

# Calvert

## Corporate Sustainability Report

DECEMBER 2004

**2005  
UPDATE  
(A SUPPLEMENT  
TO THE 2004 REPORT)**

Calvert   
INVESTMENTS  
THAT MAKE A DIFFERENCE®

# 1. CEO Statement and Introduction



**I AM PLEASSED TO PRESENT THE 2005 UPDATE** to Calvert's Sustainability Report. As socially responsible investors, we regularly ask companies to report on their economic, social, and environmental performance. We strongly believe that each company must address and evaluate its total sustainability footprint. Since we expect the greatest possible degree of transparency and disclosure from the companies in which we invest, we believe it is only fair to turn the mirror on ourselves.

This report reflects data through December 31, 2005, as well as some information from 2006. It is an update of our inaugural Sustainability Report, released in late 2004 and is designed to be read in conjunction with our original report. Using the Global Reporting Initiative Guidelines and the United Nations Global Compact principles as frameworks, our report describes the specific actions we've taken since our last report in support of our commitment to sustainability. We made some significant changes over the past year, including adding senior staff and strengthening our governance systems and processes — actions that we believe will greatly enhance our ability to develop and meet concrete sustainability goals for our company. You will see some of those reflected in our next sustainability report.

In 2005, we created a new Corporate Social Responsibility Committee that meets monthly to compare the company with internal and external sustainability standards and to identify strategies for continuous corporate improvement. The Committee is comprised of representatives from throughout the company and reports to the Vice President, Corporate Social Responsibility and Community Partnerships, who provides updates to Senior Management and our Boards about the Committee and its accomplishments.

In April 2006, the *Principles for Responsible Investment*, which encourage asset managers and institutional investors to incorporate social, environmental, and governance factors into investment decisions and analysis, were launched by the United Nations Global Compact and the United Nations Environment Programme. Calvert is proud to have participated in a UN expert working group that helped design these principles. We were one of the few US signatories to these Principles, among the numerous institutional managers and financial institutions from across the globe. We have long recognized that financial analysis is better when it incorporates social, environmental and governance-related risks and opportunities. We are delighted to see the increasing awareness of these issues by the global financial community.

In 2006, Calvert is celebrating our 30th anniversary. Over the past three decades, we have grown from a single-fund firm into the largest socially responsible mutual fund family in the United States, with more than \$11 billion\* in assets under management among 32 different funds in every major asset category. During our years of operation, we have learned a great deal about the challenges and rewards of operating as a socially responsible business. In our efforts to be a leader and create a model of corporate responsibility both internally and in our investment practices, we have developed a rich history and learned many lessons. We know that true sustainability requires constant vigilance and careful attention, and we are committed to continuous improvement. We look forward to seeing what the next 30 years will bring.

Sincerely,

A handwritten signature in black ink that reads "Barbara J. Krumsiek". The signature is written in a cursive, flowing style.

Barbara J. Krumsiek  
President and CEO  
May 2006

\*Assets are as of December 31, 2005.

# TABLE OF CONTENTS

1. CEO STATEMENT AND INTRODUCTION .....	2
2. COMPANY PROFILE .....	4
3. STRATEGY AND OPERATIONS .....	6
4. STAKEHOLDERS .....	6
5. PERFORMANCE .....	6
a. CORPORATE GOVERNANCE AND BUSINESS ETHICS .....	7
b. WORKPLACE .....	8
c. ENVIRONMENT .....	9
d. PRODUCT SAFETY AND IMPACT.....	11
e. HUMAN RIGHTS.....	13
f. INDIGENOUS PEOPLES' RIGHTS .....	14
g. COMMUNITY RELATIONS.....	15
6. EXTERNAL RECOGNITION .....	17

## Scope of this Sustainability Report Update

Calvert Group's 2005 Sustainability Report Update is a supplement to our original 2004 Sustainability Report. This update includes 2004 and 2005 strategic and performance information relating to Calvert Group, based in the United States of America, and is designed to be read in conjunction with the original report. This report reflects financial and nonfinancial data through December 31, 2005 and includes some information from 2006. All financial information is through December 31, 2005. Non-financial information, unless otherwise noted, is also through this same time period. The update continues to examine our companywide governance, management systems, and performance information, including social and environmental performance.

Our report is not independently verified. Internal assurance is provided by scrutiny at many levels in relation to Calvert's screening criteria. We will continue to review this process.

This update is based on the Global Reporting Initiative (GRI) Guidelines and on the United Nations Global Compact principles. We have chosen to make this Sustainability Report Update available solely on our website in an effort to minimize any negative impact on the environment.

Please feel free to share your feedback on our update with us via e-mail to [Kathy.Torrence@calvert.com](mailto:Kathy.Torrence@calvert.com), [Reed.Montague@calvert.com](mailto:Reed.Montague@calvert.com), or via telephone at 800-727-5578.

