



**Boston Trust Walden**  
Principled Investing.

# Boston Trust Walden

# Proxy Voting Guidelines

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# Introduction

These guidelines pertain to the investment products and services provided by either Boston Trust Walden National Association (a national trust bank) or Boston Trust Walden Inc. (a Registered Investment Adviser) – collectively “Boston Trust Walden”. Boston Trust Walden National Association provides proxy voting services to Boston Trust Walden Inc. pursuant to an Intercompany Agreement.

Boston Trust Walden understands that voting proxies of securities held in investment management accounts is a fiduciary responsibility having economic value. Our goal is to represent and vote proxies in the best long-term interest of our clients, exercising care, skill, prudence, and diligence.

The hallmark of Boston Trust Walden’s investment approach is our emphasis on identifying higher quality investments with sustainable business models. We believe that material environmental, social, and governance (ESG) risks and opportunities are an appropriate and essential part of a comprehensive analysis of long-term investment prospects. We therefore believe it is important to consider a company’s ESG performance as part of our fiduciary duty to our clients. ESG integration describes our belief that companies protect and enhance their long-term profitability if they demonstrate proactive and effective management of material ESG risks and opportunities.

Boston Trust Walden’s approach to proxy voting is guided by three key principles:

- a) **Driving Long-term Value Creation** – Our evaluation of each ballot item is grounded in the merit of each request and whether such actions are likely to foster the creation of long-term shareholder value for clients. As long-term investors, we employ an extended time horizon when assessing the prospects for value creation and believe a company is best positioned for sustained success when it proactively seeks to evaluate and manage issues that could erode future value or unlock new sources of growth.
- b) **Transparency** – Enhanced corporate transparency enables more informed investment decision-making for our clients by enabling a deeper understanding of a company’s governance, strategy, and risk profile. Robust disclosures are essential to ensure companies are effectively managing the business, including material ESG risks and opportunities, in support of long-term value creation for shareholders.
- c) **Accountability** – The protection and advancement of shareholder rights is central to the ability of investors to hold corporate boards and executives responsible for actions that may be misaligned with the interests of long-term shareholders. Certain corporate governance structures – such as dual class share structures, lack of board independence, classified boards, and supermajority voting provisions, among others – are widely viewed as barriers to effective shareholder oversight and reduce the incentive for management and boards to be responsive to investor concerns. In addition to robust protections for shareholder rights, clear evidence of effective board oversight of management can serve as a marker of strong corporate governance and better ensure strategy is aligned with the interests of long-term shareholders.

In general, ballot items that we deem to be economically material and that meaningfully advance these three principles will merit support.

Our proxy voting guidelines serve as a general framework. We closely examine the merits of each ballot proposal and consider relevant information and company-specific circumstances. As a result, there may be cases in which the final vote cast on a particular ballot item varies from the stated guidelines below. In addition, the actual proxy initiatives for which we cast votes in any given year are far more numerous and varied than the potential items addressed in Boston Trust Walden's proxy voting guidelines. Any proxy item not addressed in these guidelines is voted in a manner guided by the three principles cited above to meet our fiduciary duty to cast votes in the best long-term interest of our clients with the information available to us at the time.

Since December 2005, Boston Trust Walden has engaged the proxy advisory services of Institutional Shareholder Services (ISS) to assist us in voting proxies, having found that its research and advice complemented our historical voting practices. Our Active Ownership Committee reviews ISS recommended guidelines annually to develop, monitor, and update our customized Boston Trust Walden proxy voting guidelines that are described in the following pages. Using our unique guidelines, ISS recommends specific proxy votes for the shares that we hold on our clients' behalf. We then affirm or adjust the ISS application of Boston Trust Walden's guidelines before they become final.

## Director Elections

Boston Trust Walden will vote case-by-case on director nominees, carefully evaluating each individual director through the lens of our three key principles when determining vote instruction:

**Driving Long-term Value Creation:** Boston Trust Walden assesses board composition and effectiveness across a wide range of factors, including skills, expertise, backgrounds, demographics, and independence, as well as recruitment, evaluation, and refreshment practices. We consider such diversity at the board level as a marker of good governance, a view reinforced by a range of studies indicating an association between diversity of skills and backgrounds and key factors such as sound decision-making, strengthened firm value, and enhanced oversight of risk management. Taken together, a thoughtfully composed board with robust nominating and governance practices can enhance shareholder value by bringing together a breadth of viewpoints, skills, and experiences to navigate complex challenges, provide effective oversight, and promote sustainable business practices.

