

2008 Shareholder Advocacy and Public Policy

Calvert engages companies, policymakers and other investors on critical governance and sustainability challenges

Our Areas of Focus *Four major strategic priorities guide our advocacy work, consistent with the environmental, social and governance (ESG) issues with which Calvert has long been identified:*

1) Environment and Climate Change

Environmental protection is a top priority for Calvert. Our resolutions call for companies to report on steps taken to reduce their greenhouse gas emissions and manage their business exposure to climate change issues.

- Calvert worked with the Investor Network on Climate Risk to draft a letter to Congress that was endorsed by more than 50 leading investors with more than \$2.3 trillion in assets under management. The letter, in support of energy efficiency and conservation and investments in renewable energy, brought the investor voice directly to the attention of Congress. Bennett Freeman, Calvert's Senior Vice President of Social Research and Policy, spoke at a rally in support of the Climate Security Act of 2008 alongside environmental leaders and several Senators.
- Continuing our support of the Carbon Disclosure Project, Calvert filed shareholder resolutions with companies that have not yet disclosed their greenhouse gas emissions. Calvert resolutions resulted in agreements with retail companies **Big Lots** and **Lowe's**, and transportation companies **Kirby**, **Ryder**, and **Harley Davidson**. For the first time, each of these companies has agreed to disclose the steps it is taking to address the challenges of climate change.
- Calvert intensified its work with the Investor Environmental Health Network, including filing its first ever resolutions on nanotechnology. Nanotechnology is used in a variety of consumer products despite the scientific community's concerns about safety. Calvert filed resolutions with **Colgate Palmolive** and **Avon** regarding nanomaterial product safety. Colgate agreed to disclose its policy of ensuring that adequate safeguards are followed during research and development of products that might contain nanomaterials. Calvert's Avon resolution received an extraordinary 25 percent vote on a first-time resolution.
- Calvert released a new report on environmental and sustainability practices in the homebuilding industry. The report, *Greener Pastures for America's Homebuilders*, ranks the 13 largest publicly traded U.S. homebuilders on key environmental and energy efficiency factors, and encourages the industry to embrace the emerging market for sustainable building design and construction.

2) Diversity and Women

Calvert believes that employee and board diversity are critical to long-term corporate success. Our resolutions ask companies to expand workplace diversity policies, including changing Board nomination policies, where necessary.

- Calvert has made significant progress in turning the Calvert Women's Principles® (CWP) from an aspirational to an operational framework. The CWP remains the first global corporate code of conduct focused on advancing, empowering, and investing in women. In partnership with Verité and the San Francisco Department on the Status of Women, Calvert has developed the Gender Equality Principles, created a vanguard network of companies committed to advancing gender equality in the workplace, and hosted corporate roundtables focused on developing indicators and guidance materials to promote practical implementation of the CWP.
- Calvert released a report, *Examining the Cracks in the Ceiling*, based upon the diversity practices of more than 600 companies held by the Calvert Social Index Fund.
- Diversity shareholder resolutions for the 2008 season focused on two categories: amending corporate EEO policies to explicitly address nondiscrimination based on sexual orientation and gender identity; and institutionalizing a commitment to board diversity, specifically addressing race and gender in Boards of Directors selection criteria.
- We withdrew our resolution at **SEACOR Holdings** after the company amended its EEO policy to explicitly address nondiscrimination based on sexual orientation and gender identity. We withdrew our resolution with **Apple** after the company announced that it had elected a woman to its Board of Directors and agreed to add diversity of race and gender to its Board of Directors selection criteria.

Our Areas of Focus (cont.)

3) Governance and Disclosure

Calvert believes companies should provide detailed disclosure of both political contributions made with corporate funds and the governance process for political spending. Our resolutions also call for companies to regularly report on their policies, programs, and sustainability performance.

- Calvert was successful with four of six shareholder resolutions asking companies to produce sustainability reports. We focused on the U.S. airline industry, which lags behind its international peers in sustainability reporting. **Continental Airlines, UAL Corp.** (United Airlines), and **JetBlue Airways** have each committed to ongoing dialogues with Calvert to release sustainability reports by the first quarter of 2009.
- For the third year in a row, we filed shareholder resolutions to establish board level oversight of political spending and disclose political contributions made with corporate funds. We withdrew resolutions filed with **Unisys, Xerox, and eBay** after the companies agreed to strengthen and disclose their policies governing political spending and disclose political contributions made with corporate funds.

4) Human Rights, Workplace Relations, and Indigenous Peoples' Rights

Calvert's advocacy in this area focuses on strengthening human rights standards and performance across key industries and their global supply chains, and on protecting the rights of local communities and Indigenous Peoples.

