



*Proxy Voting Guidelines*  
*Proxy Season 2007*

***Ethical Wrap Accounts***  
***Azzad Funds***

# Table of Contents

Introduction.....	3
I. Ethical Issue Resolutions	
A. Social Proposals.....	4
B. Workplace Issues.....	4
C. Environment.....	5
D. International Operations and Human Rights.....	5,6
II. Corporate Governance	
A. Board and Governance Issues.....	6
B. Executive and Director Compensation.....	7
C. Mergers and Corporate Restructurings.....	7-8

*Contact Information on last Page*

# Proxy Voting Guidelines

## Introduction

Large corporations today have revenues that far exceed the incomes of most developing nations, or even whole continents. In their primary quest to make more money for their shareholders, they can become detached from their local communities and from human responsibilities.

It is our duty to compel these corporations to act more responsibly. We view the right to vote proxies for our client's holdings as a valuable asset to our clients.

These Guidelines summarize our positions on various issues of concern to ethical investors. They give general indication as to how the advisor, Azzad Asset Management, Inc. will vote on your holdings' shares. Because we have a fiduciary duty to our clients to examine each resolution offered and the context in which it applies, we vote proxies after considering our client's ethical goals. Therefore, there may be instances in which votes differ from the guidelines stated here.

Because it is impossible to predict all potential voting issues, this listing is not exhaustive. The advisor will vote on issues that arise but are not addressed in these guidelines in accordance with its ethical goals. In addition, some issues such as redlining and predatory lending that largely concern banks and insurance companies are not included here because we generally do not invest in their stocks.

For the most part, we will vote in favor of management decisions regarding internal corporate actions such as renewing auditor contracts, compensation issues and so forth. The only exception being when we clearly view the decisions to contradict with our clients' interests.

When making our proxy voting decisions, we may at times consult with a third party proxy voting service called [proxygovernance.com](http://proxygovernance.com) whenever we require more information on how to vote on a holdings' proxies.

These guidelines are subject to change without notice.

## *A. Social Proposals*

### **Lower Drug Prices**

We will **support** resolutions asking companies to implement and report on price restraint policies for pharmaceutical products.

### **Quality of Health Care**

We will **support** resolutions asking hospitals to submit reports on the quality of their patients' health care and details of health care practices.

### **Abortion/Right to Life Issues**

We will vote **case-by-case** on resolutions that address right to life issues.

### **Insurance and Health Care Companies Investing in Tobacco**

We will **support** resolutions that ask insurance and health care companies not to invest in the stocks of tobacco companies.

### **Sales of Non-tobacco Products to Tobacco Industry**

We will **support** resolutions requesting that companies making significant sales from non-tobacco products to tobacco companies end their sales.

### **Smoke-Free Restaurants**

We will **support** resolutions requesting that restaurants and other public facilities adopt a smoke-free policy.

### **Non-Partisanship and Political Contributions**

We will **support** resolutions requesting that companies provide greater disclosure of corporate campaign financing. We will **support** resolutions requesting that corporations refrain from devoting resources to partisan political activities.

## *B. Workplace Issues*

### **Equal Employment Opportunity**

All corporations have the responsibility to promote equal rights in the workplace. We will **support** shareholder resolutions calling for action on equal employment opportunity and anti-discrimination. We will **support** resolutions that ask companies to report on their efforts to comply with federal EEO mandates. We will **support** resolutions that ask companies to take serious steps to nominate more qualified females and minorities to their board of directors.

### **Labor Relations**

We will **support** resolutions requesting that companies adopt and/or report on appropriate codes of conduct that address a number of labor relations issues, including: the use of forced labor, fair wages and safe working conditions and the right to organize and negotiate with management.

## *C. Environment*

### **CERES Principles**

The Coalition for Environmentally Responsible Economies (CERES) developed an environmental corporate code of conduct in the wake of the Exxon Valdez disaster. Corporations that follow the CERES Principles are committed to (among other things):

- Performing environmental corporate audits
- Establishing environmental management practices
- Assuming responsibility for damages caused to the environment from their operations

We will **support** resolutions requesting a corporation to report its current environmental practices, risks, and/or liabilities.

We will **support** resolutions calling for endorsing the CERES Principles.

### **Climate Change and Global Warming**

Corporations that contribute significantly to global warming such as oil and mining companies, utilities, and automobile manufacturers have received proposals requesting that they and other companies disclose more information on their environmental effects. We will **support** resolutions requesting that corporations disclose information on their impact on climate change, reduce the level of greenhouse gas emissions, increase energy efficiency, and increase their investment in renewable energy sources.

### **Genetically Engineered (GE) Agricultural Products**

We will **support** resolutions that ask companies to label products that contain genetically modified organisms. We will support resolutions requesting that companies report on the use of genetically modified organisms in their products.

## *D. International Operations and Human Rights*

### **Affordable Drugs for Developing Countries**

We will **support** resolutions calling for pharmaceutical companies to provide affordable drug treatments to developing countries suffering from HIV/AIDS, Tuberculosis, Malaria and other diseases. These policies would also protect the companies' intellectual rights.

