



VALUES

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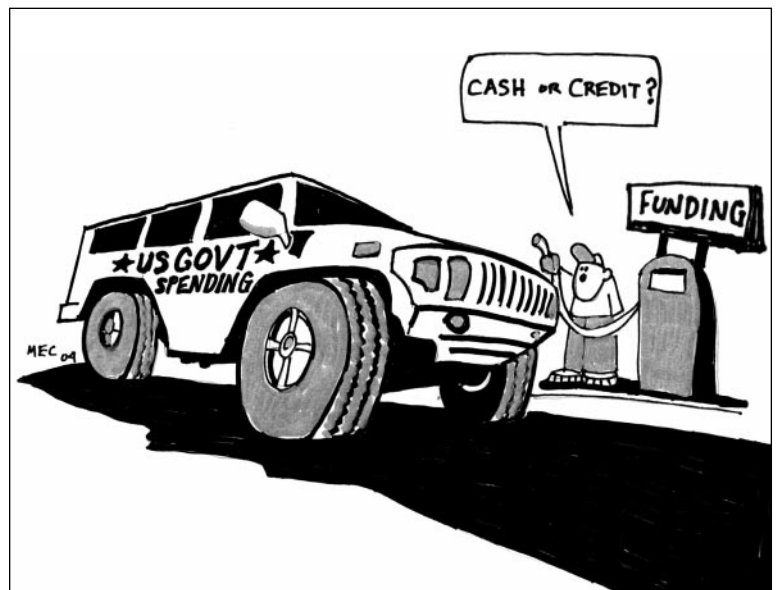
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BUSH, KERRY AND THE ECONOMY

This commentary was written in the first week of October, shortly after the first presidential debate. The view presented is based on the candidates' stated policies and on past experience, fully recognizing the shortcomings of using the past to predict the future.

With the presidential campaign now at high pitch, and most of the vitriol focused on the turmoil in Iraq and safety at home, there hasn't been much focus lately on what the candidates' policies might portend for the U.S. economy. And, even though President Bush and Senator Kerry would have you believe otherwise, the impact of their different approaches on the course of the economy is easily overstated. In our near \$12 trillion economy, few fundamental trends are likely to change quickly. Still, we think several observations can be made that might help shed light on what is to come under each candidate and what it might mean for the financial markets.

Foremost, perhaps surprisingly, there is not much difference between the positions of Senator Kerry and President Bush at the aggregate level of fiscal policy. Both have set a goal of halving today's massive federal deficit in five years. The President pins much of his forecast for economic growth on the tax cuts already adopted, his proposal to make



those cuts permanent, and his intent to hold down increases in federal spending. Kerry's plan allows for considerably more government spending, especially on health care. He would offset these increases with a tax hike on high income households.

Some skepticism, of course, is required in assessing these forecasts. The candidates are naturally inclined to underestimate the costs of programs they propose, overestimate economic growth, and characterize their tax policy in the most favorable light. What outcomes are more plausible than the crystal balls used by the Kerry and Bush teams?

Neither candidate is likely to be as successful as promised in addressing the budget deficit. True, as the economy continues its recovery from the recent recession, progress will be made in the short run regardless of who resides at 1600 Pennsylvania Avenue. However, neither candidate has proposed a

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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.

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SPOTLIGHT ON PROXY VOTING

A veil has been lifted. As of August 31, 2004, despite enormous opposition from industry giants, disclosure of proxy votes and policies became mandatory for mutual fund companies as a result of new Securities and Exchange Commission (SEC) rules adopted in early 2003. Walden was an active supporter of and petitioner for this reform. Why does mandated disclosure of proxy votes matter? Because 22 percent of outstanding U.S. corporate stocks were in mutual funds as of December 2003, according to the Investment Company Institute. This represents significant shareholder clout in the proxy arena.

