORT



# WELCOME

Simply stated, 2021 was a perplexing year. US economic and business activity rebounded dramatically, and, from the perspective of our firm, the year concluded with Boston Trust Walden in its strongest financial position ever. Yet the persistence of the global pandemic that continues to expose entrenched economic and social inequalities, coupled with the impacts of extreme climate events worldwide — from brutal heat and wildfires to massive flooding — remained as ever-present reminders of the enormity of the challenges before us.

As investors, our work to support and encourage sustainable business practices through investment decisions and the levers of active ownership has never been more important. Environmental, social, and governance (ESG) considerations are critical to managing risk and producing attractive, long-term investment results.

This annual report describes our investment approach regarding ESG analysis, summarizes progress we observed among portfolio companies, and highlights forward momentum across our core areas of engagement — climate risk, equality, and governance.

Evident in the report is our increased attention to investor collaboration and public policy advocacy to accelerate progress toward a more just and sustainable world. While direct engagement remains foundational to our work, a multi-faceted, collaborative approach helps address the vast and complex issues we face. It also accelerates and amplifies the results we achieve on behalf of our clients.

We also touch upon Boston Trust Walden's own ESG performance as an employer, holding ourselves to the same high standards as the companies in which we seek to invest client assets. We describe actions taken to achieve one of our core company objectives — fostering a positive workplace culture — a goal that took on new meaning in the context of COVID-19.

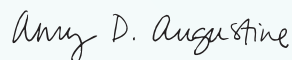
The challenges now and ahead are daunting but our commitment to contribute to solutions remains unwavering.

We hope you find this report informative and inspiring.

**Stephen J. Amyouny**  
Co-Chief Executive Officer



**Amy D. Augustine**  
Director, ESG Investing



**STEPHEN J. AMYOUNY**

Co-Chief Executive Officer



**AMY D. AUGUSTINE**

Director, ESG Investing

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# FIRM OVERVIEW

Boston Trust Walden Company is an independent, employee-owned investment management firm with approximately \$15 billion<sup>1</sup> in assets under management as of December 31, 2021.

As an active manager, we focus on investing client assets in securities we judge to be high financial quality. We believe incorporation of financially material ESG factors in the investment decision-making process is consistent with this focus. We integrate ESG considerations across all our investment strategies, leveraging the research and expertise of our in-house analysts. 100% of Boston Trust Walden's proprietary investment strategies are managed with ESG considerations. This represents the vast majority of assets under management. Approximately half of these assets employ additional unique ESG criteria designed to align portfolios with our clients' missions and values.

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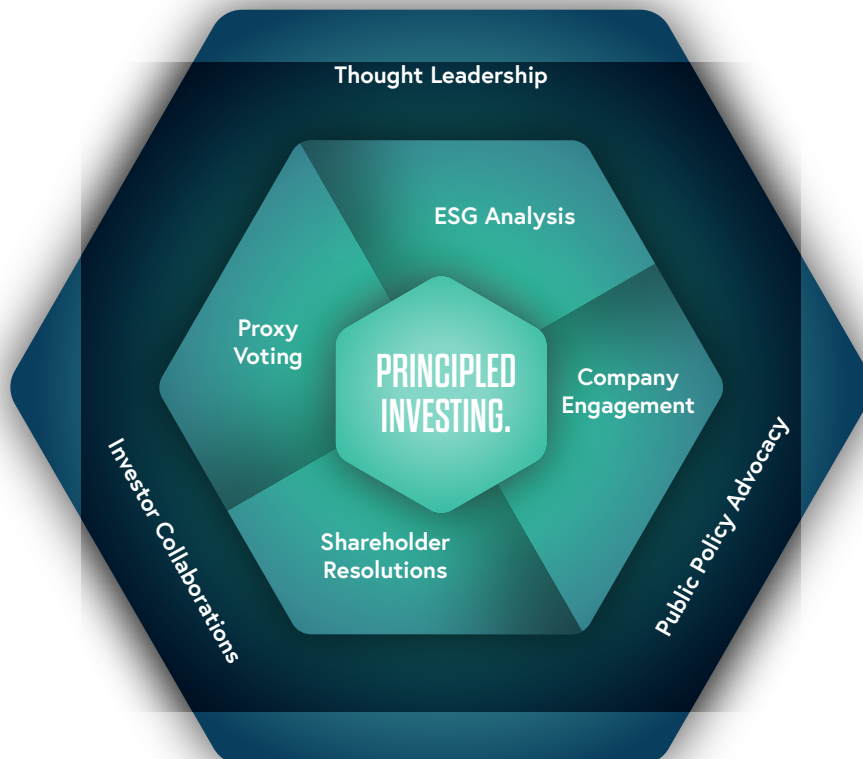
<sup>1</sup>Includes assets managed by Boston Trust Walden Company and its wholly owned investment adviser subsidiary, Boston Trust Walden Inc.

## IMPACT INVESTING APPROACH






Since the 1970s, Boston Trust Walden has used its role as an investor to address complex social and environmental issues. Through the levers of active ownership, we encourage the companies in which we invest to adopt better ESG policies and practices because we recognize companies that effectively manage sustainability risks are better positioned for success. Our in-house team uses a range of tools and tactics refined over our more than four decades of experience engaging companies and policymakers both directly and in coalition.










Our multi-faceted approach seeks to amplify the *scope* and *scale* of our impact:

- **ESG analysis:** considering ESG factors when making investment decisions
- **Company engagement:** communicating directly with company management teams or boards
- **Shareholder resolutions:** filing proposals for vote at company annual general meetings (AGMs)
- **Proxy voting:** voting on ballot items included in company proxy statements for AGMs
- **Public policy advocacy:** engaging at the regional, national, and international levels
- **Investor collaborations:** partnering with stakeholders to accelerate and amplify impact
- **Thought leadership:** raising the bar with respect to ESG analysis and active ownership



## LEADERSHIP TIMELINE

- 2021** —  Signed on to the Net Zero Asset Managers Initiative supporting the goal of net zero greenhouse gas emissions by 2050 or sooner
- 2020** —  Encouraged 100 companies to disclose workforce demographics as COVID-19 and US focus on systemic racism accelerated action to combat racial and gender inequities
- 2018** —  Filed 500<sup>th</sup> shareholder resolution; ~40% successfully withdrawn with agreement
- 2017** —  Successfully challenged large asset managers to address ESG issues in their proxy voting policies and practices
- 2015** —  Spearheaded campaign to align corporate goals on greenhouse gases with climate science

 Began incorporating Sustainable Development Goals into investment and active ownership practices
- 2010** —  Led, with AFSCME, **Say on Pay** initiative on executive compensation accountability
- 2007** —  Principles for Responsible Investment Became signatory to the Principles for Responsible Investment
- 2002** —  Convinced 40% of retail pharmacies to phase out mercury thermometers
- 1999** —  Began managing fossil fuel free portfolios
- 1992** —  Launched **Just Vote No** — voting against boards of directors without people of color or women, a practice later adopted by other firms
- 1986** —  Filed first shareholder resolution by a mutual fund, prompting a company to negotiate in good faith with its union
- 1982** —  Sub-advised first US mutual fund with anti-apartheid criteria
- 1975** —  Initiated socially responsive investment services



# PRINCIPLES FOR RESPONSIBLE INVESTMENT

In 2006, the UN Secretary-General convened an international group of investors committed to integrating ESG considerations into investment decision-making and ownership practices to develop the Principles for Responsible Investment (PRI). Today, PRI represents over four thousand signatories with more than \$121 trillion in assets, including many of the world's largest asset owners and managers.

*Signatory of:*



A supporter of PRI since becoming a signatory in 2007, Boston Trust Walden's leading commitment to public transparency is evidenced by our comprehensive responses to PRI's annual questionnaire (some of which are optional). We honored this commitment in 2021 when PRI rolled out a new pilot Reporting Framework by disclosing publicly our responses to all trial questions, including a thoroughly revised "Sustainability Outcomes" section.

Boston Trust Walden continues its active participation in PRI's Corporate Reporting Reference Group and Sustainable Development Goals Advisory Committee. We also contribute to case studies and research authored by PRI, such as its Human Capital Management project, and continue to provide PRI input to inform and strengthen its evolving reporting framework.

## 2021 PRI ASSESSMENT

In 2021, PRI encountered challenges with its new reporting framework, which delayed annual assessments of signatories. We will publish the results of our 2021 assessment when the scores become available. In the meantime, we provide results below for 2020, when Boston Trust Walden was awarded high scores in every category.

**TABLE 1. 2020 SCORES**

Strategy & Governance	A+	(Median score: A)
Listed Equity — Incorporation	A+	(Median score: A)
Listed Equity — Active Ownership	A+	(Median score: B)
Fixed Income — Sovereign/Supra/Agency (SSA)	A	(Median score: B)

Boston Trust Walden's transparency report: [bit.ly/3kifJZv](https://bit.ly/3kifJZv)

PRI's 2020 assessment report: <https://www.bostontrustwalden.com/wp-content/uploads/2020/08/2020-Assessment-Report-for-Boston-Trust-Walden.pdf>





# ESG ANALYSIS

Our firm has been integrating ESG factors into investment decisions since 1975 — one of the longest track records of any institutional investment manager. ESG considerations are integral to our investment philosophy. We seek to invest in enterprises with sustainable business models, strong financial underpinnings, prudent management practices, and a governance structure that supports these objectives.

We define ESG integration as the process of recognizing the financial materiality (or significance) of ESG factors as part of our investment process that seeks to identify high quality securities. In-house analysts examine a company's ESG performance to enhance our understanding of potential financial outcomes associated with issues ranging from risks (e.g., losing the license to operate) to opportunities (e.g., generating new sources of revenue).

Figure 1. Spectrum of Financial Outcomes



We believe ESG factors affect corporate performance. Consideration of these factors is part of our fiduciary duty to ensure client assets are invested in a set of securities well positioned to minimize risk and produce sustainable returns.

“To be competitive, companies must effectively manage material ESG risks and opportunities. Doing so mitigates risks, leads to more efficient operations, helps attract and retain key talent, strengthens supply chains, and can result in new market opportunities.”

Aaron Ziulkowski, CFA  
Senior Investment Analyst  
and Manager, ESG Integration

## CASE STUDY: TE CONNECTIVITY

A designer and manufacturer of connectors and sensors for transportation, industrial, and communications markets, TE Connectivity (TEL) is the global leader in automotive connectors. Customers tend to be loyal because connectors comprise a small fraction of a vehicle's cost, yet can cause brand risks for customers should they fail. Moreover, TEL's connectors reside at the epicenter of an automotive revolution: the shift from internal combustion engines (ICE) to electric-powered vehicles (EVs).

Each company considered for investment in client portfolios is reviewed simultaneously and collaboratively by an ESG analyst and a fundamental analyst. Together they identify potentially material ESG risks and opportunities based on assessments of macro and industry trends as well as company-specific characteristics. After an initial review of TEL's end markets, we identified the market opportunity associated with EVs as the most important area for further research.

Utilizing a variety of third-party resources and our own primary research efforts, we assessed three key questions:

- What is the growth opportunity associated with the EV market?
- How significant is TEL's role in this opportunity?
- What is the potential financial outcome for TEL?

### THE EV MARKET OPPORTUNITY

Though EV adoption is in its early stages, the growth opportunity presented by TEL's participation in the market is sizeable. The International Energy Agency (IEA) estimates that over 60% of global new car sales must be electric by 2030 to achieve net zero emissions by 2050. And every year automotive companies are bringing more new EV models to market. Moreover, EVs require significantly more connector content than ICE vehicles.



According to TEL, EVs require more — possibly two times as many — electrical products than ICE vehicles. This creates a significantly expanded new market opportunity for TEL.

TEL management has positioned itself to take advantage of this tailwind by investing heavily in associated technologies via internal research and development as well as acquisitions. These efforts are bearing fruit in the form of new componentry to address common EV engineering challenges such as battery management and weight reduction.

TEL's efforts are earning recognition. The company has been awarded design wins across leading brands, suggesting a continuation of its advantaged position in the shift to EVs. Its innovation engine may further distinguish the company from competitors.

## OUR INVESTMENT DECISION

Boston Trust Walden makes active investment decisions based on our assessment of financial quality, the sustainability of the business model, and valuation.

Having established the growth potential of the EV market and its significance to TEL, the analyst determined the opportunity could result in a positive financial outcome — in this case, an increase in revenue. While pinpointing a precise growth estimate is challenging, if one makes the reasonable assumption that EVs will comprise a majority of passenger vehicle sales by 2050, TEL could experience incremental revenue growth of 2% annually. That may sound modest, but, over the span of almost three decades, this increased revenue could represent a substantial amount of the company's value — perhaps one-quarter or more, based on our discounted cash flow analysis.

