

MUTUAL FUNDS AND CLIMATE CHANGE

GROWING SUPPORT FOR SHAREHOLDER RESOLUTIONS

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Ceres *A Ceres Report*

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About Ceres

Ceres is a national coalition of investors, environmental groups, and other public interest organizations working with companies to address sustainability challenges such as climate change. Ceres also directs the Investor Network on Climate Risk, a group of more than 90 institutional investors from the U.S. and Europe managing over \$10 trillion in combined assets. Launched at the Institutional Investor Summit on Climate Risk at United Nations Headquarters in 2003, INCR promotes better understanding of the risks of climate change among institutional investors. For more information, visit www.ceres.org and www.incr.com.

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Table of Contents

EXECUTIVE SUMMARY	1
Rapidly Changing Business Context	3
Increasing Support for Climate Resolutions	5
Climate Change Proxy Voting Leaders	7
Growing Support	8
Waning Support From Select Fund Companies	8
Climate Change Proxy Voting Laggards.	9
Negligible Support for Climate Skeptics' Case	10
Overview of Climate Change Resolutions	11
Overview of Proxy Voting Guidelines on Climate Change.	11
Mutual Funds' Voting on Climate vs Other ESG Issues.	12
APPENDICES	
1: Methodology	14
2: Support for Climate Resolutions by Fund Family.	16
3: 2009 Climate Resolution "Resolved" Clauses	18
4: Summary of Fund Companies' Proxy Voting Guidelines (as of Spring 2010)	24
5: Relevant Excerpts from Proxy Voting Guidelines (as of Spring 2010)	26

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EXECUTIVE SUMMARY

In February 2010, the U.S. Securities and Exchange Commission (SEC) issued interpretive guidance encouraging companies to disclose material climate change-related risks and opportunities in their financial filings. Thus ended a debate about the financial materiality of climate change for publicly traded companies in the United States. This study examines how one important set of investors, mutual fund companies in the United States, have been acting, or not acting, to address climate risks in their portfolios through their proxy voting.

Mutual funds control a considerable portion of the U.S. securities market. In 2007, U.S. mutual funds' share of invested assets was about 35 percent.¹ On its website, the Investment Company Institute notes that "approximately 55 percent – or \$4.94 trillion – of total mutual fund assets are invested in stock funds".² Nearly half of U.S. households own mutual funds, mostly through employer-sponsored retirement plans.³

In the wake of the global financial crisis, a key policy area gaining attention of those setting corporate governance standards is how to encourage institutional investors to take a more active role in monitoring and engaging with companies they invest in.

This is the fifth annual study commissioned by Ceres analyzing proxy voting on climate change resolutions by leading U.S. mutual funds.⁴ These studies are important for three reasons: 1) mutual funds hold a significant share of invested assets in the U.S.; 2) climate change poses profound risks and opportunities for investors; 3) mutual funds, until recently, have tended to vote against climate change resolutions – a practice that undermines risk mitigation and signals that fund managers may be underestimating financial risks and opportunities of climate change.

Mutual funds in the U.S. are required to annually report to the SEC on how they vote the proxies of companies within their portfolios. These records are filed with the SEC by the end of August each year. Fund Votes (www.fundvotes.com) has tracked U.S. mutual fund voting since reporting was first required in 2004. A database of more than 21 million voting decisions has been developed and indexed for a variety of research purposes.

We believe mutual fund companies that vote against all or most climate resolutions are sending a signal to investors that they do not understand the very real financial risks of climate change in their portfolios. This should be a red flag for investors in these funds.

This year's report evaluates proxy votes on climate change shareholder resolutions by 46 leading mutual fund families, with collective assets under management totaling more than \$5 trillion. The analysis covers 17,834 proxy votes cast from 2004 to 2009 on 96

1. See: Mankowski, C. (2008) "Mutual fund market share seen slipping – study". Reuters, February 8. <http://www.reuters.com/article/idUSN0739939020080208>

2. See: http://www.ici.org/faqs/FAQS_MF_STOCK_FUNDS

3. ICI Study: More Than 50 Million U.S. Households Own Mutual Funds, December 3 2009. http://www.ici.org/pressroom/news/09_news_own_char

4. Last year's report, Mutual Funds and Climate Change: Growing Support for Shareholder Resolutions, can be found at: <http://www.ceres.org/Page.aspx?pid=1174>

climate-related shareholder resolutions. The report shows the following:

- ◆ A notable increase in the percentage of climate resolutions supported by mutual funds – average support grew from 14% in 2004 to 27% in the 2009 proxy season. Twenty-seven percent support is important for two reasons: 1) the trend shows that asset managers have a growing understanding of climate-related risks and opportunities; 2) increasing support is coming from long-respected money managers such as TIAA-CREF and Charles Schwab – and if they recognize these impacts, one might wonder why other asset managers don't.
- ◆ An even more notable decrease in opposition to the resolutions – from 76% in 2004 to 55% in 2009.
- ◆ Leaders on voting in support of the resolutions in 2009 include: Wells Fargo (82% support), TIAA-CREF (79%), and Charles Schwab (77%).
- ◆ In a turnaround, Oppenheimer, which failed to support a single one of the tracked climate resolutions in the first five years of the survey, supported more than two thirds in 2009.
- ◆ State Street and ING opposed every climate resolution they voted on over the six years, and Vanguard abstained on nearly all climate votes. (In 2010, State Street switched its proxy voting policy from generally opposing shareholder proposals on social and environmental issues to generally abstaining on these proposals.)
- ◆ Fidelity switched from opposing all climate resolutions after the 2006 proxy season to abstaining on all in 2009, for reasons explained later in the report.
- ◆ Resolutions requesting quantitative emissions reduction goals received the highest average levels of support from mutual funds in 2009, garnering higher support than resolutions requesting risk disclosure reports or policy changes.
- ◆ Eleven of the 46 mutual fund companies covered in the report voted 'for' the resolutions more than 50 percent of the time in 2009. In 2004, only three did so.
- ◆ At many mutual fund companies, proxy voting guidelines appear to provide little guidance on how fund managers should vote on climate-related shareholder resolutions; at some of these firms, individual fund managers play a more important role in voting decisions.
- ◆ Many fund companies outsource proxy voting to proxy advisory firms. Of the three largest proxy advisors in the U.S., two (RiskMetrics Group and PROXY Governance, Inc.) recommended their clients vote in favor of well over 50% of climate resolutions in 2009. One proxy advisor, Glass Lewis, recommended clients vote in support of less than 10% of climate resolutions.
- ◆ We believe opposition to climate resolutions that address material financial risks stems primarily from the view of some mutual fund company trustees and portfolio managers that climate change is a social and environmental issue, but not a financial issue. We disagree strongly with this assessment for numerous reasons described below. In addition, resolution filers were forced by SEC rules until the 2010 proxy season to avoid using language about financial risks to companies. This most likely contributed to mutual funds not voting to support the resolutions.

Recommendations for mutual fund companies include: 1) update proxy voting guidelines to stipulate support for climate resolutions that address important risks and opportunities; 2) move from abstentions and opposition on climate resolutions to voting in support; 3) when applicable, encourage proxy advisory firms to update their proxy voting guidelines and recommendations to encourage voting in support; 4) join with other shareholders to engage portfolio companies in dialogue about how to reduce climate risks and seize climate-related business opportunities; 5) support public policies to reduce economy-wide risks from climate change.

The 46 fund companies selected for the survey are among the largest mutual fund families in the U.S., collectively totaling more than \$5 trillion in assets under management, according to Morningstar® data as of September 2009. Each company has voting records on climate resolutions in all six years covered by the survey. Voting data was sourced from 1,911 N-PX SEC filings containing the voting records of over 2,500 individual funds.⁵ The methodology for the study is detailed in Appendix 1. So-called “socially responsible” mutual funds are not included in the analysis because they generally support all of the tracked climate-related shareholder resolutions.

Voting support is expressed as a percent of votes cast for a resolution divided by votes for, against, abstained and not cast. A summary of each fund family’s support for climate resolutions over the six-year survey period is provided in Appendix 2.

Rapidly Changing Business Context

Two developments at the SEC reinforce the importance of carefully voting on climate change shareholder resolutions. In October 2009, an SEC Staff Legal Bulletin reversed an SEC rule that prevented investors from directly asking companies about the business risks of climate change and other pressing concerns on their financial bottom lines because risk was deemed to be “ordinary business” and not suitable for shareholder resolutions. The new Bulletin means that investors will now be able to inquire directly about the financial implications of critical issues such as climate change, and it indicates that SEC leadership understands the financial significance of climate change and its far-reaching physical, regulatory and litigation risks and opportunities for businesses in numerous industry sectors.

In February 2010, the SEC issued interpretive guidance outlining the types of material climate-related information companies should disclose in their financial filings. The guidance, issued in response to requests from institutional investors dating back to 2004, covers the following four items: impact of current and proposed legislation and regulation, international accords, physical impacts of climate change, and indirect consequences of regulation or business trends. While the guidance is already affecting disclosure, it will take several reporting seasons for the full impact to become clear. The guidance is a strong indication from SEC leadership that climate change poses material risks to numerous companies. Most important, it indicates that many companies will have to improve their governance and analysis of the climate change issue, in order to adequately under-

5. For more information on individual fund companies and N-PX filings included in the Fund Votes database, see www.fundvotes.com/about.php.

stand their climate risks and determine which risks are material and should be disclosed in SEC filings.

Institutional investors who are deciding how to vote on climate change shareholder resolutions have to answer the following questions: 1) Do these resolutions address risks and opportunities that are important to the companies receiving the resolutions? 2) Are those companies adequately disclosing and managing these important risks and opportunities?

The purpose of these questions is to determine if a vote in favor contributes to long-term, portfolio-wide shareholder value. Fund managers have a fiduciary duty to take actions that serve the financial interests of their customers.

While each resolution needs to be judged on its merits, the economic and public policy context that forms the backdrop for these voting decisions could hardly be clearer in pointing to the growing financial risks and opportunities associated with climate change. Consider the following trends:

Regulatory risks: U.S. companies in many parts of the world are still able to emit greenhouse gases (GHGs) for free, but this landscape is changing both in the U.S. and abroad. At least 17 states representing 45 percent of the U.S. population have enacted GHG emission reduction targets. In addition, more than 950 cities in the U.S. have pledged to cut emissions and have called for the federal government to do the same.⁶ In December 2009, the U.S. Environmental Protection Agency (EPA) issued a finding that greenhouse gases endanger human health under the Clean Air Act, thus allowing the agency to draft rules that directly regulate greenhouse gas emissions.

As a result of UN climate negotiations in Copenhagen in December 2009, the United States pledged in January 2010 to cut its greenhouse gas emissions by 17 percent by 2020 from 2005 levels, in conformity with anticipated U.S. energy and climate legislation. The U.S. House of Representatives passed legislation last year capping greenhouse gas emissions and similar legislation is being considered in the Senate.

Physical risks: Scientific evidence is stronger than ever that human-induced global warming is altering our global environment. Such changes pose an increased risk of extreme weather events, including drought, floods, storm damage and extreme temperatures. These changes can have wide-ranging impacts on companies' operations and supply chains, and already appear to be in some cases.

