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CATALYZING A CLIMATE OF CHANGE

his year Walden has redoubled its longstanding efforts to engage companies on climate change. Scientific understanding points increasingly to the urgency needed in tackling climate change challenges—and business understanding points increasingly to opportunities in doing so.

A Great Challenge

In September, the Intergovernmental Panel on Climate Change (IPCC), the world's leading scientific authority on climate change, released the first working group report of its Fifth Assessment Report. The report focuses on the scientific basis for understanding climate change, and concludes that warming is unequivocal, changes are unprecedented, and that human influence is extremely likely to be the main cause. It also empha-

sized the imperative to reduce emissions sooner rather than later.

A leaked draft of the second working group's report, which focuses on the impact of climate change and adaptation efforts, came with the sobering message that global warming could reduce agricultural production by as much as 2 percent each decade for the rest of the century, just as the world population is projected to grow to 9.6 billion in 2050, from 7.2 billion today.

And in early November 2013, analysis by the United Nations Environmental Program found that global voluntary pledges to reduce emissions need to nearly double in order to have a reasonable chance of avoiding the most severe consequences of climate change.

A Compelling Opportunity Confronting climate chan

Confronting climate change need not be synonymous with constraining growth. A strong business case supports action on climate change that includes managing the financial, regulatory, reputational, and physical risks, as well as potentially realizing operational efficiencies leading to

significant cost savings.

In May 2013, members of the Ceres-led Business for Innovative Climate & Energy Policy network launched the Climate Declaration. More than 500 businesses—including major companies like General Motors, Microsoft, and Nike—signed the Climate Declaration, which calls for action on climate change and notes that tackling climate change presents one of the greatest economic opportunities of the 21st cen-



Emerging research backs up these public claims. In The 3% Solution: Driving Profits Through Carbon Reduction, CDP and the World Wildlife Fund find that U.S. companies could reduce emissions three percent annually between now and 2020 and save up to \$780 billion net present value. In a study of 386 U.S. companies in the S&P 500, CDP also found that 79 percent of companies "earn a higher return on their carbon reduction investments than on their overall corporate capital investments."

Engaging Companies

This year, we analyzed the climate strategies of all large cap portfolio companies. While we found that a representative Walden client

About Walden Asset Management

Walden Asset Management has been a leader in integrating environmental, social and governance (ESG) analysis into investment decision-making and company engagement since 1975. A division of Boston Trust & Investment Management Company, Walden manages accounts tailored to meet client-specific investment objectives and works to strengthen corporate ESG performance, transparency and accountability.

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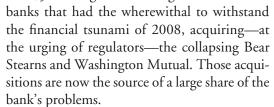
Angela Mark: Layout, Red Sun Press

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REFORMING TOO BIG TO FAIL

hirteen billion dollars and counting. That's the settlement assessed J.P. Mor-

gan—the bank once judged to be the country's best managed. Is this fair? Perhaps. On the one hand, J.P. Morgan and its predecessor companies abused the trust of their clients, creating loans that were doomed to fail and packaging those loans for sale to ill-informed investors. Especially notable among a host of other infractions, the "London Whale" fiasco raised further concerns regarding management oversight. On the other hand, J.P. Morgan was among the few



But investors—and citizens—should not be distracted by the enormity of the fine. Assessed five years after the financial crisis, we doubt it will change much about the way major financial institutions are run. Think of it like a traffic ticket that someone else will pay—in this case J.P. Morgan shareholders. It might inspire greater caution, but it's unlikely to change the incentives that motivate managements, or lead to a more economically stable and socially constructive financial system.

