

# Global Best Practices & Asia

“The Growing Global Investment World”



Barbara J. Krumsiek  
President and CEO Calvert



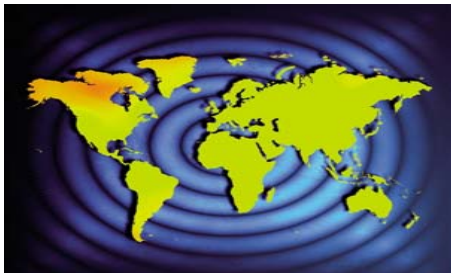
# Outline

- Three Key SRI Approaches
- History of SRI
- SRI Around the World - “The Ripple Effect”
- The Future of SRI



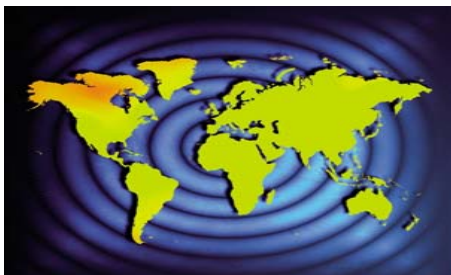
# Three Key SRI Approaches

- **Social Analysis & Screening** - Evaluating corporate social performance.
- **Shareholder Advocacy & Dialogue** - Urging companies to address key social issues through dialogue with management, proxy voting, and shareholder resolutions.
- **Social Venture Capital/Community Investing/High Social Impact** - Directing investments into communities needing capital.



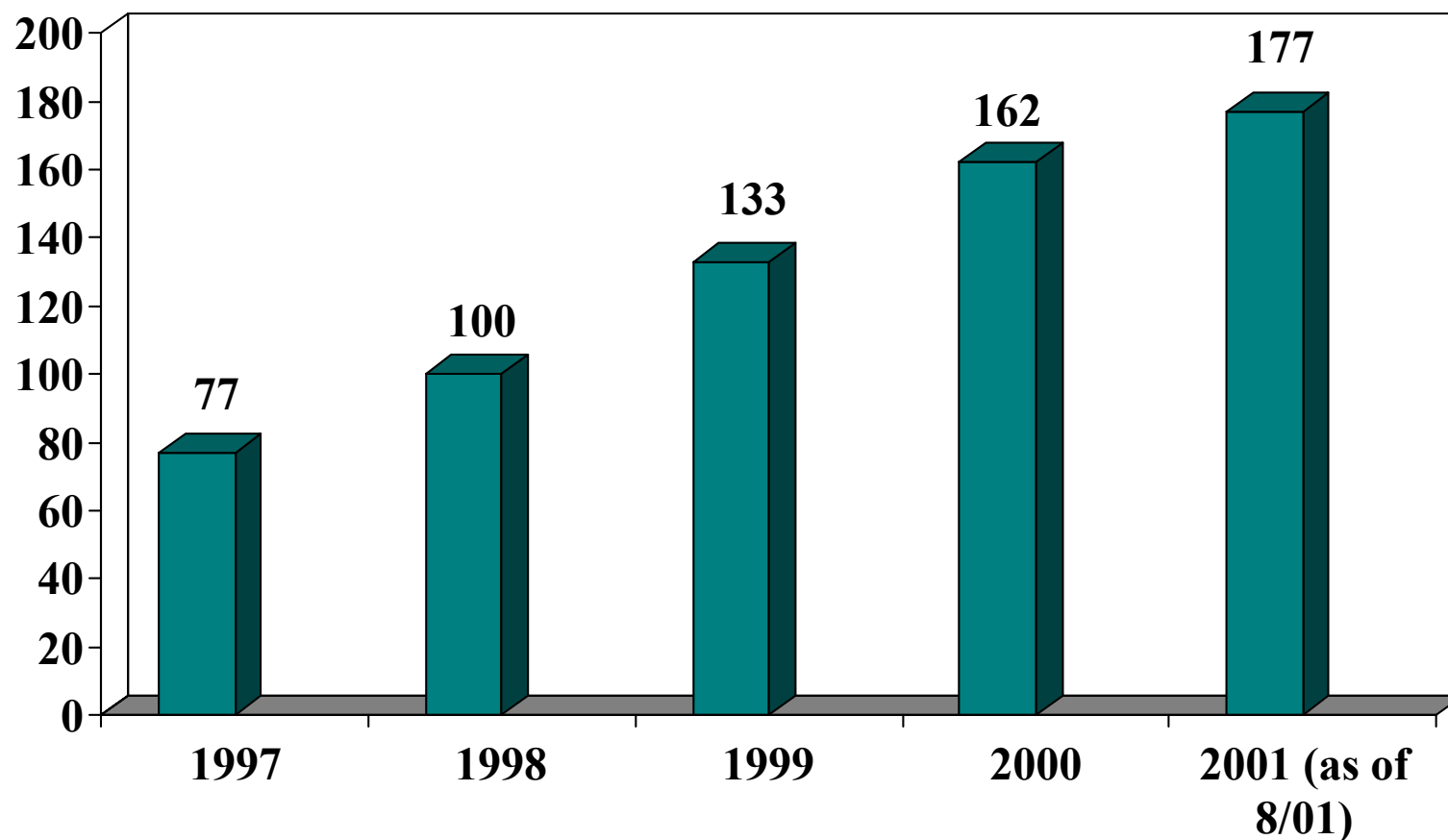
## History of SRI in the U.S.

