EXAMINING THE CRACKS IN THE CEILING:

A Survey of Corporate Diversity Practices of the S&P 100

October 2010

Calvert INVESTMENTS

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Foreword

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Earlier this year, an unprecedented milestone was set—for the first time, women outnumbered men on the nation's payrolls.[1] While this majority status continues to shift between men and women, the long-term trend clearly signals the importance of women in the workplace and underscores the growing case for diversity. As a result, we are once again compelled to assess whether companies are adequately prepared to deal with this new reality.

Calvert recognizes that corporate diversity is a key ingredient to succeed in an increasingly complex global marketplace, where the ability to draw on a wide range of viewpoints, backgrounds, skills, and experience is critical to a company's success. As an investor, Calvert views diversity[2] as both a social and strategic business and investment imperative. We believe, and numerous research studies confirm, that appropriate diversity policies, comprehensive diversity programs, and strong leadership commitment enhance a company's long-term value by building its reputation as a fair employer and reducing the costly risks associated with discrimination, harassment, and litigation.

Consider a recent McKinsey study[3] that finds companies with three or more women in senior management positions score more highly on nine organizational excellence criteria than companies with no women at the top. Goldman Sachs' research[4] demonstrates that closing the gap between male and female employment rates could potentially increase U.S. GDP by as much as 9% and Eurozone GDP by 13%. These are just two examples of a growing business case for gender equality and diversity that have many prominent institutional investors leveraging their positions to promote greater representation of women and minorities on company boards, leading to a growing group of policy makers paying increased attention to corporate diversity.

In this second edition of *Examining the Cracks in the Ceiling*, Calvert continues to evaluate if and how well corporations themselves are understanding and managing the risks and opportunities diversity offers. In 2008, this report analyzed the diversity practices of all companies whose securities were held in the Calvert Social Index®. This year, we narrowed the universe to the companies in the Standard & Poor's 100 Index (S&P 100), while retaining our in-depth methodology which addresses diversity policies, programs, and performance metrics; identifies leaders and laggards; and provides companies a road map to identify gaps in their own internal practices.

1. U.S. Bureau of Labor Statistics, February 2010 Report.
2. Calvert's consideration of diversity includes, but is not limited to, nondiscrimination and equal opportunity concerning recruitment, hiring, pay, promotion, training, and tenure without regard to race, gender, age, religion, national origin, ethnicity, sexual orientation, gender identity and expression, HIV/AIDS status, medical status, and mental and physical ability.
3. McKinsey & Co report *Women Matter 3*, September 2009
4. Goldman Sachs Global Economics Paper No: 164 (*Women Hold Up Half the Sky)*, March 2008

Our survey reveals a substantial commitment to workplace equality, especially as it relates to the establishment of diversity policies and programs. Not a single company scored zero in this year's ratings. Yet the conclusions we are unable to draw are equally telling. Lack of disclosure regarding workforce demographics and other concrete performance metrics affects our ability to determine the full impact of these diversity initiatives. Increased demographic data would enhance our analysis regarding whether and how women and minorities are advancing in the workplace. Detailed performance metrics would also deepen our identification of areas of strength and opportunity. Take for example, board and executive diversity, two areas where we are able to capture representation data: the results show women and minorities have a long way to go in reaching parity. Despite an increase in research studies demonstrating a sound business case for diversity in the boardroom and executive suite, the number of women and minority board members and executives has remained essentially flat over the past several years, demonstrating a clear disconnect between diversity initiatives and outcomes.

We hope this survey of diversity practices will stimulate discussion, catalyze action, and become an instrument for measuring and managing how well women and minorities are faring in the corporate workplace. We appreciate those companies who are currently making efforts to identify, evaluate, and communicate diversity practices in an honest and transparent manner, and believe efforts towards more comprehensive practices and more sophisticated disclosure will pay off in both the workplace and marketplace.

Executive Summary

Calvert's survey of the corporate diversity practices of the companies in the S&P 100 Index (S&P 100) reveals that while the majority of these large-capitalization companies have progressed in developing diversity strategies, a lack of detailed disclosure and a gap between strategies and performance remain.

In evaluating the diversity practices of the S&P 100, we considered 10 indicators, including: EEO policy, internal diversity initiatives, external diversity initiatives, scope of diversity initiatives, family-friendly benefits, EEO-1 disclosure, highest-paid executives, board diversity, director selection criteria, and overall corporate commitment. Our analysis reveals the following *key findings*:

- **No disclosure means no accountability**. Despite the advancement of S&P 100 companies on sustainability reporting, additional room for improved diversity disclosure remains. Enhanced disclosure could come in a variety of forms, including detailed information on employee demographics and disaggregated data on participation rates in workplace programs.

  - Overall disclosure of diversity policies and programs is strong, as most companies openly discuss the existence of policies and programs to advance women and minorities. Unfortunately, the majority of companies are not transparent about the effectiveness of instituted policies and programs. In fact, 37% of companies still disclose no EEO-1 data—demographic data that is critical to demonstrating how successfully women and minorities are advancing throughout a company's ranks and evaluating the effectiveness of diversity initiatives.

  - Due to inconsistent disclosure among companies, we are unable to factor a number of additional data points into our ratings that would have been helpful in assessing the effectiveness of diversity initiatives. These factors include the percentage of women in management training programs, the proportion of total supplier spending dedicated to women and minority-owned businesses, and the extent to which diversity training is required. Instead, our ratings remain focused on the more basic programmatic elements, rather than the quality of the various initiatives. We have, however, analyzed additional data where available, and expect to factor many of these elements into company ratings in future reports.

- **The C-suite is still hard to reach**. Thanks to newly required board diversity disclosures, we heard from a number of companies regarding the importance of diversity in the boardroom. While we welcome the increased attention, we remain disheartened by the glacial pace at which women and minorities are reaching the upper echelons of power. In fact, as the pipeline for corporate directors continues to be dominated by those in the executive suite, our findings with respect to executive diversity indicate that board diversity is unlikely to significantly increase in the near future. Of the 100 CEOs represented, 92 are

Caucasian males. While women make up approximately 18% of director positions within the S&P 100, they represent only 8.4% of the highest paid positions within the same group of companies, positions that provide the opportunities to develop the expertise and networks needed for future board-level appointments.

- **Integration and innovation abound**. Companies are moving towards fully integrating their diversity commitments throughout their organizations. We found 30% of companies include some oversight of diversity issues at the board level and 34% of companies include diversity measures within their compensation plans. A number of companies have also expanded employee resource groups beyond focusing solely on one traditionally underrepresented group to being inclusive of broader demographics thereby reaching new markets for both recruitment and business opportunities.

- **Corporate commitment remains the "X" factor**. On average companies earning a perfect 10 in corporate commitment also outperformed their peers on eight of the nine other indicators. This remains a leading indicator of performance and solidifies the importance of a dedication to diversity from the very top of a company—the board of directors and CEO.

METHODOLOGY

We base our analysis and research on a number of public sources, including: company websites, SEC filings, sustainability reports, and direct feedback from companies. We also use third-party sources such as Diversity Inc., Working Mother, and the Human Rights Campaign Foundation's Corporate Equality Index. The intention of our ratings is to present a company's diversity performance as a snapshot in time (June to August 2010). Our reliance on public disclosure of diversity practices prevents us from conveying every nuance of a company's particular approach to diversity, and our ratings should be reviewed with that in mind. After our initial research phase, we contacted all 100 companies to provide them an opportunity to review our findings and update our research as needed. Of the 100 companies, 43 responded with updates or verification, greatly increasing the accuracy of our data and underscoring that top diversity companies see their diversity ratings as a key strength and a competitive advantage.

