



**Walden Asset Management**<sup>®</sup>

*Advancing sustainable business practices since 1975*

## STATEMENT ON CLIMATE CHANGE

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Climate change is the world's foremost environmental challenge. Failure to reverse the untoward course of our carbon fuel-hungry global economy will lead inexorably to devastating consequences both forecast and unforeseen.

Along with our clients, we at Walden are committed to using our voice to foster action on this issue. At the center of our work is a call to the companies in which we invest to develop robust, thoroughly benchmarked programs to meet the greenhouse gas emissions goal recommended by the Intergovernmental Panel on Climate Change (IPCC). We thus urge every company to reduce emissions by 55 percent globally by 2050—the likely minimum needed to divert the planet from its current, unsustainable path. We are pleased to have gained commitments from a number of leading corporations. We hope these will be emulated as our campaign gains steam.

Many Walden clients have also chosen to bring attention to this issue by joining the movement, inspired by Bill McKibben's 350.org, to divest of all fossil fuel companies. The divestment movement has been joined by college students, religious organizations, progressive nonprofits, and other concerned institutions and individuals. It has forced investors of all stripes to consider the destructive consequences of burning the carbon assets that these companies own, and raises stark questions: Should ethical investors continue to invest in businesses that benefit from destruction that is woven into their very business model? Ethics aside, if the business of fossil fuel companies is to generate profits by burning assets that contribute to climate change, do such companies have a business model that can survive in a world that confronts this challenge?

While celebrating the achievements of the divestment movement, and joining efforts to urge companies to set ambitious goals for reducing their greenhouse gas emissions, many Walden clients choose to engage with fossil fuel companies, using their ownership standing to

give public voice to their concerns. We equally applaud this approach and work closely with clients to craft effective engagement strategies. Why engage with companies whose operations are at the center of the climate change problem? We know that fossil fuels will be the main energy source for the global economy for years to come. Having a voice in the oversight of these businesses makes it possible to influence their practices and their role in public policy. Investors have already demanded that fossil fuel companies recognize the risk of climate change and support regulatory and tax measures that will put the global economy on a sustainable path.

These efforts have had some success. Climate change denial is no longer in vogue among leading fossil fuel producers. Better disclosure on political spending and lobbying, demanded by concerned investors, can help reduce the influence of big oil on the political process. If all concerned investors were to give up this "seat at the table", who then would advocate for these better practices? And while climate change is the paramount issue, Walden and other shareholder advocates have successfully engaged fossil fuel companies on a range of other concerns, from monitoring and reducing their own emissions and toxic wastes, to how they engage with indigenous populations, mitigate land use impacts, or operate in fragile ecologies.

Achieving the 2050 goal of reducing greenhouse gas emissions by 55 percent will not be easy. Progress thus far has been modest and halting. Enforceable global agreements will be required, and these must include substantial changes in regulatory, trade, and tax policy. Investors, we believe, can play a critical role. By raising our voices together, whether through divestment, engagement, or by directly advocating changes in public policy, we can make a difference.

**William Apfel, CFA**  
Chief Investment Officer

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