

Socially and Environmentally Responsible Practices Survey

Weaver Barksdale

Please note: As part of our commitment to an open and transparent government, your completed survey will be posted in its entirety in electronic format on Treasury’s Web site at <http://www.pat treasury.org>,

A. Women and Ethnic Minority Query

Firm Practices

1. Please detail the employee diversification of your firm, emphasizing executive and management positions that have decision-making responsibilities. Count each employee only once, except owners may be counted both as owners and employees if the owner has significant operational responsibilities. If s/he has multiple roles, count the employee in the category where s/he spends the most time.

Example:

Position	Ethnic Minority	Women	Female Minority	Other	Total
Owners (and % ownership)		2-2%		7-98%	10-100%
Executive Management (e.g. CEO, COO, VP, Directors)		1		3	4
Investment Decision makers (portfolio managers, traders, etc.)			1	4	5
Investment Professionals (analysts, compliance officers, etc.)		1			1
All other FTE		3	1		4
TOTAL		5	2	7	14

2. Please describe relevant initiatives and/or policies that assist in recruiting women and minorities to your firm and retaining and promoting those employees in your firm.

We try to consider the best people for the job when recruiting, retaining and promoting employees for our firm.

Vendors and Subcontractors

3. What percentage of your trades utilizes minority/women-owned brokerage firms?

Currently none, as we strive to execute trades with whomever provides the best price for the client.

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4. Do you consider women and minority ownership or makeup when hiring vendors/sub-contractors, consultants, advisors or other professional services? If so, how? If not, please explain why you do not.

Yes, we always take into consideration women and minorities ownership or make up when seeking to select the best people or company for a given assignment or position in the firm. In fact, four of the last five employees hired by WCB are female and two of the four are from “minority” origin.

5. Please provide any other information you feel may be relevant or may help Treasury understand your approach to employee and vendor/subcontractor diversification.

Over the years, WCB has concluded that the approach helps the firm expand its intellectual horizons and benefit from the diversity of cultures and experiences.

B. Environmental/Sustainability Query

Firm Practices

1. Please provide information related to your firm’s policy/initiatives/efforts with respect to environmentally responsible and sustainable practices.

With written approval and working in concert with our clients, we at WCB exert an effort to initiate and practice environmentally responsible investing. Quite frankly, this means helping to align our client’s financial goals with their commitment as well as ours to the environment and pressing social issues. Or more simply, to invest with both ethical principles and financial wherewithal to achieve substantial investment returns.

The roots of environmentally responsible investing can be traced back centuries to the early Quakers who refused to profit from companies invested in the slave trade. In the 1920's, many U.S. churches chose not to invest in alcohol or tobacco products. And in the 1970's and 1980's, the public outcry to direct capital away from companies that profited from apartheid in South Africa demonstrated the power of social investing.

The senior management of WCB supports and is inspired by this long tradition of positive social change. It is our desire at WCB to offer environmentally conscious investors a way to invest for their future without sacrificing their principles.

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At WCB, we feel there are three major strategies for socially and environmentally responsible investing: (1) Channel capital toward companies whose products and services contribute to a safe and healthy environment whereby investors promote environmental solutions and leadership by investing in well-managed, environmentally responsible companies. By minimizing environmental risks, we believe these companies can enjoy competitive advantages from cost reductions, quality improvements, profitability enhancements and access to expanding and new growth markets: (2) Divert capital away from environmentally destructive businesses. Companies that pursue the least environmentally sound practices can be at the greatest risk of negative economic consequences; for instance, a company may face liabilities if a business operation or service is determined to be harmful to the environment. By directing investors' dollars away from companies that flout basic standards for environmental responsibility, we demonstrate support for responsible companies and create an incentive for less responsible companies to clean up their acts. (3) Make small investments in less responsible companies to use as leverage to influence corporate behavior. This strategy, known as shareholder advocacy, is a crucial tool for environmentally responsible investors.