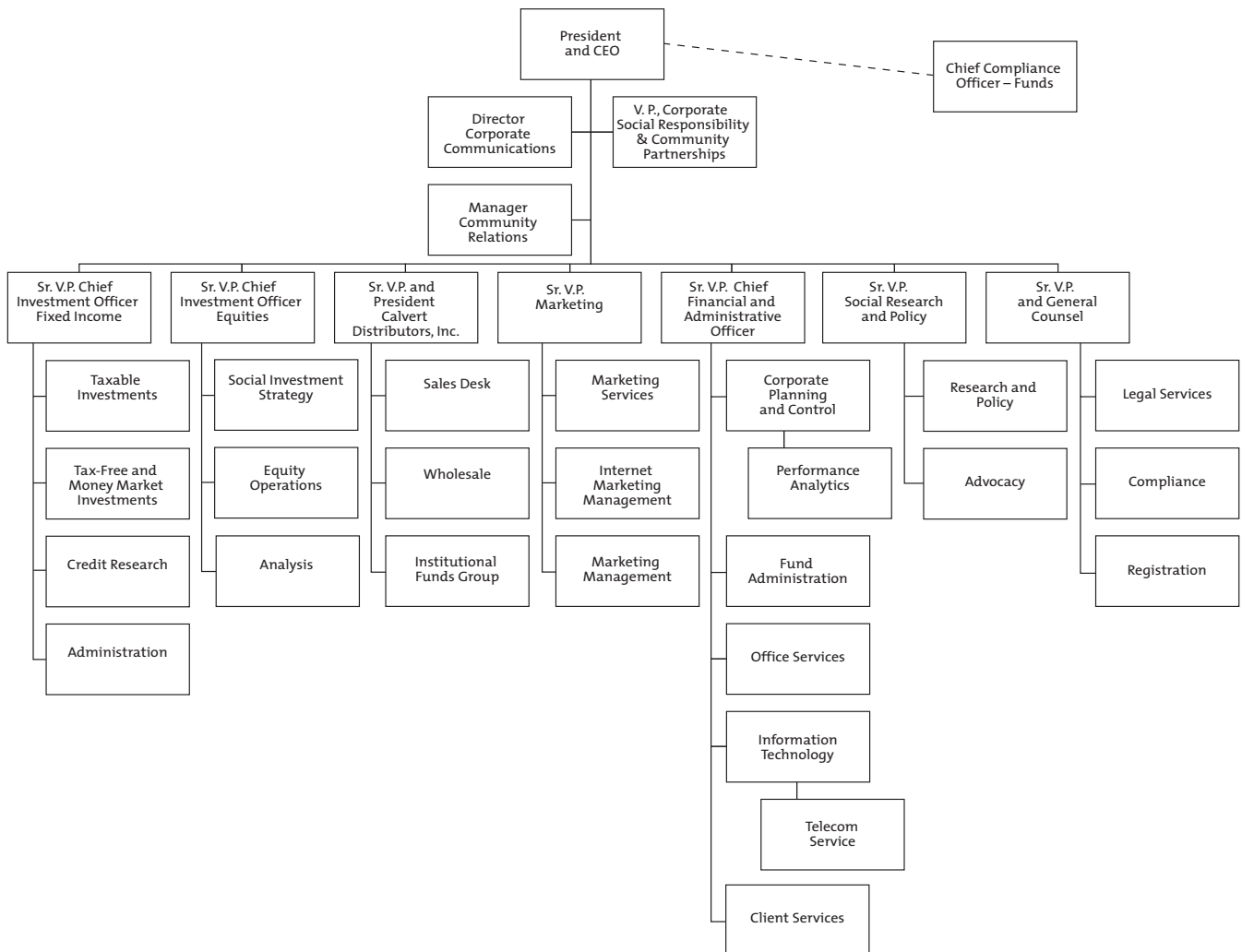
## 2. Company Profile

Calvert has been setting industry standards for asset management excellence for 30 years, in both the way we serve our clients' interests and how we select companies for our portfolios. As of December 31, 2005, we managed over \$11 billion in assets for more than 400,000 investors, including \$4.7 billion in our compre-

hensive family of socially and environmentally responsible mutual fund portfolios. Calvert offers a family of 32 equity, asset allocation, fixed income, and money market mutual funds, as well as separate accounts. For more information, please go to [http://www.calvert.com/about\\_1515.html](http://www.calvert.com/about_1515.html).

### ORGANIZATIONAL CHART:

Illustrating the team structure and reporting lines within Calvert:



## COMPANY OWNERSHIP

Calvert Group, Ltd. is a wholly owned subsidiary of Acacia Financial Corporation (operating in the USA), which is owned by Acacia Life Insurance Company, which is owned by UNIFI Mutual Holding Company. On January 1, 2006, Calvert's parent company, Ameritas Acacia Mutual Holding Company merged with The Union Central Life Insurance Company to form UNIFI Mutual Holding Company. Operating as the UNIFI Companies, Ameritas Life, Acacia Life, Union Central Life and their affiliated companies offer a wide range of insurance and financial products and services to individuals, families and businesses. For more information see

<http://www.UNIFIfinancial.com>.

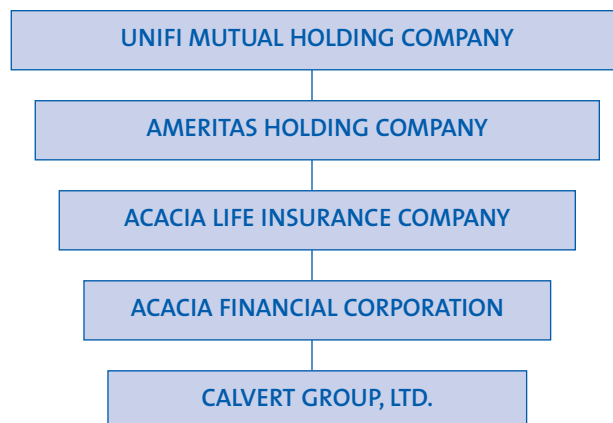
Calvert Group, Ltd. is the holding company for

- Calvert Asset Management Company, Inc. – Investment Advisor to the Calvert Family of Funds
- Calvert Shareholder Services, inc. – Shareholder Servicing Agent for the Funds
- Calvert Administrative Services Company, Inc. – Accounting, Legal and Other Administrative Services for the Funds
- Calvert Distributors, Inc. – Principal Underwriter/Distributor for the Funds

Calvert currently does not have any joint ventures.