Directors must also be able to dedicate sufficient time and attention to their roles to effectively guide and monitor management. Directors who are frequently absent or overcommitted — such as serving on an excessive number of boards — can compromise board effectiveness. Ensuring that directors are fully able to contribute meaningfully to the board's duties is essential to protecting shareholder interests and driving long-term value creation.

In the case of contested elections, Boston Trust Walden considers factors such as management's track record and the company's financial performance, the qualifications of each nominee, the substance and credibility of the dissident slate's critique of management, and the potential for the alternative strategic plan to contribute to long-term value creation.

**Transparency:** Boston Trust Walden expects directors to be attentive and responsive to shareholder concerns, especially when a shareholder proposal receives significant support, or a management-sponsored proposal receives notable opposition. In these cases, we expect the board to clearly disclose its efforts to engage with shareholders after a vote, including the steps taken to address key concerns. Further, we expect robust transparency of board composition and attributes to demonstrate the appropriate leadership is in place to exercise oversight of corporate strategy. This includes an expectation for board matrices that include director demographic data alongside skillset, tenure, committee participation, and other relevant data.

**Accountability:** Boards play a central role in exercising oversight of corporate executives and ensuring strategy is aligned with the interests of long-term shareholders. Adequate mechanisms for director accountability are critical to ensure shareholders have a voice in a company's corporate governance policies and processes. Core tenets of accountability at the board level include the annual election of directors and strong provisions for shareholder rights (such as adherence to a one-share-one-vote principle, the ability for shareholders to call a special meeting, and the absence of supermajority vote requirements, among others). These measures can reduce the risk of management becoming unresponsive to shareholder interests.

Additional categories that fall under our analysis of board accountability include, among others:

- The proportion of independent directors on the board;
- The independence of key board committees;
- Problematic takeover defenses (e.g., lacking mechanisms for director performance evaluation, adoption of poison pills without shareholder input);
- Unilateral bylaw/charter amendments, problematic governance structures, and problematic capital structures;
- Problematic audit-related oversight and practices such as excessive non-audit related fees or an adverse opinion on the financial statements by the auditor; and
- Failures in material environmental, social, and governance (ESG) risk management, such as climate risk.

## Auditor Independence

Boston Trust Walden will generally vote for the ratification of a company's auditor unless:

- Non-audit fees represent 25% or more of the total fees paid to the auditor;
- There is reason to question the auditor's independence, such as evidence of a financial interest in or association with the company; or
- We have reason to question the accuracy of the auditor's opinion of the company's financial position.

## Executive Compensation

Boston Trust Walden views executive compensation as a critical tool to attract, motivate, and retain exceptional executive leadership capable of driving long-term shareholder value. We believe that well-designed pay programs clearly demonstrate a link between pay and performance. As a result, transparency is essential to evaluate pay for performance. We expect companies to disclose clear metrics underpinned by rigorous performance targets to enable an understanding of how compensation decisions are made and whether they support value creation for the long term.

We believe that compensation plans should not reward executives for underperformance or insulate them from the consequences of poor strategic or financial outcomes. Overly generous severance agreements or excessive discretionary awards that lack performance conditions can undermine accountability and do not represent a true pay-for-performance approach. To further promote accountability, we support an annual cadence to executive compensation votes.

## ***Management Say-on-Pay Proposals***

Boston Trust Walden evaluates proposals to approve executive compensation on a case-by-case basis with particular attention to pay-for-performance alignment. Our evaluation includes an assessment of problematic pay practices that hinder pay-for-performance alignment such as excessive perks, option repricing/backdating, tax gross ups, or poor benchmarking, among others. If a prior say-on-pay proposal received significant opposition, we evaluate whether the subsequent pay proposal has been sufficiently responsive to shareholders' concerns.

## ***Golden Parachutes***

Boston Trust Walden evaluates Golden Parachute proposals on a case-by-case basis. Severance arrangements should be structured to protect shareholder value without encouraging excessive payouts, which can unduly influence management to pursue merger agreements that are not in the best interest of shareholders. At a minimum, acceptable arrangements should include a reasonable cash severance (less than 3x base salary and bonus), and all change-in-control payments (including unvested equity awards) should be double-triggered.

