



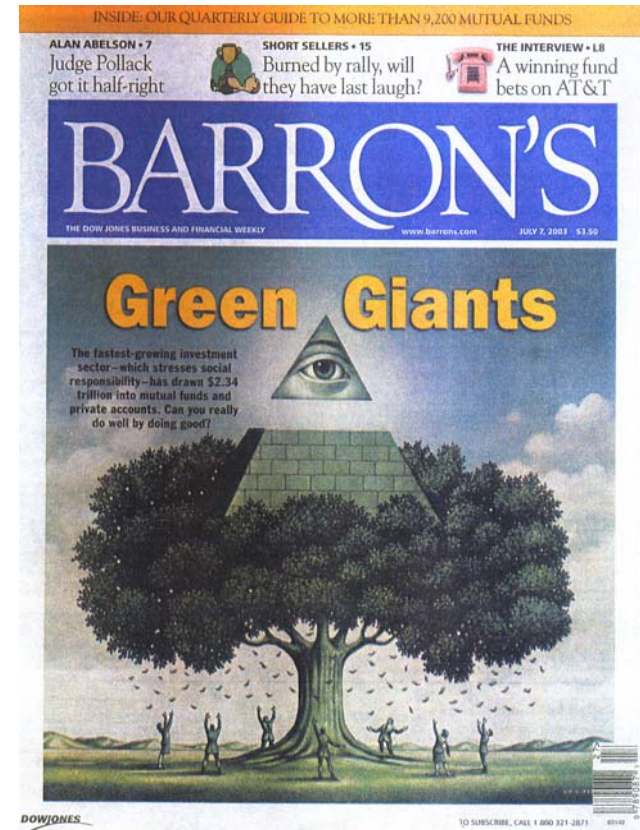
Workshop: “Blowouts, Shareholder Activism and Pension Funds: SRI in 2003”
Are Social Criteria Predictive of Corporate Share Price Collapse?



UNEP Finance Initiatives
Global Roundtable
20-21 October, 2003
Tokyo, Japan

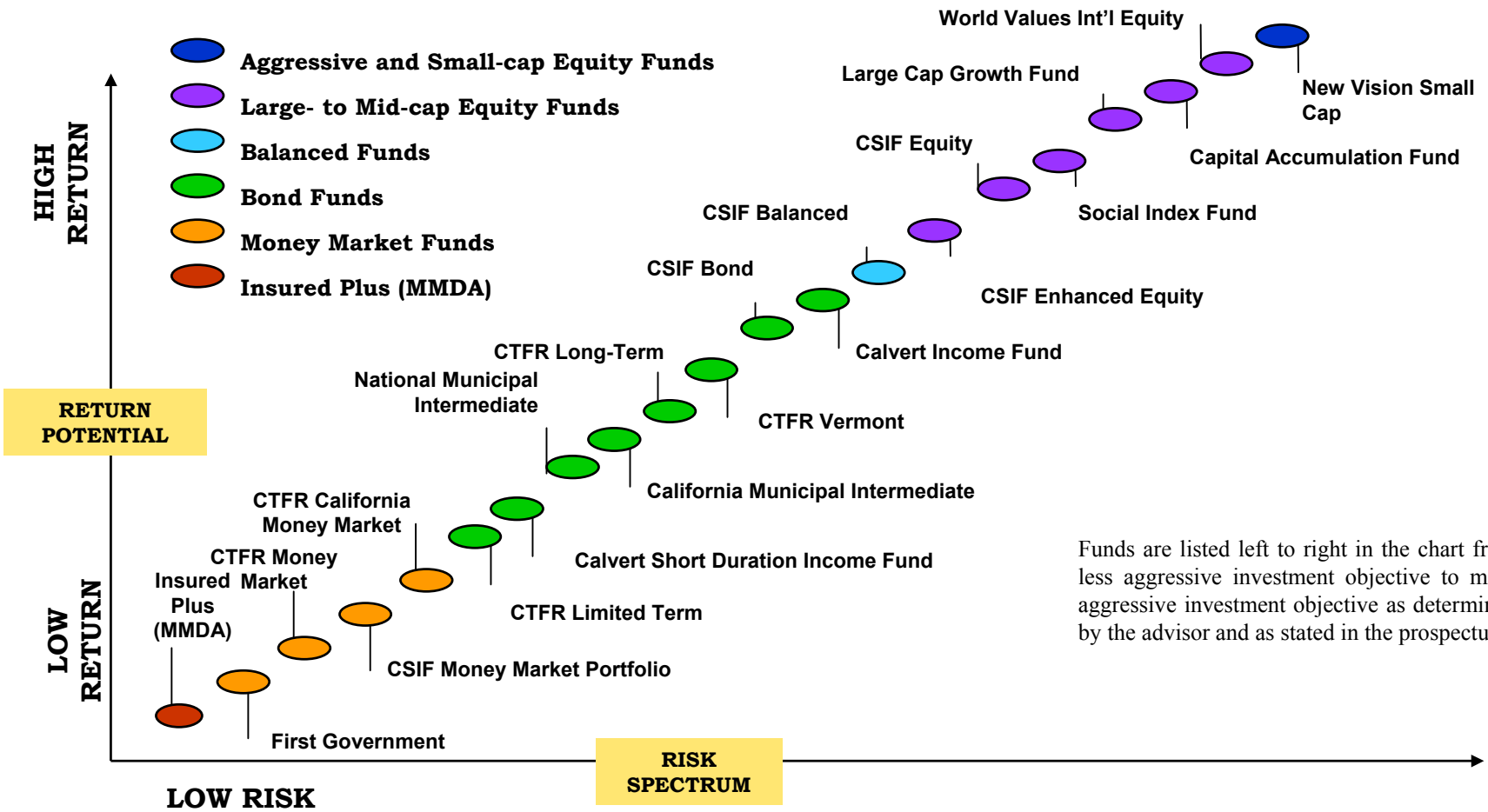
Barbara J. Krumsiek
President & CEO
Calvert Group, Ltd.