Consideration of ESG factors informed our view of TEL's potential for sustained growth — a key characteristic of a high quality company. TEL's historical financial results offered further evidence of its high quality financial profile: a record of relatively stable free cash flow generation despite exposure to cyclical end markets, a strong balance sheet, and profitability in line with peers and improving over time.

As part of our securities research process, we seek to determine how the market opportunity for electric vehicles could result in a positive financial outcome for the company.

Importantly, TEL's valuation also appeared reasonable. Despite our observed importance of EVs to TEL's business, many investors did not appear to ascribe much value to its participation in the market. A flurry of EV companies have commanded eye-catching valuations despite some having limited or no commercially available product. Yet rather than trading at a premium to the US market, TEL stock traded at a discount at the time of our analysis, as measured by its price-to-earnings ratio compared to the Russell 3000® Index. Certainly, TEL does not possess the lottery-like upside of some new market entrants; however, this may prove to be an appealing trait as the company's brand-agnostic products benefit from the overall rising tide of EV adoption, while avoiding the idiosyncratic risks of individual automotive companies.

In summary, ESG factors played a crucial role in our assessment of TEL. While TEL provides a window into our thinking and demonstrates our process for all companies in which we seek to invest.

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“Our analysis of TEL's historical financial results confirmed its high quality financial profile. Yet, the potential to *sustain* growth is a key characteristic of a high quality company. While the future is unknown, our analysis of TEL's market opportunity related to EVs provided an important piece of evidence that its growth may continue.”

Mark Zagata, CFA  
Portfolio Manager

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD)

For the third year in a row, we used the framework created in 2017 by the Task Force on Climate-related Financial Disclosure (TCFD) to guide disclosure of Boston Trust Walden's efforts to manage climate risk.

Our [2021 response to the TCFD questionnaire](#) describes how we incorporate climate risk into our investment decisions and active ownership efforts, including:

- a robust process to identify, assess, and integrate climate risks and opportunities into investment decision-making across all investment strategies;
- a tracking system identifying which companies have committed to set, or have established, science-based or net zero greenhouse gas (GHG) emissions reduction goals;
- direct and collaborative climate-related company engagement, public policy advocacy, and proxy voting practices; and
- lower (i.e., better) weighted average carbon intensity of our portfolios compared to their respective benchmarks.

In a separate publication entitled [Measuring the Carbon Impact of an Investment Portfolio](#), we report on our carbon intensity results and summarize the benefits and challenges of portfolio carbon metrics generally. We also report on results of our engagement efforts encouraging companies to set GHG emissions reduction goals.

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“In becoming a signatory of the Net Zero Asset Managers Initiative, Boston Trust Walden is committing to do our part to accelerate global efforts to achieve net zero greenhouse gas emissions by 2050 or sooner. As an asset manager, we have a unique ability and responsibility to influence corporate leadership to actively mitigate the climate crisis.”

Laura Devenney  
Senior ESG Analyst

### GETTING TO NET ZERO

To further bolster our efforts, in March 2021 Boston Trust Walden became an early signatory to the **Net Zero Asset Managers Initiative**, an international group of asset managers committed to supporting the goal of net zero GHG emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius.

## WEIGHTED AVERAGE CARBON INTENSITY

In 2021, the carbon intensity of most strategy model portfolios compared favorably to respective benchmarks (Table 2). The Small Cap strategy's model portfolio proved an exception in 2021 due to the strategy's overweight to the utility sector and holding of electric utility Idacorp in particular.

Despite the negative impact of the utility sector on the carbon intensity result of the Small Cap strategy's model portfolio, we recognize Idacorp for leading its peers in setting GHG emissions reduction goals. As we describe in [Measuring the Carbon Impact of an Investment Portfolio](#), one of the limitations of using the carbon intensity metric is that it does not factor in forward-looking GHG emissions reduction goals. At Boston Trust Walden, we encourage companies to set such goals as part of our climate engagement work. Idacorp has set a goal to achieve net zero emissions before mid-century. Our research indicates the company is ahead of schedule in retiring the coal-fired generating plants in which it has joint ownership.

**TABLE 2. BOSTON TRUST WALDEN RESULTS: WEIGHTED AVERAGE CARBON INTENSITY (tCO<sub>2</sub>e/\$MILLION SALES)**

	Small Cap	SMID Cap	Mid Cap	Large Cap Core	Large Cap Value	Fossil Fuel Free Large Cap Core
Carbon Intensity — Boston Trust Walden	119	79	55	66	74	74
Carbon Intensity — Benchmark	120	159	208	120	222	120
<b>Carbon Intensity (relative to benchmark*)</b>	<b>-1%</b>	<b>-50%</b>	<b>-74%</b>	<b>-45%</b>	<b>-67%</b>	<b>-39%</b>
Attribution: Sector Allocation	15	9	13	-21	12	-64
Attribution: Stock Selection	-12	-89	-166	-34	-160	17
#1 Contributing Stock	IDA	IDA	H	APD	COP	APD
#2 Contributing Stock	SXT	RPM	RPM	XOM	UNP	UNP
#3 Contributing Stock	CPK	ATO	OGS	UNP	PKG	UPS

Source: Boston Trust Walden, MSCI, CDP, company disclosures

\*In order, the benchmarks are as follows: Russell 2000®, Russell 2500™, Russell Midcap®, Russell 1000®, Russell 1000 Value®, Russell 1000®. We applied the most recent available carbon data (12/31/20) to portfolios as of 12/31/21. The metrics above are based on the strategy's model portfolio and are not actual results from a client portfolio.

**Past performance does not guarantee future results.** The holdings of any particular account may vary based on any investment restrictions applicable to the account. This information is for illustrative purposes only to demonstrate Boston Trust Walden's process and is subject to change at any time. The securities identified do not represent all the securities purchased, sold, or held for accounts and should not be interpreted as a recommendation. There is no guarantee that holding the securities identified was or will be profitable.



# ACCELERATING CHANGE THROUGH ACTIVE OWNERSHIP

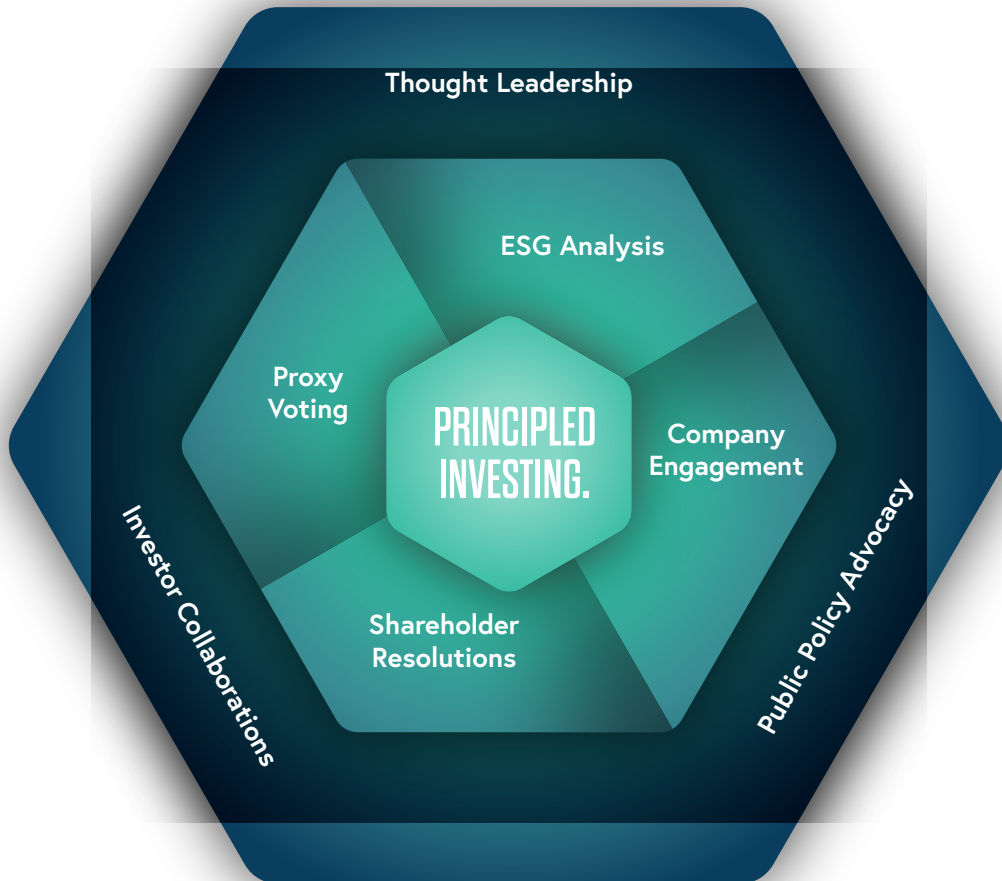
Boston Trust Walden's in-house team of impact investing professionals seeks to strengthen the sustainability policies, practices, and public reporting of the portfolio companies they research through active ownership. Our multi-faceted approach to active ownership is designed to amplify the scope and scale of our impact across three issue areas: **climate risk**, **equality**, and the **governance** mechanisms that underpin them. These issue areas are strategically aligned with the diverse interests of our broad client base as well as the deep expertise of the Boston Trust Walden team.



Finding solutions to the urgent sustainability challenges of our time, including inequity, racism, and the global climate crisis, requires focused discipline and an understanding of how impact is achieved through the levers of active ownership. To realize change at the pace and scale required, our team of experts combine direct company engagement with multi-stakeholder initiatives, public policy advocacy, and thought leadership. The sections that follow describe in greater detail how our team uses all these levers to further progress on climate risk, equality, and governance — delivering results on behalf of our clients that enhance the long-term prosperity of investors, businesses, the economy, and society.

“In a time of unprecedented disruption and uncertainty, our focused discipline of 'Principled Investing' enables both accelerated change and amplified impact.”

Amy D. Augustine  
Director, ESG Investing





## FOCUS AREA: CLIMATE RISK

The changing climate is an extraordinary environmental challenge with far-reaching economic, environmental, and societal implications, creating risks and opportunities for companies and investors. As investors who hold shares of publicly traded securities, we believe we have a unique ability to influence corporate leadership to advance solutions to the climate crisis.

We encourage companies to aggressively pursue a path toward a net zero emissions future by asking them to:

- set GHG emissions reduction targets based on widely-accepted scientific research; and
- advocate for and support science-based climate policy with lawmakers at the regional, national, and international levels.

The two components of our climate risk engagement strategy are interrelated and self-reinforcing. As companies set science-based targets, they signal to lawmakers that addressing climate change makes good business sense, enabling legislators and regulators to develop sound public policy solutions to mitigate climate change. With an informed and effective public policy framework in place, companies are better able to achieve climate-related goals.

## CLIMATE RISK ENGAGEMENT IN PRACTICE

### JPMORGAN CHASE COMMITS TO FINANCED EMISSIONS DISCLOSURE

The banking sector plays a particularly critical role in the global transition to net zero emissions. In the simplest terms, banks need to both reduce financing of fossil fuels and other activities that generate significant levels of GHG emissions and increase funding of low carbon solutions.

In early 2021, Boston Trust Walden co-filed a shareholder proposal asking JPMorgan Chase whether, when, and how it planned to measure and disclose the GHG emissions associated with the company's financing activities ("financed emissions"), as part of its Paris-aligned financing commitment. The proposal was successfully withdrawn when the company committed to disclose the GHG emissions attributable to its financing activities for the oil and gas, electric power, and automotive manufacturing sectors; report annually on its portfolio decarbonization efforts; and provide a timeline for disclosing the bank's financed emissions for other sectors it finances.

### CONSOLIDATED EDISON MOVES TOWARD CLIMATE-ALIGNED LOBBYING

Electric utility companies face unique challenges and opportunities amid the energy transition. Consolidated Edison ("ConEd") is one company taking an increasingly holistic approach to how it is addressing these dynamics — from expanding its clean energy commitment to establishing a goal of net zero GHG emissions by 2040 to implementing climate adaptation projects.

To realize these climate goals, corporate commitments must be matched with effective public policy. In 2021, we partnered with other investors to ensure ConEd is conducting proper oversight and alignment of its climate-related lobbying activity.

In December 2021, ConEd committed to annually disclose its process for evaluating the alignment of its direct and indirect lobbying activities with its clean energy commitment; the criteria it uses when evaluating trade association and other organization memberships; and the leadership actions the company is taking in certain trade associations to both influence policymaking and navigate policy misalignment.

Given the current trajectory of global emissions, achieving the goal of **net zero emissions by 2050** requires interim goals and plans for meaningful action by a range of companies and stakeholders. Accordingly, our engagements on climate risk take different forms.

