

## Calvert Group Ltd. - Communication on Progress for fiscal year 2003

Title	Calvert's Major Initiatives to Promote the Global Compact Principles
Participant	<u>Calvert</u>
Sector	Finance and Insurance
Countries of impact	Global
Date	2003/12/15
Contact person	Alya Z. Kayal, Esq.
Contact email	<a href="mailto:alya.kayal@calvert.com">alya.kayal@calvert.com</a>
Issue(s) addressed	1, 2, 6, 7, 8, 9 (environment)

### **Calvert undertook the following actions to address GC issue(s)**

Calvert is the largest family of socially responsible mutual funds in the US, with over \$9 billion in assets under management. Calvert is taking steps to incorporate the principles of the UN Global Compact into its own business. One such example is our recycling program, which coincides with UN Global Compact Principles 7 & 8. Calvert is committed to the purchase of as many recycled materials as possible, the reduction of waste in the office and recycling what we can in order to reinforce our commitment to positive social change.

Calvert is currently purchasing several items with recycled materials or content. such as letterhead. envelopes. laser forms (customer

statements and reports), laser printer tone cartridges, fax machine toner kits, copier equipment toner and copy cartridges, drywall (paper covering made from 100% recycled material), copier paper, special printing and copying jobs, miscellaneous office products (pencils, pads, folders, etc.), marketing prospectuses and brochures. Calvert returns all toner cartridges to the suppliers for recycling including all copier, fax machine and laser printer toners cartridges. Calvert employees have been provided with a custom office product catalog that has recycled materials featured and are encouraged to purchase items with recycled content. Yellow legal pads have been eliminated and replaced with regular white recycled paper pads. All Calvert Group's printed marketing materials are printed using recycled paper and soy inks. Soy inks are being used because they are significantly safer to handle than traditional petroleum-based inks, biodegradable, contain no volatile organic compounds, and soy beans are a renewable resource. Soy inks are water soluble, therefore, clean-up can be accomplished with water soluble detergents instead of hydrocarbon detergents. Soy inks are a much better choice than petroleum-based inks, and are the product of choice for environmentally responsible and safety conscious-businesses.

Calvert Group has made efforts to encourage employees to reduce the amount of waste that is produced in the office, such as encouraging double-sided copying, providing ceramic coffee cups to all employees, etc. During any construction we are constantly working with our architects, designers and contractors to find ways to utilize existing space and minimize demolition, as well as reusing as much of the existing materials as possible (carpet, tile, ceiling tile, cabinets, appliances, etc.). Excess furniture, supplies and equipment are donated to charitable organizations or to employees for home use, again reusing materials instead of sending these items to the landfill. Also, much of Calvert's operations have been automated over the past few years. which has vastly reduced the amount of

business forms and related paperwork required. Calvert Group is a member of the Maryland Recyclers Coalition and is an environmental partner of Green Seal, which is a national non-profit environmental labeling organization that awards a Green Seal of approval to products that cause less harm to the environment.

Calvert Group has been recycling computer paper since 1984; however, our corporate wide recycling program was officially established in June 1990. We established the program to include quality white paper, color paper, glossy paper, newspaper, envelopes, computer paper, corrugated material, aluminum cans and plastic beverage containers. Beginning in 2002, Calvert established a battery-recycling program for all alkaline batteries that provides all Calvert associates a place to recycle batteries that would otherwise end up in a landfill. During the past year Calvert Group has recycled an average of over 30 tons of reusable materials, which is approximately 2/3 of all of the trash produced by the company. To date, Calvert has recycled 473 tons of materials since June 1990. The benefits that Calvert Group receives from the recycling program, aside from doing well by doing good, are for the most part strictly environmental, such as returning paper and aluminum back into the production stream, reducing landfill volume by an average of 34 tons per year, saving 578 trees per year, reducing energy waste, and reducing air pollution.

In addition, over the past year, Calvert has targeted some of the world's largest companies in its efforts to promote practices that support the Global Compact.

Principles 1 and 2: Corporate bribery and corruption are major obstacles to the promotion and protection of human rights. By engaging in these practices, companies perpetuate discrimination, restrict democratic participation, and violate other human rights

standards. As a starting point, in partnership with Transparency International, Calvert is urging companies to develop policies prohibiting such corrupt practices.

Principle 6: Calvert believes that diversity is an important attribute of a well-functioning Board. Boardrooms that reflect the workforce, customers, and community serve the best interests of shareholders and our economy. For example, in the US, the case for including women on Boards is particularly strong given that women account for nearly half of the nation's workforce, college graduates, and talent pool. Yet progress is painfully slow as women occupy just 1,600 or 14 percent, of Fortune 1,000 Board seats, African-Americans hold 388 seats, and Latinos only 86. Therefore, Calvert actively urges companies to diversify their Boards and their entire workforce.

Principle 8: The use of wood and paper products made from old-growth fiber is a major concern. In addition, only about 10% of old computers are recycled in the US. There is concern about the adequacy and safety of recycling programs, as well the dumping of old computers and components into developing countries. Therefore, Calvert engages companies to reduce their environmental footprint around the world. We file resolutions with companies on sustainable paper procurement policies, recycling and computer take-back programs.

### **The Outcome of the Actions**

Calvert launched its campaign to encourage greater disclosure and transparency on corporate bribery and corruption by sending almost 100 letters to the CEOs of OECD-based companies we invest in. We continue to receive positive responses from companies pledging to develop policies against corruption and bribery. In addition, Calvert

was one of 38 signatories on the Investor Statement on Transparency in the Extractive Industries.

Calvert launched its Board Diversity Initiative to bring greater gender and ethnic diversity to America's boardrooms. New requirements that companies listed on the New York Stock Exchange have a majority of independent directors create an historic opportunity to bring more women and minority directors onto corporate boards. We sent letters to the CEOs of 640 companies urging them to take advantage of the new rules and add women and minorities to their boards, as well as make race and gender an acknowledged part of every Board Director search. Calvert also formulated Model Nominating Committee Charter Language for companies seeking to bring greater diversity to their Boards, and have been urging companies to adopt our Charter Language and use this historic opportunity to bring more women and people of color onto their boards. We are pleased that already two companies, WebMD and Paterson Dental, are already adopting our Charter.

Working with a coalition of SRI firms and environmental groups, Calvert successfully urged Staples to commit to a paper procurement policy to achieve 30% recycled waste and alternative fiber content across all paper products, phase out paper products sourced from endangered forests, and promote well-managed forests, with monitoring of certification programs to support this goal. The company has also committed to report its progress to its stakeholders on an annual basis. Calvert led a coalition of socially responsible investors in a campaign to boost computer manufacturers' environmental performance. Dell agreed to our request to establish a materials tracking program and improve disclosure of environmental performance indicators to shareholders and the public. Dell is the first U.S. computer company to commit to setting global performance goals and developing a system of measurement for success of its

global product recycling program.

Calvert has won a number of awards for its environmental practices. We were the recipient of the Montgomery County Government, Division of Solid Waste "SORRT" Smart Organizations and Recycle Tone 2003 Excellence in Recycling Award. In 1999, we won the award for Maryland Recycler Coalition for Outstanding Corporate Leadership. In addition to the progress in our recycling programs and purchase of items with recycled content, Calvert is currently in the process of developing a report based on the Global Reporting Initiative.