



# The Green Proxy:

The business response to investor, customer, and shareholder demands for sustainability

**Stu Dalheim**  
 Director, Shareholder Advocacy  
 Calvert Asset Management Company

April 24, 2008



**Calvert** INVESTMENTS  
 THAT MAKE A DIFFERENCE®  
 A UNFICOMPANY (SM)



## Calvert Overview

**Since 1982, Calvert has been a leader in SRI:**

- Based in Bethesda, Maryland
- One of the oldest and largest SRI fund families
- 21 SRI mutual fund portfolios, with roughly \$6.6 billion in SRI assets

**Calvert integrates ESG analysis with stock selection:**

- An in-house social research team of 17 analysts identifies companies that meet our standards.
- A focus on Double Diligence®, an extra level of analysis to help identify risk and better managed companies.



**Calvert** INVESTMENTS  
 THAT MAKE A DIFFERENCE®  
[www.calvert.com](http://www.calvert.com)



## The Mainstreaming of CSR and SRI Converge

**Shareholder advocates have addressed hundreds of issues over the past four decades building upon the tradition of religious investors linking their investments with their moral values.**

- **Over the last decade, the corporate responsibility and sustainability agendas have become irreversibly mainstream — with labor/human rights and environment/climate change leading the way**
- **The Internet has made global issues local and local issues global as never before – and connected activists and investors in creative new ways that present opportunities both to business and society.**
- **Moral and public policy imperatives have been reinforced by stakeholder pressures and the business case as key drivers**
  - For leading companies, CSR is increasingly integrated into corporate strategy, product design and brand marketing



## Mainstream Investors Moving in Our Direction

- **Wider acceptance of materiality of ESG factors leads to involvement from an ever widening body of investors**
  - Goldman Sachs, Innovest and others paving the way for wider mainstream acceptance
- **Initiatives such as the Principles for Responsible Investment and the Carbon Disclosure Project demonstrate increased willingness of investors to play more active roles**
  - Reflective of interplay between research and shareholder engagement





## Investors Press for More Action on Climate Change

- **Investor-led initiatives have gained momentum in recent years**
  - In September 2007, a broad coalition of investors, state officials and environmental groups filed a landmark petition asking the SEC to require publicly-traded companies to fully disclose their financial risks from climate change
  - Nearly 50 U.S. and European institutional investors released a climate change action plan at the United Nation in February 2008
  - According to Ceres, a record of 54 climate change shareholder resolutions were filed in the 2008 proxy season
  - Pension funds such as the Florida State Board of Administration and CalPERS are developing a best-practices list to measure how well their external money managers are assessing climate change risks
  - Citigroup, JPMorgan Chase and Morgan Stanley established The Carbon Principles – climate change guidelines for lenders and advisors to the US power industry



## Large and Small Businesses Are Taking Notice

- **As more actors participate in the corporate responsibility and sustainability agenda, it is harder for companies to ignore these issues**
- **Companies of all sizes recognize the importance of corporate citizenship and its impact on operations**
  - According to the 2007 State of Corporate Citizenship survey, 73% of executives believe corporate citizenship needs to be a priority.\*
  - Increasing international regulatory pressures are affecting U.S. companies of all sizes
  - Small businesses face pressure to comply, as large corporations implement sustainability requirements through their supply chain manufacturers



\*Source: The Hitachi Foundation, "2007 State of Corporate Citizenship Report"



## Action Plan Towards Sustainability

- **Identify and assess stakeholder interests**
  - Who are you accountable to?
  - What is your company's impact on the environment and the community?
  - Identify key areas of impact and begin with low hanging fruit.
- **Large companies may have more resources and capacity, but small business can start the process by addressing key ESG issues at the executive level**
  - Addressing core issues can keep you ahead of the curve and reduce surprises



## Matching Rhetoric and Action

- **There has been an increase in business action on climate change issues...**
  - Growing number of companies are taking steps to measure and reduce their carbon footprint
  - Wal-Mart is requiring its suppliers to track the carbon footprint of their products
- **But we need to close gap between rhetoric and reality**
  - According to the 2007 State of Corporate Citizenship survey, 60% of executives report corporate citizenship is part of their business strategy, but in reality, only 28% of companies have written corporate citizenship policies or statements\*

\* Source: The Hitachi Foundation, "2007 State of Corporate Citizenship Report"





## Contact Information and Disclosure

**Contact information:**

Stu Dalheim  
Calvert Asset Management Company, Inc.  
[stu.dalheim@calvert.com](mailto:stu.dalheim@calvert.com)  
301/961-4762

***For more information on any Calvert fund, please contact 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 FINRA, a subsidiary of Calvert Group, Ltd.  
(#7917, 4/16/08)