## EXPANDING IMPACT THROUGH COLLABORATION

### PARIS-ALIGNED CLIMATE LOBBYING

Companies continue to play an outsized role in influencing public policymaking, which is why we are asking portfolio companies to increase transparency on climate lobbying and align their direct and indirect policy advocacy with the goals of the Paris Agreement. In 2020, Boston Trust Walden became a founding partner of a collaborative initiative — led by eight investors and supported by hundreds of others — asking nearly 50 major US companies included on the Climate Action 100+ initiative's focus list to publish an assessment outlining how their climate policy priorities align with their trade associations' positions. Boston Trust Walden is currently engaging more than a dozen portfolio companies on this issue and filed six climate lobbying shareholder proposals in advance of the 2022 company annual meetings.<sup>2</sup>

For decades, Boston Trust Walden has been instrumental in advancing climate solutions with company and policy influencers both directly and in coalition. **Collaboration with key partners allows Boston Trust Walden to expand our reach and scale impact.**

### ENHANCED CORPORATE DISCLOSURE

Since 2017, the nongovernmental organization CDP has coordinated a financial institution-led global engagement campaign to drive enhanced environmental disclosure related to climate, water, and deforestation risks. Of the nearly 600 investors included in the global CDP network, just two dozen serve as lead investors for CDP Non-Disclosure Campaign company engagements — Boston Trust Walden among them. In 2021, we engaged 50 companies through our participation in this campaign, serving as the lead investor with ten portfolio holdings.

### SCIENCE-BASED TARGETS

Building on the success of previous investor collaborations, in 2020 CDP initiated a Science-Based Targets (SBT) campaign calling on companies to set GHG emissions reduction goals aligned with the 1.5 degree Celsius climate goal and to achieve net zero emissions by 2050. In 2021, Boston Trust Walden joined the SBT campaign alongside investors representing nearly \$30 trillion in assets. The campaign issued letters to more than 1,600 companies, including approximately 60 client portfolio holdings. We continue to directly engage companies that have yet to set science-based GHG emissions reduction targets.

More than **120 companies** across our investment strategies have set, or committed to set, science-based targets.

<sup>2</sup>2022 climate lobbying resolutions filed with Alphabet Inc., Amgen Inc., JPMorgan Chase & Co., Merck & Co., Union Pacific Corporation, and UnitedHealth Group Incorporated

## PUBLIC POLICY ADVOCACY

### INFLUENCING INTERNATIONAL CLIMATE POLICY ACTION

In the lead-up to COP26, Boston Trust Walden actively collaborated with our peers to send a clear message to world leaders that quick action is needed, and that we as investors are willing and ready to do our part. To that end, in 2021 Boston Trust Walden:

- **became a signatory of the Net Zero Asset Manager Initiative**, an affiliate of the Glasgow Financial Alliance for Net Zero, which committed us to set firm-specific commitments that will help to accelerate global efforts to achieve net zero GHG emissions by 2050 or sooner;
- **signed the Global Investor Letter to Governments on the Climate Crisis** alongside 733 other investors representing over \$52 trillion in assets, urging countries to strengthen their Nationally Determined Contributions (NDCs) to help reduce global carbon emissions 45% by 2030, and also dramatically reduce all GHG emissions, on a path to net zero emissions by 2050 or sooner;
- **joined 408 businesses and investors via the We Mean Business Coalition**, calling on the Biden Administration to adopt a target that would enable the US to reduce its GHG emissions at least 50% by 2030;
- **joined investor members of the FAIRR Initiative** urging G20 governments to include specific GHG emissions reduction targets for the animal agriculture industry, within or alongside their NDCs; and
- **signed ICCR and Ceres coalition letters** calling on the Biden Administration to rapidly strengthen and expand methane regulations for the US oil and gas sector.

COP26 resulted in incremental progress on numerous climate-related policy themes. Participating countries took steps to endorse the latest climate science presented by the Intergovernmental Panel on Climate Change (IPCC), intended to limit global temperature rise to no more than 1.5 degrees Celsius. Countries also agreed to announce stronger climate action plans in 2022 — a reflection of the limited progress made to date on the pathway to reduce global emissions 45% by 2030.<sup>3</sup> While these bright spots of increased ambition are encouraging, the limited evidence of advancement continues to underscore the critical need to quickly transition from lofty commitments to tangible action by public and private sectors alike.

The gathering of nearly 200 countries for the 2021 UN Climate Change Conference in Glasgow (COP26) was a **critical moment for investors — individually and collectively** — to articulate the business case for public policy solutions that will enable the transition to a zero emissions economy.

Some of the more notable outcomes from COP26 include:

- Countries agreed to **phase-down coal power and phase-out certain fossil fuel subsidies**.
- More than 130 countries, representing 90% of the world's forests, committed to **stop and reverse deforestation and land degradation** by 2030.
- More than 100 countries, representing 70% of the global economy and nearly half of methane emissions, committed to **cut methane emissions from high emission sources** 30% by 2030.

<sup>3</sup> <https://www.ipcc.ch/report/ar6/wg2/>

## THOUGHT LEADERSHIP

### STRENGTHENING CLIMATE RISK DISCLOSURE

In early 2021, the US Securities and Exchange Commission (SEC) called for public comment regarding a proposed rule guiding climate risk disclosure. Response to the SEC's request resulted in the submission of more than 550 comment letters — [Boston Trust Walden's included](#). Among investor respondents, 70% called for alignment with the already established Task Force for Climate-related Financial Disclosure reporting framework and 65% called for comprehensive disclosure of GHG emissions (Scopes 1, 2, and 3).<sup>4</sup> Investor response to the proposed rule reflects the rising demand for companies to not only measure and report material risks related to climate change, but also provide insight into climate scenario analyses, governance structures, performance targets, and strategies for transitioning to a net zero emissions economy.

In December 2021, Boston Trust Walden submitted additional commentary to the SEC in advance of its release of the proposed rule guiding climate risk disclosure. This commentary, which built upon a letter we submitted in June 2021, urged SEC Chair Gensler to release the strongest proposed ruling possible with specific note of requirements related to scope 3 emissions disclosure, methane emissions disclosure for the oil and gas industry, and climate-related political spending and lobbying disclosure. The SEC published its proposed rule in late March 2022 and we plan to submit further comment to ensure the guidance results in robust and decision-useful climate risk disclosure.

Boston Trust Walden advocates for **comprehensive climate-related policy on a regional, national, and international level**. We also actively engage US regulators to strengthen corporate disclosures to ensure investors have access to consistent, comparable, comprehensive, and decision-useful information.

### SECTOR PATHWAYS TO NET ZERO: FOOD & BEVERAGE

Achieving a net zero emissions future requires sector-specific pathways and solutions. In 2021, Boston Trust Walden provided our expert feedback and guidance to Ceres and PRI in their identification of priority climate risk management strategies for food and beverage companies, examining those needed within operations and across the value chain. The resulting report, [Global Sector Strategies: Recommended Investor Expectations for Food and Beverage](#), is an output of the Climate Action 100+ initiative that will develop specific investor expectations for priority sectors in the transition to a net zero economy.

<sup>4</sup> Ceres, 2021. SEC enforcing 2010 guidance on climate change disclosure and releasing a proposed rule for mandatory disclosure in early 2022. <https://wakelet.com/wake/2Q9snMxAuwrtbxhYPYDdLI>



## FOCUS AREA: EQUALITY

Good human capital management can facilitate economic mobility, close the opportunity gap within the workplace, and level the playing field across an organization. Employers that foster a culture of diversity, equity, and inclusion (DEI), including robust equal employment opportunity (EEO) policies and programs, benefit from increased worker satisfaction and productivity, an enhanced ability to attract and retain top talent, and reduced employee turnover and associated training costs. Moreover, diverse leadership improves decision-making processes and better reflects demographic trends within customer markets. In contrast, poor management of human resources exposes companies to reputation and litigation risk.

We encourage companies to:

- increase gender, racial, and ethnic diversity on boards of directors;
- disclose workforce composition statistics; and
- adopt and make public inclusive EEO policies and practices that explicitly protect LGBTQ+ employees from discrimination.

## EQUALITY ENGAGEMENT IN PRACTICE

### HUBBELL STRENGTHENS BOARD DIVERSITY

Our engagement with electrical and electronic manufacturer Hubbell on board diversity dates to 2015 when it had an all-male board. In multiple conversations with management, we encouraged leading practice board nominating processes and were updated on director recruitment. Along the way, Hubbell significantly strengthened its formal corporate governance policies to include: a description of the value of board diversity; explicit consideration of gender, race, and ethnicity in the nominating process; and, most recently, a commitment to create a diverse director candidate pool in each search, cementing its long-term commitment to board diversity.

Policies are important, but they must also translate into action. In Hubbell's case, the commitment to make progress has proven to be real. Of five new directors appointed since 2015, three were women and one a Hispanic man — a significant improvement since our first board diversity discussion with the company six years ago. And thanks to the company's strong board nominating processes, we expect to see further improvement over time.

Often our engagements with companies include several discussion items. With Hubbell, our conversations covered board and workforce diversity, including a request to publicly disclose its US workforce composition metrics. We welcomed the company's 2021 release of its EEO-1 Report<sup>5</sup>, serving as another example of how constructive and patient engagement over multiple years can foster positive results.

We use all the tools at our disposal to advance board diversity, recognizing it as a **critical attribute of a well-functioning board** and a measure of sound corporate governance.

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<sup>5</sup> The EEO-1 Report documents the gender, race, and ethnicity of US employees across job categories.



## SEI INVESTMENTS COMMITS TO WORKFORCE COMPOSITION DISCLOSURE

The financial sector has long been characterized by persistent underrepresentation of women and people of color in leadership positions. SEI Investments Company (SEIC) was no exception. When we initiated engagement with the company in 2018, women and people of color comprised 13% and 4% of executive and senior officer positions, respectively.

In 2019, Boston Trust Walden filed a shareholder resolution requesting a comprehensive breakdown of SEIC's workforce by race, ethnicity, and gender in alignment with the EEO-1 Report, as well as a description of policies and programs implemented to increase the diversity of its workforce. Following productive engagement and the company's commitment to disclose more data, we withdrew our resolution.

SEIC's recent reporting, however, took a step backward. In its 2020 report, job classifications were no longer consistent with the EEO-1 report, and, more importantly, separate racial and ethnic categories were aggregated into "Persons of Color." As a long-term shareholder, we are uniquely positioned to recognize and address this type of backsliding. After communicating our concern to the company, we filed another shareholder resolution in 2021 for the 2022 proxy statement, this time specifically requesting annual disclosure of its EEO-1 Report. To its credit, SEIC was quick to agree, and we withdrew the resolution based on the company's commitment.

SEIC recognized that the bar has risen and investors now expect comprehensive disclosure. Consistent and comparable metrics are critical to understanding how a company is attracting, retaining, and promoting over time racially, ethnically, and gender diverse employees. Moreover, public accountability provides impetus for companies to make meaningful progress.

Consistent and comparable metrics are critical to understanding how a company is **attracting, retaining, and promoting** over time racially, ethnically, and gender diverse employees.

## LGBTQ+ WORKPLACE EQUALITY ADVOCACY CONTINUES

The 2020 term of the US Supreme Court brought a landmark ruling on LGBTQ+ rights in the workplace — affirmation that [Title VII](#) prohibits discrimination based on sexual orientation and gender identity. This ruling reinforced Boston Trust Walden's long history of successfully engaging companies to adopt and disclose inclusive nondiscrimination (i.e., EEO) policies as public testimony of their commitment to LGBTQ+ equality.

Today, nearly all client portfolio holdings have publicly disclosed inclusive EEO policies. Shortcomings typically occur among companies with smaller market capitalization, though they are generally responsive to our outreach. In 2021, we engaged six companies on LGBTQ+ inclusive EEO policies; four subsequently adopted or posted inclusive policies to their websites and two are engaged in ongoing discussions.

As one of the first investment firms engaging companies on this issue in the early 1990s, we are proud to have encouraged more than 200 companies to strengthen and/or make public EEO policies inclusive of sexual orientation and gender identity or expression.

We understand policies do not automatically translate to equality experienced in the workplace, and so we remain committed to using our access and influence to ensure companies are providing workplace environments and opportunities in which all employees can advance and thrive.

We also remain committed to addressing LGBTQ+ discrimination via public policy advocacy, reinforcing the change we encourage on a company-by-company basis. Boston Trust Walden joined the Human Rights Campaign, 40 US senators, and more than 300 businesses in support of the Equality Act, which includes employment protections for LGBTQ+ individuals.



## EXPANDING IMPACT THROUGH COLLABORATION

### THIRTY PERCENT COALITION

In 2021, Boston Trust Walden continued to serve as co-chair of the institutional investor committee of the Thirty Percent Coalition alongside the California State Teachers' Retirement System. Representing more than \$7 trillion in assets, the Thirty Percent Coalition brings together public and private companies, professional services firms, institutional investors, government officials, and advocacy organizations to encourage greater diversity in corporate boardrooms, leading practice recruitment policies, and disclosure of board composition. Among those companies engaged via the Coalition's "Adopt a Company" campaign, more than 500 women directors have been added since its launch in 2012, including 127 out of approximately 250 companies engaged in 2021.

