Boston Trust Walden
Principled Investing.

Climate Risk and Investment Decision Making

TCFD Recommendations

These recommendations cover four thematic areas that represent core elements of how organizations operate. The themes are interlinked and inform one another.

- Governance
- Strategy
- Risk Management
- Metrics/Targets

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The changing climate is the world's foremost environmental challenge with far-reaching economic, environmental, and social implications that create risks and opportunities for companies and investors. As fiduciaries, we aim to manage the associated risks and opportunities. As concerned investors, we seek to contribute to efforts of citizens, businesses, and governments around the globe to catalyze and expedite the transition to a low carbon future and lessen the harmful impacts on the environment and humankind. These goals are compatible and complementary.

In this report, we provide an update on our efforts to manage climate risk at Boston Trust Walden. For the second year, we use the framework provided by the Task Force on Climate Related Financial Disclosure (TCFD) to guide our disclosure and to encourage companies we invest in to do the same. We commit to continuing robust climate-related disclosure in the coming years.

SUMMARY

We have a robust process to identify and assess climate risks.

The climate crisis has enormous economic, environmental, and human consequences; however, the extent and path of the societal and market responses are uncertain. Climate-related risks and opportunities are systematically integrated into securities analysis across all investment strategies. We gather information from a variety of sources and perspectives, consider transition and physical risks, and utilize proprietary research tools to examine how risks may uniquely affect the companies in which we invest. Our process involves members of the board and senior management, ensuring high-level oversight and attention.

We seek to manage and mitigate climate risk through company engagement and proxy voting.

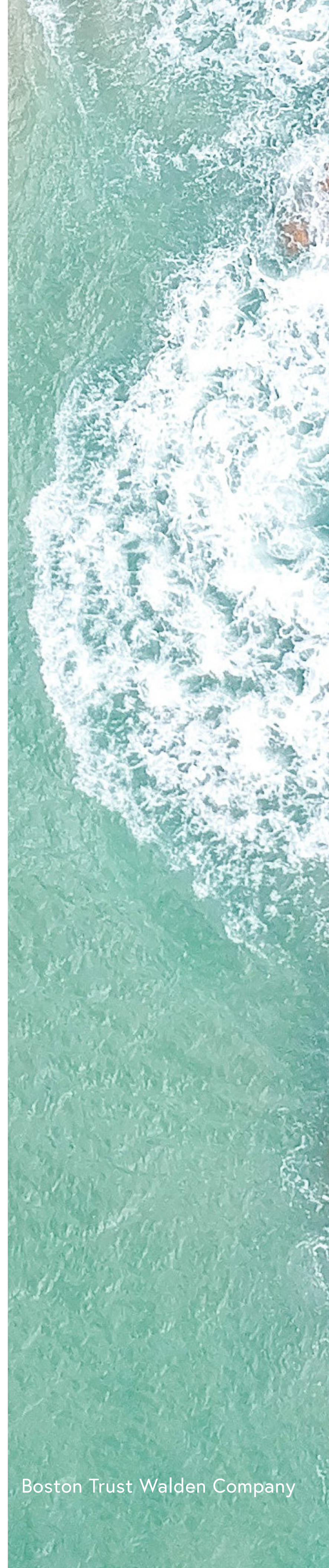
Foremost among our efforts to manage risk and mitigate the worst impacts of climate change, we encourage companies to aggressively pursue a path toward a carbon neutral future through the adoption of science-based greenhouse gas (GHG) emissions reduction goals. We also seek to galvanize companies' active support of effective climate policy at the local, state, national, and international levels. As investors who hold shares of publicly traded companies, we have a unique ability and responsibility to influence corporate leadership to embrace their role as a significant part of the solution to climate change.

We work in partnerships with others, including Ceres, CDP, Climate Action 100+, and the Interfaith Center on Corporate Responsibility (ICCR). In 2019, we engaged 178, or 60%, of our portfolio companies on environmental, social, and governance (ESG) topics. 48 engagements focused on climate change, with just under 25% resulting in demonstrable impact. We routinely support shareholder proposals calling for companies to set GHG emissions reduction targets and improve climate risk disclosure, though exceptions are made for those that have substantially implemented these requests.

