



CBIS

Christian

Brothers

Investment

Services, Inc.

Active Ownership Update

June 2010

American Electric Power

Background

Shareholders have worked with AEP regarding disclosure of the risks to investors from climate change and actions the company is taking to reduce greenhouse gas emissions. Last year, we, along with other SRI firms and NGOs, met with the company to review its corporate responsibility report and environmental goals and objectives over the short and long term. The dialogue is currently in a monitoring phase.

June 2010 Update

Ceres led a meeting with shareholders, NGOs and AEP executives to discuss the company's strategy, performance and plans on key sustainability issues, including a review of its 2010 integrated sustainability and financial report. The focus of the meeting included AEP's business model, climate policy, energy efficiency, water risks, coal supply and waste-related issues. The group encouraged AEP to

provide more information on how its business model is evolving to meet a carbon-constrained future, to focus on reducing customer demand, to consider the linkages between energy, climate and water risks, and to develop a water management strategy that includes actions and policies for assessing and managing water risks (including quantified targets for reducing water risks that are specific to key locations).

BP

Background

CBIS is discussing with BP its U.S. environmental, social, health and safety performance after operations in Alaska, Texas City and elsewhere have raised significant concerns regarding the company's policies and practices. In addition, we seek information from BP regarding concerns about the environmental and social impacts of the company's oil sands production, including climate change, water and air pollu-

tion, as well as biodiversity hazards that BP has not fully articulated how it plans to address.

June 2010 Update

SRI shareholders participated in a meeting in May with BP regarding the company's oil sands operations in Canada and ways environmental and human rights impacts could be mitigated. During the meeting, CBIS expressed serious concerns to BP regarding the unprecedented impacts on regional and global ecosystems and economies from the BP Deepwater Horizon oil catastrophe in the Gulf Coast, including threats to marine life and sensitive coastal areas in Louisiana, Mississippi, Alabama and Florida. While more information and analysis will be forthcoming as the situation is investigated, CBIS asked about the failure of risk management and emergency response plans and strongly encouraged further evaluation of these plans at all BP operations. BP argued that it is impractical to drill relief wells

2010 Resolutions and Dialogues

Resolutions

Ticker	Company	Role	Issue	Focus Area
BP	BP	Co-Filer	Environment	Assess operating risks in Canadian tar sands.
CSCO	Cisco	Primary Filer	Executive Compensation	Give shareholders say on pay.
CSH	Cash America	Primary Filer	Predatory Lending	Report on anti-predatory lending policies.
GS	Goldman Sachs	Primary Filer	Corporate Governance	Separate positions of board chair and CEO.
NUE	Nucor	Co-Filer	Human Rights	Oppose use of slave labor in supply chain.
XOM	Exxon Mobil	Co-Filer	Environment	Reduce greenhouse gas emissions.

Dialogues

Ticker	Company	Role	Issue	Focus Area
ABT	Abbott Laboratories	Leader	Health	Improve access to AIDS medicines.
AA	Alcoa	Participant	Human Rights	Improve labor and environmental standards.
AEP	American Electric Power	Participant (M)	Environment	Reduce greenhouse gas emissions.
ADM	Archer Daniels Midland	Participant	Environment	Ensure sustainable water use.
BBY	Best Buy	Leader	Violence in the Media	Prevent sale of violent video games to minors.
COF	Capital One Financial	Participant	Predatory Lending	Create anti-predatory lending policies.
CVX	Chevron	Participant	Environment	Reduce greenhouse gas emissions.
C	Citigroup	Participant	Financial Services	Social guidelines for international lending
KO	Coca-Cola	Leader	Human Rights	Global human rights and water use
DDS	Dillard's	Leader	Human Rights	Develop strong labor standards for vendors.
LLY	Eli Lilly	Participant (M)	Health	Improve access to TB/Malaria medications.
FCH	Felcor Lodging Trust	Leader	Environment	Disclose energy efficiency/GHG goals.
F	Ford Motor	Participant	Environment	Implement GHG reduction commitments.
JPM	JPMorgan Chase	Leader	Financial Services	Incorporate social criteria in lending.
KFT	Kraft Foods	Participant	Environment	Ensure sustainable water use.
LOW	Lowe's	Leader	Environment	Report on store siting policies.
MCD	McDonald's	Leader	Corp. Governance	Declassify board of directors.
M	Macy's	Leader	Human Rights	Ensure vendors comply with labor standards.
NEM	Newmont Mining	Leader	Human Rights	Community opposition at mining sites
OXY	Occidental Petroleum	Participant	Human Rights	Implement global human rights policy.
RDSA	Royal Dutch Shell	Participant	Human Rights	Assess impact of operations on communities.
S	Sears Roebuck	Leader (M)	Human rights	Implement global vendor labor standards.
SLB	Schlumberger	Participant	Human Rights	Support human rights at suppliers in Sudan.
SNE	Sony	Leader	Violence in the Media	Ensure proper rating of video games.
TGT	Target	Participant	Violence in the Media	Prevent violent video game sales to minors.
WMT	Walmart	Participant	Equality	Advancement of women and minorities
WFC	Wells Fargo	Participant	Financial Services	Implement anti-predatory lending policies.
WYN	Wyndham Worldwide	Leader	Human Rights	Help prevent human trafficking at hotels.

