



Boston Trust Walden

Principled Investing.

ESG IMPACT REPORT

Third Quarter 2021

HYATT'S DEI DISCLOSURE DELIVERS

Before the virus called COVID-19 was thrust into our daily consciousness in early 2020—a global pandemic that compelled us to see the disparate health and economic impacts faced by women and people of color—Boston Trust Walden was engaging with Hyatt Hotels on its diversity, equity, and inclusion (DEI) policies, practices, and reporting. The preceding fall, just months before the economic shut-down devastated the hospitality and leisure industry, we filed a shareholder resolution for Hyatt's 2020 annual meeting. The resolution requested a description of policies and programs implemented to increase the number of minority and female employees in job categories where they are underutilized, as well as detailed workforce demographic data that would enable investors to monitor progress. Amid this extremely challenging context, Hyatt's substantial commitment to strengthen DEI practices and reporting led us to withdraw our shareholder proposal in late March 2020. With the July 2021 release of its inaugural [DEI report](#), we are pleased to report that Hyatt is honoring its commitment.

For the first time, Hyatt publicly shared its workforce data and promised annual disclosure, a measure of accountability we believe is an essential component of DEI leadership. Women are well represented at 51.8% of US employees and 55.2% of managers, but taper to 38.5% among leadership. A representation gap in management and leadership is more apparent for employees of color, who collectively account for 63.9% of US employees, 37.5% of managers, and 22.3% of leadership. Importantly, workforce composition metrics by ethnicity and race are provided separately, enabling investors to observe progress for different cohorts over time. For example, Black employees represent 12.9% of the US workforce, 6.6% of managers, and 4.4% of company leaders.



Along with new transparency on workforce composition, Hyatt set ambitious targets to improve, including a 2025 goal to double the representation of women and people of color in leadership roles. To enable success, Hyatt recently began tying executive stock compensation to DEI goals and now requires all employees with incentive-based pay to create measurable, individual DEI goals. Additionally, Hyatt enhanced reporting across other salient environmental, social, and governance (ESG) topics such as human rights risk assessments via a detailed [update](#) to its Global Reporting Initiative Index.

Boston Trust Walden has been a decades-long advocate for public disclosure of the full EEO-1 Report prepared for the Equal Employment Opportunity Commission. We welcome increasing interest by investors and by the Securities and Exchange Commission, which is considering workforce DEI factors as part of human capital disclosures. Hyatt's report includes much, but not all, of the workforce composition data in the EEO-1. In future publications, Hyatt has opportunities to build on this important foundation by including information on gender and racial pay equity assessments and progress to address any gaps.

Hyatt is poised to make meaningful progress toward achieving its DEI goals and appears committed to continuous improvement. As long-term investors, we expect ongoing conversations with management to provide more opportunities to share perspectives, understand challenges, and celebrate milestones along the way.

Boston Trust Walden has been a decades-long advocate for public disclosure of the full EEO-1 Report because we recognize the role it plays in closing the opportunity gap within the workplace.

THE PROMISE OF INVESTOR COLLABORATIONS

While Boston Trust Walden engages numerous companies one-on-one, targeted investor collaborations allow us to expand the scope and scale of our active ownership initiatives. These activities can be uniquely successful because they leverage the knowledge and reputation of issue experts as well as sizable, collective assets under management of participating investors.

CDP, a nongovernmental organization providing detailed data on how global companies manage environmental risks, provides a case in point. This year, we are reaching over 50 companies across our investment strategies through our participation in CDP's Non-Disclosure Engagement Campaign (NDC), focusing on companies that do not disclose on one or more of CDP's three standardized frameworks addressing climate, deforestation, and water risk. CDP counts nearly 600 investors globally in its network, though individual company outreach as part of the NDC generally includes about two dozen investors. Boston Trust Walden is the lead investor at ten portfolio companies. Additionally, in 2020 CDP started a Science-Based Targets (SBT) campaign, calling on companies to set greenhouse gas (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 SBT campaign investors representing nearly \$30 trillion in assets in letters to more than 1600 companies, including approximately 60 portfolio holdings. We are pleased to report numerous companies are adopting ambitious, science-aligned GHG goals.



An example of a more sector-focused collaboration is the [Access to Nutrition Initiative](#). This initiative assesses 25 leading global food and beverage manufacturers and benchmarks performance for investors and other stakeholders to address obesity, illness, and undernutrition. With other investor signatories, we encourage the companies to make strides in their product profiles and marketing and we occasionally assume a leadership role in a dialogue with a portfolio company.

Eight years after the tragic collapse of the Rana Plaza factory in Bangladesh caused the death of more than 1,000 garment workers and injury to thousands more, the legally binding Accord on Fire and Building Safety put in place by unions, brands, and retailers was set to expire in May. Led by ICCR, we joined investors calling for apparel companies to recommit to an enforceable approach to ensure continued, safe working conditions in Bangladesh and other countries where garment workers' lives remain at risk. In August, we were gratified to learn major global retailers agreed to an extension of the Accord (now called the [International Accord for Health and Safety in the Textile and Garment Industry](#)) for two years.



MORE SIGNS THAT A NEW SEC IS IN TOWN

Under the heading “Tide Turns on ESG-Related Public Policy,” our first quarter ESG Impact [Report](#) documented substantial steps by the Securities and Exchange Commission (SEC) and Department of Labor (DOL) to reverse rulings put in place during the previous administration that had a clear bias against ESG considerations in investment decisions, proxy voting, and the shareholder right to file proxy resolutions. The positive signals keep coming:

- In May, [SEC Chair Gensler stated](#) SEC staff would propose a new rule addressing human capital disclosures, such as workforce diversity and employee turnover metrics.
- In July, [SEC Chair Gensler remarked](#) SEC staff is developing a mandatory climate risk disclosure rule for consideration this year, potentially for inclusion in formal financial statements (Form 10-k).
- In August, the [SEC approved Nasdaq’s Board Diversity Rule](#), requiring listed companies to meet diversity thresholds (by gender, race or ethnicity, and LGBTQ+ status) or explain their failure to do so, aka *comply or explain*, in addition to disclosing self-identified board diversity statistics.
- Also in August, the DOL submitted a proposed Rule (not yet public) called “Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights.” Forthcoming regulations are expected to restore confidence in incorporating ESG considerations in investment processes.

In each case, Boston Trust Walden provided public comments advocating for the changes that are now in the works. While we are pleased with the direction, we expect challenges along the way and will continue to use our investor voice to promote smart public policies.

RECENT INITIATIVES

Boston Trust Walden joined [Business for America](#), a nonpartisan business group calling on Congress to pass the John Lewis Voting Rights Advancement Act to ensure equitable and accessible voting rights for all citizens, a foundational requirement for good government and a healthy society.

We signed the [Investor Letter on Permanent Federal Paid Family and Medical Leave](#), asking Congress to pass a comprehensive and permanent federal paid family and medical leave program by the end of 2021.

We were a participant in [America is All In Hill Day](#), joining corporate and NGO members in meetings with the Congressional offices for Senator Maggie Hassan, Representative Richard Neal, and Representative Chellie Pingree, asking them to back emissions reductions of 50% or more by 2030 and a transformation of US transportation and energy infrastructure toward net zero emissions by 2050.