

Sustainable Fund Proxy Votes Show a Range of Support for ESG Measures

How U.S. sustainable funds voted on key ESG shareholder resolutions in the 2020 proxy season.

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Executive Summary

- ▶ We benchmark sustainable funds' 2020 proxy voting against a set of 67 strongly supported ESG resolutions, giving the ESG-aware investor a new way to compare investment alternatives.
- ▶ Sustainable funds' level of support for key ESG resolutions varied considerably. While most funds that voted on at least 10 resolutions cast all votes in favor, a small number of funds, several with large asset bases, supported fewer than a quarter of key resolutions voted.
- ▶ We find that much of the observed difference between sustainable funds' support for ESG resolutions is due to the influence of the voting strategy of the fund provider, offering investors a shortcut in evaluating funds on ESG proxy voting.

Sustainable funds, those for which ESG factors play a central role in the investment process, offer a number of benefits to investors. By incorporating ESG information into investment analysis, sustainable funds may offer a more thorough assessment of available investment opportunities. By screening out poor performers, tilting toward those with exemplary practices or by identifying sustainability leaders, these funds may improve risk-adjusted returns over the long run. By evaluating the broader societal and environmental impacts of the companies in an equity portfolio or of the use of proceeds in a bond portfolio, these funds can reduce the negative or accentuate the positive broader impacts of the portfolio's investments.

Active ownership activities offer an additional, if sometimes underappreciated, benefit of a sustainable investment. These activities, made possible by an equity fund's ownership of individual stocks, may include direct engagement with company management about ESG-related concerns, coalitional engagements with companies, more general voicing of support for better corporate ESG practices, and, last but not least, how a fund votes its proxies on ESG issues. Those who invest in sustainable equity funds are, in essence, combining their assets with those of their fellow fundholders and enabling the fund to use these assets to influence corporate behavior.

While it is relatively easy to compare sustainable funds' risk-adjusted performance with relevant benchmarks and peer groups--and more funds are producing impact reports to help investors assess the additional ways their investment may be helping drive positive change--it isn't easy for investors to assess how well a fund is handling its active-ownership activities. Analyzing how a fund votes its proxies on ESG issues is one way to do it. All mutual funds must disclose their proxy votes for the 12-month period between July and June by Aug. 31 of every year in an NP-X filing with the U.S. Securities and Exchange Commission. While many funds provide a link to their votes on their websites, it is a

complicated and time-consuming task to compare the proxy votes of multiple funds across multiple issues.

This paper will help ESG-aware investors navigate the sustainable funds landscape by summarizing sustainable funds' ESG proxy voting. Using Morningstar's data identifying sustainable funds, 2020 proxy season votes reported in this year's NP-X filings, and company proxy ballots, we evaluate how sustainable funds voted their proxies on a series of key votes on shareholder resolutions pertaining to ESG topics. We find that sustainable equity funds tended to support these measures at a higher rate than did other funds, which is in keeping with our expectations that sustainable funds, in general, use proxy voting as a tool to express their concerns about material ESG-related issues. However, we also find considerable variation in levels of support for key proxy votes among sustainable funds. This variation is related to whether the fund is advised by an asset manager with a greater commitment to sustainable investing. Investors, therefore, cannot conclude that all sustainable funds behave the same on this important dimension of sustainable investing.

A key-vote approach to benchmarking sustainable funds' ESG proxy voting

Every year, thousands of items are put to shareholder vote via the corporate proxy ballot; most proposed by management, some proposed by shareholders. Morningstar tracks all resolutions across all ballots that come to a vote at U.S. companies--about 35,000 ballot items a year. Management nearly always recommends a vote "For" its own resolutions, many of which are noncontroversial, and "Against" shareholder resolutions, many of which raise concerns about management's approach to managing ESG risks. As a result, most management resolutions pass easily and most shareholder resolutions fail to reach a majority.

Shareholder resolutions push companies to do better across a range of ESG issues. Examples include resolutions on climate change that ask companies to be more transparent about the climate risks they face and their strategies to reduce their carbon footprint. Others may ask that policies be put in place that nurture diversity and inclusion across workplaces or request that audits be conducted of the treatment of workers across supply chains.

A shareholder resolution does not need to earn majority support to have an influence. In fact, such resolutions are considered advisory, so even a majority vote does not bind management to a specific course of action. Vote outcomes are a signal to management about shareholder sentiment on the issue and, as some resolutions may reappear on a ballot in subsequent years, about the direction in which that sentiment is heading. Resolutions can serve to open constructive dialogue between management and shareholders. The influence of a proxy vote can extend to other companies, as well. When an issue receives strong support at one company, its peers also take note and may take proactive steps to address the issue.

In 2020, 186 ESG-related shareholder resolutions appeared on proxy ballots. Average support was 28%, with 20 ESG-related resolutions achieving the support of a majority of shares voted, breaking the record of 14 set in 2019. Sixty-seven of the 186 ESG-related resolutions received at least 40% of the overall vote

of minority outside shareholders.¹ We have identified these as key votes and used them as the basis for our analysis. There are many nuances to interpreting a proxy voting, but using key votes focuses on those resolutions that clearly resonated across a company's shareholder base. Resolutions receiving lower levels of support may trend upward in coming proxy seasons or may have been viewed as flawed, even by sustainable investors. Collectively, the key votes highlight the main shareholder concerns in the 2020 proxy season and comprise a useful benchmark for how funds used their proxy votes to address ESG concerns. On average, we would expect to see that sustainable funds supported them.

