Please refer to the table below when viewing the Proxy Voting Policies and Guidelines for the Boston Trust and Walden Mutual Funds:

| | |
|---|---|
| Boston Trust Balanced Fund | Boston Trust Proxy Voting Policies and ISS Proxy Voting Guidelines |
| Boston Trust Equity Fund | Boston Trust Proxy Voting Policies and ISS Proxy Voting Guidelines |
| Boston Trust Midcap Fund | Boston Trust Proxy Voting Policies and ISS Proxy Voting Guidelines |
| Boston Trust Small Cap Fund | Boston Trust Proxy Voting Policies and ISS Proxy Voting Guidelines |
| Walden Social Balanced Fund | Boston Trust Proxy Voting Policies and ISS Proxy Voting Guidelines |
| Walden Social Equity Fund | Boston Trust Proxy Voting Policies and ISS Proxy Voting Guidelines |
| Walden Small Cap Innovations Fund | Boston Trust Proxy Voting Policies and ISS Proxy Voting Guidelines |

Boston Trust & Investment Management Company

# Boston Trust & Investment Management Company

*Proxy Voting Policies*

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Boston Trust & Investment Management Company (Boston Trust) understands that voting proxies of securities held in investment management accounts is a fiduciary responsibility having economic value. Boston Trust aims to represent and vote proxies in the best long-term interest of our clients, exercising care, skill, prudence and diligence.

A guiding principle of our voting policies is that resolutions that *reduce* shareholder rights are generally *not* supported, and conversely, resolutions that *sustain* or *increase* shareholder value and rights are supported. Another guiding principle is Boston Trust's belief that resolutions calling for greater disclosure and accountability on financial, governance and other matters are generally beneficial and in the long-term best interest of the company and its shareholders, absent any meaningful competitive reasons for limiting disclosure. These usually involve shareholder-sponsored resolutions that ask management to provide a report to investors on a specific issue.

Since December 2005, Boston Trust has engaged the proxy advisory services of Institutional Shareholder Services (ISS) to vote proxies, having found that its policies overlapped substantially with our own historical voting practices. ISS guidelines are outlined in the attached Concise Summary of 2006 U.S. Proxy Voting Guidelines. Our Boston Trust Corporate Governance Committee (CGC) reviews these guidelines annually in their entirety and meets, as needed, to address new proxy issues or a specific company proxy item.

Boston Trust votes differently from ISS recommendations if we believe it is in the best interest of our clients to do so. Additionally, with respect to a number of proxy ballot items, Boston Trust provides general voting instructions to ISS that differ from the ISS standard vote recommendations. As examples, Boston Trust generally supports resolutions calling for a report on the following topics: policies and practices to prevent predatory lending (financial institutions), disclosure of political contributions, support of international labor and human rights standards, and recycling policy. In contrast, ISS policy with respect to these resolution topics recommends an "against" vote or a "case-by-case" approach.

Since these are general proxy policies, in some specific instances Boston Trust may cast votes contrary to these guidelines. For example, Boston Trust 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, Boston Trust 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, Boston Trust 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. Boston Trust is proud of this record of leadership.

Clients of Boston Trust receive a proxy voting record report upon request.

# ISS 2006 U.S. Proxy Voting Guidelines
# Concise Summary

INSTITUTIONAL SHAREHOLDER SERVICES

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# Concise Summary of 2006 U.S. Proxy Voting Guidelines

**Effective for meetings on or after Feb. 1, 2006**
**Updated Jan. 12, 2006**

## 1. Auditors

### Ratifying Auditors

Vote FOR proposals to ratify auditors, unless:

- An auditor has a financial interest in or association with the company, and is therefore not independent;
- There is reason to believe that the independent auditor has rendered an opinion which is neither accurate nor indicative of the company's financial position; or
- Fees for non-audit services are excessive.

## 2. Board of Directors

### Voting on Director Nominees in Uncontested Elections

Vote CASE-BY-CASE on director nominees, examining, but not limited to, the following factors:

- Composition of the board and key board committees;
- Attendance at board and committee meetings;
- Corporate governance provisions and takeover activity;
- Disclosures under Section 404 of the Sarbanes-Oxley Act;
- Long-term company performance relative to a market and peer index;
- Extent of the director's investment in the company;
- Existence of related party transactions;
- Whether the chairman is also serving as CEO;
- Whether a retired CEO sits on the board;
- Number of outside boards at which a director serves.