As we all know in the investment business, it takes time to educate our clients and other institutional investors to the advantages of social and environmentally responsible investing. We at WCB are committed to that cause.

Vendors and Subcontractors

2. Do you consider the environmental or sustainable practices of vendors and subcontractors in hiring decisions? If so, how? If not, please explain why you do not.

Currently no, we try to consider the best people for the job, regardless of diversity, when hiring vendors/sub-contractors.

Investment Decisions

3. Do you consider environmental / sustainability issues when making investment decisions? If so, how? If not, please explain why you do not.

As an investment manager of highly customized separate accounts, our goals are aligned strictly with the written goals and guidelines of each of our clients. We endeavor to increase the value of client portfolios within written guidelines, making the best investment decisions for the client. If we are

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given written directives to consider environmental / sustainability issues when making investment decisions, we will comply. Otherwise, we will buy the securities that we believe will provide the greatest value for the client within their guidelines.

4. Are there specific sectors or industries that you are likely to over or underweight due to climate risk or opportunity? If so, which ones?

Not necessarily as it would depend on the circumstances and the markets at the time. However and in general, any company or sector that has the potential to provide sustainable energy or other environmental benefits would be emphasized so long as the return potential was adequate.

5. How do you obtain information about climate risk and environmental factors?

Our sources are SEC Filings particularly with respect to Climate Change Disclosure, issue prospectuses, official offering statements, annual reports and Investor Relations.

6. Have you adopted the United Nations Principles for Responsible Investing? (<http://www.unpri.org/>). If not, are you in the process of evaluating, or would you consider evaluating adoption of the United Nations Principles for Responsible Investing?

We are in the process of evaluating the principles. We will comply with the principles for any account that requests us to do so.

Please detail any other information you feel may be relevant or helpful for Treasury to understand your approach to evaluating the significance of environmental and sustainability issues in making investment decisions.

C. Pennsylvania Commitment Query

Please provide numbers detailing the firm and client presence in Pennsylvania.

	<u>PA</u>	<u>Total</u>
Headquarters	0	0
Offices	0	1
Employees	1	14
Clients HQ in PA	5	39

Please detail any other information you think relevant regarding the extent of your business contacts or activities in Pennsylvania.

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Because of the special trust placed in WCB by many key decision-makers in Pennsylvania state government and large institutional investors in the Commonwealth and throughout the Delaware Valley, the firm has been rapidly expanding its investment presence in the entire region. When the senior principals of WCB began visiting Pennsylvania in 1981, its interest was strictly business related. After creating many friendly business relationships over the years, our interests now include the social and cultural aspects of the Commonwealth. We truly appreciate all of our relationships in the region and are grateful to the senior governmental leadership in Harrisburg who are currently serving as catalysts in the state's exciting rebirth.

Our long-term commitment is exemplified by the fact we are planning to open an office in Pennsylvania in the for-seeable future as the national economy strengthens and our business continues to grow. Looking out into the future, we look forward to being a corporate citizen in Pennsylvania and a positive force in the state's economy.

D. Geopolitical Risk

1. How do you take geopolitical risk into account when making investment decisions? If so, how? If not, please explain why you do not.

We define Geopolitical risk as “the risk of losses as a result of political changes or instability in a country other than the U.S”. While such risk is almost non-existent for the U.S. dollar denominated portfolios we manage for Treasury, we do factor it in to the risk for individual holdings that may be exposed to such risk.

2. Do you currently have in place policies that prohibit or limit investment in companies doing business with countries identified as state sponsors of terrorism by the U.S. State Department? **Yes** If so, please provide those policies. **Attach as Appendix D (2)**

The following statement is from our Policies and Procedures Manual, Trading Policy, page 6.

“Weaver C. Barksdale will not invest in securities issued in countries or entities domiciled in countries that are currently identified by the U.S. State Department as State Sponsors of Terrorism.”