(M) = Dialogue is in the monitoring phase. / Blue type indicates that CBIS is the engagement leader and strategy coordinator.

Shareholder Resolution — A proposal placed on the proxy ballot by a group of shareholders, and voted on by all shareholders at a company's annual meeting. Resolutions are non-binding, but high vote totals get management's attention and often spur them to action. **Corporate Dialogue** — An ongoing communication between a group of shareholders and company management. The shareholders hope to convince management to take action on an issue of concern. A failed dialogue may result in the filing of a shareholder resolution.

that facilitate quicker cutoff in the event of a well blowout and that waivers obtained were reasonable and responsible. The company also explained the steps the company is undertaking to repair the environmental damage, make whole the communities whose livelihoods are in jeopardy, and restore the company's credibility.

Regarding its oil sands operations in Canada, BP informed us that several First Nations (native Canadians) are part of the company's engagement about the Sunrise oil field in Alberta, led by joint partner Huskey Energy. CBIS co-filed a shareholder resolution requesting information about the sustainability of oil extraction from oil sands. The resolution received a vote of 5.6% in favor at the shareholder meeting on April 15, 2010 — a good result for a first-year resolution. Approximately 9% of shares abstained from voting for or against the resolution. Abstentions are a considered decision rather than a failure to vote, demonstrating concern for the issue. Therefore, approximately 15% of shareholders abstained or voted in favor. CBIS was one of only four U.S. investors to join 150 international co-filers expressing environmental and social concerns.

Cash America

Background

Cash America provides payday loans, some of which can be considered predatory lending. For the past three years, CBIS has filed a shareholder resolution at Cash America requesting that the company disclose more information about its lending practices, how codes are monitored and enforced, and how the company works with customers to help them avoid becoming caught in a debt trap.

June 2010 Update

At Cash America's 2010 annual shareholders meeting on May 19, CBIS presented a shareholder resolution co-filed with the Benedictine Sisters of Boerne,

Texas and Mennonite Mutual Aid. The proposal, which asked Cash America to improve disclosure of the procedures and monitoring mechanisms it has in place to ensure payday loans do not involve predatory lending practices, received 9.0% of shareholders' votes.

Cash America has adopted a series of best practices covering its payday lending operations, but the company does not provide sufficient information to shareholders and stakeholders to enable them to verify that the best practices are being adhered to.

“CBIS expressed serious concerns to BP regarding the unprecedented impacts on regional and global ecosystems and economies from the BP Deepwater Horizon oil catastrophe.”

Cisco

Background

CBIS is concerned about excessive executive compensation at Cisco and the growing disparity between the highest and lowest paid workers. We believe that the company should adjust executive pay to more reasonable and justifiable levels and share financial success with employees at all levels of the company. As a way to start working on these issues, we believe that shareholders should be able to weigh in on whether the executive compensation package is sound and reasonable and request that the company put to a shareholder vote the board's compensation committee report. We believe that an advisory vote, also known as “Say on Pay,” would enhance board accountability and could provide the board and management with useful information as to whether shareholders view the company's senior

executive compensation to be in shareholders' best interest.

June 2010 Update

CBIS has refiled our resolution at Cisco asking for a shareholder vote on executive compensation (Say on Pay). Although we received a majority vote (51%) on this resolution last year, the board has yet to implement the proposal. We are in discussions and remain hopeful that a vote will be provided to shareholders in the near future and that we can withdraw the resolution. The resolution received a vote of 48% in 2007 and in 2008 the dialogue group withdrew our resolution in favor of engagement. The company's next annual meeting is tentatively scheduled to take place in November 2010.

If the Financial Service Reform bill is passed, it will mandate a vote on the compensation package for senior executives for all public companies in 2011. Over 70 Say on Pay shareholder proposals have been filed in 2010.