- Founded in 1976 – based in the Washington D.C. area
- One of the largest family of socially responsible funds, with \$9.2 billion in total assets
- Serving retail and institutional investors domestically and internationally



Green Giants
July 7, 2003

Calvert Family of Funds



Funds are listed left to right in the chart from less aggressive investment objective to more aggressive investment objective as determined by the advisor and as stated in the prospectus.

Investor Attitudes Toward Corporate Governance

- **Study finds that investors do indeed value ethics:**
 - **81%** agreed that “more and more companies are lacking in corporate integrity.”
 - **84%** agreed that “in the long run, companies with high ethical integrity represent better investments.”

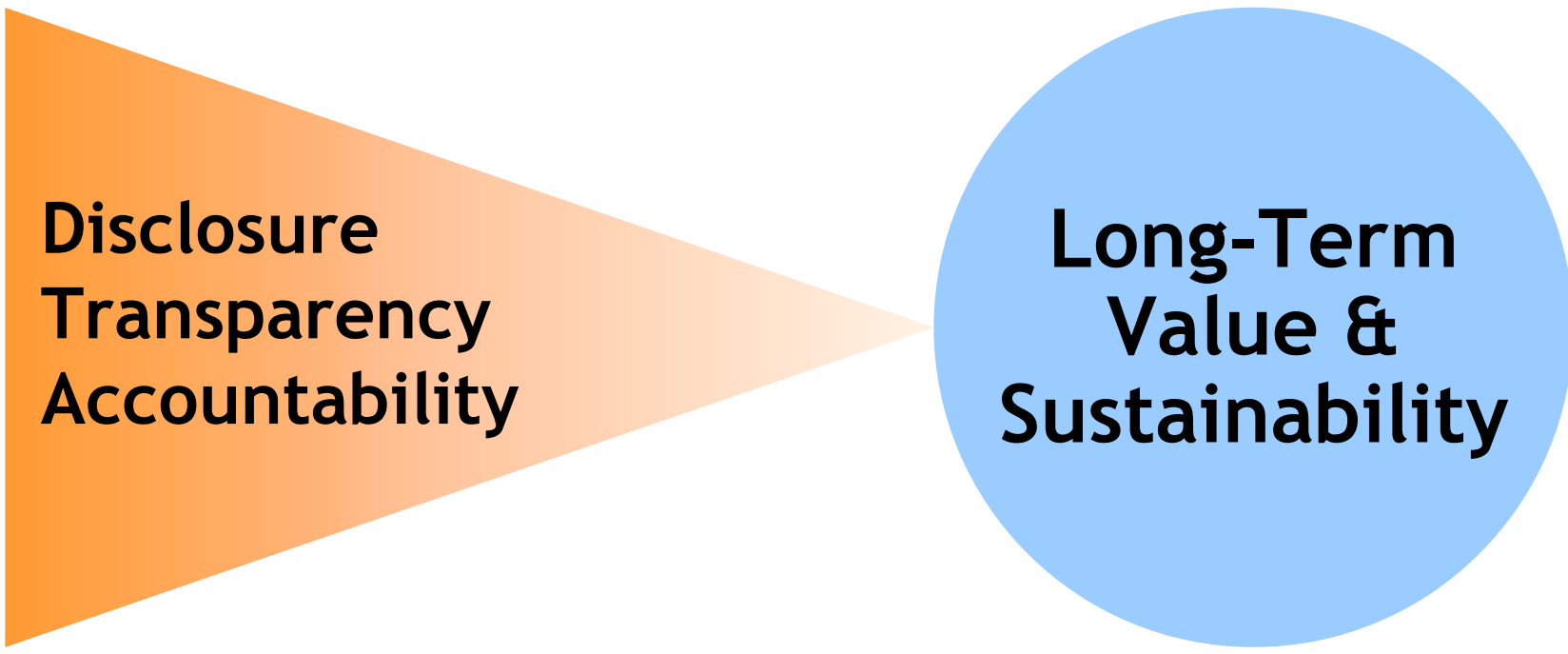
Source: Calvert commissioned Neuwirth Research, Inc. in 2003

