



Shareholder Engagement Overview

CATALYST FOR CHANGE

Through active ownership and engagement, investors have persuaded numerous publicly-held companies to address environmental, social and governance (ESG) concerns, including:

- improve climate risk management and disclosure
- adopt sustainable forestry practices
- address poor labor conditions and human rights in global supply chains
- pledge not to discriminate against employees on the basis of their sexual orientation
- disclose health, safety and environmental risks associated with hydraulic fracturing
- be more accountable to shareholders on executive pay practices
- promote racial and gender diversity on boards of directors
- issue comprehensive reports on sustainability practices

TOOLS OF ENGAGEMENT

There are many tools that investors can use to strengthen corporate behavior related to ESG issues, including writing companies and participating in investor coalitions, filing shareholder resolutions and attending annual stockholder meetings, and voting proxies in a manner consistent with the investor's ESG objectives.

WALDEN'S APPROACH

Since 1975, Walden has partnered with its clients to encourage portfolio companies to strengthen their corporate responsibility and accountability through shareholder engagement. Our experience demonstrates that effective shareholder engagement can lead to improved corporate policies, more sustainable business practices, and greater transparency and accountability.

As long-term investors, we encourage each company we engage to take actions that are consistent with the long-term interests of the company and its shareholders. To strengthen our ability to achieve positive outcomes, Walden often collaborates with other investors, informed professionals, affected constituencies, or nongovernmental organizations (NGOs).

We regularly initiate dialogue with corporate managements to address issues of concern to our clients, both during the process of evaluating companies for investment and once we are shareholders. Because Walden is a long-term investor, we are able to establish constructive and enduring relationships. Walden meets regularly with many companies to discuss emerging issues, share and learn best practices, and monitor progress toward stated goals.

In cases where companies are not sufficiently responsive or where dialogue breaks down, we are able to take our concerns directly to the Board and other shareholders through the shareholder resolution process. Sponsoring a shareholder resolution allows an issue to be voted on by all shareholders through the proxy ballot. Importantly, filing a resolution often encourages negotiations with management leading to an early agreement and allowing withdrawal of the resolution before the proxy ballot is printed. Walden's resolutions have, many times, achieved significant levels of support, compelling management to take action.

Proxy voting provides a valuable opportunity for investors to express their positions as shareholders on key issues related to corporate governance and corporate social responsibility. Walden offers its clients a comprehensive proxy voting service designed to accommodate the various financial and ESG objectives of our clients.

HOW WE MEASURE SUCCESS

Success can take many forms—stronger greenhouse gas goals, more inclusive human resource policies, comprehensive ESG reporting, to name a few. However, building corporate and public awareness of material ESG concerns is frequently the first step on the continuum of change. Walden believes that engagement resulting in increased understanding of an ESG priority is a significant sign of progress. Sometimes progress comes quickly, but more often it is incremental. Because Walden's investment approach emphasizes the selection of companies that we intend to hold long term, we are frequently able to establish strong and constructive relationships with executives over many years.