Litigation risks: Climate-related litigation poses significant risks for companies with high greenhouse gas emissions. Litigation trends for climate change appear to be following a similar trajectory to tobacco litigation, which increased gradually until it became a significant threat to the industry. Around 100 climate-related lawsuits were filed in the U.S. through August 2008, with a significant annual upward trend (from 6 in 2004 to 38 in 2007).⁷ Litigation has focused on companies responsible for substantial emissions. Electric utility companies Xcel Energy, Dynegy and AES reached legal settlements with

6. Go Green.com <http://www.go-green.com/node/186>

7. Gronewold, N. 2008. "Lawyers see 'growing legal storm' over emissions trading." ClimateWire. August 12, 2008. <http://www.eenews.net/climatewire/2008/08/12/2/>

New York's Attorney General in 2008, agreeing to disclose to investors in their SEC filings climate-related financial risks and opportunities. These settlements are a strong indicator of growing climate disclosure expectations for companies.

Competitive and reputational risks: As the reality of climate change is increasingly accepted, companies that are viewed as impeding progress to reduce global emissions may damage their brands.

Institutional investors from Wall Street to Silicon Valley are acting on these trends. The Goldman Sachs Environmental Policy Statement declares: "Goldman Sachs is very concerned by the threat to our natural environment, to humans and to the economy presented by climate change and believes that it requires the urgent attention of and action by governments, business, consumers and civil society to curb greenhouse gas emissions."⁸ And legendary venture capitalist John Doerr of Kleiner Perkins Caufield & Byers believes "greentech could be the largest economic opportunity of the 21st century," and is investing accordingly.⁹

Yet despite the material financial implications of climate change, many mutual fund companies continue to vote against every climate resolution they face. Based on the proxy voting guidelines quoted in Appendix 5, we believe many mutual fund trustees responsible for setting voting policies view climate change as a social and environmental issue (which, in their mind, does not necessitate voting support), rather than as a material financial issue, which clearly does require voting support. The fact is that climate change meets all three thresholds – it is a profoundly important social, environmental and financial issue.

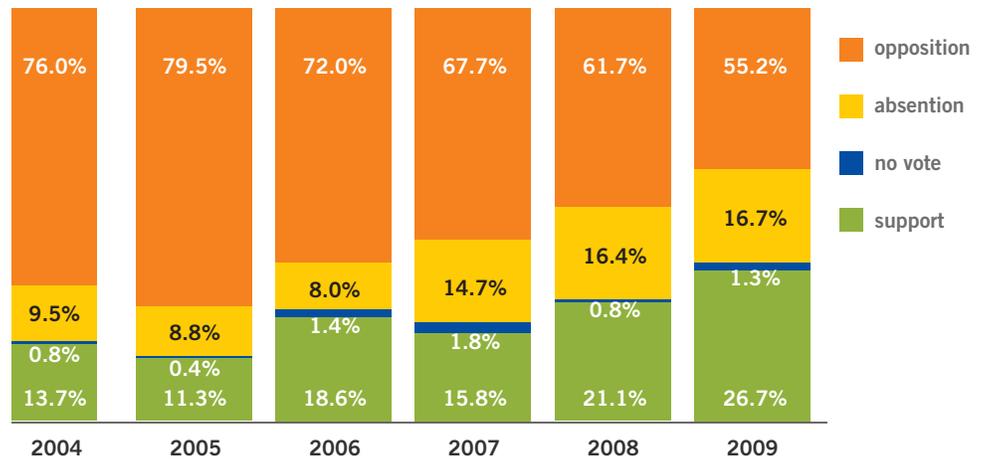
Increasing Support for Climate Resolutions

Mutual funds' support for climate resolutions continues to grow as the business case for the importance of climate change becomes more compelling. Chart 1 shows that average support across the 46 mainstream fund families surveyed reached an all-time high of nearly 27% in 2009.

8. GS Environmental Policy Framework: <http://www2.goldmansachs.com/citizenship/environment/index.html>

9. <http://www.greentechmedia.com/green-light/post/kps-john-doerr-greentech-the-largest-economic-opportunity-of-the-21st-cen/>

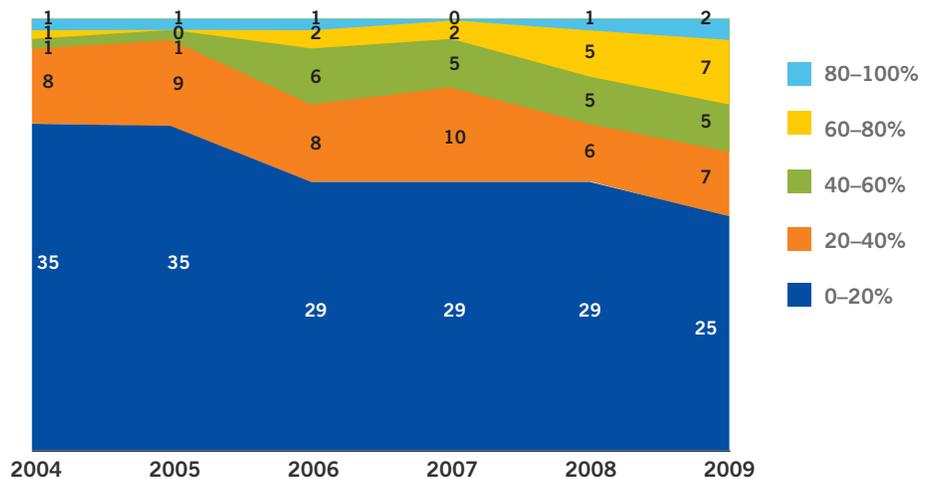
Chart 1: Breakdown of Votes Cast on Climate-Related Shareholder Resolutions Averaged over 46 Fund Families



The growth in support represents a 13 percentage point increase over the six-year period – a near doubling of support – from just under 14 percent in 2004 to nearly 27 percent in 2009. In addition, opposition to climate-related resolutions dropped by 20.8 percentage points, from 76 percent opposition in 2004 to 55 percent opposition in 2009.

While only three of the 46 mutual fund groups surveyed supported climate-related resolutions more than 50 percent of the time in 2004 (when our data set begins), and only one (TIAA-CREF) in 2005, 11 of the 46 mutual fund groups (nearly a quarter of those surveyed) voted ‘for’ climate-related shareholder resolutions more than half the time in 2009. In 2004, 22 of the fund families surveyed failed to cast a single vote in support, and in 2005 this figure was 26 (more than half), whereas in 2009 only 15 of the 46 fund families cast no votes in support of tracked resolutions. In fact, three of the fund families failing to cast a single vote in support in 2004 and 2005 are now supporting climate-related shareholder resolutions more than 50 percent of the time (Dimensional, Oppenheimer and Wells Fargo).

Chart 2: Proportion of Fund Families in Each Support Band Over Six-Year Survey Period



The number of the fund families surveyed that supported climate-related shareholder resolutions more than 20 percent of the time has gone from just 11 in 2004 to 21 in 2009. Interestingly, the number of fund families supporting resolutions more than 60 percent of the time has shown the most dramatic growth – from just two in 2004 to nine in 2009. The nine are among those listed as voting leaders in Table 1. Chart 2 above shows these voting trends broken down at 20 percent support intervals, with bands representing the number of fund families falling into each support interval.

Climate Change Proxy Voting Leaders

In a significant turnaround, Oppenheimer, which failed to support a single one of the tracked climate resolutions in the first five years of the survey, supported the resolutions with more than two thirds of votes cast in the 2009 proxy season. Similarly, Dimensional Fund Advisors recorded consistent opposition to climate-related shareholder resolutions through 2007 and then switched to voting ‘for’ the majority of such resolutions in 2008. Wells Fargo also turned around in 2008 (discussed in Ceres’ 2009 mutual fund voting survey). Delaware cast ‘for’ votes on 12 of the 13 climate resolutions in 2009, showing a sharp increase in support over previous years. In addition, Charles Schwab, Goldman Sachs and Fifth Third all show generally increasing support for climate resolutions over the six-year period. According to Morningstar® data, TIAA-CREF (including the College Retirement Equities Fund series as well as TIAA-CREF funds) had \$173 billion in assets under management as of September 2009, making it one of the 10 largest mutual fund families at that time. It shows consistently high levels of support, well in excess of 50 percent, across the entire survey period (see Table 1).

Table 1: Mutual Fund Groups Voting ‘For’ Climate Resolutions More Than 50% of the Time in 2009 (Ranked by 2009 Support)

	2004	2005	2006	2007	2008	2009
Delaware	29% (17)	36% (11)	0% (1)	0% (4)	56% (16)	92% (13)
Wells Fargo	0% (53)	0% (86)	7% (28)	2% (46)	61% (75)	82% (38)
TIAA-CREF	83% (42)	100% (61)	78% (109)	54% (59)	82% (190)	79% (210)
Charles Schwab	38% (8)	14% (7)	57% (7)	60% (15)	70% (23)	77% (22)
Credit Suisse	29% (7)	50% (10)	80% (5)	60% (15)	67% (63)	73% (86)
Schroder	38% (8)	17% (6)	50% (4)	43% (7)	50% (12)	73% (11)
Dimensional	0% (38)	0% (24)	0% (19)	0% (55)	66% (221)	72% (200)
Fifth Third	33% (21)	27% (15)	43% (7)	33% (6)	60% (63)	71% (45)
Oppenheimer	0% (7)	0% (5)	0% (3)	0% (23)	0% (47)	69% (39)
Goldman Sachs	20% (25)	36% (22)	40% (15)	44% (50)	47% (114)	53% (90)
Phoenix	16% (57)	12% (34)	36% (14)	25% (87)	47% (174)	50% (101)

This table shows percent support and number of votes cast.

A number of factors help to explain the growing voting support shown by the leaders in Table 1. Some, such as Wells Fargo, have responded to shareholder pressure to manage the risks and opportunities of climate change, while others such as Goldman Sachs seem to simply be acting in accordance with their public pronouncements on the importance of climate risk.

Growing Support

The 10 fund companies listed in Table 2 have substantially increased their support for climate resolutions over the six-year survey period, while still falling short of the 50 percent support mark.

In addition, two fund families' voting patterns shown in Table 2 suggest a change of policy – BlackRock and Van Kampen. Each recorded support levels over 25 percent in 2009, having failed to support a single resolution through 2006 (BlackRock) and 2007 (Van Kampen). In the case of Van Kampen, this switch is accompanied by a corresponding increase in abstentions, bringing their overall opposition to climate-related shareholder resolutions down to 50% in 2009 (from 100% in 2004, 2005, 2006 and 2007).

Table 2: Mutual Fund Groups Showing Sustained INCREASE in Support for Climate Resolutions (Ranked by 2009 Support)

	2004	2005	2006	2007	2008	2009
Massmutual	23% (57)	16% (55)	22% (27)	31% (115)	26% (215)	45% (192)
Legg Mason	0% (4)	25% (4)	13% (15)	21% (62)	37% (123)	44% (78)
Janus	18% (34)	7% (46)	30% (20)	35% (83)	38% (132)	43% (112)
Nationwide	15% (13)	33% (15)	29% (17)	33% (48)	46% (162)	40% (141)
John Hancock	18% (68)	11% (70)	39% (38)	21% (168)	21% (160)	38% (290)
Blackrock	0% (11)	0% (18)	0% (2)	18% (67)	36% (107)	30% (88)
Allianz (Pimco)	22% (23)	31% (16)	33% (6)	41% (22)	22% (60)	29% (34)
T. Rowe Price	0% (68)	0% (55)	19% (31)	6% (85)	11% (201)	27% (180)
Van Kampen	0% (9)	0% (18)	0% (10)	0% (36)	15% (71)	26% (62)
Morgan Stanley	4% (68)	8% (53)	4% (47)	0% (97)	19% (227)	26% (144)

This table shows percent support and number of votes cast.