Thousands of proposals make their way to company ballots each year, addressing corporate governance, capital structure, executive compensation, and corporate social and environmental responsibility, among other issues. Now, for the first time, all mutual fund shareholders can examine for themselves how their fund managers are voting on management- and shareholder-sponsored proposals *on their behalf*. New SEC rules require investment advisors to make proxy voting information available to their investment clients as well.

Analyses of voting patterns are rolling in. Typical was an August 31 *Boston Globe* feature titled "Putnam's votes tough on boards." In the wake of its own market timing debacle, a review of Putnam's five largest mutual funds showed the company taking a position against management more than 18 percent of the time. Putnam was particularly strict on the issue of director independence, withholding support for 275 boards (21 percent) for failing to meet the mutual fund firm's guidelines. Interestingly, Putnam's policies were overhauled early in 2003, coincident with the SEC's passage of the new proxy disclosure rules. This suggests that one important outcome of disclosure is greater thoughtfulness and integrity in the proxy process—compelling affirmation that transparency brings accountability, which in turn strengthens corporate responsibility. The era of rubberstamping votes in favor of management is on its way out. This is good news.

Among the more extensive reports on vot-

ing practices is one from the AFL-CIO Office of Investment: *Behind the Curtain—How the 10 Largest Mutual Fund Families Voted When Presented with 12 Opportunities to Curb Pay Abuse in 2004*. And the record was mixed. American Century received a perfect score with its \$55 billion in assets, voting 100 percent of the time for certain compensation policies such as offering performance-based pay, expensing stock options, or calling for shareholder votes on so called "golden parachutes" (severance packages contingent upon a change in control). By this measure, Putnam (\$98 billion) was the worst performer, voting to curb potential compensation abuses just 20 percent of the time.

When the SEC presented the reform in 2003, Fidelity (\$513 billion) and Vanguard (\$355 billion), the first and third largest mutual fund companies, respectively, fought hard to quash proxy disclosure. *Behind the Curtain* reveals very different voting patterns for the two. Vanguard ranked second with 75 percent "correct" and Fidelity came in second to last with a 25 percent score. Fidelity was not supportive of shareholder initiatives, voting against all eight shareholder proposals analyzed, but also voted against management-sponsored compensation proposals three out of four times. Vanguard voted against all four management proposals included in the study. The AFL-CIO report identified a significant deficiency in the new SEC rule: failure to require mutual funds to disclose business relationships with portfolio companies that may pose a conflict of interest. It is not a stretch, for example, to envision lucrative 401(k) plan relationships clouding business judgments. Fidelity, according to the report, has business relationships with 8 of the 12 companies included in the analysis.

The bottom line? New proxy voting disclosure rules appear to be prompting fiduciaries to take more seriously their commitment to vote proxies, and to do so in the sole economic interests of fund shareholders rather than their own business interests. Now, investors have the tools to evaluate just how their managers are doing.



—H.Soumerai

WALDEN'S PROXY REPORT SUMMARY

We analyzed our proxy voting record for 85 companies held in the Walden Social Equity Fund and Walden Social Balanced Fund for the 12-month period ending July 31, 2004. Key findings are summarized below.

Overall, Walden supported management recommendations approximately 60 percent of the time. We voted in favor of management-sponsored proposals 69 percent of the time, representing about three-quarters of all the ballot items. Walden supported 76 percent of the independent shareholder-sponsored proposals, which in almost every case were opposed by management.

Management-Sponsored Proxy Resolutions

Each year all companies nominate directors, either an entire slate or a subset thereof. Fifteen percent of the time, Walden did not support the director slate because it lacked female and minority representation and/or director independence on key board committees (audit, compensation, and nominating) was insufficient. Walden guidelines call for at least 75 percent of directors on those committees to be independent.

We voted against management proposals seeking auditor ratification nearly one time out of five. Walden guidelines stipulate that non-audit services should not exceed 50 percent of total auditor fees in order to avoid conflict of interest concerns.