WITHHOLD from individual directors who:

- Attend less than 75 percent of the board and committee meetings without a valid excuse (such as illness, service to the nation, work on behalf of the company);
- Sit on more than six public company boards;
- Are CEOs of public companies who sit on the boards of more than two public companies besides their own (withhold only at their outside boards).

WITHHOLD from the entire board (except for new nominees, who should be considered on a CASE-BY-CASE basis) if:

- The company's poison pill has a dead-hand or modified dead-hand feature. Withhold every year until this feature is removed;
- The board adopts or renews a poison pill without shareholder approval since the beginning of 2005, does not commit to putting it to shareholder vote within 12 months of adoption or reneges on a commitment to put the pill to a vote and has not yet been withheld from for this issue;
- The board failed to act on a shareholder proposal that received approval by a majority of the shares outstanding the previous year;
- The board failed to act on a shareholder proposal that received approval of the majority of shares cast for the previous two consecutive years;
- The board failed to act on takeover offers where the majority of the shareholders tendered their shares;
- At the previous board election, any director received more than 50 percent withhold votes of the shares cast and the company has failed to address the issue(s) that caused the high withhold rate;
- A Russell 3000 company underperformed its industry group (GICS group). The test will consist of the bottom performers within each industry group (GICS) based on a weighted

average TSR. The weightings are as follows: 20 percent weight on 1-year TSR; 30 percent weight on 3-year TSR; and 50 percent weight on 5-year TSR. Company's response to performance issues will be considered before withholding.

WITHHOLD from inside directors and affiliated outside directors when:

- The inside or affiliated outside director serves on any of the three key committees: audit, compensation, or nominating;
- The company lacks an audit, compensation, or nominating committee so that the full board functions as that committee;
- The full board is less than majority independent.

WITHHOLD from the members of the Audit Committee if:

- The non-audit fees paid to the auditor are excessive;
- A material weakness identified in the Section 404 disclosures rises to a level of serious concern; there are chronic internal control issues and an absence of established effective control mechanisms.

WITHHOLD from the members of the Compensation Committee if:

- There is a negative correlation between chief executive pay and company performance;
- The company fails to submit one-time transfers of stock options to a shareholder vote;
- The company fails to fulfill the terms of a burn rate commitment they made to shareholders;
- The company has poor compensation practices.

WITHHOLD from directors, individually or the entire board, for egregious actions or failure to replace management as appropriate.

## Classification/Declassification of the Board

Vote AGAINST proposals to classify the board. Vote FOR proposals to repeal classified boards and to elect all directors annually.

## Independent Chair (Separate Chair/CEO)

Generally vote FOR shareholder proposals requiring the position of chair be filled by an independent director unless there are compelling reasons to recommend against the proposal, such as a counterbalancing governance structure. This should include all of the following:

- Designated lead director, elected by and from the independent board members with clearly delineated and comprehensive duties. (The role may alternatively reside with a presiding director, vice chairman, or rotating lead director; however the director must serve a minimum of one year in order to qualify as a lead director.);
- Two-thirds independent board;
- All-independent key committees;
- Established governance guidelines;
- The company does not under-perform its peers.

## Majority Vote Shareholder Proposals

Generally vote FOR reasonably crafted shareholders proposals calling for directors to be elected with an affirmative majority of votes cast and/or the elimination of the plurality standard for electing directors (including binding resolutions requesting that the board amend the company's bylaws), provided the proposal includes a carve-out for a plurality voting standard when there are more director nominees than board seats (e.g., contested elections). Consider voting AGAINST the shareholder proposal if the company has adopted a formal corporate governance policy that present a meaningful alternative to the majority voting standard and provide an adequate response to both new nominees as well as incumbent nominees who fail to receive a majority of votes cast.

At a minimum, a company's policy should articulate the following elements to adequately address each director nominee who fails to receive an affirmative of majority of votes cast in an election:

- Established guidelines disclosed annually in the proxy statement concerning the process to follow for nominees who receive majority withhold votes;
- The policy needs to outline a clear and reasonable timetable for all decision-making regarding the nominee's status;
- The policy needs to specify that the process of determining the nominee's status will be managed by independent directors and must exclude the nominee in question;
- An outline of a range of remedies (for example, acceptance of the resignation, maintaining the director but curing the underlying causes of the withheld votes, etc.);
- The final decision on the nominee's status should be promptly disclosed via an SEC filing. The policy needs to include the timeframe for disclosure and require a full explanation of how the decision was reached.