- **Avoidance Screens** - alcohol, tobacco, and gambling
- **Human Rights** - anti-apartheid, civil rights movement, etc.
- **Sustainability**



# SRI in the U.S.

## Trends: Growth of U.S. Screened Funds

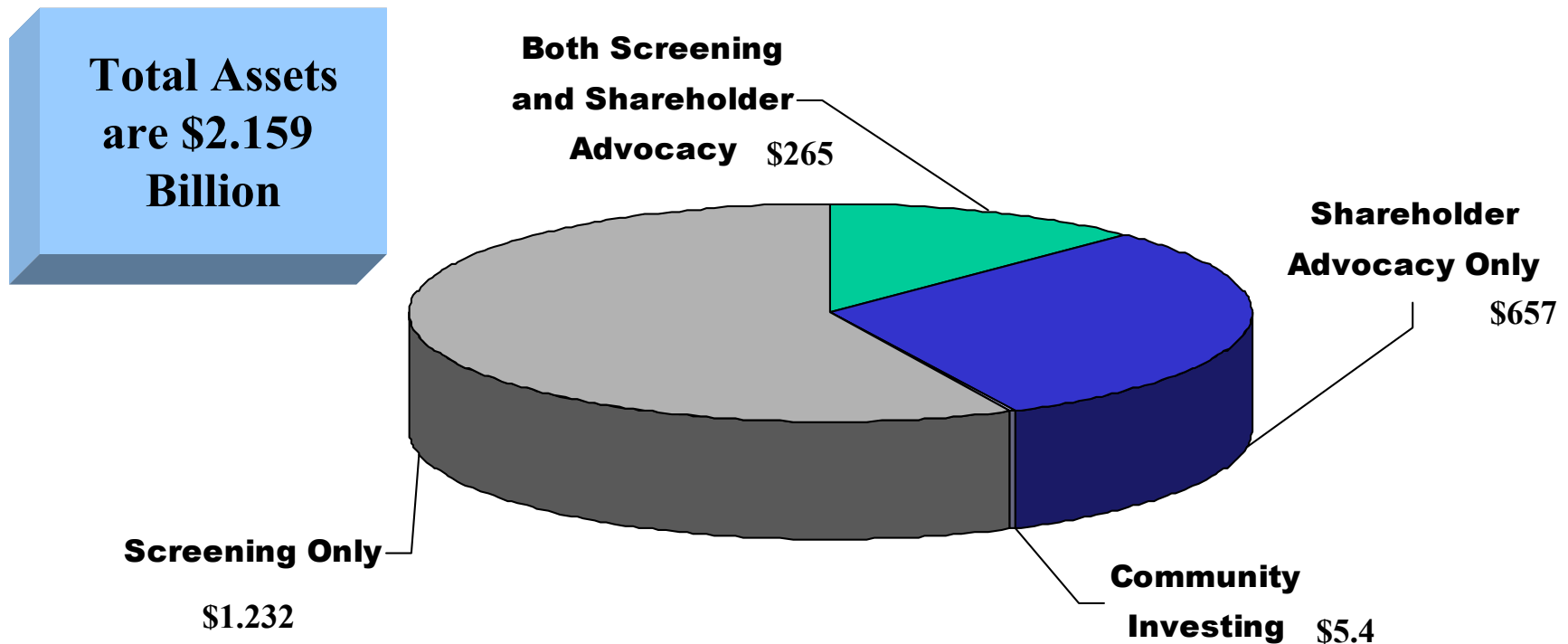


Source: Strategic Insight Simfund



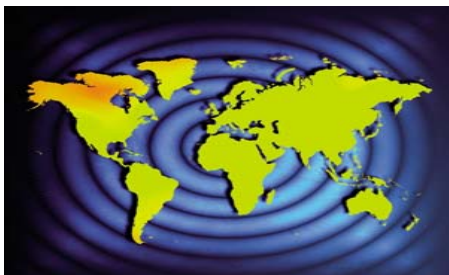
# SRI in the U.S.

