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Walden Asset Management

A Division of Boston Trust & Investment Management Company

One Beacon Street
Boston, MA 02108
Tel: 617.726.7250
Fax: 617.227.3664

www.waldenassetgmt.com

TYRANT OR FIDUCIARY? SEC ACTION RAISES ALARM

It is the “tyranny of the minority,” said Securities and Exchange Commissioner Paul Atkins in describing shareowners that use their “nominal economic interest to hijack the agenda of all investors” by sponsoring advisory proxy resolutions (*Money Management Executive*, July 30, 2007). His remarks echo similar comments made by U.S. Chamber of Commerce representatives. We couldn’t disagree more.

In July the Securities and Exchange Commission (SEC) shocked investors when it presented for comment potential changes to rules that govern investors’ ability to file shareholder resolutions. It is not rhetorical flourish to describe the SEC’s proposed solutions as perilous for shareholder rights.

Walden has used the shareholder resolution process for more than 20 years to encourage positive corporate change on environmental, social and governance (ESG) issues. Resolutions have been a vitally important tool in communicating with directors, management and other investors on key issues such as climate change, workforce diversity, executive compensation, human rights in overseas factories, and governance reforms.

There is a long history of positive results stemming from the use of shareholder resolutions, demonstrated by companies making

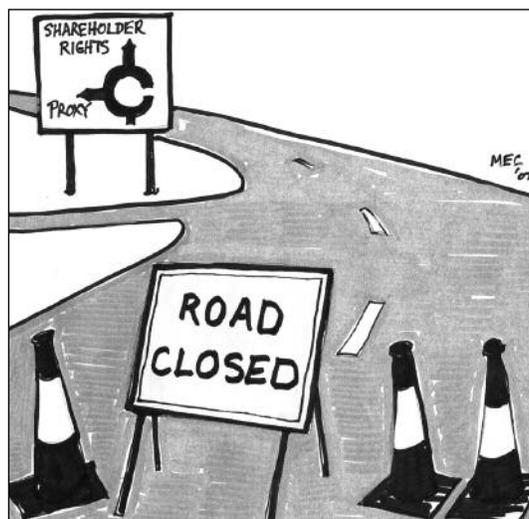
specific reforms, changing policies, and increasing transparency. Some stimulate new best practices, as did recent initiatives promoting majority votes for director candidates. Moreover, approximately one-quarter to one-third of shareholder resolutions are withdrawn annually because constructive dialogue with companies leads to win-win agreements. For Walden, a record 60 percent of the resolutions we filed in 2007 were withdrawn.

What do we make of charges of “hijacked agendas?” Not much.

Shareholder resolutions can unveil widespread shareholder interest and concern on a variety of topics. In the 2007 proxy season, for example, resolutions were filed by a number of investors requesting that shareholders be given the opportunity to vote on the report of the executive compensation committee, also known as “say on

pay” proposals. The average vote was approximately 42 percent in favor, with seven receiving majority support. Also, investor support for Walden’s nine resolutions that went to a vote on several issues ranged from 20 to 43 percent.

Three concepts raised by the SEC would eliminate or severely curtail the shareholder resolution process: an opt-out option; an electronic petition model; and new resubmission thresholds.



About Walden Asset Management

Walden Asset Management is the socially responsive investment division of Boston Trust & Investment Management Company. Walden began offering socially responsive investment services in 1975. We are among the largest and most experienced investment managers specializing in services for individual and institutional investors with social concerns.

Contributors:

Steve Benvento
Meredith Benton
Russell Gentry
Audrey Haberman
Tim Smith
Heidi Soumerai
Heidi Vanni

Heidi Soumerai: *Editor*

Meredith Benton:
Associate Editor

Mark Cushing: *Cartoonist*
a.k.a. Director of Marketing

Sandy Kendall: *Copy Editor*

Angela Mark:
Layout, Red Sun Press

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CAPITAL-22: THE PARADOX OF ACCESS

Opening underserved markets and giving nontraditional borrowers access to investment capital has been one step in a long trend of democratization in capital markets and banking. From South Africa to Florida, this trend has benefited millions of impoverished families and would-be entrepreneurs. It is a process that social investors have rightly applauded.