While women make up approximately 18% of director positions within the S&P 100, they represent only 8.4% of the highest paid positions within the same group of companies, positions that provide the opportunities to develop the expertise and networks needed for future board-level appointments.

How We Rate Companies

Beginning in June 2010, we worked on updating the diversity profiles of each of the S&P 100 companies. In order to provide useful analysis based on our research, we assigned points to a company's performance in each of the 10 diversity indicators. We then compiled these separate points into an overall diversity rating. While we maintained the same 10 indicators from our 2008 report, we did slightly adjust the grading scale as appropriate for this benchmark of large cap companies. Finally, we analyzed additional data points not currently factored into the ratings but helpful in assessing overall diversity commitments.

	DIVERSITY INDICATORS	POINTS POSSIBLE
INDICATOR 1	**EQUAL EMPLOYMENT OPPORTUNITY (EEO) POLICY**	
	Includes Sexual Orientation	5
	Includes Sexual Orientation AND Gender Identity and/or Expression	10
INDICATOR 2	**INTERNAL DIVERSITY INITIATIVES**	
	One or two elements: mandatory training, leadership development, mentoring, or Employee Resource Group (ERG) programs	5
	Three or four elements: mandatory training, leadership development, mentoring, or ERG programs	10
INDICATOR 3	**EXTERNAL DIVERSITY INITIATIVES**	
	Evidence of Recruitment/Outreach OR Supplier Diversity programs	5
	Evidence of Recruitment/Outreach AND Supplier Diversity programs	10
INDICATOR 4	**SCOPE OF DIVERSITY INITIATIVES**	
	Specific reference to 1 or 2 LGBT, Disability, Race/Ethnicity, AND/OR Gender programs	5
	Specific reference to 3 or 4 LGBT, Disability, Race/Ethnicity, AND/OR Gender programs	10
INDICATOR 5	**FAMILY-FRIENDLY BENEFITS**	
	One or two elements: Flex-time, Adoption Assistance, Dependent Care or Domestic Partner benefits	5
	Three or four elements: Flex-time, Adoption Assistance, Dependent Care or Domestic Partner benefits	10
INDICATOR 6	**EEO-1 DISCLOSURE**	
	Companies with partial EEO-1 disclosure	5
	Companies with full EEO-1 disclosure	10
INDICATOR 7	**HIGHEST PAID EXECUTIVES**	
	One Woman OR Minority in Five Highest Paid Executives	5
	Two or more Women AND/OR Minorities in Five Highest Paid Executives	10
INDICATOR 8	**BOARD REPRESENTATION**	
	One or two Women OR Minorities on Board of Directors	5
	Three or four Women AND/OR Minorities on Board of Directors	10
INDICATOR 9	**DIRECTOR SELECTION CRITERIA**	
	General diversity language	5
	Race AND/OR gender-specific diversity language	10
INDICATOR 10	**OVERALL CORPORATE COMMITMENT**	
	External recognition of an overall corporate commitment to diversity	5
	Robust overall commitment to diversity, both internally and externally	10
	TOTAL POSSIBLE	**100**

Examining the 10 Key Indicators

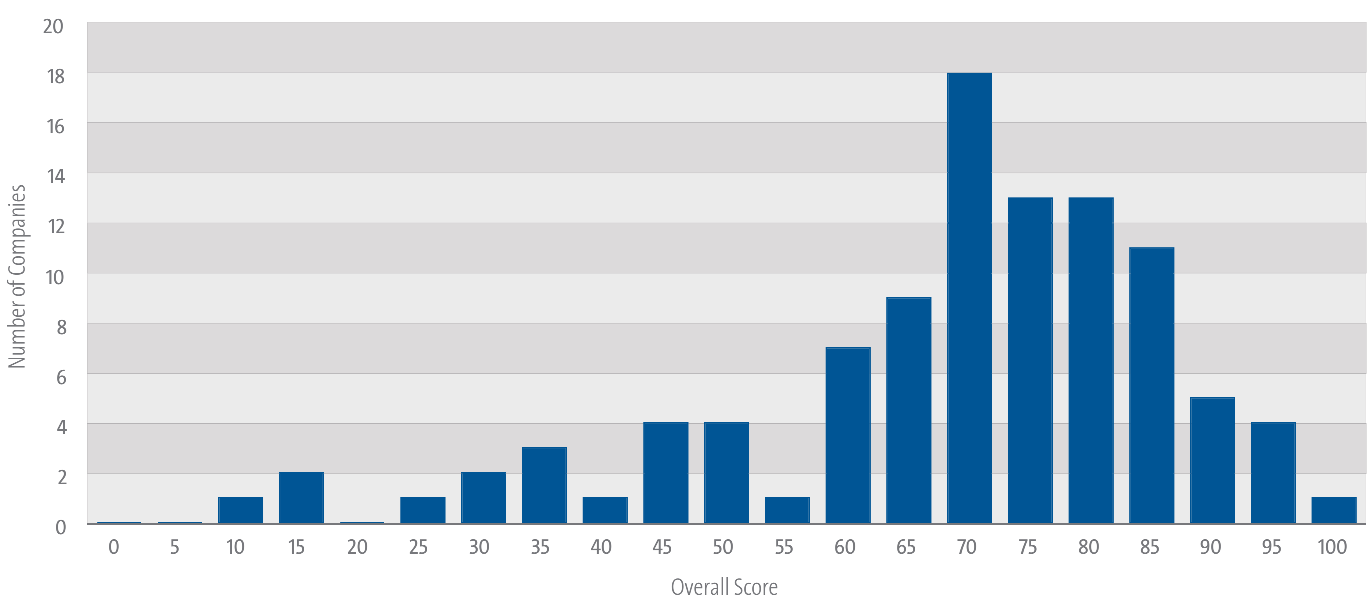
A majority of S&P 100 companies scored in the top half of the spectrum, with 65 companies scoring at or above 70 points.

Five companies scored at or above 95 and are considered diversity leaders. These include Chevron Corp, Citigroup Inc., Coca-Cola Co., JPMorgan Chase & Co., and Sara Lee Corp. We have also identified six laggards with 30 or fewer points: Berkshire Hathaway, Devon Energy Corp., Freeport-McMoRan Copper & Gold Inc., National Oilwell Varco Inc., Philip Morris International Inc., and Schlumberger Ltd. Please refer to Appendix A and Appendix B for a full breakdown of company ratings.

The next section of the report will take the reader on a journey through each of the 10 indicators, defining its purpose, explaining its importance, providing examples of the various corporate initiatives in action, and evaluating overall performance.

Common themes will emerge, including those identified in the key findings, as the report makes clear the importance of a comprehensive approach to corporate diversity and inclusion to employees, employers, consumers, investors, and other interested stakeholders.

S&P 100 DIVERSITY RATINGS



INDICATOR 1

Equal Employment Opportunity (EEO) Policy

74% *of the S&P 100 support EEO policies inclusive of sexual orientation and gender identity and/or expression*

PTS	DIVERSITY RATINGS INDICATOR	S&P 100 COMPANIES
0	Includes neither sexual orientation nor gender identity and/or expression	3
5	Includes sexual orientation	23
10	Includes sexual orientation AND gender identity and/or expression	74

Employment discrimination based on an individual's sexual orientation or gender identity is widespread in the United States and other countries. No matter how qualified, individuals can be denied job opportunities, fired, or otherwise discriminated against because of their actual, or even perceived, sexual orientation in 29 states and their gender identity in 38 states.[5]

Fortunately for those investors, employees, and other stakeholders concerned about workplace equality, Corporate America continues to make great strides, despite the slow pace of the federal government's efforts.