Just under 40 percent of management-sponsored executive compensation resolutions were supported by Walden. While there are many reasons why we may vote against particular stock incentive plans, a primary reason is our concern about the potential for excessive stock dilution. Our threshold level for support is up to 15 percent dilution. Walden agrees there are benefits to aligning executive interests with their shareholders through stock incentives, but excessive dilution caused by such plans would harm shareholder value.

Shareholder-Sponsored Proxy Resolutions

Walden regularly supported a number of corporate governance and executive compensation proposals that appeared on the company proxies, such as expensing of stock options, requiring performance based pay, increasing board independence, eliminating classified boards for annual elections, and calling for shareholder votes on golden parachutes.

While we may be sympathetic to a shareholder concern that prompts a proxy resolution, it does not always translate into voting support. In a dozen instances, Walden did not support shareholder resolutions seeking to restrict or amend executive compensation because we did not agree with the proposed approach.

Walden voted for social issue resolutions on a range of topics including equal employment opportunity policies and disclosure, climate change, labor standards in the supply chain, and the HIV/AIDS pandemic. In fact, Walden was a sponsor of six such proposals among Fund holdings.

Perhaps not surprising in this election year, disclosure of political contributions emerged as a significant shareholder issue (eight companies). Put forth primarily by union shareholders, Walden supported full transparency with respect to how companies use corporate resources for political purposes.

Walden's proxy policies and guidelines, along with the proxy voting record for Walden Social Balanced Fund and Walden Social Equity Fund, can be found on our web site at www.waldenassetmgmt.com.

An investor should consider the fund's investment objectives, risks, and charges and expenses carefully before investing or sending money. This and other important information about the investment company can be found in the fund's prospectus. To obtain a prospectus, please call 1-800-282-8782 ext. 7050. Please read the prospectus carefully before investing. Distributed by BISYS Fund Services. ♦



SOCIAL RESEARCH AND ADVOCACY IN ACTION

The company briefs below report on the progress of shareholder initiatives led or participated in by Walden, as well as other newsworthy company actions.

We spent the summer talking...

Over time, Walden has built strong relationships with many of the companies we hold in client portfolios. With certain companies this has enabled us to move away from filing shareholder resolutions, and to hold productive meetings instead. These meetings give us the opportunity to hear about developments in company policies and practices, congratulate accomplishments, talk openly about challenges, and encourage the setting of new goals.

At a meeting with **Intel** in August, the company reiterated its commitment to diversity, reduction of toxic chemical releases, and strong reporting practices. Walden continues to follow up with the company on its community relations and the environmental impacts of its chip fabrication facilities. We have also begun to focus our attention on labor conditions within its supply chain, and have found the company responsive to our request for a more in-depth conversation on this topic.

Hewlett-Packard met with Walden and other concerned investors to review its 2004 Corporate Sustainability Report. There has been very positive public response to the summer-long free electronics' recycling program that Hewlett-Packard developed in partnership with Office Depot. Hewlett-Packard has committed to increase recycling of its computer equipment by 500 million pounds over the next few years. This would require an increase of 9 percent per year. Walden is also looking at the company's supply chain practices. One of only a handful of companies involved in United Nations' Global Compact, the company is seeking to work with others in the industry on supplier standards.

Dell has kept Walden updated on its continued efforts to increase computer equipment recycling. Dell plans to boost its equipment recycling by 50 percent in 2005. We are strongly encourag-

ing the company to develop transparent reporting on these measures and to set recycling goals relative to sales. **IBM** has not yet committed to a recycling goal. Walden is encouraging technology companies to adopt more specific goals and common metrics that will permit evaluation of recycling success over time and enable comparisons among peers.

Johnson & Johnson is evaluating Walden's concerns regarding the recyclability of its packaging. Polyvinyl chloride (PVC) packaging has a national recycling rate far lower than that of the other plastic packaging materials commonly used for personal care products. Moreover, one PVC bottle can contaminate a load of 100,000 otherwise recyclable plastic bottles.