## U.S. Assets in SRI in 1999



Note: Total Screening is \$1,497 Billion (“Screening Only” \* “Both Screening and Shareholder”) and Total Shareholder Advocacy is \$922 Billion (\*Shareholder Advocacy Only” \* “Both Screening and Shareholder”)

Source: Social Investment Forum Research: 1999 Trends Report



## SRI in the U.S.

### SRI Mutual Fund Assets

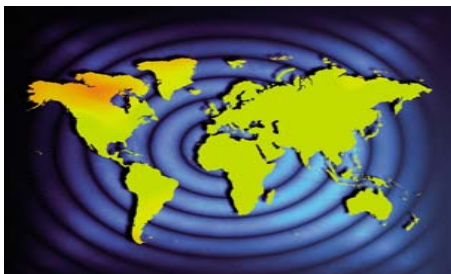
<u>Year</u>	<u>Dollar Amount</u>
August 2001	\$13.9 Billion
2000	\$14.3 Billion
1999	\$13.5 Billion
1998	\$ 8.9 Billion
1997	\$ 6.5 Billion
1996	\$ 4.9 Billion

Source: Strategic Insight Simfund



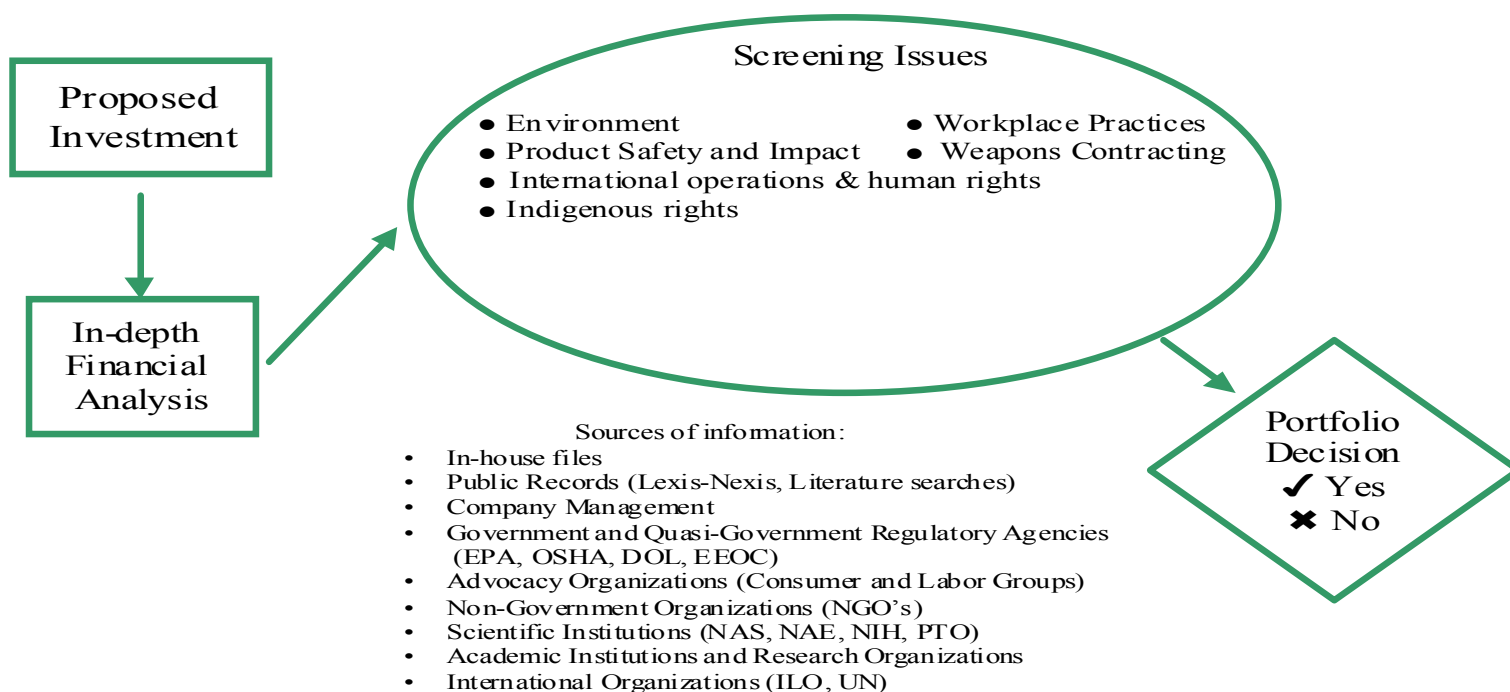
## Who is Calvert?