A total of 97% of S&P 100 companies support EEO policies that explicitly address non-discrimination based on sexual orientation, while 74% support policies that further address non-discrimination based on gender identity and/or expression.

These companies understand that strong non-discrimination policies can enhance a company's long-term value, by building its reputation as a fair and equitable employer and reducing the costly risks associated with discrimination, harassment, and litigation.

While not currently factored into the overall score for this indicator, 54% of rated companies scored 100 on the Human Rights Campaign Foundation's Corporate Equality Index, demonstrating equitable treatment of LGBT employees in policies and practices. In the future, we expect these numbers to increase, as companies move beyond best practice policies to ensuring equity in benefits, training, and job opportunities.

5. Human Rights Campaign, 2010. Statewide Employment Laws & Policies Map. Available at: http://www.hrc.org/documents/Employment_Laws_and_Policies.pdf.

Calvert and its coalition partners continue to successfully engage companies to amend their EEO policies to explicitly address non-discrimination based on sexual orientation and gender identity and/or expression. In addition to addressing the issue at the corporate level, the group has been working to prompt change at the federal level through public support of ENDA.

ENDA

The Employment Non-Discrimination Act, or ENDA, is a piece of bipartisan federal legislation that would provide basic protections against workplace discrimination on the basis of sexual orientation and gender identity. The U.S. House of Representatives successfully passed the sexual orientation-only version of ENDA in November 2007, but neither version has been put to a vote in the Senate.

Calvert strongly supports passage of a fully inclusive ENDA. Because state and local laws differ with respect to employment discrimination, Calvert believes employees and companies would benefit from a consistent, nationwide policy to enhance efforts to prevent discrimination. At least 34% of S&P 100 companies have also publicly supported ENDA.

As a member of the Business Coalition for Workplace Fairness, Calvert sent letters to both the Senate Committee on Health, Education, Labor and Pensions and the House Committee on Education and Labor in support of a fully inclusive ENDA. We also joined forces with other institutional investors to engage companies in which we invest on this issue. In response to our engagement, numerous companies joined the Business Coalition for Workplace Fairness and wrote their own Congressional letters of support.

INDICATOR 2

Internal Diversity Initiatives

96% *of S&P 100 companies offer mandatory diversity training, leadership development, mentoring and/or ERG programs*

PTS	DIVERSITY RATINGS INDICATOR	S&P 100 COMPANIES
0	No evidence of internal initiatives	4
5	Evidence of one or two elements: mandatory training, leadership development, mentoring, or ERG programs	12
10	Evidence of three or four elements: mandatory training, leadership development, mentoring, or ERG programs	84

While implementing an inclusive EEO policy is an important first step, offering diversity training and establishing internal diversity initiatives, such as mentoring and employee resource group (ERG) programs, are just as critical.

Diversity training serves to ensure a company's policies and overall commitment to an equitable workplace are clear and understood by all employees. Internal diversity initiatives offer employees opportunities to gain leadership skills, build networks, and contribute strategically to company efforts, all of which are needed to advance throughout a company's ranks and prepare for future executive and board-level appointments.

A total of 96% of rated companies support one or two internal diversity initiatives, while 84% support three or more, acknowledging that these initiatives not only benefit employees, but also companies themselves through the early identification of leaders, creative marketing and product development ideas, outreach to broader markets, and an overall reinforcement of the company's commitment to diversity and inclusion.

While the ratings for this indicator focus on the existence of internal initiatives, as more companies disclose participation and promotion rates, we hope to be able to rate the effectiveness of such initiatives. Currently 24% of companies provide data on the percentage of women in management training; of those companies, the average participation rate is 40%, with **Verizon** leading the way with 79%. We welcome this disclosure and encourage companies to consider sharing the promotional rate of initiative participants to demonstrate if and how women and minorities are advancing up the corporate ladder.

Calvert believes internal diversity initiatives are crucial to a company's success in building and sustaining a fair and equitable working environment. A company dedicated to diversity and inclusion must go beyond written policies by taking concrete action to bring its policies to life.

INITIATIVES IN ACTION

American Express Co and Colgate-Palmolive Co are among leading companies strategically leveraging ERGs for recruitment and retention, talent development, and multicultural marketing strategies support. At American Express, 54% of employees participate in one or more of its 14 ERGs; at Colgate-Palmolive, 58% of employees participate in one or more of its 29 ERGs.

Procter & Gamble Co and **MetLife Inc** are among companies supporting robust mentoring programs. At both companies, managers demonstrate strong involvement, participating at 56% and 65% respectively.

Baxter International Inc's *Building Talent Edge* program, focused on recruitment and development strategies in its Asia Pacific operations, increased women's representation across management and in key positions from 31% in 2004 to 50% in 2008.

INDICATOR 3

External Diversity Initiatives

80% *of S&P 100 companies offer recruitment/outreach AND supplier diversity programs*

PTS	DIVERSITY RATINGS INDICATOR	S&P 100 COMPANIES
0	No evidence of external initiatives	7
5	Evidence of recruitment/outreach OR supplier diversity program	13
10	Evidence of recruitment/outreach AND supplier diversity program	80

External diversity initiatives are also critical to a company's success in building and sustaining a fair and equitable working environment. A total of 80% of S&P100 companies support both recruitment and outreach initiatives, as well as supplier diversity programs, understanding that these programs provide companies an opportunity to reach the broadest talent pool and build workforces reflective of the communities in which they operate and the customer base to which they market.

With the working-age population expected to decline to 57% by mid-century,[6] competition for the best and brightest talent will only increase. Coupling this pressure with the projection that the working-age population will be more than 55% minority in the same timeframe[7] adds an increased sense of urgency to establishing robust multicultural initiatives now.

Supplier diversity programs provide opportunities for companies to build and strengthen relationships with minority- and women-owned businesses, leverage the creativity and innovation such companies bring to bear, and better align products and services to an increasingly diverse customer base. With the buying power of Hispanics, African-Americans, Asians, and Native-Americans expected to exceed $3 trillion by 2012, companies can ill afford to ignore these markets.[8]

While the ratings for this indicator focus on the existence of external initiatives, as more companies disclose information on recruitment rates and supplier diversity spending, we hope to be able to assess the effectiveness of such initiatives. Currently, 29% of companies provide data on the percentage of total spending dedicated to diverse suppliers; of these, **McDonald's** leads the way with 55% of its supplier spending allocated to minority- and women-owned businesses. We welcome this additional disclosure and encourage all companies to consider sharing more concrete metrics demonstrating how these initiatives are contributing to stronger, more diverse organizations.

Calvert views external diversity initiatives as a key component to overall success. In order for a company to be successful, it should seek diverse job candidates to mirror the increasingly diverse marketplace and benefit from greater creativity and innovation in the workplace.

INITIATIVES IN ACTION

Merck & Co Inc/NJ and **Morgan Stanley** are among leading companies supporting efforts to attract, recruit, and retain minorities and women, providing internships, scholarships, and fellowships to minority students interested in entering their respective fields.

PepsiCo Inc supports a dedicated female talent development division in the Middle East and Africa to increase its recruitment of women in those regions.

