Overview

For accounts where the client has authorized First Affirmative Financial Network to vote proxies, First Affirmative contracts with Glass Lewis & Co., an independent governance analysis and proxy voting firm, to vote ballots for all securities in which First Affirmative clients have a material interest. For the purposes of proxy voting, *material interest* is defined as 150 shares or more held collectively by all First Affirmative voting clients of record at custodian Folio Institutional and for all such authorized voting shares held at custodian Charles Schwab Institutional.

First Affirmative and Glass Lewis recognize that socially conscious investors have dual objectives. In addition to economic gain, First Affirmative clients are concerned with good corporate governance, the ethical behavior of corporations, and the impact of corporate actions on a healthy society and the natural environment that supports it. First Affirmative believes that companies implementing best practices with regard to social, environmental and corporate governance issues enhance their ability to maximize shareholder value.

In consultation with Glass Lewis, First Affirmative has developed Proxy Voting Guidelines consistent with these objectives. On matters of social and environmental impact, the Guidelines seek to reflect the broad views of the responsible investment community. On matters of corporate governance, executive compensation, and corporate structure, First Affirmative’s Proxy Voting Guidelines are based on a commitment to create and preserve economic value for shareowners and to advance corporate governance best practices.

These Guidelines provide an overview of how Glass Lewis administers proxy votes on behalf of First Affirmative clients. They are guidelines, not absolute instructions. Therefore, there may be instances when the final vote cast on a particular issue before a company’s shareowners varies from the Guidelines due to judgments made by First Affirmative after thorough examination of the merits of the proposal and consideration of company-specific information.

Glass Lewis provides First Affirmative with proxy analysis, vote execution services, and reports indicating how individual votes have been cast. If First Affirmative determines that it may have a conflict of interest regarding a particular security, Glass Lewis’ recommendations will apply for that meeting.
A Note on Terminology

Reference is made throughout this document to "shareowner" and "shareholder. Shareowner is used in reference to long-term investors in the company, including First Affirmative and our clients. Shareholder is a commonly used term that encompasses all holders of a stock, and is used to identify specific proxy proposals or resolutions.

Caution: Non-U.S. Companies

Although the following Proxy Voting Guidelines generally reflect the principles applied to management and shareholder proposals at both U.S. and non-U.S. companies, we note that specific votes may vary for companies domiciled outside of the United States. Many of the basic governance concepts and social objectives transcend national boundaries, but differences in corporate governance standards, shareholder rights, and legal restrictions necessitate a more customized approach to voting in non-U.S. markets. In many countries, the requirements for filing shareholder resolutions are sometimes prohibitive, resulting in a much lower number of shareholder proposals. Differences in compensation practices, board structures, and capital structures can necessitate a customized approach to evaluating proposals in different countries.

Shareowners are sometimes required to approve certain management resolutions that do not require shareowner approval in the United States. Mechanisms such as restricted voting rights, share-blocking requirements, and requirements to be represented in person at meetings complicate the voting process. Finally, lower levels of disclosure in non-U.S. markets often make it difficult to apply the same policy that would apply to U.S. companies. In instances where companies fail to provide sufficient information to make a complete evaluation of a proposal, First Affirmative will abstain from voting on that proposal.

The Guidelines

First Affirmative and Glass Lewis update these Guidelines on an annual basis to take into account new social issues and the latest trends in corporate governance. The Guidelines are divided up into two categories: Management Proposals and Shareholder Proposals. For management proposals, First Affirmative will vote according to Glass Lewis recommendations when this document does not provide specific direction. For shareholder proposals that do not have specific direction outlined in these Guidelines, First Affirmative will review each proposal on a case-by-case basis.
Management Proposals

Director-Related Issues

Including Director Elections, Classified Boards, Majority Voting, Cumulative Voting, and Board Size

We consider director elections to be one of the most important voting decisions that shareowners make. Boards should be comprised of a majority of independent directors and reflect gender and racial diversity. Key board committees should consist entirely of independent directors. Boards are expected to engage in critical evaluation of themselves and of individual members.

We oppose slates of director nominees that are not comprised of a majority of independent directors. Where more than one-third of the members are not independent, we will oppose some of the inside and/or affiliated directors in order to satisfy a two-thirds threshold. We withhold votes from non-independent directors who sit on key board committees.