Waning Support From Select Fund Companies

Three mutual fund groups appear to be going against the trend of increasing support for climate-related shareholder resolutions (see Table 3). Whereas both Columbia and GMO voted 'for' a large number of climate resolutions in 2004, neither company supported more than one percent of the resolutions voted on in 2009. Columbia's funds have collectively shifted their voting towards abstention on climate resolutions, with 93 percent of votes abstained in 2009. GMO, on the other hand, simply voted against 100 percent of the climate resolutions it faced in 2009. Likewise, JPMorgan, which was singled out for praise as an 'Investment Product Leader' in the Ceres/RiskMetrics 2008 report on

corporate governance and climate change in the banking sector¹⁰, supported a mere three percent of climate-related shareholder resolutions on which it voted in 2009.

Table 3: Mutual Fund Groups Showing Sustained DECREASE in Support for Climate Resolutions

	2004		2005		2006		2007		2008		2009	
	For	Abstain										
Columbia	60%	0%	0%	0%	53%	0%	4%	0%	15%	57%	1%	94%
GMO	32%	0%	28%	0%	56%	0%	50%	0%	0%	0%	0%	0%
JPMorgan	11%	0%	26%	0%	63%	0%	39%	0%	8%	0%	3%	0%

This table shows percent support and percent abstained.

Climate Change Proxy Voting Laggards

Table 4 shows the seven mainstream mutual fund companies that failed to cast a single vote 'for' any climate resolution in any of the six years of the survey. State Street and ING opposed every climate resolution voted on over the six-year period, whereas Vanguard abstained on almost all climate votes.¹¹ Fidelity switched from opposing all climate votes after the 2006 proxy season to abstaining on all such votes in 2009. Likewise, Pioneer and Riversource appear to have switched to a policy of abstaining on most climate resolutions voted after the 2006 and 2007 proxy seasons, respectively. These fund families' switch to abstentions is a key driver in the overall aggregate increase in abstentions on climate resolutions over the six-year period, which in turn is a key driver of the decrease in opposition to climate resolutions.

10. Cogan, Douglas (2008), Corporate Governance and Climate Change: The Banking Sector. Ceres, Boston.

11. State Street's voting record analyzed for the purpose of this study does not include the SSgA IAM Shares Fund, which was designed with the International Association of Machinists and Aerospace Workers and which follows a different set of proxy voting guidelines to that followed by the rest of State Street's family of funds (see: <http://www.ssgafunds.com/product/fund.seam?ticker=SIAMX>). The SSgA IAM Shares Fund voted 'for' climate-related shareholder resolutions in 38 of the 39 votes cast over the 6-year survey period – only voting 'against' Citigroup's shareholder resolution in 2008 to amend GHG emissions policies.

Table 4: Mutual Fund Groups with NO Votes ‘For’ Climate Resolutions in Each of the Six Years of the Survey

	2004		2005		2006		2007		2008		2009	
	For	Abstain										
DWS (Deutsche Bank)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Fidelity	0%	0%	0%	0%	0%	0%	0%	89%	0%	91%	0%	100%
ING	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Riversource	0%	100%	0%	10%	0%	0%	0%	17%	0%	50%	0%	62%
Pioneer	0%	0%	0%	0%	0%	0%	0%	90%	0%	99%	0%	81%
State Street	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Vanguard	0%	100%	0%	100%	0%	100%	0%	92%	0%	93%	0%	100%

This table shows percent support and percent abstained.

Vanguard explains its abstentions policy in its proxy voting guidelines as follows: “The Board generally believes that these are ‘ordinary business matters’ that are primarily the responsibility of management and should be evaluated and approved solely by the corporation’s board of directors. Often, proposals may address concerns with which the Board philosophically agrees, but absent a compelling economic impact on shareholder value (e.g., proposals to require expensing of stock options), the funds will typically abstain from voting on these proposals.”

The implication here is that climate change does not present “compelling economic impact” to Vanguard portfolio companies – a serious oversight in our opinion. We asked Vanguard about this and were told by their spokesman: “Our voting guidelines are very clear on this matter and we have no additional comment.”

Fidelity uses reasoning similar to Vanguard’s in its proxy voting guidelines: “ABSTAIN with respect to shareholder proposals addressing Social/Political Responsibility Issues, which Geode¹² believes generally address ordinary business matters that are primarily the responsibility of a company’s management and board, except: Geode will vote on a CASE-BY-CASE basis where a proposal has substantial economic implications for the company’s securities held in client accounts.” We asked Fidelity staff about this, and they declined to comment for the report.

Negligible Support for Climate Skeptics’ Case

Climate skeptic shareholder resolutions have been filed by the Free Enterprise Action Fund and related individuals since 2006. During the four-year period from 2006-2009 a total of 23 such resolutions have come to a shareholder vote at various large U.S. companies. Overall shareholder support tends to be very low, averaging around 3.5 percent for 2008 and 2009. Mutual funds appear to be particularly skeptical of the skeptics’ case. In 2008 only 31 (1%) of the 3,108 votes cast by the 46 fund families on the 10 climate

12. The overview of Fidelity’s proxy voting guidelines (available at: <http://personal.fidelity.com/myfidelity/InsideFidelity/InvestExpertise/ProxyVoting/ProxyVotingOverview.shtml>) notes that “Fidelity index funds are sub-advised by Geode Capital Management LLC. Geode votes in accordance with policies that also have been approved by the funds’ Board of Trustees.”

skeptic resolutions were in support. And in 2009, only three of the 968 votes cast by the 46 mutual fund families were in favor – less than a third of a percent overall support.

Overview of Climate Change Resolutions

A complete set of the “resolved clauses” -- the typically brief portion of a shareholder resolution that describes what investors are asking the company to do -- from 2009 climate resolutions, along with filer names, meeting dates and final results of the general shareholder vote, is included in Appendix 3. Table 5 below shows that most climate resolutions voted on in 2009 asked that the board produce a report, typically on how the company is responding to rising regulatory, public and competitive pressure to reduce greenhouse gas emissions. Some resolutions request that the board adopt quantitative goals for reducing greenhouse gas emissions. Two resolutions requested that the board adopt a policy on low-carbon or renewable energy research, development and production. While requests for reports are typically seen as less demanding of boards, and therefore more likely to win support from mainstream investors, resolutions asking that the board adopt quantitative greenhouse gas reduction goals received the highest average support across the 46 fund families in 2009: 38 percent.

We suspect that part of the explanation for this is that the GHG reduction goals resolutions tend to be filed for several years in a row with high-emitting companies (including those with high indirect emissions, such as home builders) with high climate risk, while several of the disclosure resolutions were filed for the first time this year, with companies that have less obvious climate-related risks. As a result, some disclosure resolutions got very low votes in 2009 and contributed to a lower average vote.

Table 5: Breakdown of Climate Change Resolution Resolved Clauses for 2009

	Policy	Quantitative goals	Report
Number of Climate-Related, Shareholder-Sponsored Resolutions – 2009 (by Type)	2	10	14
Average % of Resolutions Supported by Mutual Funds – 2009	19%	38%	21%

Overview of Proxy Voting Guidelines on Climate Change

Appendix 4 contains a table summarizing the 46 fund families’ proxy voting guidelines and Appendix 5 contains relevant excerpts from the guidelines. Nearly all fund families’ proxy voting guidelines were accessible either on their public websites or in the Statement of Additional Information (SAI) provided for each mutual fund.

Of the 41 proxy voting guidelines that were publicly available, seven made no mention of social and environmental considerations. Generally, even where guidelines discuss social and environmental issues separately from traditional governance considerations (such as executive pay), a lower number specifically mention the environment or climate as a separate consideration.

TIAA-CREF's proxy voting guidelines include a paragraph on global warming and climate change. Charles Schwab incorporates RiskMetrics Group's guidance on climate resolutions into its guidelines, which include a fair amount of detail on how to vote on resolutions.

DWS (Deutsche Bank), which failed to support a single climate resolution over the six years of the study, indicates that it generally supports company management recommendations (and therefore generally votes 'no') "on CERES Principles or other similar environmental mandates (e.g., those relating to Greenhouse gas emissions or the use of nuclear power)." DWS goes on to justify this position: "Environmental issues are extensively regulated by outside agencies and compliance with additional requirements often involves significant cost to companies."

Nationwide's guidelines on climate-related proxy voting are very clear and detailed since they incorporate RiskMetrics Group's guidance. Nationwide supported 40 percent of the 141 climate votes it cast in 2009. A closer look at Nationwide's actual voting record, reveals, however, that it is the most inconsistent of all 46 fund families in its voting on climate resolutions, with votes cast differently by different Nationwide funds on 14 out of 25 resolutions that it voted on in 2009. For instance, five of the seven funds voting on the emissions reduction goals resolution brought to a vote at CENTEX calling for quantitative emissions reduction goals supported this resolution, one fund abstained and another voted against it. A likely explanation is that the managers of these funds have individual discretion for proxy voting. But to the extent these managers fail to recognize the risks from climate change, they are failing to recognize important financial risks to their portfolio companies.

Mutual Funds' Voting on Climate vs Other ESG Issues

Voting on climate resolutions is closely correlated to fund companies' voting patterns on other environmental, social, and governance (ESG) shareholder resolutions -- fund families that tend to vote 'for' ESG resolutions are also highly likely to support climate resolutions.

On average, the 46 mutual fund families' support of climate resolutions is much higher than their support for most other social and environmental issues, signaling that this issue is considered more financially important than other corporate social responsibility (CSR) issues. On the other hand, support for climate resolutions still trails support for governance issues such as executive compensation and separating the Chairman of the Board and CEO positions.

**Table 6: Comparison of Fund Families' Votes on Climate Resolutions
with Other Categories of Resolutions**

	2004	2005	2006	2007	2008	2009
Climate Change	14%	11%	19%	16%	21%	27%
Other CSR@	5%	6%	10%	11%	11%	17%
Traditional Corporate Governance#	38%	45%	50%	47%	48%	57%
Executive Compensation*	22%	33%	42%	43%	43%	54%

@ Does not include Climate Change shareholder resolutions

Corporate Governance includes executive compensation resolutions

* Executive compensation broken out as a sub-set of corporate governance resolutions

APPENDIX 1: METHODOLOGY

Mutual funds in the U.S. are required to report annually on how they vote the proxies of companies within their portfolios. These records are filed with the SEC in N-PX forms by the end of August each year, and contain a record of votes cast on proxies for shareholder meetings from the 12-month period starting with the first of July of the previous year.

Fund Votes (www.fundvotes.com) has tracked U.S. mutual fund proxy voting since reporting was first required in 2004 and has tracked Canadian mutual fund voting since 2006, when Canadian funds were first required to release proxy voting records to their members. A database of more than 21 million voting decisions has been developed and indexed for a variety of research purposes. For the purpose of analyzing votes on shareholder-sponsored resolutions, mutual funds' reported proxy votes are indexed against a complete set of the resolutions sponsored by shareholder activists that are published in companies' annual proxy filings. Ceres' 2010 survey of large mainstream mutual fund families' voting records covers six proxy seasons: 2004-2009. Forty-six mainstream mutual fund families were selected for the survey. This group includes most of the largest U.S. mutual fund families.