### RUSSELL 3000® BOARD DIVERSITY DISCLOSURE INITIATIVE

For the second year, Boston Trust Walden joined the Russell 3000® Board Diversity Disclosure Initiative, led by Illinois State Treasurer Michael Frerichs, seeking disclosure in annual proxy statements of the racial, ethnic, and gender composition of boards of directors. Accurate data on the racial and ethnic composition of boards of directors is not widely available, posing a challenge for investors who incorporate governance metrics in securities analysis and proxy voting. Noting the correlation between diversity and long-term performance, the 26 investor signatories recommended a "Board Matrix" approach to disclosure — a table depicting experience, skills, gender, and race or ethnicity of each director. Investors also took steps to commend the top 4% (117) of companies already implementing this leading practice.

As part of our workplace disclosure engagement efforts, in 2021, Boston Trust Walden signed the Workplace Equity Disclosure Statement in support of As You Sow's Workplace Diversity, Equity, and Inclusion Scorecard. The letter is part of a new initiative to assess, benchmark, and make public the performance of Russell 1000® companies with respect to their transparency on workplace equity issues.

## PUBLIC POLICY ADVOCACY

### INVESTORS DEMAND DIVERSITY DISCLOSURE

When the SEC signaled its intent to increase corporate accountability on workforce demographics in response to investor demand for more robust ESG disclosures, we acted swiftly.

In November 2021, we spearheaded a [letter](#) to SEC Chair Gensler in coordination with the Connecticut State Treasurer, Illinois State Treasurer, Washington State Investment Board, and 59 other investor organizations representing nearly \$1 trillion in assets, calling for the SEC to mandate disclosure of EEO-1 data, enabling access to US employee composition data by gender, race, and ethnicity across job categories. With virtually no incremental cost to companies, such disclosure provides the consistent, comparable, and decision-useful data needed to better assess the effectiveness of corporate diversity, equity, and inclusion (DEI) practices and, importantly, to bolster progress in hiring and advancing racially, ethnically, and gender diverse employees. We anticipate the release of the SEC proposal in the first half of 2022 and a formal comment period to follow.

We hailed the SEC's approval in August 2021 of new listing rules proposed by the Nasdaq Stock Market, requiring listed companies to both meet diversity thresholds or explain their failure to do so and disclose board diversity statistics (by self-identified gender, race or ethnicity, and LGBTQ+ status). We endorsed Nasdaq's "Board Diversity Rule" in [public comments](#).

### THOUGHT LEADERSHIP

We welcome opportunities to share knowledge and expertise to advance the work of likeminded coalitions and partner organizations. For example, we are a lead author of the Thirty Percent Coalition's annual outreach letter to companies as well as template shareholder resolutions for its members. We regularly communicate lessons learned about effective human capital management and disclosure with entities conducting their own research such as the CFA Institute, PRI, and Value Reporting Foundation. Formal speaking engagements include panels such as the Corporate Secretary Forum 2021's *Diversity on the Board and Beyond*, coursework such as US SIF's *Fundamentals of Sustainable and Impact Investment*, and webinars such as the Workforce Disclosure Initiative's *Effective Stewardship and the Future of Engagement*.

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“With sustained attention toward addressing racial, ethnic, and gender inequities, coalescing investor demand for board and workforce composition disclosure, and a more receptive SEC, we remain hopeful a tipping point is on the horizon.”

Amy D. Augustine,  
Director, ESG Investing



## FOCUS AREA: GOVERNANCE

Boston Trust Walden has advocated for leading practice corporate governance reforms for decades because we believe strong oversight, transparency, and accountability mechanisms enhance management of ESG risks and opportunities. These reforms include encouraging companies to adopt policies requiring independent board chairs and annual elections of directors; increasing gender, racial, and ethnic diversity on boards of directors and in senior management; and promoting executive compensation accountability through shareholder approval of pay packages (known as Say on Pay).

As the scope and urgency of society's greatest challenges have evolved, so have the priorities for governance reform. Our current focus is to encourage companies to:

- disclose comprehensive and decision-useful sustainability data, including actionable ESG metrics and goals; and
- enhance transparency regarding lobbying policies, oversight, and expenditures, and congruence with corporate positions on ESG risks and opportunities.

## GOVERNANCE ENGAGEMENT IN PRACTICE

### F5 NETWORKS ADVANCES ESG REPORTING

We initiated dialogue with F5 Networks in 2009, encouraging the development of ESG reporting. Within a few years the company published its first set of ESG disclosures, but before long regular updates ceased.

As the operating landscape for F5 Networks changed over time — data security and workforce equality are now headline risks for the tech industry — so did the imperative for comprehensive ESG reporting. We resumed engagement in 2020 to encourage sustainability reporting aligned with the SASB Standards, a leading framework for disclosure of material, comparable, and decision-useful ESG data. Our case to management highlighted the rapid uptake of SASB-aligned reporting and underscored the competitive advantages enhanced disclosure can provide. In August 2021, F5 Networks released a second ESG report in full alignment with SASB Standards alongside a commitment to strengthen future iterations through company-wide ESG targets and external assurance.

**95% of S&P 500 companies** now disclose information about how they manage sustainability risks and opportunities.<sup>6</sup> Despite this progress, the quality and comparability of ESG disclosures varies widely and reporting is less common among smaller companies.

### COMCAST EXPANDS LOBBYING DISCLOSURES

Though active on Capitol Hill, Comcast has historically disclosed little information related to its trade association memberships, spurring us to co-file shareholder proposals focused on lobbying disclosure every year since 2018.

Despite routine opposition from management and significant insider ownership that prevented the proposals from garnering high vote totals, our persistence prevailed. In 2021, Comcast agreed to strengthen transparency by annually reporting on contributions to all third party organizations receiving contributions of at least \$50,000, updating its written policies to better define management oversight of contributions, and embedding a link to federal lobbying databases within its online materials.

Misalignment between a company's sustainability objectives and its lobbying activities — both direct activities and those of its trade associations and other third parties — **can pose reputational risk and undermine publicly stated goals.**

<sup>6</sup> <https://www.thecaq.org/sp-500-and-esg-reporting>

## VANGUARD STRENGTHENS PROXY VOTING PRACTICES

Following the 2019 proxy season, Boston Trust Walden evaluated the climate-related proxy voting records of major asset managers. The Vanguard Group, which is the second largest asset manager in the world, supported only 12% of climate-related shareholder proposals. We subsequently filed a shareholder proposal with four Vanguard Funds encouraging greater consideration of climate risk in the company's proxy voting policies and criteria. Since specific mutual funds only hold votes when they have official business to transact, such as the election of directors, our proposal has remained pending, enabling ongoing communication with management on the Funds' stewardship activities.

During this period, we observed meaningful progress in Vanguard's program including enhanced transparency on the rationale for votes cast, amendments to its proxy voting guidelines, and increased support of climate-related proposals (supporting over one-third in 2021<sup>7</sup>). Our engagement with Vanguard also coincided with industry leading commitments to further climate risk integration in asset management. In March 2021, Vanguard joined the Net Zero Asset Managers Initiative.

Vanguard's progress over the past three years resembles that of BlackRock and JPMorgan Chase, both of which Boston Trust Walden successfully engaged on proxy voting. Collectively, the votes of these firms carry tremendous weight and will be key to advancing corporate action to address climate risk, human capital management, and other critical ESG issues.

### Votes matter.

As some of the largest investment firms move to address the growing demand for ESG investment products, support for proxy ballot items encouraging sustainable business practices often fails to match the rhetoric.

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<sup>7</sup> <https://www.ceres.org/news-center/blog/climate-risks-skyrocket-largest-asset-managers-vote-more-climate-related>

## EXPANDING IMPACT THROUGH COLLABORATION

### EVOLVING GLOBAL STANDARDS ON ESG DISCLOSURE

The current state of ESG disclosure is somewhat perplexing. On one hand, companies complain of disclosure fatigue, yet high quality ESG data — critical to investors both large and small — remains elusive. On the other, numerous organizations and frameworks seeking to address data gaps have created a virtual alphabet soup of competing entities with overlapping interests. Since 2017, Boston Trust Walden has advocated for the SASB Standards promulgated by the Value Reporting Foundation as a central part of the solution and has served as a member of the SASB Standards Investor Advisory Group (IAG).

IAG members, representing over \$52 trillion in assets under management, promote the uptake of the SASB Standards among portfolio holdings and participate in their ongoing evolution. IAG Corporate Investor Dialogues — virtual sessions connecting IAG members and companies considering adopting SASB Standards as a reporting framework — are among the most effective opportunities to leverage investor coalescence around SASB Standards. Over 90 companies attended IAG Corporate Investor Dialogues in 2021. Boston Trust Walden presented at a plenary meeting and led multiple breakout sessions during these events to help demystify SASB Standards and explain their value to companies. Outside of the IAG we regularly promote SASB Standards in conversations with portfolio companies.

Although adoption of the SASB Standards among issuers has been swift — the number of global companies disclosing SASB metrics increased 140% to approximately 1,300 in 2021 — the drumbeat in support of a common global sustainability reporting framework persists.

- **September 2020:** The IFRS Foundation announced its intent to create a common sustainability disclosure standard for global capital markets.
- **December 2020:** Boston Trust Walden published a letter of support, underscoring the importance of utilizing existing accepted frameworks — such as SASB, TCFD and CDP — in the establishment of a global framework.
- **November 2021:** At COP26, IFRS Foundation formally announced the establishment of the International Sustainability Standards Board (ISSB) and its merger with the Value Reporting Foundation (VRF) to support its development of the global standard.
- **December 2021:** Boston Trust Walden engaged with IFRS and VRF via our ongoing role as members of the SASB Investor Advisory Group.



## PUBLIC POLICY ADVOCACY

### US REGULATORS CHANGE THE RULES OF THE GAME

Throughout 2021, Boston Trust Walden engaged US regulators to restore recognition of ESG considerations as material to investment decision-making. Of central focus and highest priority was the challenge of the SEC changes to the 14a-8 rule promulgated under the prior Administration. For decades, the 14a-8 rule had proven to be an effective process for shareholders to provide useful input to company management and boards of directors. In September 2020, the SEC imposed a new rule sharply restricting shareholders' ability to submit ESG proposals. In June 2021, a group of investors filed suit with the SEC and Boston Trust Walden lent our public support.

The Shareholder Rights Group, an association of investors that seeks to defend shareholders' rights and of which Boston Trust Walden is a founding member, also worked tirelessly in 2021 to actively engage the SEC on its interpretation of guidance put in place by the previous Administration. This engagement resulted in the SEC's issuance of a new Staff Legal Bulletin in November 2021, rescinding guidance previously issued allowing for the exclusion of certain ESG-related proposals deemed "ordinary business" from going to a shareholder vote. The bulletin restores confidence that shareholder resolutions filed by Boston Trust Walden and other investor proponents addressing ESG issues will be included in company proxy statements and voted on at annual general meetings.

Also in December 2021, we submitted [a formal letter of commentary](#) commending the Department of Labor for its release of the proposed rule: *Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights*. In line with Boston Trust Walden's investment philosophy, the proposed rule acknowledges that ESG factors are no different from other "traditional" material risk-return factors and clears the way for investment managers to consider ESG issues through the lens of risk, return, and fiduciary considerations. Importantly, the proposed rule also recognizes the proxy vote as an ownership responsibility and helps ensure ESG-related ballot items presented by both management and shareholders in annual proxy statements receive appropriate attention.

Boston Trust Walden has a long history advocating for public policy to advance corporate ESG disclosure, enhance transparency of corporate lobbying practices, and defend the rights of shareholders to engage with public companies on governance and long-term value creation. The success of our efforts in 2021 — individually and in collaboration with partners — pointedly demonstrates **the critical importance and power of public policy advocacy as a lever for change.**

## THOUGHT LEADERSHIP

### SCALING IMPACT THROUGH PROXY VOTING

Proxy voting is a critical right of shareholders and one that Boston Trust Walden has leveraged for decades to improve ESG performance and strengthen the long-term value of the companies in which we invest.

Proxy advisory firms exist to provide investors with research, data, and recommendations with regards to management and shareholder proposals to be voted at company annual meetings. Given their scale, these firms — and their policies guiding proxy voting decisions — maintain enormous influence on the outcome of ESG-related shareholder proposals.

As a client of the largest proxy advisory firm, Institutional Shareholder Services (ISS), we employ ISS to provide vote recommendations according to Boston Trust Walden's own proxy voting guidelines. And as clients, we have the valuable opportunity to influence ISS' own proxy voting guidelines.