The big issues confronting the proper role of banks in our financial system were starkly revealed during the financial crisis. They have two closely intertwined aspects. First, banks simply lent too much money to too many people who were unlikely to ever fully repay their loans, mostly for home mortgages. This drained the financial resources of millions, impoverished many, and crimped the prospects for a robust recovery. Second, bolstered by funding from federally insured deposits and the implied guarantee associated with the non-deposit borrowings of "too big to fail" institutions, banks—especially the largest ones—multiplied the riskiness of their assets in search

of ever greater profit. Meanwhile, the cushion most institutions kept to guard against a de-

terioration of those assets shrank as reported profits grew. When asset prices faltered and losses mounted, the banking system teetered on the brink of catastrophe. Only massive government bailouts prevented a collapse of the financial system.

Why have so many of our largest banks failed to act more responsibly in recent years? Here we must consider their unique place in our economy. More directly than other public corporations, banks are required to serve

social as well as shareholder interests: They are the transmission vehicle for monetary policy and make possible the intermediation of funds from savers to borrowers. So that they can fulfill this social purpose, their deposits are federally guaranteed. In addition, banks are given wide access to the Federal Reserve's power to lend. These policies are intended to ensure stability. In practice, however, the unique advantages granted banks have sometimes encouraged risk-taking that generates short-term profits but contravenes their public purpose.

How should this necessary, but conflicting, dual role of banks be managed? Plenty of creative ideas have been offered, and Dodd-Frank, the most comprehensive overhaul of bank regulation since the Great Depression, is now law. But progress has been worryingly slow, and the basic outlines of a new financial architecture remain murky. Even as we engage portfolio companies to improve their practices, these structural challenges require a wider perspective.

We offer three basic principles that we hope will survive the current wrangle over the details of banking reform:

A strict interpretation of the "Volcker rule" makes sense, barring banks from using deposit funding to support risky activities unrelated to their core functions of making loans and providing cash management and investment services. Such activities should



Bill Apfel is the Chief Investment Officer.

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be spun off into independent companies where capital is provided without explicit or implicit government guarantees.

- Close supervision of lending remains a necessity. Because bank shareholders and bondholders benefit uniquely from government guarantees and Fed access, bank practices should, in a manner analogous to other public utilities, be tightly regulated. Abusive practices, like those identified at J.P. Morgan, have no place in institutions that enjoy government guarantees. Lenders must be encouraged to think long term. Regulations should require banks and their executives to share in the long-term risks, as well as the profits, of the loans they originate. Improved transparency is a linchpin of better oversight, enabling investors as well as regulators to judge management performance.
- No matter the supervision, some banks will make poor investments and their solvency will be threatened. Rules requiring larger capital cushions have already gone far in strengthening the financial system. Future buyers of bank bonds must once again be expected to bear the risk of management missteps. An orderly process should be established for converting bank debt into equity before a potential failure requires deposit guarantees to be activated.

Will these sorts of structural reforms hamstring our dynamic economy? We don't think so. The lessons of 2008 are clear. The health of the economy depends upon a stable banking system that turns secure savings into loans that are profitable in the long run and make sense for their borrowers. Investors who seek higher returns through riskier strategies must not be backstopped by explicit or implied government guarantees. Should investors conclude that such changes will make banks poor investments? Just the opposite, we suspect. Bank stocks have rarely earned high valuations on current earnings precisely because investors doubt their stability. Steady profitability should be well rewarded.

— B. Apfel

J.P. Morgan: Too Controversial to Hold?

How can an investment manager who integrates environmental, social, and governance (ESG) factors in investment decision-making hold **J.P. Morgan** (JPM) stock? The extent of troubling revelations surrounding the firm's basic business ethics and risk control practices is astonishing. In recent months alone, JPM has racked up nearly \$2 billion in fines, settlements, or refunds for manipulation of energy markets, wrongful debt collection practices, and the "London Whale" trading fiasco that also tallied over \$6 billion in losses for the bank. Most consequential, by far, however, is the landmark \$13 billion settlement with the Justice Department on charges of fraudulent mortgage-backed securities and bad residential mortgages.

Setting aside several relatively positive environmental and social aspects of J.P. Morgan's overall ESG profile to focus on core business ethics and risk control concerns, Walden's decision process has emphasized two primary considerations: the sufficiency of JPM's response and the effectiveness of investor engagement to encourage better corporate governance.