In addition, the company should articulate to shareholders why its policy is the best structure for demonstrating accountability to shareholders.

## 3. Proxy Contests

### Voting for Director Nominees in Contested Elections

Vote CASE-BY-CASE on the election of directors in contested elections, considering the following factors:

- Long-term financial performance of the target company relative to its industry;
- Management's track record;
- Background to the proxy contest;
- Qualifications of director nominees (both slates);
- Strategic plan of dissident slate and quality of critique against management;
- Likelihood that the proposed goals and objectives can be achieved (both slates);
- Stock ownership positions.

### Reimbursing Proxy Solicitation Expenses

Vote CASE-BY-CASE on proposals to reimburse proxy solicitation expenses. When voting in conjunction with support of a dissident slate, vote FOR the reimbursement of all appropriate proxy solicitation expenses associated with the election.

## 4. Takeover Defenses

### Poison Pills

Vote FOR shareholder proposals requesting that the company submit its poison pill to a shareholder vote or redeem it UNLESS the company has: (1) A shareholder approved poison pill in place; or (2) The company has adopted a policy concerning the adoption of a pill in the future specifying that the board will only adopt a shareholder rights plan if either:

- Shareholders have approved the adoption of the plan; or
- The board, in its exercise of its fiduciary responsibilities, determines that it is in the best interest of shareholders under the circumstances to adopt a pill without the delay in adoption that would result from seeking stockholder approval (i.e. the "fiduciary out" provision). A poison pill adopted under this fiduciary out will be put to a shareholder ratification vote within twelve months of adoption or expire. If the pill is not approved by a majority of the votes cast on this issue, the plan will immediately terminate.

Vote FOR shareholder proposals calling for poison pills to be put to a vote within a time period of less than one year after adoption. If the company has no non-shareholder approved poison pill in place and has adopted a policy with the provisions outlined above, vote AGAINST the proposal. If these conditions are not met, vote FOR the proposal, but with the caveat that a vote within twelve months would be considered sufficient.

Vote CASE-by-CASE on management proposals on poison pill ratification, focusing on the features of the shareholder rights plan. Rights plans should contain the following attributes:

- No lower than a 20 percent trigger, flip-in or flip-over;
- A term of no more than three years;
- No dead-hand, slow-hand, no-hand or similar feature that limits the ability of a future board to redeem the pill;
- Shareholder redemption feature (qualifying offer clause); if the board refuses to redeem the pill 90 days after a qualifying offer is announced, ten percent of the shares may call a special meeting or seek a written consent to vote on rescinding the pill.

### Supermajority Vote Requirements

Vote AGAINST proposals to require a supermajority shareholder vote. Vote FOR proposals to lower supermajority vote requirements.

## 5. Mergers and Corporate Restructurings

For mergers and acquisitions, evaluate the proposed transaction based on these factors:

- *Valuation* - Is the value to be received by the target shareholders (or paid by the acquirer) reasonable?
- *Market reaction* - How has the market responded to the proposed deal?
- *Strategic rationale* - Does the deal make sense strategically? Cost and revenue synergies should not be overly aggressive or optimistic, but reasonably achievable.
- *Negotiations and process* - Were the terms of the transaction negotiated at arm's length? Was the process fair and equitable?
- *Conflicts of interest* - Are insiders benefiting from the transaction disproportionately and inappropriately as compared to non-insider shareholders? As the result of potential conflicts, the directors and officers of the company may be more likely to vote to approve a merger than if they did not hold these interests.
- *Governance* - Will the combined company have a better or worse governance profile than the parties to the transaction?

## 6. State of Incorporation

### Reincorporation Proposals

Vote CASE-BY-CASE on proposals to change a company's state of incorporation, taking into consideration both financial and corporate governance concerns, including the reasons for reincorporating, a comparison of the governance provisions, comparative economic benefits, and a comparison of the jurisdictional laws. Vote FOR reincorporation when the economic factors outweigh any neutral or negative governance changes.