The weighted average carbon intensity of our investment portfolios is significantly lower (better) than their respective benchmarks.

Using the weighted average carbon intensity metric, Boston Trust Walden model portfolios were 46% to 74% less carbon intensive than respective benchmarks.

In 2019, we aligned our firm's public climate disclosure with the TCFD recommendations. This report updates that original disclosure to reflect changes over the past year. While our process has not materially changed, there are substantive updates in Section 3 (Risk Management) reflecting our climate-related engagement and public policy work and in Section 4 (Metrics/Targets) regarding the carbon intensity of our investment strategies.



SECTION 1: GOVERNANCE

Describe the board's oversight of climate-related risks and opportunities. Describe management's role in assessing and managing climate-related risks and opportunities.

Board and Management Oversight

- Board of Directors
- Co-CEOs
- Chief Investment Officer
- Active Ownership Committee
- ESG Research and Engagement Committee

Our eight managing directors have both board and management-level roles in our employee-owned organization. They oversee all investment activities of Boston Trust Walden, including investment strategy and implementation, which includes considerations related to climate change.

The firm has a Co-Chief Executive Officer (CEO) structure; both CEOs are managing directors. The Director of ESG Investing reports to and meets regularly with the Chief Investment Officer (CIO) to establish, monitor, review, and revise objectives and priorities. The Director of ESG Investing oversees ESG research, ESG integration, ESG engagement, and proxy voting. In addition to the Director of ESG Investing, dedicated ESG staff include two senior professionals, the Manager of ESG Integration, three ESG analysts, and one ESG associate. All these functional areas have a significant climate component.

The Active Ownership Committee (AOC) oversees and affirms Boston Trust Walden activities related to proxy voting, company engagement, and public policy advocacy, including climate-related efforts. Chaired by a Managing Director, additional members include one of the co-CEOs, the CIO, the Director of ESG Investing, and two other investment professionals.

The ESG Research and Engagement Committee (REC) also plays an important role. Chaired by the Director of ESG Shareowner Engagement, REC includes one of the co-CEOs, the CIO, the Director of ESG Investing, and various Boston Trust Walden board members, as well as other portfolio managers, securities analysts, and ESG team members. The committee reviews and discusses active ownership efforts, including company engagements and public policy priorities, and provides input on emerging or complex ESG research issues. This process incorporates our assessment and management of climate-related risks and opportunities.

SECTION 2: STRATEGY

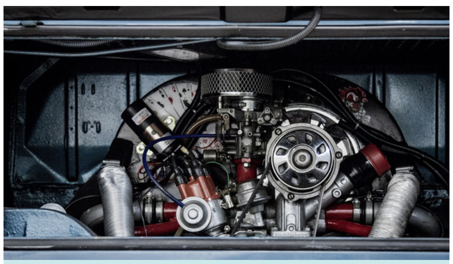
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

Boston Trust Walden considers multiple dimensions and timeframes associated with climate-related risks and opportunities in security selection and portfolio construction.

Climate-related risks are apparent in the short, medium, and long term. At Boston Trust Walden, we consider short term to be 1-2 years, medium term to be 3-10 years, and long term to be 10 plus years.

The TCFD framework organizes risks into two broad categories—transition and physical impact risks. It makes clear climate risk is relevant to numerous industries and manifests itself in a variety of ways. We have long shared this perspective and integrate climate-related risk into our securities analysis, assessing how risk factors such as changing technologies, new regulations, and natural disasters could affect a company's direct operations, value chain, and reputation. Below we provide several examples to illustrate how we factor risks and opportunities into our investment strategies/products.

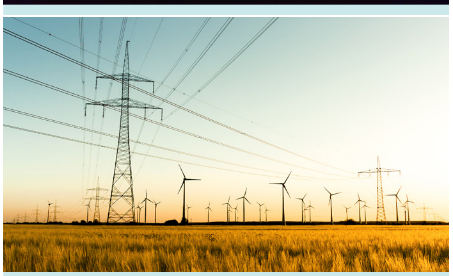
EXAMPLES OF RISKS AND OPPORTUNITIES



Automotive Parts: While evaluating several automotive parts companies, analysts identified challenges to growth in product categories that focus on traditional internal combustion engine technology as lower GHG emitting technologies become more prevalent. Though we do not expect the market for traditional combustion engine technology to disappear immediately, it is clear the transition to new technologies could present a real headwind to growth. These companies were not approved for investment.