The survey divides proxy seasons according to the mutual funds' SEC-stipulated reporting schedule. So, for instance, the 2009 proxy season includes all annual general shareholder meetings held from July 2008 to the end of June 2009.

Mutual fund groups selected for the survey have cast votes on climate-related, shareholder-sponsored resolutions (or, simply, "climate resolutions") in each of the six years of the survey. Fund families without votes on the relevant resolutions in one or more of the years covered by the survey were excluded from this year's report. So, for instance, Excelsior, Nuveen, Lazard and a few others that had been included in previous years' studies, but for which no climate change votes were cast in one or more of the survey years, have not been included this year. These tend to be smaller fund families than those included in this year's survey, which consists mainly of large and well-known fund families.

Socially Responsible Investment fund families were also excluded from this year's report, including well-known fund groups such as Ariel, Bridgeway, Citizens, Domini, Pax, Parnassus, MMA Praxis, Walden, Winslow, Green Century and others because their voting records show consistent support for climate-related resolutions over the survey period.

Table 7 shows the number of resolutions considered in each of the six years covered by the analysis.

Table 7: Number of Votes on Climate Resolutions Included in the Survey

	2004	2005	2006	2007	2008	2009
Total Number of Votes Cast by the 46 Fund Families	1,624	1,551	973	2,705	6,224	4,757
Number of Climate-Related, Shareholder-Sponsored Resolutions	10	10	7	15	25	26

Resolutions included in this survey are those that are primarily aimed at addressing climate change. Most mention climate change in the resolved clause. Where climate change is not mentioned in the resolved clause, it is prominent in the motivations provided in the text of the resolution.

Throughout the report, mutual fund support has been calculated as the percentage of all votes faced by mutual funds that are voted 'for'. All votes faced includes votes cast as 'for', 'against' or 'abstain' as well as votes not cast (indicated as 'no vote'). The intention of the report is to include in the calculation of mutual funds' support for climate change resolutions all opportunities that they had to support this issue. Abstentions represent a failure to support climate change resolutions.

Here is an example of what is meant by 'support by a mutual fund family': if a fund family faced 100 climate resolutions, and its managers voted in support of 55 of the resolutions, then the fund family supported 55 percent of the resolutions it faced. The reason it is possible to vote on 100 resolutions when only 26 went to vote during 2009 is that a fund family with multiple mutual funds may vote on the same resolution (filed at the same company) multiple times. If they hold, say, Southern Company in 10 of their mutual funds, then they would vote 10 times on the climate resolution filed at Southern Company.

APPENDIX 2: SUPPORT FOR CLIMATE RESOLUTIONS BY FUND FAMILY

FUND FAMILY	2004	2005	2006	2007	2008	2009
DELAWARE	29% (17)	36% (11)	0% (1)	0% (4)	56% (16)	92% (13)
WELLS FARGO	0% (53)	0% (86)	7% (28)	2% (46)	61% (75)	82% (38)
TIAA-CREF	83% (70)	100% (93)	78% (132)	54% (113)	82% (275)	79% (296)
CHARLES SCHWAB	38% (8)	14% (7)	57% (7)	60% (15)	70% (23)	77% (22)
CREDIT SUISSE	29% (7)	50% (10)	80% (5)	60% (15)	67% (63)	73% (86)
SCHRODER	38% (8)	17% (6)	50% (4)	43% (7)	50% (12)	73% (11)
DIMENSIONAL	0% (38)	0% (24)	0% (19)	0% (55)	66% (221)	72% (200)
FIFTH THIRD	33% (21)	27% (15)	43% (7)	33% (6)	60% (63)	71% (45)
OPPENHEIMER	0% (7)	0% (5)	0% (3)	0% (23)	0% (47)	69% (39)
GOLDMAN SACHS	20% (25)	36% (22)	40% (15)	44% (50)	47% (114)	53% (90)
PHOENIX	16% (57)	12% (34)	36% (14)	25% (87)	47% (174)	50% (101)
MASSMUTUAL	23% (57)	16% (55)	22% (27)	31% (115)	26% (215)	45% (192)
LEGG MASON	0% (4)	25% (4)	13% (15)	21% (62)	37% (123)	44% (78)
JANUS	18% (34)	7% (46)	30% (20)	35% (83)	38% (132)	43% (112)
NATIONWIDE	15% (13)	33% (15)	29% (17)	33% (48)	46% (162)	40% (141)
JOHN HANCOCK	18% (68)	11% (70)	39% (38)	21% (168)	21% (160)	38% (290)
BLACKROCK	0% (11)	0% (18)	0% (2)	18% (67)	36% (107)	30% (88)
ALLIANZ	22% (23)	31% (16)	33% (6)	41% (22)	22% (60)	29% (34)
T. ROWE PRICE	0% (68)	0% (55)	19% (31)	6% (85)	11% (201)	27% (180)
MORGAN STANLEY	4% (68)	8% (53)	4% (47)	0% (97)	19% (227)	26% (144)
VAN KAMPEN	0% (9)	0% (18)	0% (10)	0% (36)	15% (71)	26% (62)
TRANSAMERICA	1% (108)	10% (80)	17% (6)	11% (36)	9% (97)	20% (65)
AIM INVESCO	20% (25)	3% (32)	20% (10)	22% (41)	18% (57)	18% (49)
NEUBERGER BERMAN	75% (4)	0% (3)	25% (8)	24% (25)	15% (34)	16% (25)

FUND FAMILY	2004	2005	2006	2007	2008	2009
AMERICAN CENTURY	16% (68)	0% (56)	0% (32)	0% (98)	0% (254)	13% (225)
METROPOLITAN	0% (32)	0% (32)	0% (13)	10% (52)	10% (99)	9% (86)
FEDERATED	0% (31)	0% (23)	0% (8)	3% (36)	6% (85)	7% (73)
JPMorgan	11% (18)	26% (82)	63% (48)	39% (74)	8% (335)	3% (160)
PUTNAM	0% (13)	0% (25)	0% (8)	7% (15)	0% (217)	2% (157)
FRANKLIN TEMPLETON	0% (18)	29% (31)	0% (20)	18% (49)	1% (101)	1% (72)
COLUMBIA	60% (5)	0% (1)	53% (17)	4% (84)	15% (68)	1% (78)
ALLIANCEBERNSTEIN	19% (21)	0% (11)	0% (9)	0% (35)	0% (75)	0% (52)
AMERICAN	5% (44)	0% (41)	0% (10)	0% (54)	0% (105)	0% (70)
BNY MELLON	0% (10)	0% (11)	20% (5)	0% (15)	0% (35)	0% (17)
DREYFUS	8% (26)	0% (20)	0% (14)	0% (36)	2% (57)	0% (65)
DWS (DEUTSCHE BANK)	0% (11)	0% (7)	0% (4)	0% (24)	0% (223)	0% (196)
FIDELITY	0% (65)	0% (62)	0% (56)	0% (92)	0% (194)	0% (71)
GMO	32% (19)	28% (25)	56% (36)	50% (48)	0% (91)	0% (67)
ING	0% (176)	0% (122)	0% (75)	0% (244)	0% (550)	0% (267)
LORD ABBETT	0% (13)	0% (21)	22% (9)	0% (50)	0% (83)	0% (60)
MFS	0% (24)	0% (16)	0% (8)	6% (47)	7% (120)	0% (73)
PIONEER	0% (12)	0% (10)	0% (2)	0% (18)	0% (50)	0% (39)
RIVERSOURCE	0% (43)	0% (40)	0% (24)	0% (79)	0% (140)	0% (116)
RUSSELL	0% (53)	0% (34)	0% (24)	0% (50)	3% (249)	0% (65)
STATE STREET	0% (34)	0% (19)	0% (7)	0% (29)	0% (68)	0% (41)
VANGUARD	0% (85)	0% (84)	0% (72)	0% (170)	0% (296)	0% (306)
AVERAGE SUPPORT	14% (1,624)	11% (1,551)	19% (973)	16% (2,705)	21% (6,224)	27% (4,757)

APPENDIX 3: 2009 CLIMATE RESOLUTION “RESOLVED” CLAUSES

Autos

AVIS BUDGET GROUP, INC. (Annual Meeting Date: 2009-06-12) #7 “Report on Goals for Reducing Greenhouse Gas Emissions”

(Shareholder Support: 11.8 percent)

Filed by: California State Teachers’ Retirement System (CalSTRS)

Shareholders request that the Board of Directors prepare a report concerning the feasibility of adopting quantitative goals, based on current and emerging technologies, for reducing total greenhouse gas emissions from the company’s rental car operations; and that the company should submit this report to shareholders by October 31, 2009. Such a report will omit proprietary information and be prepared at reasonable cost.

Coal Mining

INTERNATIONAL COAL GROUP, INC. (2009-05-20) #4 “Global Warming” *(Shareholder Support: 7.7 percent)*

Filed by: Office of the Comptroller of New York City (Not Disclosed in Proxy Statement)

Shareholders request a report [reviewed by a board committee of independent directors] on how the company is responding to rising regulatory, competitive, and public pressure to significantly reduce carbon dioxide and other emissions from the company’s products and operations. The report should be provided by December 31, 2009 at a reasonable cost and omit proprietary information.

MASSEY ENERGY CO (2009-05-19) #5 “Carbon Dioxide Emissions Report” *(Shareholder Support: 45.7 percent)*

Filed by: Office of the Comptroller of New York City (Not Disclosed in Proxy)

Shareholders request a report [reviewed by a board committee of independent directors] on how the company is responding to rising regulatory and public pressure to significantly reduce the social and environmental harm associated with carbon dioxide emissions from the company’s operations and from the use of its primary products. The report should be provided by November 1, 2009 at a reasonable cost and omit proprietary information.

Electric Power

DYNEGY INC. (2009-05-22) #3 “Greenhouse Gas Emissions” *(Shareholder Support: 17.2 percent)*

Filed by: Office of the Comptroller of New York City

Shareholders request that the Board of Directors adopt quantitative goals, based on current technologies, for reducing total greenhouse gas emissions from the Company’s products and operations; and that the Company report to shareholders by September 30, 2009, on its plans to achieve these goals. Such a report will omit proprietary information and be prepared at reasonable cost.

IDACORP INC (2009-05-21)**#3 “Greenhouse Gas Emissions Reduction”** (Shareholder Support: 51.2 percent)

Filed by: As You Sow, co-filed by Calvert Asset Management and Trillium Asset Management Corporation

Shareholders request that the Board of Directors adopt quantitative goals, based on current technologies, for reducing total greenhouse gas emissions from the Company’s products and operations; and that the Company report to shareholders by September 30, 2009, on its plans to achieve these goals. Such a report will omit proprietary information and be prepared at reasonable cost.

MIRANT CORP (2009-05-07)**#3 “Global Warming”** (Shareholder Support: 42.2 percent)

Filed by: Office of the Comptroller of New York City (Not Disclosed in Proxy)

Shareholders request a report [reviewed by a board committee of independent directors] on how the company is responding to rising regulatory, competitive, and public pressure to significantly reduce carbon dioxide and other emissions from the company’s products and operations. The report should be provided by September 1, 2009 at a reasonable cost and omit proprietary information.