We withhold votes for members of the Nomination Committee in situations where the board lacks gender diversity, defined as at least two women directors.

We will generally withhold on votes for members of the Compensation Committee if executive compensation is out of line with the company’s performance and with the compensation of executives at peer companies, defined as earning a grade less than “B” on the Glass Lewis proprietary compensation model.

We oppose the election of directors who serve on the compensation committee who also serve as CEO of any public company.

We oppose the election of directors who have failed to attend a minimum of 75% of board meetings held during the year, unless there is a valid reason for the absence.

We oppose the election of directors who serve as an executive officer of any public company while serving on more than two other public company boards.

We oppose directors who fail to adequately respond to shareholder resolutions that receive majority shareowner support. In addition, an evaluation of board response to shareholder resolutions that receive 25% or more support will be conducted to determine if the board responded appropriately following the vote. Based on this evaluation, we will vote case-by-case on future resolutions addressing the same issues.

We support management proposals to declassify the board and adopt majority voting.

We oppose efforts to classify the board or eliminate cumulative voting. Proposals to change the board size are voted case-by-case.

We support management proposals to adopt majority voting unless they are poorly constructed, such as applying majority voting to both contested and uncontested elections.
We oppose a director who is also the CEO of a company where a serious and material restatement has occurred after the CEO had previously certified the pre-restatement financial statements.

We oppose directors who served on the board if, for the last three years, the company’s performance has been in the bottom quartile of the sector and the directors have not taken reasonable steps to address the poor performance.

**Auditors**

Annual election of the outside accountants is standard practice. While we recognize that the company is in the best position to evaluate the competence of its outside accountants, we believe that outside accountants must ultimately be accountable to shareowners. Furthermore, audit committees have been studied by the Blue Ribbon Commission on Improving the Effectiveness of Corporate Audit Committees in conjunction with the New York Stock Exchange (NYSE) and the Financial Industry Regulatory Authority (FINRA), which concluded that audit committees must improve their current level of oversight of independent accountants. Given the rash of accounting irregularities in recent years that were not detected by auditors or audit panels, as well as widespread accounting restatements related to options backdating, shareholder ratification is an essential step in restoring investor confidence.

First Affirmative opposes the ratification of the auditor in cases where non-audit fees represent more than 50% of the total fees paid to the auditor in the previous year.

We oppose the ratification of the auditor in cases where the auditor requires the company to sign an arbitration agreement.

**Proxy Contest Defenses / Tender Offer Defenses**

*Including Shareowner Ability to Call a Special Meeting or Act by Written Consent, Poison Pills, Unequal Voting Rights, Fair Price Provisions, Control Share Acquisition Provisions, Greenmail, Supermajority Votes, and Director and Officer Liability and Indemnification*

We generally oppose takeover defenses, as they can limit shareholder value by eliminating the takeover or control premium for the company. As owners of the company, shareowners should be given the opportunity to decide on the merits of takeover offers. Further, takeover devices can be used to entrench a board that is unresponsive to shareowners on both governance and corporate social responsibility issues. However, we recognize that there are certain instances when these provisions can be protective of shareholder rights. Specifically:

We oppose eliminating or reducing the supermajority voting threshold if it would enhance the rights of a controlling or significant shareowner (generally 30% or greater) to the detriment of minority shareowners.

We support D&O liability and indemnification provisions where the changes are being made to conform with state law.
Miscellaneous Governance Provisions

Including Confidential Voting, Adjourn Meeting, and Bundled Proposals

We evaluate proposals that concern governance issues on a case-by-case basis, taking into account their impact on shareholder rights. We believe that good corporate governance can have an impact on a company and its ability to maximize shareholder value.

Capital Structures

Including the Issuance of Additional Shares of Authorized Stock, Stock Splits and Reverse Stock Splits, Blank Check Preferred Stock, Dual-Class Stock, Debt Restructurings, and Share Repurchase Plans

We support a one-share, one-vote policy, and oppose mechanisms that skew voting rights.

We support capital requests that provide companies with adequate financing flexibility while protecting shareowners from excessive dilution of their economic and voting interests.