REITs: Part of our analysis of real estate investment trusts (REITs) includes scrutiny of the location of properties, noting that coastal properties in numerous locations are already experiencing physical risks due to increased frequency of flooding. We have also observed an opportunity in the market for REITs that have made investments in more climate-friendly properties. We have tended to favor the latter and avoid the former in our investment process.

Wildfires: The devastating fires in California in recent years and the bankruptcy filing and $13.5 billion settlement of Pacific Gas & Electric (PGE) in 2019 provide another dramatic example of the impact of physical risks, in this case driven by drought conditions. While PGE was not a Boston Trust Walden holding, we have reduced our exposure to other electric utilities operating in the state of California.



Utilities: The utility sector is particularly exposed to transition risk. Companies with significant coal-fired generating fleets have faced stranded asset risk as natural gas-fired generating units became cheaper and regulation increased the cost of environmental compliance for coal-fired plants. We are closely watching the evolution of renewable technology as a potential threat to natural gas assets. Both generating assets and pipeline infrastructure are potentially at risk. We continue to assess and discuss the potential for asset stranding of natural gas transmission and distribution networks, in a scenario in which regulation pushes consumers away from gas and toward electricity for home heating. We have tended to avoid investment in utilities with generating assets of any kind and we engage companies with distribution assets to better understand risks.

Boston Trust Walden systematically integrates ESG risks and opportunities into investment decisions for all assets under management.

Describe how climate-related risks and opportunities are factored into relevant products or investment strategies.

ESG risks and opportunities are systematically integrated into investment decisions for 100% of assets under management. We believe a thorough assessment of climate-related risks and opportunities is appropriate for all investment strategies across market capitalization, style, and geography.

Three committees serve as the primary forums for discussion of key risks and opportunities related to ESG issues: Investment Committee (IC), Active Ownership Committee (AOC), and ESG Research & Engagement Committee (REC). IC considers climate risks and opportunities related to security selection. AOC oversees and affirms Boston Trust Walden activities related to proxy voting, company engagement, and public policy advocacy, including climate-related efforts. REC routinely assesses climate risks and opportunities relevant to ESG integration (research for investment decision-making), engagement priorities, and public policy advocacy.

In-house ESG analysts have primary responsibility for identifying climate-related risks and opportunities, communicating with executive leadership and traditional financial analysts regarding their findings, and making recommendations to address risks and opportunities, as appropriate. The Manager of ESG Integration and the ESG analyst team are responsible for staying current on climate trends, data sources, and analytical processes to help guide our decision-making on products and services offered, research and engagement strategies, and public policy advocacy.

Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2-degree Celsius or lower scenario. Describe how each product or investment strategy might be affected by the transition to a lower-carbon economy.

Countless scientific studies describe how a changing climate is driving rising sea levels, changing weather patterns, and increasing severity of storms, all of which have economic, environmental, and human consequences. In contrast to the visible and increasingly certain calamitous impacts associated with unmitigated climate change, the extent and path of societal and market responses are far more uncertain. The impact of a transition to a lower carbon economy on our investment strategies depends on the path taken and the pace of change, among other variables. Like many investors and companies, we look for indicators to determine if the world is indeed on a path to a lower carbon economy.

Notwithstanding significant uncertainty, there are sectors of the economy that appear more likely to be negatively affected by a transition to a low carbon economy. We have generally avoided carbon intensive industries, such as cruise lines and airlines. With respect to investment in the energy sector and fossil fuel companies and utilities, Boston Trust Walden seeks to identify companies that contribute to more efficient energy production while minimizing overall environmental impacts. More specifically, portfolios avoid exposure to coal

Climate risk is not limited to energy companies and utilities; demand side companies also face risks.

companies (the most carbon intensive fossil fuel) and oil sands (also among the highest carbon intensity sources). We favor natural gas, a lower carbon fossil fuel that, in combination with resource conservation and energy efficiency measures, can be an important energy source in the transition to cleaner fuel technologies.

