



UNITED NATIONS GLOBAL COMPACT 2009 Communications on Progress Submitted on March 17, 2009

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1. Statement from CEO:

Corporate responsibility and sustainability are at the core of our business, from our investment decisions and shareholder advocacy to Calvert's relationships with our own associates and local community. As a founding member of the United Nations Global Compact, we are fully committed to the ten universally accepted principles in the areas of human rights, labor, the environment, and anti-corruption.

Calvert believes that every company must address and evaluate its total sustainability footprint. Since we expect the greatest possible degree of transparency and disclosure from the companies in which we invest, we believe it is only reasonable to expect as much from ourselves. To that end, we published the 2006-2007 Calvert Sustainability Report in November 2008. This second full report addresses the environmental, social and governance (ESG) impacts of our operations and describes our influence as an investor.

To advance Calvert's leadership as a sustainable and responsible company, our Corporate Social Responsibility Committee meets monthly to assess the company against internal and external sustainability standards; builds and maintains an infrastructure to collect and report on sustainability issues; and identifies and recommends ways to improve performance indicators as appropriate.

We have continued to take specific actions to reinforce our own sustainability, consistent with the UN Global Compact and its principles. We are pleased to submit this "2009 Communications on Progress" (COP). We have chosen to

highlight the following areas, all of which support one or more of the Global Compact principles:

- Publishing Calvert's 2006-2007 Sustainability Report, our second full report which discloses the details of our sustainability footprint and describes the influence we exert on our advocacy.
- Mobilizing an international multi-stakeholder campaign against massive forced child labor in the Uzbek cotton industry. We have taken a leading role with the U.S. Government, major apparel brands, NGOs, other SRI firms as well as the ILO in the growing campaign to curtail this practice.
- Releasing the 2008 *Examining Cracks in the Glass Ceiling*, a report reviewing the diversity policies and practices of the 636 companies in the Calvert Social Index Fund at that time. The survey was conducted to sharpen our understanding of the state of diversity across Corporate America. This research reflects Calvert's commitment to gender equity, embodied in the Calvert Women's Principles, which we took forward in an innovative partnership in 2008.

During 2008, Calvert continued to focus not only on becoming a more sustainable company but also on increasing the sustainable impact of our funds. We have expanded our approach to sustainable and responsible Investing (SRI). Specifically, Calvert now offers three SRI approaches. Each approach emphasizes different aspects, but all are designed to deliver on a common goal of competitive investment performance and sustainability impact.

We continue to offer our original approach to SRI, which we now refer to as "Calvert Signature Strategies®." These portfolios integrate a rigorous review of financial performance with ESG analysis in seven core environmental, social and governance (ESG) issue areas. We know this approach continues to be important to our shareholders even as there is growing demand for more focused and flexible SRI strategies. Our second approach, the "Calvert Solution Strategies®" are portfolios that selectively invest in companies that produce products and services geared toward solving some of the most pressing environmental and social challenges. In 2007, we launched the first of these funds, the Calvert Global Alternative Energy Fund. In September 2008, we launched the Calvert Global Water Fund.

A new third approach is called SAGE Strategies® (Sustainability Achieved through Greater Engagement). In December 2008, we launched the first of these strategies with the Calvert Large Cap Value Fund. Within the SAGE portfolios we emphasize strategic engagement to advance ESG performance in companies that may not meet certain ESG standards today, but have the potential to improve. We are working to advance ESG performance with a select group of companies in this portfolio that do not meet our full Signature criteria today, but

have the potential to improve in the future. By owning these kinds of companies, many of which are emerging leaders in one or more areas of sustainability performance, we hope to encourage positive change from the inside and expand beyond our traditional universe of companies.

During the last three years, we have continued to expand our shareholder advocacy to encourage companies to strengthen their ESG commitments and performance. We have also expanded our efforts in the U.S. and international public policy arenas in order to raise corporate responsibility and sustainability standards on critical issues in many industries.

Over the years, we have learned a great deal about the challenges and rewards of operating as a sustainable and responsible business. As a leading sustainable and responsible mutual fund family in the U.S., with approximately \$13 billion in assets under management and over 400,000 shareholders among 58 different funds in every major asset category, we continually strive to improve ourselves both as a company and through our products to become an even better, more responsible corporate citizen. We know that true sustainability requires a long-term commitment, and we remain dedicated to continuous improvement.