Proposals to increase common stock are evaluated on a case-by-case basis, taking into account the size and purpose of the increase, the company’s need for additional shares, and the company’s past use of share authorizations.

Executive and Director Compensation

Including Stock-Based Incentive Plans, Employee Stock Purchase Plans, Outside Director Option Plans, and Cash and Cash & Stock Based Awards

Although shareowner action such as “say-on-pay” resolution campaigns may help to reign in excessive executive compensation, non-salary compensation remains one of the most sensitive and visible corporate governance issues. Although shareowners have little say about how much the CEO is paid in salary and bonus, they do have a significant voice in approving stock option and incentive plans. Stock option plans transfer significant amounts of wealth from shareowners to employees, and in particular to executives and directors. Rightly, the cost of these plans must be in line with the anticipated benefits to shareowners.

Executive and director compensation proposals are evaluated on a case-by-case basis taking into account dilution levels and specific plan features. For example, we oppose proposals that allow for the re-pricing of stock options without shareowner approval. In addition, any recent controversies surrounding a company’s pay practices are also factored into the analysis of compensation proposals.

First Affirmative evaluates say-on-pay proposals on a case-by-case basis and votes against the proposal when there is a misalignment of performance and pay. We will vote against proposals at companies that are included in The 100 Most Overpaid CEOs list published by As You Sow.

Glass Lewis has a proprietary pay-for-performance model to evaluate the link between pay and performance of the top five executives at U.S. companies. This model utilizes a 3-year weighted
average for five performance metrics and assigns grades based on relative positions of compensation and performance rankings when compared to self-selected peers. The model grades companies from A to F on a relative pay-for-performance basis. First Affirmative will use this model as a guide when evaluating say-on-pay proposals.

We **oppose** proposals if the Compensation Discussion and Analysis (CD&A) of the company’s annual proxy statement receives a Glass Lewis disclosure rating of less than “good”.

We **oppose** proposals that receive a score below the grade of “B” according to the Glass Lewis model.

We **oppose** such proposals when compensation plans are poorly designed, implemented or managed; and where there is insufficient or unclear disclosure regarding the overall compensation structure and/or the company engages in other egregious compensation practices.

We will review incentive plans within the context of the company’s entire compensation program and assess whether such plans appropriately tie executive compensation to company performance.

We **support** Employee Stock Purchase Plans (ESPP) because they encourage savings and investment and allow employees to become shareowners in the company.

We evaluate incentive stock plans based on an a quantitative analysis of the plan’s cost compared with the business’s operating metrics, to project the annual cost relative to the company’s financial performance to determine whether the plan is excessive in light of company performance compared with the company’s peer group.

We therefore **oppose** plans that allow for an excessive number of shares based on this analysis.

We **oppose** plans that allow for egregious compensation practices such as option re-pricing.

Management requests for option exchanges or re-pricings are analyzed on a **case-by-case** basis, and generally will only be supported if they exclude executive officers and directors, result in an equal or lesser value than the options being replaced, and contain features designed to enhance employee retention, such as extended vesting periods. Because shareowners do not have the ability to re-price or exchange their investment during stock price declines, any requests to re-price stock options should be backed by a compelling shareholder value argument and should be subject to a separate shareowner vote.

Proposals requesting shareowners to ratify executive compensation and related disclosures are voted on a **case-by-case** basis taking into account compensation and performance at the company relative to peers.

**Mergers and Corporate Restructurings**

Mergers, leveraged buyouts, acquisitions, spin-offs, re-incorporations, tax inversions, and other corporate restructuring plans are evaluated on a **case-by-case** basis, given the potential for significant impacts on shareholder value and on shareowners’ economic interests. In addition, these corporate
actions can have important effects on a company’s workforce and community stakeholders, including but not limited to job loss, community lending, equal opportunity, and environmental impacts.

**Exclusive Forum Provisions**

First Affirmative believes that charter or bylaw provisions limiting a shareowner’s choice of legal venue are not in the best interests of shareowners. Such clauses may effectively discourage the use of shareholder derivative claims by increasing their associated costs and making them more difficult to pursue.

We oppose any bylaw or charter amendment seeking to adopt an exclusive forum provision.

