Our “asks” of each company are specific and customized based on its corporate policies, practices, and transparency regarding board diversity. We encourage corporate governance policies that describe the value of board diversity and explicitly consider gender and race and/or ethnicity in the nomination process. We support director searches that do not limit candidates to C-suite experience, but also consider qualified individuals from academia, government, and non-governmental organizations. Robust board evaluation and refreshment practices are also key to progress. Most importantly, borrowing from the National Football League’s “Rooney Rule” process, we communicate that best practice director searches commit to include gender and racial and/or ethnic diversity in each candidate search. Finally, we ask all companies to be transparent about these policies and practices, as well as any challenges they face, through enhanced proxy disclosure.

The results of our 2019 outreach through September 30 are promising. We have written or spoken with 102 companies, or approximately 40% of US-based companies across Boston Trust Walden’s investment strategies. Just over half, 53 companies, have responded this calendar year. Many evolve into ongoing conversations with direct input on specific, proposed revisions to policies and practices. We are pleased to report that 16 companies have added one or more diverse directors and 9 others have adopted or committed to Rooney Rule disclosure.

While numerous investors engage with portfolio companies on board gender diversity, dialogues focused on racial and/or ethnic diversity appear to be far less common. In part this may be contributing to slower progress for people of color, who accounted for just 15% of new directors in 2019.[6] Still we have been pleased with company commitments to improve, including at those companies in our client portfolios where women account for well over 30% of directors.

When we have the ears of management on board diversity, we often raise broad questions about workforce diversity and inclusion. We know that for every woman or person of color elevated to a senior management position, so grows the pool of candidates for board director searches nationwide.

So, yes, let’s celebrate progress *and* get back to work.

Corporate lobbying on climate policy, both directly and indirectly through trade associations, has become a significant concern among investors. In September 2019, Boston Trust Walden co-led a global investor letter that asked 47 of the largest US publicly traded companies to align their climate lobbying with the goals of the Paris Agreement.[7] Our own Tim Smith, Director of ESG Shareowner Engagement, and Laura Devenney, Senior ESG Research Analyst, shared a Q&A discussion to summarize the state of play.

Laura (moderator): *Boston Trust Walden has been advancing responsible lobbying and political spending practices at major corporations for over a decade, recognizing that complex issues like climate change need public policy solutions to bolster company-by-company efforts. The recent investor letter to companies is indicative of that. Tim, what are the key facts to know about climate lobbying and our expectations of companies today?*

Tim: First, it's important to highlight the significant influence companies wield through their lobbying expenditures – a company's lobbying activity can either complement or contradict public commitments it has made on climate. Favorable or not, those activities can have a major multiplier or negating effect on the policies needed to catalyze rapid emissions reductions across the market. Despite the urgency of the climate crisis, we still see a good number of companies whose lobbying efforts are misaligned with their stated commitments to manage effectively the climate risks they are facing.

Laura: *Hence the recent letter that was sent to US companies.*

Tim: That's right. Remarkably, the letter was sent from 200 institutional investors representing $6.5 trillion in assets under management and included a detailed expectation framework informed in large part through the leadership of our European investor peers. We were lucky to have the support of vor234(er that)]TJ included

Protecting Shareholder Rights

... In early September 2019, the SEC announced a significant change to the shareholder resolution process whereby SEC staff may choose not to publish

Corporate Lobbying Letter: http://bit.ly/3346930
List of Companies Receiving Letter: http://bit.ly/2oTx42I

[1] ISS Analytics: U.S. Board Diversity Trends in 2019, an analysis of 2,175 Russell 3000® companies as of May 30, 2019.
[2] Ibid.
[3] 2017 EEO-1 aggregate data from the Equal Employment Opportunity Commission (most recent available).
[4] Excludes foreign headquartered companies, primarily in the Walden International Equity Fund.
[5] https://www.sec.gov/news/press-release/2019-158
[6] ISS Analytics: U.S. Board Diversity Trends in 2019, an analysis of 2,175 Russell 3000® companies as of May 30, 2019.
[7] https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement
[8] https://www.sec.gov/corpfin/announcement/announcement-rule-14a-8-no-action-requests
[9] https://opportunity.businessroundtable.org/ourcommitment/