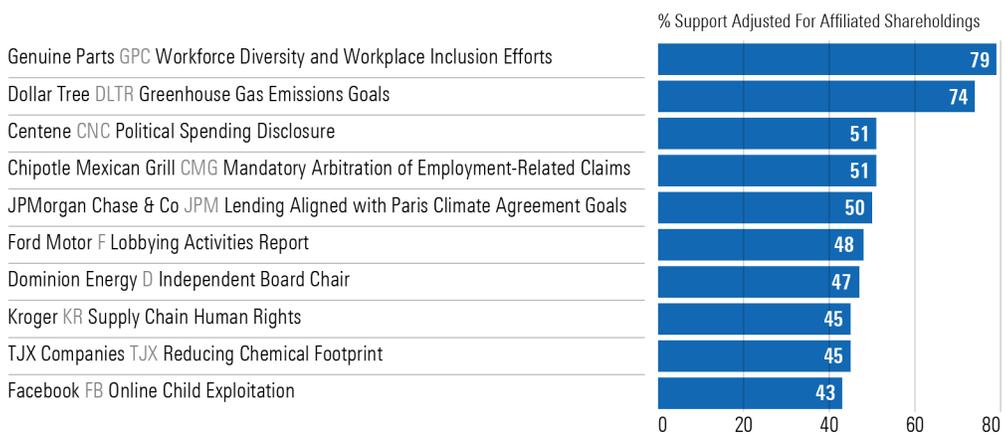
The 67 key votes are summarized by topic in Exhibit 1, with several examples shown in Exhibit 2. The full list of key resolutions can be found in Appendix A.

Exhibit 1 Key 2020 ESG Resolutions and % Support Summarized by Topic

Topic	Number of Resolutions	Average % Support	Average % Support Adjusted for Affiliated Shareholdings
Climate Risk & Climate Governance	10	52	54
Diversity, Equity & Inclusion	10	55	69
Environmental Stewardship	4	29	55
Human Rights, Civil Rights, Worker Treatment	19	31	49
Lobbying Activities and Expenditures	13	41	47
Political Spending Disclosure	11	49	50

Source: Morningstar Proxy Voting Database. Data as of Nov. 30, 2020.

Exhibit 2 Examples of Key ESG Resolutions in 2020



Source: Morningstar Proxy Voting Database. Data as of Nov. 30, 2020.

¹ At some companies, large blocks of shares are owned by controlling or affiliated shareholders--such as founders or parent companies. We have eliminated the impact of these "affiliated holdings" as these would almost certainly have been voted with management and against the resolution and would not necessarily represent the interests of outside, or nonaffiliated, minority shareholders.

Strong but varied support for key ESG resolutions among sustainable funds

Our analysis is based on the percentage of times a given fund voted in favor of key ESG resolutions. Sustainable funds include open-end and exchange-traded funds available in the U.S. that are tagged as “sustainable investments” by Morningstar. Sustainable funds overall supported our key ESG resolutions at a higher rate than did other funds. Sustainable funds, on average, supported 76% of the key ESG resolutions on which they voted. By contrast, the conventional funds offered by the 20 largest U.S. stock fund managers supported the same set of resolutions 47% of the time, on average.²

For a sustainable fund to be included in the analysis that follows, it had to have voted on at least 10 key resolutions. We found 59 such funds. Appendix B lists these funds in bold along with all sustainable funds that voted on at least one key resolution.

Exhibit 3 U.S. Sustainable Fund Support for Key ESG Resolutions in 2020 Summarized by Fund Size

% Support	# of Funds*	% of Funds	Total Fund Size (USD Mil)
100%	34	58	34,765.3
76%-99%	2	3	1,484.8
51%-75%	9	15	16,313.2
26%-50%	6	10	5,011.3
1%-25%	7	12	31,315.5
0	1	2	14.6
	59		

Note: Includes sustainable funds voting on at least 10 key resolutions. *Funds voting on at least 10 key resolutions.

Source: Morningstar Proxy Voting Database, Morningstar Direct. Data as of Nov. 30, 2020.

Among sustainable funds that voted on at least 10 key ESG resolutions, we found that most funds exhibited strong support, but support ranged from 0% to 100%. And among those funds that did not exhibit strong support were several with large asset bases. Because fund votes are cast in proportion to the value of their shares, the influence of the funds that did not exhibit strong support was about the same as those that did exhibit strong support.

