



ESG IMPACT REPORT

Second Quarter 2020

On Current Events

- **Black Lives Matter:** In June, our co-CEOs published a [statement](#) in support of those protesting racism and social injustice and affirming our commitment to workplace equality. The persistent and pervasive systemic racism in the US today calls for a reassessment and redoubling of our efforts.
- **SCOTUS:** In a [post](#) on our website, our Director of ESG Investing describes her reaction to the favorable US Supreme Court ruling on LGBTQ rights in the workplace.
- **COVID-19:** As detailed in our 1Q 2020 ESG Impact [Report](#), our ESG research and active ownership initiatives continue to be responsive to the pandemic. We remain confident our focus areas—climate, equality, and governance—are essential to moving forward in a way that addresses, not exacerbates, climate and inequality.

Boston Trust Walden’s leadership in active ownership—spanning company engagement, shareholder resolutions, proxy voting, public policy advocacy, and thought leadership—continues to foster meaningful progress on climate, equality, and governance. In this quarterly report, we share key examples of results achieved in the 2020 proxy season and highlight recent actions taken to accelerate progress.

PUBLIC POLICY ADVOCACY

LEAD on Climate

In May, Boston Trust Walden joined over 330 investors and businesses in “LEAD on Climate 2020,” a virtual public policy advocacy day where participants encouraged Congress to build a more resilient economy amid the COVID-19 pandemic. In our meetings, we specifically asked lawmakers to incorporate climate change mitigation policies into economic recovery efforts, emphasizing solutions such as clean energy infrastructure and jobs; policies that accelerate the transition to a net zero emissions economy by 2050 or sooner; and long-term solutions like carbon pricing. The event is regarded as the largest single-day advocacy event on US climate and clean energy. While stimulus efforts have since stalled, we believe it is important for legislators to hear a strong and vocal investor voice as they deliberate the path forward.

Protecting a Shareholder Right

In collaboration with other investor constituencies, we continue to work hard to protect shareholders’ ability to file resolutions in the face of proposed US Securities and Exchange Commission (SEC) rule changes that would substantially weaken this important right. In late April, we signed a comment letter to the SEC reiterating the negative impacts of, and widespread opposition to, the proposed rule changes and urged the Commission to delay a final vote amid market uncertainty over the pandemic.

SHAREHOLDER RESOLUTION SUMMARY

Boston Trust Walden led or participated in 16 shareholder resolutions at public companies in the 2020 proxy season, half of which we led or co-led. We also filed a proposal at the Vanguard Group. We encouraged the privately-held company to review proxy voting practices related to climate change.

We file shareholder resolutions (or proposals) to be voted at company annual meetings when engagement via dialogue is unproductive. This essential shareholder right enables proponents to bring the collective voice of supportive stockholders to bear in management discussions on environmental, social, and governance (ESG) performance. The shareholder resolution is a tool for investors to achieve impact—a measure of effort but not by itself indicative of progress until it yields measurable improvement in ESG policies, practices, or public accountability. Oftentimes, our most effective resolutions never make it to the printed proxy statement but instead are withdrawn upon reaching agreements that reflect meaningful progress on the issue-at-hand.

Consistent with our historical experience, the results in the 2020 proxy season continue to give reason for optimism. Half of the 16 resolutions we filed were successfully negotiated and withdrawn. The average level of support for the 7 shareholder resolutions that went to a vote was 27%—a strong sign of support. Just one proposal was omitted by the SEC because another investor was first to file a similar proposal on lobbying disclosure.

We withdrew **50%** of our 2020 shareholder resolutions after reaching an agreement with the company. Of those that went to a vote, average shareholder support was **27%**.

2020 RESOLUTION SUMMARY

Focus Area	Proposal Topic	Shareholder Votes
Climate	Review and report on proxy voting policies and practices related to climate	JP Morgan Chase—Agreement reached 4 Vanguard Funds—In negotiation
Equality	Prepare a report assessing the feasibility of integrating sustainability metrics, including diversity, into compensation plans	Alphabet*—13% support
	Report on actions to enhance board diversity, such as implementing best practice nominating and governance policies and proxy disclosure	Bridge Bancorp—Agreement reached The Ensign Group—Agreement reached
	Disclose a comprehensive breakdown of workforce by race and gender according to the Equal Employment Opportunity Commission's defined job categories, and report on policies and programs to improve diversity	Choice Hotels—Agreement reached Home Depot*—36% support Hyatt Hotels—Agreement reached Williams-Sonoma—Agreement reached
	Evaluate and report on the impact of the use of mandatory arbitration on the prevalence of workplace harassment and discrimination and employees' ability to seek redress	Nordstrom*—Agreement reached
Governance	Issue a report describing policies, performance, and improvement targets associated with key ESG risks and opportunities, including GHG reduction goals	Charter Communications**—Agreement reached
	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*—Omitted by SEC Comcast*—26% support ExxonMobil*—38% support Pfizer*—21% support UPS—24% support Walt Disney*—34% support