Staples has provided in-depth answers to Walden's questions on a range of topics. Staples has a number of admirable programs in place to respond to environmental, supplier, and equal opportunity challenges. Examples include its purchasing and promotion of products containing post-consumer recycled materials, encouraging electronics recycling, and purchasing 10 percent of its U.S. power from renewable energy sources. The company has also recently adopted a Supplier Code of Conduct. With the code, a third party audits each factory that produces Staples brand products. The company has affirmed its commitment to continuous improvement, a key aspect in any corporate responsibility program.

Staples, **Sigma-Aldrich**, and **Waters** have demonstrated transparency by providing their equal employment opportunity (EEO) data at Walden's request. Despite progress in hiring and promoting women and people of color, senior management teams remain largely white and male at most companies. Access to EEO data increases company accountability, and allows Walden to assess company progress over time and to compare companies within industry sectors.

At a meeting with **ExxonMobil**, Walden continued to emphasize the need to revise the company's public policies on climate change and to amend its non-discrimination policy to explicitly include sexual orientation. Despite its good

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SOCIAL RESEARCH AND ADVOCACY IN ACTION

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work and active engagement on other topics, such as its response to the HIV/AIDS pandemic, ExxonMobil has long been resistant to change on these issues. Barring any new developments, Walden plans to file shareholder resolutions on climate change and non-discrimination policy again this year.

Although Walden does not currently hold securities of the **World Bank**, this summer we hosted a workshop of social investment professionals with bank representatives to identify and discuss the concerns about and goals of this global financial institution. Topics included corruption, lending policies, community involvement, and participation in extractive industries. The Bank provided in-depth information on case studies of the Chad-Cameroon pipeline project and the Bulgaria Environmental Remediation Pilot. Far from being a “dog and pony show,” many of the World Bank staff members at the workshop had never before spoken with investors.

Making a list, checking it twice...

In other company news, 13 companies held in many client

portfolios are well represented on *Fortune's* 50 Best Companies for Minorities list, published in its June 28 edition this year. These are: **McDonald's** (#1), **Fannie Mae** (#2), **PepsiCo** (#7), **SBC Communications** (#12), **Colgate Palmolive** (#16), **Applied Materials** (#21), **United Parcel Service** (#23), **BellSouth** (#25), **Coca-Cola** (#26), **Avon Products** (#28), **Procter & Gamble** (#45) and **Bank of America** (#50). McDonald's earned the top spot for the highest minority retention rate and for a purchasing program in which half of its vendors are minorities. Runner up Fannie Mae gets noticed for shattering barriers to advancement, with 15 minorities among its 50 best compensated employees.

Companies held in many client portfolios are also represented on *Working Mother* magazine's 100 Best Companies for Working Mothers list, published fall 2004. **IBM**, **Johnson & Johnson** and **Wachovia** made the top ten. Other companies with mother-friendly programs include: **Bank of America**, **BP America**, **Cisco**, **Colgate-Palmolive**, **Fannie Mae**, **Hewlett Packard**, **Intel**, **MBNA America**, **Microsoft**, **Northern Trust**, **Novartis**, **Pfizer**, **Procter & Gamble**, and **Wells Fargo**. ♦

—M.Benton

TECH SECTOR REFINES CODES... OF CONDUCT

When we think of abuses in factories overseas or the debate about “sweatshops,” we tend to picture apparel, footwear, or maybe toy companies. The image of the technology sector as a “clean,” forward-looking industry has meant that investors have not generally engaged these companies on labor conditions in the supply chain. However, there is increasing attention to global labor and environmental standards by companies like Hewlett-Packard and Intel that are looking at the comprehensiveness of their Codes, their interaction with vendors, and the role of independent monitoring.

In short, technology companies are now stepping up and engaging their suppliers on issues like health and safety, environmental impact, and labor rights. The ripple effect of this attention can be profound as companies’ “purchasing power persuasion” establishes new expectations.