SOUTHERN CO (2009-05-27)**#5 “Environmental Report”** (Shareholder Support: 11.5 percent)

Filed by: Sisters of Charity of Saint Elizabeth; Benedictine Sisters of Boerne, Texas; Benedictine Sisters of Virginia; Board of Pensions of the Evangelical Lutheran Church in America; Congregation of Benedictine Sisters of Perpetual Adoration; State of Connecticut Retirement Plans & Trust Funds; Providence Trust; Sisters of St. Dominic of Caldwell

Shareholders request that the Board of Directors report to shareholders actions the company would need to take to reduce total CO2 emissions, including quantitative goals for existing and proposed plants based on current and emerging technologies, by September 30, 2009. Such report shall omit proprietary information and be prepared at reasonable cost.

Financial Institutions**FIFTH THIRD BANCORP (2009-04-21)****#6 “Sustainability Report – Climate”** (Shareholder Support: 28.6 percent)

Filed by: Unitarian Universalist Association of Congregations

Shareholders request the Board of Directors prepare a sustainability report describing strategies to address the environmental and social impacts of Fifth Third’s business, including strategies to address climate change. The report, prepared at reasonable cost and omitting proprietary information, should be published within six months of Fifth Third’s 2009 annual meeting.

Forestry/ Paper

INTERNATIONAL PAPER CO (2009-05-11)

#5 “Sustainable Forestry Report” (Shareholder Support: 6.6 percent)

Filed by: Domini Social Investments (Not Disclosed in Proxy Statement)

Shareholders request the Board to prepare a report, at reasonable cost and omitting proprietary information, by November 30, 2009, assessing the feasibility of phasing out our company’s use of non-FSC certified fiber and increasing the use of increasing our company’s use of FSC certified fiber and increasing the use of postconsumer recycled fiber as a means to reduce our company’s impact on greenhouse gas emissions.

RR DONNELLEY & SONS CO (2009-05-21)

#3 “Sustainable Forestry Report” (Shareholder Support: 8.7 percent)

Filed by: Domini Social Investments

Shareholders request the Board to prepare a report, at reasonable cost and omitting proprietary information, by November 30, 2009, assessing the feasibility of increasing our company’s use of FSC certified fiber and increasing the use of postconsumer recycled fiber as a means to reduce our company’s impact on greenhouse gas emissions.

Home Builders/ Real Estate Investment Trusts/ Retail

BED BATH & BEYOND INC (2009-06-30)

#6 “Report on Strategies to Reduce Greenhouse Gas Emissions”

(Shareholder Support: 17.8 percent)

Filed by: Green Century Asset Management (Not Disclosed in Proxy Statement)

Shareholders request that the Board of Directors prepare a sustainability report including strategies to reduce greenhouse gas emissions and addressing other environmental and social impacts such as toxic chemicals used in products, environmental impacts of store siting, recycling programs, as well as employee and product safety. The report, prepared at reasonable cost and omitting proprietary information, should be published by December 2010.

BOSTON PROPERTIES INC (2009-05-19)

#5 “Preparation of a Sustainability Report” (Shareholder Support: 37.3 percent)

Filed by: Office of the Comptroller of New York City

Shareholders request that the Board of Directors prepare a sustainability report describing corporate strategies to reduce greenhouse gas emissions and addressing other environmental and social impacts such as water and waste management, and employee and community relations. The report, prepared at reasonable cost and omitting proprietary information, should be published by December 2009.

CENTEX CORP (2008-07-10)

#7 “Climate Change” (Shareholder Support: 26.1 percent)

Filed by: Nathan Cummings Foundation

Shareholders request that the Board of Directors adopt quantitative goals, based on available technologies, for reducing total greenhouse gas emissions from the Company’s products and operations and report to shareholders by December 31, 2008, on its plans to achieve these goals. Such a report will omit proprietary information and be prepared at reasonable cost.

HOME DEPOT INC (2009-05-28)**#8 “Energy Usage”** (Shareholder Support: 23.7 percent)

Filed by: Connecticut Retirement Plans and Trust Funds

Shareholders request that The Home Depot assess its current companywide energy use, in its buildings, transportation, and the supply chain, set targets to reduce energy use in the future and report to shareholders (at reasonable cost and omitting proprietary information) on its findings and progress by September 1, 2009.

LAS VEGAS SANDS CORP (2009-06-10)**#3 “Sustainability Report”** (Shareholder Support: 5.2 percent)

Filed by: Unitarian Universalist Association of Congregations; Office of the Comptroller of New York City, on behalf of: New York City Pension Plans

Shareholders request that the Board of Directors prepare a sustainability report describing corporate strategies to reduce greenhouse gas emissions and addressing other environmental and social impacts such as water and waste management, and employee and community relations. The report, prepared at reasonable cost and omitting proprietary information, should be published by June 30, 2010.

LENNAR CORP (2009-04-15)**#4 “Company’s Building Practices and Goals for Greenhouse Gas Emissions Reduction”** (Shareholder Support: 9.9 percent)

Filed by: Nathan Cummings Foundation

Shareholders request that the Board of Directors adopt quantitative goals, based on available technologies, for reducing total greenhouse gas emissions from the Company’s products and operations and report to shareholders by December 31, 2009, on its plans to achieve these goals. Such a report will omit proprietary information and be prepared at reasonable cost.

RYLAND GROUP INC (2009-04-29)**#4 “Greenhouse Gas Emissions”** (Shareholder Support: 29.9 percent)

Filed by: Nathan Cummings Foundation

Shareholders request that the Board of Directors adopt quantitative goals, based on available technologies, for reducing total greenhouse gas emissions from the Company’s products and operations and report to shareholders by December 31, 2009, on its plans to achieve these goals. Such a report will omit proprietary information and be prepared at reasonable cost.

STANDARD PACIFIC CORP (2009-05-13)**#3 “Adoption of Quantitative Greenhouse Gas Goals”** (Shareholder Support: 15.3 percent)

Filed by: Nathan Cummings Foundation

Shareholders request that the Board of Directors adopt quantitative goals, based on available technologies, for reducing total greenhouse gas emissions from the Company’s products and operations and report to shareholders by December 31, 2009, on its plans to achieve these goals. Such a report will omit proprietary information and be prepared at reasonable cost.

Oil & Gas

CONOCOPHILLIPS (2009-05-13)

#7 “Greenhouse Gas Reduction” (Shareholder Support: 27.4 percent)

Filed by: Board of Pensions of the Presbyterian Church (USA)

Shareholders request that the Board of Directors adopt quantitative goals, based on current technologies, for reducing total greenhouse gas emissions from the Company’s products and operations; and that the Company report to shareholders by September 30, 2009, on its plan to achieve these goals. Such a report will omit proprietary information and be prepared at reasonable cost.

CONOCOPHILLIPS (2009-05-13)

#8 “Oil Sands Drilling” (Shareholder Support: 30.3 percent)

Filed by: Trillium Asset Management

Shareholders request that an independent committee of the Board prepare a report (at reasonable cost and omitting proprietary information) on the environmental damage that would result from the company’s expanding oil sands operations in the Canadian boreal forest. The report should consider the implications of a policy of discontinuing these expansions and should be available to investors by May 2010.

EXXON MOBIL CORP (2009-05-27)

#11 “Greenhouse Gas Emissions Goals” (Shareholder Support: 29.0 percent)

Filed by: Sisters of St. Dominic of Caldwell New Jersey

Shareholders request that the Board of Directors adopt quantitative goals, based on current technologies, for reducing total greenhouse gas emissions from the Company’s products and operations; and that the Company report to shareholders by September 30, 2009, on its plans to achieve these goals. Such a report will omit proprietary information and be prepared at reasonable cost.

EXXON MOBIL CORP (2009-05-27)

#12 “Climate Change and Technology Report” (Shareholder Support: 10.0 percent)

Filed by: Neva Rockefeller Goodwin

Shareholders ask Exxon Mobil Corporation’s (“ExxonMobil’s”) Board of Directors to establish a task force, which should include both (a) two or more independent directors and (b) relevant company staff, to investigate and report to shareholders on the likely consequences of global climate change between now and 2030, for emerging countries, and poor communities in these countries and developed countries, and to compare these outcomes with scenarios in which ExxonMobil takes leadership in developing sustainable energy technologies that can be used by and for the benefit of those most threatened by climate change. The report should be prepared at reasonable expense, omitting proprietary information, and should be made available to shareholders by March 31, 2010.

EXXON MOBIL CORP (2009-05-27)

#13 “Renewable Energy Policy” (Shareholder Support: 27.3 percent)

Filed by: Stephen Viederman

That ExxonMobil’s Board adopt a policy for renewable energy research, development and sourcing, reporting on its progress to investors in 2010.

HALLIBURTON CO (2009-05-20)**#7 “Low Carbon Energy Report”** (Shareholder Support: 6.4 percent)

Filed by: General Board of Pension and Health Benefits of the United Methodist Church
That Halliburton’s Board adopt a policy for low-carbon energy research, development and production and report to shareholders, within six months of the 2009 annual meeting, on activities related to the policy. The report shall be prepared at a reasonable cost and omit proprietary information.

S&P 500**DOVER CORP (2009-05-07)****#4 “Climate Change Report”** (Shareholder Support: 40.5 percent)

Filed by: Calvert Asset Management Company

Shareholders request that within 6 months of the 2009 annual meeting, the Board of Directors provide a report to shareholders, prepared at reasonable cost and omitting proprietary information, describing how Dover is assessing the impact of climate change on the corporation, and the corporation’s plans to disclose this assessment to shareholders.

Water Utilities**AQUA AMERICA INC (2009-05-08)****#4 “Preparation and publication of a sustainability report”** (Shareholder Support: 26.7 percent)

Filed by: Calvert Social Index Fund

Shareholders request that the Board of Directors prepare a sustainability report describing corporate strategies to sustainably manage water use and addressing other environmental and social impacts such as greenhouse gas emissions, energy use, waste management, and employee and community relations. The report, prepared at a reasonable cost and omitting proprietary information, should be published by September 2009.