Investor Attitudes Toward Corporate Governance

- Investors were also asked to identify most effective ways to protect themselves:
 - **86%** chose “doing more research on the companies they invest in.”
 - **81%** chose “investing in mutual funds that only select companies with ethical business practices.”

Source: Calvert commissioned Neuwirth Research, Inc. in 2003

Disclosure, Transparency, Accountability



**Disclosure
Transparency
Accountability**

**Long-Term
Value &
Sustainability**

- **Rigorous financial analysis**

- **Rigorous social analysis**
 - Environmental practices (pollution, chemical dumping)
 - Workplace practices (labor relations, board diversity)
 - Product safety and impact (animal welfare, weapons)
 - International operations and human rights (sweatshops)
 - Indigenous peoples' rights (sensitivity to diverse peoples)
 - Community relations practices (being good corporate citizens)
 - Corporate governance and business practices (corruption, executive compensation)

What's the Value Of Social Screening?

- We believe that long-term investment opportunities are found with companies that recognize that today's social and environmental issues become tomorrow's economic problems
- Choosing companies with an expanded view of corporate responsibility is good business sense

Calvert's Expanded Corporate Governance Guidelines



What we monitor:

- Independence of boards and key committees
- Compensation of executives and directors
- Quality and independence of auditors
- Corporate charters and bylaws
- Degree to which shareholders are involved in governance

Calvert analyzed companies that made the news for major governance problems over the past 3-years

- **Key finding:**

- Calvert had excluded two-thirds for their performance on social and environmental issues alone.