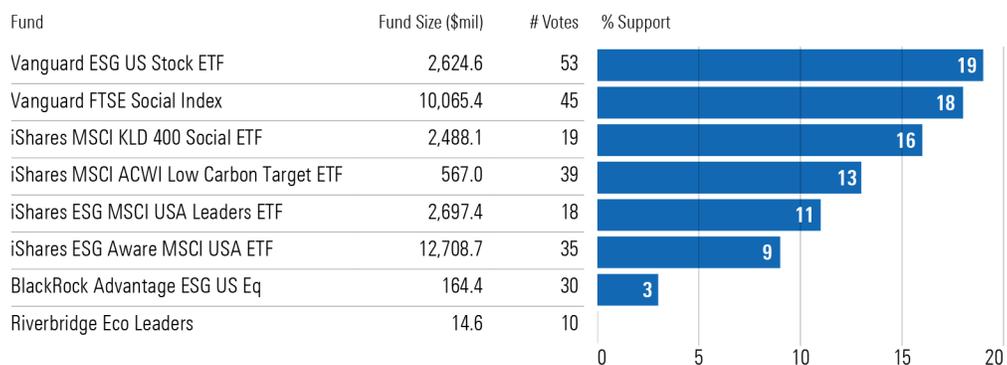
Thirty-four of the 59 funds supported 100% of the key ESG resolutions on which they voted in 2020. Together, these funds manage \$34.8 billion in assets. For instance, Calvert’s US Large Cap Core Responsible Index Fund, with more than \$3.3 billion in net assets at the end of November, cast its votes “For” all 41 of the ESG resolutions it voted during the 2020 proxy season. The largest fund in the sustainable funds universe, Parnassus Core Equity Fund, also cast all its votes in support of key resolutions voted. Appendix C lists the 34 funds that voted on at least 10 key resolutions and voted in favor 100% of the time.

² The list of the 20 largest fund providers is contained in the recent report: [Which Fund Companies Supported Climate Via Proxy Votes?](#)

Another 11 sustainable funds, with \$17.8 billion in assets, supported between 50% and 92% of the key ESG resolutions on which they voted. For example, TIAA-CREF Social Choice Equity Fund TISCX supported 15 of the 25 ESG resolutions it voted. Goldman Sachs' relatively new JUST US Large Cap Equity ETF supported 20 of the 35 key resolutions it voted.

On the other hand, 14 sustainable funds, with nearly \$36.3 billion in assets, voted in favor of less than half of the key ESG resolutions on which they voted. Eight of those, shown in Exhibit 4, voted in favor of fewer than 25% of key resolutions. Seven of the eight are offered by the two largest asset managers--BlackRock and Vanguard--and six are among the largest sustainable funds with over \$1 billion in assets. Several of these funds have been attracting large inflows. In the third quarter of 2020, BlackRock iShares' ESG Aware MSCI USA ETF attracted \$1.14 billion in flows, almost double that of its next rival. Vanguard's FTSE Social Index attracted \$353 million for the quarter--seventh highest among sustainable funds. They rank as the second- and third-largest sustainable funds in the U.S., respectively.

Exhibit 4 Sustainable Funds Supporting Fewer than 25% of Key ESG Resolutions Voted

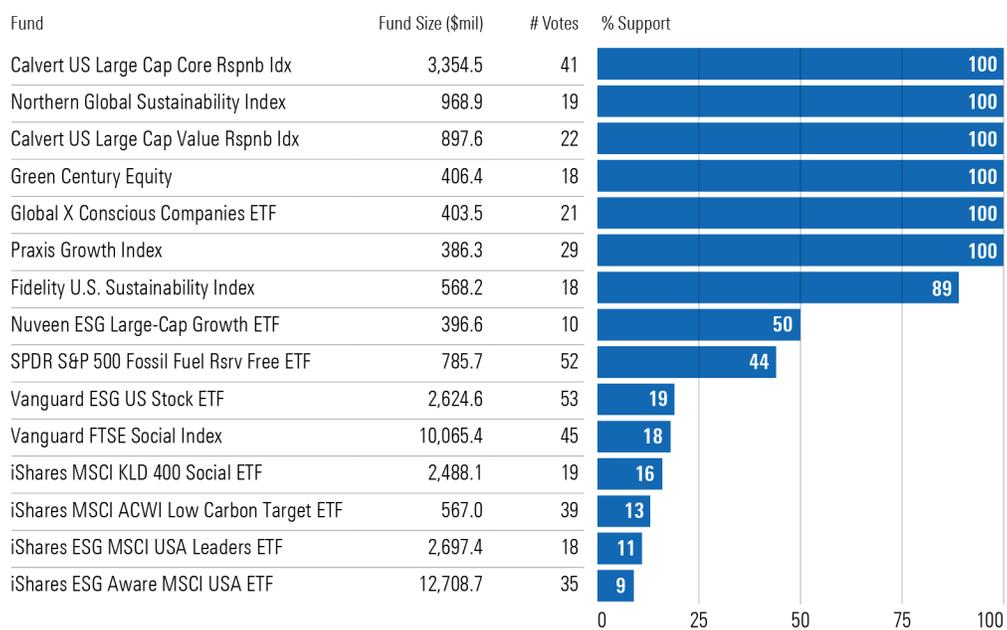


Note: Includes sustainable funds voting on at least 10 key resolutions.

Source: Morningstar Proxy Voting Database, Morningstar Direct. Data as of Nov. 30, 2020.

Passive investing strategies have become increasingly attractive to fee-conscious fund investors and offer low-cost sustainable investing solutions. But passive investing does not imply passivity when it comes to exerting influence over governance practices. On the contrary, there is a strong case to be made that passive investing should carve out an even stronger role for active ownership given the limitations on divestment. Active ownership can be used to mitigate portfolio risk as well as address marketwide ESG concerns.