At the close of 2021, we offered our expert guidance in response to proposed changes for the 2022 ISS benchmark policy as well as the Socially Responsible Investor (SRI) and Catholic Faith-based policies. Through written correspondence and participation in investor roundtables, we communicated support for ISS efforts to strengthen analyses and benchmark recommendations related to managing and mitigating systemic climate risks, the codification of board accountability on climate risk, board diversity, racial equity, and the integration of ESG criteria in compensation.



## BEYOND FOCUS AREAS

At times, we may engage on issues beyond our focus areas of climate risk, equality, and governance. Often these issues intersect, providing enhanced opportunities to expand our overall reach and impact. In other instances, we have a chance to explore if an issue beyond our focus areas is a material concern for the companies in which we invest client assets. In all cases, our team strategically leverages the power of our collaborative partnerships to contribute our expertise and collectively seek meaningful change. We expound several examples in the pages that follow.

## SUPPORTING THE TRANSITION TO SUSTAINABLE PROTEIN

A growing body of scientific literature continues to reveal the unpriced externalities associated with intensive livestock systems such as carbon emissions, land use changes, water pollution, and antibiotics overuse — all of which threaten sustainable development and expose food companies to a range of physical, operational, and regulatory risks. Less resource intensive sustainable proteins present a viable pathway to help limit global warming to 1.5 degrees Celsius.

Boston Trust Walden is a member of FAIRR, a global network of investors representing \$48 trillion in assets addressing ESG issues in protein supply chains. As an active member in FAIRR's sustainable protein initiative, we joined efforts to encourage 25 of the world's largest food companies to develop a global, evidence-based approach to diversify protein sources away from animal proteins.

Of the 25 companies prioritized in the initiative, seven are held in Boston Trust Walden portfolios. Notable highlights from 2021 include a direct dialogue with Marks & Spencer, a UK-based retailer, to discuss its long-term ambitions to diversify its product portfolio and improve the sustainability of the supply chain. The Hershey Company also saw its ranking in FAIRR's benchmark improve after the company set a science-based GHG emissions reduction target, inclusive of upstream emissions in agricultural production.

The investor-led FAIRR initiative dialogues continue to drive more robust commitments, shape corporate strategies to mitigate risks associated with conventional food production, and better align business models with a 1.5 degrees Celsius future.



The meat industry is **one of the most GHG intensive segments of the economy**, representing an estimated 14.5% of global emissions.<sup>8</sup>

<sup>8</sup> "Tackling Climate Change Through Livestock", UN Food and Agriculture Organization. <https://www.fao.org/news/story/en/item/197623/icode>

## PAID FAMILY AND MEDICAL LEAVE

Nearly 30 years ago, the Family and Medical Leave Act was put into law providing unpaid leave to millions of workers for family caregiving or medical leave. Since its passage, challenges related to coverage, eligibility, and access have resulted in a patchwork of state-based programs leaving approximately 80% of private-sector workers uncovered.<sup>9</sup> This inequitable access to paid leave forces millions of workers — a disproportionate percentage being women, people of color, and low-wage earners — to make the impossible choice between earning a paycheck and caring for family members or their own health.

In September 2021, Boston Trust Walden supported an investor sign-on letter, spearheaded by ICCR and Trillium Asset Management, calling on the US Congress to pass a comprehensive and permanent federal paid family leave program. Investors with assets of nearly \$10 trillion made the business case to Congressional leaders of both parties for why a comprehensive leave program inclusive of parental leave, family caregiving leave, and personal medical leave would strengthen the economy. Despite mounting economic evidence in support of paid family and medical leave, the future of enhanced paid leave continues to face an uphill battle within Congress in 2022.

Inequitable access to paid leave **forces millions of workers to make the impossible choice** between earning a paycheck and caring for family members or their own health.

## EQUITABLE AND ACCESSIBLE VOTING

In 2021, Boston Trust Walden joined with Business for America, a nonpartisan business group, as a signatory to a letter supporting the passage of the John Lewis Voting Rights Advancement Act. The Act, named for the late Georgia congressman, seeks to reverse a 2013 Supreme Court decision that struck down key portions of the Voting Rights Act of 1965. Specifically, this act would establish critically necessary checks and balances with any state government seeking to change voting laws, including relocation of polling places or imposition of stricter voter identification requirements. The [letter](#) articulates the importance of equitable and accessible voting in its protection of business interests in a healthy, well-functioning government and favorable economic climate. In this initiative, Boston Trust Walden stood alongside many of our portfolio companies in support of this important legislation.

<sup>9</sup> <https://www.bls.gov/ncs/ebs/benefits/2020/employee-benefits-in-the-united-states-march-2020.pdf#page=299>

## EQUITABLE ACCESS TO THE COVID-19 VACCINE

The Access to COVID-19 Tools Accelerator (ACT-Accelerator) was created in 2020 by the World Health Organization, European Commission, the government of France, and the Bill & Melinda Gates Foundation as an answer to the G20 leaders' call to support the global response to the pandemic. As part of its efforts, the Facilitation Council of the ACT-Accelerator asked the Access to Medicine Foundation to coordinate a statement from global investors on financial and economic evidence in support of equitable access to COVID-19 vaccines, medicine, and diagnostics. We supported the resulting statement calling on world leaders to:

1. finance the ACT-Accelerator in full and deploy adequate funding to ensure fair and equitable access to COVID-19 vaccines, medicine, and diagnostics globally;
2. commit to work with the Access to Medicine Foundation and engage healthcare companies to promote corporate actions enabling the work of the ACT-Accelerator (e.g., cross-industry partnerships to accelerate research and development and expand production, equitable pricing strategies, and voluntary licensing agreements); and
3. explore the feasibility of innovative finance mechanisms for national and global COVID-19 responses.

Recent commitments by leading vaccine and therapeutic manufacturers to expand vaccine access in low-income countries, coupled with enhanced coordination between world leaders, **inspires hope that key stakeholders are rising to meet the challenge** of a global approach to controlling the pandemic and supporting public health.

## COLLABORATIVE PARTNERSHIPS

To expand our reach and impact on issues beyond our core focus areas, Boston Trust Walden relies upon our longstanding, collaborative partnerships to affect change at scale. Below is a list of organizations we partner with to engage on issues beyond climate risk, equality, and governance — many of which intersect with and complement our direct engagement with companies held across strategies. A more complete list of our collaborative partnerships can be found in the Appendix.

**TABLE 3. PARTNERS**

Issue Area	Topics	Representative Partners
Animal welfare	Fair animal welfare practices	Business Benchmark on Farm Animal Welfare (BBFAW)
Animal welfare and climate	Sustainable protein sourcing	FAIRR
Carbon, deforestation, water risk	Effective management and enhanced disclosure	CDP, Ceres Food Emissions 50
Human rights	Responsible supply chain practices	ICCR, Investor Alliance for Human Rights
Poverty and global health	Drug access and affordability, nutrition	Access to Medicine, Access to Nutrition



# ENGAGEMENT RESULTS AND VOTING RECORD

Since 1975, Boston Trust Walden has encouraged companies to adopt better ESG policies and practices as a means to address environmental and social issues, to protect the planet and its people, and to address material risks.

As a fiduciary, we vote on items presented by management and shareholders in annual company proxy statements. We take this responsibility seriously and vote according to what we believe is in the long-term best interests of our clients.

In keeping with our commitment to accountability through disclosure, we seek to be transparent regarding what we count as "reach" and "impact." Since 2016, Boston Trust Walden has measured reach as the number of companies on the receiving end of engagement and impact as a definitive improvement in a company's policies, practices, or performance disclosure.

We consider engagement to be successful when we observe progress toward one or more of three potential outcomes:

- better corporate policies (e.g., nominating charters explicitly incorporating a commitment to gender, racial, and ethnic diversity);
- more sustainable business practices (e.g., adoption of a science-based GHG emissions reduction goal); or
- enhanced public reporting (e.g., ESG reporting aligned with SASB standards).

It is important to note that while our direct engagement frequently catalyzes progress, we are one of many stakeholders influencing change. Similarly, our guidance can sometimes bolster corporate advocates already committed to making changes within their businesses. Finally, progress is often incremental and can span multiple years. As evidenced by the active ownership examples within this report, meaningful progress happens along this continuum.



## REACH AND IMPACT RESULTS

In 2021, we directly engaged three-quarters of the companies held across our investment strategies, exceeding our previous all-time high reach rate of 73% in 2020 (Figure 2). Half of these companies demonstrated improvement, which translates to an impact rate of 50% (Figure 3).

We encouraged improved ESG performance at companies using numerous strategies, from direct dialogue with company executives to participating in broad-based coalitions. In fact, when taking into account the companies engaged through coalitions, we reached hundreds more beyond our portfolio holdings. This exemplifies what we mean when we say our multi-faceted approach amplifies the *scope* and *scale* of our impact.

Equality was the topic we engaged on most frequently in 2021, representing 46% of all engagements (Figure 4). We also observed the highest rate of impact within equality at 37% (Figure 5). Please see the Appendix for a list of all portfolio companies we engaged that demonstrated progress in 2021.

Figure 2. Reach Results Over 3 Years

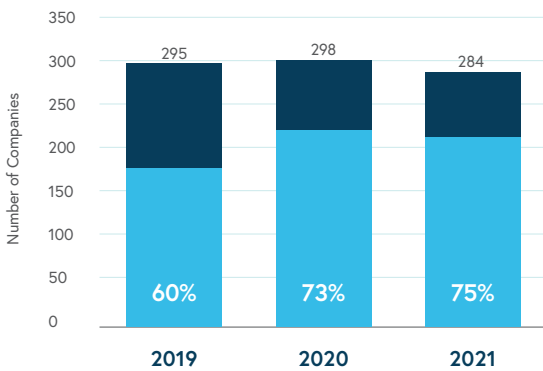
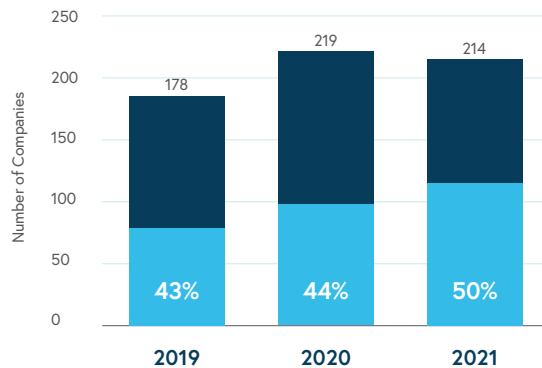


Figure 3. Impact Results Over 3 Years



The engagement universe is inclusive of companies held during the year in both impact and traditional portfolios across investment strategies. Companies that are unique to the Boston Trust Walden International Equity Fund are currently excluded from the universe, pending an evaluation of the opportunities for engagement and strategy assets. **Past performance does not guarantee future results.**

Figure 4. Reach by Focus Area

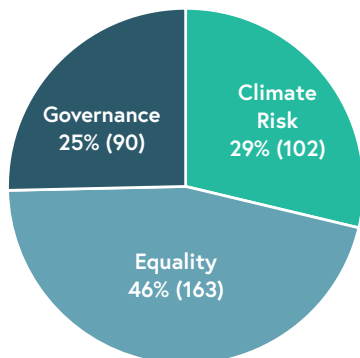
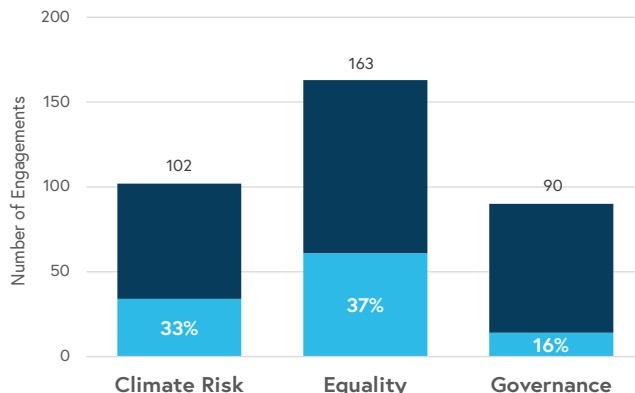


Figure 5. Impact by Focus Area



The above percentages represent the majority of Boston Trust Walden engagements in 2021. As explained in this report, we also engaged companies on issues beyond our focus areas. Boston Trust Walden measures reach as the number of companies on the receiving end of engagement and impact as a definitive improvement in a company's policies, practices, or performance disclosure. For more information please refer to our [summary](#) of methodology and the limitations to measuring impact.

## SHAREHOLDER RESOLUTIONS

The shareholder resolution is an essential shareholder right we employ when dialogue with a company is unproductive. Filing a resolution (or proposal) for a vote at a company annual general meeting enables the proponent to bring the collective voice of supportive shareholders to bear in management discussions on ESG performance. But filing a shareholder resolution is not in and of itself a measure of impact.

As with our targeted engagements, to signify progress we believe resolutions must yield improvement in one or more of three outcomes: better corporate policies, more sustainable business practices, or enhanced public reporting. Moreover, our most successful shareholder resolutions are withdrawn based on negotiated agreements and do not appear in company proxy statements.