## COMPANY OWNERSHIP CHART

This illustrates Calvert's chain of ownership.



## PRODUCTS AND SERVICES

Calvert offers the largest family of socially screened mutual funds as well as top-performing taxable and tax-free fixed income products. Below is a breakdown of our assets under management as of December 31, 2005. Please click here and choose the product and services bookmark [http://www.calvert.com/pdf/gri\\_sustainability.pdf](http://www.calvert.com/pdf/gri_sustainability.pdf). For more details on Calvert's funds please visit [http://www.calvert.com/funds\\_profiles.html](http://www.calvert.com/funds_profiles.html).

CALVERT GROUP, LTD.	FINANCIAL DATA AS OF DECEMBER 31, 2005 <i>(in thousands)</i>		
	2003	2004	2005
<b>CALVERT SALES OF NON- MONEY MARKET FUNDS, CONSISTING OF:</b>	\$2,662,000	\$2,939,000	\$3,080,000
Equity Funds	\$647,000	\$865,000	\$1,179,000
Fixed Income	\$2,015,000	\$2,074,000	\$1,901,000
<b>TOTAL ASSETS UNDER MANAGEMENT IN CALVERT FUNDS, CONSISTING OF:</b>	\$9,652,000	\$10,295,000	\$11,337,000
Money Market Funds	\$2,274,000	\$1,836,000	\$1,674,000
Equity Funds	\$2,685,000	\$3,420,000	\$4,173,000
Fixed Income	\$4,693,000	\$5,039,000	\$5,490,000

**Country/Region breakdown:** Calvert Group, Ltd. derives its revenues and assets from USA/North American markets.

## 3. Strategy and Operations

Please click here and choose the strategy and operations bookmark to review more information about our strategy and operations from the 2004 Sustainability

Report [http://www.calvert.com/pdf/gri\\_sustainability.pdf](http://www.calvert.com/pdf/gri_sustainability.pdf) for full details and disclosure.

## 4. Stakeholders

Most of the information in this section remains the same as in the original 2004 report, with the exception of a change in our ownership as described below:

### OUR OWNERS

---

The UNIFI Companies — Ameritas Life Insurance Corp., Acacia Life Insurance Company and affiliates — is a diversified group of insurance and financial services businesses offering life insurance and annuities, group dental and eye care insurance, mutual funds, investments, retirement plans, banking, worksite benefits and public

finance. Committed to delivering on its promises, the enterprise provides products and services that improve customers' financial security and quality of life. Ethics, integrity and good citizenship are embedded in how the UNIFI Companies conduct business every day. The financial strength and operating performance of Ameritas Life, Acacia Life and Union Central Life are reflected in strong ratings by independent rating agencies.

Please click here and choose the stakeholders bookmark to review more information about our stakeholders from our 2004 Sustainability Report [http://www.calvert.com/pdf/gri\\_sustainability.pdf](http://www.calvert.com/pdf/gri_sustainability.pdf) for full details.

## 5. Performance

Please note that only new information has been included below. Please click here and choose the performance bookmark to review more information about

our strategy and operations from the 2004 Sustainability Report [http://www.calvert.com/pdf/gri\\_sustainability.pdf](http://www.calvert.com/pdf/gri_sustainability.pdf) for full details and disclosure.

# 5a. Corporate Governance and Business Ethics

## OUR GOVERNANCE AND ETHICS PERFORMANCE

### Our compliance program

The regulatory environment of the mutual fund industry has undergone rapid changes in the last few years. In 2003, the Securities and Exchange Commission (SEC) adopted new rules under the Investment Company Act of 1940 and the Investment Advisers Act of 1940 that require each investment company and investment adviser registered with the SEC to adopt and implement written policies and procedures reasonably designed to prevent violation of the federal securities laws; to review those policies and procedures annually for their adequacy and the effectiveness of their implementation; and to designate a chief compliance officer to be responsible for administering the policies and procedures.

As a result of these regulations, we developed new and enhanced existing written policies and procedures

reasonably designed to prevent violation of the federal securities laws. We also designated a Chief Compliance Officer — Funds, and Chief Compliance Officer — Advisor. Highlights of our compliance program include the following:

- transfer of all paper-based procedures to an electronic network-based compliance matrix, available to all employees;
- development and implementation of a testing program for documented procedures based on risk assessment;
- monitoring of regulatory changes and modification of policies and procedures as necessary;
- monitoring and review of Calvert associates' personal trading to prevent insider trading and conflicts of interest; and
- required annual certification from each Calvert associate to the company code of ethics.

Both Chief Compliance Officers continually review and test our internal controls and procedures to find and address any weaknesses in the system. We believe strongly that compliance must be an integral part of

CALVERT GROUP OF FUNDS	BOARD AND AUDIT COMMITTEE INDEPENDENCE <i>(as of December 31, 2005)</i>			
CALVERT FUND BOARD	TOTAL MEMBERS	INDEPENDENT MEMBERS	TOTAL AUDIT COMMITTEE MEMBERS	TOTAL INDEPENDENT AUDIT COMMITTEE MEMBERS
Calvert Social Funds	12	10	10	10
Calvert Multiple Funds	10	7	5	5
Calvert Variable Series	7	5	5	5

CALVERT GROUP OF FUNDS	BOARD DIVERSITY <i>the gender and racial/ethnic profile of the Funds' Boards is as follows:</i>		
CALVERT MULTIPLE FUNDS BOARD	CALVERT SOCIAL FUNDS BOARD	CALVERT VARIABLE SERIES	
8 White Men 1 White Woman 1 Hispanic Woman	5 White Men 3 White Women 1 American-Indian Woman 1 African-American Man 1 African-American Woman 1 Asian-American Man	3 White Men 2 White Women 1 African-American Woman 1 Hispanic Woman	

the culture of an organization, supported from the top and throughout the organization.

