

Since these are general proxy policies, in some specific instances Walden may cast votes contrary to these guidelines. For example, Walden may vote against a proxy item despite general agreement with the intended result if we believe the resolution is not well crafted. Or, in unusual circumstances, Walden may vote contrary to the general guideline if specific characteristics of the company under consideration lead us to believe it is in the best interest of our clients to do so.

For well over a decade, Walden has invested considerable resources to ensure the integrity of our proxy voting process. We have also participated in shaping related public policy, such as our advocacy for greater disclosure of proxy policies and records. Moreover, on behalf of our clients, Walden has led or participated in more than one hundred shareholder resolutions since the mid-1980s. These actions have addressed a variety of social, environmental and corporate governance issues consistent with the long-term economic interests of our clients. Walden is proud of this record of leadership.

Clients of Walden receive a proxy voting record report upon request.



INSTITUTIONAL SHAREHOLDER SERVICES

ISS Social Advisory Services (SAS) SRI Proxy Voting Guidelines Executive Summary

Management Proposals

1. Director-Related Issues: *including director elections, classified boards, cumulative voting, and board size.*

SAS considers director elections to be one of the most important voting decisions that shareholders make. Boards should be comprised of a majority of independent directors and key board committees should be comprised entirely of independent directors. It is expected that boards will engage in critical self-evaluation of themselves and of individual members. SAS will generally oppose slates of director nominees that are not comprised of a majority of independent directors and will withhold votes from non-independent directors who sit on key board committees. In addition, SAS will likely withhold votes from members of the nominating committee in cases where the board lacks gender or racial diversity. The election of directors who have failed to attend a minimum of 75 percent of board meetings held during the year will be opposed. SAS supports requests asking for the separation of the positions of Chairman and CEO and requests to adopt cumulative voting, opposes the creation of classified boards, and reviews proposals to change board size on a case-by-case basis. SAS also supports shareholder proposals calling for greater access to the board, affording shareholders the ability to nominate directors to corporate boards.

2. Auditors

While it is recognized that the company is in the best position to evaluate the competence of the outside accountants, we believe that outside accountants must ultimately be accountable to shareholders. Given the rash of accounting irregularities that were not detected by audit panels or auditors, shareholder ratification is an essential step in restoring investor confidence. Audit committees have been the subject of a report released by the Blue Ribbon Commission on Improving the Effectiveness of Corporate Audit Committees in conjunction with the NYSE and the National Association of Securities Dealers. The Blue Ribbon Commission concluded that audit committees must improve their current level of oversight of independent accountants. SAS will vote against the ratification of the auditor in cases where non-audit fees represent more than 25 percent of the total fees paid to the auditor in the previous year. In addition, SAS will withhold votes from the audit committee in cases where a company has pulled the ratification of auditors from its annual meeting agenda within the past two years. SAS supports requests asking for the rotation of the audit firm, if the request includes a timetable of five years or more.

3. Proxy Contest Defenses / Tender Offer Defenses: *including shareholder ability to call a special meeting or act by written consent, poison pills, unequal voting rights, fair price provisions, greenmail, supermajority votes, and director and officer liability and indemnification.*

SAS generally opposes takeover defenses, as they limit shareholder value by eliminating the takeover or control premium for the company. As owners of the company, shareholders 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 shareholders on both governance and corporate social responsibility issues.

4. **Miscellaneous Governance Provisions: *including confidential voting, adjourn meeting, and bundled proposals.***

SAS evaluates proposals that concern governance issues on a case-by-case basis, taking into account the impact on shareholder rights. SAS believes that good corporate governance can have an impact on a company and its ability to maximize shareholder value.

5. **Capital Structures: *including increase authorized stock, stock splits and reverse stock splits, blank check preferred stock, debt restructurings, and share repurchase plans.***

SAS supports a one-share, one-vote policy and opposes mechanisms that skew voting rights. SAS supports capital requests that provide companies with adequate financing flexibility while protecting shareholders 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 company's past use of share authorizations and comparison with a peer group.

6. **Executive and Director Compensation: *including stock-based incentive plans, employee stock purchase plans, outside director option plans, and cash and cash & stock based awards.***

As executive pay levels continue to soar, non-salary compensation remains one of the most sensitive and visible corporate governance issues. Although shareholders have little say about how much the CEO is paid in salary and bonus, they do have a major voice in approving stock option and incentive plans. Without a doubt, stock option plans transfer significant amounts of wealth from shareholders to employees, and in particular to executives and directors. Rightly, the cost of these plans must be in line with the anticipated benefits to shareholders. Executive and director compensation proposals are evaluated on a case-by-base basis using a binomial pricing model that estimates the cost of a company's stock-based incentive programs. Plan features and any recent controversies surrounding a company's pay practices are also factored into the analysis of compensation proposals. Shareholder proposals calling for additional disclosure on compensation issues are supported, while shareholder proposals calling for changes in a company's compensation policies are reviewed on a case-by-case basis.

7. **Mergers and Corporate Restructurings**

Mergers, acquisitions, spinoffs, reincorporations, and other corporate restructuring plans are evaluated on a case-by-case basis, given the potential for significant impact on shareholder value and on shareholders' economic interest. In addition, these corporate actions can have important effects on community stakeholders and workforce including impact on stakeholders, such as job loss, community lending, equal opportunity, and impact on environment.

8. **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. SAS evaluates these proposals in conjunction with recent trends and best practices at other mutual funds.

Shareholder Proposals

9. **Shareholder Proposals on Corporate Governance and Executive Compensation: *including shareholder meetings/housekeeping issues, board-related issues, shareholder rights & board accountability issues, compensation issues, and strategic issues.***

Each year shareholders file numerous proposals that address key issues regarding corporate governance and executive compensation. SAS evaluates these proposals from the perspective that good corporate governance can have positive implications for a company and its shareholders. Proposals that seek to improve a board's accountability to its shareholders and other stakeholders are supported. SAS supports initiatives that seek to strengthen the link between executive pay and performance, including performance issues related to corporate social responsibility.

10. Shareholder Proposals on Social and Environmental Proposals: *including diversity and workplace issues, codes of conduct, labor standards & human rights, environment and energy, weapons, and consumer issues & public safety.*

Socially responsible shareholder resolutions are receiving a great deal more attention from institutional shareholders today than in the past. In addition to moral and ethical considerations intrinsic to many of these proposals, there is a growing recognition of their potential impact on the economic performance of the company. In general, SAS votes for shareholder social, workforce, and environmental proposals that create good corporate citizens while enhancing long-term shareholder and stakeholder value. SAS will vote for disclosure reports that seek additional information particularly when it appears companies have not adequately addressed shareholders' social, workforce, and environmental concerns. We will closely evaluate proposals that ask the company to cease certain actions that the proponent believes are harmful to society or some segment of society with special attention to the company's legal and ethical obligations, its ability to remain profitable, and potential negative publicity if the company fails to honor the request. SAS supports shareholder proposals that improve the company's public image, and reduced exposure to liabilities.