Hewlett-Packard is a case in point. Its Global Citizenship Report not only outlines Hewlett-Packard's commitment to the environment, increasing recycling, and reducing hazardous waste, it also describes in some detail its Supply Chain Social and Environmental Policy and work with its 150 top suppliers. Twenty-five audits have been completed and problems with management systems and processes identified. Hewlett-Packard also monitors for human rights violations, although to date neither the company nor others in the

industry have addressed the adequacy of wage levels for employees in these factories.

A January 2004 study by the British investment firm ISIS Asset Management entitled “Waste and Workers in the Tech Sector” looked at “Race Leaders” compared to “Starters” on both labor standards and the environment. While Hewlett-Packard and Nokia were identified as leaders in both areas, along with Dell for its environmental practices, IBM and Sharp were categorized as “Starters” on labor. IBM appears to have taken the analysis seriously and upgraded its practices. ISIS noted technology companies are “facing dual pressures to cut costs and improve standards of governance and corporate responsibility.” Clearly there are intense market pressures to reduce costs. But a role of socially responsive investors is to ensure that our voice is heard urging companies to be responsible in their relationships with suppliers. Moreover, we think healthy supply chain relationships will ultimately enhance shareholder value.

Walden, working in partnership with investors at the Interfaith Center on Corporate Responsibility, has begun to engage companies in the technology sector on global labor and environmental responsibility — and we expect this will be yet another example of investors and companies making a difference by working together. ♦

—T.Smith



community development investing



Corazon Endonela displays her wares.



Through our Community Development Investment Service, Walden clients have invested over \$8 million in community development banks, credit unions, and loan funds. We are pleased to have included Oikocredit in this service.

Corazon Endonela lives with her husband and three children in Guadalupe, an urban area in the Philippine city of Makati. A visit to her house takes you through narrow alleys often flooded with murky water. There is no sewage system. The house is a simple structure of four walls and a dirt floor, with an elevated wooden floor for the sleeping quarters.

Corazon worked in a slipper factory earning 6,000 Filipino pesos (about \$117 U.S.) per month—not nearly enough, even with her husband’s irregular employment, to support her family. So, Corazon decided to go into business for herself and started to manufacture her own slippers. She organized the area outside her house as a workshop for two or three contract workers. Her husband and three sons, ranging in age from 18 to 24, also helped in the production process when they were not in school.

Self-employment in the Philippines has become a common option for the poor and less educated who have difficulties finding gainful employment. To succeed one needs to have the entrepreneurial virtues of patience, persistence, courage, good business sense, willingness to work hard—qualities that Corazon has in abundance. But how was she to acquire the necessary capital to purchase materials and get her business off the ground?

A loan of 5,000 pesos (less than \$100 U.S.) helped to make Corazon’s self-employment possible. “Having more revolving capital available really makes a difference to my slipper business,” she enthuses. If there is sufficient demand, she and her family can now produce 400 pairs of slippers per month, earning a gross income of 37,000 pesos.

Corazon received her loan from Tulay Sa Pag-unlad, Inc. (TSPI) Development Corporation, a Philippine micro-finance institution. In 2003, TSPI received a loan of 35 million Filipino pesos (then \$650,000 U.S.) from Oikocredit, enabling it, in turn, to make microcredit loans available to Corazon and thousands of others like her.

Millions of poor around the world are benefiting from the success of microcredit. Of the world’s 6.3 billion people, 3 billion live on less

than \$2 per day, 1.2 billion on less than \$1 per day. However, today, many are able to receive small loans to farm their land, develop small businesses, and market goods thanks to their ingenuity and hard work.