Johnson & Johnson and **IBM** support business development for diverse suppliers, including providing scholarships to and collaborating with business schools and executive leadership programs. IBM collaborated with the World Bank's International Finance Corporation to develop a toolkit for diverse small and medium enterprises both domestically and around the world.

6. U.S. Census Bureau News, August 2008. An Older and More Diverse Nation by Midcentury.
7. Ibid.
8. The Selig Center for Economic Growth at the University of Georgia, Terry College of Business, 2007. *The Multicultural Economy.*

INDICATOR 4

Scope of Diversity Initiatives

67% *of S&P 100 companies support employee resource groups targeted to three or more groups*

PTS	DIVERSITY RATINGS INDICATOR	S&P 100 COMPANIES
0	No reference to LGBT, disability, race/ethnicity, and/or gender	19
5	Specific reference to 1 or 2 LGBT, disability, race/ethnicity, and/or gender	14
10	Specific reference to 3 or 4 LGBT, disability, race/ethnicity, and/or gender	67

The scope of initiatives reflects the breadth of companies' internal and external diversity initiatives, such as mentoring programs, employee resource groups, and recruitment and outreach programs, by identifying the extent to which such programs are targeted at one or more traditionally underrepresented groups.

A total of 81% of rated companies support at least one internal or external diversity initiative targeted at one or more traditionally underrepresented groups, while 67% demonstrate a much more robust breadth of programs, targeting three or more diverse groups. The vast majority of companies (76) support initiatives focused on race, ethnicity, and gender, while only slightly less (73) offer initiatives focused on LGBT employees. Disappointingly only 41 companies support initiatives specifically targeted at employees with disabilities. Interestingly, those companies with a wider scope of initiatives perform better in eight of the nine other indicators, on average.

While supporting diversity initiatives targeted at any one of the traditionally underrepresented groups is important, Calvert believes it is crucial that a company's commitment to such initiatives extends beyond one particular group, particularly as a measure to improve recruitment and retention. A recent Hay Group study[9] estimates employee turnover costs to equal 50 to 150% of salary—a very costly proposition. The same study also demonstrates organizations that successfully engage and enable employees can realize a 54% total reduction in voluntary turnover costs. These findings demonstrate why employee engagement and retention are identified by CEOs as critical issues.

Calvert believes employees should be recruited, hired, promoted, and retained based on competency, not chromosomes or the color of their skin. We want to see a level playing field, where merit and hard work—not bias and stereotype—are what count in hiring and advancement opportunities, recognizing that companies committed to diversity have a competitive advantage in employee recruitment and retention and are better able to anticipate and respond effectively to evolving consumer demand.

INITIATIVES IN ACTION

Cisco Systems Inc is known for its commitment to gender. Its Gender Initiative focuses on increasing recruitment, retention, and career opportunities for women in the IT industry through a number of related programs. Its Girls in Technology Initiative, for example, seeks to increase the number of girls and young women in the engineering and technology fields, providing them educational opportunities and dedicated mentors.

Exxon Mobil Corp is known for its commitment to employing nationals. In Russia, for example, nationals comprise nearly 85% of the workforce. In Nigeria, 89% of the company's workforce is Nigerian, including 76% of senior leadership positions. With over 60% of company employees located outside the United States, the company's commitment to local hiring is critical.

IBM is known for its commitment to recruiting. The company supports three internship and/or recruitment programs—Entry Point, Project View, Project View Plus—targeted at women, persons with disabilities; African-American, Hispanic/Latino, Native-American, and Asian college students, graduates; and experienced professionals interested in pursuing technology careers.

9. Hay Group, Business Wire, July 15, 2010

INDICATOR 5

Family-friendly Benefits

93% *of S&P 100 companies offer at least one family-friendly benefit*

PTS	DIVERSITY RATINGS INDICATOR	S&P 100 COMPANIES
0	No family-friendly benefits	7
5	One or two family-friendly benefits	22
10	Three or four family-friendly benefits	71

Family-friendly benefits and work-life balance have risen to the top of employees' checklists as key criteria for both selecting and staying with an employer. With recruitment and retention of talented employees becoming evermore challenging, offering progressive benefits gains an even greater importance.

Calvert believes that companies offering family-friendly benefits profit externally from a more positive public image, and internally from factors such as increased recruitment and retention of skilled workers, improved employee productivity and morale, and improved quality of work-life balance that leads to reduced absenteeism, turnover, and stress.

A 2009 survey from the Center for Work-Life Policy highlights the price that high-potential women (those with a graduate degree or who graduated from college with honors) pay in taking time off from their careers: 73% of women trying to return to the workforce had trouble finding a job, 22% were forced to step down to a lower job title, and 58% of women had to switch to a part-time, reduced time, or flex-time schedule to balance work and family obligations.[10] Interestingly 69% of women stated they would not have needed to take time off if their companies had offered flexible work options such as reduced hours, job sharing, or part-time career tracks,reinforcing the importance of family-friendly benefits.

A total of 93% of S&P 100 companies understand this fact and offer at least one or more family-friendly benefit. Of the four specific benefit areas analyzed— flexible work arrangements, adoption assistance, dependent care programs, and domestic partner benefits—domestic partner benefits are the most common, offered by 84 companies. Adoption assistance and dependent care options are close behind, offered by 77 and 72 companies respectively. Flexible working provisions, while benefiting employees and in the case of telecommuting, the environment, are offered at 65 companies.

Family-friendly benefits have become an important element of companies' strategies to address issues of work-life balance and recruitment and retention, as they become rising workforce priorities. Companies should strive to eliminate stigma or bias against those taking advantage of flexible work arrangements, which are often seen as career stoppers, and should publicize available work-life options to all employees.

INITIATIVES IN ACTION

Capital One Financial Corp offers free treatment to employees' family members (even those without health insurance) through on-site health centers at its headquarters.

Chevron Corp was the first major integrated energy company to offer domestic partner benefits to its employees.

Cisco Systems Inc offers full-time childcare to 400 kids of its employees and reveals that 85% of its employees flexed their hours or worked offsite in 2008, according to Working Mother.

Hewlett-Packard Co states that 80% of its employees use flex time, including 34% of its employees who formally telecommute.

JPMorgan Chase & Co, according to Diversity, Inc., offers a wide range of work-life benefits such as onsite childcare, adoption assistance, paternity leave, lactation programs, dependent care benefits, and domestic partner benefits.

10. Center for Work-Life Policy, *Off-Ramps and On-Ramps Revisited*, Spring 2009

INDICATOR 6

EEO-1 Disclosure

37% *of S&P 100 companies have No EEO-1 disclosure*

PTS	DIVERSITY RATINGS INDICATOR	S&P 100 COMPANIES
0	Companies with no EEO-1 disclosure	37
5	Companies with partial EEO-1 disclosure	55
10	Companies with full EEO-1 disclosure	8

EEO-1 disclosure provides a comprehensive breakdown of a company's workforce by race and gender across employment categories, enabling investors to get a snapshot of minority and female representation throughout a company's ranks and to measure a company's progress on hiring, retaining, and promoting minority and female employees over time. The federal government requires private companies with 100 or more employees and federal contractors to submit EEO-1 data. However, companies are not required to release EEO-1 information to investors or the public.

Only eight S&P 100 companies provide full disclosure demonstrating a comprehensive breakdown of their workforce. Fifty-five companies provide some level of information, such as the percentage of women managers they employ or the number of minority employees throughout the organization. The remaining 37 companies do not disclose any demographic data on their employees, missing an opportunity to provide investors and interested stakeholders with key evidence of whether and how women and minorities are advancing up the corporate ladder.