As the TCFD framework makes clear, climate risk is not limited to energy companies and utilities. We have long considered the supply side of climate risk (fossil fuel companies and utilities), as well as the demand side (all other companies). The impact on demand side companies is more challenging to discern and is further affected by the range of potential responses to climate.

The current state of disclosure from companies makes it especially challenging for investors to systematically consider risks, underscoring the importance of the TCFD framework. TCFD analysis indicates many companies currently disclose some information, but there is room for significant improvement. One metric frequently disclosed is the estimated direct carbon emissions of a company. This has led investors to assess the carbon footprint of portfolios despite shortcomings of the metric. We disclose the carbon intensity of Boston Trust Walden model portfolios in Section 4 (Metrics/Targets).

SECTION 3: RISK MANAGEMENT

Describe the organization's processes for identifying, assessing, and managing climate-related risks for each product or investment strategy.

The potential materiality of climate-related issues depends on a company's sector/industry and its operating model. Our in-house ESG analysts and traditional securities analysts review a company's climate-related risks and opportunities, considering short- to long-term impacts. Risks include:

- Regulatory risk (e.g., how prepared sectors/industries/companies are for carbon regulation)
- Operational risk (e.g., business operations at risk due to impacts of climate change)
- Reputational risk (e.g., how companies are viewed by key stakeholders and customers)
- Litigation risk (e.g., lawsuits against fossil fuel companies for alleged failure to disclose climate risk)

Our analysts also consider opportunities afforded to companies with products, services, or processes that mitigate climate risk. For example, a company with filtration technology stands to benefit from more stringent clean air regulations, a utility's building transmission and distribution infrastructure may benefit from an increase in new renewable energy assets, and a company providing advanced technology to improve the utilization of water in its agricultural process may benefit from increased demand for its products as water stress becomes more apparent.

Our analysts utilize a variety of resources, including company reports, company responses to the CDP climate survey, third-party ESG data providers, academic and NGO research, and, as appropriate, primary company research.

The ESG assessment (inclusive of climate risk) is reviewed and affirmed by designated members of the Investment Committee (IC), usually including the leader of the relevant investment strategy. The assessment is then presented to members of the IC by the securities analyst, and, as needed, the ESG analyst. The IC, which is comprised of all portfolio managers and analysts, analyzes all material factors in its review of individual securities, including ESG considerations. Most of these investment professionals have some cross-functional experience in traditional and ESG research. The work of the IC results in a thorough assessment of a company's appropriateness for client portfolios. Individual portfolio managers are responsible for constructing portfolios from the firm's approved list of securities, taking into consideration client-specific objectives, including ESG and climate objectives.

During the research process, analysts also consider the potential for shareholder engagement to encourage improved management of climate-related risks and opportunities. See our Annual ESG Impact Report for examples.

Finally, we measure and track the weighted average carbon intensity of our model portfolios. The results are scrutinized from absolute (i.e., which companies are the largest contributors) and relative (i.e., how does the portfolio compare to its benchmark) perspectives.

Describe, where appropriate, engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks in order to improve data availability and asset managers' ability to assess climate-related risks.

We engaged 48 companies held across investment strategies in 2019 on climate issues. Of those engaged, just under 25% demonstrated measurable progress, including establishing science-based GHG emissions reduction targets, improving climate risk management, and expanding climate lobbying disclosure.

Over multiple decades, our firm has played a core role in advancing climate solutions with company and policy influencers both directly and in coalition. Global investor initiatives offer us an opportunity to collectively address urgent issues and expand our reach and influence beyond portfolio holdings. A case in point is the Climate Action 100+ that is focused on engaging the world's largest GHG emitters to improve climate governance, curb emissions in line with the Paris Agreement, and strengthen climate-related financial disclosure.