In 2021, Boston Trust Walden led or participated in 14 resolutions addressing climate action and lobbying, equality, and corporate governance (Table 5). We were pleased to withdraw most of these resolutions based on negotiated agreements. The average level of support for the six shareholder resolutions that went to a vote was 33% — higher than last year's average of 27%. Moreover, our shareholder proposal at ExxonMobil seeking an assessment and alignment of lobbying activities with the Paris Climate Agreement was among the majority vote winners, with 64% of the shareholder vote in favor.

In 2021, Boston Trust Walden **led or participated in 14 resolutions** addressing climate action and lobbying, equality, and corporate governance.

**TABLE 5. BOSTON TRUST WALDEN SHAREHOLDER RESOLUTIONS AND RESULTS**

Engagement Category	Request	Resolutions Voted (% Supported)	Resolutions Successfully Negotiated and Withdrawn
<b>Climate Action &amp; Lobbying</b>	Report on plans to measure and disclose greenhouse gas footprint of financing activities		JPMorgan Chase*
	Evaluate and report on lobbying activity alignment with the goal of limiting average global warming to well below 2 degrees Celsius and address plans to mitigate any misalignment	ExxonMobil* (64%)	
	Review and report on proxy voting policies and practices related to climate change	T. Rowe Price Group* (17%)	BlackRock*
<b>Equality</b>	Prepare a report assessing the feasibility of integrating sustainability metrics, including diversity among senior executives, into compensation plans	Alphabet* (12%)	
	Report on actions to enhance board diversity such as implementing leading practice nominating and governance policies and proxy disclosure		German American Bancorp IPG Photonics U.S. Physical Therapy
	Commit to annual disclosure of a comprehensive breakdown of the workforce by race, ethnicity, and gender according to the Equal Employment Opportunity Commission's defined job categories (EEO-1 Report)		Home Depot*
<b>Corporate Governance</b>	Report on policies and procedures regarding direct, indirect, and grassroots lobbying; disclose payments used for lobbying and non-tax-exempt payments to trade associations and other entities to influence public policy	Chevron* (48%) UPS (26%) Walt Disney* (33%)	Comcast* Pfizer*

Note: Voting support is understated for Alphabet and UPS because they have stock with unequal voting rights (super-voting rights) that translates to significant insider control of the proxy vote. According to analysis by the Council of Institutional Investors updated in March 2021, shares with super-voting rights account for 61% of the votes at Alphabet and 70% at UPS.

\*In order, these shareholder resolutions co-filed by Boston Trust Walden were led by: As You Sow, BNP Paribas Asset Management, Zevin Asset Management, Mercy Investment Services (co-led by Boston Trust Walden), Zevin Asset Management, Comptroller of the City of New York, City of Philadelphia Public Employees Retirement System, Friends Fiduciary, International Brotherhood of Teamsters General Fund, Mercy Investment Services.

We withdrew more than 50% of shareholder resolutions in 2021 after reaching an agreement with the company. Of those that went to a vote, average support was 33% — an increase from 27% in 2020.

## IMPACT THROUGH THE LENS OF THE SDGs

Boston Trust Walden remains one of the leading US investor voices on the Sustainable Development Goals (SDGs), which provide a common language and framework for companies, investors, and civil society to grapple with complex, urgent issues such as ending poverty, reducing inequality, and protecting natural resources — issues that are often interrelated and interdependent (e.g., human health and planetary health).

As an investor who considers the systemic risks posed to long-term economic growth by the climate crisis, inequality, racism, and resource scarcity, we understand we have a role to play in supporting the SDGs and remain committed to advancing their objectives. This commitment is even more important amid a global pandemic during which we are seeing supply chains disrupted, workers across industries losing their livelihoods, and resources that had been devoted to advancing solutions diverted to keeping the doors open and the lights on.

We believe the SDGs can be a useful tool as the world seeks to rebuild itself in a way that addresses, not exacerbates, environmental and social impacts.

The SDGs also offer a global lens through which to measure and communicate Boston Trust Walden's impact. In 2021, our active ownership initiatives touched 11 of the 17 goals, with strong results across those SDGs most aligned with our focus areas of climate risk, equality, and governance.

The outcomes of these changes amplify Boston Trust Walden's impact well beyond its portfolio holdings. For example, progress ensuring more equitable workplaces in US companies tends to cascade throughout global supply chains; racially, ethnically, and gender diverse employees taking on more senior roles can translate into diverse candidate pools from which future boards of directors are chosen; pay equity practices help address economic inequality that benefits workers, their families, their communities, and society at large.

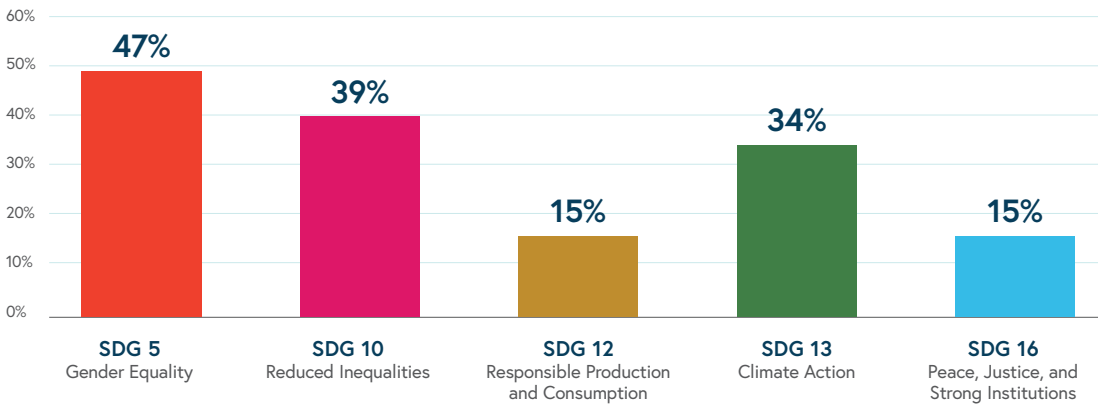
**We remain committed to furthering the SDGs** through our own investment decision-making and active ownership efforts, as well as through collaborations with other global investors and partners, including our role on the PRI Sustainable Development Goals Advisory Committee.



Figure 6. Number of Companies We Engaged by SDG



Figure 7. Impact Rate by SDG



Impact Rate is expressed as the percentage of companies demonstrating improvement relative to the companies reached through engagement. Due to the interconnected nature of the SDGs, a single engagement may deal with themes related to multiple SDGs at once. The chart above represents our best determination of the appropriate SDG category for each engagement. A company could be counted in more than one SDG due to multiple engagements throughout the year.

In 2021, our active ownership initiatives touched 11 of the 17 goals, with strong results across those SDGs most aligned with our focus areas of climate risk, equality, and governance.

## PROXY VOTING RECORD

### OUR PRINCIPLED APPROACH TO PROXY VOTING

Our voting policies are guided by several overarching principles. Foremost, we generally do not support resolutions that reduce shareholder rights; conversely, we generally support resolutions that sustain or increase shareholder value and rights. We also believe resolutions calling for greater disclosure and accountability on significant financial and ESG topics, such as climate risk and human capital management, are often beneficial. Importantly, when making our voting decisions, we consider the specific ask of the proposal, the current policies and performance of the company, and any relevant engagement we've had with the company.

Our active ownership strategy integrates proxy voting and company engagement in an ongoing, self-reinforcing manner. For example, most conversations with portfolio companies about board diversity stem from our annual follow-up with those that do not meet our proxy policy threshold. Our 2021 policy stipulates companies should have at least one woman and one person of color, and overall diverse representation of 30% or more, in order for us to vote for directors serving on nominating committees. In 2021, about 8% of holdings failed to meet this threshold and demonstrated limited action in the preceding year to warrant overriding our policy. Many of these conversations with companies have evolved into multi-year engagements that address additional ESG topics, enabling proxy voting to act as a catalyst to broader engagement.

### PROXY SEASON SUMMARY

The 2021 proxy season was nothing short of groundbreaking. In total, 34 shareholder resolutions on ESG topics earned majority shareholder support, far surpassing 2020's record high of 21 and the eight that passed in 2019.<sup>10</sup> This growth is indicative of an increasing acceptance among investors and some of the world's largest asset managers that ESG topics are material drivers of shareholder value.

The historic season was capped off by the proxy contest at ExxonMobil, when three directors put forward by an activist investor were elected to the company's board. This was the first time a proxy contest in the US revolved entirely around a rebuke of the company's oversight and management of climate risk.

**A groundbreaking 34 shareholder resolutions** on ESG topics earned majority shareholder support in 2021.

<sup>10</sup> ["Record Breaking Year for Environmental, Social, and Sustainable Governance \(ESG\) Shareholder Resolutions."](#) Sustainable Investments Institute. June 24, 2021.

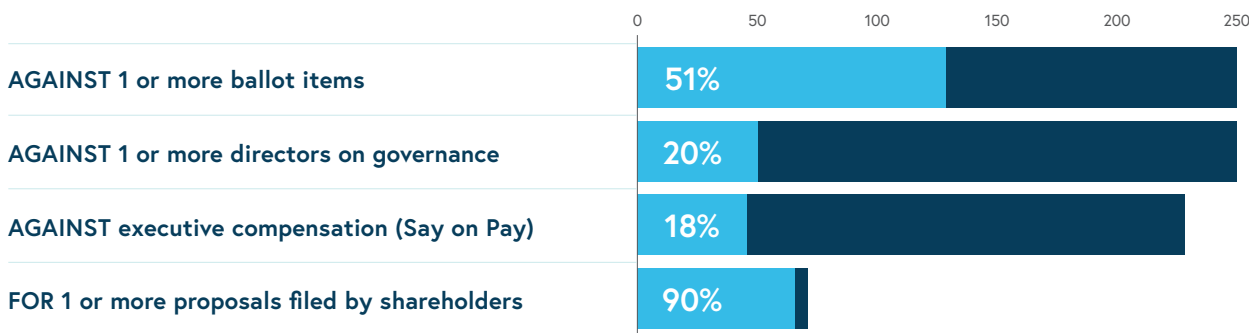
During the 2021 proxy season, Boston Trust Walden voted on behalf of clients on management and shareholder proposals at the annual meetings of nearly 250 companies across investment strategies.

Votes against management are an indicator of how we remain true to the principles within our own proxy voting guidelines. In 2021, we voted against at least one management recommendation on the ballot 51% of the time (Figure 8).

While we are generally supportive of shareholder proposals on ESG issues, we are careful to consider the specific financial and ESG risk and opportunity implications of every proposal. Of the shareholder proposals filed in 2021 that management recommended voting against, we voted in support 68% of the time. Of the proposals filed by shareholders, we voted for at least one at 90% of annual general meetings (Figure 8).

Director elections represented our most significant departure from management-sponsored ballot items. In 2021, we voted against one or more directors at 20% of annual meetings (Figure 8). Our voting decisions were largely driven by insufficient board diversity, governance concerns (such as overboarding or serving as a non-independent director on a key board committee), or demonstrable failures in ESG management.

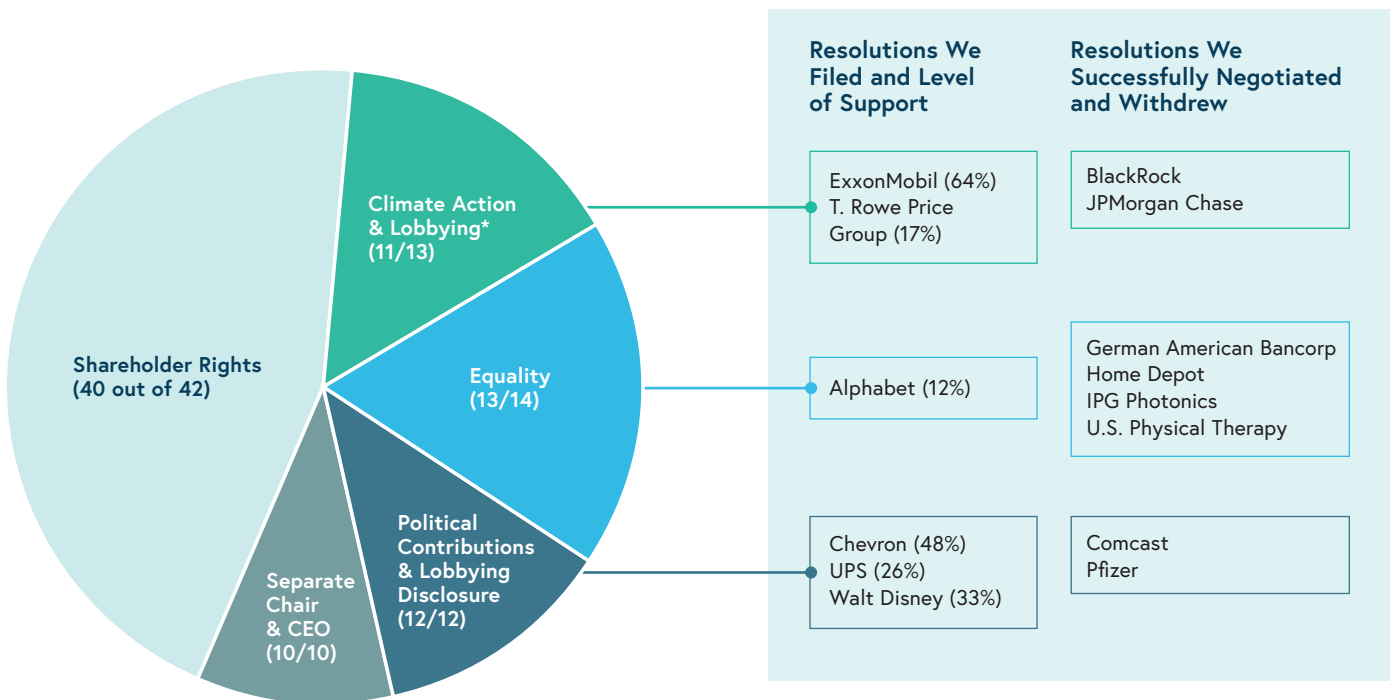
**Figure 8. Number of Annual General Meetings**



Proxy voting results are for all discretionary assets where we could vote as of June 30, 2021, excluding the Boston Trust Walden International Equity Fund.