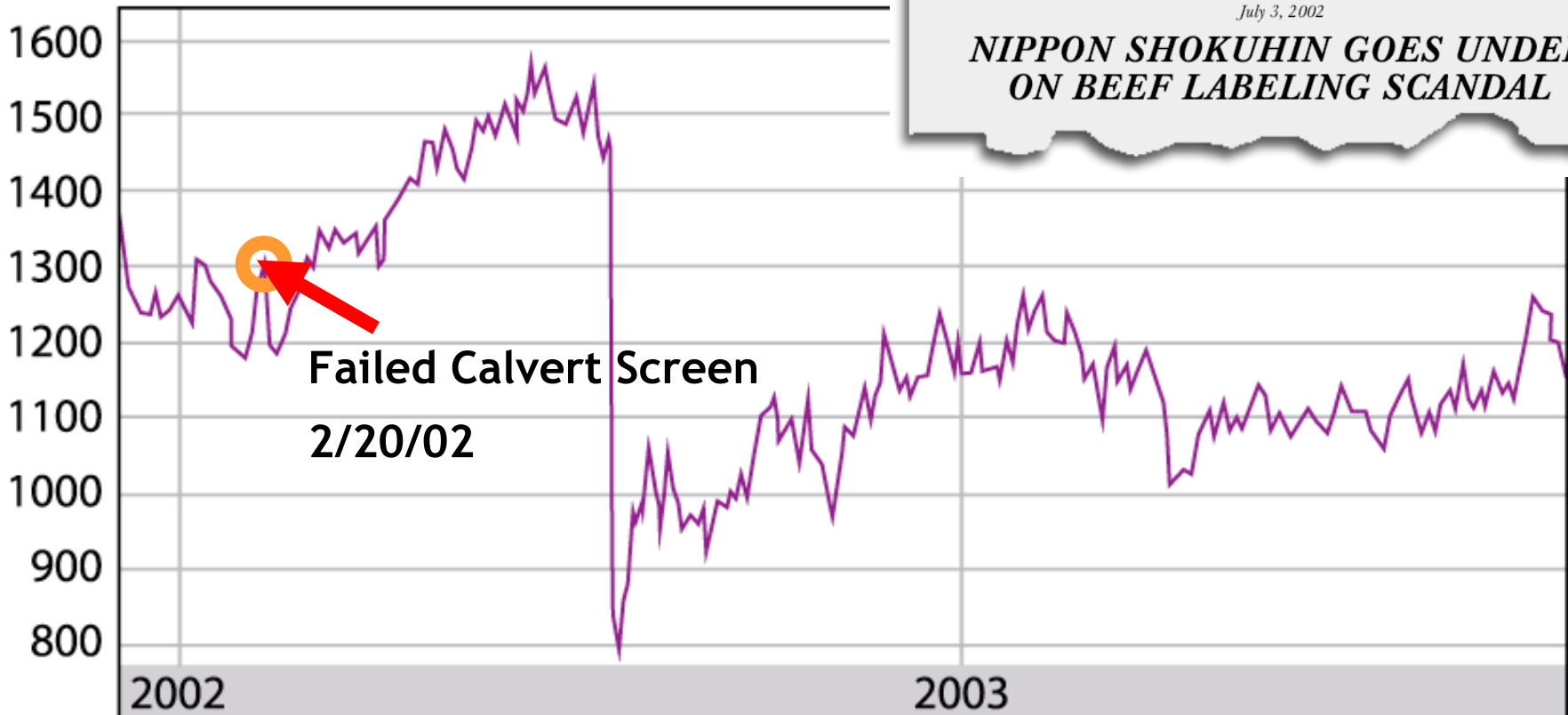
- **Conclusions:**

- Companies that are bad in one area tend to be bad in others.
- Social screening can pick up signals that might otherwise go undetected—and spare investors from the consequences of the company's collapse.

