

Socially and Environmentally Responsible Practices Survey

Emerald Advisers

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.patreasury.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)	0	1	0	8	9
Executive Management (e.g. CEO, COO, VP, Directors)	0	0	0	2	2
Investment Decision makers (portfolio managers, traders, etc.)	1	1	0	4	6
Investment Professionals (analysts, compliance officers, etc.)	2	0	0	11	13
All other FTE	1	5	2	5	13
TOTAL	4	6	2	22	34

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.**

The Affirmative Action policy of Emerald Advisers, Inc. is to further develop and maintain an equal opportunity work place providing equal opportunities for all employees and applicants for employment without regard to race, color, religion, gender, age, national origin, marital status, veteran status, or the presence of any sensory, mental, or physical disability and to promote diversity in the company.

Vendors and Subcontractors

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

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11.3% as of December 31, 2009

- 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.**

Emerald demonstrates a commitment to diversity as it relates to community involvement, service providers, vendors, and the philosophy of the organization in various ways. Emerald is an integral part of the community as evidenced as its winning of the Corporate Citizen of the Year Award in 2005. We are a sponsor of the Thurgood Marshall College Fund's Annual Awards of Excellence and the Governor's Conference for Women 2006 (Philadelphia, Pa) and 2007 (Pittsburgh, Pa), Philadelphia.

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

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.**

Emerald has been selected as the 2005 Corporate Citizen of the Year by the *Central Penn Business Journal*. Our commitment to Environmental, Social and Governance (ESG) standards over the years has grown. Examples include:

- Installation of Automatic Thermostats in our headquarters to control off-peak usage.
- For years, Emerald has been diligently working with our 60+ brokerage relationships to reduce/eliminate paper confirmations.
- We have emphasized with our Analysts and outside data vendors the electronic delivery of data and research.
- Emerald has been proactive with our client communication to utilize electronic delivery of quarterly and monthly reports and summaries. Approximately 90% of our clients have been switched over to electronic delivery.
- Emerald encourages and reimburses our employees usage of public transportation.

Vendors and Subcontractors

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- 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.**

Emerald Advisers has had an active Environmental, Social and Governance Policy starting with our pro-active proxy policy since the start of the firm in 1992. In addition, we incorporate in our assessment of management section in each of our Internal Reports, a specific analysis of the Board's Governance Policy. Since our style is dependent on backing high quality management teams, this section carries significant weight in our final selection process. As far as the Environmental and Social sections are concerned, Emerald has always believed in management being "stewards" of the assets they manage. In this regard, we believe that being a good corporate citizen is good for the shareholders, therefore making all three (Environmental, Social and Governance) issues an integral part of our due diligence on the company.

Since the start of 2008, Joseph Besecker the CEO of Emerald has directed the Emerald staff of 15 research professionals to enhance our incorporation of Environmental issues, and place greater emphasis on finding green companies in our research process. We believe that not only is this good corporate policy, but given the added energy costs, this effort would bring immediate investment rewards.

Investment Decisions

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

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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?

No.

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

Information is obtained by the research team on a specific company by company basis.

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?

No, we currently have not.

In essence, we have followed all of the items as detailed in the Principles for Responsible Investment, and are putting this document on the agenda for adoption by Emerald Advisers by year-end. Our process to date includes the details below:

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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.

	PA	Total
Headquarters	1	1
Offices	5	5
Employees	47	48
Clients HQ in PA	36	64

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

As noted above, Emerald was named 2005 Corporate Citizen of the Year by the Central Penn Business Journal. We maintain five offices in Pennsylvania.

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.**

Macro risks are always taken into account in the analysis of each company in which we invest.

- 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? If so, please provide those policies.**

Yes, Emerald abides by all U.S. policies.