From the date of the last report through the publication of this update, we have had no fines, penalties, or other disciplinary or enforcement actions in connection with any laws, regulations, or rules regarding the environment, advertising and marketing, consumer privacy, consumer health and safety, product information/labeling, or antitrust.

### Board governance

Due to an anticipated new SEC rule mandating 75% board independence on all boards, including independent board chairs, Calvert Fund Boards are in the process of changing their composition. The new rule had an initial compliance date of January 16, 2006, but a federal court ordered the SEC to suspend the effective date of the rule pending judicial review. Several Calvert Fund Boards have already acted in anticipation of implementation of the requirements. In anticipation of the new SEC rule, each Board and the respective shareholders of Calvert Social Investment Fund,

Calvert Social Index Series, Inc., Calvert World Values Fund, Inc. and Calvert Impact Fund, Inc. voted to add new Board members, and each of those Boards now share the same Board members, effective December 2, 2005.

### Outside advice and counsel

Since 1982, Calvert Social Investment Fund (CSIF) has sought the advice of outside experts on a range of policy areas to help guide our approach to social investing. The CSIF Advisory Council provided this support since the Fund's inception. As of January 1, 2006, we are modifying the methods of how we seek advice. By branching out in new directions and using multiple strategies to gather external perspectives, we are able to obtain advice from a wider range of experts. For example, the Social Funds Boards have been conducting quarterly "visioning" sessions on various social issues with outside speakers. We have also hosted larger gatherings of outside experts in symposium format to discuss one specific issue such as electricity. We will continue to consider other ways of seeking advice to ensure that we gain the benefit of external perspectives.

## 5b. Workplace

### OUR WORKPLACE PERFORMANCE

#### Management changes

After publishing our first Sustainability Report in 2004, we recognized the need to improve the infrastructure and increase management accountability for our internal focus on social issues. Over the past year we made changes in our workplace and added new structures to institutionalize our management processes. We expanded the traditional role of Human Resources, which generally includes employee relations, diversity, compensation, and performance management, to create a new position called Vice President, Corporate Social Responsibility and Community Partnerships. This new position provides strategic and creative leadership for Calvert's own corporate social responsibility, as well as guiding human resources functions. We also created the position of Community Relations Manager in 2004 to manage community relations in the Greater Washington, DC, region, including communicating with

local civic organizations and overseeing the company's corporate philanthropy program. Both of these positions report directly to the CEO.

#### Hiring and promoting minorities and women

Calvert continues to seek to improve its ability to attract, retain, and develop high-caliber associates, particularly those individuals who enrich the company's diversity. For 2005, 63% of our new hires were women or minorities.

#### Employee numbers

We have 193 staff (187 full-time equivalents). In our last report, we noted employee turnover of 6% in 2003, up from 5% in 2002. Since that time, our turnover increased to 7.2% in 2004 and declined to 5.3% in 2005. Employee retention is extremely important to us. We strive to continuously improve the work environment and provide opportunities for challenge and growth. The gender and racial/ethnic profile of our staff is shown on the following table. For a description of our benefits, please click here and choose the workplace bookmark [http://www.calvert.com/pdf/gri\\_sustainability.pdf](http://www.calvert.com/pdf/gri_sustainability.pdf).

	WHITE		BLACK		HISPANIC		ASIAN		AMERICAN INDIAN		TOTAL		TOTAL MALE & FEMALE
	Mgr.	Non-mgr.	Mgr.	Non-mgr.	Mgr.	Non-mgr.	Mgr.	Non-mgr.	Mgr.	Non-mgr.	Mgr.	Non-mgr.	
Female	8.9%	22.9%	1.7%	10.1%	0.0%	1.1%	0.6%	2.3%	0.0%	0.0%	11.2%	36.3%	47%
Male	10.6%	27.4%	1.1%	7.8%	0.6%	2.2%	0.0%	2.8%	0.0%	0.0%	12.3%	40.2%	53%
Total	19.5%	50.3%	2.8%	17.9%	0.6%	3.3%	0.6%	5.1%	0.0%	0.0%	23.5%	76.5%	100%

## COMPENSATION

Calvert is committed to offering fair, competitive, and attractive compensation packages.

In our 2004 report, we mentioned plans to conduct an internal review to determine if any salary disparities existed, and then explore ways to address such causes. In 2005, we began this internal review on a case-by-case basis and corrected salaries when adjustments to the marketplace were warranted.

## Safe and healthy workplace

Calvert is committed to ensuring a safe and healthy working environment for all of our associates. In addition to the initiatives listed in our 2004 report, we made two noteworthy advances in 2005:

- Calvert bought two defibrillators and conducted training on how to use them in the event of an emergency. Ongoing training is planned for 2006 to certify and/or re-certify our associates.
- Calvert signed on as signatory to the World Safety Declaration. This declaration is a global industry commitment to workplace safety.