Sincerely,

Barbara J. Krumsiek
President and CEO
March 16, 2009

2. Practical Actions Taken during the Previous Year

As a sustainable and responsible investment firm, we are committed to advancing the UN Global Compact principles. While we have focused on many areas through our work in 2008, we would like to highlight the following initiatives:

Calvert 2006-2007 Sustainability Report

Calvert is committed to supporting the UN Global Compact's ten principles on human rights, labor rights, the environment and anti-corruption. As a sustainable and responsible asset management firm, we work to improve our own ESG performance as well as communicate this progress to our shareholders and broader stakeholders. In addition, we often ask other companies in which we invest to be transparent and disclose their sustainability practices in a report following the Global Reporting Initiative (GRI) framework. We also believe it is critical to disclose our own practices according to GRI guidelines in alignment with the Global Compact's ten principles. Calvert continually looks at ways to strengthen and enhance our own sustainability and each time Calvert issues a report, current operations are reviewed.

In November 2008, Calvert released its second comprehensive Sustainability Report. It explains our business, details our performance in managing our ESG impacts and describes how we use our role as an investor to influence other companies to become more sustainable. Using the GRI Guidelines and the United Nations Global Compact principles as frameworks, our Sustainability Report describes the specific actions we have taken since our 2004-2005 Report in support of our commitment to sustainability. Calvert self-declared a reporting level of “A” based on its own assessment of the Report content, which was later checked and confirmed by the GRI. The Report’s CEO Statement contains a message of continued support for the Global Compact, as well as a table cross-referencing each UN Global Compact principle to relevant sections in the Report.

The Report includes several segments:

- An overview which describes our approach to reporting, including a sustainability matrix on important issues for both Calvert and our stakeholders.
- Our business section details information on Calvert including our ESG criteria, our own governance, our business ethics performance and fund Board governance.
- Our sustainability management section addresses how we manage our own corporate responsibility, including our relationships with stakeholders.
- Our footprint segment highlights our performance in the areas of workplace, the environment and community relations.
- Our influence section discusses the ways in which we seek to influence the companies in which we invest, our cooperation with NGOs and other groups that share our concerns as well as initiatives relevant to our priorities.

Our second full Sustainability Report reflects our continuing commitment to the UN Global Compact principles, reinforces our belief that disclosure and transparency are important and, we hope, demonstrates positive sustainable and responsible performance.

Calvert’s Diversity Survey Report and Calvert Women’s Principles

In 2008, Calvert focused its efforts to further UN Global Compact Labor Principle 6 covering the elimination of discrimination in respect of employment and occupation. We also addressed Human Rights Principle 1 on the ways businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence. Although these two principles were most directly incorporated into two major initiatives—a diversity

report and an expansion of the Calvert Women's Principles (CWP), in fact, all of the Global Compact Principles are relevant to diversity issues.

As an investor in corporations operating around the world, Calvert understands the vast influence and power business wields in the global economy. These corporations can and must play a vital role in empowering and advancing women and minorities, who remain—to some degree in all parts of the globe—an untapped resource. We believe that promoting responsible corporate conduct can make a real difference not only in the lives of women and minorities around the world, but also for businesses as they expand and capitalize on the strengths they bring to the workforce.

Calvert conducted and released a study of the corporate diversity practices of the 636 companies in the Calvert Social Index at that time, titled *Examining the Cracks in the Ceiling: A Survey of Corporate Diversity Practices in the Calvert Social Index®*, which evaluated ten indicators: 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. This breadth of criteria parallels our analysis, which we perform to obtain confidence that the companies we invest in have integrated robust policies and programs into their operations and have a systematic approach to diversity issues, including proper accountability for implementation strategies. Key findings indicate that increased disclosure is critical to developing a sharper picture of women and minority representation at various levels of the workplace, and is necessary to gauge the success of diversity initiatives. Even the best companies face further challenges in developing and implementing a comprehensive diversity strategy. Consider the disconnect between board and executive diversity; 83 percent of rated companies have at least one woman and/or minority on their board, yet 62 percent demonstrate no evidence of women and/or minorities in their top five highest paid positions—positions that are often the pipeline from which future directors are chosen. Despite significant room for improvement, diversity leaders are reaching out to new demographic and geographic markets, and introducing unique approaches to recruitment and outreach. Corporate commitment is crucial, as it, more than any other indicator, evidences stronger overall diversity performance and points toward an understanding of the importance of transparency and disclosure on these issues.

Since their launch in 2004, the CWP have heightened awareness of workplace issues affecting women and called attention to the role of companies in ensuring women's rights. In 2008, we updated and revised the CWP to address salient emerging issues, and incorporate contemporary policies and best practices. As part of this process, we consulted with a range of stakeholders including Verité, the San Francisco Department on the Status of Women, the United Nations Development Fund for Women (UNIFEM), gender advocacy experts and human rights, legal, and diversity professionals. We also partnered with the San

Francisco Department on the Status of Women and Verité to create the Gender Equality Principles (GEP) based on the CWP. This Initiative expands on the work that we have done with the CWP in the private sector, as well as the Department's work on gender issues in the public sector, while providing a framework through which businesses can achieve greater gender equality and build more productive workplaces. As part of this Initiative, we are working directly with corporations, non-profits, and other organizations to translate the GEP on an issue-by-issue basis into practical guidelines, benchmarks, and other tools to improve performance as they focus on direct implementation of the GEP in the workplace.