Citigroup

Background

We seek to encourage the development of social guidelines, advocate for disclosure of the environmental and human rights impacts associated with projects that receive the bank's financial support, and review the way the bank assesses the effectiveness of its guidelines and how it has improved project standards. Given the bank's sphere of influence, we hope to better understand how it works with its clients to reduce impacts from climate change.

June 2010 Update

Shareholders and NGOs met with Citigroup in April to discuss the company's human rights policies and practices. Information was provided to the company regarding conflict minerals, the situation in Sudan and child labor in Uzbekistan. Discussion also included the company's new role as Chair of the Equator Principles Steering Committee

and how the IFC Performance Standards that are currently under review would impact the bank. The company recently published its 10th Global Citizenship Report, which includes reporting on implementation of a new Mountaintop Removal (MTR) Environmental Diligence Process, information about investments in renewable projects including wind farms, new internal environmental targets for reductions in waste and water, and transactions where Citigroup's Human Rights Position Statement was relevant or invoked. We are pleased with this additional level of transparency and disclosure. We encourage the bank to provide more information on those projects with the greatest impact, known as Category A projects, in terms of sector, region and issue, as well as some details as to how those impacts were mitigated.

Exxon Mobil

Background

Exxon Mobil has evolved over the last several years away from its historical skepticism about the science of climate change to adopt a more responsible stance and has reduced its financial support of fringe groups that question the accepted science. It has also begun to examine more critically than in the past how climate change may impact its business and how it should respond. Yet, questions remain about the company's commitment to effective public policy on climate change and its long-term vision for the energy business. We hope to work with the company in dialogue along with other socially responsible shareholders including some of the largest in the country, such as pension funds from the City of New York and the states of California, New Jersey and Connecticut, and the Service Employees Industrial Union.

June 2010 Update

At Exxon Mobil's May 26 annual meeting, the greenhouse gas reduction

proposal that CBIS co-filed with other ICCR members received 27.2% (preliminary) of shareholders' votes. This is a slight decrease from the 29% result the resolution achieved in 2009, but continues to signal strong support for the company adopting quantitative goals for reducing greenhouse gas emissions.

Goldman Sachs

Background

CBIS is leading an engagement that asks Goldman Sachs to separate the positions of CEO and Chair, considered a best practice in corporate governance. Shareholders are calling for an independent Chair to enhance investor confidence and strengthen the integrity of the Board. The Wall Street Journal and

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other major media have noted the company's image problem, calling it the most acute on Wall Street, as the company is increasingly seen as benefiting unfairly from billions in taxpayer dollars while paying exorbitant bonuses and salaries to employees.

Companies are recognizing increasingly that separating the Chair of the Board and Chief Executive Officer (CEO) is a sound corporate governance practice and that chairing and overseeing the Board is a time-intensive responsibility. A separate Chair leaves the CEO free to manage the company and build effective business strategies. An independent Chair and vigorous Board can improve focus on important ethical and governance matters,

strengthen accountability to shareholders and help forge long-term business strategies that best serve the interests of shareholders, clients and the company.

June 2010 Update

On May 7, 2010, CBIS presented to the shareholders of Goldman Sachs at the company's annual shareholder meeting our resolution to separate the positions of Chair and CEO. The resolution received a preliminary vote of 19.1% in favor. Concerns about excessive compensation and the SEC's investigation related to Goldman's role in the mortgage crisis have diminished confidence in the company. ICCR members also filed resolutions related to disclosure regarding derivatives, political contributions and pay disparity. The company announced the creation of a Business Standards Committee to review policies and practices but failed to provide detail as to the members and mandate of this Committee. On the morning of the annual meeting, the Assistant Director of Socially Responsible Investing at CBIS appeared on CNBC's Squawk Box, Bloomberg TV and NPR's Morning Edition, and articles mentioning CBIS appeared in the *Wall Street Journal* and Bloomberg News. To read our speech to the board and for more information, visit <http://www.cbisonline.com/page.asp?id=1039>

Newmont Mining

Background

We will discuss with Newmont which of the many robust and substantive recommendations from the Community Relationships Review and from the Independent Advisory Panel report it will implement, how it will evaluate success and which policies it will choose to revise and/or create. Importantly, the company must demonstrate that it is incorporating stakeholder feedback, that it is designing programs in conjunction with and to benefit impacted communities, and that it is making improvements

in its environmental and social management systems. CBIS looks to the company to create new and/or clarify existing standards on such things as free, prior and informed consent, water use and quality, stakeholder engagement, and Indigenous Peoples.