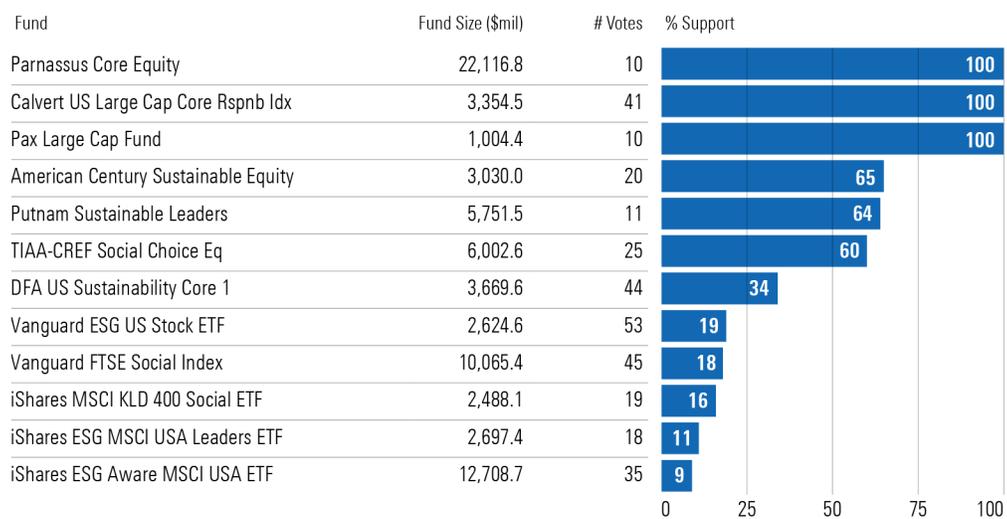
Yet passive sustainable funds, which may appear to offer similar solutions for investors, look very different when it comes to how they cast their votes on ESG issues. The 15 largest index funds included in our analysis, shown in Exhibit 5, range from 9% support to 100% support of key resolutions voted, with the largest sustainable index fund, the aforementioned iShares ESG Aware MSCI USA ETF, supporting only three of the 35 key ESG resolutions it voted.

Exhibit 5 How the 15 Largest Sustainable Index Funds Voted

Note: Includes sustainable funds voting on at least 10 key resolutions.

Source: Morningstar Proxy Voting Database, Morningstar Direct. Data as of Nov. 30, 2020.

As investors put more money into sustainable investing strategies, the collective influence of these strategies, via their proxy voting, also grows. Because of their size, larger funds have greater influence on any particular vote than do smaller funds. We found, however, overall support for key ESG resolutions among the largest sustainable funds was mixed. Across the dozen sustainable funds with more than \$1 billion in assets, average support for the key resolutions was only 50%. Only three funds exhibited 100% support, and six supported more than half the resolutions voted. The large funds offered by BlackRock, Dimensional, and Vanguard voted in favor of key resolutions only one third of the time or less.

Exhibit 6 How the Largest Sustainable Funds Voted

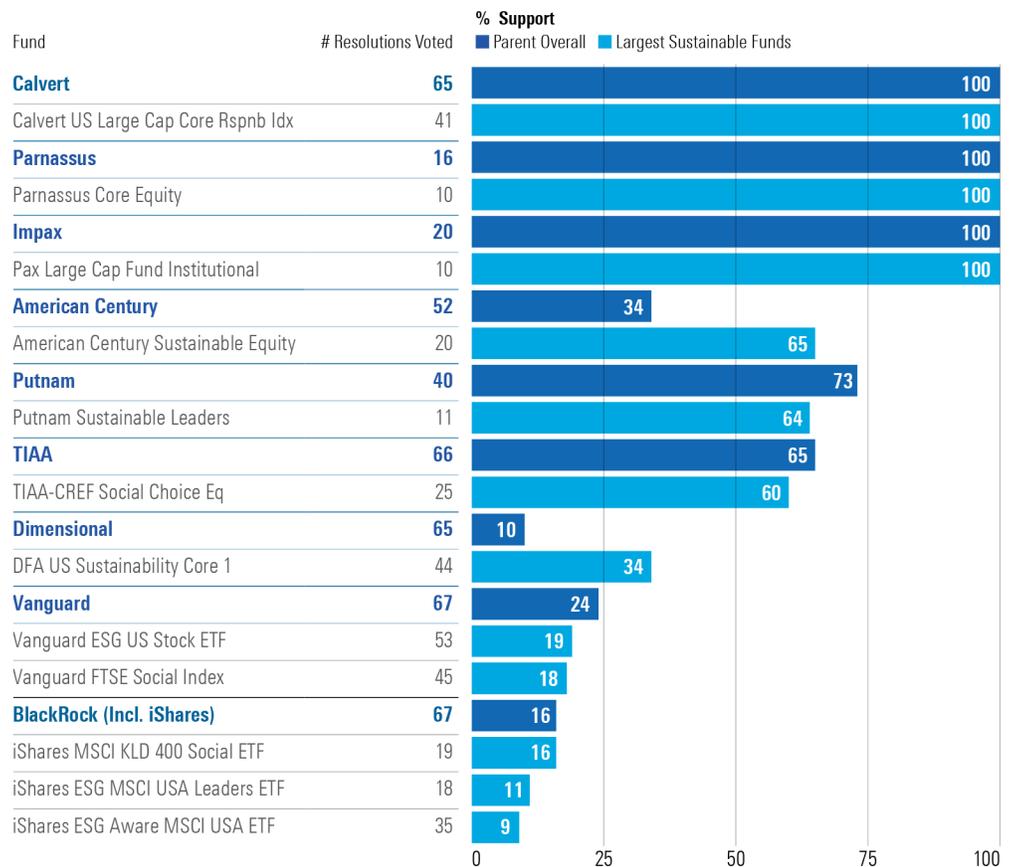
Note: Includes sustainable funds voting on at least 10 key resolutions.

