



# Progressive Asset Management, Inc.

## 2007 Proxy Guidelines

### I. Corporate Governance

#### A. Boards of Directors

1. **Diversity**- PAM feels it is in the interests of shareholders to encourage a broad, diverse independent board. In cases where the board nominees do not appear to have gender and/or race diversity, PAM would **withhold** a vote for the entire board.
2. **Independence** - PAM **supports** proposals that seek to build towards higher numbers of independent directors on the Board, especially on the nominating, audit and compensations committees.
3. **Transparency and Disclosure**- PAM **supports** proposals calling for transparent and fair board election practices that enhance the voting power and influence of shareholders. PAM **opposes** proposals that seek to limit shareowner power and influence, such as proposals to create staggered or classified boards.
4. **Indemnification** - PAM **opposes** proposals that seek to indemnify directors for their actions as board directors, unless those proposals specifically exempt fraud, illegal acts or willful misconduct from that indemnification.

#### B. Executive Compensation

1. **Compensation Costs** - PAM **opposes** various proposed executive compensation plans, such as stock options or golden parachute proposals if the proposals are excessive in cost in relation to the size of the company. PAM measures the total of stock awards, warrants, options etc. As a percentage of the company's outstanding market capitalization. If the combined compensation plans amount to 10% or more of the company's market cap, PAM will oppose ratification of the plan. (15% in the case of small-cap companies.) PAM also measures the impact of increasingly popular cash awards to top executives. If these cash awards are greater than 10% of latest available reported earnings, or if CEO compensation is higher than \$10,000,000 including the proposed cash awards, PAM will oppose ratification of the plan.
2. **CEO & Worker Pay** - PAM **supports** resolutions asking companies to report on the ratio between CEO and worker pay. PAM generally **supports** resolutions that seek to set a maximum ratio of CEO to worker pay or a cap on CEO compensation, (unless the proposed caps are truly unreasonable.)
3. **Social Performance** - PAM **supports** resolutions that seek to link executive compensation with social performance.

#### C. Auditors

PAM feels that the auditing process must be independent of all other vested interests. That independence is endangered when the auditor chosen is collecting a disproportionate amount of non-audit related fees from the company for other services rendered. PAM **opposes** such proposals if the auditor collects more than 25% of its total fees from non-audit activities.

#### D. Capital Structure

Companies often put forth proposed changes to the capital structure of the company. Most often, the purpose for these changes are to discourage hostile takeovers of the company or the removal of the current management of the company. PAM **opposes** devices such as Blank Check Preferred Stock, Poison Pills, Supermajority Voting Requirements and other shareholder restrictions if they are deemed to be against the interests of the shareholders. PAM **opposes** efforts to reincorporate outside of the United States or to other states for the purpose of taking advantage of lax shareholder protections in that state.

#### E. Takeovers

Proxy actions put forth as part of a takeover attempt of the company will be decided upon a **case by case** basis.

#### F. Disclosure

PAM **supports** any proposals calling for disclosure and transparency of board nominating processes and other facets of corporate governance.

#### G. Other Corporate Governance Issues

From time to time other types of corporate governance resolutions. Our policy, of course, is to **support** policies deemed to be consistent with shareholders' best interests and oppose those that do not.

## II. Equal Opportunity

### A. Diverse Boards

PAM feels it is in the interests of shareholders to encourage a broad, diverse independent board. In cases where the board, including the proposed nominees, do not appear to have gender and/or race diversity, our position is to *withhold* a vote for the slate of nominees.

### B. Equal Opportunity in the Workplace

1. **EEO Reports** -PAM *supports* proposals asking for companies to report on their efforts to comply with Federal Equal Employment Opportunity standards.
2. **Glass Ceiling Commission** - PAM *supports* proposals asking for companies to report their progress in meeting the recommendations of the Glass Ceiling Commission.
3. **Sexual Orientation** -PAM *supports* proposals asking for companies to support barring discrimination due to sexual orientation either by explicitly changing EEO statements to include sexual orientation or otherwise creating a workplace free from discrimination.