In 2019, under the banner of climate governance, we co-led a global investor letter asking 47 of the largest U.S. publicly traded companies to align their climate lobbying with the goals of the Paris Agreement. The letter was sent as part of the Climate Action 100+ engagement agenda from 200 institutional investors representing $6.5 trillion in assets under management.

In 2019, we joined other investors to sign the Global Investor Statement to Governments on Climate Change.

Corporate lobbying expenditures have a significant influence on climate policy and can either complement or contradict a company's public commitments. Smart climate policies are essential to catalyze rapid emissions reductions needed in the market, but, unfortunately, too many companies have lobbying efforts misaligned with their stated commitments to effectively manage the climate risks they are facing.

Given the urgency of the climate crisis and the important role of policy in advancing solutions, it is crucial that companies play a constructive role. The results from these collaborative engagements are still unfolding, but we expect progress in the coming year.

In advance of the G20 Summit, we joined a record 631 investors managing more than $37 trillion in signing the Global Investor Statement to Governments on Climate Change. The statement reiterates investors' support for the Paris Agreement and urges all governments to take necessary action to achieve the Paris Agreement's goals, accelerate private sector investment into the low carbon transition, and commit to improving climate-related financial reporting.

We also urged the U.S. Environmental Protection Agency to uphold regulations for methane emissions produced by oil and gas companies, and signed a letter alongside 100+ major companies, investors, and higher education institutions in support of the Transportation & Climate Initiative.

Our proxy voting record supports our engagement efforts. We routinely support shareholder proposals calling for companies to set GHG emissions reduction targets and improve climate risk disclosure, though exceptions are made for those that have substantially implemented these requests.

SECTION 4: METRICS/TARGETS

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

In 2018, based on the recommendations of the TCFD, we began reporting the weighted average carbon intensity of our model portfolios, which normalizes emissions based on revenue. In previous years, we reported the carbon footprint, which normalizes emissions based on the market value of the portfolio. In 2018, we also expanded our analysis to include additional investment portfolios in order to disclose carbon metrics for the majority of assets under management.

In 2019 our portfolios' carbon intensity compared favorably to benchmarks, which is consistent with the past several years. The portfolios' carbon intensity ranged from 46% to 74% less (better) than respective benchmarks.

BOSTON TRUST WALDEN RESULTS
WEIGHTED AVERAGE CARBON INTENSITY (tCO_2e/$MILLION SALES)

	Small Cap	SMID Cap	Mid Cap	Large Cap	Fossil Fuel Free Large Cap
Carbon Intensity—Boston Trust Walden	74	65	71	86	87
Carbon Intensity—Benchmark	137	176	275	163	163
Carbon Intensity (relative to benchmark*)	**-46%**	**-63%**	**-74%**	**-47%**	**-46%**
Attribution: Sector Allocation	21	14	-5	10	-14
Attribution: Stock Selection	-84	-125	-199	-87	-61
#1 Contributing Stock	HE	APA	APA	APD	APD
#2 Contributing Stock	CPK	RPM	PKG	COP	UNP
#3 Contributing Stock	CHH	PKG	DLR	UNP	ED

Source: Boston Trust Walden, MSCI
*In order, the benchmarks are as follows: Russell 2000®, Russell 2500™, Russell Midcap®, Russell 1000®, Russell 1000®.
We applied the most recent available carbon data (12/31/18) to portfolios as of 12/31/19. The metrics above are based on the strategy's model portfolio.

The shortcomings of carbon footprinting methodologies are well established. For example, most approaches do not include value chain emissions (Scope 3), which usually dwarf emissions from direct operations. The footprint also gives no indication of industry dynamics in scenarios that incorporate a price on carbon, which may help predict winners and losers. Furthermore, the underlying data do not reflect commitments companies may have made to reduce their carbon footprints going forward, or whether a company's products have a positive or negative impact from a climate perspective.

To address this final concern, in 2018 we began tracking a new metric: the carbon reduction commitments of companies in our Large Cap strategy. Over 70% of companies in the portfolio, or 47 out of 65, had either absolute or intensity-based GHG reduction goals as of December 31, 2019. An additional seven companies have plans to set goals soon.

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