## 5c. Environment

### OUR ENVIRONMENTAL PERFORMANCE

#### Going carbon neutral

For Earth Day 2006, we announced our corporate commitment to becoming a carbon neutral company by offsetting our office carbon dioxide emissions, which are a key contributor to climate change. We plan to share more information about this initiative in our next report. In the meantime, please visit [http://www.calvert.com/ABOUT\\_newsArticle.html?article=9335&image=pr.gif&keepleftnav=Press+Releases](http://www.calvert.com/ABOUT_newsArticle.html?article=9335&image=pr.gif&keepleftnav=Press+Releases) for more details.

#### Company renovations

In our 2004 report, we identified several environmental initiatives we wanted to explore, such as expanding the use of motion sensors, working with our building management to purchase renewable power, and conducting a Green Seal audit. While we were unable to accomplish all of these initiatives, we are addressing our environmental footprint during renovations and expansion of our office space. Since 2004, Calvert has added 8,000 square feet to our existing space as well as 64 motion sensors to private offices, file rooms, workrooms, and libraries. To date, we have installed approximately 350 energy-efficient light fixtures. We will continue such modifications as we finish renova-

tions. During our renovations, we have required the demolition vendor to recycle everything possible, including the following:

- All metal including dry wall studs, door frames, ceiling grid, copper telephone wiring, data and electrical wiring, and plumbing pipes
- Carpet
- Ceiling tiles
- Drywall gypsum board
- Cabinets
- Doors

### Our recycling program

Calvert's recycling program focuses on both recycling what we use and using recycled products. We recycle all forms of paper, aluminum cans, corrugated material, glass and plastic bottles, toner cartridges, office furniture and equipment, and alkaline batteries. We also use recycled toner kits, recycled content copier/printer paper, and office supplies such as folders and writing pads. In addition, Calvert recycles all of its computer equipment — central processing units, monitors, and printers — through the Dell Computer Inc. asset recovery program. Employees are given the

opportunity to recycle one personal home computer system each year through Calvert. Our recycling program also supports battered women through the Montgomery County, Maryland, Police Department Cell Phone Donation Program, which accepts and reprograms cell phones to call 911 and gives them to women in need. Calvert also offers all associates the opportunity to recycle personal papers.

Calvert tracks the tons of paper recycled through our offices each year and breaks down the impacts on the environment based on an Environmental Protection Agency formula. This formula was used to calculate the natural resource conservation savings in the following table.\*

We are pleased to be measurably reducing our environmental impact. Like many other businesses, our reports — both those generated internally and those from the outside — are now available electronically. We also store significantly more electronic information than we once did. Moving forward, we will continue to seek ways to reduce our paper usage and continue to encourage recycling of all our materials.

CALVERT GROUP, LTD.		RECYCLING			
CALVERT'S RECYCLING BREAKDOWNS*	2003**	2004	2005	SINCE INCEPTION IN 1990	
Pounds	72,723	43,616	48,603	1,049,689	
Tons	35	22	24	525	
Trees	618	371	413	8,922	
Pounds of Air Pollution	2,182	1,309	1,458	31,491	
Gallons of Water	254,531	152,656	170,110	3,673,912	
KW Hours of Electricity	149,082	89,413	99,636	2,151,863	
Cubic Yards Landfill	120	72	80	1,732	

\*The EPA formula is based on each ton of paper and aluminum recycled, saving 17 trees, 7,000 gallons of water, 4,100 kWh of electricity, 3.3 cu.yds of landfill space and 60 lbs. of pollution. The sources for our original information are no longer available on the EPA's website although other sources still attribute these numbers back to the EPA.

\*\* Our 2003 numbers were significantly higher because we cleaned out and eliminated our onsite storage room and recycled several years' worth of paper files, totaling more than seven tons of paper waste.

## 5d. Product Safety and Impact

### OUR PRODUCT SAFETY AND IMPACT PERFORMANCE

Our primary product impact is through our investment in a wide range of companies that meet our social screens. We promote sustainability by encouraging companies to act responsibly toward their customers, employees, communities, and the environment and to disclose their performance on environmental, social, and governance metrics. In 2005, we created the role of Vice President, Chief Social Investment Strategist. The role of this new position is to provide analysis and commentary on emerging issues in social investing and on the intersection of social and financial research. We believe this is the first time that such a position has been created, and we intended it both to strengthen Calvert's commitment to sustainability and to advance the field of social investment.

#### Customer satisfaction

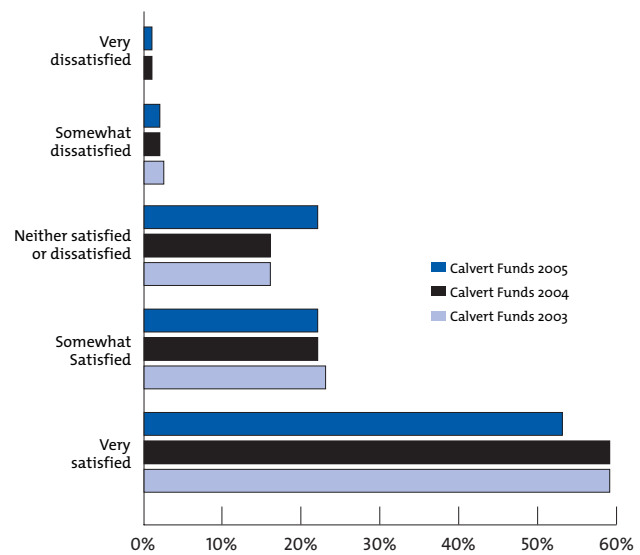
Calvert regularly monitors customer satisfaction. The results of our 2004 and 2005 surveys are summarized below. Overall, 82% of Calvert's shareholders reported that they were very satisfied or somewhat satisfied with customer service. This is slightly less than the satisfaction rate for all mutual funds (85%). Our rate for very satisfied customers in 2003 and 2004 was the same. However, in 2005, our very satisfied customers decreased by 6%. We are examining this area to determine how we may better support our customers in the coming years. Only 3% of Calvert's shareholders report dissatisfaction with our customer service, whereas the fund industry as a whole scored a 5% rate of dissatisfaction.