Note: Voting support is understated for Alphabet, Comcast, and UPS because these companies have stock with unequal voting rights (super-voting rights) that lead to significant insider control of the proxy vote. According to analysis by the Council of Institutional Investors updated in September 2019, shares with super-voting rights account for 61% of the votes at Alphabet, 21% at Comcast, and 70% at UPS.

*In order, these shareholder resolutions co-filed by Boston Trust Walden were led by: Zevin Asset Management; Benedictine Sisters of Boerne, TX; Nathan Cummings Foundation; City of Philadelphia Public Employees Retirement System; Friends Fiduciary; US Steelworkers; Oxfam; Congregation of Sisters of St. Agnes.

**This proposal was co-led by Boston Trust Walden with the Illinois State Treasurer's Office.

Examples of Postive Outcomes



Diversity and Inclusion

Boston Trust Walden has a long history advocating for fair treatment, equality, and racial justice, believing investors can and should play a crucial role in dismantling systemic barriers, facilitating economic mobility, and closing the opportunity gap within the workplace. Our shareholder resolutions bolster core engagement focus areas aimed at increasing representation of people of color and women on corporate boards, in senior management, and throughout the overall workforce.

We withdrew shareholder proposals requesting actions to increase board diversity at Bridge Bancorp and The Ensign Group after both amended board nomination policies to explicitly include race, ethnicity, and gender among the factors considered and committed to seek women and people of color in each candidate pool. Bridge Bancorp extended this commitment to senior management positions, in turn growing the talent pool for board director searches nationwide. Moreover, The Ensign Group added an ethnically diverse woman to its board.

Resolutions at Choice Hotels, Hyatt Hotels, and Williams-Sonoma sought public disclosure of workforce composition data by race, ethnicity, and gender across job categories to enhance corporate accountability that, in turn, fosters progress in hiring and advancing into management and professional positions people of color and women. All three committed to meaningful, annual disclosure of diversity and inclusion metrics and initiatives. Notably, since 3 of 5 named Executive Officers at Williams-Sonoma are women, including CEO Laura Alber, our conversations focused on improving representation of people of color. Excellent performance on gender equality did not diminish the importance of this discussion and we were pleased to find likeminded leadership at Williams-Sonoma.



Climate and Governance

Boston Trust Walden came to an agreement with Charter Communications resulting in the withdrawal of our second-year resolution seeking reporting on ESG risks and opportunities, including greenhouse gas reduction goals. Co-led with the Illinois State Treasurer's Office, we have provided feedback on the company's recent, inaugural Corporate Responsibility Report and continue to work together to increase disclosure regarding climate risk.

We also withdrew our proxy resolution asking JP Morgan Chase to review and report on its proxy voting and engagement practices related to climate change. The company announced plans to join the Climate Action 100+ investor coalition and increase engagement with companies on climate-related risks and opportunities.

PROXY VOTING SUMMARY

Shareholder resolutions are not the only mechanism to promote sound ESG practices among our clients’ portfolio holdings. Proxy voting is a key element of our fiduciary duty, enabling us to leverage our position as shareholders to support resolutions calling for climate risk mitigation, encouraging equal employment opportunity, and increasing board diversity, among other topics. When coupled with company dialogues and filing shareholder resolutions, voting proxies can be a vital component of long-term company engagement.

How We Voted

For the year ended June 30, 2020*, Boston Trust Walden voted against at least one management recommendation on the ballot at 46% of company annual meetings (see first pie chart). We did not support management recommendations to vote against shareholder-sponsored proposals 75% of the time, reflecting our careful consideration of the specific financial and ESG risk and opportunity implications of each proposal (see second pie chart).