In the event a board seeks shareowner approval of a forum selection clause pursuant to a bundled bylaw amendment rather than as a separate proposal, we weigh the importance of the other bundled provisions when determining the vote recommendation on the proposal.

**Mutual Fund Proxies**

*Including Election of Trustees, Investment Advisory Agreements, and Distribution Agreements*

There are a number of proposals that are specific to mutual fund proxies. We evaluate these proposals on a case-by-case basis in conjunction with recent trends and best practices at other mutual funds.

We support proposals that seek to establish an independent chair of the board of directors or trustees. Glass Lewis will determine whether board members, including the board chair, are in fact “independent.”

**Shareholder Proposals**

**Corporate Governance and Executive Compensation**

*Including Shareholder Meetings/Housekeeping Issues, Board-Related Issues, Shareholder Rights and Board Accountability Issues, Compensation Issues, and Strategic Issues*

Each year shareowners or their advocates file numerous proposals that focus on key issues regarding corporate governance and executive compensation. We evaluate these proposals from the perspective that good corporate governance can have positive implications for a company and its shareowners.

We support proposals that seek to improve a board’s accountability to its shareowners and other stakeholders.

We support initiatives that seek to strengthen the link between executive pay and long-term
performance, including performance issues related to corporate social responsibility.

Corporate Governance

- Support proposals providing shareowners with the ability to nominate board candidates
- Support proposals seeking the establishment of a majority vote standard in the election of directors
- Support proposals requesting adoption of the SEC vote-counting standard used for establishing eligibility for resubmitting shareholder-sponsored proposals (votes cast FOR, divided by the FOR plus AGAINST votes) for all matters voted upon by shareowners
- Support proposals requesting the separation of the chair and CEO
- Support proposals to appoint a lead director
- Vote case-by-case on proposals seeking to limit the tenure of non-employee directors
- Vote case-by-case on proposals to increase board or committee independence
- Support proposals requesting that the company rotate auditors every five years or more
- Support proposals allowing shareowners to be reimbursed for solicitation expenses including legal fees when proposal receives approval by majority votes cast
- Vote case-by-case on CEO succession policy
- Vote case-by-case on proxy access proposals where adoption of this provision allows for improved shareholder rights and ensures that shareowners who maintain a long-term interest in the target company have an ability to nominate candidates for the board
- Vote case-by-case on proposals requiring senior executives to hold company shares until retirement

Take-Over Defenses

- Support proposals to declassify the board
- Support proposals providing for cumulative voting
- Support proposals making it easier for shareowners to act by written consent if they contain appropriate thresholds
- Support proposals providing shareowners with the ability to call special meetings if they contain appropriate thresholds
- Support proposals allowing shareowners to amend the company’s bylaws by majority vote
- Vote *case-by-case* on proposals reducing or eliminating supermajority voting
- *Support* the elimination of dual-class stock with unequal voting rights
- *Support* proposals to put poison pills to a shareholder vote or redeem them
- *Support* proposals to eliminate fair price or control share provisions
- *Support* proposals to adopt anti-greenmail provisions
- Vote *case-by-case* on proposals to consider strategic alternatives to maximize value
- *Support* proposals to establish reasonable advance notice provisions for shareholder proposals or director nominations to be presented at the annual meeting (no more than 90 days before the annual meeting)

**Compensation**

- *Support* proposals seeking greater disclosure of compensation, unless they contain inappropriate thresholds or other provisions
- *Support* proposals requesting disclosure of the ratio of CEO pay to median employee pay, as outlined in Section 953(b) of the Dodd-Frank Act
- *Support* proposals asking companies to disclose the salaries of top management beyond those the SEC requires in the proxy statement.
- *Support* proposals seeking an annual advisory vote on executive compensation, sometimes known as “say on pay” resolutions
- *Support* proposals asking for disclosure of the compensation consultant’s relationships with the company and management, or to adopt or disclose a policy on consultant’s services
- *Oppose* proposals to prohibit compensation consultants from performing other services for the company
- *Support* proposals requesting the establishment of fixed option grant dates
- *Support* proposals to limit change-in-control payments through the use of double-triggers
- Vote *case-by-case* on proposals seeking a shareholder vote on severance or Supplemental Executive Retirement Plan (SERP) payments
- Vote *case-by-case* on proposals that will alter compensation practices, establish stock holding/retention requirements, establish pay caps, or abolish stock options
- Vote *case-by-case* on proposals seeking to limit the term of executive employment agreements, limit tax gross-ups or consider internal pay equity in setting CEO pay
Support proposals to eliminate or require shareowner approval of death benefits ("golden coffins"), which provide for payments and/or benefits to an executive’s beneficiaries following death