Our second most frequent departure from management-sponsored ballot items was executive compensation packages ("Say On Pay"). In advance of the 2021 proxy season, we implemented stricter guidelines for Say on Pay votes to incorporate both company performance relative to peers and pay packages that hindered executives from being paid for performance. Examples of problematic components of pay packages could include excessive perks for executive officers or significant shifts away from performance-based compensation (towards discretionary or time-based elements). Our revised policy led to votes against executive compensation programs at 18% of company annual meetings — a significant increase from 10% in 2020 (Figure 8).

**Figure 9. Notable Resolutions We Supported by Category**



We excluded from this count eight climate-related shareholder proposals at Equinor, a Norwegian oil company. While we supported one resolution calling on the company to set GHG reduction targets, we determined the other seven resolutions to be overly prescriptive.





# FIRMWIDE ESG PERFORMANCE

At Boston Trust Walden, we hold ourselves to the same standards of transparency and accountability we expect from portfolio companies. In this final section of our Annual ESG Impact Report, we disclose our own firm's environmental impact; political spending and lobbying practices; community engagement; diversity, equity, and inclusion (DEI) policies and practices; as well as information on our workforce composition. We are pleased to report progress in many areas.

## ENVIRONMENTAL IMPACT

Boston Trust Walden's operations have been carbon neutral for more than 15 years. We offset carbon emissions from business travel and purchase certified renewable energy certificates for office energy use.

Our employees operate in a hybrid work environment — part-time remotely and part-time in the physical office at One Beacon Street in Boston. The office building is platinum LEED-EB certified. We recycle IT hardware and equipment through the building and print on 100% post-consumer recycled paper with soy-based ink. For corporate gifts, we partner with a sustainability-focused vendor.

## POLITICAL SPENDING AND LOBBYING

Since we became an independent, employee-owned firm in 2004, Boston Trust Walden has never had a corporate political action committee (PAC) nor made contributions to political candidates. What's more, we have a long history advocating for transparent and responsible political spending and lobbying at companies in our clients' portfolios, including filing numerous shareholder proposals that led to enhanced disclosures. Boston Trust Walden also has publicly called for the SEC to strengthen corporate political spending disclosure requirements.

## COMMUNITY ENGAGEMENT

Banks are encouraged by the Community Reinvestment Act (CRA), a Federal bank regulation, to help meet the credit needs of low- and moderate-income neighborhoods in the communities in which they do business. Though Boston Trust Walden does not operate in the typical capacity of a bank by making loans, we are pleased to support our community in the spirit of the Act. Boston Trust Walden prioritizes the housing needs and increasing financial literacy in Suffolk County for its community reinvestment activities. Through charitable contributions and volunteer activities, Boston Trust Walden supports and partners with a mix of 501(c)(3) (non-profit) charitable organizations. We also provide employees with paid time to volunteer and arrange group volunteer days, and provide a matching grant program (up to a certain threshold) for employee donations to qualifying organizations in Suffolk County.

Boston Trust Walden holds Massachusetts Housing Agency and Boston Housing Authority bonds and Community Development Financial Institution (CDFI) investments. These further help us meet our CRA goals by providing capital to organizations that lend to communities often underserved by traditional banking institutions.

**TABLE 6. 2021 COMMUNITY REINVESTMENT GRANTS**

Boston Chinatown Neighborhood Center	Outward Bound (Thompson Island)
Bridge Over Troubled Waters	Sociedad Latina
Budget Buddies	UpTogether (FII)
Brookview House	Urban Edge
Dorchester Food Coop	Women's Lunch Place
Horizons for Homeless Children	YearUp
Hyde Square Task Force	YouthBuild Boston

## DIVERSITY, EQUITY, AND INCLUSION

As a financial services firm, we recognize human capital management is a key driver of success. One of Boston Trust Walden's strategic priorities is to foster a positive workplace; this includes a commitment to diversity, equity, and inclusion (DEI). In 2020, the Co-CEOs formed a DEI Committee called READI, which stands for Respect, Equity, Accountability, Diversity, and Inclusion. The Committee's mandate is to bring awareness to DEI in the workplace, educate and engage colleagues, and recommend policies and procedures that promote DEI. Comprising a diverse and cross-functional set of the firm's employees, READI reports directly to the Co-CEOs.

### READI

#### Awareness

READI orchestrates monthly events for employees. 2021 events included celebrations of Black History Month, Women's History Month, Asian American and Pacific Islander Heritage Month, LGBTQ+ Pride Month, and Hispanic/Latinx Heritage Month.

READI publishes a bimonthly employee newsletter to create opportunities for education and connection. A regular feature is an employee's personal story.

READI arranged for Boston Trust Walden to participate in the UNCF Lighted Pathways Internship Program, which seeks to expose students from Historically Black Colleges & Universities (HBCU) to all aspects of finance and asset management. Students are provided paid internships and housing in Boston, Massachusetts. Several Boston Trust Walden employees participated in the UNCF Virtual Walk for Education in September 2021.

### Education

READI arranged an unconscious bias training for all employees led by Sara Minkara, a blind, Muslim, first-generation American. Ms. Minkara facilitated her *Inclusion in the Dark Workshop* that seeks to transform unconscious biases and misconceptions that prevent the establishment of open communication, mutual comprehension, and in-depth dialogues.

### Policies

READI drafted the firm's first DEI policy in 2021. The policy includes criteria around hiring, how we seek to advance DEI in our local community, and recommendations around employee behavior. For example, the policy encourages the use of preferred gender pronouns as a means of self-identification in corporate communications to promote inclusion.

*At Boston Trust Walden, diversity, equity, and inclusion (DEI) are at the core of our ability to foster a positive workplace. We believe it is not only the right thing to do, but also a matter of good governance and a critical component of long-term business success. When DEI values are infused in the workplace environment, the company and our employees benefit in the following ways:*

- *increased employee satisfaction and productivity*
- *enhanced decision-making, problem-solving, and innovation*
- *greater ability to attract and retain top talent in our competitive industry*
- *minimized employee turnover and associated training costs*

“Firms often tout a commitment to diversity, but their actions don’t always match their words. When I joined Boston Trust Walden in 2019, I was finally part of a firm that ‘walked the talk.’ I am proud to chair READI and contribute to efforts to foster an interconnected, diverse community in which there is a feeling of belonging and differences are embraced.”

Ashish Gandhi  
Chair, READI Committee

## Recruitment and Retention

We continue to take meaningful steps to advance racial, ethnic, and gender equity in our workplace through recruitment and retention.

### Actions to recruit diverse talent included:

- Required diverse candidate pools for all open positions
- Posted job positions on the websites of trade organizations that are centered around diversity, such as AAAIM (Association of Asian American Investment Managers), Diversity.com, Toigo, and NASP (National Association of Securities Professionals)
- Partnered with external recruiters who have expertise in sourcing diverse talent

### Actions to retain employees included:

- Launched an employee engagement survey and diversity & inclusion survey, the latter designed to measure our company's success at fostering an inclusive environment where people of diverse backgrounds can thrive
- Established an onboarding program in which new employees are assigned a "buddy" in their first few months of employment — the program enables new employees to build relationships outside their department and provides a safe space for employees to ask questions to help them acclimate to the company's workplace culture
- Increased the number of professional development opportunities
- Continue to offer comprehensive policies and practices regarding:
  - Compensation
  - Diversity, equity, and inclusion
  - Employee ownership
  - Equal employment opportunity
  - Freedom from discrimination and harassment
  - Healthcare insurance coverage and related health programs
  - Paid volunteer time
  - Medical, parental, and family leaves
  - Professional development and education assistance
  - Telecommuting and flexible work hours
  - Wage equity

## WORKFORCE COMPOSITION METRICS

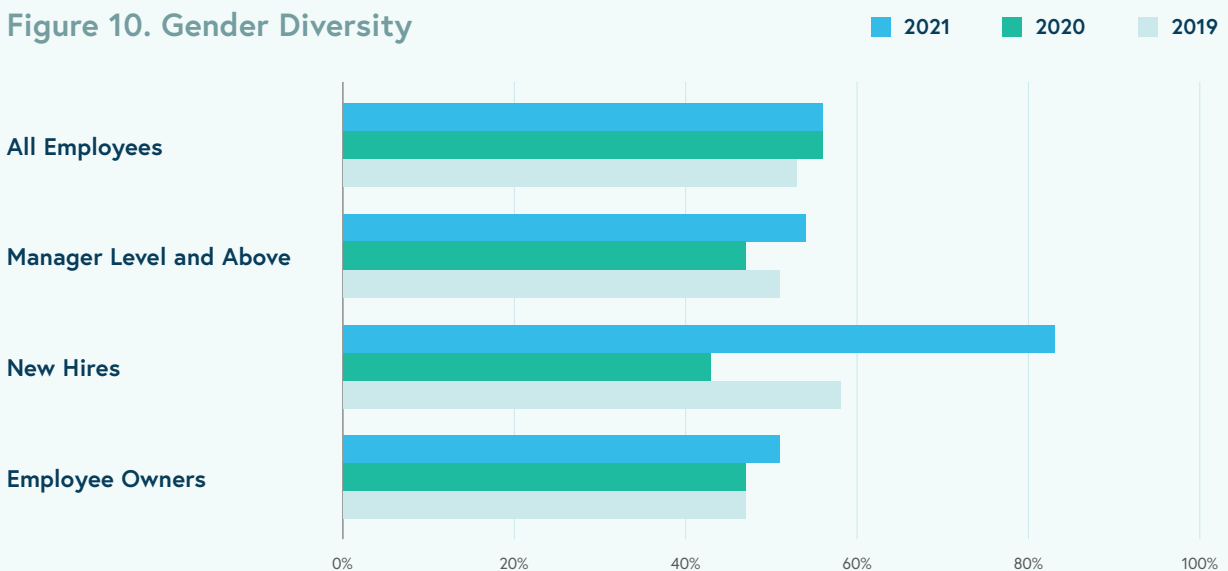
We are committed to tracking our progress on hiring and retaining diverse talent while advancing DEI in our firm. We anonymized data collected from voluntary questionnaires that enable employees to self-identify by race, ethnicity, and gender (including non-binary). We benchmarked our company's data to the US Bureau of Labor Statistics' report on organizations categorized as "securities, commodities, funds, trusts, and other financial investments." Because there are gaps in industry reporting, we are not able to benchmark every category we track for race, ethnicity, and gender.

At year end, Boston Trust Walden had 68 employees in 2019, 70 in 2020, and 75 in 2021.

### GENDER DIVERSITY

Boston Trust Walden continues to have a gender diverse workforce with women representing a majority of employees as compared to an industry average of 38% women. Of the 12 employees who joined the firm in 2021, 10 (83%) identify as female. We continue to have gender diversity at the manager level and above as well as gender diverse employee ownership.

