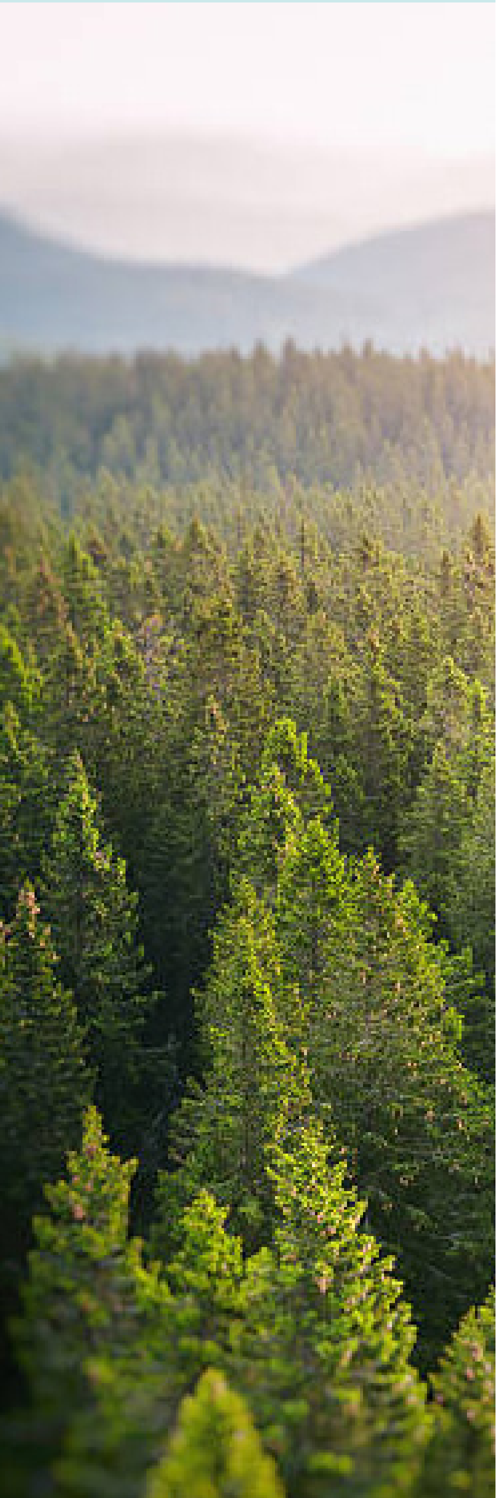
Boston Trust Walden
Principled Investing.

ESG IMPACT REPORT

Third Quarter 2022



AN UNWAVERING COMMITMENT TO *PRINCIPLED INVESTING*

For nearly five decades, Boston Trust Walden has integrated environmental, social, and governance (ESG) factors into investment strategies on behalf of our clients — one of the longest track records of any institutional investment manager. In this time, we have observed a dramatic rise in the number of investors that seek to recognize the financial materiality of ESG considerations within their investment portfolios. As a result, the ESG investment landscape has grown larger, more diverse, and increasingly complex. And in recent months, it has also become subject to mounting backlash questioning the validity of these investment strategies.

These critiques stand in stark contrast to the simple reason we began integrating ESG factors into investment decisions in 1975. At Boston Trust Walden, we believed then, as we do today, that it is our fiduciary duty to ensure client assets are invested in securities well-situated to minimize risk and produce sustainable returns. To ignore the financial implications presented by ESG risks would be a dereliction of that duty.

Over the course of decades, our firm has witnessed the changing climate physically disrupt global supply chains, halt manufacturing, and strain natural resource availability; and we've seen persistent inequality and toxic workplaces lead to employee strikes, regulatory noncompliance, and heightened reputational risk. We have also observed how effective management of material ESG risks can strengthen operations, improve resilience, and result in new market opportunities.

In a time of constant disruption and uncertainty, our focused discipline of *Principled Investing* is more important than ever before.

At Boston Trust Walden, we focus on investing client assets in securities we judge to be high financial quality. We seek to invest in enterprises with sustainable business models, strong financial underpinnings, prudent management practices, and a governance structure that supports these objectives. Foundational to our process is recognizing the financial materiality (or significance) of ESG factors. Our analysts evaluate a company's ESG performance to enhance our understanding of potential financial outcomes associated with issues ranging from risks (e.g., a consumer boycott) to opportunities (e.g., generating new sources of revenue).

As active owners, we don't stop at research. Our ESG investment professionals employ a multi-faceted approach to advance sustainable business practices at the companies in which we invest, combining ESG analysis with direct company engagement, shareholder resolutions, proxy voting, public policy advocacy, and multi-stakeholder collaborations. We believe it is this blend of ESG integration and active ownership that enables us to more effectively manage risk and — within our overall framework to identify higher quality companies — helps produce attractive, long-term investment results on behalf of our clients.