Recently, however, in the housing and credit markets the combined forces of tightening credit and stunted home price appreciation has drawn into stark relief the benefits and, increasingly, the costs of financial democratization and deregulation. The mechanics of how this occurred offer social investors a unique perspective into the often-competing goals of fair lending and credit availability.

Encouraged by deregulation, new sources of funding, and the search for growth in an otherwise mature banking industry, mortgage lenders began to market further down the economic ladder, offering loans to households that had until recently been ignored by traditional lenders. Additionally, first-time home buyers were lured by low monthly payments and the prospect of rapidly-appreciating home prices. The benefits of these phenomena are evident. Homeownership is at an all-time high. Nearly 70 percent of American households now own their homes, and economists and politicians alike generally agree that home ownership offers clear societal benefits.

This situation, of course, has also led to the burgeoning “subprime” market, as interest-only loans and teaser rates entered the day-to-day lexicon of advertisements targeting an entirely new demographic of potential homeowners. Borrowers were enticed into complex mortgages, new products that seemed, on the surface, more affordable than traditional loans. Historically, most home buyers borrowed money for a new home at a fixed interest rate and amortization schedule, with the assurance that their monthly payment would remain static over the life of the loan. The new mortgages introduced over the past few years were different, and came in a variety of structures all sharing one similar characteristic: enticingly low

payments and hidden, dangerously high risks. Many loans were structured with so-called “teaser rates,” interest rates that are fixed for an introductory period of usually three or five years and then allowed to float. Or, large “balloon payments” were structured into the payment schedule, decreasing the initial monthly payments while creating significantly higher interest costs and burdens later on. In other examples, payments were reduced by allowing the borrower to pay only the interest on the loan, with no monthly reduction on the principal amount, a situation perhaps more appropriately defined as “renting.”

Mortgage lenders knew full well the risks inherent in such loan structures. A rational lender under normal circumstances would, of course, avoid such duplicitous lending to borrowers with high likelihoods of default. But because of changes in the structure of mortgage financing, lenders were able to sell high-risk loans to investors on Wall Street and overseas, clearing the loans off their books and eliminating their exposure to defaulting borrowers. Through the use of new products such as collateralized debt obligations (CDOs), banks purchased the subprime loans from the original lenders, pooled them together, and sold them as stable, asset-backed fixed income securities, often with AAA credit ratings. Demand for these products originated from a wide variety of investors; from exotic hedge funds to money market funds. With the default risk effectively passed up the food chain to investors, the original mortgage lenders were free to continue lending, focused solely on selling “cheap” mortgages regardless of the risks. A single-minded drive toward sales with no regard for suitability or affordability laid the groundwork for the predatory lending practices being exposed today.

Paradoxically, gaining access to Wall Street’s seemingly infinite supply of capital was, on balance, a huge benefit to non-traditional borrowers. By purchasing CDOs and other mortgage-backed securities, Wall Street was effectively opening the doors to the vault: capital flowed freely down the food chain from investors to mortgage lenders, and ultimately

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PRIDE FOUNDATION

partnerships at work

This column highlights selected groups and organizations working to promote social and economic justice, environmental leadership, or corporate accountability. Walden often partners with featured groups in research and advocacy initiatives.

The Pride Foundation was launched in 1985 in recognition of a need for the lesbian, gay, bisexual, and transgender (LGBT) community of the Pacific Northwest to establish a grass-roots philanthropic vehicle to bring visibility to LGBT people and to generate resources in support of the community's ongoing development. The group's mission is to strengthen, connect, and inspire the LGBT community in pursuit of equality. It accomplishes its goals through grants to organizations, scholarships to students, and leadership development.

Last year, Pride Foundation awarded more than \$800,000 in grants and scholarships. The scholarship program is one of the largest in the country available to LGBT students and allies. The foundation recently awarded funds to 75 students who are attending colleges throughout the United States and abroad. It also gave grants to more than 200 organizations working to strengthen the LGBT community in Alaska, Oregon, Idaho, Montana, and Washington.