Walden is encouraged in both the substance and scope of J.P. Morgan's response. Highlights include:

- ♦ Enhanced board oversight by strengthening the role of the newly titled lead independent director and replacing two board members with new directors who have deeper risk management expertise.
- Creation of a firm-wide Oversight & Control Group, separately staffed, with strong senior manager accountability structures centrally and in each business line.
- ♦ 4,000 new employees since 2012 dedicated to control initiatives (Risk, Compliance, Legal, Finance, Technology, Oversight & Control, and Audit), and \$1 billion in spending on controls in 2013.
- ♦ 750,000 hours of regulatory and control-related training across the franchise along with a 27 percent increase in regulatory and control technology investment since 2011.
- Simplifying and refocusing business priorities.
- Working closely with regulators.

Since the 2008 financial crisis, Walden has voted proxies, engaged in dialogue, and filed shareholder resolutions addressing key areas of concern at J.P. Morgan—the lack of an independent board chair (Jamie Dimon serves as both CEO and chair), the need for better alignment of performance and executive compensation, and loan modification and mortgage servicing progress to stem foreclosures. There remains ample room for improvement, but positive momentum exists on all fronts. As described, JPM has taken steps to strengthen board oversight; risk control performance is a component of executive compensation (though still exorbitant, too discretionary, and insufficiently transparent); and substantial progress is being made on mortgage servicing, the area in which Walden has been most focused.

For now, Walden continues to hold J.P. Morgan stock in many client portfolios. In November, Walden and a small group of investors met with key JPM board members and executives to underscore the critical importance of strong internal risk controls and better transparency around its efforts to address concerns. We anticipate many discussions internally as we continue to monitor the bank's performance and encourage progress.

— H. Soumerai



RESEARCH & ENGAGEMENT IN ACTION



Carly Greenberg is an ESG Research Analyst.



Heidi Soumerai is the Director of ESG Research.

The Intergovernmental Panel on Climate Change (IPCC) recently released its Fifth Assessment Report that focuses on the physical science behind the earth's warming. There is no ambiguity in the report's conclusion: Global warming is virtually irrefutable and human activity is "extremely likely" to be the main culprit.

Climate Change, Lobbying, and the **Environment**

Walden has a strong commitment to comprehensive engagement on climate change risk (see Catalyzing a Climate of Change, page 1). In addition to our primary focus on encouraging science-based greenhouse gas reduction goals, Walden is making good progress on climate related initiatives. United Natural Foods completed a water risk assessment in its Albert's Organics division using location-specific water risk tools such as Aqueduct by the World Resources Institute and Water Risk Filter by the World Wildlife Fund. Management reported that water analysis tools could help the company evaluate existing and prospective supplier relationships. The spice-maker McCormick published its first sustainability report after having received significant input from Walden and Calvert Investments. It included goals for reductions in electricity and water use, greenhouse gas emissions, and container packaging weight.

Encouraged by Loring Wolcott & Coolidge and Walden, Microsoft amended its Oversight and Transparency of Trade Association Contributions policy and committed to an annual review of trade association memberships. Despite its membership in the Communication and Technology Task Force of ALEC (American Legislative Exchange Council), an organization working to thwart state renewable energy initiatives, Microsoft stated publicly: "ALEC is not speaking for us on renewable energy policy." Moreover, Microsoft will lobby for renewable energy in U.S. states where it has operations. This initiative is part of Walden's larger strategy to challenge companies to review and assess their support for organizations attempting to influence public policy, like ALEC, that could undermine their own climate change objectives and long-term interests.