Figure 10. Gender Diversity



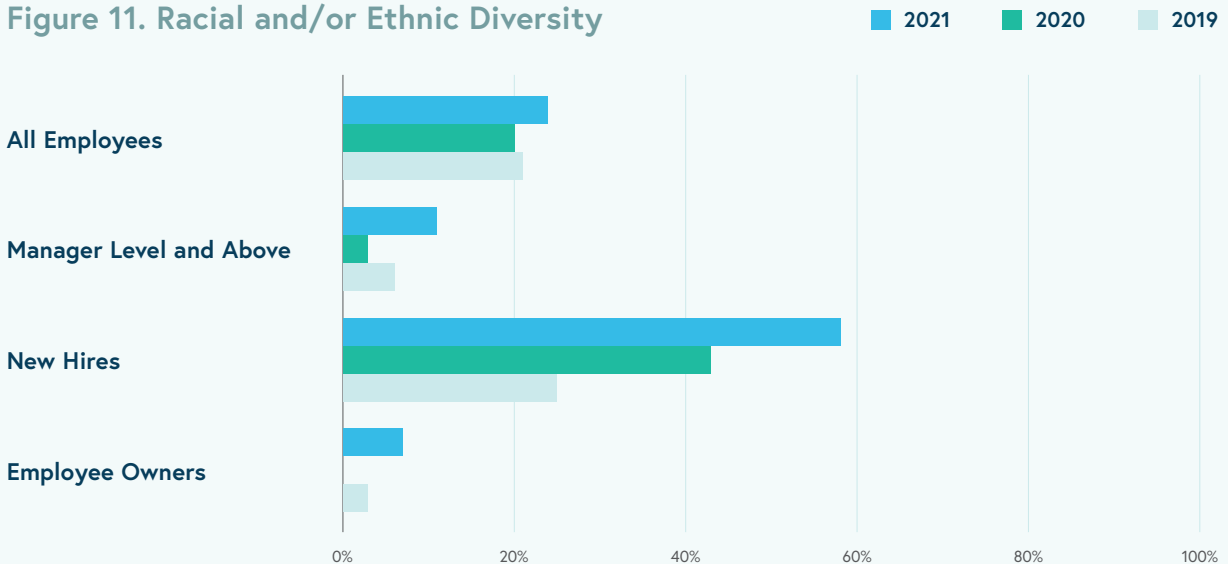
Boston Trust Walden's data represents the percentage of employees who self-identify as female. Industry data source: US Bureau of Labor Statistics.

## RACIAL AND ETHNIC DIVERSITY

Our workforce has become increasingly diverse by race and ethnicity in the last three years (Figure 12). We have seen progress due to our focus on recruiting talent from new sources and ensuring diverse candidate pools for all new positions. Of the 12 employees who joined the firm in 2021, seven (58%) identify as African American or Black, Asian, Hispanic or Latino, Hawaiian or Pacific Islander, or as two or more races.

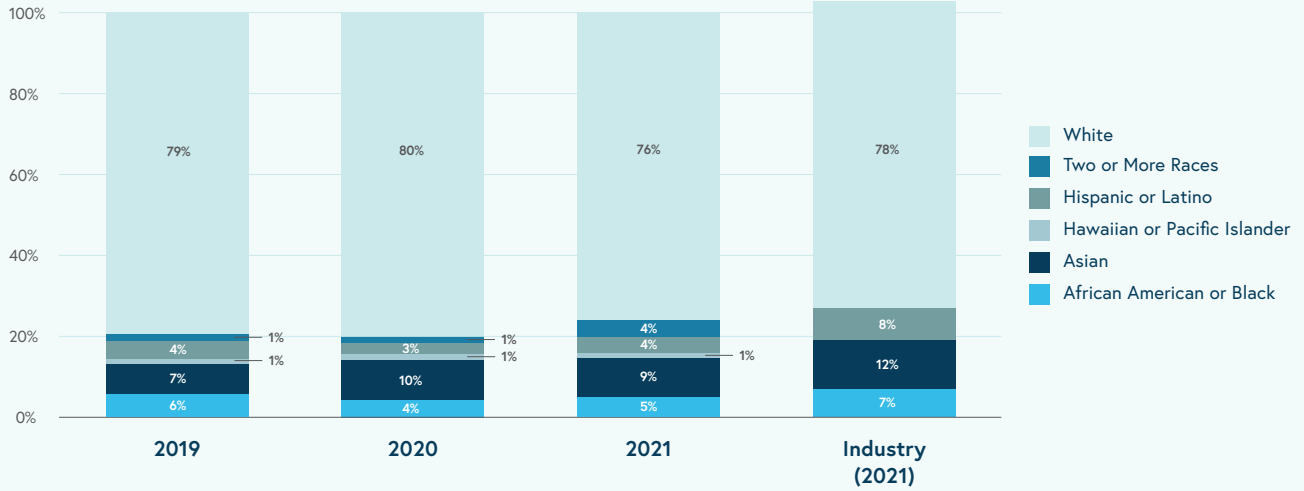
Employee ownership is one of the distinguishing characteristics of our company. In 2021, the firm was owned by 43 shareholders representing more than half of employees. Last year, the firm added nine new employee shareholders — five of whom self-identify as female and three of whom self-identify in racial and/or ethnic categories other than White. We are instituting recruitment and retention programs designed to grow and maintain the racial and ethnic diversity of our staff; as these employees become employee owners and move into senior roles, we will also see increasing diversity at the manager and director level.

Figure 11. Racial and/or Ethnic Diversity



Boston Trust Walden's data represents the percentage of employees who self-identify as African American or Black, American Indian or Alaskan Native, Asian, Hawaiian or Pacific Islander, Hispanic or Latino, Other Ethnic Group, or Two or More Races.

Figure 12. Racial and/or Ethnic Diversity Profile of All Employees



Boston Trust Walden's data represents the percentage of employees who self-identify as one of the above categories.

Industry data source: US Bureau of Labor Statistics, "Securities, commodities, funds, trusts, and other financial investments." Industry data is available for only the four categories above. The category percentages do not add up to 100% due to the US Bureau of Labor Statistics' reporting methodology.



# APPENDIX

**TABLE 7. PORTFOLIO COMPANIES WE ENGAGED THAT DEMONSTRATED PROGRESS IN 2021**

Company Name	Area of Progress
A. O. Smith Corporation	LGBTQ+
Accenture plc	ESG reporting
Agilent Technologies, Inc.	Climate risk
Alexandria Real Estate Equities, Inc.	LGBTQ+
Alphabet Inc.	Sustainability compensation
Amazon.com, Inc.	Climate risk
Amdocs Limited	Board diversity, workforce composition disclosure
American Express Company	Climate risk
American Financial Group, Inc.	Board diversity
Amphenol Corporation	Board diversity, workforce composition disclosure
Analog Devices, Inc.	Climate risk
Apple Inc.	Climate risk, water
Applied Industrial Technologies, Inc.	Board diversity
Atrion Corporation	Board diversity
AutoZone, Inc.	Climate risk, ESG reporting
AvalonBay Communities, Inc.	Board diversity
Badger Meter, Inc.	Board diversity, workforce composition disclosure
Becton, Dickinson and Company	Climate risk
Biogen Inc.	Board diversity, workforce composition disclosure
Burberry Group plc	Workforce composition disclosure
C.H. Robinson Worldwide, Inc.	Board diversity, ESG reporting, workforce composition disclosure
Cactus, Inc.	Board diversity
Camden National Corporation	Board diversity
Canadian National Railway Company	Workforce composition disclosure
Carter's, Inc.	Human Rights
Cboe Global Markets Inc	Climate risk
Cerner Corporation	Climate risk
Charles River Laboratories International, Inc.	Board diversity
Charter Communications	Climate risk, ESG reporting
Chesapeake Utilities Corporation	Board Diversity
Chevron Corporation	Climate risk
Church & Dwight Co., Inc.	Climate risk, water
Cisco Systems, Inc.	Workforce composition disclosure
Cognizant Technology Solutions Corporation	Climate risk
Cohen & Steers, Inc.	Board diversity
Comcast Corporation	Lobbying transparency
Commerce Bancshares	Board diversity
Compass Group plc	Workforce composition disclosure
ConocoPhillips	Climate risk, lobbying transparency
Consolidated Edison, Inc.	Climate risk, lobbying transparency
Cooper Companies, Inc.	Board diversity, workforce composition disclosure
CoreSite Realty Corporation	Board diversity
CubeSmart	Workforce composition disclosure
Danaher Corporation	Board diversity, workforce composition disclosure
Diageo plc	Workforce composition disclosure
Dollar General Corporation	Workforce composition disclosure
Dorman Products, Inc.	Board diversity
Douglas Dynamics, Inc.	Workforce composition disclosure
eBay Inc.	Climate risk
Ensign Group, Inc.	Board diversity

Equinor	Climate risk
F5 Networks, Inc.	ESG reporting
Facebook, Inc.	Climate risk
FactSet Research Systems Inc.	Climate risk
Forward Air Corporation	ESG reporting
German American Bancorp, Inc.	Board diversity
Helmerich & Payne, Inc.	Board diversity, workforce composition disclosure
Henry Schein, Inc.	Climate risk
Hershey Company	Climate risk
Home Depot, Inc.	Workforce composition disclosure
Hubbell Incorporated	Board diversity
Hyatt Hotels Corporation	Climate risk, workforce composition disclosure, equality
IDACORP, Inc.	Climate risk
Intel Corporation	Workforce composition disclosure
InterDigital, Inc.	Board diversity, workforce composition disclosure
Interpublic Group of Companies, Inc.	Climate risk
Intuit Inc.	Workforce composition disclosure
IPG Photonics Corporation	Board diversity
Johnson & Johnson	Climate risk
JPMorgan Chase & Co.	Climate risk
Laboratory Corporation of America Holdings	Workforce composition disclosure
Lakeland Financial Corporation	Board diversity, workforce composition disclosure
Landstar System, Inc.	Workforce composition disclosure
Linde plc	Access to medicine
Microsoft Corporation	Workforce composition disclosure
Monro Inc	Board diversity, ESG reporting, workforce composition disclosure
Moody's Corporation	Workforce composition disclosure
Nestlé S.A.	Workforce composition disclosure
NetApp, Inc.	Climate risk
New Jersey Resources Corporation	Workforce composition disclosure
NIKE, Inc.	Workforce composition disclosure
Omnicom Group Inc	Climate risk, ESG reporting
Packaging Corporation of America	Workforce composition disclosure
PepsiCo, Inc.	ESG reporting
PerkinElmer, Inc.	Workforce composition disclosure
PNC Financial Services Group, Inc.	Climate risk
PPG Industries, Inc.	Health
Premier Inc.	Workforce composition disclosure
Procter & Gamble Company	Climate risk, deforestation
Ross Stores, Inc.	Climate risk
RPM International Inc.	Board diversity, workforce composition disclosure
Sensient Technologies Corporation	LGBTQ+
Signature Bank	Board diversity
Snap-on Incorporated	Climate risk, water
STAG Industrial, Inc.	LGBTQ+
Starbucks Corporation	ESG reporting, labor safety
STERIS plc	ESG reporting, workforce composition disclosure
Stryker Corporation	Workforce composition disclosure
T. Rowe Price Group	Proxy voting policies
TopBuild Corp.	Board diversity
U.S. Physical Therapy, Inc.	Board diversity
Union Pacific Corporation	Climate risk
Visa Inc.	Climate risk, workforce composition disclosure
Waters Corporation	Board diversity
Zimmer Biomet Holdings, Inc.	Climate risk, workforce composition disclosure
Zoetis, Inc.	Climate risk

\*Companies that are unique to the Boston Trust Walden International Equity Fund are currently excluded from the universe, pending an evaluation of the opportunities for engagement and strategy assets. **Past performance does not guarantee future results.**

## TABLE 8. 2021 COLLABORATIVE PARTNERSHIPS

Access to Medicine
Access to Nutrition
As You Sow
Business Benchmark on Farm Animals Welfare (BBFAW)
CDP
Ceres
Child Labor Coalition
Climate Action 100+
Confluence Philanthropy
FAIRR
Glasgow Financial Alliance for Net Zero (GFANZ)
Human Rights Campaign
Intentional Endowments Network
International Financial Reporting Standards Foundation
Interfaith Center for Corporate Responsibility (ICCR)
Investor Alliance for Human Rights (IAHR)
Investor Environment Health Network
Mission Investors Exchange
Net Zero Asset Managers Initiative
Northeast Investors' Diversity Initiative (NIDI)
Principles for Responsible Investment
Responsible Sourcing Network
Russell 3000 <sup>®</sup> Board Diversity Disclosure Initiative
SASB
Share Action
Thirty Percent Coalition
US SIF: The Forum for Sustainable and Responsible Investment
Value Reporting Foundation (SASB)
We Mean Business Coalition
Workforce Disclosure Initiative



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Principled Investing.

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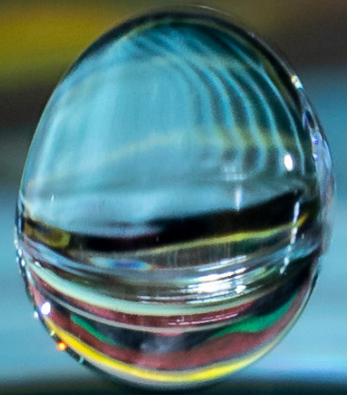
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