In addition to providing grants and scholarships, Pride Foundation has also effectively utilized its endowment holdings to encourage corporations to add sexual orientation and gender identity into workplace anti-discrimination policies. In 1998, when Pride Foundation began its shareholder activism efforts in partnership with Walden, only one-third of the Fortune 500 companies' policies included sexual orientation. Today, that number is around 90 percent, and 98 of the Fortune 100 companies include sexual orientation in their anti-discrimination policies.

The organization's first filings were with General Electric

and McDonald's in 1999. By 2000, both companies had added sexual orientation to their policies. General Electric translated the change into 27 languages worldwide, and McDonald's reissued its employee handbook to every franchise in the United States.

This year, Pride Foundation was very pleased that a resolution to Micron Technology, filed by a NYC pension fund, received a 55.5 percent shareholder vote in favor of sexual orientation protections, one of the largest shareholder votes seen on *any* social proxy. In response to the vote, the company agreed to protect its LGBT employees from discrimination based on their sexual orientation. In February, Boise-based Washington Group International, in response to Pride Foundation's filing of a resolution there, decided to add sexual orientation protection to its policies. In April, Precision Castparts, based in Oregon, also agreed to amend its policies rather than put the issue on its shareholder proxy ballot. And just last month, Starbucks announced that it would include gender identity in its policies, after two years of dialogue with Pride Foundation, Starbucks' employee group, and other organizations.

Able assisted by Walden, Pride Foundation will continue to work closely with Pacific Northwest companies to ensure that all employees receive the protections they deserve. ♦

— A. Haberman

Walden is pleased to count Pride Foundation among our clients. For more information visit www.pridefoundation.org.



CAPITAL-22: THE PARADOX OF ACCESS

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to the borrowers themselves. This is, in essence, democratization at work: financial innovation connecting borrowers, lenders, and investors at ever decreasing costs.

How, then, do we balance this dichotomy of credit availability and unscrupulous, predatory lending? Does the responsibility for protecting borrow-

ers lie with mortgage lenders, government regulators, or Wall Street investors? Or solely with the borrowers themselves? Broadly speaking, how do we keep the ubiquitous dream of economic prosperity and independence within the grasp of those persons most susceptible to predatory lending practices? How do we treat such a wide continuum of consumer

knowledge and sophistication while broadening access to capital? ♦

—R. Gentry



RESEARCH & ADVOCACY IN ACTION

Sometimes clichés make sense. While the Securities and Exchange Commission floats proposals that would quash shareholder resolutions (see Cover: Tyrant or Fiduciary?), we can't help thinking, *If it ain't broke...* The effectiveness of the shareholder resolution process as a mechanism to help strengthen corporate environmental, social, and governance (ESG) practices is readily apparent in the results of Walden's proxy season.

Excluding two that became moot after the companies were acquired, Walden filed 23 resolutions in 2007 on a broad range of ESG topics (summarized in the summer edition of *Values* available at www.waldenassetmgmt.com). Fourteen of them, or 60 percent, were withdrawn based on positive agreements with the companies. These included, among others, commitments to tighten global vendor standards and monitoring, increase transparency of political contributions and equal employment opportunity data, collaborate on a study of governance reform related to executive compensation, adopt inclusive nondiscrimination policies, and publish comprehensive sustainability reports.

The remaining nine resolutions went to a shareholder vote. Voting support ranged from 20 percent to 43 percent, extraordinarily high levels, indicating mainstream acceptance that a company's ESG performance is linked to long-term business success and debunking any lingering misconceptions that shareholder advocates are merely gadflies or tyrannous special interest groups.

Company Advocacy

In our last report, two shareholder resolutions were still in the works. Co-filing with Calvert Asset Management, we asked **Linear Technology** to increase efforts to establish racial and gender diversity on its Board of Directors. The resolution was withdrawn when Linear amended its Policy for Director Recommendations and Nominations to "expressly provide that diversity of background and experience, including (among other things) gender and race," is considered in evaluating director candidates. A resolution seeking improved disclosure of political contributions by **FedEx** went to vote and was supported by 20 percent of shareowners. The company has expanded website disclosure, but remains reluctant to disclose contributions to trade associations.

