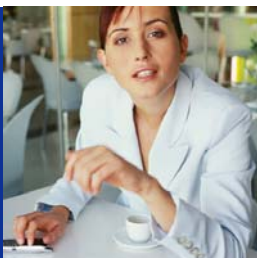


October 2006

Social Research Analysis and Corporate Responsibility Reporting



Calvert 
INVESTMENTS
THAT MAKE A DIFFERENCE®



What is SRI?

Original Definition:

Investing with your values.

Evolving Definition:

Integrating analysis of social, environmental, and governance criteria (ESG) with traditional financial analysis.



Yankelovich Survey: SRI Interest Grows

- 55% believe companies with higher levels of social responsibility carry less risk; 52% believe they deliver better returns.
- 56% do not feel equipped to identify companies that are more responsible; 62% would like to see information ranking companies based on social performance.
- 71% would be more likely to invest in better companies; 77% would be more likely to purchase products in better companies.



Source: "Attitudes Toward Socially Responsible Investing," Yankelovich Survey, January 2006.



Academic Research Suggests Link with Performance

- Recent research suggests there is no performance cost to SRI on a risk adjusted basis.
- Certain factors may be positively correlated with financial metrics and stock price
 - Environment (13/13 studies)
 - Corporate Governance (7/7 studies)
 - Workplace (6/7 studies)
- 2005 Moskowitz Prize Winning Study
 - Shows positive connection between:
 - a) environmental performance and
 - b) return on assets *and* valuation

Source: *The Journal of Investing*, Fall 2005, "Answers to Four Questions,"
Lloyd Kurtz, p. 125-139.



Calvert Social Research

- In-house social research team of 14 analysts
- Specialization by issue area and industry
- In-depth research identifies companies that do not meet our minimum social standards
- Focus on Double Diligence[®], which uses an extra level of analysis to identify risk and better managed companies



Integration of Social Research

Calvert Equity Management Group

Reviews/Monitors Managers and
Supervises Integration of Social Research

Manager Stock- Selection Process

- Identify Leading Companies in Category
- Qualitative/Quantitative Research
- Attractive Valuation

+

Calvert Social Research

- Select companies that meet Calvert's social criteria
- Identify Companies with Good Management
- Seek Companies with Lower Risk

=

**Eligible for
Calvert
Equity
Portfolios**

Double Diligence[®]



Areas of Focus

- Governance & Ethics
- Environmental Impact
- Product Safety
- Employee & Workplace Issues
- Indigenous Peoples' Rights
- International Human Rights & Operations
- Community Involvement & Citizenship



Analyst ESG Reporting Needs

To conduct robust reviews, analysts need:

- Comparable and consistent reporting
- Clear identification of goals and timetables
- Hard data on relevant metrics
- Clear explanation of management and board oversight of ESG issues
- Company perspective on significant hot-button issues (supply chain, privacy, etc.)



Analyst ESG Sources

- Regulatory Programs
 - EPA Climate Leaders or SmartWay
- Minerals Management Service
- Occupational Safety & Health Administration
- Non-Governmental Organizations
- Publicly Disclosed Information



Climate Risks

- Regulation
- Litigation
- Physical risk
- Competitiveness
- Supply chain and costs
- Reputation



Calvert Participation in Reporting Initiatives

- Chief Social Investment Strategist Julie Gorte on Global Reporting Initiative (GRI) stakeholder council; Dr. Gorte also serves on steering committee of UNEP Finance Initiative
- Environmental Analyst Lily Donge serves on GRI Utilities Working Group
- Calvert is a key contributor to Carbon Disclosure Project:
 - International effort by institutional investors to increase disclosure of carbon risk and management focused predominately on FT 500 companies
 - Expanding to S&P 500



For more information on any Calvert fund, please contact your financial advisor or call Calvert at 800.368.2748 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. Calvert mutual funds are underwritten and distributed by Calvert Distributors, Inc., member NASD, a subsidiary of Calvert Group, Ltd. #6211-200607

***May lose value. Not FDIC Insured. No Bank Guarantee.
Not NCUA/NCUSIF Insured. No Credit Union Guarantee.***

A Note on Mutual Fund Investment Risk

Mutual funds can offer the advantages of diversification and professional management. But, as with other investment choices, investing in mutual funds involves risk, including the possible loss of principal invested. Different funds carry different types of risks. For example, stock funds are subject to stock market risk. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Bond funds, for example, are subject to interest rate risk, the risk that the market value of the bonds will go down when interest rates go up, and credit risk, the possibility that companies or other issuers whose bonds are owned by the fund may fail to pay their debts. As with many investment strategies, SRI may limit the total universe of available investments. Before you invest, be sure to read a fund's prospectus to learn about its investment strategy and the potential risks.



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