Source: Morningstar Proxy Voting Database, Morningstar Direct. Data as of Nov. 30, 2020.

Fund parent is the most important determinant of ESG proxy voting

Exhibit 7 compares the largest sustainable funds' support for key resolutions with that of their parent asset manager, derived by aggregating the key votes of all funds advised by the parent firm.

Exhibit 7 Largest Sustainable Funds Votes Compared With Parent Overall Votes



Note: Includes s sustainable funds voting on at least 10 key resolutions. Parent support computed as average of votes on key resolutions across all non-ESG funds within each fund family.

Source: Morningstar Proxy Voting Database. Data as of Nov. 30, 2020.

For most asset managers, voting is fairly consistent across the funds they advise. That means for asset managers committed to sustainable investing, such as Calvert Research and Management, Parnassus Investments, and Impax Asset Management, all of their funds voted in favor of all key ESG resolutions.

For other asset managers that advise a limited number of sustainable funds relative to their overall lineup, we observe lower support--an indication that the overall voting policy of these asset managers is less supportive of key ESG resolutions. This explains much of the variation in support among sustainable funds.

The votes cast by sustainable funds of only two of the nine asset managers shown in Exhibit 7 differ notably from those of their parent, American Century and Dimensional. In each case, the managers of sustainable funds appear to vote independently of the parent's position. American Century Sustainable Equity Fund, for example, voted in support of seven resolutions that its parent firm voted against across the conventional funds it advises. Similarly, Dimensional US Sustainability Fund voted in support of 12 resolutions that were opposed across Dimensional's conventional funds.

iShares MSCI KLD 400 Social ETF voted "For" one resolution on which parent BlackRock's conventional funds voted "Against." Otherwise, every vote cast by the other 10 funds in the large sustainable fund lineup in Exhibit 7 maps exactly to the "house vote" of its respective parent.

BlackRock and Vanguard's "house" view on ESG proxy votes is almost exactly replicated across their largest ESG funds. And, across their funds, BlackRock and Vanguard rank amongst the least supportive of ESG key resolutions.³ Notwithstanding, their share of the sustainable funds market continues to grow. BlackRock iShares' suite of 22 ESG ETFs attracted an estimated \$3.5 billion in the third quarter of 2020, 3.5 times that of any other fund complex. Vanguard's five ESG funds attracted just shy of \$800 million in the third quarter. At the end of November, they held just short of 25% of all assets in U.S. sustainable funds.⁴

Conclusion

To summarize, we benchmarked sustainable funds' 2020 proxy voting against a set of 67 strongly supported ESG resolutions and found that sustainable funds' support varied widely. To be sure, a considerable number of funds supported 100% of the resolutions they voted, while only a minority supported less than 25%. But that minority group held as many assets as the group that exhibited 100% support. Sustainable funds' support for key ESG resolutions appears to vary based on the firmwide voting policy of the asset managers who advise the funds. Funds advised by asset managers for which sustainable investing is their central focus tend to exhibit higher levels of support than those funds that are a small subset of strategies advised by traditional asset managers.

Asset managers with a sustainable investing focus do more than just vote in favor of ESG resolutions; they are often the filers of resolutions. Among our key resolutions, Domini Impact Investments filed the resolution at Pilgrim's Pride asking the company to report to shareholders on its efforts to reduce water pollution in its supply chain. While the overall shareholder support was only 15%, we estimate minority outside support to be around 87% after removing the voting influence of the company's controlling parent, which holds 78% of the voting power. Pax World Mutual Funds filed the gender pay equity disclosure request at Oracle that earned 36% overall support and an estimated 64% support of the minority outside shareholders after accounting for votes attached to shares owned by founder, board chair, and CTO, Larry Ellison. Boston Trust Walden filed a resolution at CorVel asking the company to

³ Elsewhere we've contrasted how the largest asset managers voted on key climate and key diversity and inclusion resolutions in the 2020 proxy calendar. See: [How Did Fund Companies Use Their Proxy Votes to Tackle Racial Inequality in 2020?](#) and [Which Fund Companies Supported Climate Via Proxy Votes?](#)

⁴ See [U.S. Investors Continue to Endorse Sustainable Investing](#).

explain why it chose to omit sexual orientation and gender identity from its equal employment opportunity policy. We estimate that the resolution achieved around 91% support of minority outside shareholders after removing the impact of votes attached to shares controlled by CorVel director Jeffrey Michael, who is president and CEO of Corstar Holdings—a significant shareholder of CorVel.

Shareholder-sponsored ballot items that address ESG concerns contribute in a number of ways to the “stewardship ecosystem.” Proxy voting on ESG-focused shareholder resolutions is a widely used strategy by which shareholders flag long-term sustainability concerns at investee companies. When investors file shareholder resolutions, they raise the general level of investor awareness about ESG risks at particular companies and within various industries. Investor engagement is an effective way to help companies change policies and behavior, and successful engagements are often occasioned by the filing of a shareholder resolution and expedited by strong shareholder support for ESG ballot initiatives.⁵

As more assets flow into sustainable funds, asset managers are launching new sustainable investment strategies and outfitting older funds with new sustainable investing mandates. Investors have more choice than ever before with fees comparable with nonconventional alternatives, yet differences among sustainable investing strategies aren’t always easily discernable. Sustainable investing is a complicated landscape for the fund investor to navigate. Proxy voting offers an objective and quantifiable metric that can be used to compare sustainable funds on an important part of their investment strategy. ■■■

⁵ In a recently released [report on stewardship](#), BlackRock studied how companies responded to strongly supported ESG shareholder resolutions. For those resolutions receiving 30% to 50% support, two thirds resulted in companies fully or partly meeting the ask of the proposal. For those receiving more than 50% support, 94% resulted in companies fully meeting the ask.