- Calvert is working with the Interfaith Center for Corporate Responsibility to encourage more than 30 companies from a cross-section of industries to use Human Rights Impact Assessments (HRIAs) as part of their standard corporate practice.
- We continued work on the issue of freedom of expression and the right to privacy relating to China and the Internet. Calvert raised concerns directly with **Microsoft, Google, and Yahoo!** and participated in the multi-stakeholder dialogue convened by the Center for Democracy and Technology and Business for Social Responsibility, which included those companies and others, together with human rights NGOs, other SRI firms, and academic experts. The dialogue produced what will likely become the global standard for the Internet and human rights.
- Calvert is also participating in an international multi-stakeholder initiative to address the large-scale use of child and forced labor in the Uzbek cotton industry.
- Calvert and a coalition of investors filed shareholder resolutions calling on six major Wall Street firms to push Sudan to end the violence in Darfur and accept full deployment of U.N. peacekeepers.

For more information on these and other advocacy and policy issues, please visit www.calvert.com.

For more information on any Calvert fund, please call Calvert at **800.368.2750** for a free prospectus. An investor should consider the investment objectives, risks, charges, and expenses of an investment carefully before investing. The prospectus contains this and other information. Read it carefully before you invest or send money.

As of 12/31/08, securities of Harley Davidson Inc. represented 0.08% of the Calvert Social Index Fund. Securities of Colgate-Palmolive Company represented 1.95% of the Calvert Social Investment Fund (CSIF) Balanced Portfolio; 1.40% of the CSIF Equity Portfolio; 2.18% of the Calvert Variable Series, Inc. (CVS) Social Balanced Portfolio; 0.93% of the CSIF Enhanced Equity Portfolio; 0.72% of the Calvert Social Index Fund; and 1.39% of the CVS Social Equity Portfolio. Securities of Big Lots Inc. represented 0.02% of the Calvert Social Index Fund and 0.12% of the CVS Social International Equity Portfolio. Securities of Lowe's Cos Inc. represented 0.11% of the CSIF Enhanced Equity Portfolio; 0.71% of the Calvert Large Cap Growth Fund; and 0.65% of the Calvert Social Index Fund. Securities of Avon Products Inc. represented 0.21% of the Calvert Social Index Fund. Securities of Google Inc. represented 3.04% of the CSIF Equity Portfolio; 0.66% of the CSIF Enhanced Equity Portfolio; 1.50% of the Calvert Social Index Fund; 3.20% of the CVS Social Equity Portfolio; 0.10% of the CSIF Balanced Portfolio; and 2.56% of the Calvert Large Cap Growth Fund. Securities of Microsoft Corp. represented 1.32% of the CSIF Balanced Portfolio; 2.00% of the CSIF Equity Portfolio; 1.40% of the CVS Social Balanced Portfolio; 3.17% of the CSIF Enhanced Equity Portfolio; 3.16% of the Calvert Social Index Fund; 1.50% of the CVS Social Equity Portfolio; and 2.62% of the Calvert Large Cap Growth Fund. Securities of SEACOR Holdings represented 0.03% of the Calvert Social Index Fund and 0.09% of the CSIF Enhanced Equity Portfolio. Securities of Apple Inc. represented 0.11% of the CSIF Balanced Portfolio; 3.00% of the CSIF Equity Portfolio; 0.89% of the CSIF Enhanced Equity Portfolio; 1.56% of the Calvert Social Index Fund; 3.14% of the CVS Social Equity Portfolio; and 1.32% of the Calvert Large Cap Growth Fund. Securities of Continental Airlines Inc. represented 0.04% of the Calvert Social Index Fund. Securities of Unisys Corp. represented 0.004% of the Calvert Social Index Fund and 0.09% of the CVS Social International Equity Portfolio. Securities of Xerox Corp. represented 0.14% of the Calvert Social Index Fund; 0.47% of the CSIF Balanced Portfolio; and 0.55% of the CVS Social Balanced Portfolio. Securities of eBay Inc. represented 0.19% of the CSIF Enhanced Equity Portfolio; 0.31% of the Calvert Social Index Fund; and 2.01% of the Calvert Large Cap Growth Fund. Securities of Kirby Corp. represented 0.03% of the Calvert Social Index Fund. Securities of Ryder Systems Inc. represented 0.18% of the CSIF Enhanced Equity Portfolio and 0.04% of the Calvert Social Index Fund. Securities of Yahoo Inc. represented 0.32% of the Calvert Social Index Fund. No Calvert socially-screened fund held securities of UAL Corp. or JetBlue Airways.

Calvert may or may not still invest in, and is not recommending any action on, the companies listed. For the most recently available information on holdings of Calvert socially screened equity funds, please see www.calvert.com.

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