As many U.S.-based corporations continue to expand globally, we recognize the inherent challenges of providing the racial demographics of employees, and therefore look for companies to at least disclose U.S. employee demographics and identify creative solutions to addressing global workforce disclosures. We also encourage companies to measure and disclose data on an annual basis, in order to identify areas of strength and opportunity and demonstrate the effectiveness of their diversity initiatives.

While corporate disclosure in this area remains disappointing, movement on the reporting and regulatory front continues. Internationally, the Global Reporting Initiative is enhancing its sustainability reporting framework, used by many corporations, to include a number of additional gender-related indicators. U.S. Senator Robert Menendez sent a voluntary survey to 2009 and 2010 Fortune 500 companies in order to "gain a better understanding of what minority and female representation looks like on corporate boards, in senior leadership and in the procurement of goods and services."[11]

S&P 100 COMPANIES WITH FULL EEO-1 DATA DISCLOSURE

AllState Corp	**Intel Corp**
Citigroup Inc	**JPMorgan Chase & Co**
Costco Wholesale Corp	**NIKE Inc**
Wal-Mart Stores Inc	**Hewlett-Packard Co**

11. http://menendez.senate.gov/newsroom/press/release/?id=1ba99543-ef57-446c-a1db-7632a08c9bbc

INDICATOR 7

Highest Paid Executives

56% *of S&P 100 companies have no women AND/OR minorities in the highest paid executive positions*

PTS	DIVERSITY RATINGS INDICATOR	S&P 100 COMPANIES
0	No women AND/OR minorities in Five Highest Paid Executives	56
5	One woman OR minority in Five Highest Paid Executives	30
10	Two or more women AND/OR minorities in Five Highest Paid Executives	14

This is the worst performing indicator for the S&P 100. Despite progress in establishing diversity programs and policies, there is still significant room for improvement in the most elite corporate offices. We continue to find lack of disclosure problematic, as there were 21 instances in which we could not conclusively determine the minority representation of these positions. Until more companies provide biographical data confirming the diversity of each officer, our ratings will continue to focus on the data we can confirm.

Our analysis includes both the number and titles of women and minorities included in the company's five highest paid executives, as defined by the company in its annual proxy filing, though our scores currently focus on the number of diverse executives. While women make up approximately 18% of director positions within the S&P 100, they represent only 8.4% of the highest paid positions within the same group of companies. Among the S&P 100, only 14 companies have two or more female and/or minority officers in these positions, and 56 companies have no female and/or minority representation in their highest paid positions. There are six female CEOs, of which three are minorities, and two minority male CEOs. To put these numbers into perspective, while there are eight diverse CEOs, 92 companies have Caucasian male CEOs, showing us just how far away we are from anything resembling parity.

At Calvert, we believe having women and minorities in these prestigious and integral positions shows employees, investors, and other interested stakeholders that the company is serious about its dedication to diversity and is in fact *walking the talk*. As these positions are often the gateway to future board appointments, the importance of having strong diversity in these roles cannot be underestimated or overlooked. For these reasons, the dismal showing for this indicator especially disappoints us.

It should be no surprise that four of our five diversity leaders are included in the chart below which highlights the only companies to earn 10 points for this indicator, meaning that each of these companies has two or more women and/or minorities within their five highest paid officer positions.

DIVERSITY IN LEADERSHIP

Allstate Corp	**Hewlett-Packard Co**
American Electric Power Co	**Home Depot Inc**
Avon Products Inc	**Johnson & Johnson**
Campbell Soup Co	**Kraft Foods Inc**
Chevron Corp	**Oracle Corp**
Citigroup Inc	**Sara Lee Corp**
Coca-Cola Co	**Xerox Corp**

INDICATOR 8

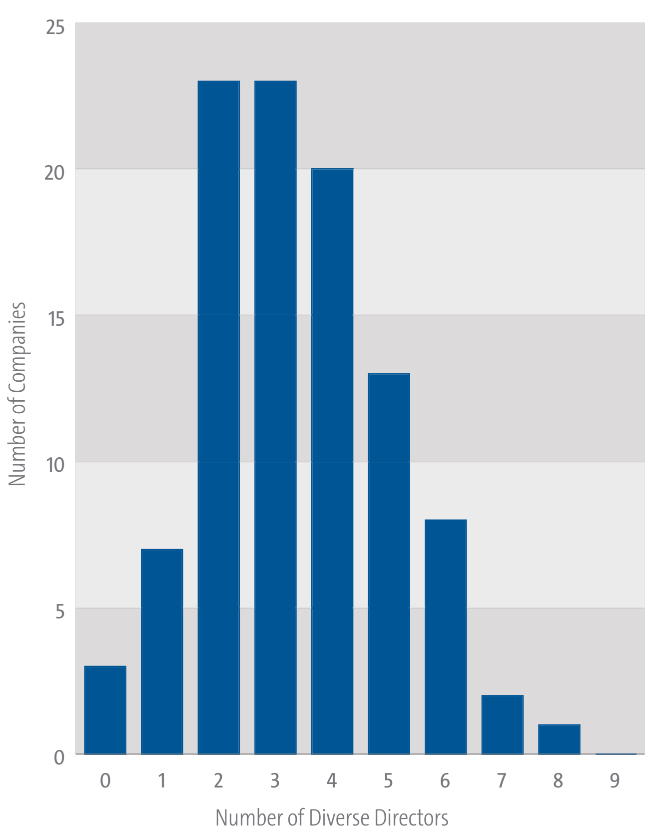
Board Representation

97% *of S&P 100 companies have at least one woman AND/OR minority on the board of directors*

PTS	DIVERSITY RATINGS INDICATOR	S&P 100 COMPANIES
0	No women OR minorities on Board of Directors	3
5	One or Two women OR minorities on Board of Directors	30
10	Three or more women AND/OR minorities on Board of Directors	67

Since true diversity is needed from the factory floor to the ceiling, our analysis includes diversity at every level of the organization, including the boardroom. When analyzing corporate practices at this level, we look at both the demographic composition of the board (discussed further below), as well as the new diversity disclosures mandated by the Securities and Exchange Commission in corporate proxy statements (discussed further in the next section).

BOARD DIVERSITY—S&P 100



Though not currently factored into our ratings, our analysis also includes women and minority directors' specific committee roles, realizing the importance of having diversity in leadership positions. Of the 97 companies having at least one woman and/or minority on the board, 67 companies have assigned at least one board committee chair position to a woman director and 55 companies (where minority membership is verified) have assigned at least one committee chair to a minority director. Thirteen companies have a woman and/or minority as the chair of the audit committee—one of the most powerful positions on a board.

Calvert believes diversity is an essential measure of sound governance and a critical attribute of a responsible and accountable board. In an increasingly complex global marketplace, the ability to draw on a wide range of viewpoints, backgrounds, skills, and experience is critical to a company's success, as it increases the likelihood of making the right strategic and operational decisions, contributes to a more positive public image, and catalyzes efforts to recruit, retain, and promote the best people, including women and minorities.