As a member of Ceres' Investor Network on

Climate Risk (INCR), Walden joined investors representing \$3 trillion in assets who asked 45 of the world's major fossil fuel and electric power companies to assess their exposure to carbon asset riskrisk related to achieving climate polices consistent with IPCC targets as well as those associated with the physical impacts of climate change. Also with INCR, Walden signed a letter to President Obama supporting the Environmental Protection Agency's (EPA) proposed carbon pollution standards for new power plants and encouraging strong guidelines for existing sources. In November, we expressed support for robust pollution standards for existing power plants to the EPA directly through testimony at the Agency's "listening tour" in Boston. Such regulation is critical in that fossil fuel-fired electric power plants are the single largest source of CO₂ in the United States, representing approximately one-third of greenhouse gas emissions. Reduced reliance on coal-fired power plants would also have a beneficial impact on the nation's public health.

For client portfolios that include fixed income assets, Walden is expanding efforts to identify attractively valued bonds that finance projects with social and environmental benefits. Examples include the first green bond of the Export-Import Bank of Korea, which funds clean energy (wind, hydroelectric, and solar), energy efficient products and appliances, and toxic waste minimization through water treatment and other means. A North American Development Bank bond purchase finances environmental infrastructure projects for potable water and wastewater treatment in the U.S. -Mexico border region. Walden also participated in a landmark Massachusetts Green Bonds issue that emphasizes energy efficiency and conservation, improved water quality, habitat restoration, and pollution remediation. Most recently, we selected International Finance Corporation Green Bonds (IFC is a World Bank Group member that finances private investment) that fund renewable energy, energy efficiency, and related projects such as sustainable forestry and carbon capture and storage in developing countries. As we invest, Walden is encouraging greater transparency about the impacts of the projects funded.

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Board Diversity

Engagement with portfolio companies that do not have women on their boards of directors continues to be a priority of Walden. In particular we work to leverage our partnership with the Thirty Percent Coalition—a network of women's organizations, governance experts, investors, and others who have joined forces to press companies to increase representation of women on their corporate boards. To encourage progress, we seek: adoption of corporate governance policies and nominating charters that include gender and race explicitly among the factors considered in director selection; a public commitment to a diverse candidate pool; and a description of implementation plans (e.g., mandates to director search firms or recruitment from less traditional venues).

Of eleven companies with whom Walden has communicated over the last year, we are pleased to report that five have added women directors: American Science and Engineering, NetApp, ResMed, Riverbed Technologies, and Sapient. Additionally, a candid conversation with City National assured us that the bank is taking meaningful steps to identify women candidates.

Social and Economic Justice

Amidst emerging bipartisan support for immigration reform over the summer, Walden co-led an investor statement calling for the U.S. Congress to take immediate action on commonsense immigration reform that includes a pathway to citizenship for undocumented residents. Described as an economic and human rights imperative, the statement attracted more than 70 institutional investors representing nearly \$900 billion in assets, including prominent state and municipal pension funds and fiduciaries, unions, and faith-based investors. While comprehensive legislation did pass in the Senate, the prospect of immigration reform has dimmed due to obstruction in the House.

In September, a controversial component of the Dodd-Frank financial reforms overcame fierce opposition from the U.S. Chamber of Commerce and others when the U.S. Securities and Exchange Commission (SEC) released proposed rules mandating disclosure of CEO pay relative to that of median employees. Such disclosure helps investors better evaluate compensation and, from a societal perspective, contributes to our understanding of the corporate role in growing income inequality—a challenge to economic growth and a more widely shared prosperity. Walden wrote to the SEC in support of this new rule.

— H. Soumerai

Watershed Moment in LGBT Equality

The U.S. Senate made history in November by passing (64-32) the Employee Non-Discrimination Act (ENDA) for the first time since the bill made its congressional debut in 1994. Although prospects in the House are uncertain, if it passes ENDA would add "sexual orientation" and "gender identity and expression" as protected classes to the country's nondiscrimination law. In conjunction with the Supreme Court's ruling in June on *United States v. Windsor*—which declared the federal government could not discriminate against married same-sex couples "for the purpose of determining federal benefits and protections"¹—this legislation makes 2013 a watershed year for lesbian, gay, bisexual, and transgender (LGBT) rights.