Vote case-by-case on proposals to adopt a policy to recoup unearned executive bonuses or incentive pay when performance targets have not been met as a result of a financial restatement

Vote case-by-case on proposals to establish a “pay-for-superior-performance” standard for executive pay—we support these proposals when CEO or executive pay is excessive and it is unclear how pay is linked to meaningful performance targets

Vote case-by-case on proposals to prohibit executives from selling stock during buy-back periods or to adopt policies to prevent abuses of pre-arranged stock sale plans

Oppose proposals seeking to impose, or vote on, specific terms of a Supplemental Executive Retirement Plan (SERP), but support proposals requesting better or more specific disclosure of executive pension benefits

Support proposals to limit hedging or prohibit executives from hedging the value of their stock

Support integrating sustainability metrics into compensation

Shareholder Proposals on Social Responsibility Issues

Including consumer issues, corporate accountability, diversity issues, environment, affordable healthcare, global labor practices, and military involvement

Social responsibility proposals are receiving higher levels of support as institutional investors recognize that such proposals have tangible connections to shareholder value. In our view, companies that embrace corporate social responsibility best practices are better positioned for long-term success.

- We generally support proposals that seek to enhance a company’s corporate citizenship, including proposals on workplace practices, human rights, and environmental stewardship.

- We believe that corporations should be accountable and transparent to their shareowners and stakeholders, and we will generally support proposals that seek additional information on a company’s environmental performance and/or its impact on communities and people.

- We will review on a case-by-case basis those proposals that request that the company cease certain actions that the proponent believes are harmful to particular populations or environments, taking into account the company’s legal and ethical obligations, its ability to remain profitable, and any potential negative publicity or reputational risk if the company fails to honor the request.
Consumer Issues

**Adult Entertainment**

- *Support* proposals requesting that the company report on its involvement in the pornography industry and assess potential associated risks
- *Support* proposals requesting that the company report on its practices relating to the sale of violent video games to children

**Animal Welfare**

- *Support* proposals seeking to limit animal testing where alternative testing methods are feasible or where not required by law
- *Support* proposals asking the company to adopt and/or report on animal welfare standards used in company laboratories or contract laboratories
- *Support* proposals asking the company to report on or require animal welfare standards applied to laboratories in the supply chain
- *Support* proposals asking the company to report on the feasibility of utilizing more humane ways of animal slaughter

**Genetic Engineering**

- *Support* proposals asking the company to report on the use of Genetic Engineering “GE” organisms in its products, and/or the potential adverse impacts associated with GE organisms
- *Support* proposals calling on the company to label GE products
- *Support* proposals asking the company to adopt a policy to phase out GE products

**Lending Practices**

- *Support* proposals asking companies to undertake specific actions to guard against predatory lending practices or redlining, and/or report on lending practices to vulnerable groups, such as minorities
- *Support* proposals asking for disclosure on lending practices in developing countries, unless the company has clearly demonstrated a proactive record on the issue
- *Support* proposals to restructure the terms of appropriate non-performing loans
- Review *case-by-case* proposals calling on banks to forgive loans made to developing countries
- *Support* proposals to disclose off-balance sheet liabilities, including structured investment
vehicles, structured securities and conduits or to disclose mortgage practices and risks, including exposure to subprime loans

- Review case-by-case proposals to establish board compliance committees
- Review on a case-by-case basis proposals to implement controls on relationships with credit ratings agencies

**Tobacco**

- **Support** proposals seeking to limit the sale of tobacco products to children
- **Support** proposals requesting companies do more to apprise consumers of the health risks of smoking
- **Support** proposals asking restaurants to make their facilities smoke-free
- **Support** proposals calling on companies to sell, phase out, or divest of all production and marketing of tobacco products
- **Support** proposals asking producers of cigarette components to halt sales to tobacco companies, or to prepare a report on the potential risks and liabilities of supplying these components