Oikocredit, founded in 1975, is today the largest private international provider of microcredit capital in the world, according to CGAP, the Consultative Group to Assist the Poor, a research arm of the World Bank. Known as the “bank of the unbankables,” Oikocredit makes loans to the poor who do not have the assets nor collateral to fight poverty. With a current balance sheet of \$310 million, Oikocredit devotes half of its credit portfolio to microcredit banks and half to cooperatives in 67 countries. Almost 480 organizations in poor communities in Asia, Africa, and Latin America are beneficiaries of its loan programs. With 12 regional offices around the world, Oikocredit works closely with its project partners in order to assist them in their struggle to beat poverty as well as to repay their loans. Its low default rate of about 11 percent has made it possible for every single investor since Oikocredit’s inception to receive its full principal plus interest upon redemption. No one has lost a dollar from investing in Oikocredit.

Investment in Oikocredit is also an important way of enhancing our own security. Recent studies and discussions have pointed to global poverty as an important factor in fomenting violence and terrorism. Decreasing poverty around the world may help reduce terrorism and violent forms of political expression. Unfortunately, not enough has been done by international, national, and non-government organizations to eradicate poverty. By making loans available to the world’s poor, Oikocredit and other microcredit providers create more favorable conditions for justice and peace. ♦

—T.Provance

Terry Provance is Executive Director of Oikocredit. For more information, U.S. investors can call 1-800-239-5911 or visit www.oikocredit.org.

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realistic strategy for addressing the giant deficits that will emerge in the long term due to our aging population and the ballooning costs of social security and healthcare. Indeed, the President's plan to partially privatize social security would add hundreds of billions to the national debt over the next fifteen years. Senator Kerry has been mostly silent on these issues except to say that we must spend more to care for our elderly.

Judging from past experience and the statements of some of the advisors he relies on, we anticipate that the President, believing that lower taxes are the surest way to stimulate the economy, will be more willing than Senator Kerry to tolerate large deficits in the short run. Kerry, relying on the advice of Robert Rubin, Clinton's Treasury Secretary, emphasizes that the deficit is intolerable and a major hindrance to growth. He has stated that he will delay or reduce spending initiatives if the deficit widens. We may suppose that he would also be ready to raise taxes further than he has currently proposed to achieve greater fiscal balance.

What can the experience of past administrations suggest about the likely impact of such disparate policies? From the point of view of spending and taxation, the Reagan years may be a guide to a Bush economy over the next four years; Clinton's presidency provides some insight into a Kerry economy. Surely, either candidate would be pleased to achieve the economic growth, well over 3 percent in real terms, that their predecessors experienced. And, happily, it is our judgment that the economy will in fact grow briskly in the next few years. Beneath the aggregate numbers, however, the character of growth proved very different for the country under Reagan than under Clinton. The comparisons are revealing.

Reagan inherited a moderate deficit of 2.7 percent of GDP and an economy in recession. His policies, not unlike those of President Bush, kept government spending rising as he cut taxes. Federal tax receipts declined from 19 percent of GDP to 17 percent as the deficit widened to 6 percent of GDP in his first term. However, as the economy grew the deficit narrowed to 3.1 percent of GDP by the time Reagan left office. In contrast, Clinton, who fortuitously was inaugurated just as the economy was emerging from recession, but who not so fortuitously inherited a large deficit, held spending growth below the pace of economic growth (often with the help of a tight fisted Republican controlled Congress). Federal spending as a percent of GDP declined from 22 percent to 18 percent during his presidency. Taxes, on the other hand, rose substantially. Clinton thus left office with a rare budget surplus.

Importantly, the distribution of income in the U.S. changed markedly under both the Reagan and Clinton administrations. With marginal tax rates sharply reduced under Reagan, most of the benefits of the strong economy went to the

highest income groups. In fact, households in the bottom two-fifths of income distribution actually saw their real (inflation adjusted) after tax incomes decline slightly. In contrast, households in the top fifth experienced substantial gains. Under Clinton, income distribution also widened as many of those in the top groups benefited not only from a strong economy but from a strong stock market as well. But during the Clinton years lower income households also experienced the benefits of an expanding economy. In other words, the rich got richer but the poor and middle income groups got richer too.