Appendix A

Exhibit 8 2020 Key ESG Resolutions

Company	Proposal Title	% Support	% Adjusted Support*
Activision Blizzard ATVI	Political Spending Disclosure	59	59
Alaska Air ALK	Political Spending Disclosure	42	42
Alaska Air ALK	Lobbying Activities Report	52	52
Alphabet GOOGL	Mandatory Arbitration of Employment-Related Claims	16	45
Alphabet GOOGL	Human Rights Risk Oversight Committee	16	45
Amazon.com AMZN	Food Waste	32	40
Amazon.com AMZN	Customer Use of Surveillance Technologies	32	40
Amazon.com AMZN	Recognition Technology and Human Rights	32	40
Amazon.com AMZN	Hate Speech and Offensive Products	35	44
Apple AAPL	Policies on Freedom of Expression	41	41
Boeing BA	Independent Board Chair	53	53
Centene CNC	Political Spending Disclosure	51	51
Charles Schwab SCHW	Workforce Diversity	43	48
Chemed CHE	Political Spending Disclosure	48	48
Chevron CVX	Lobbying Aligned With Paris Climate Agreement	53	53
Chevron CVX	Petrochemical Investment Risk Report	46	46
Chipotle Mexican Grill CMG	Mandatory Arbitration of Employment-Related Claims	51	51
Comcast CMCSA	Lobbying Activities Report	26	43
CorVel CRVL	Sexual Orientation and Gender Identity in EEO Policy	37	91
Delta Air Lines DAL	Lobbying Aligned With Paris Climate Agreement	46	46
Delta Air Lines DAL	Political Spending Disclosure	46	46
Dollar Tree DLTR	Greenhouse-Gas Emissions Goals	74	74
Dominion Energy D	Independent Board Chair	47	47
Duke Energy DUK	Independent Board Chair	40	40
Duke Energy DUK	Annual Report on Lobbying	42	42
Enphase Energy ENPH	Sustainability Report	52	52
Expeditors International EXPD	Senior Management Diversity	53	53
Facebook FB	Political Advertising Standards	13	42
Facebook FB	Online Child Exploitation	13	43
Fastenal FAST	Workforce Diversity	61	61
Fiserv FISV	Political Spending Disclosure	45	45
Ford Motor F	Lobbying Activities Report	20	48
Fortinet FTNT	Workforce Diversity and Workplace Inclusion Efforts	70	92
Genuine Parts GPC	Workforce Diversity and Workplace Inclusion Efforts	79	79
Honeywell International HON	Lobbying Activities Report	46	46
Illumina ILMN	Political Spending Disclosure	50	50
IPG Photonics IPGP	Senior Management Diversity	45	75
JB Hunt Transport Services JBHT	Political Spending Disclosure	53	66
JB Hunt Transport Services JBHT	Climate Change Initiatives	54	68

Exhibit 8 2020 Key ESG Resolutions (Continued)

Company	Proposal Title	% Support	% Adjusted Support*
Johnson & Johnson JNJ	Governance of Opioids-Related Risks	61	61
JPMorgan Chase & Co JPM	Lending Aligned With Paris Climate Agreement	50	50
Lear Corp LEA	Human Rights Impact Assessment	45	45
Maximus MMS	Lobbying Activities Report	43	43
McKesson MCK	Lobbying Activities Report	46	46
Microchip Technology MCHP	Recruitment and Forced Labor Risk to Workers	51	51
Motorola Solutions MSI	Political Spending Disclosure	48	48
National Healthcare NHC	Report on Board Diversity	59	59
Netflix NFLX	Political Spending Disclosure	42	42
Oracle ORCL	Gender Pay Equity Report	36	64
O'Reilly Automotive ORLY	Workforce Diversity and Workplace Inclusion Efforts	66	66
Ovintiv OVV	Climate Change Risk Reporting	56	56
Phillips 66 PSX	Petrochemical Investment Risk Report	55	55
Pilgrims Pride PPC	Water Pollution in Supply Chain	15	87
Pilgrims Pride PPC	Human Rights Due Diligence	13	73
Sanderson Farms SAFM	Human Rights Due Diligence	37	40
Santander Consumer USA SC	Equal Credit Opportunity	12	69
Skechers USA SKX	Human Rights Policy	18	58
The GEO Group GEO	Lobbying Activities Report	43	43
The Kroger Co KR	Human Rights Due Diligence	45	45
The Western Union WU	Political Spending Disclosure	53	53
TJX Companies TJX	Reducing Chemical Footprint	45	45
TransDigm Group TDG	Greenhouse-Gas Emissions Goals	45	45
Tyson Foods TSN	Lobbying Activities Report	15	59
Tyson Foods TSN	Human Rights Due Diligence	15	59
Verizon Communications VZ	Lobbying Activities Report	47	47
Vertex Pharmaceuticals VRTX	Lobbying Activities Report	49	49
Walmart WMT	Single-Use Plastic Bags	17	42

Note: Includes all ESG resolutions voted in the 2020 proxy calendar that earned at least 40% support from outside, minority shareholders. Support calculated based on all votes cast 'For' and 'Against'. Inside affiliated shares and controlling parent shares removed from denominator. Source: Morningstar Proxy Voting Database. Data as of Nov. 30, 2020.