- Founded in 1976, Calvert is based in the United States -- in Bethesda, Maryland
- \$7.3 billion in total assets. Over \$2.1 billion among 16 socially screened mutual funds and variable annuity products
- One of the largest socially responsible fund families in the US (Social Investment Forum)

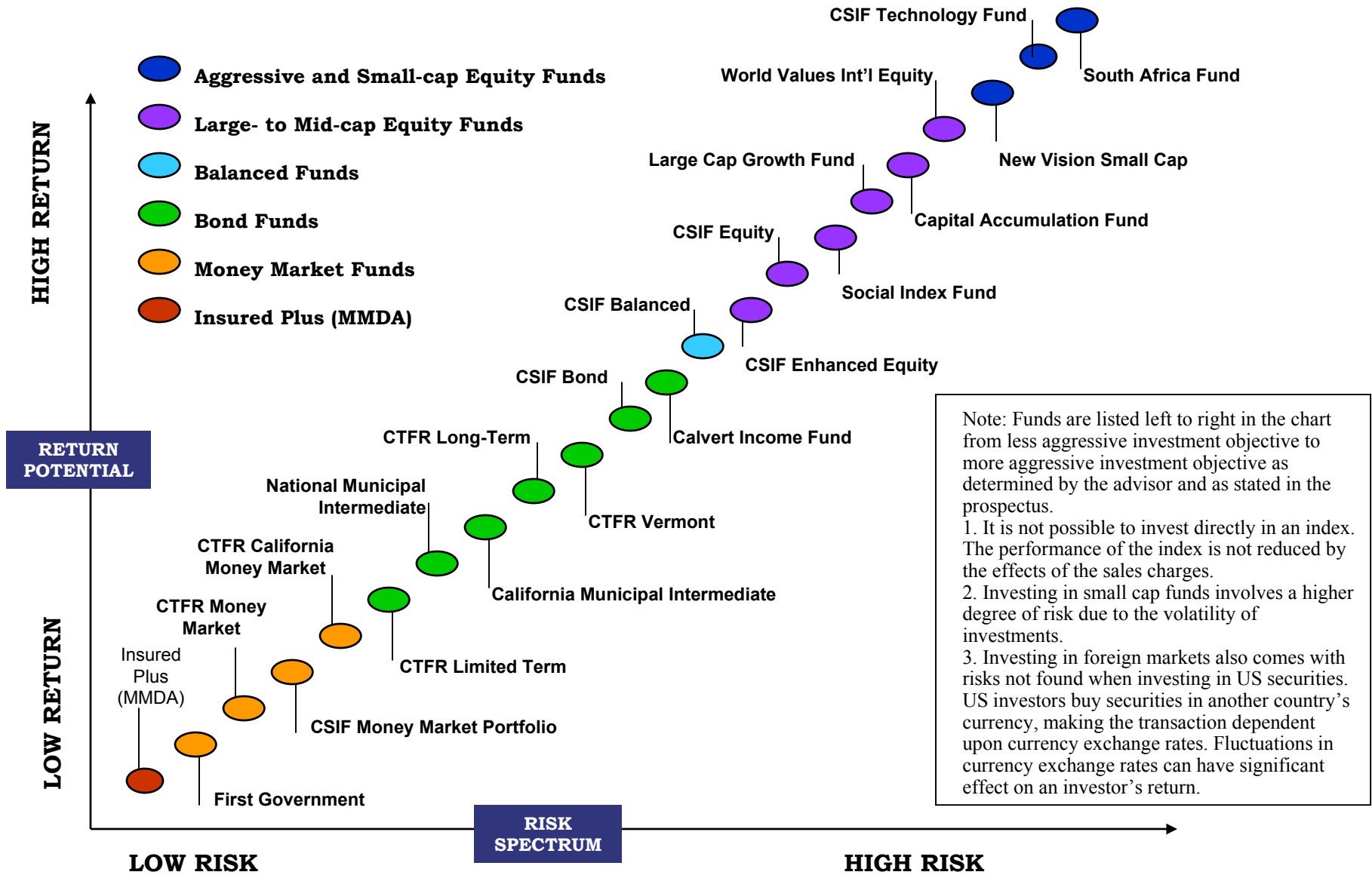


# How Social Analysis Works

## Calvert Social Analysis: Flowchart



# Calvert Funds

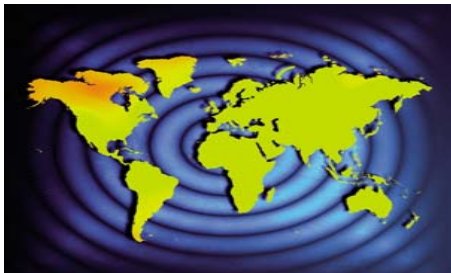




# SRI Around the World

## Future of SRI: Effects of Globalization

- Emergence of powerful multinational companies
- Increased capital flows
- Income ratio inequality
- Urgency toward corporate environmental performance



# SRI Around the World

## Recent Key Developments:

- Launch of sustainable indices around the world
- **UK** - New pension fund ethical disclosure legislation
- **Australia** - Study finds “Ethical investment becoming mainstream”; Development of Ethical Investment Association (EIA)
- Growth of SRI funds in Asia



# SRI in Asia

## Corporate Analysis

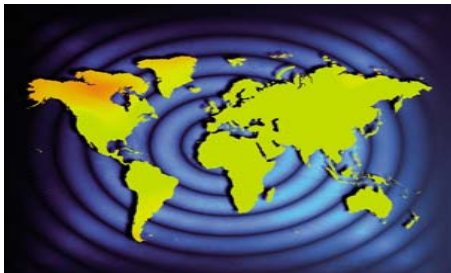
- Analyze company-specific practices: environment, labor, community relations and human rights
- Conduct industry/peer group comparison
- Review Asian country context: political & economic
- Consult with Asian NGO networks & monitor Asian journals and periodicals
- Shareholder Advocacy



# SRI in Asia

## Shareholder Advocacy

- **Hong Kong** - Review of corporate practices of property companies during reversion to China
- **China, India, Indonesia** - Review of working conditions at factories manufacturing garments, footwear, toys etc.
- **Burma** - Monitoring companies to ensure no use of forced labor