As shown in the chart to the left, companies most frequently have two or three diverse members of their board. Further, there are three companies with no diverse directors at all and one company with eight diverse directors. Overall, our analysis finds that women comprise approximately 18% of S&P 100 board seats, compared to 15% of the Fortune 500 board positions.[12]

12. Catalyst, 2009 Catalyst Census: Fortune 500 Women Board Directors

INDICATOR 9

Director Selection Criteria

44% *of S&P 100 companies mention diversity in race and/or gender as part of their director selection criteria*

PTS	DIVERSITY RATINGS INDICATOR	S&P 100 COMPANIES
0	No mention of Diversity	31
5	General mention of Diversity	25
10	Specific mention of Diversity in Race and/or Gender	44

In December 2009, the Securities and Exchange Commission (SEC) announced approval of a number of additional proxy disclosure requirements; among other provisions companies are for the first time required to disclose:

- "Whether, and if so how, a nominating committee considers diversity in identifying nominees for director";
- If diversity is considered, "disclosure would be required of how this policy is implemented, as well as how the nominating committee (or the board) assesses the effectiveness of the policy."[13]

Despite encouragement by Calvert and other commenters, the SEC did not provide a definition of diversity for companies. Rather, the SEC states that the definition of diversity is left to the company's discretion and may be inclusive of race, gender, and a range of other characteristics.

As a result of these new rules, which became effective on February 28, 2010, for the first time we are able to compare and contrast companies' approach to this important issue by comparing proxy disclosures. However, ten companies either filed proxies before these disclosures were mandated or after our research window closed. Therefore, we reviewed these ten companies' governance charters for consideration of diversity in identifying director nominees. We welcome the large number of companies that took the newly mandated disclosure requirements as an opportunity to reassess the board's current approach to diversity, since the SEC agreed that it is useful for investors to understand how the board considers and addresses diversity. However, twenty-one companies had no change in their diversity-related disclosures from 2009 to 2010.

13. Proxy Disclosure Enhancements (SEC Release No. 33-9089, issued December 16, 2009), p.38

Calvert has developed Model Board Diversity Policies and Proxy Disclosures (please see Appendix C) to provide guidance to companies as to the types of commitments and information that investors would find useful in assessing a company's efforts to build a diverse and effective board.

Forty-four companies mention race and/or gender as desired characteristics in board nominees, twenty-five companies state a general commitment to diversity in the selection criteria, and thirty-one companies have no mention of diversity (as captured by Calvert's definition) in the selection process. Selection criteria that refer solely to "diverse backgrounds" or "diversity of experience" were not considered as these phrases do not ensure that a company's intentions are to seek racially and gender-diverse candidates.

ENHANCED DIVERSITY DISCLOSURES

JPMorgan Chase & Co—"The board strives to ensure diversity of representation among its members. Of the 11 director nominees, two are women and one is African-American. Increasing diversity is a priority, and when considering prospects for possible recommendation to the board, the Governance Committee reviews available information about the prospects, including gender, race and ethnicity, as well as experience, qualifications, attributes and skills."

Citigroup—"Among the factors that the nomination and governance committee considers when evaluating the composition of the board, diversity is critical. For a company like Citi, which operates in over 100 countries around the globe, diversity includes race, ethnicity, and gender as well as the diversity of the communities and geographies in which Citi operates."

INDICATOR 10

Overall Corporate Commitment

38% *of S&P 100 companies demonstrate a robust commitment to diversity, both internally and externally*

PTS	DIVERSITY RATINGS INDICATOR	S&P 100 COMPANIES
0	No evidence of an overall corporate commitment to diversity	16
5	External recognition of an overall corporate commitment to diversity	46
10	Demonstrated evidence of robust commitment to diversity, both internally & externally	38

Corporate commitment reflects the extent to which a company's commitment to diversity and inclusion appears to be integrated and communicated throughout its governance and management structure.

Often, to start permeating diversity objectives throughout a corporate structure, companies form a diversity council. These councils often represent a cross-section of employees and managers that come together to discuss how best to further the company's diversity objectives. Our findings show that 80% of the S&P 100 have a diversity council and 46 of those disclose that their CEO and/or Chair is involved in the council's operations. This second statistic on CEO involvement is critical as leadership from the top sets the tone and signals to all employees the importance of embracing diversity and inclusion.

Next, we found that 34 companies link diversity measures to their compensation plans. As compensation is the principal performance incentive at any company, this is a true indication of a company's commitment to diversity. Finally we analyzed board committee charters and found that 30 companies mention oversight of diversity policies and/or programs by their Board of Directors.

Calvert believes these types of commitments represent a company's maturity in embracing diversity and inclusion. Our analysis also shows that companies scoring high in corporate commitment tend to score higher on eight of the nine other diversity ratings indicators. These companies are moving beyond the basics in diversity programs and policies and truly integrating diversity into the highest levels of their companies.

INITIATIVES IN ACTION

Chevron Corp ties managers' performance ratings to their hiring of diverse candidates and operates diversity councils through the company.

Coca-Cola Co has a Public Issues and Diversity Review Committee of its Board of Directors. Among other responsibilities this committee is tasked with reviewing "the Company's progress toward its diversity goals."

JPMorgan Chase & Co's CEO Jamie Dimon leads the diversity council, which includes a group of global senior leaders, and meets regularly to discuss diversity action plans within each business. A portion of these executives' compensation is also linked to their ability to "attract, retain, and lead a diverse employee base."

Sara Lee Corp's Board of Directors and senior management team "ensure the integration of diversity and inclusion into business vision sessions and planning by setting policy, monitoring strategy, and holding leadership accountable."

Conclusion and Next Steps

Companies within the S&P 100 have made significant strides related to workplace diversity policies, programs, and performance. Greater disclosure is essential to further progress on diversity, as in virtually every other social, environmental, and governance issue that Calvert addresses, and will benefit not only interested stakeholders, but also the companies themselves. Once companies have reviewed and reported on current diversity practices, they can use this reporting to identify areas of opportunity and risk, and in turn set manageable, measurable goals to address these areas.

Over the years, Calvert has conducted countless dialogues and filed numerous shareholder resolutions with companies on issues of diversity, including EEO policies, EEO-1 disclosure, and board diversity. This year, we plan to use this opportunity to engage companies using both this report and the Gender Equality Principles web-based assessment tool (**www.genderprinciples.org**) to advance diversity within those organizations.

Overall the S&P 100 companies demonstrated a sound commitment to workplace equality, particularly as it relates to the support of robust policies and programs. We welcome evidence of increased innovation and integration, as well as improved corporate commitment. We applaud robust diversity policies and programs, and encourage companies to continue efforts towards better work-life balance and family-friendly benefits. We hope these strengthened pipeline initiatives will result in improved executive and board diversity representation, two areas remaining essentially flat, despite growing investor interest. Where companies tend to truly fall short is in the transparency and disclosure of concrete performance metrics as well as detailed demographic data, information necessary to truly measure the quality and breadth of diversity initiatives. Due to inconsistent disclosure, our analysis focused on the existence, as distinct from the effectiveness, of many indicators. We did, however, provide additional quantitative and qualitative data where available, and in subsequent reports plan to include such elements into the grading of indicators. We will also leverage our power as an investor to encourage companies to improve the disclosure of diversity performance data and offer our unique tools to assist them in their journey.

Despite our push for enhanced disclosure, we recognize that many of these companies serve as great models to which other companies can aspire. We congratulate our 2010 diversity leaders: **Chevron Corp**, **Citigroup Inc.**, **Coca-Cola Co.**, **JPMorgan Chase & Co.**, and **Sara Lee Corp.** We understand there are many companies outside the S&P 100 benchmark universe who are also making great strides in advancing women and minorities in the corporate workplace, and encourage investors and interested stakeholders to consider those efforts.

Calvert believes employees should be recruited, hired, promoted, and retained based on competency, not chromosomes or the color of their skin. We want to see a level playing field, where merit and hard work—not bias and stereotype—are what count in workplace opportunities. We believe companies that fully embrace this challenge and commit to providing a fair and equitable working environment will recognize gains in both the workplace and marketplace.