Appendix B

Exhibit 9 Sustainable Fund Votes on Key ESG Resolutions in 2020

Name	Fund Size (\$mil)	# Votes	% Support
1919 Socially Responsive Balanced	439.7	12	100
AB Sustainable Global Thematic	1,663.1	2	50
AIG ESG Dividend	40.8	2	100
Alger Responsible Investing	79.6	15	100
AllianzGI Global Sustainability	177.2	4	100
Amana Growth Investor	2,641.1	5	20
Amana Income Investor	1,427.9	4	25
American Century Sustainable Equity	3,030.0	20	65
Appleseed Investor	91.7	2	50
Arabesque Systematic USA	10.5	1	100
BlackRock Advantage ESG US Eq	164.4	30	3
BNY Mellon Sustainable Balanced	14.8	7	100
BNY Mellon Sustainable US Eq Fd	425.4	9	100
Boston Common ESG Impact US Equity	46.7	7	100
Boston Trust Asset Management	598.2	13	100
Boston Trust Equity	165.1	11	100
Boston Trust Midcap	135.9	3	100
Boston Trust SMID Cap	232.9	3	100
Boston Trust Walden Balanced	174.6	8	100
Boston Trust Walden Equity	253.9	9	100
Boston Trust Walden Midcap	80.0	3	100
Boston Trust Walden SMID Cap	61.0	3	100
Brown Advisory Sustainable Growth	4,372.8	8	100
Calvert Balanced	1,029.4	8	100
Calvert Equity	5,692.4	3	100
Calvert Mid-Cap	259.7	3	100
Calvert US Large Cap Core Rspnb Idx	3,354.5	41	100
Calvert US Large Cap Growth Rspnb Idx	165.6	34	100
Calvert US Large Cap Value Rspnb Idx	897.6	22	100
Calvert US Mid Cap Core Rspnb Idx	135.5	18	100
Change Finance US LgCp FossilFuel Fr ETF	29.2	9	100
ClearBridge Dividend Strategy ESG ETF	12.2	5	100
ClearBridge Large Cap Growth ESG ETF	124.5	14	100
ClearBridge Sustainability Leaders	22.8	5	100
Coho Relative Value ESG	10.0	2	50
Columbia Sustainable US Equity Inc ETF	5.8	9	89
Cushing Global Clean Equity	11.0	1	0
DFA US Sustainability Core 1	3,669.6	44	34

Exhibit 9 Sustainable Fund Votes on Key ESG Resolutions in 2020 (Continued)

Name	Fund Size (\$mil)	# Votes	% Support
Direxion MSCI USA ESG Ldrs vs Lggds ETF	11.8	8	100
Domini Impact Equity Investor	938.8	23	100
DWS ESG Core Equity	187.3	10	100
Etho Climate Leadership US ETF	105.6	30	53
Federated Hermes Global Equity	8.4	13	100
Fidelity Advisor Women's Leadership	63.1	14	43
Fidelity U.S. Sustainability Index	568.2	18	89
FlexShares STOXX Gbl ESG Impact ETF	125.4	26	100
FlexShares STOXX US ESG Impact ETF	105.7	33	100
Frontier MFG Global Sustainable	19.6	5	40
Gabelli ESG	36.0	7	71
Glenmede Responsible ESG US Equity	25.0	3	100
Glenmede Women in Leadership US Eq	23.9	12	100
Global X Conscious Companies ETF	403.5	21	100
Goldman Sachs JUST US Large Cap Eq ETF	179.0	35	57
Gotham ESG Large Value	1.3	18	100
Green Century Balanced	345.8	11	100
Green Century Equity	406.4	18	100
Highland Socially Responsible Equity Y	69.9	9	100
Invesco MSCI World SRI Index Y	9.2	9	89
IQ Candriam ESG US Equity ETF	285.4	22	100
iShares ESG Aware MSCI USA ETF	12,708.7	35	9
iShares ESG MSCI USA Leaders ETF	2,697.4	18	11
iShares MSCI ACWI Low Carbon Target ETF	567.0	39	13
iShares MSCI Global Impact ETF	290.7	1	0
iShares MSCI KLD 400 Social ETF	2,488.1	19	16
iShares MSCI USA ESG Select ETF	2,274.5	8	0
JHancock ESG All Cap Core	32.5	9	100
JHancock ESG Large Cap Core	73.9	11	100
JPMorgan US Sustainable Leaders	69.2	2	50
Kennedy Capital ESG SMID Cap	1.6	1	100
Lateef Focused Sustainable Growth	51.3	13	100
Mirova Global Sustainable Equity	667.7	3	100
Morgan Stanley Inst Global Sustain	50.3	2	100
Nationwide Global Sust Eq	54.0	5	80
Neuberger Berman Sustainable Eq	1,686.2	4	75
Northern Global Sustainability Index	968.9	19	100
Northern US Quality ESG K	206.1	22	100

Exhibit 9 Sustainable Fund Votes on Key ESG Resolutions in 2020 (Continued)