## 7. Capital Structure

### Common Stock Authorization

Vote CASE-BY-CASE on proposals to increase the number of shares of common stock authorized for issuance using a model developed by ISS. Vote FOR proposals to approve increases beyond the allowable increase when a company's shares are in danger of being de-listed or if a company's ability to continue to operate as a going concern is uncertain. In addition, for capital requests less than or equal to 300 percent of the current authorized shares that marginally fail the calculated allowable cap (i.e., exceed the allowable cap by no more than 5 percent), on a CASE-BY-CASE basis, vote FOR the increase based on the company's performance and whether the company’s ongoing use of shares has shown prudence.

### Issue Stock for Use with Rights Plan

Vote AGAINST proposals that increase authorized common stock for the explicit purpose of implementing a non-shareholder approved shareholder rights plan (poison pill).

### Preferred Stock

Vote AGAINST proposals authorizing the creation of new classes of preferred stock with unspecified voting, conversion, dividend distribution, and other rights ("blank check" preferred stock). Vote AGAINST proposals to increase the number of blank check preferred stock authorized for issuance when no shares have been issued or reserved for a specific purpose.

Vote FOR proposals to create "de-clawed" blank check preferred stock (stock that cannot be used as a takeover defense). Vote FOR proposals to authorize preferred stock in cases where the company specifies the voting, dividend, conversion, and other rights of such stock and the terms of the preferred stock appear reasonable. Vote CASE-BY-CASE on proposals to increase the number of blank check preferred shares after analyzing the number of preferred shares available for issue given a company's industry and performance in terms of shareholder returns.

## 8. Executive and Director Compensation

### Equity Compensation Plans

Vote CASE-BY-CASE on equity-based compensation plans. Vote AGAINST the plan if:

- The total cost of the company's equity plans is unreasonable;
- The plan expressly permits the repricing of stock options without prior shareholder approval;
- There is a disconnect between CEO pay and the company's performance;
- The company's three year burn rate exceeds the greater of 2 percent and the mean plus 1 standard deviation of its industry group; or
- The plan is a vehicle for poor pay practices.

### Director Compensation

Vote CASE-BY-CASE on compensation plans for non-employee directors, based on the cost of the plans against the company's allowable cap. Vote for the plan if ALL of the following qualitative factors in the board's compensation plan are met and disclosed in the proxy statement:

- Stock ownership guidelines with a minimum of three times the annual cash retainer.
- Vesting schedule or mandatory holding/deferral period:
  - A minimum vesting of three years for stock options or restricted stock; or
  - Deferred stock payable at the end of a three-year deferral period.
- A balanced mix between cash and equity. If the mix is heavier on equity, the vesting schedule or deferral period should be more stringent, with the lesser of five years or the term of directorship.
- No retirement/benefits and perquisites for non-employee directors; and
- A table with a detailed disclosure of the cash and equity compensation for each non-employee director for the most recent fiscal year.

### Disclosure of CEO Compensation-Tally Sheet

Companies should provide better and more transparent disclosure related to CEO pay. Consider withhold votes in the future from the compensation committee and voting against equity plans if compensation disclosure is not improved and a tally sheet is not provided.

### Employee Stock Purchase Plans--Qualified Plans

Vote CASE-BY-CASE on qualified employee stock purchase plans. Vote FOR plans if:

- Purchase price is at least 85 percent of fair market value;

- Offering period is 27 months or less; and
- The number of shares allocated to the plan is ten percent or less of the outstanding shares.

### Employee Stock Purchase Plans--Non-Qualified Plans

Vote CASE-by-CASE on nonqualified employee stock purchase plans. Vote FOR plans with:

- Broad-based participation (i.e., all employees with the exclusion of individuals with 5 percent or more of beneficial ownership of the company);
- Limits on employee contribution (a fixed dollar amount or a percentage of base salary);
- Company matching contribution up to 25 percent of employee's contribution, which is effectively a discount of 20 percent from market value;
- No discount on the stock price on the date of purchase since there is a company matching contribution.

### Option Exchange Programs/Re-pricing Options

Vote CASE-by-CASE on management proposals seeking approval to exchange/reprice options, taking into consideration historic trading patterns, rationale for the re-pricing, value-for-value exchange treatment of surrendered options, option vesting, term of the option, exercise price and participation. Vote FOR shareholder proposals to put option re-pricing to a shareholder vote.