Need a further sign of changing times? Exxon Mobil, a company that has been the focus of copious media attention for its failure to provide inclusive policies and benefits for LGBT employees, began offering health-care benefits to legally married same-sex couples in October.

Despite this great progress, there is still a ways to go. Until work-place protections for LGBT individuals become national law, investors and other concerned stakeholders will continue to be drivers of change in the corporate sphere. Walden believes that strong equal employment opportunity (EEO) records that encompass the inclusion of sexual orientation and gender identity in publicly accessible corporate EEO and non-discrimination policies may enhance long-term shareholder value. Companies lacking these policies may face higher turnover; lower morale and productivity; negative publicity; and costly risks associated with discrimination, harassment, and litigation. Furthermore, companies that do have these policies are better positioned to attract and recruit employees from a broader talent pool.

Companies that lack inclusive policies find themselves increasingly in the minority. According to the Human Rights Campaign Foundation's Corporate Equality Index, 90 percent of the *Fortune 500* have EEO policies that include sexual orientation, 57 percent include gender identity, and 60 percent provide domestic partner benefits. Likewise, 95 percent of the companies in a typical Walden client core equity portfolio currently include sexual orientation and 61 percent include gender identity in their non-discrimination policies.

This year, Walden engagement has focused on encouraging the adoption of inclusive policies among smaller companies and promoting better transparency and consistency among companies that had stopped disclosing these policies externally. In recent months, Advance Auto Parts, Donaldson, Liquidity Services, and St. Jude's Medical increased the transparency and consistency of their employment policies. Riverbed Technologies expanded its non-discrimination policy and increased transparency.

— C. Greenberg

https://www.aclu.org/lgbt-rights/windsor-v-united-states-thea-edie-doma



SYSTEMIC REFORM IN BANGLADESH'S **APPAREL SECTOR**

partnerships at work

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

Tor years the Bangladeshi government has failed to enforce safety laws, overlooked human rights violations, and kept minimum wages at a poverty level. The 1,131 workplace deaths at Rana Plaza on April 24, 2013 galvanized trade unions, non-governmental organizations (NGOs), governments, companies, and investors to enact systemic reforms to ensure worker safety and welfare, and to fix the broken social compliance system that has failed to prevent violations of workplace human rights.

In response, the Interfaith Center on Corporate Responsibility (ICCR) formed a global investor initiative of more than 200 investors representing \$3.1 trillion in assets under management. Together these investors are calling on industry leaders to make sure that the Bangladeshi garment industry does not go back to business as usual. Specifically, ICCR's investor initiative is pressing companies to:

- Join the Accord on Fire and Building Safety, which includes global and local trade unions, NGOs, and the International Labour Organization (ILO), to implement plans with measureable goals to address all aspects of fire and building safety in a timely manner.
- Commit to strengthening local trade unions and to ensuring a sustainable living wage for all workers.
- Publicly disclose all suppliers (including those from Bangladesh); the programs they have in place to ensure the safety and health of all their workers; and their performance against stated

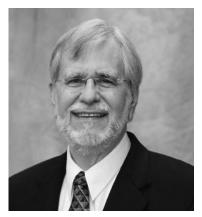
goals, including any corrective action. Ensure that appropriate grievance mechanisms and remedies are in place

for affected workers and families, including compensation.

ICCR's Bangladesh Investor Initiative sees the Accord on Fire and Building Safety (www.bangladeshaccord.org) as the best vehicle to make the systemic reforms needed to protect workers' lives. The Accord requires a binding commitment of brands and retailers to stay in Bangladesh and make changes to ensure worker safety; involves a multi-stakeholder group with 110 companies cooperating with trade unions to build a sustainable safety system; and creates an oversight committee made up of companies, trade unions, and an independent chair from the ILO.

