Boston Trust Walden
Principled Investing.

ESG IMPACT REPORT

Third Quarter 2025

THE COSTS OF CLIMATE CHANGE

In 2005, Hurricane Katrina left the gulf coast of the United States in devastating ruin. It was called a "hundred year storm" — a term used to describe both its rarity, but also the severity of its impact. That year, the US experienced six weather events with economic costs north of $1 billion USD. Hurricane Katrina alone cost more than $125 billion,[1] which adjusted for inflation would be more than $200 billion today.[2]

Ten years later, in 2015, eleven such events occurred in the US.[3] And In 2024, nearly two decades after Katrina, there were **27 confirmed US billion-dollar weather and climate disaster events**. According to the National Oceanic and Atmospheric Administration, the total cost of weather events over the last decade **exceeds $1.4 trillion**.[4]

The cost, both human and economic, of these extreme weather events is unprecedented. Already in 2025 — with wildfires raging across the city of Los Angeles and a massive dust cloud, or haboob, enveloping Phoenix — we have witnessed weather events that are not only unprecedented, but at a scale previously unthinkable. The global scientific community agrees the Earth's rapid warming is presenting extraordinary and dynamic risks to the economy, communities, and natural systems. Rising surface temperatures are leading to widespread and rapid changes in the atmosphere, oceans, cryosphere (ice), and biosphere, resulting in more frequent and extreme weather events across the world.

While the science of climate change is certain, the impacts to specific industries or companies may manifest in a variety of ways and on varying time horizons. In this context, Boston Trust Walden actively engages companies across our investment strategies focusing on enhancing risk mitigation, strengthening enterprise resilience, and protecting long-term shareholder value.

[1] https://guides.lib.lsu.edu/Hurricanes/KatrinaEconomy
[2] https://www.swissre.com/institute/research/topics-and-risk-dialogues/climate-and-natural-catastrophe-risk/hurricane-katrina-watershed-event-for-insurance
[3] https://www.ncei.noaa.gov/access/billions/time-series
[4] Ibid.

UNDERSTANDING CORPORATE CLIMATE RISK EXPOSURE

Companies can face a variety of climate-related risks, including physical and transition risks. Physical risks can be considered acute (e.g., impacts of an extreme weather event) or chronic (e.g., changes in weather patterns disrupting access to water and other natural resources). Transition risks can be associated with impacts from changing regulation, shifts in technology, market behavior, and rising commodity costs, among other impacts. Importantly, companies may also face indirect (e.g., supply chain) and systemic risks (e.g., economy-wide impacts on worker productivity due to heat stress).

Physical and transition climate-related risks can be both distinct and interconnected. For example, a company with elevated physical risk exposure due to operations in regions experiencing more intense and frequent wildfire events may need to invest in more resilient infrastructure and land-use planning. That same company may also be exposed to related transition risks linked to evolving government regulations for building standards and/or reduced demand due to customers seeking to mitigate risk and avoid disruption in their own supply chains.

BUILDING CLIMATE RESILIENCE ACROSS INVESTMENT STRATEGIES

To assess how companies are managing the financial risks and opportunities presented by climate change, investors need clear, comparable, and company-specific information. This is why Boston Trust Walden leverages the tools of active ownership — via direct company engagement and public policy advocacy — to gain access to this information and enhance our understanding of climate risk mitigation among the companies held across investment strategies.

When relevant for a company's specific business model and operating context, we encourage disclosure of a **climate transition plan**. Climate transition plans can be an effective tool for both companies and investors. From a company perspective, these plans can help corporate leaders understand their risk exposure, strengthen enterprise resilience, increase operational efficiencies, enhance competitiveness and brand recognition, identify revenue-generating opportunities, and respond to an evolving regulatory landscape. Transition plan disclosures provide investors with a forward-looking roadmap of the company's related strategy, governance, and risk management. For instance, they indicate management's view of material climate-related risks and opportunities that could suppress or promote long-term value creation. They also demonstrate

On the Ground for NYC Climate Week

Every September, global leaders in business, capital markets, government, and civil society come together in New York City for Climate Week. Boston Trust Walden was on the ground for this event, which garnered the highest attendance in the event's history. Despite the increasingly challenging obstacles we collectively face, the tenor of those in attendance was decidedly optimistic. A key theme throughout the week was ***resiliency***, and participants discussed solutions, opportunities to better leverage data, and strategies to both secure assets and achieve growth.

integration of climate considerations into enterprise risk management processes and strategies to build business resilience under a range of climate scenarios. At year-end 2024, approximately 28% of companies held across our investment strategies had developed transition plans to address climate related risks and opportunities.