Working with the Center for Political Accountability and Sheet Metal Workers' National Pension Fund, Walden encouraged two other companies, **Dell** and **Oracle**, to adopt comprehensive political disclosure and accountability policies. In so doing, they join 31 other firms committed to full transparency, including funds provided to trade associations used for political purposes.

Over 125 participants attended a July Roundtable, a coalition of institutional investors, companies, and governance experts addressing executive compensation and accountability led by Walden, AFSCME (American Federation of State, County, and Municipal Employees), and **Pfizer**. Attendees heard the results of a six-month exploration of the efficacy of giving shareholders an advisory vote on executive pay practices as described in annual proxy statements, a routine practice in the U.K. and a few other countries. A diverse mix of companies including **American International Group**, **EMC**, and **Colgate Palmolive** participated, gaining important insights as they study reforming their own executive compensation governance policies. This year's extremely successful shareholder resolution campaign, involving approximately 50 "say on pay" proposals with supporting votes averaging 42 percent and seven winning majority approval, confirmed broad investor support for strengthening director accountability on this issue.

In the persistence-pays-off category, we can report substantial progress related to our near decade-long dialogue with **Coca-Cola** on plastics recycling. Along with As You Sow and other investors, we have urged beverage companies to increase recycled content in plastic beverage containers and to establish explicit container recovery goals. In September, Coca-Cola announced it would invest \$60 million to build the world's largest Polyethylene Terephthalate (PET) plastics recycling plant with an estimated annual output of 100 million pounds. Additionally, Coca-Cola committed to eventually recycle or reuse 100 percent of PET plastic consumed in U.S. markets - a goal that is unquestionably *The Real Thing*.

In partnership with Amnesty International USA and Sudan Divestment Task Force, Walden joined other concerned investors in writing asset management firms believed to have significant investment in foreign oil companies that help fund

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Sudan's brutal government-sponsored genocide. We did not call for divestment. Instead we appealed to companies such as **T. Rowe Price** and **Wells Fargo** to exert their influence through specific engagement strategies, including actions to support the presence of a robust United Nations peacekeeping force.

Conversations with **Hershey Foods** and **Wrigley** around their vendor standards programs continue productively. Walden led an investor meeting to discuss Hershey's vendor standards policies, monitoring, and supplier training program. Wrigley has adopted a vendor code of conduct that will soon be available on its website. Given Wrigley's commitment to continuous improvement, Walden is coordinating a group of experts and concerned investors to offer the company feedback on its developing program.

Public Policy Advocacy

Several companies responded positively to a Walden-led initiative to encourage corporate support of the Employment Non-Discrimination Act (ENDA, H.R. 2015), legislation providing job protections for lesbian, gay, bisexual, and transgender employees. **Alberto Culver, BP, EMC, and Goldman Sachs** have written Congress to endorse ENDA. Walden was also pleased to write a letter commending **General Mills** for its testimony at a Committee on Education and Labor Subcommittee on Health, Employment, Labor and Pensions hearing in support of ENDA.

Walden continues to support the Toxic-Right-to-Know Protection Act (S. 595), legislation that would reverse recent Environmental Protection Agency rule changes that weakened public access to information on toxic chemical releases from thousands of facilities nationwide. In July, the bill barely passed, 10-9, along partisan lines in the Senate's Environmental and Public Works Committee and will next go before the full Senate.

The reinvigorated, violent military crackdown on pro-democracy demonstrators in Burma is a tragic reminder of

GLASS HALF FULL

At Walden, obtaining access to sufficient social and environmental data to assess, compare, and benchmark corporate performance and progress is one of our greatest challenges. Although we utilize a number of sources - from governmental databases and trade journals to advocacy organizations and the companies themselves - we are continuously hampered by inadequate public information on environmental and social issues. Two recent reports, the annual report of the Carbon Disclosure Project (CDP) and one from the German research firm WestLB, give us reason to hope that significant improvements in the content of corporate reporting and our access to it are on the horizon.