Our dialogue with Newmont is part of our environmental justice work that encourages collaborative approaches to environmental and human rights issues between corporations and local communities. After CBIS raised concerns about community resistance to Newmont's operations in Peru, Indonesia and Ghana over such things as mining waste disposal, the potential for water pollution, cyanide use and development on sacred sites, Newmont's board agreed to support a resolution and write a report about ways to strengthen company policies to reduce potential opposition from local communities to Newmont's operations.

June 2010 Update

Shareholders were disappointed with the release in April by Newmont Mining of a report on the first year of implementation of its Community Relationships Review. Although investors have pressed the company repeatedly to detail the programs and policies that will be created and/or revised and to outline the recommendations that will be implemented over the short and long-term, this type of specificity was not provided. We will continue to engage with Newmont to encourage the disclosure of this information and other metrics and benchmarks that will demonstrate responsiveness to shareholders and, importantly, to the communities that host the company's mines. Based on preliminary discussions, we are hopeful that more substantive reporting will be forthcoming.

Royal Dutch Shell

Background

We have joined with the U.K.-based Ecumenical Center on Corporate

Responsibility and with FairPensions to engage Royal Dutch Shell on environmental and human rights issues, including impacts from the company's tar sands project in Canada. We are asking the company to better manage the impacts of its operations on the health, environment and human rights of the communities where it operates and to engage local stakeholders prior to beginning operations. While good risk management practices can reduce project costs and maximize financial returns, they also serve to establish strong relations, through dialogue and negotiation, with the project-affected communities. Companies that work well with communities can be in a better position to receive a "social license" to operate before making major project decisions. While

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the company does have in place policies on human rights and community engagement, its operations continue to raise concerns, especially in Nigeria.

June 2010 Update

At Shell's annual meeting on May 18th, a resolution requesting additional information on the environmental and social impacts from the company's oil sands operations received 5.4% of the vote. Investors are concerned about the potential for future carbon regulation, oil price volatility, water scarcity, local environmental damage and impairment of traditional livelihoods. CBIS was not able to file a resolution since we hold American depository receipts and not

the ordinary shares required to file in the U.K. but we did join with like-minded shareholders and sent a letter to the company expressing concern that these risks are material and have not been adequately disclosed. While Shell recently announced that it will slow development of its oil sands properties going forward, the company has also said that the oil sands will remain a significant area of investment. Oil sands represent nearly one-third of Shell's total global resources.

Walmart

Background

Each year since 2007, the company has shared with stockholders its data on the gender and racial makeup of its workforce and the advancement of women and minorities within the firm, as well as advancements and challenges associated with its mentoring program. We plan to follow-up with the company to review the latest data and evaluate the way that diversity goals and objectives for managers have been established to ensure they are robust and challenging.

June 2010 Update

CBIS participated in a call in late May led by Sisters of Charity of Elizabeth New Jersey with Walmart's Chief Diversity Officer to discuss the company's third annual release of data related to the advancement of women and minorities. It is positive that Walmart again has published information on its website — one of the few employers to do so — based on encouragement for many years by ICCR, including CBIS. The diversity information provides a comparison of the makeup of Walmart's 2009 workforce compared to the industry. Overall, Walmart exceeds the benchmark in several categories. As one of the nation's largest private employers, Walmart reports that its U.S. workforce comprises more than 1.3 million employees, of which 59% are female (850,000); more than 249,000 are African-American;

more than 171,000 are Hispanic; and more than 15,000 are American Indian and native Alaskan. Over the past five years, the number of minority officials and managers has increased from 21.3% to 25.9% and the number of female officials and managers has increased from 38.8% to 41.3%. While we are impressed with the company's continued disclosure, we are disappointed that the report does not provide context or explanation for the changes in percentages for categories that registered large declines or increases, year-to-year comparisons of company performance, or descriptions of its programs to encourage the advancement of women and minorities. The company will review our request for additional detail.

Wells Fargo

Background

For several years, CBIS and other ICCR members have participated in a dialogue with Wells Fargo concerning predatory lending. As a result of the dialogue, originated with the filing and withdrawal of a shareholder resolution, Wells Fargo adopted anti-predatory lending guidelines for its subprime mortgage business.

June 2010 Update

CBIS joined other investors in a meeting with Wells Fargo to discuss the company's credit card business and concerns about predatory lending and the suitability of its products for many customers. Wells Fargo continues to

demonstrate a high level of transparency when discussing issues and providing answers to investors' questions. The company spoke about its process for extending credit to customers and monitoring their ability to repay, and the potential impacts of the pending financial reform act.■

For issue profiles and the latest updates on all CBIS active ownership initiatives, please visit the Shareholder Advocacy Directory at the CBIS website (www.cbisonline.com).