ADVANCING CLIMATE RISK DISCLOSURE

The current state of voluntary climate risk disclosure makes it especially challenging for investors to systematically consider risks. The lack of a consistent regulatory mandate has led to varied information disclosed across multiple reporting regimes. This inconsistency has allowed companies to self-select which metrics and information to disclose, causing confusion among investors about which disclosures to trust and use.

This is why Boston Trust Walden also engages regulators and policymakers in the US and internationally on investor-relevant topics, including investor access to robust corporate disclosure of climate-related risks and opportunities. Boston Trust Walden is a member of the Investor Advisory Group to the International Sustainability Standards Board (ISSB). The ISSB is a standard setting body created by the International Financial Reporting Standards (IFRS) Foundation tasked with developing a comprehensive global baseline for sustainability-related disclosures connected to financial statements. In support of this global standard, Boston Trust Walden actively engages with international jurisdictions encouraging corporate reporting requirements aligned with the IFRS Sustainability Disclosure Standards.

Progress to align with this global standard is happening in certain regions of the world. Yet the absence of a regulatory mandate within the US means that state-based regulation is emerging, creating a potential patchwork of regulations for companies to navigate. In this context, Boston Trust Walden advocates for interoperability and alignment with the IFRS ISSB standards. In 2025, Boston Trust Walden offered our perspective to the California Air Resources Board (CARB) as it prepared to implement new climate disclosure requirements in 2026. In our comment letter, we encouraged CARB to align requirements and implementation guidance with the ISSB standards to the greatest extent possible and practical. We view this alignment as critical for ensuring resource efficiency for reporting companies in their delivery of consistent and comparable climate-related disclosures to investors.

Importantly, both international and state-based reporting requirements are already influencing the climate disclosures of many companies. For example, the European-directed Corporate Sustainability Reporting Disclosure requirements and the state-based California climate disclosure rules require companies to disclose climate transition plans within their annual reports. These requirements will support the mainstreaming of these disclosures, allowing Boston Trust Walden to focus our engagement with companies on ensuring these transition plans include the decision-useful information we require.

Protecting the EPA Endangerment Finding

In March 2025, the US Environmental Protection Agency (EPA) introduced a policy agenda to repeal most federal pollution standards, including reconsideration of the 2009 EPA Endangerment Finding. The Endangerment Finding established formal scientific evidence that greenhouse gas (GHG) emissions endanger public health and welfare, including six GHGs: carbon dioxide, methane, nitrous oxide, HFCs, PFCs, and sulfur hexafluoride. Importantly, the Endangerment Finding serves as the foundation of the EPA's ability to regulate GHG emissions under the Clean Air Act.

In September 2025, Boston Trust Walden submitted a public comment letter urging the EPA to preserve the Endangerment Finding. We provided our perspective regarding the Endangerment Finding and its role in enabling a stable policy framework, supporting economic growth including industrial expansion, job creation, and technological innovation across sectors. We shared how it has also provided a predictable policy framework for investors such as Boston Trust Walden to support long-term planning and risk-adjusted decision-making.

Without a consistent federal standard, companies may be forced to navigate a fragmented patchwork of state-level climate regulations that may accelerate in the absence of a federal GHG emissions regulation standard, creating significant compliance complexity, legal exposure, and operational inefficiencies that could directly affect companies' financial performance. If the Endangerment Finding were rescinded or significantly weakened, it would introduce substantial regulatory uncertainty, increase value-at-risk[5] for companies, and present investors with greater exposure to unmanaged risks. It would also inject avoidable instability into markets, delay progress on climate risk mitigation, and compromise US leadership and competitiveness in a rapidly transitioning global economy.

We will continue to closely follow these regulatory developments and, where possible, articulate our belief that preserving the Endangerment Finding is essential to maintaining regulatory stability, supporting efficient capital allocation, and safeguarding long-term financial and economic resilience.

[5] Value-at-risk quantifies the potential financial loss of a company's investment portfolio over a specific time frame and at a certain confidence level.