**Toxic Chemicals and Product Safety**

- **Support** proposals requesting disclosure of the company’s policy on toxic chemicals
- **Support** proposals seeking greater disclosure of the potential financial and legal risks associated with the usage of certain chemicals
- **Support** proposals requesting a report on the feasibility of phasing out or reformulating certain products
- **Support** proposals requesting companies phase out the use of certain chemicals when safer alternatives are available, or reformulate their products to meet stricter toxic chemical standards used in certain other jurisdictions
- **Support** proposals asking companies to report on efforts to phase out the production of paper using chlorine bleaching
- Review on a case-by-case basis proposals asking companies to phase-out the use of chlorine bleaching

**Corporate Influence and Accountability**

**Charitable Contributions**

- **Oppose** proposals seeking to require shareholder ratification of charitable grants or the
imposition of grant criteria

- Generally oppose proposals calling on a company to produce a report disclosing charitable contributions unless there is a history of problems involving questionable contributions or self-dealing at the company, or if the total contributions appear excessive

**Political Contributions and Trade Organizations**

- Support proposals calling for a company to maintain a policy of non-partisanship
- Support proposals calling for the company to produce a report disclosing its political contributions and its policies and procedures governing those contributions
- Support proposals calling for the company to publish a report on its political contributions on its website
- Oppose proposals calling for the company to publish its political contributions in newspapers
- Support proposals requesting disclosure of trade organization dues and/or clarification of company positions that differ from the positions taken by trade organizations of which the company is a member
- Oppose proposals requesting companies to project recipients and amounts of future political contributions.
- Vote case-by-case on proposals requesting companies to refrain from using corporate funds for political purposes

**Lobbying Activities**

- Support proposals calling for the company to produce a report disclosing its lobbying expenditures and its policies and procedures governing those expenditures
- Support proposals calling for the company to publish a report on its lobbying expenditures on its website
- Support proposals requesting disclosure of payments to trade organizations that support that organization’s lobbying activities
- Support proposals that request disclosure of participation in organizations that draft and support model legislation

**Prior Government Service**

- Support proposals calling for the disclosure of prior government service of the company’s key executives
Diversity Issues

Board Diversity

- *Support* proposals asking the board to take additional measures to ensure that more women and minorities are considered for nomination, or to otherwise commit to a policy of board inclusiveness
- *Support* proposals requesting that a company endorse and/or implement the “Women’s Empowerment Principles,” which have been developed by the United Nations Development Fund for Women and the United Nations Global Compact
- *Withhold* our vote for directors on the nomination committee that do not include at least two women and one person of color
- We are highly supportive of diversified boards but will *oppose* proposals that impose unreasonable quotas

Equal Employment Opportunity

- *Support* proposals asking for the company to report on its efforts to promote diversity in the workplace and marketplace
- *Support* proposals requesting the disclosure of EEO-1 data
- *Support* proposals asking the company to take additional action on equal employment opportunity and anti-discrimination
- *Support* proposals asking how the company is working to eliminate “glass ceilings” for women and minorities, including requests that the company take additional action
- *Support* proposals requesting that companies ensure that women and minorities are not discriminated against in wages and employee benefits

Racial Stereotypes in Advertising

- *Support* proposals requesting that companies review their use of racial stereotypes in advertising campaigns

Sexual Orientation

- *Support* proposals asking companies to explicitly prohibit discrimination based on sexual orientation and gender identity in their written employment policy, including proposals that call for the adoption of the “Equality Principles”
- *Support* proposals seeking reports on a company’s initiatives to create a workplace free of discrimination on the basis of sexual orientation and gender identity
- *Oppose* proposals requesting that companies remove sexual orientation anti-discrimination
policies

Energy and Environment Issues

Agriculture

- Support proposals requesting reports on the use of pesticides, antibiotics and other chemical inputs in food production, including proposals calling for setting goals related to the reduction of pesticide antibiotics and chemical use

Ceres Principles

- Support proposals urging companies to endorse the Ceres Principles. Ceres (pronounced “series”) is a national network of investors, environmental organizations and other public interest groups working with companies and investors to address sustainability challenges such as global climate change