Walden has participated in the CDP since its inception in May 2002. At that time, 35 institutional investors representing \$4.5 trillion in assets signed onto a questionnaire asking the FT 500, the world's largest companies, to report on their thinking, tracking, and planning around climate change. Since then, the CDP has grown enormously, now boasting 315 institutional investor signatories representing \$41 trillion in assets.

We found ourselves in good company at the launch of this year's CDP findings (September 24th in New York City), from keynote speaker President Bill Clinton to our fellow attendees from CalSTERS, Merrill Lynch, AIG, and TIAA-CREF. This year, 77 percent of the FT500 companies responded to the survey (up from 47 percent in 2002). We learned that 80 percent of responding companies believe climate change presents risks and opportunities for their business and, remarkably, 76 percent are implementing greenhouse gas emissions reduction plans.

Under the mantle of our partnership with the Social Investment Research Analyst Network (SIRAN), a

coalition of professional social and environmental research analysts, Walden worked closely with WestLB to structure a research project that would assess and benchmark the current state of sustainability reporting. The report's goal was to gauge the "completeness, clarity, and comparability" of the sustainability reports being issued by members of the DJ STOXX Global 1,800, leading companies in developed markets in the Americas, Europe, and the Asia-Pacific region. WestLB combed through the 785 sustainability reports of companies in the index currently using the Global Reporting Initiative, and conducted a comprehensive, in-depth analysis of their content and quality.

The WestLB project uncovered many telling things about the current state of sustainability reporting. It found that the highest rates of reporting are in sectors, such as chemicals, that are most susceptible to environmental concerns and controversies. It also found that the larger a company was, the more likely it was to issue a report. Disappointingly, though not surprisingly, WestLB reported that only one-fifth of U.S.-based companies have reports, in contrast to one-third of European companies. Moreover, and also as we expected, WestLB found that the reports do not yet allow for cross-sectional comparisons nor provide adequate data for benchmarking performance. The study did find significant girth in the narrative sections of the reports.

WestLB's research leaves us with a glass half-full. It found the field of sustainability reporting has developed dramatically in just a few short years. However, it also confirmed that the field has a long way to go to live up to its promise of providing investors with comparable and material information. We hope and expect that this report will spark improvements in future corporate sustainability reporting. ♦

— M. Benton

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TYRANT OR FIDUCIARY?*continued from page 1***Opt-Out Option**

The SEC asked for comments on the right of a company to “opt out” of the shareholder resolution process, either by obtaining approval from shareholders through a proxy vote, or, if sanctioned under state law, by having a Board vote authorizing the company to opt out.

An opt-out option would have significant negative consequences. The most unresponsive companies would be most likely to opt out because resolutions are an important mechanism to strengthen corporate accountability. Imagine a scenario where the proxy process revealed strong criticism of a board for poor oversight and irresponsible practices, such as options backdating that exposed the company to legal action. If the company opts out of shareholder resolutions, an important tool of accountability to investors evaporates overnight.

We also cannot support an opt-out rule implemented through a shareholder vote. Far from an appropriate democratic process, this more accurately reflects the anti-democratic notion of one person, one vote, one time. Future shareholders will have no such voice.

On-Line Chat Room

The release asks, “Should the Commission adopt a provision to enable companies to follow an electronic petition model for non-binding shareholder proposals in lieu of 14a-8?” 14a-8 is a reference to the rules establishing the shareholder resolution process.

This proposal ignores the ongoing success of the shareholder resolution process and attempts to create an untested option as a substitute. It is also fraught with logistical difficulties and unanswered questions. Presently, shareholder resolutions assure that management and the Board focus on the issue at hand since it is included in the proxy and debated at the annual stockholder meeting. Additionally, each and every investor receiving a proxy has the opportunity to consider the proxy item and cast a vote. Walden believes that to substitute a chat room or other forms of electronic petition for the current proxy process erodes a valuable fiduciary tool.

Chat rooms and electronic forums are welcome approaches for enhancing communication with investors. They are not a substitute for a shareholder’s right to file resolutions.