### C. Equal Opportunity in Society

1. **Advertising** - PAM *supports* proposals asking for companies to refrain from using racial, ethnic, religious or sexual stereotypes in their advertising and marketing, and to report on the company's progress in eliminating this practice.
2. **Operations** - PAM *supports* proposals asking companies to report on their efforts to ensure that discrimination in the delivery of company goods and services, or the choice of company suppliers is not taking place.

## III. Fair Compensation and Workers Rights

### A. Assistance for Displaced Workers

PAM *supports* resolutions asking companies to increase their assistance to workers displaced by plant closings and layoffs.

### B. Exploitative Labor

PAM *supports* resolutions asking companies to avoid exploitative labor practices, such as child labor or forced labor, in all company operations.

### C. Union Organizing

PAM *supports* resolutions asking companies to recognize and not impede the right of workers to organize and bargain collectively.

### D. Pay Equity

PAM *supports* resolutions asking that companies provide a report on, or otherwise work toward, pay equity.

### E. ESOPs

Unless proposed for the primary purpose of preventing a takeover, PAM *supports* the creation or expansion of Employee Stock Ownership Plans. PAM *supports* ESOP plans where voting rights are passed through to employees or to independent fiduciaries.

## IV. Vendor Standards and Human Rights

### A. Codes of Conduct

PAM *supports* proposals that ask companies to adopt, report on and monitor compliance with, codes of conduct and standards on its suppliers and vendors worldwide. PAM supports proposals that ask companies to insure that vendors and suppliers comply with all local laws and International Labor Organization core labor standards.

### B. Repressive Regimes

1. PAM *supports* proposals asking companies to develop their own, or adopt reasonable third party, codes of conduct regarding operations in countries with repressive regimes, such as (but not limited to), Burma, Nigeria, the Sudan or Indonesia. PAM also *supports* proposals asking companies to limit or end their operations with repressive regimes.
2. PAM *supports* proposals asking companies to abide by the MacBride Principles.

3. PAM **supports** proposals asking companies to report on, reduce or end any operations they may have with countries supporting state sponsored terrorism.

#### C. Maquiladoras

PAM **supports** proposals asking companies to report on and/or to improve their maquiladora operations including treatment of workers, observance of human rights, labor and environmental standards.

#### D. Indigenous Peoples

PAM **supports** proposals asking companies to respect the rights of indigenous peoples, develop codes of conduct dealing with treatment of indigenous peoples, negotiate fairly with indigenous peoples and avoid exploitation and destruction of their property and habitat.

#### E. Fair Trade

PAM **supports** proposals asking companies to support Fair Trade principles and/or products.

### V. Environment

#### A. General

PAM **supports** proposals that ask companies to reduce their overall environmental impact.

#### B. Sustainability Reports (GRI & CERES)

PAM **supports** proposals requesting companies to submit comprehensive sustainability reports based on either the CERES Principles or the Global Reporting Initiative.

#### C. Disclosure

PAM **supports** proposals that ask companies to report on their environmental practices, impact or policies.

#### D. Global Warming

PAM **supports** proposals asking companies to disclose and mitigate their greenhouse gas emissions as well as to report the expected effects of global warming on company operations.

#### E. Renewable Energy

PAM **supports** proposals calling on companies to increase their investment or use of renewable energy.

#### F. ANWR

PAM **supports** proposals that ask for assessment of the potential environmental impact of drilling in the ANWR on the fragile arctic ecosystem.

#### G. Environmental Justice

PAM **supports** proposals that ask companies to report on, and mitigate if applicable, disproportionate environmental or health impacts on specific groups of people

#### H. Toxic Emissions

PAM **supports** proposals that ask companies to report on, and mitigate the incidence of, emissions of toxic chemicals.