### Severance Agreements for Executives/Golden Parachutes

Vote FOR shareholder proposals to require golden parachutes or executive severance agreements to be submitted for shareholder ratification, unless the proposal requires shareholder approval prior to entering into employment contracts. Vote on a CASE-BY-CASE basis on proposals to ratify or cancel golden parachutes. An acceptable parachute should include:

- A trigger beyond the control of management;
- The amount should not exceed three times base amount (defined as the average annual taxable W-2 compensation during the five years prior to the year in which the change of control occurs;
- Change-in-control payments should be double-triggered, i.e., (1) after a change in the company's ownership structure has taken place, and (2) termination of the executive as a result of the change in control.

## 9. Corporate Responsibility

### Animal Rights

Generally vote AGAINST proposals to phase out the use of animals in product testing unless:

- The company is conducting animal testing programs that are unnecessary or not required by regulation;
- The company is conducting animal testing when suitable alternatives are accepted and used at peer firms;
- The company has been the subject of recent, significant controversy related to its testing programs.

Generally vote FOR proposals seeking a report on the company's animal welfare standards.

### Drug Pricing and Re-importation

Generally vote AGAINST proposals requesting that companies implement specific price restraints on pharmaceutical products unless the company fails to adhere to legislative guidelines or industry norms in its product pricing. Vote CASE-BY-CASE on proposals requesting that the company evaluate their product pricing considering:

- The existing level of disclosure on pricing policies;
- Deviation from established industry pricing norms;
- The company's existing initiatives to provide its products to needy consumers;

- Whether the proposal focuses on specific products or geographic regions.

Generally vote FOR proposals requesting that companies report on the financial and legal impact of their policies regarding prescription drug re-importation unless such information is already publicly disclosed.  Generally vote AGAINST proposals requesting that companies adopt specific policies to encourage or constrain prescription drug re-importation.

## Genetically Modified Foods

Vote AGAINST proposals asking companies to voluntarily label genetically engineered (GE) ingredients in their products or alternatively to provide interim labeling and eventually eliminate GE ingredients due to the costs and feasibility of labeling and/or phasing out the use of GE ingredients.

## Tobacco

Most tobacco-related proposals (such as on second-hand smoke, advertising to youth and spin-offs of tobacco-related business) should be evaluated on a CASE-BY-CASE basis.

## Toxic Chemicals

Generally vote FOR resolutions requesting that a company discloses its policies related to toxic chemicals.  Vote CASE-BY-CASE on resolutions requesting that companies evaluate and disclose the potential financial and legal risks associated with utilizing certain chemicals. Generally vote AGAINST resolutions requiring that a company reformulate its products within a certain timeframe unless such actions are required by law in specific markets.

## Arctic National Wildlife Refuge

Generally vote AGAINST request for reports outlining potential environmental damage from drilling in the Arctic National Wildlife Refuge (ANWR) unless:

- New legislation is adopted allowing development and drilling in the ANWR region;
- The company intends to pursue operations in the ANWR; and
- The company has not disclosed an environmental risk report for its ANWR operations.

## Concentrated Area Feeding Operations (CAFOs)

Vote FOR resolutions requesting that companies report to shareholders on the risks and liabilities associated with CAFOs unless:

- The company has publicly disclosed guidelines for its corporate and contract farming operations, including compliance monitoring; or
- The company does not directly source from CAFOs.

## Global Warming and Kyoto Protocol Compliance

Generally vote FOR proposals requesting a report on greenhouse gas emissions from company operations and/or products unless this information is already publicly disclosed or such factors are not integral to the company's line of business. Generally vote AGAINST proposals that call for reduction in greenhouse gas emissions by specified amounts or within a restrictive time frame unless the company lags industry standards and has been the subject of recent, significant fines or litigation resulting from greenhouse gas emissions.

Generally vote FOR resolutions requesting that companies outline their preparations to comply with standards established by Kyoto Protocol signatory markets unless:

- The company does not maintain operations in Kyoto signatory markets;
- The company already evaluates and substantially discloses such information; or,
- Greenhouse gas emissions do not significantly impact the company's core businesses.

### Political Contributions
Vote CASE-BY-CASE on proposals to improve the disclosure of a company's political contributions considering: any recent significant controversy or litigation related to the company's political contributions or governmental affairs; and the public availability of a policy on political contributions. Vote AGAINST proposals barring the company from making political contributions.