The Initiative identified 24 apparel companies that have yet to join either the Accord or the Alliance for Worker Safety (a weaker, U.S. initiative of 26 companies). These publicly traded companies were sent a letter signed by institutional investors from 12 countries—faith-based investors, public pension funds, union pension funds, and asset management firms, including Walden Asset Management—urging them to join the Accord. Investors are engaging the companies and regularly reporting on the results of the engagement. Adidas responded to the letter coordinated by Boston Common Asset Management by signing the Accord in October, a tangible outcome of collective investor leverage.

Recent positive developments on the ground in Bangladesh include the Accord and the Alliance agreeing to use common standards for factory inspections; the establishment of an international trust fund for the families of workers killed or injured in the Rana Plaza collapse; a proposal to raise the garment industry's minimum wage to \$68 a month from the current



Rev. David Schilling is a senior program director at the Interfaith Center on Corporate Responsibility (ICCR). ICCR is the pioneer coalition of active shareowners who view the management of their investments as a catalyst to promote justice and sustainability globally (www. iccr.org).

\$38 (well below the \$100 advocated by workers); the ILO working with the Bangladesh government to inspect up to 1,200 factories not covered by the Accord or the Alliance; and the introduction of the ILO/ IFC's Better Work Program in Bangladesh to improve compliance with core international labor standards.

ICCR views this work as urgent, necessary, and not optional for any global company's responsibility to respect human rights by showing what they are doing to make sure workers and communities are not hurt by corporate behavior. The way forward is through multi-stakeholder initiatives rooted in workers and communities and guaranteeing the fundamental human rights of workers.

One participant in the investor initiative, Helena Vines Fiestas, senior SRI analyst, BNP Paribas Asset Management in Paris, summed up the role of investors: "Companies need to hear the same message from investors of all sizes—that systemic reform is necessary to address worker safety and business risk."

D. Schilling

DONOR ADVISED FUND VS. PRIVATE FOUNDATION

ountless articles outline the pros and cons of donor advised funds (DAF) and private founda-Itions. As with any financial planning decision, the answer to the question of which is better for you is: It depends.

Compared to private foundations, DAFs are cheaper to establish, allow for privacy since there are no IRS filing requirements, have no payout requirement, are administratively simple, and provide increased tax advantages. In particular, cash contributions to DAFs can be deducted up to 50 percent of adjusted gross income (AGI), while the limit on donations to a private foundation is 30 percent of AGI. Certain appreciated assets,

when donated to DAFs can be deducted up to 30 percent of AGI, while similar contributions to a private foundation can only be deducted up to 20 percent of AGI. Investment gains in a DAF are generally tax-free while gains in private foundations are subject to an excise tax of up to 2 percent. Private foundations also require an annual 5 percent payout.

For some donors, however, other goals may be more important than the tax implications or the administrative simplicity of a giving program. A private foundation may be more suit-



Stephen Benevento is a Senior Administrative

able for individuals and families who want to create a long-term legacy, make an impact in a focused area, or have full control over the donated funds. When making a donation from your DAF you are technically "recommending" the donation to the fund sponsor. While these recommendations are normally honored, a private foundation guarantees that the funds are applied to your exact specifications. Furthermore, private foundations generally allow more flexible giving than DAFs, such as grant making to individuals or to for-profit entities. Private foundations also allow for more investment options beyond the selection of mutual funds often offered by DAFs. Still, given the additional costs and complexities,

a private foundation would not typically be considered unless the initial funding value is at least \$1 million.

A combination of both a donor advised fund and a private foundation may be needed to provide a giving program that satisfies all goals.

— S. Benevento, CFPTM, CTFA

As always, we strongly recommend consulting with your tax advisor prior to making any decisions related to your tax or estate plans.