APPENDIX 4: SUMMARY OF FUND COMPANIES' PROXY VOTING GUIDELINES (AS OF SPRING 2010)

FUND FAMILY	GUIDELINES FACTS FOUND ON PUBLIC WEBSITE OR IN FUND DOCUMENTATION	GUIDELINES MENTION CORP SOCIAL RESPONSIBILITY AS A SEPARATE CONSIDERATION	GUIDELINES MENTION ENVIRONMENT AS A SEPARATE CONSIDERATION	GUIDELINES MENTION CLIMATE AS A SEPARATE CONSIDERATION	2009 SUPPORT FOR CLIMATE-RELATED RESOLUTIONS
DELAWARE	YES	YES	YES	YES	92%
WELLS FARGO	YES	NO	NO	NO	82%
TIAA-CREF	YES	YES	YES	YES	78%
CHARLES SCHWAB	YES	YES	YES	YES	77%
CREDIT SUISSE	YES	NO	NO	NO	73%
SCHRODER	YES	YES	YES	YES	73%
DIMENSIONAL	YES	YES	YES	YES	72%
FIFTH THIRD	YES	YES	YES	YES	71%
OPPENHEIMER	YES	YES	NO	NO	69%
GOLDMAN SACHS	YES	YES	NO	NO	53%
PHOENIX	YES	YES	YES	NO	50%
MASSMUTUAL	YES	YES	YES	YES	45%
LEGG MASON	YES	YES	NO	NO	44%
JANUS	YES	YES	NO	NO	43%
NATIONWIDE	YES	YES	YES	YES	40%
JOHN HANCOCK	YES	NA	NA	NA	38%
BLACKROCK	YES	YES	NO	NO	30%
ALLIANZ	YES	YES	NA	NA	29%
T. ROWE PRICE	YES	YES	NO	NO	27%
MORGAN STANLEY	YES	YES	NO	NO	26%
VAN KAMPEN	YES	YES	NO	NO	26%
TRANSAMERICA	NO	NO	NO	NO	20%
AIM INVESCO	YES	YES	NO	NO	18%

FUND FAMILY	GUIDELINES FACTS FOUND ON PUBLIC WEBSITE OR IN FUND DOCUMENTATION	GUIDELINES MENTION CORP SOCIAL RESPONSIBILITY AS A SEPARATE CONSIDERATION	GUIDELINES MENTION ENVIRONMENT AS A SEPARATE CONSIDERATION	GUIDELINES MENTION CLIMATE AS A SEPARATE CONSIDERATION	2009 SUPPORT FOR CLIMATE-RELATED RESOLUTIONS
NEUBERGER BERMAN	YES	NA	NA	NA	16%
AMERICAN CENTURY	YES	YES	NO	NO	13%
METROPOLITAN	NO	NO	NO	NO	9%
FEDERATED	YES	NO	NO	NO	7%
JPMorgan	NO	NO	NO	NO	3%
PUTNAM	YES	YES	NO	NO	2%
FRANKLIN TEMPLETON	YES	YES	NO	NO	1%
COLUMBIA	YES	YES	NO	NO	1%
ALLIANCEBERNSTEIN	YES	YES	NO	NO	0%
AMERICAN	YES	YES	YES	NO	0%
BNY MELLON	YES	YES	NO	NO	0%
DREYFUS	YES	YES	NO	NO	0%
DWS (DEUTSCHE BANK)	YES	YES	YES	YES	0%
FIDELITY	YES	YES	NO	NO	0%
GMO	YES	YES	YES	YES	0%
ING	YES	YES	NO	NO	0%
LORD ABBETT	YES	YES	NO	NO	0%
MFS	YES	YES	YES	NO	0%
PIONEER	YES	YES	YES	NO	0%
RIVERSOURCE	YES	YES	NO	NO	0%
RUSSELL	YES	NO	NO	NO	0%
STATE STREET	NO	YES	YES	NO	0%
VANGUARD	YES	YES	NO	NO	0%

APPENDIX 5: RELEVANT EXCERPTS FROM PROXY VOTING GUIDELINES (AS OF SPRING 2010)

Aim INVESCO

VII. Shareholder Proposals on Social Responsibility

The potential costs and economic benefits of shareholder proposals seeking to amend a company's practices for social reasons are difficult to assess. Analyzing the costs and economic benefits of these proposals is highly subjective and does not fit readily within our framework of voting to create greater shareholder wealth over Invesco Aim's typical investment horizon. Therefore, Invesco Aim abstains from voting on shareholder proposals deemed to be of a purely social, political or moral nature.

https://www.invescoaim.com/pdf/InvescoAim_proxypolicy.pdf?contentGuid=f0c4b7bffacd6010VgnVCM10000030b4bf0aRCRD

AllianceBernstein

2.9. Social and Corporate Responsibility: AllianceBernstein will review and analyze on a case-by-case basis proposals relating to social, political and environmental issues to determine whether they will have a financial impact on shareholder value. We will vote against proposals that are unduly burdensome or result in unnecessary and excessive costs to the company with no discernable benefits to shareholders. We may abstain from voting on social proposals that do not have a readily determinable financial impact on shareholder value.

<http://www.alliancebernstein.com/CmsObjectABD/PDF/Closed-End/Proxy/ProxyVotingPoliciesProcedures.pdf>

Allianz

2. AGIFM, for each fund of Allianz Funds which it acts as an investment adviser, delegates the responsibility for voting proxies to the sub-adviser for the respective fund, subject to the terms hereof.

3. The party voting the proxies (e.g., the sub-adviser) shall vote such proxies in accordance with such party's proxy voting policies and, to the extent consistent with such policies, may rely on information and/or recommendations supplied by others.

http://www.allianzinvestors.com/documentLibrary/proxy/AllianzFunds_Proxy.pdf

American Funds

Environmental Issues

As with other types of proposals, when reviewing those related to environmental issues we take into account the investment implications and are required to vote in a manner consistent with the objectives of the fund. We examine each issue within the context of each specific company's situation, including any potential adverse economic implications for the company's business or operations that we feel have not been properly addressed. We will continue to review and vote these issues on a case-by-case basis.

https://www.americanfunds.com/pdf/proxy_voting_guidelines.pdf

American Century

Shareholder Proposals Involving Social, Moral or Ethical Matters

The Adviser will generally vote management's recommendation on issues that primarily involve social, moral or ethical matters, such as the MacBride Principles pertaining to operations in Northern Ireland. While the resolution of such issues may have an effect on shareholder value, the precise economic effect of such proposals, and individual shareholder's preferences regarding such issues is often unclear. Where this is the case, the Adviser believes it is generally impossible to know how to vote in a manner that would accurately reflect the views of the Adviser's clients, and therefore will review management's assessment of the economic effect of such proposals and rely upon it if we believe its assessment is not unreasonable.

Shareholders may also introduce social, moral or ethical proposals which are the subject of existing law or regulation. Examples of such proposals would include a proposal to require disclosure of a company's contributions to political action committees or a proposal to require a company to adopt a non-smoking workplace policy. The Adviser believes that such proposals are better addressed outside the corporate arena, and will vote with management's recommendation; in addition, the Adviser will generally vote against any proposal which would require a company to adopt practices or procedures which go beyond the requirements of existing, directly applicable law.

https://www.americancentury.com/about_us/proxy_voting_policies.jsp

BlackRock

H. Environmental and Social Issues

These are shareholder proposals to limit corporate conduct in some manner that relates to the shareholder's environmental or social concerns. The Funds generally believe that annual shareholder meetings are inappropriate forums for the discussion of larger social issues, and oppose shareholder resolutions "micro-managing" corporate conduct or requesting release of information that would not help a shareholder evaluate an investment in the corporation as an economic matter. While the Funds are generally supportive of proposals to require corporate disclosure of matters that seem relevant and material to the economic interests of shareholders, the Funds generally are not supportive of proposals to require disclosure of corporate matters for other purposes.

https://www2.blackrock.com/webcore/litService/search/getDocument.seam?venue=PUB_IN D&source=CONTENT&serviceName=publicServiceView&ContentID=1111084159

BNY Mellon

On questions of social responsibility where economic performance does not appear to be an issue, the PPC attempts to ensure that management reasonably responds to the social issues. Responsiveness will be measured by management's efforts to address the particular social issue including, where appropriate, assessment of the implications of the proposal to the ongoing operations of the company. The PPC will pay particular attention to repeat issues where management has failed in its commitment in the intervening period to take actions on issues.

http://www.melloninstitutionalfunds.com/public/proxy_voting/proxy_voting.html

Charles Schwab

To assist CSIM in its responsibility for voting proxies and the overall proxy voting process, CSIM has retained Institutional Shareholder Services (“ISS”), acquired by *RiskMetrics Group*, as an expert in the proxy voting and corporate governance area. The services provided by ISS include in-depth research, global issuer analysis, and voting recommendations as well as vote execution, reporting and record keeping. CSIM has also retained *Glass Lewis & Co.* (“Glass Lewis”), as an additional expert in proxy voting, to assist CSIM in voting proxies of limited partnerships. Glass Lewis is an independent provider of global proxy research and voting recommendations.

RiskMetrics:

Climate Change

Generally vote FOR resolutions requesting that a company disclose information on the impact of climate change on the company’s operations and investments considering whether:

- The company already provides current, publicly-available information on the impacts that climate change may have on the company as well as associated company policies and procedures to address related risks and/or opportunities;
- The company’s level of disclosure is at least comparable to that of industry peers; and
- There are no significant, controversies, fines, penalties, or litigation associated with the company’s environmental performance.

Glass Lewis:

Shareholder Proposals

- Vote all shareholder proposals on a CASE-BY-CASE basis.
- Vote FOR proposals that would improve the company’s corporate governance or business profile at a reasonable cost.
- Vote AGAINST proposals that limit the company’s business activities or capabilities or result in significant costs being incurred with little or no benefit.

http://www.schwab.com/cms/P-1026479.7/ProxyProcedures2_09.pdf?cmsid=P-1026479&cv16

Columbia

CMA generally will ABSTAIN from voting on shareholder proposals predominantly involving social, socio-economic, environmental, political or other similar matters on the basis that their impact on share value can rarely be anticipated with any high degree of confidence.

<https://viewpoint.glasslewis.net/CustomFiles/272/CMProxyPolicy.pdf>

Credit Suisse

No mention of social and environmental considerations in proxy voting guidelines:

https://www.credit-suisse.com/asset_management/downloads/marketing/us_sai_hi_eng.pdf

Delaware Investments

As stated above, the Procedures also list specific Guidelines on how to vote proxies on behalf of the Funds. Some examples of the Guidelines are as follows: (i) generally vote for shareholder proposals asking that a majority or more of directors be independent; (ii) generally vote against proposals to require a supermajority shareholder vote; (iii) votes on mergers and acquisitions should be considered on a case-by-case basis, determining whether the transaction enhances shareholder value; (iv) generally vote against proposals to create a new class of common stock with superior voting rights; (v) generally vote re-incorporation proposals on a case-by-case basis; (vi) votes with respect to equity-based compensation plans are generally determined on a case-by-case basis; and (vii) generally vote for proposals requesting reports on the level of greenhouse gas emissions from a company's operations and products. (Excerpt from Statement of Additional Information (SAI) for the Delaware Group Equity Funds III)

<http://www.lfg.com/LincolnPageServer?LFGPage=/lfg/delmac/shr/rpt/index.html>

Dimensional

The Statement of Additional Information for 26 Dimensional mutual funds states:

Social/Environmental Issues: Overall Approach

Generally vote FOR the management's recommendation on shareholder proposals involving social/environmental issues. When evaluating social and environmental shareholder proposals, Dimensional considers the most important factor to be whether adoption of the proposal is likely to enhance or protect shareholder value.

The Voting Guidelines are largely based on those developed by Risk Metrics Group, Inc. ("RMG"), an independent third party, except with respect to certain matters for which the Advisor has modified the standard voting guidelines.

<http://www.dfaus.com/other/prospectuses/prospectuses.html>

Dreyfus

The Board of each fund in the Dreyfus Family of Funds has delegated to Dreyfus the authority to vote proxies of companies held in the fund's portfolio. Dreyfus, through its participation on The Bank of New York Mellon Corporation's ("BNY Mellon's") Proxy Policy Committee (the "PPC"), applies BNY Mellon's Proxy Voting Policy, related procedures, and voting guidelines when voting proxies on behalf of the funds...

On questions of social responsibility where economic performance does not appear to be an issue, the PPC attempts to ensure that management reasonably responds to the social issues. Responsiveness will be measured by management's efforts to address the particular social issue including, where appropriate, assessment of the implications of the proposal to the ongoing operations of the company. The PPC will pay particular attention to repeat issues where management has failed in its commitment in the intervening period to take actions on issues.