Resubmission Thresholds

The Commission asks for comments on increasing the support votes required for resubmitting resolutions to 10 percent after the first year, 15 percent after year two, and 20 percent thereafter, compared to current thresholds of 3 percent, 6 percent, and 10 percent, respectively.

Recent experience shows that a minority of publicly traded companies receives shareholder resolutions. In 2006 and 2007,

*continued on page 7***Walden Acts to Stop SEC Action**

More than 20 years ago, Walden became one of the first investment firms to help sponsor a shareholder resolution (on labor negotiations at uniform services company Angelica Corporation in 1986). As a leader in effective use of shareholder resolutions to influence corporate accountability, Walden is alarmed by the Securities and Exchange Commission (SEC) announcement of a set of proposals that include the possible elimination of the right of investors to sponsor shareholder resolutions.

We have pursued a multi-pronged strategy to help protect shareholder rights, working with a cross-section of investors representing trillions of dollars of assets under management. The strength of our unified voice has been impressive and, except for a few companies and trade associations, the SEC has received little support for its test proposals.

Since the SEC announcement, Walden:

- Testified at a hearing held by the House Committee on Financial Services representing Walden and the Social Investment Forum (SIF). (http://www.house.gov/apps/list/hearing/financialsvcs_dem/HT0927072.shtml)
- Submitted a substantial letter of comment to the SEC. (<http://www.sec.gov/comments/s7-16-07/s71607-192.pdf>)
- Encouraged and assisted clients and other concerned investors to write the SEC through e-mail outreach and a Web-based action alert. (<http://www.waldenassetmgmt.com/sec2007.html>)
- Led an initiative in which 70 investors co-signed a letter to approximately 100 companies and participated in many follow-up calls, urging the companies to consider the rights of shareholders if they planned to provide comments to the SEC.
- Acted as a spokesperson for the industry and SIF, talking to numerous reporters and participating in media news events.
- Helped craft an industry-wide response to counter attempts by the Business Roundtable and the U.S. Chamber of Commerce to dismantle shareholders’ right to file resolutions.

We continue to respond to the SEC action with the high level of urgency it deserves, and to be a voice before investors, Congress, and the SEC against translating the proposals into governing rules. ♦



CONTRIBUTING TO A 529 PLAN

Education funding is often a large part of a family's financial plan. 529 Plans, legally known as "Qualified Tuition Programs", have gained tremendous popularity over the past few years due to legislation that has increased their tax benefits. Many clients want to know:

Who can contribute? – Anyone! There are no income limits preventing anyone from being a contributor and you do not need to be the account owner to make contributions.

What are the contribution limits? – The maximum amount that may be contributed on behalf of each beneficiary varies among States. Most plans have a lifetime contribution limit per beneficiary of between \$200,000 - \$300,000. Once the value of an account has reached the plan limit, no additional contributions are allowed.

What are the income, gift and estate tax consequences/benefits? – Contributions to a beneficiary's 529 account grow tax-free and are also exempt from tax upon distribution if used for qualified education expenses. The earnings portion of distributions that do not qualify for tax-free status are charged a 10% penalty in addition to being taxed. Some States 529 plans allow for a state tax deduction for contributions, but there may be certain requirements such as

residency in that State. Contributions to the plan are treated as a gift. However, contributions of up to \$12,000 (\$24,000 for couples) for each beneficiary can be made without incurring federal gift taxes. Alternatively, you may be able to contribute a lump sum that covers five years, giving a total of \$60,000 (\$120,000 for couples), provided you make no additional gifts to that beneficiary for the five-year period. Contribution amounts are removed from the contributor's gross estate (if the 5 year rule was used the exclusion is prorated). And remember, anyone can pay tuition to an educational institution and the payment will have no gift tax consequences.

It is important to remember that all 529 Plans vary from State to State. Be sure to carefully review the specifics of a plan and, as always, we strongly recommend that you consult with your tax professional before making any estate planning decisions.