CATALYZING A CLIMATE OF CHANGE continued from page 1

portfolio is approximately 30 percent more carbon-efficient than the S&P 500, utilizing data provided by Trucost, corporate practices were not commensurate with the challenges and opportunities at hand. Specifically, we looked for science-based understanding of the challenge and the response needed; specific goals and targets to reduce greenhouse gas emissions, increase energy

efficiency, and source renewable energy; and alignment of public policy with the reality of climate change and the imperative to act now.

We found that just over half of the companies in the portfolio had greenhouse gas or renewable goals, while nearly 60 percent responded to the CDP climate survey, which asks companies to disclose their approach to addressing climate change. The results demonstrate there is plenty of room for improvement. Hence, Walden prioritized engagement with three categories of companies: Aaron Ziulkowski is a "influencers," "learners," and "leaders." We asked over 30 Senior ESG Analyst companies to take the following steps:

Establish a policy on how to manage risk related to climate change, including setting goals and targets. We recommend the IPCC target of 50 percent global reduction of CO, by

- 2050, entailing an 80 percent decrease in the United States.
- Disclose the company's strategy to address climate change and its progress meeting goals.
- Ensure that public policy and lobbying activity are aligned with forward-looking policy on climate change.

Early results from Walden's engagement with companies

have been encouraging. Two-thirds responded promptly to our letter and we are following up with each to understand better the company's approach, challenges, and opportunities. Several companies have agreed to set goals in the coming year, while a number of others have agreed to increase their disclosure of their approach and progress managing climate risk. Leading companies that received the letter are considering setting more aggressive goals; updating internal policies to better reflect increasing scientific understanding; and more actively advocating for smart, climate-related public policies.

This engagement effort is just one of many approaches we and likeminded investors are pursuing this year (see Research & Engagement, page 4). We look forward to providing updates in the coming months.





cutting edge companies

IPG PHOTONICS

This column highlights companies in the business of providing solutions to social and environmental challenges.

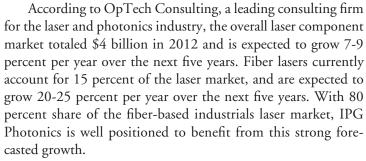
Tor years, this section of Values has focused on "cutting dedge" companies typically held in the Walden Small Cap Innovations portfolios. In this issue, we introduce a company for which the term cutting edge is true in the literal sense. **IPG Photonics** is the world's leading provider of high-power fiber laser systems. High-power fiber lasers are revolutionizing performance in materials processing, micromachining, telecommunications, and medical applications.

Lasers are becoming the preferred tool for cutting, drilling, and joining applications, particularly in manufacturing industries. This secular shift to fiber-optic lasers has been driven by a significant efficiency advantage relative to traditional welding. Lasers have a faster cut- Securities Analyst. ting speed, which drives higher throughput, and they have a relatively smaller footprint, which allows them to be easily deployed on manufacturing lines. Additionally, these instruments minimize harmful effects to the environment because of the lasers' low energy needs and lack of waste.

A pioneer in fiber laser applications, IPG Photonics has spent the last two decades developing a technology that increases the strength of laser rays using "activated" optic fiber (that is, fiber treated with elements that increase light output). IPG Photonics owns 400 patents covering these technologies. Not only has IPG Photonics developed the technology, it has also established a vertically integrated, highly automated manufacturing process. This technological platform has tremendous power potential and a unique laser ray quality. IPG Photonics' lasers are superior to legacy (solid body and gas powered kilowatt) lasers in terms of power, throughput, durability, reliability, and cost

efficiency. They are integrated easily into industrial processes thanks to their relative compactness and low energy consumption. Finally, because IPG Photonics' fiber lasers do not require vacuum and ventilation functionality, they consume less energy and generate less waste than alternative cutting methodologies like welding.

IPG Photonics' customers include automobile, shipbuilding, aviation, and aerospace corporations, as well as producers of medical and telecommunications equipment. Among their many applications, fiber lasers are used to braze (i.e., join) automobile rooflines, weld titanium panels for airplanes, and cut cardiovascular stents that are placed surgically.



— H. Vanni



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