- **Taiwan & Malaysia** - Dialoguing with electronics & semiconductor manufacturers



# SRI in Asia

## Positive Corporate Practices

### **Sony (Japan) - electronics**

- Strong environmental reporting
- Pilot program on electronic waste in Minnesota

### **MTR (Hong Kong) - Mass transit railway**

- Integrating environmental concerns into operations
- Promoting clean air campaigns
- Developing worker and passenger safety standards

### **Videsh Sanchar Nigam Ltd./VSNL (India) - telecom**

- Developing satellite-based village public telephones
- Internet access to villages



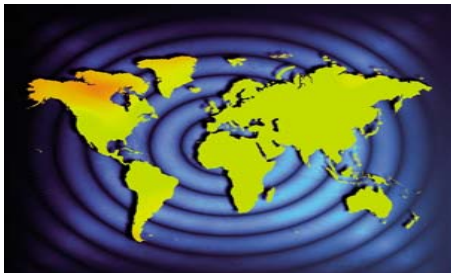
# Sustainability: The New Business Approach

- “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”
- Capturing whole set of values - encompassing environment, labor, human rights and community relations
- Evolution of voluntary standards and global initiatives - i.e. UN Global Compact, SA 8000 etc.
- Financial markets waking up - corporate governance



# Global Initiatives

- UN Global Compact
- OECD Guidelines on Multinational Enterprises
- ILO Tripartite Declaration on Principles concerning Multinational Enterprises and Social Policy
- Global Reporting Initiative
- Corporate Initiatives - human rights codes of conduct & monitoring programs. Transparency
- Emerging standards - SA8000, 3rd party corporate monitoring programs

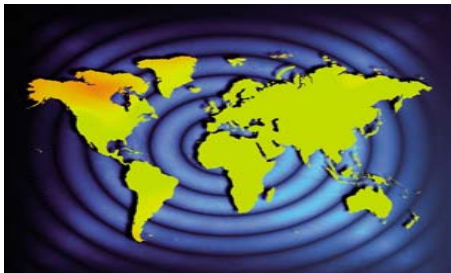


# The Future of SRI

## Parting Thoughts

Developing and implementing fair, thorough, and compassionate standards for corporate activities (both financially and socially) is the work of generations.

**So let's begin.**



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