### **Northern Ireland- MacBride Principles**

The MacBride Principles, a set of equal employment principles, was developed to eliminate religious discrimination in Northern Ireland. We will **support** resolutions requesting companies report and/or implement the MacBride Principles.

### **Burma**

Amnesty International and other human rights organizations have accused the Burmese government of serious on-going human rights violations. We will **support** resolutions requesting that companies with business operations in Burma adopt labor standards in connection with their

involvement. We will **support** resolutions requesting that these companies report on their Burmese operations. We will **support** resolutions that demand an end to all operations in Burma.

### **Israel**

Since 1967 the international community represented by the United Nations has regarded Israel's occupation of the West Bank, Gaza Strip, and Golan Heights an illegal occupation. To promote peace and justice in the area, companies have largely refrained from setting up operations in Jewish settlements in the occupied territories.

We will **support** resolutions requesting that companies do not set up operations in Jewish settlements in the occupied territories.

### **Mexican Maquiladora Operations**

Some companies have set up operations in Maquiladora, Mexico near the U.S. border to capitalize on the area's lower labor costs, fewer environmental regulations, and the tariff free nature of this zone. However, several reports of human rights abuses have been reported. We will **support** resolutions requesting that companies prepare reports on its Maquiladora operations.

### **Country-Specific Human Rights Proposals**

We will **support** resolutions asking companies with investments in countries with patterns of human rights abuses to develop guidelines or codes of conduct. We will **support** resolutions calling for the implementation and reporting on International Labour Organization (ILO) codes of conduct, SA 8000 Standards, or the Global Sullivan Principles.

### **Justice for Indigenous Peoples**

We will **support** resolutions requesting corporation to respect the rights of indigenous peoples, avoids exploitation of their natural resources and negotiates fairly.

## *II. Corporate Governance*

### *A. Board and Governance Issues*

#### **Selection of Auditor**

We will **support** resolutions ratifying independent auditors, unless there is reason to believe that the auditor's integrity has been compromised.

#### **Board of Directors**

The Board of Directors is responsible for the overall governance of the corporation. As of February 8, 2006, we changed our previous position on voting for board of directors. We previously withheld all votes. However, as of February 8, 2006, we will generally vote in favor of all the board of directors nominated unless there is clear reason not to do so.

## *B. Executive and Director Compensation*

### **Disclosure of CEO, Executive, Board and Management Compensation**

We will **support** resolutions seeking greater disclosure on executive compensation issues including the preparation of a formal report on executive compensation practices and policies. We will also **support** resolutions requesting companies to disclose the salaries of top management and the Board of Directors.

### **Limit Executive Compensation**

We will **oppose** an executive compensation proposal if we believe the compensation does not reflect the current economic and social circumstances of the company.

### **Performance-Based Stock Options/Indexed Options**

We will generally **support** resolutions that link executive compensation to corporate performance including the use of indexed options and other indicators.

### **Employee Stock Ownership Plan (ESOPs)**

We will **support** resolutions ESOPs created to encourage active employee ownership. However, we will vote on a **case-by-case** basis on any ESOP that intends to prevent a corporate takeover.

### **Pay Equity**

We will **support** resolutions requesting that companies provide a race and/or gender pay equity report.

### **Golden Parachutes**

Golden parachute is a popular term for severance agreements that give generous benefits to top executives who are fired or who resign following a change in management because of a takeover.

We will **support** resolutions requesting the right of shareholders to vote on golden parachutes because they exceed ordinary compensation practices. We will evaluate each golden parachute on a case by case basis.

## *C. Mergers and Corporate Restructurings*

### **Mergers, Restructuring and Spin-offs**

In general, we will **support** management proposals for merger or restructuring if the transaction appears to offer fair value, and other proxy voting policies stated are not violated.

### **Poison Pills**

Poison pills or shareholder rights plan are instigated by an unwanted takeover attempt and can ultimately make the company appear financially less attractive to the suitor. Typically directors have use poison pills without shareholder approval.

We will review on a **case-by-case** basis management proposals to ratify a poison pill. We will **support** resolutions asking companies to submit its poison pill for shareholder ratification. We will review on a **case-by-case** basis resolutions calling for changing an existing shareholder plan.

### **Anti-Greenmail Proposals**

Greenmail is the practice of repurchasing shares from a bidder at an above-market price in exchange for the bidder's agreement not to acquire the target company. It is considered to be a form of blackmail. Some companies have added anti-greenmail provisions to their charters in an effort to deter the practice.

We will **support** resolutions adopting anti-greenmail charter or bylaw amendments or otherwise restrict a company's ability to make greenmail payments.

**To view our proxy voting record, please contact us at (703) 207-7005 x115 and speak to our operations manager, Mrs. Manal Fouz. You may also request a copy of our record in writing:**

**Azzad Asset Management, Inc.  
3141 Fairview Park Drive, Suite 460  
Falls Church, VA 22042  
U.S.A.**

**Tel: 703-207-7005  
Fax: 703-852-7478**

**[www.azzad.net](http://www.azzad.net)**