Significant votes “against” management on company-sponsored proposals include:

- 10% against executive compensation (16% among large cap companies)
- 7% against nominating committee members due to insufficient board diversity**

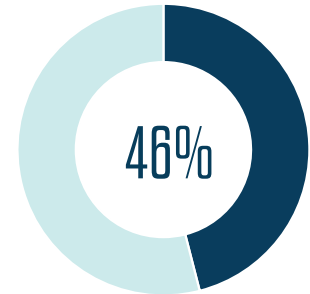
The most frequent shareholder proposal topics included requests for an independent board chairperson and enhanced political spending and lobbying disclosure. Votes “for” shareholder proposals on items that appeared on five or more proxy ballots:

- Improve disclosure of political contributions & lobbying (13 out of 13 resolutions)
- Commit to independent board chair (13/13)
- Enable shareholders to call special meetings (13/13)
- Right to act by written consent (7/8)
- Enhanced climate change reporting (5/6)

A comprehensive report of the proxy votes for the Boston Trust Walden Funds will be published on our website by the end of August.

COMPANY ANNUAL MEETINGS

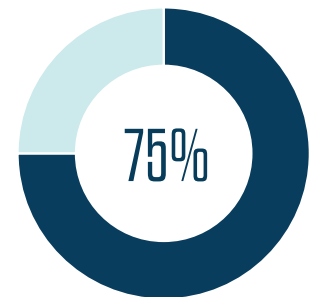
245 companies



46% voted "against" management recommendations on shareholder or management proposals on at least 1 ballot item

SHAREHOLDER-SPONSORED PROPOSALS

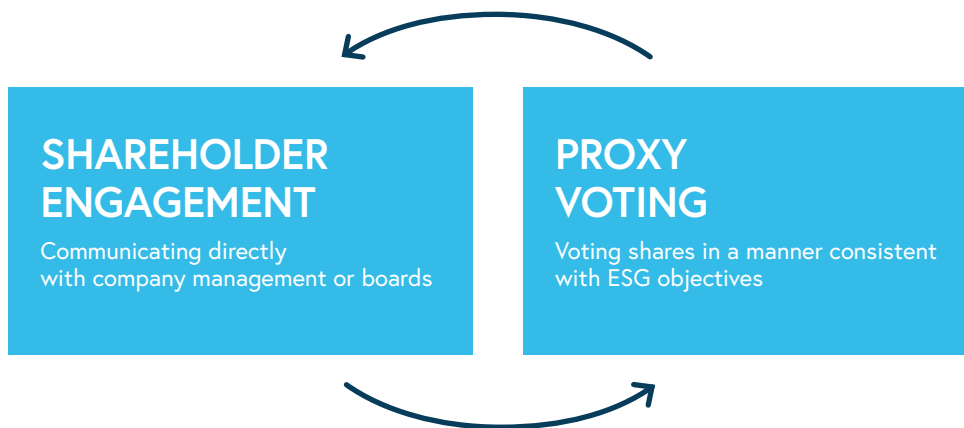
131 proposals



75% voted "against" management recommendations on shareholder-sponsored proposals

*The charts summarize how Boston Trust Walden voted on company- and shareholder-sponsored proposals for companies held in our investment strategies as of June 30, 2020. The analysis utilizes model portfolios and excludes the Walden International Equity Fund.

**The percentages are based on 216 companies headquartered in the US.



Promoting Board Diversity

The complementary influence of proxy voting and direct engagement is evidenced through our longstanding efforts to promote greater board diversity. We generally vote against directors serving on nominating committees at companies where women and people of color comprise less than 30% of the board. This season we voted against nominating committee members at just 7% of companies, far less than the 31% we opposed in 2019. This dramatic change is good news and evidence of significant progress through ongoing engagement. 6% of portfolio holdings met or exceeded our voting policy threshold for the first time. Another 25% of companies that have yet to meet our threshold were supported due to ongoing positive dialogue, enhanced governance documents and proxy disclosures that demonstrate a meaningful commitment to improve, and/or recent addition of women and people of color to boards.

We don't just vote, however; we communicate, linking proxy voting and company engagement in a self-reinforcing cycle that has proven exceptionally effective. In the coming months, we will contact companies that did not meet our proxy voting guidelines for board diversity to explain our votes and encourage progress. Some will entail new conversations but most represent ongoing dialogues over multiple years. When we have the ears of management, we often raise broader questions about workforce diversity and inclusion.

Prepared July 2020.

The information presented should not be considered as an offer, investment advice, or a recommendation to buy or sell any particular security. The information presented has been prepared from sources and data we believe to be reliable, but we make no guarantee to its adequacy, accuracy, timeliness or completeness. Opinions expressed herein are subject to change without notice or obligation to update.