Climate Change and Greenhouse Gas Emissions

- Support proposals requesting reports, or the disclosure of liabilities, relating to the company’s response to rising regulatory, competitive, and public pressures surrounding climate change and/or greenhouse gas emissions and energy efficiency
- Support proposals requesting reports on strategy to address the risk of stranded assets presented by global climate change and associated demand reductions for oil and gas
- Support proposals calling for setting goals related to the reduction of greenhouse gas emissions from company operations, supply chains, and/or products
- Support proposals requesting a report on the company’s efforts to develop renewable energy
- Generally support proposals calling for increased investment in alternative energy sources, except in cases where the terms of the request are excessive
- Take a case-by-case approach to proposals requesting a report on the scientific evidence underlying a company’s policy position on climate change, greenhouse gas emissions and/or energy efficiency, evaluating the relevancy of the requested report to the company’s business model and operations
- Support proposals requesting an assessment of lending institution exposure to climate change risk in lending, investing, and financing activities

Environmental Risks and Sustainability Issues

- Support proposals asking companies to produce a sustainability report
- Support proposals asking companies to provide additional information about the risks and
liabilities associated with the company’s environmental practices

- **Support** proposals asking companies to report on the environmental impact of their operations or sourcing practices, including on issues such as toxic emissions, environmentally sensitive areas, and biodiversity

- **Support** proposals requesting disclosure of known and potential environmental and community impacts of hydraulic fracturing operations and/or policy options for the company to adopt, to reduce, or to eliminate hazards to air, water, and soil quality. Known risks include chemical use, drinking water contamination, ground water pollution, methane flaring, “fugitive” methane releases, chemical storage, and waste disposal

- **Support** proposals requesting disclosure on environmental damage that would result from oil sands operations, including oil sands product transportation (e.g. pipeline, road, and sea transport)

- **Support** proposals that seek to encourage companies to source products from environmentally sustainable operations, including with respect to fisheries, lumber, and agricultural products (e.g. palm oil, coffee)

- **Support** proposals asking companies to report on operations in, or to adopt policies not to mine, drill, or log in environmentally sensitive areas such as the Arctic National Wildlife Refuge

- **Support** proposals requesting a report on the risks related to the company’s use of water in regions of water scarcity or conflict

- **Support** proposals—including bylaw amendments—to appoint a director with environmental expertise, to retain an environmental sustainability expert who reports directly to the board, and/or to establish a board-level committee on environmental responsibility

**Nuclear Energy**

- **Support** proposals requesting companies reassess their involvement in nuclear power or to report on operational issues related to nuclear power generation

- **Support** proposals requesting that the company cease development of and financing of new nuclear power projects

**Recycling**

- **Support** proposals urging companies to increase their recycling efforts, and/or to take steps to encourage consumer recycling of their products

- **Support** proposals urging companies to increase the recycled content of materials and products produced by the companies or sourced through their supply chains
• **Support** proposals requesting companies to adopt policies and practices that reduce the environmental, occupational and community health hazards from manufacturing and recycling lead batteries

**Security of Chemical Facilities**

• **Support** proposals seeking greater disclosure of the company’s efforts to reduce the threat of potentially catastrophic chemical releases from their operations, in particular those stemming from a terrorist attack or natural disaster

**Environmental Justice and Community Accountability**

• **Support** disclosure proposals requesting information on how the company seeks to mitigate the health and environmental hazards of its operations on local communities

• **Support** proposals requesting a report on how the company ensures that it is accountable for its environmental impact on local communities

• **Support** proposals asking companies to adopt a plan to reduce toxic emissions, including proposals that request companies take responsibility for toxic cleanup

**Health Related Issues**

• **Support** proposals calling for companies to provide access to doctors and medicine for all workers, and prenatal care for women workers, especially in developing countries

• **Abstain** on proposals that address abortion issues

**Access to Healthcare and Drug Pricing**

• **Support** proposals asking pharmaceutical companies to review and report on their price restraint policies, including proposals that request companies implement a formal policy on drug pricing

• **Support** proposals seeking more information on the risks associated with restricting the export of prescription drugs to Canada

• **Support** proposals calling for a report on how the company is addressing rising healthcare costs as a public policy issue; review on a case-by-case basis proposals that call for specific actions