### Link Executive Compensation to Social Performance
Vote CASE-BY-CASE on proposals to review ways of linking executive compensation to social factors, such as corporate downsizings, customer or employee satisfaction, community involvement, human rights, environmental performance, predatory lending, and executive/employee pay disparities.

### Outsourcing/Offshoring
Vote CASE-BY-CASE on proposals calling for companies to report on the risks associated with outsourcing, considering: the risks associated with certain international markets; the utility of such a report; and the existence of a publicly available code of corporate conduct that applies to international operations.

### Human Rights Reports
Vote CASE-BY-CASE on requests for reports detailing the company's operations in a particular country and on proposals to implement certain human rights standards at company facilities or those of its suppliers and to commit to outside, independent monitoring.

## 10. Mutual Fund Proxies

### Election of Directors
Vote CASE-BY-CASE on the election of directors and trustees, following the same guidelines for uncontested directors for public company shareholder meetings. However, mutual fund boards do not usually have compensation committees, so do not withhold for the lack of this committee.

### Converting Closed-end Fund to Open-end Fund
Vote CASE-BY-CASE on conversion proposals, considering the following factors:
- Past performance as a closed-end fund;
- Market in which the fund invests;
- Measures taken by the board to address the discount; and
- Past shareholder activism, board activity, and votes on related proposals.

### Establish Director Ownership Requirement
Generally vote AGAINST shareholder proposals that mandate a specific minimum amount of stock that directors must own in order to qualify as a director or to remain on the board.

### Reimburse Shareholder for Expenses Incurred
Vote CASE-BY-CASE on shareholder proposals to reimburse proxy solicitation expenses. When supporting the dissidents, vote FOR the reimbursement of the solicitation expenses.

### Terminate the Investment Advisor
Vote CASE-BY-CASE on proposals to terminate the investment advisor, considering the following factors:
- Performance of the fund's net asset value;
- The fund's history of shareholder relations;
- The performance of other funds under the advisor's management.

Walden Asset Management
*Investing for social change since 1975*

# Walden Asset Management

*Proxy Voting Policies*

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Walden Asset Management (Walden), the socially responsive division of Boston Trust & Investment Management Company, understands that voting proxies of securities held in investment management accounts is a fiduciary responsibility having economic value. Walden aims to represent and vote proxies in the best long-term interest of our clients, exercising care, skill, prudence and diligence.

A guiding principle of our voting policies is that resolutions that *reduce* shareholder rights are generally *not* supported, and conversely, resolutions that *sustain* or *increase* shareholder value and rights are supported. Another guiding principle is Walden's belief that resolutions calling for greater disclosure and accountability on financial, sustainability and governance matters are generally beneficial and in the long-term best interest of the company and its shareholders, absent any meaningful competitive reasons for limiting disclosure. These usually involve shareholder-sponsored resolutions that ask management to provide a report to investors on a specific issue.

Walden clients support voting proxies consistent with their financial, social and environmental objectives. As examples, this mandate leads Walden to generally back the following shareholder resolutions that appear relatively frequently:

- Increase inclusiveness and independence on boards of directors.
- Prepare comprehensive sustainability reports, as well as specific reports on policies and practices with respect to the environment, executive compensation, workplace diversity, vendor standards, and political contributions.
- Adopt strong global labor standards and human rights policies that include independent monitoring and public reporting.
- Respond to risks posed by climate change.
- Adopt inclusive nondiscrimination policies.

Since December 2005, Walden has engaged the proxy advisory services of Institutional Shareholder Services (ISS) to vote proxies, having found that its policies overlapped substantially with our historical voting practices. ISS guidelines are outlined in an excerpt from its Executive Summary of SRI Proxy Voting Guidelines beginning on page three. Our Walden/Boston Trust Corporate Governance Committee (CGC) reviews ISS guidelines annually in their entirety and meets, as needed, to address new proxy issues or a specific company proxy item.

Walden votes differently from ISS recommendations if we believe it is in the best interest of our clients to do so and is consistent with their unique objectives. Additionally, for some proxy ballot items, Walden provides general voting instructions to ISS that differ from the ISS standard SRI vote recommendations. As examples, Walden generally supports resolutions calling for cumulative voting (as opposed to "case-by-case"); and votes case-by-case (as opposed to generally "for") resolutions calling for a phase-out of genetically modified food ingredients.

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.

# 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.

**<u>Shareholder Proposals</u>**

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.