RECOMMENDATIONS

Calvert recognizes that a comprehensive corporate diversity strategy is a journey, not a destination. We anticipate that companies will use this survey of diversity practices to benchmark their progress and drive action within their workplace. We applaud those companies that have worked to advance the status of women and minorities within the workplace and encourage other companies to evaluate the benefits corporate diversity brings to bear on both strategic and operational decisions. With that perspective in mind, we offer three key recommendations:

1. **Conduct a self-assessment.** Using Calvert's diversity ratings as guidelines and the Gender Equality Principles website self-assessment tool, companies should examine their policies, practices and programs to identify their own areas of strength and weakness. Companies should keep in mind whether the relevant practices are implemented domestically or globally. It is also critical to determine if adequate metrics are in place to evaluate diversity performance. Once these assessments are complete, companies should use findings to develop action plans, including establishment of measurable short- and long-term goals and commitments.

   - Engage diverse employee resource groups and external stakeholders to gather suggestions and input on the company's current diversity efforts

2. **Increase disclosure of corporate diversity practices.** It is essential not only to support comprehensive diversity practices, but also to report on them in a detailed manner. In order for the disclosure to be credible, companies need to remember to communicate challenges and even problems, as well as achievements. Such disclosure will not only benefit interested shareholders and stakeholders, but also the companies themselves, since it enables prospective and current employees and external partners to evaluate the company's progress on these issues.

   - Establish appropriate metrics and processes to collect and analyze the impact of diversity practices across the workplace

   - Review the Global Reporting Initiative and International Finance Corporation's "Embedding Gender in Sustainability Reporting—A Practitioner's Guide" for recommendations on embedding gender disaggregated data into sustainability reporting

3. **Support public policy and community efforts.** Extend the company's commitment to diversity beyond the corporate walls by publicly supporting key legislation addressing issues of equality in the workplace, such as equal employment opportunity policies, fair pay practices, and workplace violence prevention and engaging local community groups. Companies should also consider reporting publicly on their policy positions, thereby strengthening their efforts to be transparent while showcasing their commitment to diversity and inclusion.

   - Review current political spending and policy positions to ensure an alignment with the company's commitment to diversity

   - Target local community support and other philanthropic contributions to organizations that work to advance diversity

Calvert's Gender-Related Advocacy and Actions

Calvert launched the Calvert Women's Principles® in 2004, as the first global code of corporate conduct focused exclusively on empowering, advancing, and investing in women. The Women's Principles are consistent with Calvert's longstanding investment approach, which holds that well-governed, socially responsible companies are better positioned to manage risk and deliver long-term value to their shareholders, and reflect Calvert's view that there is a strong business case for gender equality. Since their launch, the Principles have offered corporations a set of standards against which they can assess their performance and provided investors with a set of tools to assess corporate progress on gender equality and women's empowerment.

Recognizing that these Principles can play a critical role in improving the quality of life for women employees, their families, vendors, suppliers, and other stakeholders, while advancing the rights and status of women around the globe, Calvert's main focus has been turning the Principles from the aspirational into the operational.

In 2008, we partnered with the City of San Francisco's Department on the Status of Women and Verité to adapt the Principles for the Bay area. Subsequently, the three organizations launched the Gender Equality Principles (GEP) Initiative and have worked with companies to translate the Principles into practical policies, guidelines, indicators, and other performance tools for direct implementation into the workplace. A companion website—**www.genderprinciples.org**—was also developed and launched. This site serves as a one-stop shop to assist companies in implementing and promoting the GEP, by allowing them to establish a baseline, identify areas of strength and opportunities for improvement, leverage extensive indicators and resources, and set concrete goals and objectives to strengthen gender-related policies, practices, and organizational culture.

Complementing the domestic-focused GEP Initiative, the Calvert Women's Principles formed the centerpiece of a landmark internationally focused initiative spearheaded by the UN Global Compact and UNIFEM: the Women's Empowerment Principles—Equality Means Business—launched in March 2010. Thirty-eight top executives of UN Global Compact companies, including Calvert's CEO Barbara Krumsiek, signed a CEO statement of support demonstrating their leadership on gender equality and women's empowerment, and others are encouraged to follow their lead.

Calvert continues to leverage the Calvert Women's Principles in these two signature initiatives, as well as in direct corporate engagement. Though focused on gender, the Principles and related key elements and indicators serve as a detailed road map any corporation can use to further diversity within its operations. We encourage S&P 100 companies interested in improving their ratings, and all companies interested in advancing diversity, to utilize the extensive tools and resources available at the GEP website, **www.genderprinciples.org**.

Appendix A: S&P 100 Company Ratings *(Alphabetical)*

COMPANY	PTS	COMPANY	PTS	COMPANY	PTS	COMPANY	PTS
3M Co	80	Coca-Cola Co	95	Home Depot Inc	80	Pfizer Inc	80
Abbott Laboratories	90	Colgate-Palmolive Co	85	Honeywell International Inc	60	Philip Morris International Inc	15
Alcoa Inc	75	Comcast Corp	65	Intel Corp	85	Procter & Gamble Co	90
Allstate Corp	85	ConocoPhillips	65	International Business Machines Corp (IBM)	75	QUALCOMM Inc	70
Altria Group Inc	50	Costco Wholesale Corp	55	Johnson & Johnson	90	Raytheon Co	65
Amazon.com Inc	45	CVS Caremark Corp	80	JPMorgan Chase & Co	95	Regions Financial Corp	45
American Electric Power Co	85	Dell Inc	75	Kraft Foods Inc	85	Sara Lee Corp	95
American Express Co	85	Devon Energy Corp	30	Lockheed Martin Corp	70	Schlumberger Ltd	30
Amgen Inc	70	Dow Chemical Co/The	80	Lowe's Cos Inc	50	Southern Co	75
Apple Inc	50	EI du Pont de Nemours & Co	75	Mastercard Inc	70	Sprint Nextel Corp	60
AT&T Inc	85	EMC Corp	70	McDonald's Corp	75	Target Corp	70
Avon Products Inc	80	Entergy Corp	60	Medtronic Inc	75	Texas Instruments Inc	65
Baker Hughes Inc	45	Exelon Corp	75	Merck & Co Inc/NJ	90	Time Warner Inc	80
Bank of America Corp	80	Exxon Mobil Corp	60	MetLife Inc	70	United Parcel Service Inc	65
Bank of New York Mellon Corp	80	FedEx Corp	85	Microsoft Corp	80	United Technologies Corp	60
Baxter International Inc	75	Ford Motor Co	70	Monsanto Co	80	UnitedHealth Group Inc	65
Boeing Co	70	Freeport-McMoRan Copper & Gold Inc	25	Morgan Stanley	70	US Bancorp	70
Bristol-Myers Squibb Co	75	General Dynamics Corp	35	National Oilwell Varco Inc	15	Verizon Communications Inc	75
Berkshire Hathaway	10	General Electric Co	70	News Corp	45	Walgreen Co	60
Campbell Soup Co	85	Gilead Sciences Inc	35	NIKE Inc	90	Wal-Mart Stores Inc	70
Capital One Financial Corp	70	Goldman Sachs Group Inc	70	Norfolk Southern Corp	50	Walt Disney Co	70
Caterpillar Inc	65	Google Inc	65	NYSE Euronext	60	Wells Fargo & Co	80
Chevron Corp	95	Halliburton Co	35	Occidental Petroleum Corp	40	Weyerhaeuser Co	70
Cisco Systems Inc	75	Hewlett-Packard Co	85	Oracle Corp	70	Williams Cos Inc	75
Citigroup Inc	100	HJ Heinz Co	65	PepsiCo Inc	80	Xerox Corp	85