• **Support** proposals requesting that the board adopt a conflict of interest policy involving directors with health industry affiliations, requiring their recusal from involvement in discussions on public policy issues that may relate to the board member's health industry affiliations
Health Pandemics

- Support proposals asking pharmaceutical companies to develop policies to provide HIV/AIDS, TB, malaria, and other drug treatments that are affordable to the affected populations in the developing world

- Support proposals seeking reports on the impact of health pandemics on company business operations

Human Rights and Labor Practices

Human Rights and Global Labor Practices

- Support proposals asking for a report and/or review of the company’s code of conduct with respect to workplace practices and human rights

- Support proposals asking companies to adopt codes of conduct addressing global labor and human rights practices, to establish credible monitoring programs, and to publicly report on these efforts

- Support proposals asking companies to embrace the “Guiding Principles on Business and Human Rights” as a framework for preventing human rights abuses, providing greater transparency and accountability around human rights issues that might affect the company, and mitigating adverse human rights impacts

- Support proposals asking companies to adopt supply chain and vendor codes of conduct that incorporate recognized international standards of worker’s rights, including proposals that request the company take steps to ensure compliance and credible monitoring

- Support proposals asking the company to report on and/or investigate particular human rights challenges it faces, including proposals that request the adoption of specific principles or codes relating to the issue

- Support bylaw amendments to establish a board-level committee on human rights, unless there is a compelling reason not to do so

- Vote case-by-case on proposals asking companies to sign the Holy Land Principles.

Indigenous Rights

- Support proposals asking companies to report on the impact of their operations on indigenous communities, and/or to take steps to ensure that they respect the rights of such communities

- Support proposals asking companies to consider the impacts and to provide an opportunity for free, prior, and informed consent regarding planned development and operations that may impact indigenous communities
Operations in Sudan

- Support proposals asking the company to report on its operations or investments in Sudan and the costs associated with this business
- Review on a case-by-case basis proposals to pull out of Sudan

Operations in China

- Support proposals seeking more disclosure on a company’s involvement in China
- Support proposals asking companies to implement the “Business Principles for Human Rights of Workers in China,” which reflect basic labor standards defined by the International Labor Organization, and basic human rights defined by the United Nations Universal Declaration of Human Rights and encoded in the International Covenants on Economic, Social and Cultural Rights, and Civil and Political Rights
- Review on a case-by-case basis proposals asking a company to terminate specific investments or ventures in China

Internet-Related Product Sales to China

- Support proposals asking the company to establish a set of standards to enforce policies to protect freedom of access to the Internet across the globe
- Support proposals seeking a report on efforts to reduce the likelihood of product abuse
- Vote case by case on proposals requesting that the company no longer sell products in China

Operations in Northern Ireland

- Support proposals asking companies to implement the “MacBride Principles”—nine fair employment and affirmative action points

Military Involvement and Violence

Depleted Uranium

- Support proposals asking companies to report on their involvement in the manufacture of depleted uranium munitions

Foreign Military Sales

- Support proposals asking the company to report on its foreign military sales
- Support proposals asking the company to review and/or amplify the company’s ethical criteria for military contracts
- Review on a case-by-case basis proposals that call for restrictions on foreign military sales

**Firearms**

- Support proposals requesting companies report on efforts to promote firearm safety or prevent gun violence
- Support proposals asking the company to end the sale of firearms and related ammunition

**Landmine Production**

- Support proposals asking companies to report on future landmine production or adopt a policy to cease production of landmines

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The views expressed in these Proxy Voting Guidelines are those of First Affirmative Financial Network and are used to vote client proxies, when so authorized.

These guidelines may not be consistent with the views of individual investment advisors or Broker-Dealers or RIA firms doing business with First Affirmative, and they may not be consistent with the views of certain clients on certain issues. In such circumstances, the client may choose to vote their own proxies.

Mention of specific companies or securities should not be considered a recommendation to buy or sell that security. For information regarding the suitability of any investment opportunity or strategy, investors should consult with a qualified financial advisor.

Past performance is no guarantee of future results. There can be no assurance that any investment strategy will generate profitable results.

Questions about this document can be directed to your network advisor or to proxyvoting@firstaffirmative.com.