### CORPORATE RESPONSIBILITY INITIATIVES

#### Shareholder engagement

Calvert believes in using its power as a shareholder in companies to help bring about positive social change.

Overall Customer Satisfaction



We seek to encourage companies to become better corporate citizens. In 2005, we successfully resolved 21 shareholder resolutions, including those that were withdrawn because of positive company response or that went to a vote. For example, we asked four companies to provide shareholders with greenhouse gas emissions and reduction targets. We also filed seven resolutions on board and employee diversity and asked those companies without board diversity to recruit diverse members or to amend their board nominating committee charters to ensure that they regularly seek diverse candidates. Four other companies were asked to link executive compensation to social goals. Please see [http://www.calvert.com/sri\\_648.html](http://www.calvert.com/sri_648.html) for more details on our current activities.

#### United Nations Global Compact

Calvert continues to be a staunch supporter of the UN Global Compact, which includes principles on human rights and labor rights. In January 2006, we published our annual communications on progress report for 2005, published on the Global Compact website. We regularly

attend Global Compact meetings and events. This past November and December, our President and CEO Barbara Krumsiek attended the Global Compact Summit: China Building Alliances for a Sustainable Global Economy, in Shanghai, China. She spoke at a plenary panel session on alliances in the financial sector in support of corporate citizenship and the Global Compact. More than 500 business leaders, along with representatives from labor, government, and NGOs from across the globe, gathered for the largest event on corporate citizenship ever held in China.

### Principles for Responsible Investment

On April 27, 2006, the *Principles for Responsible Investment*, a joint program of the United Nations Environment Programme (UNEP) and the United Nations Global Compact, were launched at the New York Stock Exchange. The Principles represent a commitment by both asset managers and institutional investors to:

- Incorporate social, environmental, and governance (ESG) factors into investment analysis and decisions;
- Be active owners through voting and engagement to push companies to manage ESG issues;
- Ask for disclosure from companies of ESG information, such as through reporting frameworks like the Global Reporting Initiative;
- Promote the acceptance and implementation of the Principles within the investment industry;
- Work together to enhance the effectiveness of the Principles; and
- Report on their activities and progress in implementing the Principles.

Calvert is proud to have participated in a UN expert working group that helped design these principles and is one of the few US-based asset management companies

to endorse the Principles, along with several leading international asset managers and major institutional investors. We strongly believe that analyzing social and environmental factors helps investment managers identify low-risk, well-managed companies positioned for strong long-term financial performance. Please visit [http://www.calvert.com/news\\_newsArticle.html?article=9476&image=srnews.gif&keepleftnav=SRI+News](http://www.calvert.com/news_newsArticle.html?article=9476&image=srnews.gif&keepleftnav=SRI+News) for more details.

### Calvert Digest

Early in 2006, we launched the Calvert Digest™: An Investor's Guide to Corporate Responsibility. The Digest is designed to provide transparency around Calvert's approach to evaluating corporate social and environmental performance. The Calvert Digest consists of core tools, including Know What You Own® and the Calvert Issue Briefs, Calvert Ratings™ and Calvert Snapshots™. For more details, please visit <http://www.calvert.com/digest.html>.

### Eurosif Transparency Guidelines

In early 2005, we signed on to the European Social Investment Forum (Eurosif) Transparency Guidelines. Designed for use by the retail socially responsible investment (SRI) fund sector in order to provide more disclosure and increased accountability to investors, the Eurosif Transparency Guidelines increase accountability to investors and create greater clarity for asset managers, research providers, and other stakeholders. Under the Guidelines, socially responsible funds are asked to provide detailed information about research processes, investment criteria, proxy voting, and the strategies they use to engage corporations in promoting corporate social responsibility. Signatories must make their disclosures publicly available annually. Please click on [http://www.calvert.com/pdf/eurosif\\_guidelines.pdf](http://www.calvert.com/pdf/eurosif_guidelines.pdf) to see our Eurosif filing.

### Calvert's Diversity Campaign

Calvert believes that corporate boards should look like America and include women and minorities. Diverse boards offer more varied perspectives and improve the quality of corporate deliberations and policy making. In 2002, when the Securities and Exchange Commission (SEC) and the Sarbanes-Oxley Act mandated greater independence among corporate board members, Calvert's board diversity campaign was born. We viewed this as an opportunity to increase the number of women and minorities in boardrooms across the country. We issued model charter language for corporate nominating committees, wrote to hundreds of companies in the Calvert Social Index Fund and filed 35 shareholder proposals asking companies that had no board diversity to either recruit women and minority members or modify their nominating charter to include more diverse board candidates during the nominating process.

In December 2002, we contacted 154 companies in our Index Fund that did not have diverse boards of directors. As of 2005, of the 105 companies still in our Index Fund, 53 (51%) have added a woman or a minority to the board. Some went further and these 53 companies now have a total of 75 diverse board members. Of the 35 companies where we filed shareholder resolutions, 24 of those (74%) either changed their charter language or added a woman or minority to their board. For example, as a result of the resolution, Health Management Associates added race and gender consideration to their board selection process in addition to adding a woman to their board. Other companies that also agreed to add race and gender considerations included Astoria Financial, Commerce Bancorp and Everest Reinsurance Group.