## ***Takeover Defenses / Shareholder Rights***

Boston Trust Walden believes that strong shareholder rights are essential to effective corporate governance and the creation of long-term shareholder value. The provision of robust shareholder rights is critical to provide investors with the tools necessary to hold boards and management accountable and ensure corporate governance practices support sustainable value creation. Shareholders should have the ability to approve significant corporate changes, including charter and bylaw amendments, through a fair and transparent process. Takeover defenses, such as poison pills or classified boards, should be subject to shareholder approval and regularly reviewed to ensure they do not entrench management.

### ***Poison Pills (Shareholder Rights Plans)***

Proposals seeking to ratify a poison pill are evaluated with a focus on whether the features of the shareholder rights plan adequately promote transparency and accountability. In addition, we consider the company's stated rationale for the adoption of the pill, as well as its existing governance structure.

### ***Supermajority Shareholder Vote Requirements***

We believe a simple majority of voting shares should be sufficient to effect change at a company, as supermajority vote requirements create unnecessary barriers that can impede accountability to shareholders. Boston Trust Walden will generally vote for proposals to reduce supermajority shareholder vote requirements for charter amendments, mergers, and other significant business combinations. We may oppose management-sponsored proposals seeking to require a supermajority shareholder vote for such corporate changes.

## ***Shareholder Ability to Call a Special Meeting or Act by Written Consent***

The ability to call a special meeting or act by written consent provides a critical mechanism for investors to address urgent governance or strategic concerns between annual meetings. These rights are important safeguards to ensure management remains aligned with the interests of long-term shareholders by empowering shareholders to respond swiftly to emerging risks or hold leadership accountable without undue delay.

Boston Trust Walden will generally vote for proposals that provide shareholders with the ability to call special meetings or to act by written consent, taking into account:

- a) the current rights afforded to shareholders in company governance documents;
- b) the minimum ownership or consent threshold being proposed;
- c) the inclusion of exclusionary or prohibitive language;
- d) investor ownership structure; and
- e) shareholder support of and management's response to previous shareholder proposals.

## ***Reincorporation Proposals***

Boston Trust Walden evaluates proposals to change a company's state of incorporation on a case-by-case basis giving primary consideration to the stated reasons for reincorporation, including any tax implications. Any proposal should clearly demonstrate that the reincorporation is not being undertaken in pursuit of weaker standards for shareholder rights or to diminish accountability to investors.

# **Capital Structure**

## ***Common Stock Authorization***

Boston Trust Walden evaluates proposals to increase authorized common shares on a case-by-case basis, expecting clear transparency regarding the intended use and alignment with long-term shareholder interests. Proposals must not result in excessive dilution or support governance practices that diminish the rights of existing shareholders. We generally support increases tied to stock splits or stock dividends provided the effective increase is not excessively dilutive. We typically support reverse stock splits if the number of authorized shares is proportionally reduced.

## ***Preferred Stock Authorization***

Boston Trust Walden evaluates proposals to increase authorized preferred stock for general corporate purposes on a case-by-case basis. We may oppose increases if they are tied to governance practices that undermine the rights of existing shareholders. We generally support increases in authorized preferred shares when tied to specific transactions disclosed in the proxy that warrant support. We may vote against the creation or expansion of blank check preferred stock unless it includes provisions restricting its use as a takeover defense or if subject to shareholder approval.

## ***Dual Class Share Structures***

Dual class share structures with unequal voting rights concentrate voting power in the hands of a few, undermining the principle of one share, one vote and fundamentally limits the accountability of boards and management. As a result, Boston Trust Walden will generally vote against proposals to create a new class of common stock.

# **Mergers, Acquisitions, and Spin-Offs**

## ***Mergers and Acquisitions***

Boston Trust Walden considers votes on mergers and acquisitions on a case-by-case basis with a focus on whether the transaction is in the best interests of long-term shareholders. Our evaluation includes a range of factors including the fairness of the valuation, the strength and clarity of the strategic rationale, and any potential conflicts of interest involving management or the board. We also assess the broader impact on stakeholders (such as employees, customers, and communities) and the resulting entity's governance profile to ensure the transaction supports sustainable value creation.

## ***Spin-Offs***

Votes on spin-offs are evaluated on a case-by-case basis with a primary focus on whether the transaction will serve to drive long-term shareholder value. Key considerations include relevant tax or regulatory benefits, planned use of sale proceeds, valuation of spin-off, fairness opinion, benefits to the parent company, conflicts of interest, managerial incentives, corporate governance changes, or any related changes in the capital structure.