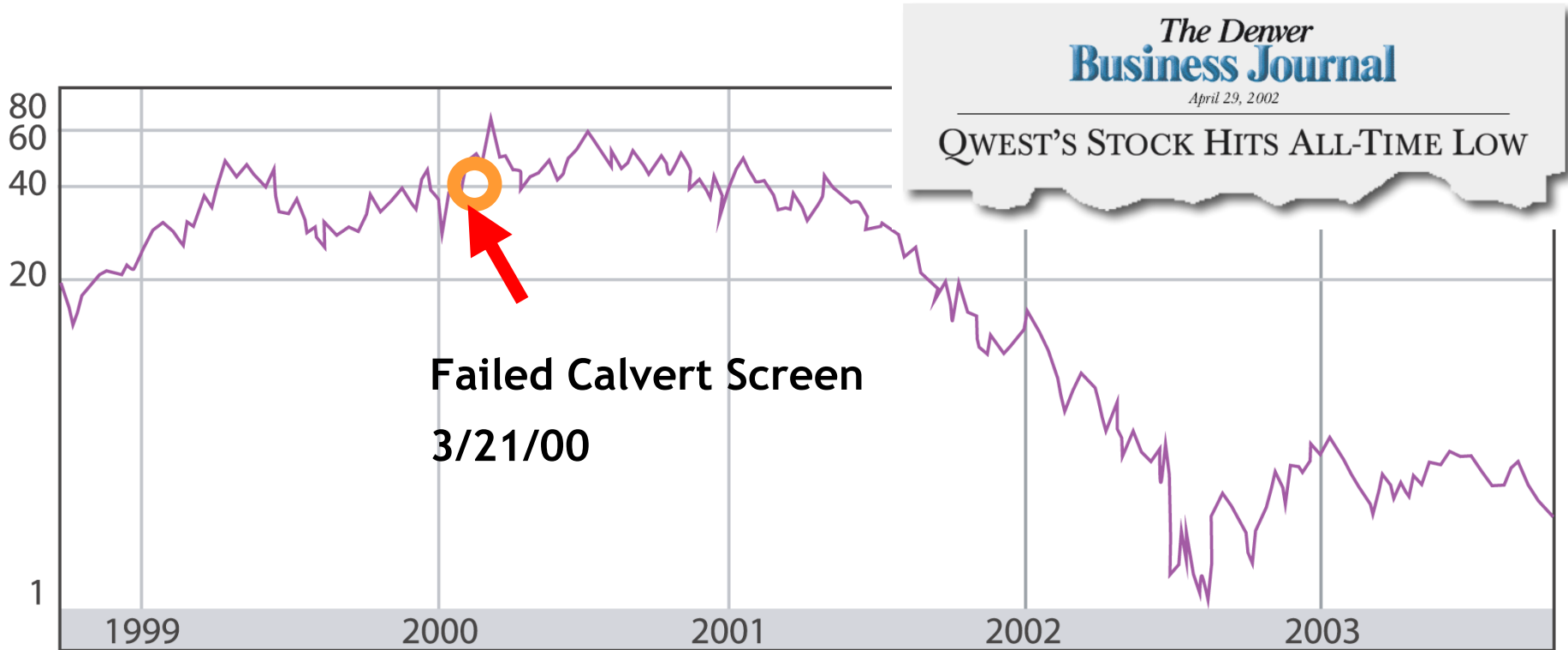
Sample Companies Calvert Failed

Company	Fail Date	Reason
Cendant	12/19/2002	Workplace Practices; Business Ethics and Corporate Governance
Nippon Meat Packers	2/20/2002	Business Ethics, Environment and Product Safety
Qwest	3/21/2000	Business Ethics and Corporate Governance; Environment; Workplace Practices
WorldCom	2/21/2000	Labor problems