— S. Benevento, CFP®

TYRANT OR FIDUCIARY? *continued from page 6*

there were fewer than 1,200 resolutions filed at fewer than 1,000 companies. This represents less than 20 percent of publicly traded companies. Furthermore, a significant percentage of shareholder resolutions filed each year are withdrawn and never appear on proxy statements because mutually acceptable agreements are struck between investor proponents and companies. Hence, the business community is not burdened significantly by the resolution process.

From the viewpoint of investors, it is clear that a major increase in resubmission thresholds would have a significant chilling effect. According to proxy advisory firm RiskMetrics Group (formerly Institutional Shareholder Services), had the resubmission thresholds been 10, 15, and 20 percent in 2006, only 36 percent of environmental and social-issue resolutions would have earned enough support for resubmission compared to 81 percent under the current rules - a dramatically negative change for shareholder proponents.

A Fiduciary Tool

The state and municipal retirement funds, union pension funds, foundations, religious investors, mutual funds, and investment firms that sponsor resolutions all share a profound interest in protecting and creating shareholder value. For many, this is their legal and fiduciary duty. Contrary to the "tyranny of the minority" characterization, these shareholder proponents generally seek to advance broad investor interests that help foster long-term business success. ♦

— T. Smith

RESEARCH & ADVOCACY IN ACTION *continued from page 5*

continuing widespread human rights violations in that country. On a local level, Walden expressed support for the Commonwealth of Massachusetts bill H. 2729 authorizing the State's Pension Reserve to use shareholder leverage to encourage withdrawal of companies doing business in Burma and to suspend new investments until a democratically elected government is established. ♦

— H. Soumerai

cutting edge companies

This column highlights companies in the business of providing solutions to social and environmental challenges. Featured companies are typically held in the SmallCap Innovations portfolios offered to Walden clients.

What do a teacher in Boston, an accountant in Atlanta, and an attorney in San Francisco have in common? If they are parents, they all juggle the demands of earning a living and raising children. While this balancing act affects both mothers and fathers, women disproportionately bear this burden, as traditional child rearing stereotypes have been slow to change.

Women's participation in the labor force has been on an upward trajectory for the past 30 years. According to the Bureau of Labor Statistics, in 2005, 68 percent of women with a child between the ages of three and five years old worked; this is up markedly from 1975 when just 45 percent of these mothers worked. Historically, many families have relied on relatives to help them raise children. This too is changing. Geographic barriers, and the reality that many grandparents are still participating in the labor force themselves, have limited the role that relatives play. As a result, many parents are turning toward childcare centers.

Bright Horizons Family Solutions is the world's leading provider of employer-sponsored childcare, early education, and work/life solutions. Center-based childcare services include before and after school care for school-aged children, infant care, "backup care" (i.e., emergency childcare services at the workplace), conference care, and stormy day care. Bright Horizons has the capacity to serve approximately 69,000 chil-

dren in 41 states, Canada, Ireland, and the U.K. The company's services address employers' changing workplace needs. Employer-sponsored childcare enhances employee productivity, reduces absenteeism, and provides a powerful recruitment and retention tool.

Bright Horizons' employees enjoy a 5 to 15 percent pay premium relative to the industry. Additionally, the company offers training programs, career advancement opportunities, and an unusually comprehensive and affordable benefits package. As a result, employee turnover is quite low relative to other childcare centers: 22 percent at the teaching staff level and in the 10 to 15 percent range at the center director level. This continuity among employees contributes to the high-quality care that Bright Horizons consistently provides.

Bright Horizons was listed as one of *Fortune* magazine's "100 Best Companies to Work For" in 2007; a prestigious list to which Bright Horizons has been named eight times. Interestingly, Bright Horizons is also in the unique position of being a "benefit" for many Fortune 500 companies. Forty of the companies recognized in *Fortune's* list and 75 of *Working Mother* magazine's "100 Best Companies for Working Mothers" are Bright Horizons clients.

The balancing act between working and parenting will likely persist. Bright Horizons makes that tightrope a little easier to walk. ♦

— H. Vanni

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 Printed on 100% post-consumer recycled paper with vegetable ink. 



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Investing for social change since 1975

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