# **Shareholder Proposals**

Shareholder proposals can serve as important mechanisms for improving governance practices and encouraging companies to better manage material risks and opportunities. As a long-term investor, Boston Trust Walden evaluates shareholder proposals on a case-by-case basis through the lens of driving long-term value creation, enhancing transparency, and strengthening board and management accountability.

Specifically, Boston Trust Walden considers the relevance of the proposal to a company's risk and opportunity set, existing governance practices and disclosures, and the potential impact on shareholder value. To merit support, proposal requests should be feasible (both in terms of cost and sphere of influence of the company) and reasonably likely to enhance shareholder value through

greater management of material and salient risks and opportunities. While some proposals focus on issues that are more appropriate or better addressed by public policy, Boston Trust Walden recognizes that certain environmental- and social-related shareholder proposals can directly and materially impact long-term value creation.

- Proposals focused on material climate risk can help companies identify and strengthen resilience in the face of evolving physical risks (e.g., extreme weather, drought, flooding, wildfires), transition risks (e.g., regulatory or technological shifts, rising commodity costs), and indirect risks such as supply chain vulnerability or broader economy-wide impacts that may affect profitability.
- Proposals related to strengthening human capital management can enable companies to unlock the benefits of a more inclusive and innovative workforce through ensuring equitable access to opportunities and establishing environments in which all employees can contribute to their fullest potential.
- Governance-related proposals can strengthen accountability mechanisms and better align leadership with long-term shareholder interests. In addition, we view the effective management and oversight of material ESG-related risks and opportunities as indicators of good governance that help protect and enhance enterprise risk management, business resilience, and long-term shareholder value.

Proposals that promote enhanced transparency through meaningfully additive disclosures related to material and salient governance or sustainability risks are generally supported. While corporations have historically utilized a wide range of frameworks to report on environmental and sustainability issues, the advent of the IFRS Sustainability Disclosure Standards (S1 & S2) represent an important opportunity to establish a global baseline and enhance the consistency, comparability, and decision-usefulness of sustainability disclosures. Boston Trust Walden supports the alignment of sustainability disclosures with S1 & S2, which are grounded in established frameworks such as SASB Standards and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Proposals seeking to meaningfully enhance board and management accountability related to material risks or opportunities are generally supported. In our evaluation of all proposals, we also consider the responsiveness of the company to past shareholder concerns, as well as the company's current practices relative to industry standards and investor expectations.

## ***International Securities***

In certain markets outside of the United States, proxy voting may be subject to regulatory or logistical burdens that can affect Boston Trust Walden's ability and desirability to vote such proxies. These issues include, but are not limited to: i) "share blocking" (prohibiting shareowners from trading or loaning shares that they intend to vote for a period of time leading up to, and sometimes following, the annual meeting date); ii) discrepancies in the timing of disclosures that hinder the ability to exercise an adequate evaluation of market-specific proxy items; iii) re-registration requirements; iv) requirements to submit a power of attorney prior to voting; v) variations in custodian cut-off dates for submitting votes; and vi) regulatory constraints related to split and/or partial voting. In light of these

constraints, Boston Trust Walden makes its best efforts to votes proxies for securities domiciled outside of the United States in alignment with the principles cited below, but in some cases may determine that the costs associated with exercising a vote would outweigh the benefit our clients would derive by voting on the proposal.

We recognize that the standards of good corporate governance may vary between markets based on local regulation, policy, and practice. As such, ballot items for international securities are voted on a case-by-case basis while adhering to the guidelines outlined below to the greatest extent possible.

On matters related to the election of directors, Boston Trust Walden considers local market structures and practices in casting our votes. For example, when determining adequate thresholds for independence, overboarding, and board composition and effectiveness, our approach may vary from market to market.

In terms of executive compensation, the types of proposals seen internationally vary widely. We evaluate executive and director compensation proposals on a case-by-case basis. For example, in European, Canadian, and Australian markets, a similar level of analysis to the US market may be possible. In other markets, we consider ISS' Global Principles.

As it pertains to shareholder proposals, our approach reflects the three principles applied to domestic companies. We generally vote in favor of shareholder proposals that promote transparency and accountability while enhancing long-term shareholder and stakeholder value. We generally vote in favor of disclosure-based proposals that seek decision-useful information, particularly when it appears companies have not adequately addressed the concerns raised in the proposal.