<https://www.dreyfus.com/content/iv/control?Content=/data/content/docs/help/proxy.htm>

DWS (Deutsche Bank)

VIII. Environmental Issues

AM policy is to follow management's recommended vote on CERES Principles or other similar environmental mandates (e.g., those relating to Greenhouse gas emissions or the use of nuclear power).

Rationale: Environmental issues are extensively regulated by outside agencies and compliance with additional requirements often involves significant cost to companies.

https://www.dws-investments.com/EN/docs/other/proxy-voting/Proxy_Voting_Guidelines.pdf

Federated

The Adviser generally votes against proposals submitted by shareholders without the favorable recommendation of a company's board. The Adviser believes that a company's board should manage its business and policies, and that shareholders who seek specific changes should strive to convince the board of their merits or seek direct representation on the board. – Excerpted from the Statement of Additional Information for the Federated Clover Value Fund and also the Federated Equity Income Fund found at the following link:

http://www.federatedinvestors.com/ffw/funds/prospregreports.do?link=products&pagenumber=3&pagesize=15&ut=unregistered_webuser&viscat=

Fidelity

(Fidelity Funds sub-advised by Geode Capital Management, LLC)

XXV. ABSTAIN with respect to shareholder proposals addressing Social/Political Responsibility Issues, which Geode believes generally address ordinary business matters that are primarily the responsibility of a company's management and board, except: Geode will vote on a CASE-BY-CASE basis where a proposal has substantial economic implications for the company's securities held in client accounts.

<http://personal.fidelity.com/myfidelity/InsideFidelity/InvestExpertise/governance.shtml.tvsr>

Fifth Third

The Advisor has engaged RiskMetrics Group ("RiskMetrics") to administer the proxy voting policy. The Advisor's Investment Committee reviews and adopts annually the proxy voting recommendations contained in the RiskMetrics Proxy Voting Guidelines Summary. The Chief Investment Officer of the Advisor must approve any deviations from these guidelines.

With respect to any proxy vote made on behalf of the Trust that involves a material conflict of interest for the Advisor, the Advisor will refer such proxy vote to the Special Proxy Voting Committee. The Special Proxy Voting Committee is composed exclusively of Independent Trustees of the Board of Trustees of the Funds and will conduct its activities according to the Special Proxy Voting Committee Charter.

<http://www.fifththirdfunds.com/getdoc/d6861ebe-002f-4064-9aa0-7cf8b2be30ac/US-Equities.aspx>

Franklin Templeton

Social and Corporate Policy Issues: As a fiduciary, Adviser is primarily concerned about the financial interests of its Advisory Clients. Adviser will generally give management discretion with regard to social, environmental and ethical issues although Adviser may vote in favor of those issues that are believed to have significant economic benefits or implications.

http://www.franklintempleton.ca/ca/retail/en/jsp_cm/home/proxy_voting/tam.jsp

GMO

Climate Change

Generally vote FOR resolutions requesting that a company disclose information on the impact of climate change on the company's operations and investments considering whether:

- The company already provides current, publicly-available information on the impacts that climate change may have on the company as well as associated company policies and procedures to address related risks and/or opportunities;
- The company's level of disclosure is at least comparable to that of industry peers; and
- There are no significant, controversies, fines, penalties, or litigation associated with the company's environmental performance.

GMO Trust Statement of Additional Information, as revised July 31, 2009

<http://www.gmo.com/America/Strategies/default.htm?tabid=10&pageid=1&strategyid=core&linkid=14>

Goldman Sachs

10. Social and Environmental Issues

These issues cover a wide range of topics, including consumer and public safety, environment and energy, general corporate issues, labor standards and human rights, military business, and workplace diversity.

In general, vote CASE-BY-CASE. While a wide variety of factors goes into each analysis, the overall principal guiding all vote recommendations focuses on how the proposal will enhance the economic value of the company.

http://www2.goldmansachs.com/gsam/pdfs/USTPD/index/voting_proxy_policy.pdf

ING

Social and Environmental Issues

These issues cover a wide range of topics. In general, unless otherwise specified herein, vote CASE-BY-CASE. While a wide variety of factors may go into each analysis, the overall principle guiding all vote recommendations focuses on how or whether the proposal will enhance the economic value of the company. Because a company's board is likely to have access to relevant, non-public information regarding a company's business, such proposals will generally be voted in a manner intended to give the board (rather than shareholders) latitude to set corporate policy and oversee management.

Absent concurring support from the issuer, compelling evidence of abuse, significant public controversy or litigation, the issuer's significant history of relevant violations; or activities not in step with market practice or regulatory requirements, or unless provided for otherwise herein, generally vote AGAINST shareholder proposals seeking to dictate corporate conduct, apply existing law, duplicate policies already substantially in place and/or addressed by the issuer, or release information that would not help a shareholder evaluate an investment in the corporation as an economic matter. Such proposals would generally include those seeking preparation of reports and/or implementation or additional disclosure of corporate policies related to issues such as consumer and public safety, environment and energy, labor standards and human rights, military business and political concerns, workplace diversity and non-discrimination, sustainability, social issues, vendor activities, economic risk or matters of science and engineering.

The Funds' policies can be found at http://www.ingfunds.com/investor/content/about_us/default.aspx by clicking on Proxy Voting Information in the upper right hand corner.

Janus

45. Janus will generally abstain from voting on shareholder proposals that relate to social, moral or ethical issues, or issues that place arbitrary constraints on the board or management of a company.

<https://ww4.janus.com/Janus/Retail/StaticPage?jsp=/jsp/Funds/Announcements/ProxyVoting.jsp>

John Hancock

Delegation of Proxy Voting Responsibilities

It is the policy of the Trust to delegate the responsibility for voting proxies relating to portfolio securities held by a fund to the fund's investment adviser ("adviser") or, if the fund's adviser has delegated portfolio management responsibilities to one or more investment subadviser(s), to the fund's subadviser(s), subject to the Board's continued oversight. The subadviser for each fund shall vote all proxies relating to securities held by each fund and in that connection, and subject to any further policies and procedures contained herein, shall use proxy voting policies and procedures adopted by each subadviser in conformance with Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

<http://www.jhfunds.com/Article.aspx?ArticleID={90FE014E-8042-4889-A378-2C04B7F04CB5}>

JPMorgan

A copy of the JPMAM Global Proxy Voting Procedures and Guidelines, the JPMorgan Value Opportunities Fund Proxy Voting Procedures and Policy, Undiscovered Managers Behavioral Growth Fund, Undiscovered Managers Behavioral Value Fund, and Highbridge Statistical Market Neutral Fund can be ordered via the website under the Literature & Forms section, or upon request by contacting our Service Center at 1-800-480-4111. If you choose to order via the web, there is a brief registration that must be filled out.

https://www.jpmorganfunds.com/cm/Satellite?UserFriendlyURL=voting_policy&pagename=jpmfVanityWrapper

Legg Mason

Shareholder proposals regarding social and environmental issues are generally voted on a case-by-case basis. Factors analyzed in reviewing shareholder social proposals include the following: specific client guidelines, whether adoption of the proposal would have either a positive or negative impact on the company's short-term or long-term share value; the degree to which the company's stated position on the issues raised in the proposal could affect its reputation or sales, or leave it vulnerable to boycott or selective purchasing; whether the issues presented should be dealt with through government action or through company-specific action; what other companies have done in response to the issue; whether implementation would achieve the objectives sought in the proposal; whether the proposal is well framed and reasonable; and whether the company's analysis and voting recommendation to shareholders is persuasive.

www.leggmasoninstitutionalfunds.com

Lord Abbett

F. Social, Political, and Environmental Issues – Proposals relating to social, political, or environmental issues typically are initiated by shareholders and urge a company to disclose certain information or change certain business practices. Lord Abbett evaluates such proposals based on their effect on shareholder value rather than on their ideological merits. We generally follow management's recommendation on social, political, and environmental proposals and tend to vote against proposals that are unduly burdensome or impose substantial costs on a company with no countervailing economic benefits to the company's shareholders. Nonetheless, we pay particular attention to highly controversial issues, as well as instances where management has failed repeatedly to take corrective actions with respect to an issue.

https://www.lordabbett.com/content/proxy_policies.pdf

MassMutual

The Companies have contracted with ISS, an independent third party service provider, to vote the Companies' clients' proxies according to ISS's proxy voting recommendations. ISS will also provide proxy analysis, vote recommendations, vote execution and record-keeping services for clients for which the Companies have proxy voting responsibility....

...The Companies and ISS hold service review meetings twice a year. During these meetings ISS are asked to confirm that their policies and controls, including those relating to conflicts of interest, have operated effectively during the period and that they have advised us of any occasions where they have been conflicted.

Override of ISS Recommendation

There may be occasions where the Companies' portfolio managers seek to override ISS's recommendations if they believe that ISS's recommendations are not in accordance with the best economic interests of clients. In the event that the Companies' portfolio managers disagree with an ISS recommendation on a particular voting issue, the appropriate portfolio manager shall document in writing the reasons that the portfolio manager believes that the ISS recommendation is not in accordance with clients' best economic interests and submit such written documentation to the Global Events Department.

<http://www.massmutual.com/rsregulatory>

Metropolitan

Metropolitan customer service informed us that Metropolitan only sells mutual funds as part of annuities, and all of these funds are subadvised by other companies. Metropolitan staff were unable to provide prospectuses or other information for the mutual funds sold as part of the annuities.

<http://www.metlife.com>

MFS

MFS believes that a company's ESG practices may have an impact on the company's long-term economic financial performance and will generally support proposals relating to ESG issues that MFS believes are in the best long-term economic interest of the company's shareholders...MFS generally supports proposals that request disclosure on the impact of environmental issues on the company's operations, sales, and capital investments. However, MFS may not support such proposals based on the facts and circumstances surrounding a specific proposal, including, but not limited to, whether (i) the proposal is unduly costly, restrictive, or burdensome, (ii) the company already provides publicly-available information that is sufficient to enable shareholders to evaluate the potential opportunities and risks that environmental matters pose to the company's operations, sales and capital investments, or (iii) the proposal seeks a level of disclosure that exceeds that provided by the company's industry peers. MFS will analyze all other environmental proposals on a case-by-case basis and will support such proposals if MFS believes such proposal is in the best long-term economic interest of the company's shareholders.

https://www.mfs.com/wps/portal!/ut/p/c0/04_SB8K8xLLM9MSSzPy8xBz9CP0os3j_QKNAf3MPIwMDdyNTAyM_DOM3Ew8DQwsfM_2CbEdFAEe-PWM/

Morgan Stanley

H. Social, Political and Environmental Issues

We consider proposals relating to social, political and environmental issues on a case-by-case basis to determine whether they will have a financial impact on shareholder value. However, we generally vote against proposals requesting reports that are duplicative, related to matters not material to the business, or that would impose unnecessary or excessive costs. We may abstain from voting on proposals that do not have a readily determinable financial impact on shareholder value. We generally oppose proposals requiring adherence to workplace standards that are not required or customary in market(s) to which the proposals relate.

