

Providing SRI Clients Complete Proxy Voting Services Following Established SRI Guidelines

The values-based investment solutions Aperio Group offers are a reflection of each investor’s unique priorities. Every separately managed account (SMA) is composed of public equities the client owns individually. This ownership structure, unlike that of a mutual fund or exchange-traded fund (ETF), allows clients to further use their influence by voting proxies in a manner that is consistent with their objectives as socially responsible shareholders. By voting proxies according to the Socially Responsive Indexing profile, clients can further express their values and extend their influence as shareholders.

Aperio’s Socially Responsive Indexing proxy voting program provides a seamless service for voting proxies according to a generally accepted socially responsible investing (SRI) profile. As part of Aperio’s premium SRI service, Aperio votes client proxies through the Institutional Shareholder Services (ISS) Social Advisory Services, a leader in SRI proxy voting. The Social Advisory Services’ SRI proxy voting guidelines generally support social and environmental shareholder resolutions, with an emphasis on company activity disclosure. For non-ESG-related proposals, this proxy policy is the same as standard ISS proxy guidelines, which, in ISS’s view, support long-term shareholder value creation and risk mitigation.

Social Advisory Services

ISS’s Social Advisory Services has developed proxy voting guidelines that seek to reflect a broad consensus of the SRI community. ISS incorporates the active ownership and investment philosophies of leading globally recognized initiatives such as the United Nations Environment Programme Finance Initiative, the United Nations Principles for Responsible Investment, the United Nations Global Compact, and European Union environmental and social directives. The guidelines also reference a wide range of groups such as the Interfaith Center on Corporate Responsibility, Domini Social Investments, and other leading faith-based and SRI organizations.

The ISS’s SRI policy has been in place for over 17 years. The voting recommendations are determined by detailed issue research and analysis, as well as engagement with resolution proponents and the companies that are recipients of shareholder resolutions on environmental, social, and governance (ESG) topics.

2016 Summary of Aperio Proxy Voting	
Based on ISS coding of shareholder resolutions, there were 439 social and environmental resolutions voted on by Aperio SRI clients in 2016.	
Social Resolutions by Theme	
Health & Environment	112
Social/Human Rights	57
Other Social Proposals	196
Political	74
Total	439

2016 Proposal Categories	
For Aperio client portfolios, the following specific proposal categories appeared most frequently on proxy ballots in 2016.	
Leading Social Issues by Category	
Political Contributions and Lobbying	25
Political Lobbying Disclosure	43
Political Activities and Action	6
Sustainability Reports	14
GHG Emissions	19
Climate Change	26

The information contained within this document was carefully compiled from sources Aperio believes to be reliable, but we cannot guarantee accuracy. We provide this information with the understanding that we are not engaged in rendering legal, accounting, or tax services. In particular, none of the examples should be considered advice tailored to the needs of any specific investor. We recommend that all investors seek out the services of competent professionals in any of the aforementioned areas.