Name	Fund Size (\$mil)	# Votes	% Support
Nuveen ESG Large-Cap ETF	19.2	11	45
Nuveen ESG Large-Cap Growth ETF	396.6	10	50
Nuveen ESG Large-Cap Value ETF	631.0	7	86
Nuveen ESG Mid-Cap Growth ETF	233.3	4	75
Nuveen ESG Mid-Cap Value ETF	138.3	3	100
Nuveen Winslow Large-Cap Growth ESG	916.5	12	92
Old Westbury All Cap ESG	44.7	5	100
Parnassus Core Equity	22,116.8	10	100
Parnassus Endeavor	3,157.2	7	100
Parnassus Mid Cap Growth	1,031.3	5	100
Parnassus Mid-Cap	6,586.0	2	100
Pax Ellevest Gbl Women's Ldrsp	673.6	8	100
Pax ESG Beta Dividend Fund	134.9	15	100
Pax ESG Beta Quality	248.9	17	100
Pax Global Opportunities	63.4	1	100
Pax Large Cap Fund	1,004.4	10	100
PIMCO RAFI ESG US ETF	10.5	17	100
Pioneer Balanced ESG	366.1	15	67
Praxis Growth Index	386.3	29	100
Praxis Value Index	295.4	28	100
Putnam Sustainable Future	537.4	2	100
Putnam Sustainable Leaders	5,751.5	11	64
Quaker Impact Growth Advisor	63.7	12	100
Riverbridge Eco Leaders	14.6	10	0
Russell Inv Sustainable Equity	283.0	27	59
Saturna Sustainable Equity	16.8	6	83
Segall Bryant&Hamill Workplace Eq	19.8	5	100
Shelton Green Alpha	144.6	4	100
Sit ESG Growth	7.5	9	100
SPDR MSCI ACWI Low Carbon Target ETF	77.1	43	44
SPDR S&P 500 Fossil Fuel Rsrv Free ETF	785.7	52	44
SPDR SSGA Gender Diversity ETF	151.0	9	56
TIAA-CREF Social Choice Eq	6,002.6	25	60
TIAA-CREF Social Choice LwCrbn Eq	512.5	18	61
Trillium ESG Global Equity Fund	723.8	7	100
Trillium ESG Small/Mid Cap	17.9	3	100
UBS Engage For Impact	36.6	1	100
US Vegan Climate ETF	33.0	19	100

Exhibit 9 Sustainable Fund Votes on Key ESG Resolutions in 2020 (Continued)

Name	Fund Size (\$mil)	# Votes	% Support
Vanguard ESG US Stock ETF	2,624.6	53	19
Vanguard FTSE Social Index	10,065.4	45	18
WisdomTree U.S. ESG ETF	83.0	43	67
Xtrackers MSCI USA ESG Leaders Eq ETF	2,747.5	9	100
Xtrackers S&P 500 ESG ETF	379.2	15	100

Note: Includes all sustainable funds that voted on at least one key resolution in the 2020 proxy calendar. Funds with 10 votes or more in bold. Fund size reflects total value of all of the investments in a fund's portfolio at the end of November 2020. Source: Morningstar's Proxy Voting Database. Data as of Nov. 30, 2020.

Appendix C

Exhibit 10 Sustainable Funds Supporting All Key Resolutions Voted (Minimum 10 Votes)

Name	Fund Size (\$mil)	# Votes	% Support
1919 Socially Responsive Balanced A	439.7	12	100
Alger Responsible Investing A	79.6	15	100
US Vegan Climate ETF	33.0	19	100
Boston Trust Equity	165.1	11	100
Boston Trust Asset Management	598.2	13	100
Domini Impact Equity Investor	938.8	23	100
DWS ESG Core Equity Institutional	187.3	10	100
Calvert US Large Cap Core Rspnb Idx I	3,354.5	41	100
Calvert US Large Cap Growth Rspnb Idx I	165.6	34	100
Calvert US Large Cap Value Rspnb Idx I	897.6	22	100
Calvert US Mid Cap Core Rspnb Idx I	135.5	18	100
Federated Hermes Global Equity IS	8.4	13	100
FlexShares STOXX US ESG Impact ETF	105.7	33	100
FlexShares STOXX Gbl ESG Impact ETF	125.4	26	100
ClearBridge Large Cap Growth ESG ETF	124.5	14	100
Glenmede Women in Leadership US Eq	23.9	12	100
Global X Conscious Companies ETF	403.5	21	100
Gotham ESG Large Value	1.3	18	100
Green Century Equity Individual Investor	406.4	18	100
Green Century Balanced	345.8	11	100
JHancock ESG Large Cap Core R6	73.9	11	100
Lateef Focused Sustainable Growth CL I	51.3	13	100
IQ Candriam ESG US Equity ETF	285.4	22	100
Northern Global Sustainability Index I	968.9	19	100
Northern US Quality ESG K	206.1	22	100
Parnassus Core Equity Investor	22,116.8	10	100
Pax ESG Beta Quality Investor	248.9	17	100
Pax Large Cap Fund Institutional	1,004.4	10	100
Pax ESG Beta Dividend Fund Institutional	134.9	15	100
PIMCO RAFI ESG US ETF	10.5	17	100
Praxis Growth Index	386.3	29	100
Praxis Value Index	295.4	28	100
Quaker Impact Growth Advisor	63.7	12	100
Xtrackers S&P 500 ESG ETF	379.2	15	100

Source: Morningstar Proxy Voting Database, Morningstar Direct. Data as of Nov. 30, 2020.

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