Calvert will continue to maintain its focus on board diversity through shareholder dialogue and engagement. We plan to advocate for more diversity among senior management at America's largest corporations. By adding more diverse management, we hope this will ultimately lead to deepening the pool of available and qualified candidates for board seats.

## 5e. Human Rights

### OUR HUMAN RIGHTS PERFORMANCE

Calvert remains dedicated to promoting human rights and reaffirms our support for the Universal Declaration of Human Rights. As an asset management company with the largest U.S. family of socially responsible funds, our primary human rights impact is through our continuous analysis of investments for human rights performance. We do so based on our commitment to invest in companies that are responsible corporate citizens abroad, as well as at home, by developing and observing appropriate human rights standards. In addition to screening our investments against our human rights

criteria, we continue to engage in human rights advocacy with a number of companies. In spring 2006, we began to sharpen our focus on human rights and freedom of expression in connection with the internet in China.

We also take appropriate steps to ensure that our human rights performance as a small company is consistent with the standards and expectations we set for others. For example, we assess the workplace and human rights records of prospective vendors and suppliers through Calvert's Social Research Department — assessments that we will make more systematic as we develop supplier standards of our own.

### The Calvert Women's Principles

In 2004, we launched the Calvert Women's Principles® (CWP), the first global code of conduct exclusively focused on empowering, advancing, and investing in women worldwide and developed in partnership with UNIFEM, the United Nations Development Fund for Women. In pursuit of the goals of the CWP, Calvert and UNIFEM are working together on a variety of initiatives, including benchmarking tools, symposia and other forms of corporate outreach, research projects to understand and solidify the business case for gender empowerment, and work with governments to help align public policy with corporate and financial initiatives to achieve more equitable treatment of women.

For more details, please see

<http://calvert.com/womensprinciples.html>

To further support women worldwide, Calvert served as the lead sponsor of the April 2006 conference *Advancing Women in the Global Workplace: Principles in Action*, held in New York. Conveners UNIFEM and Verité brought together speakers and stakeholders from corporations, NGOs, and women's groups for a day of sharing best practices and lessons learned in the field of gender empowerment. Speakers included representatives from Deloitte & Touche, Cisco, Starbucks, IFC, the World Economic Forum, Gap, and Women for Women International as well as from Calvert.

## 5f. Indigenous Peoples' Rights

### OUR INDIGENOUS PEOPLES' RIGHTS PERFORMANCE

Calvert continues to deepen its own understanding and help educate others on Indigenous Peoples' rights issues by remaining a strong advocate. We serve as an active committee member on the Social Investment Forum's Indigenous Peoples' Task Force, which Calvert helped form in 2003 to further educate the SRI community about investor support for indigenous peoples' rights.

#### National Museum of the American Indian

In 2004, we were the only socially responsible asset management firm to support the Smithsonian's National Museum of the American Indian, in Washington, DC, as a charter member. The museum is dedicated to the preservation, study, and exhibition of the life, languages, literature, history, and arts of Native Americans. At the museum's official opening, Calvert staff marched in the

ceremonial parade joining American Indians, native peoples, and other supporters from around the globe. Calvert continues to participate in the museum's educational programs.

#### Oneida Nation

In 2004, Calvert accepted an invitation from the Oneida Nation in Wisconsin to hold a Calvert Social Investment Fund Advisory Council meeting on American Indian land. This gathering reinforced Calvert's own appreciation of issues facing American Indians today and strengthened understanding among the American Indian community of Calvert's Indigenous Peoples' Rights policy.

#### Other activities

Also in 2004, Calvert spoke at the International Indian Treaty Council conference, near Mount Shasta in California. In 2005, Calvert served as an external reviewer for a white paper on sacred sites that featured Calvert's research and our Indigenous Peoples' Rights policy.

# 5g. Community Relations

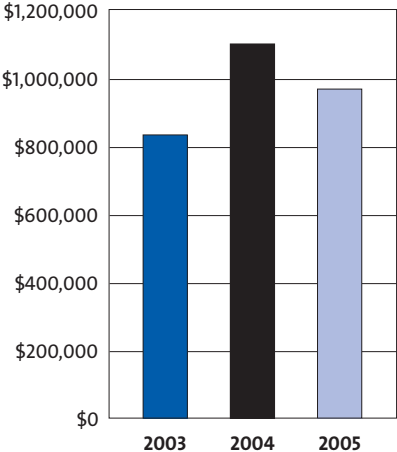
## GROUP COMMUNITY INVOLVEMENT

Calvert’s accounting of community involvement includes total charitable giving, in-kind giving, and the value of volunteer hours. For 2004, we provided \$1,036,472 in total giving; in 2005, the amount was \$962,353. Details regarding our philanthropic activities and donations are outlined in the box below.