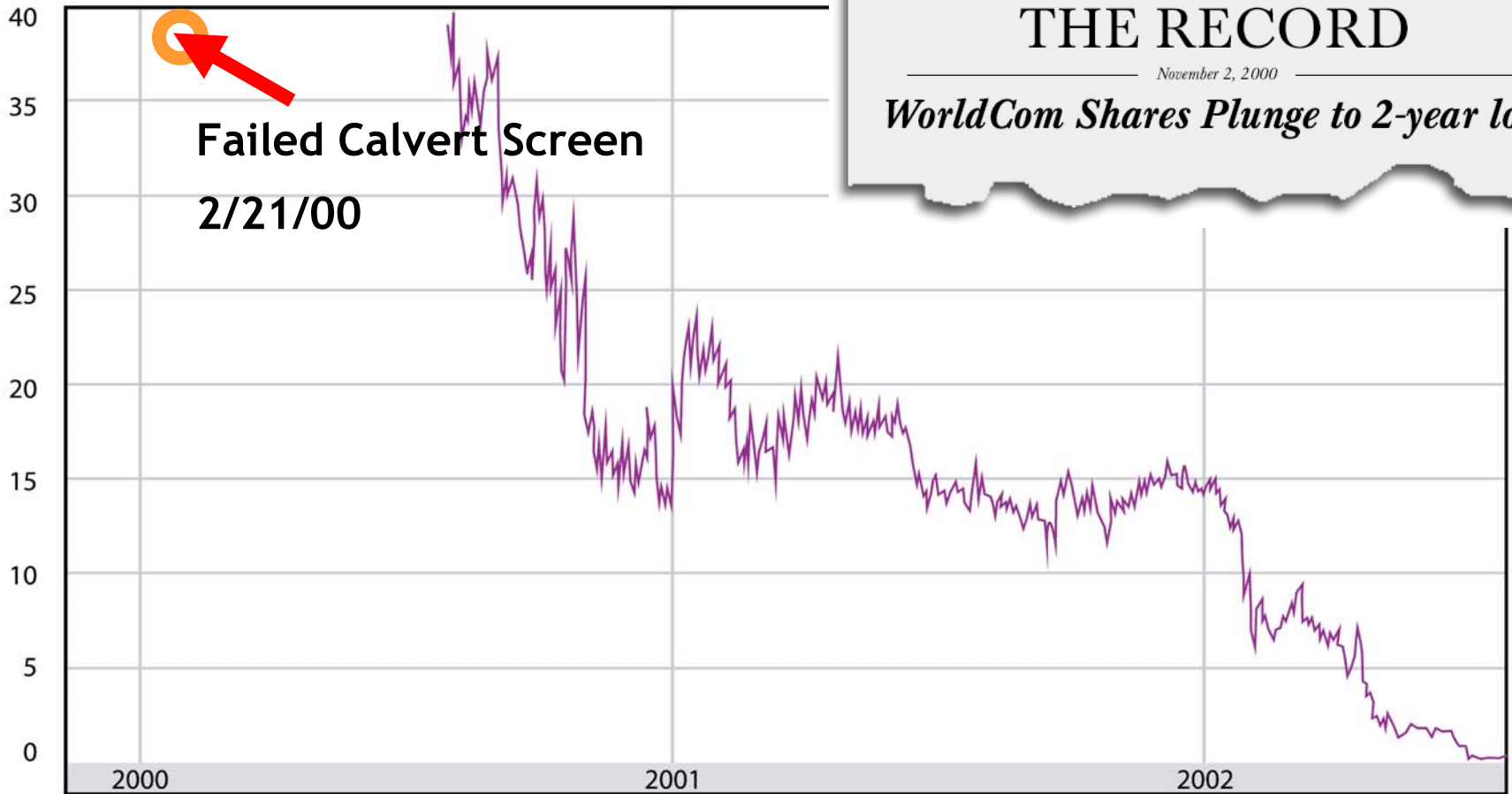
Nippon Meat Packers Share Price History



Qwest Share Price History



WorldCom Share Price History



Cendant Share Price History



CSIF Equity Portfolio: Average Annual Total Returns



As of 9/30/2003

	1-Yr	3-Yr	5-Yr	10-Yr	Since Inception (8/24/87)
CSIF Equity Portfolio (Net Asset Value)	23.56%	-1.23%	10.76%	8.74%	8.29%
S&P 500 Index TR*	24.43%	-10.14%	0.99%	10.05	9.60%

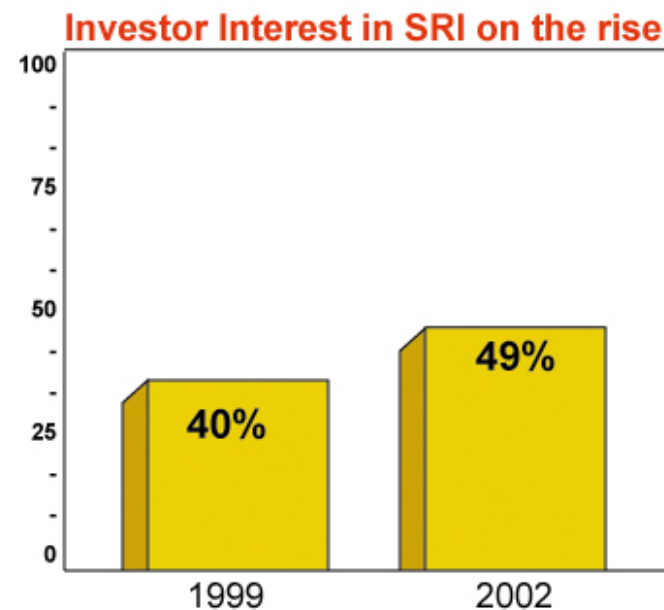
Source: Lipper Analytical, Inc. Total return represents past performance, which is no guarantee of future results. Invest returns and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Returns are for Class A shares and do not reflect the deduction of a maximum Class A sales charge. Returns for other share classes would have been different.

* It is not possible to invest directly into an index. The performance of the index is not reduced by the effects of sales charges or management fees.

Investor Attitudes Toward Socially Responsible Investing

Awareness of SRI is on the rise:






- **49%** of investors expressed interest in SRI investments, up from 40% in 1999
- **86%** of investors said they would consider investing in SRI funds if the return was equal to that of traditional funds, up from 79% in 1996



Source: 2002 Harris Survey

Results of Investor Survey

Would you be more likely to invest in a mutual fund if you knew that one of its principles was to invest in companies:

		<u>1999</u>	<u>1996</u>
That are involved with the community	 71%	N/A	N/A
That do not harm the environment	 67%	70%	81%
With a good record of hiring and promoting women	 61%	63%	74%
With a good record of hiring and promoting minorities	 59%	62%	68%
That do not infringe on the rights of indigenous people	 57%	N/A	N/A

**Respondents were given a random selection of seven (7) attributes from this list in 2002.*

Source: 2002 Harris Survey

Conclusions

- Companies that tend to perform poorly in one area tend to perform poorly in others.
- Rigorous social screening can pick up many signals that might otherwise go undetected.
- A company's social and environmental profile often reveals the quality of a company's management.

Calvert mutual funds are underwritten and distributed by Calvert Distributors, Inc., member NASD, subsidiary of Calvert Group, 4550 Montgomery Avenue, Bethesda, MD 20814.

(10/03)