Appendix B: S&P 100 Company Ratings *(By Score)*

COMPANY	PTS	COMPANY	PTS	COMPANY	PTS	COMPANY	PTS
Citigroup Inc	100	Monsanto Co	80	US Bancorp	70	United Technologies Corp	60
Sara Lee Corp	95	Microsoft Corp	80	Target Corp	70	Sprint Nextel Corp	60
JPMorgan Chase & Co	95	Home Depot Inc	80	QUALCOMM Inc	70	NYSE Euronext	60
Coca-Cola Co	95	Dow Chemical Co	80	Oracle Corp	70	Honeywell International Inc	60
Chevron Corp	95	CVS Caremark Corp	80	Morgan Stanley	70	Exxon Mobil Corp	60
Procter & Gamble Co	90	Bank of New York Mellon Corp	80	MetLife Inc	70	Entergy Corp	60
NIKE Inc	90	Bank of America Corp	80	Mastercard Inc	70	Costco Wholesale Corp	55
Merck & Co Inc	90	Avon Products Inc	80	Lockheed Martin Corp	70	Norfolk Southern Corp	50
Johnson & Johnson	90	3M Co	80	Goldman Sachs Group Inc	70	Lowe's Cos Inc	50
Abbott Laboratories	90	Williams Cos Inc	75	General Electric Co	70	Apple Inc	50
Xerox Corp	85	Verizon Communications Inc	75	Ford Motor Co	70	Altria Group Inc	50
Kraft Foods Inc	85	Southern Co	75	EMC Corp	70	Regions Financial Corp	45
Intel Corp	85	Medtronic Inc	75	Capital One Financial Corp	70	News Corp	45
Hewlett-Packard Co	85	McDonald's Corp	75	Boeing Co	70	Baker Hughes Inc	45
FedEx Corp	85	International Business Machines Corp (IBM)	75	Amgen Inc	70	Amazon.com Inc	45
Colgate-Palmolive Co	85	Exelon Corp	75	UnitedHealth Group Inc	65	Occidental Petroleum Corp	40
Campbell Soup Co	85	EI du Pont de Nemours & Co	75	United Parcel Service Inc	65	Halliburton Co	35
AT&T Inc	85	Dell Inc	75	Texas Instruments Inc	65	Gilead Sciences Inc	35
American Express Co	85	Cisco Systems Inc	75	Raytheon Co	65	General Dynamics Corp	35
American Electric Power Co	85	Bristol-Myers Squibb Co	75	HJ Heinz Co	65	Schlumberger Ltd	30
Allstate Corp	85	Baxter International Inc	75	Google Inc	65	Devon Energy Corp	30
Wells Fargo & Co	80	Alcoa Inc	75	ConocoPhillips	65	Freeport-McMoRan Copper & Gold Inc	25
Time Warner Inc	80	Weyerhaeuser Co	70	Comcast Corp	65	Philip Morris International Inc	15
Pfizer Inc	80	Walt Disney Co	70	Caterpillar Inc	65	National Oilwell Varco Inc	15
PepsiCo Inc	80	Wal-Mart Stores Inc	70	Walgreen Co	60	Berkshire Hathaway	10

Appendix C: Model Board Diversity Policies and Proxy Disclosures

INTRODUCTION

Calvert's goal in developing model language for board diversity policies and disclosures is to provide guidance to companies as to the types of commitments and information that investors, such as Calvert, would find useful in assessing a company's efforts to build a diverse and effective board. We have taken the approach of suggesting language for inclusion in a company's response to the SEC-required diversity disclosures in proxy filings though our goal is for companies to adopt such policies to ensure diverse candidates are included in director search procedures and diversity is considered in annual assessments of the board. For the SEC-required disclosures, a company must use language that accurately describes that company's particular circumstances and the following language may not currently apply to all companies.

"Whether, and if so how, a nominating committee considers diversity in identifying nominees for director"

The board believes that diversity is an important attribute of a well-functioning board. In selecting qualified candidates to serve as directors of the Company we consider a range of matters of diversity including race, gender, ethnicity, culture, thought and geography and measures ensuring that the board, as a whole, reflects a range of viewpoints, backgrounds, skills, experience, and expertise.

The Nominating Committee has developed a set of criteria for board membership that strives to attain a diversity of background and skills for the board. The Committee has also created a search protocol that seeks qualified board candidates from, among other areas, the traditional corporate environment, government, academia, private enterprise, non-profit organizations, and professions such as accounting, human resources, and legal services.

"If the nominating committee (or the board) has a policy with regard to the consideration of diversity in identifying director nominees, disclosure would be required of how this policy is implemented, as well as how the nominating committee (or the board) assesses the effectiveness of its policy."

In the process of searching for qualified persons to serve on the board, the Nominating Committee (or the board) strives for the inclusion of diverse groups, knowledge, and viewpoints. To accomplish this, the Committee (or the board) may retain an executive search firm to help meet the Committee's (or the board's) diversity objective as well as form alliances with organizations representing the interests of women and minorities. In connection with its efforts to create and maintain a diverse board, the Nominating Committee (or the board) has:

(a) Developed recruitment protocols that seek to include diverse candidates in any director search. These protocols take into account that qualified, but often overlooked, candidates may be found in a broad array of organizations, including academic institutions, privately held businesses, nonprofit organizations, and trade associations, in addition to the traditional candidate pool of corporate directors and officers.

(b) Strived to use, to their fullest potential, the current network of organizations and trade groups that may help identify diverse candidates; and

(c) Periodically reviewed director recruitment and selection protocols so that diversity remains a component of any director search.

The Nominating Committee (or the board) has reviewed the selection process and ensured that women and/or minorities were included in the slate of candidates.

The current racial and gender make-up of the existing board of directors is as follows: [provide breakdown]

About the Authors

This is the second edition of Examining the Cracks in the Ceiling report authored by Calvert's diversity team. The team spearheads Calvert's efforts to promote corporate diversity and the global empowerment of women and leverages its members' individual expertise to help dismantle barriers to diversity in the workplace.

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As lead Corporate Governance and Diversity analyst, Aditi Mohapatra directs Calvert's research, advocacy and policy work on these important issues. In this role, Aditi leads Calvert's efforts to advance boardroom diversity and promote the adoption and implementation of the Calvert Women's Principles®. Further, her experience includes engaging companies and policy makers on executive compensation, board independence, and privacy issues. She has been in this position since 2007 and has worked in the industry since 2006. She frequently writes and speaks on these issues to various internal and external stakeholders. Aditi earned a B.S. in International Economics from the University of Florida and a M.B.A. in Finance from George Washington University.

Amy Augustine
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Amy Augustine managed Calvert's efforts to promote diversity and the global empowerment of women from 2008-2010. As a Workplace Practices Analyst, Amy analyzed corporate practices and their impacts in the areas of diversity, labor relations, worker safety, and international labor rights. Her experience includes working in sustainable and responsible investing since 1999. Ms. Augustine earned a B.A. in English from the University of Kansas. As of September, 2010, Amy moved on to become Director, Corporate Programs, for CERES, in Boston.

Karen Bulthuis
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*Effective 4/30/2011, Calvert Asset Management Company, Inc. (CAMCO) will be renamed Calvert Investment Management, Inc.

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