Forced Child Labor in the Uzbek Cotton Industry

In accordance with UN Global Compact Human Rights Principles 1 and 2, as well as Labor Principles 4 and 5, Calvert has played a leading role in forging an international multi-stakeholder campaign against massive forced child labor in the Uzbek cotton industry. This has been one of Calvert's top Human Rights and advocacy priorities in 2008 and we dedicated significant resources with our Senior Vice President of Social Research and Policy and the Vice President of Research deeply involved in the effort. Forced child labor at cotton harvest time has been actively supported and encouraged by the Uzbek government at both national and local levels. Uzbekistan is the third largest exporter of cotton, with nearly 50 percent of Uzbek cotton being picked by child laborers. In parts of the country, schools are closed and children are bussed to the fields during cotton picking season. As part of this important campaign, Calvert has helped lead and coordinate efforts with the U.S. government, major apparel brands, NGOs, and other SRI firms as well as the ILO to curtail these practices. We have participated in numerous diplomatic strategy meetings with the U.S. Department of State, other U.S. government agencies and the ILO on how to resolve the Uzbek cotton situation. Our involvement has also included drafting numerous letters for the coalition to both inform and apply pressure to change the situation in Uzbekistan. If the situation does not improve, a global boycott of Uzbek cotton will gain further momentum.

3. A Measurement of Outcomes:

Calvert Sustainability Report

Calvert posted its 2006-2007 sustainability report on our website at http://www.calvert.com/pdf/calvert_csr07.pdf. The report contains details about our sustainability practices, policies and programs, as well as our advocacy and other activities. It is available to all our internal and external stakeholders and reflects our commitment towards transparency. As a result of preparing the report, we found some areas where we could strengthen and improve our efforts and we expect to work on those in the coming year. In recognition of our work, Ceres and the Association of Chartered Certified Accountants (ACCA) announced on December 17, 2008 a short list of candidate reports for their North

American Sustainability Reporting Awards. The awards highlight the best practices in reporting on sustainability issues. Calvert was among the 19 companies selected, out of 99 total submissions. The final winners will be announced later this spring.

Calvert's Diversity Survey Report and Calvert Women's Principles

Calvert views diversity as a social and strategic business and investment imperative. We released *Examining the Cracks in the Ceiling: A Survey of Corporate Diversity Practices in the Calvert Social Index®* to stimulate discussion, catalyze action, and develop a methodology for measuring and managing how women and minorities fare in the corporate workplace. We have received press coverage and investor interest in the survey, and have communicated the findings at a variety of speaking events. We wrote letters to nine companies completely lagging in diversity policies and programs, asking for increased disclosure and shareholder resolutions were filed to advance gender and racial diversity with eight of the companies. To date, we have successfully withdrawn seven resolutions in early 2009. One company added a woman to their board and six companies amended their nominating charter or governance guidelines language to include considerations of race and gender in their director selection process; one resolution is still pending. Through our work on the CWP and in partnership with the San Francisco Department on the Status of Women and Verité, we developed the GEP, which we launched in San Francisco in September 2008. We have been able to educate and encourage Bay Area based companies to adopt and implement these principles, and are continuing to work with them to develop practical policies, indicators and other performance improvement tools to assist them as they implement the GEP in their workplaces. This partnership and practical application of the CWP has helped establish the baseline for the recently launched international consultative process led by the Global Compact and UNIFEM to widen the Principles' reach and impact.

Forced Child Labor in the Uzbek Cotton Industry

During this past year, Calvert played a significant role in combating massive forced child labor in the Uzbek cotton industry. We helped build and lead an international multi-stakeholder campaign involving other SRI firms, major apparel brands, and human rights NGOs to address various aspects of the problem. We played a key role in shaping a global strategy for the campaign with appropriate roles for the U.S. Department of State and especially the ILO. At a meeting with the Uzbek Ambassador to the U.S. and coalition members, we outlined our objectives but also concluded that pressure would continue until Uzbekistan agrees to eliminate child labor. We drafted and signed letters with other coalition members that were sent to various entities, including to top officials at the State Department and the ILO as well as directly to Uzbekistan President Karimov, outlining the steps that need to be taken to resolve the situation. As part of the coalition, we asked apparel and soft home goods companies as well as merchant cotton traders who attend the October Uzbek cotton fair to commit to due

diligence on their suppliers. We also worked to build understanding of the Uzbek cotton problem to others in our own industry by planning and moderating a panel at SRI in the Rockies, the annual SRI industry conference – for which we received positive feedback. To date, some major retailers, including Wal-mart, have agreed to stop sourcing cotton from Uzbekistan.