What does this mean for the next four years? Though it is naive to assume that either history or the candidates' election season pronouncements will be a good guide, taken together they help us draw a picture of alternate futures. To put it simply, we have before us a choice between two classic approaches to fiscal policy, Kerry's *tax and spend* versus Bush's *spend and borrow* ideologies. We sum up our forecast this way: With Bush the economy would grow relatively rapidly but the deficit would shrink slowly as the growth in spending is barely controlled and tax cuts are continued. Most of the benefits would fall where most of the tax cuts do, with those at the top end of income distribution. A Kerry administration would preside over similar growth but a more rapidly declining deficit and more evenly dispersed progress across the range of U.S. household incomes.

Social and economic justice issues aside, an ever increasing disparity between the incomes of the rich and everyone else is a cause for concern for the long term health of the economy. America as a whole benefits with increased prosperity in low and middle income households because proportionately more of their income is spent on goods and services — the primary driver of our consumer driven economy.

As for the financial markets, we expect that stocks will do well with either administration as they track the growth of corporate profits. The bond market, however, bears greater risk in a Bush administration as a large federal deficit in a strong economy may push inflation and interest rates higher. ♦

—B.Lincoln

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's clients.

"Hey, boss, I dropped my kids across the hall at day care and I'm borrowing that canoe for the morning." Such a statement should not surprise supervisors at Timberland's headquarters in Stratham, New Hampshire. The company's benefits include on-site day care, flextime, and free loans of outdoor equipment (canoes, kayaks and snowshoes). Founded in 1978, Timberland designs and markets rugged footwear and outdoor apparel. Timberland has more than 5000 employees worldwide, approximately half of the employees are women.

Timberland earned a spot on *Working Mother* magazine's 2004 list of the "100 Best Companies for Working Mothers." According to the report, the CEO is a flextime beneficiary, often leaving early on Fridays. *Working Mother* noted that the company offers \$10,000 for adoption aid, and provides subsidies, as needed, for its on-site childcare. Timberland also offers domestic partner benefits.

For several years in a row, the company has also been named in *Fortune* magazine's annual list of "100 Best Companies to Work For," ranking #50 in 2004. According to *Fortune*, employees receive approximately 30 hours of professional training per year. The magazine noted that Timberland's rate of voluntary turnover is 17 percent per year, not bad given the company's exposure to the cyclical retail business, and an improvement over years past.

Timberland's benefits have boosted its strong reputation for commitment to community. Employees receive up to 40 paid volunteer hours a year, and are also eligible for six months of full-pay "social service leave." On several occasions, including its 25th anniversary, Timberland has closed its offices and mobilized its employees to perform community service projects throughout New Hampshire and northern Massachusetts.

As one of five "national leadership sponsors" of the City Year program, which served as a model for President Clinton's Americorps volunteer service initiative, Timberland helps create community service opportunities for inner-city high school graduates. Upon completion of the City Year program, participants receive a scholarship grant to assist with their college education. Timberland

contributes more than \$1 million per year to City Year.

Timberland reports on its activities using the Global Reporting Initiative (GRI) guidelines—a standardized format welcomed by Walden. Walden was provided an opportunity to comment on the report and addressed the need for increased clarity of its reporting on the environmental and social aspects of its leather tanneries. Its supplier standards also require additional scrutiny.

According to CEO & President Jeffrey Swartz: "At Timberland we act on the belief that doing well and doing good are not separate activities. In fact, our commitment to social justice is a part of how we can earn our living. It's how we provide distinction for our customers. It's how we recruit top talent. Finally, it's how we create real, sustainable change in our communities and choose to compete in the world."

Walden concurs that, in order to attract and retain the best employees, companies must offer comprehensive and innovative benefits and work-life balance programs. We believe benefits such as telecommuting, flextime or on-site childcare can boost employee morale and productivity, and lower turnover costs. ♦

—K.Scott

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