To ensure a modern, competitive, and healthy financial marketplace, investors need to address evolving market risk. At Boston Trust Walden, we are doing just that.

DEMANDING INVESTOR-GRADE DISCLOSURE

To price risks appropriately and allocate capital responsibly and efficiently, investors require access to rigorous, standardized, and high quality corporate disclosures. In 2022, Boston Trust Walden continued our decades-long active engagement with regulators and standard setters to drive efforts to improve corporate disclosure of material ESG information, seizing a pivotal opportunity to influence the creation of standards in the US and globally.

CLIMATE DISCLOSURE

Climate risk has spurred a massive transition, rapidly introducing new, emerging, and evolving financial risks. As investors, we require deeper levels of disclosure to understand how issuers are evaluating, preparing for, and managing this transition.

Current, voluntary climate risk disclosure falls short of meeting investor demand for consistent, comparable, and decision-useful information. While voluntary climate risk disclosure has been on the rise in recent years, the lack of a regulatory mandate has led to inconsistent information provided across multiple reporting regimes. This inconsistency has allowed companies to self-select which metrics and information to disclose and has caused confusion amongst investors about which disclosures to trust and use.

In response to growing investor demand, the Securities and Exchange Commission (SEC) released a proposed rule in early 2022 requiring companies to disclose in their annual financial statements *complete, consistent, comparable, and decision-useful* climate risk information. In June 2022, Boston Trust Walden took this critical opportunity to issue a public comment letter communicating our support for the proposed rule, describing the value of increased access to rigorous, standardized, and high quality corporate climate disclosures, and offering suggestions for where the rule could be strengthened to better meet investor needs.

Boston Trust Walden seized a pivotal opportunity in 2022 to influence the creation of disclosure standards in the US and globally.

Outside the US, the International Financial Reporting Standards (IFRS) Foundation established the International Sustainability Standards Board (ISSB). To help meet the demand for a comprehensive global baseline of sustainability-related disclosure standards, the ISSB released a draft common framework to guide corporate disclosure of material information across significant sustainability risks and opportunities. This important effort seeks to align disclosure with existing frameworks, such as the SASB indicators and the TCFD recommendations. In July 2022, Boston Trust Walden submitted two public comment letters — the **first** in response to the ISSB's General Requirements proposal and the **second** providing feedback on the ISSB's framework guiding climate risk disclosure.

The standardization of climate risk disclosure — here in the US and globally — will enable investors to better evaluate the direct risk exposure of an individual issuer and gain valuable insight into strategies and systems in place for monitoring and managing both direct and systemic climate risk.

DIVERSITY DISCLOSURE

Just as with climate risk, investors require consistent, complete, and comparable disclosure of workforce composition and human capital management practices across all levels of the enterprise.

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) 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.

> With sustained attention toward addressing racial, ethnic, and gender inequities, and coalescing investor demand, we believe a tipping point is on the horizon.

Following the release of the Nasdaq "Board Diversity Rule" 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, LGBTQ+, and disability status), Boston Trust Walden lent our **public support** in December 2020. In 2022, we jointly filed an **Amicus Brief** in support of the SEC's decision to approve the Nasdaq rule. This case is currently being heard in the US Fifth Circuit Court of Appeals.

Improved diversity cannot stop at the board room; so 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. We anticipate release of the SEC's proposed rule by end of year or early 2023.

EXPECTING MORE OF ESG INVESTING

Our work to advance standardized, robust, corporate disclosures is critical given the proliferation of ESG investment products and services in the marketplace. Such information will enable asset managers to better integrate ESG factors into investment decision-making and active ownership efforts. Asset owners, in turn, need to be able to assess their managers' approach to ESG investing. Unfortunately, many asset managers have not been forthcoming in terms of articulating their ESG investing approach.

To address marketplace confusion, the SEC released in May 2022 two proposals aimed at increasing investor access to information concerning funds' and advisers' incorporation of ESG factors. As we communicated to the SEC in an August 2022 letter, we believe increased scrutiny of how investment companies and advisers utilize ESG analysis and active ownership will protect shareholders and strengthen the ESG investment industry. We also view their action on this topic as an important signal that ESG investment is here to stay.

STRENGTHENING SHAREHOLDER RIGHTS

For decades, Boston Trust Walden has worked to protect the 14a-8 rule, which has proven to be a vitally important, market-based mechanism for shareholders to communicate with boards, management, and other shareholders on important corporate governance risks, as well as social and environmental issues. In July 2022, the SEC released proposed amendments to rule 14a-8 that will serve to strengthen shareholder rights and improve clarity in both the rule's interpretation and enforcement. In September 2022, Boston Trust Walden submitted a public comment letter communicating our support, describing how the proposed amendments will support our rights and responsibilities as investment fiduciaries and appropriately give shareholders greater choice and flexibility to determine the most effective strategies for addressing material issues facing the companies in which we invest.