#### I. Nuclear Waste/Power

PAM **supports** proposals that request an assessment of the risks associated with on-site nuclear waste storage and/or a report on company policies to mitigate or manage the risks associated with nuclear power.

#### J. Recycling Policy

PAM **supports** proposals that seek adoption of, increased resources devoted to, and/or reporting of a formal recycling policy.

### VI. Military Contracting

#### A. Foreign Military Sales

PAM **supports** proposals asking companies to report on, and/or reduce or end, their sales of military materiel to foreign governments

#### B. Weapons Production

PAM **supports** proposals asking companies to report on, and/or not engage in, production of land mines, cluster bombs, chemical, biological or nuclear weapons components.

**C. Military Conversion**

PAM *supports* proposals asking companies to report on the feasibility of, or their efforts in, conversion from military production to commercial production.

**VII. Consumer Issues/Public Safety****A. Genetically Modified Organisms**

PAM *supports* proposals that ask companies to disclose their policies on the use of genetically modified organisms and to label their products accordingly.

**B. Lower Drug Pricing**

PAM *supports* proposals asking drug companies to implement and report on drug price restraint policies domestically and overseas. PAM *supports* proposals asking companies to support or report on their involvement in drug importation from lower cost countries such as Canada.

**C. Drug Patents**

PAM *supports* proposals that ask drug companies to report on ethical criteria for the extension of patents on prescription drugs that otherwise would be available for generic production.

**D. Health Care Quality**

PAM *supports* proposals asking hospital corporations to report on the quality of health care for their patients.

**E. Tobacco**

PAM *supports* proposals asking companies to report on their sales of non-tobacco products to the tobacco industry. PAM *supports* proposals asking companies not to engage in manipulative tobacco advertising, adopt the voluntary 1996 FDA regulations pertaining to tobacco advertising, and to fund anti-tobacco advertising with any revenue generated from tobacco advertising contracts. PAM *supports* proposals asking companies to adopt smoke free policies.

**F. Animal Testing & Treatment**

PAM *supports* proposals asking companies to report on, reduce and/or eliminate animal testing practices. PAM *supports* proposals asking companies to report on, or adopt humane animal treatment policies.

**G. Handgun Safety /Stop Sale of handguns**

PAM *supports* proposals that ask companies to stop the sale of handguns and their accessories.

**H. Predatory Lending Practices**

PAM *supports* proposals that ask companies to report on and eliminate predatory lending practices throughout the company.

**I. Confidentiality**

PAM *supports* proposals asking companies to report on confidentiality policies and procedures to protect the privacy of personal customer information.

**J. Fair Housing/Redlining**

PAM *supports* proposals that ask companies to report on, develop and/or improve policies dealing with fair housing, redlining or other discriminatory business practices.

**K. OTC Derivatives Risk**

PAM *supports* proposals asking financial and energy companies to report on their exposure to, and collateral against, risks of owning OTC derivatives in the course of their business.

**L. Violence in Video Games and Television**

PAM *supports* proposals asking companies to report on standards for program/game production and mechanisms to monitor violent programming.

**M. Media and the Public Interest**

PAM *supports* proposals that ask media companies to report on their compliance with the Federal Communications Act of 1934, which requires that media companies using the public airwaves act in the public interest. .

## N. Adult Entertainment

PAM *supports* proposals that ask companies to justify the business case for, assess the liability risks of, or halting the offering of adult entertainment in their products or services.

## O. Other Product Safety/Quality/Cost Issues

PAM *supports* proposals that challenge companies to address specific issues of product safety, quality or cost related to the company's operations.

# VIII. Corporate Behavior

## A. Political and Lobbying Activity

1. PAM *supports* proposals that ask companies to report on their political contributions and/or the extent and nature of their public policy lobbying activities.
2. PAM *supports* proposals that ask companies discontinue lobbying or political activities that are inconsistent with shareowner or societal interests.

## B. Charitable Contributions

1. PAM will generally *oppose* proposals seeking to define criteria or to require shareholder ratification of charitable contributions and grants.

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