

SUMMARY OF WALDEN'S 2011 SHAREHOLDER RESOLUTIONS

Much of Walden's success in advocating for greater transparency and corporate social responsibility comes from constructive dialogues with companies over many years, entirely outside of the resolution process. Yet sponsoring shareholder resolutions remains an important avenue for investors to influence company practices. These resolutions can be an important tool for change, as illustrated in this summary of 2011's shareholder resolutions.

CORPORATE GOVERNANCE

Political Contributions

Shareholder proposals went to **3M***, **IBM**, and **PepsiCo** requesting disclosure of political expenditures, both direct and indirect, and an evaluation of political spending policies, processes, and oversight. The latter two explicitly addressed membership in the Chamber of Commerce and the conflict between Chamber initiatives and their corporate ESG policies. These resolutions garnered votes of 36, 32, and 11 percent support, respectively. Negotiations with **Pfizer*** and **Target*** resulted in withdrawals: **Pfizer** expanded its policy to prohibit political expenditures with corporate funds and **Target** implemented a new policy and oversight process while continuing to allow political expenditures.

Separation of Chair and CEO

Proposals went to **Hewlett-Packard*** and **State Street** calling for the separation of the CEO and chair roles; both were withdrawn. After the appointment of a new CEO, Hewlett-Packard brought in an outside director in the position of chair and amended its corporate governance guidelines in favor of an independent chair. State Street continues with a combined CEO-chair position but strengthened the role of the independent lead director to incorporate many of the responsibilities of an independent chair.

Sustainability/ESG Reporting

For the second year, Walden filed resolutions requesting comprehensive corporate sustainability reporting with **C.R. Bard**, **Emerson Electric**, and **Gentex**, which received votes in favor of 28, 34, and 38 percent, respectively. Surprisingly, after receiving majority support in 2010, a similar resolution at **Layne Christensen** was backed by management and passed overwhelmingly (93 percent). The company published its first ESG report in May. **St. Jude Medical** and **Varian Medical Systems** resolutions were withdrawn upon their commitment to produce inaugural reports informed by Global Reporting Initiative guidelines.

COMMUNITY IMPACT

Human Rights

After a disappointing response from **Cisco Systems**** Walden again co-filed a proposal asking the company to assess steps it could take to reduce the likelihood of complicity in human rights violations, including freedom of expression and privacy, in countries with poor human rights records. The shareholder vote is pending.

Lending Practices

A first-time resolution to **JPMorgan Chase**** requested improvements on loan modification policies and oversight, including mortgages serviced for others. It received 6 percent of the vote in favor, sufficient support to file again.

ENVIRONMENTAL IMPACT

Climate Risk/Oil Sands

Walden co-filed a resolution with **ExxonMobil**** requesting the adoption of quantitative goals to reduce greenhouse gas emissions from its products and operations. Another proposal went to **ConocoPhillips**** requesting that the company study and report on the environmental impacts of the extraction of oil from oil sands. ConocoPhillips' proposal received a robust vote of 28 percent and ExxonMobil results were also strong at 26.5 percent.

Packaging

New resolutions were co-filed with **General Mills**** and **Procter & Gamble**** asking them to study the feasibility of an extended producer responsibility (EPR) policy for post-consumer product packaging. Votes are pending and dialogues are underway.

Water

We co-led the filing of a new resolution at **Sysco***, the largest U.S.-based food distributor, requesting that the company evaluate the risks of water scarcity in its agricultural supply chain. The annual meeting is in the fall.

WORKPLACE

Inclusive Non-Discrimination Policy

Proposals submitted to **Ambassadors Group**, **eHealth**, **Nutraceutical**, and **Southside Bancshares** were withdrawn with agreements to amend their equal employment opportunity policies to include sexual orientation explicitly.

*To increase our impact Walden often joins others on collaborative efforts. *In order, Walden co-led these resolutions with the following clients and other investors: Trillium Asset Management; Christopher Reynolds Foundation, Trillium Asset Management, AFSCME and the New York State Common Retirement Fund, and Trillium Asset Management. **In order, these shareholder resolutions co-filed by Walden were led by: Domini Social Investments, Presbyterian Church (USA), Sisters of Saint Dominic of Caldwell, NJ, CalSTRS, As You Sow, and As You Sow.*