<http://www.morganstanley.com/im/legal/proxy.html?page=legal>

Nationwide

Nationwide has incorporated Risk Metrics' voting guidelines:

"NFA has delegated to RiskMetrics Group ISS Governance Services ("RiskMetrics"), an independent service provider, the administration of proxy voting for Client portfolio securities directly managed by NFA, subject to oversight by NFA's "Proxy Voting Committee... Specifically, Risk Metrics assists NFA in the proxy voting and corporate governance oversight process by developing and updating the "Risk Metrics Proxy Voting Guidelines," which are incorporated into the Proxy Voting Guidelines."

RiskMetrics' guidance incorporated into Nationwide's proxy voting guidelines:

Climate Change and the Environment

Climate Change

Generally vote FOR resolutions requesting that a company disclose information on the impact of climate change on the company's operations and investments considering:

- The company already provides current, publicly-available information on the impacts that climate change may have on the company as well as associated company policies and procedures to address related risks and/or opportunities;

- The company's level of disclosure is at least comparable to that of industry peers; and
- There are no significant, controversies, fines, penalties, or litigation associated with the company's environmental performance.

Energy Efficiency

Generally vote FOR on proposals requesting a company report on its comprehensive energy efficiency policies unless:

- The company complies with applicable energy efficiency regulations and laws, and discloses its participation in energy efficiency policies and programs, including disclosure of benchmark data, targets, and performance measures; or
- The proponent requests adoption of specific energy efficiency goals within specific timelines.

Greenhouse Gas (GHG) Emissions

Generally vote FOR proposals requesting a report on greenhouse gas emissions from company operations and/or products, unless:

- The company already provides current, publicly-available information on the impacts that greenhouse gas emissions may have on the company as well as associated company policies and procedures to address related risks and/or opportunities;
- The company's level of disclosure is at least comparable to that of industry peers; and
- There are no significant, controversies, fines, penalties, or litigation associated with the company's greenhouse gas emissions.

Generally vote AGAINST proposals that call for reduction in greenhouse gas emissions by specific amounts or within a specific time frame, unless:

- The company lags behind industry standards; and
- The company has been the subject of recent, significant violations, fines, litigation, or controversy related to greenhouse gas emissions.

Renewable Energy

Generally vote FOR requests for reports on the feasibility of developing renewable energy resources unless the report is duplicative of existing disclosure or irrelevant to the company's line of business.

Generally vote AGAINST proposals requesting that the company invest in renewable energy resources. Such decisions are best left to management's evaluation of the feasibility and financial impact that such programs may have on the company.

<http://www.nationwide.com/mutual-fund-proxy-voting.jsp>

Neuberger Berman

For socially responsive clients, NB Management has adopted socially responsive voting guidelines. For non-socially responsive clients, NB Management's guidelines adopt the voting recommendations of Glass Lewis. NB Management retains final authority and fiduciary responsibility for proxy voting. NB Management believes that this process is reasonably designed to address material conflicts of interest that may arise between NB Management and a client as to how proxies are voted.

<https://www.nb.com/MutualFundLiterature.aspx?id=1230> (See Statement of Additional Information for Neuberger Berman Equity Funds)

Oppenheimer

In the case of social, political and environmental responsibility issues, OFI will generally abstain where there could be a detrimental impact on share value or where the perceived value if the proposal was adopted is unclear or unsubstantiated. OFI generally supports proposals that would clearly have a discernible positive impact on short- or long-term share value, or that would have a presently indiscernible impact on short- or long-term share value but promotes general long-term interests of the company and its shareholders.

https://www.oppenheimerfunds.com/digitalAssets/d67d7baa5d616110VgnVCM100000e82311ac____-2.pdf

Phoenix (now called Virtus Investment Partners)

Social and Corporate Responsibility Issues — the Adviser or Subadviser will generally vote against shareholder social and environmental issue proposals.

http://74.125.45.132/search?q=cache:dCYZbfSrDGcJ:shareholder.api.edgar-online.com/efx_dll/edgarpro.dll%3FFetchFilingRTF1%3Fsessionid%3D3-tIHSCg79g7gkA%26ID%3D6174586%26PageBreakStyleID%3D2+phoenix+mutual+fund+proxy+voting+policy&cd=9&hl=en&ct=clnk&gl=us&client=firefox-a (p.16)

Pioneer

Pioneer will abstain on stockholder proposals calling for greater disclosure of corporate activities with regard to social issues. "Social Issues" may generally be described as shareholder proposals for a company to:

- Conduct studies regarding certain issues of public concern and interest;
- Study the feasibility of the company taking certain actions with regard to such issues; or
- Take specific action, including ceasing certain behavior and adopting company standards and principles, in relation to issues of public concern and interest.

We believe these issues are important and should receive management attention. Pioneer will vote against proposals calling for substantial changes in the company's business or activities. We will also normally vote against proposals with regard to contributions, believing that management should control the routine disbursement of funds.

<http://us.pioneerinvestments.com/content/proxyvoting.jhtml;jsessionid=UQYATMBZCSW31QFIFQCCF3WAVAWAKIY4>

<http://us.pioneerinvestments.com/misc/prospectus.jhtml?FundID=064&usertype=advisor>

Putnam

Generally speaking, shareholder proposals relating to business operations are often motivated primarily by political or social concerns, rather than the interests of shareholders as investors in an economic enterprise. As stated above, the funds' Trustees believe that boards of directors and management are responsible for ensuring that their businesses are operating in accordance with high legal and ethical standards and should be held accountable for resulting corporate behavior. Accordingly, the funds will generally support the recommendations of boards that meet the basic independence and governance standards established in these guidelines. Where boards fail to meet these standards, the funds will generally evaluate shareholder proposals on a case-by-case basis.

https://content.putnam.com/shared/pdf/proxy_voting_guidelines.pdf

Riversource

Social and corporate policy issues

The Board believes proxy proposals should address the business interests of the corporation. Shareholder proposals sometimes seek to have the company disclose or amend certain business practices based purely on social or environmental issues rather than compelling business arguments. In general, the Board recognizes our fund shareholders are likely to have differing views of social and environmental issues and believes that these matters are primarily the responsibility of a company's management and its board of directors.

<http://www.riversource.com/individuals/about-riversource/proxy-voting/>

Russell

Russell believes that the pursuit of goals without direct economic impact can often enhance shareholder or stakeholder interests. However, the pursuit of these types of objectives may also create conflicts between groups of stakeholders that are difficult to resolve. Accordingly, Russell assesses the short-term and long-term impact of an issue, and considers positions that are consistent with the long-term economic best interests of shareholders.

http://www.russell.com/au/Individual_Investors/Private_Series/Proxy_Voting_Reports/default.asp

Schroder

Schroder's International Corporate Governance Policy states: "Companies should adopt appropriate transparent policies on environmental and social responsibility and disclose these policies. As with our stance on governance issues, we will consider all social and corporate responsibility issues in the context of the value of a company. A separate document covering our policy in this area is available. <http://www.schroders.com/global/about-schroders/corporate-responsibility/responsible-investment>

Schroder's Pan European Socially Responsible Investment Policy states: "At Schroders, we look for a company to make the following disclosure in its published reports; that:

- There is board level responsibility for ESG factors which significantly affect the business
- It assesses the significance of ESG related risks and opportunities and the extent to which these affect business performance and short and longer term shareholder value
- There are effective management systems in place to manage and mitigate ESG risks and develop ESG opportunities; and
- There are relevant key performance indicators to allow effective analysis of ESG performance.

The Pan European SRI Policy is also referred to as Shroder's "SRI Policy" on the same web site listed above. Shroder's further explains: "Our investment process takes into account the fact that a broad range of both financial and ESG factors can affect the sustainability of a business and, consequently, the financial returns that can be derived from an investment in a company's assets.

Historically this process has been implicit within our investment process but since 2009 we have begun rolling out a process to explicitly capture this information across our equity product ranges.

This ESG analysis identifies issues that either are, or could become, material in the context of corporate performance and market valuation for integration into our stock selection and valuation process."

State Street

Special Note Regarding Social and Environmental Proposals

Proposals relating to social and environmental issues, typically initiated by shareholders, generally request that the company disclose or amend certain business practices. Often, proposals may address concerns with which FM philosophically agrees, but absent a compelling economic impact on shareholder value, FM will typically abstain from voting on these proposals.

State Street Global Advisors, Proxy Voting Policy (2010)

T. Rowe Price

Socially oriented shareholder proposals

It is T. Rowe Price policy to analyze every shareholder proposal of a social or environmental nature on a CASE-BY-CASE basis. To do this, we utilize research reports from our external proxy advisors, company filings and sustainability reports, research from other investors and non-governmental organizations, and our internal research analysts. Generally speaking, we support well targeted proposals addressing concerns that are particularly relevant for a company's business and have not been adequately addressed by management.

<http://corporate.troweprice.com/ccw/home/ourCompany/proxyVotingPolicies.do>

Transamerica

Not able to locate guidelines at: <http://www.timllc.com>. However, proxy voting policy document states that:

"TIM maintains the services of a qualified independent third party (currently RiskMetrics Group ("RMG") f/k/a Institutional Shareholder Services) to provide guidance on proxy voting issues, analyze proxy statements on behalf of the accounts TIM manages and recommend proxy votes generally in accordance with the Guidelines. TIM will consider the research provided by RMG when making voting decisions on proxy issues. TIM also receives Research Papers from Glass Lewis with respect to issuers and proxy voting recommendations."

http://www.timllc.com/Proxy_Voting_Policy.pdf

TIAA-CREF

Global Warming and Climate Change:

General Policy: TIAA-CREF will generally support reasonable shareholder resolutions seeking disclosure of greenhouse gas emissions and the impact of climate change on a company's business activities.

Comment: The level of a company's greenhouse gas emissions and its vulnerability to climate change may represent both short-term and long-term potential risks. Companies and boards should analyze the impact of climate change on their business and disclose this information.

http://www.tiaa-cref.org/about/governance/portfolio/topics/proxy_voting_policies.html

Van Kampen

I. Social, Political and Environmental Issues

We consider proposals relating to social, political and environmental issues on a case-by-case basis to determine likely financial impacts on shareholder value, balancing concerns on reputational and other risks that may be raised in a proposal against costs of implementation. We may abstain from voting on proposals that do not have a readily determinable financial impact on shareholder value. While we support proposals that we believe will enhance useful disclosure, we generally vote against proposals requesting reports that we believe are duplicative, related to matters not material to the business, or that would impose unnecessary or excessive costs.

<http://www.vankampen.com/Home/ProxyVoting>

Vanguard

V. Corporate and social policy issues

Proposals in this category, initiated primarily by shareholders, typically request that the company disclose or amend certain business practices. The Board generally believes that these are "ordinary business matters" that are primarily the responsibility of management and should be evaluated and approved solely by the corporation's board of directors. Often, proposals may address concerns with which the Board philosophically agrees, but absent a compelling economic impact on shareholder value (e.g., proposals to require expensing of stock options), the funds will typically abstain from voting on these proposals. This reflects the belief that regardless of our philosophical perspective on the issue, these decisions should be the province of company management unless they have a significant, tangible impact on the value of a fund's investment and management is not responsive to the matter.

<https://personal.vanguard.com/us/content/Home/WhyVanguard/AboutVanguardProxyVotingGuidelinesContent.jsp>

Wells Fargo

No mention of how Wells Fargo votes social and environmental issues at:

http://www.wellsfargoadvantagereinvestments.com/wfweb/wf/wfportal/legal/proxy.jsp?BV_UseBVCookie=no&sel=/wfportal/wfportal+legal/wfportal+proxy

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