### Volunteering

Calvert offers its associates the opportunity to volunteer in ways that suit their lifestyles and provides them with up to 12 days of community service leave per year. Many associates take advantage of this benefit. However, from 2004 to 2005 our volunteer hours and values decreased by nearly half. We are not sure why community involvement hours decreased so significantly but we are concerned about the reduction. To counter this trend, we surveyed associates in 2005 and are building a volunteer program more in line with their needs and desires. Calvert’s senior managers and others in the company are leading volunteer projects over the course of 2006. In our next report, we intend to report back on what we learned and how

**Total Calvert Giving By Year**  
Total Charitable and In Kind Giving and Volunteer Value



CORPORATE PHILANTHROPY			
	2003	2004	2005
<b>Charitable Giving</b>	\$347,000	\$417,606	\$398,967
Local Charitable Giving	\$115,000	\$253,867	\$244,697
<b>In-Kind Giving*</b>	\$217,000	\$463,440	\$480,345
<b>Volunteer Hours**</b>	1,100	2,625	1,462
<b>Volunteer Value**</b>	\$41,800	\$155,426	\$83,041
<b>Total Charitable and In-kind Giving and Volunteer Value</b>	\$605,800	\$1,036,472	\$962,353

\*Includes Calvert Group, Ltd. support for Calvert Social Foundation  
 \*\*Volunteer hours and value approximate total hours used annually by Calvert employees at average annual employee salary.

employees have chosen to participate. For more details on Calvert's involvement in the community, click on:

[http://www.calvert.com/about\\_1537.html](http://www.calvert.com/about_1537.html)

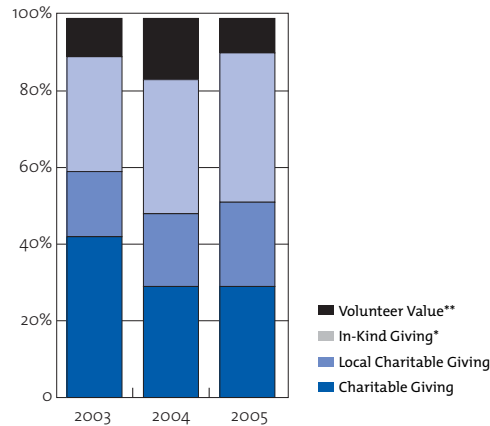
### Volunteering Highlights

- In April 2004, Calvert celebrated reaching \$10 billion in assets by hosting a volunteer project to support the National Center for Children and Families. Led by Calvert's CEO, employees worked in shifts on spring cleaning, planting and administrative work.
- Also in 2004, some Calvert employees participated in the In2Books literacy program, an online mentoring program for DC elementary students needing an extra boost. Students were given five books to read and keep, and were assigned an adult pen pal to correspond with about the book. Each of the Calvert pen pals was assigned two or three students.
- In both fall 2004 and 2005, Calvert held its annual school supply drive to support H.D. Cooke, a DC elementary school.
- In June 2005, Calvert supported the Race for Cure, with associates participating in the race.
- In August 2005, Calvert rejuvenated its support of Food and Friends, an organization that prepares, packages, and delivers meals and groceries to more than 1,000 people living with HIV/AIDS and other life-challenging illnesses in the greater DC area. Fourteen teams regularly rotate once a week to deliver food to these homebound patients in a nearby neighborhood.
- In October 2005, several Calvert folks participated in the Light the Night Walk, a walk to support leukemia and lymphoma.
- In 2006, we initiated a series of volunteer activities to commemorate and celebrate Calvert's history and culture of volunteerism. We plan to share more with you in a future report .

### Special relief efforts

During 2005, Calvert responded to the international tsunami crisis and the Hurricane Katrina and Rita disasters. Through our matching gifts program, Calvert increased the limit of its matching donations for six months from \$100 to \$200 for associate donations to tsunami relief efforts. In fall 2005, we again increased

### Calvert Giving Broken Down by Giving Category 2003-2005



the limit of matching donations from \$100 to \$200 for associate donations to Hurricane Katrina relief efforts. All associates were eligible to participate through the end of December, including those who reached the 2005 matching gifts limit by previously contributing to the tsunami relief efforts or through other matching donations. Associates were offered the opportunity to take up to five days volunteer leave time to directly support the relief efforts in the Gulf Coast region.

Calvert also adopted the family of an Ameritas Acacia employee from Metairie, Louisiana, who was impacted by Hurricane Katrina. Several drives were conducted across the company-wide enterprise to raise funds and offer support to 12 families. Each family was provided with financial assistance.

We also supported the Federation of Childcare Centers of Alabama (FOCAL,) which provided hurricane relief efforts to children and families needing assistance in Louisiana and Mississippi. In addition, FOCAL provided funding to help childcare organizations quickly reopen. This provided a safe haven for children of families who needed to rebuild their lives.

### Katrina Business Guidelines

Calvert created the Katrina Business Guidelines — a set of principles to encourage fair and sustainable practices in the rebuilding of the Gulf region. These guidelines have since been endorsed the Social Investment Forum. Please click here for more details. <http://calvert.com/katrina.html>

## 6. External Recognition

### Workplace

- 2005 – Working Mothers magazine – “100 Best Companies for Working Mothers” (as a subsidiary of Ameritas Acacia)
- 2005 – Washingtonian Magazine “50 Best Places to Work in the Washington DC Area”
- 2005 – Montgomery County Work/Life Alliance, “Great Place to Work” seal
- 2004 – Working Mothers magazine – “100 Best Companies for Working Mothers (as a subsidiary of Ameritas Acacia)

### Environment

- 2005 – Maryland’s Montgomery County Government, Division of Solid Waste – Excellence in Recycling

### Community

- 2004 – Washington Business Journal – “Circle of Community Investors”

### Website Awards

- 2006 – Kasina
- 2005 – Dalbar Inc.
- 2005 – Web Marketing Association

THIS PAGE INTENTIONALLY LEFT BLANK



---

A **UNIFI** Company<sup>sm</sup>

Calvert mutual funds are underwritten and distributed by Calvert Distributors, Inc., member NASD, a subsidiary of Calvert Group, Ltd., 4550 Montgomery Avenue, Bethesda, MD 20814 #6214-200606

 Printed on recycled paper using soy-based inks



[www.calvert.com](http://www.calvert.com)