



Calvert Investments, Inc.

United Nations Global Compact and
United Nations CEO Water Mandate
Annual Joint Communication on Progress

December 2016



CEO STATEMENT OF CONTINUED SUPPORT

Calvert Investments, Inc. (Calvert) is pleased to share our 2016 United Nations Global Compact (UNGC) Communications on Progress (COP) report. As a signatory to the UNGC and an endorser of the UN CEO Water Mandate, Calvert recognizes the importance of advancing environmental, social and governance (ESG) issues such as water stewardship, human rights, climate change goals and anti-corruption. Since our biggest impacts come from the influence of our funds on other companies and the world rather than from our own internal operations, we have chosen to demonstrate our progress through these impacts for both the UNGC ten principles and the six elements of the UN CEO Water Mandate in this combined report.

Our commitment to these values is evident in the Calvert Principles for Responsible Investment (Calvert Principles), developed last year. The Calvert Principles are closely aligned with the UNGC ten principles and serve as the fundamental basis for our investment decisions and our engagement and advocacy to make the companies and the world around us better. As a responsible investor, Calvert seeks to invest in companies that provide positive leadership in the areas of business operations and overall activities that are relevant to improving societal outcomes, including those affecting future generations.

During my tenure as Calvert's President and CEO in 2016, we have made significant changes in how we run the business and our business model, all designed to strengthen how we serve our clients and reinforce our commitment to responsible and impact investing.

- This year we made two key additions to the Calvert Responsible Index Series, which offers the definitive investable universe of companies with strong sustainability profiles that collectively have the potential to meet or exceed the performance of the common broad-market benchmarks. In considering how to grow our responsible indexes to provide investors with cost-effective access to the growth potential of companies that seek to solve today's pressing issues, Calvert launched the Calvert Global Water Research Index in April and the Calvert Global Energy Research Index in October as the latest installments to our growing suite of responsible indexes.
- In 2016, we built upon our existing partnership with George Serafeim, Jakurski Family Associate Professor of Business Administration at Harvard Business School, to conduct joint research on a variety of topics that will

advance approaches to responsible business across sectors, answer questions of vital importance to the investment industry, and further develop our leadership in creating the best practices of responsible investing. This year, we published the second study in the series, *The Financial and Societal Benefits of ESG Integration: Focus on Materiality*, which found in a market environment that increasingly precludes alpha generation based purely on an analysis of financial metrics, properly integrating ESG information into investment analysis can uncover risks and opportunities the market has not yet valued.

- Calvert is also developing an initiative in collaboration with Professor George Serafeim to enable investor support for the United Nations Sustainable Development Goals (SDGs). Our objective is to produce new research and tools that inform our investment analysis and help the broader investment community advance the SDGs. Our project will enable investors to scrutinize company behavior integral to the UNGC principles and UN CEO Water Mandate from a new perspective. By promoting corporate activities that will achieve these goals in a manner that improves shareholder value, this perspective enables companies and investors alike to come one step closer to representing the ideals of the UN's initiatives and the Calvert Principles.
- I have also become a founding member of the Sustainable Accounting Standards Board (SASB) Investor Advisory Group. Comprised of leading asset owners and asset managers, the group is committed to improving the quality and comparability of sustainability-related disclosure to investors, enabling investors to develop a more comprehensive view of company performance. As one of fourteen members encouraging companies to disclose material ESG information and participate in SASB's standard-setting process, Calvert is playing an instrumental role in expanding the growth of sustainable investment and practices to become the foundation of corporate life in a better future.

Since joining Calvert in January 2015, I have focused a significant part of my efforts on instilling a firm-wide commitment to take responsibility for our individual and collective actions and have worked to strengthen our governance functions and enhance our valuation governance and compliance oversight mechanisms. The objective of these efforts has been and continues to be to positively impact corporate behavior, society, and the financial returns of our shareholders' holdings.

Calvert’s senior management team, under my leadership, worked diligently to resolve substantial challenges that occurred prior to my taking control in 2015, as previously disclosed publicly in September 2016. During this period, we cooperated with an SEC investigation and we self-reported other matters to the SEC, both dating to periods prior to my tenure.

The confidence and trust of our clients is the highest priority for our firm. We are deeply apologetic about these two situations and believe that the previous missteps are truly regrettable. By restructuring key leadership, instituting stronger governance policies and responsibly addressing these unfortunate errors, it is my intention to position Calvert to continue to make great strides in the area of responsible investing while avoiding a repeat of Calvert’s past mistakes.

I am extremely pleased that Calvert will be joining forces with Eaton Vance, a leading global asset manager. In the transaction, substantially all of the business assets of Calvert will be acquired by Calvert Research and Management, a new subsidiary of Eaton Vance. We expect the deal to close shortly. Eaton Vance’s decision to make Calvert the centerpiece of its expansion into responsible investing should place Calvert in a strong position to deliver superior long-term performance to clients while positively impacting corporate behavior and society overall. By combining Calvert’s expertise in sustainability

research with Eaton Vance’s investment capabilities, distribution strengths, and management resources, I am confident that Calvert will meaningfully become a better and more impactful company that remains committed to the ideals of the Calvert Principles, the UNGC and UN CEO Water Mandate.

In presenting our annual progress on these initiatives, shareholder advocacy and changes to our business, I would like to reiterate Calvert’s continued support for the UNGC and its important work as well as for the ten principles, which are closely aligned with our own business model. The UNGC principles are a guide for all corporations to follow and we use them as we advocate for corporate responsibility. I would also like to reiterate our continued support for the UN CEO Water Mandate and its six core elements. We have highlighted our progress and how we are addressing the six core elements through our responsible investments within the environment section below.

Sincerely,



John Streur
President and CEO
Calvert Investments, Inc.

CONTACT INFORMATION:

CONTACT: Reed Montague
TITLE: Senior Sustainability Analyst
EMAIL: reed.montague@calvert.com
COMPANY: Calvert Investments, Inc.

ANNUAL PROGRESS AND OUTCOMES

This past year, Calvert has made progress toward achieving the goals of the United Nations Global Compact (UNGC) and UN CEO Water Mandate. For the UNGC, we discuss our progress across the ten principles in four issue areas: human rights, labor, environment, and anti-corruption. For each area, we assess our approach to each principle and discuss a variety of shareholder engagements, stakeholder partnerships, and research initiatives that Calvert has conducted to support the principles and advance our vision of an equitable and sustainable world. The details on our progress for the UN CEO Water Mandate are in the environment section.

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: Make sure that they are not complicit in human rights abuses.

Assessment and Policy:

As a leader in the field of responsible investing, Calvert's investment approach and many of our engagement activities are designed to support sound human rights approaches. We expect companies to exhibit solid human rights records and policies, a philosophy reflected by our investment decisions and the actions we take to encourage positive social change and support public policies that can help advance corporate human rights. This approach is firmly rooted in the beliefs underlying the Calvert Principles for Responsible Investment (Calvert Principles), which outline our human rights commitment in a manner closely aligned with these UNGC two principles.

Implementation and Measurement of Outcomes:

Calvert has long been committed to the rights of Indigenous Peoples. As such, we supported the Standing Rock Sioux Nation and their peaceful efforts to halt construction of the Dakota Access Pipeline, bringing together the largest gathering of tribes in decades, along with environmentalists and others, in a united stand against the pipeline. In October, Calvert issued a joint resolution with the Board of Trustees/Directors of the Calvert Social Funds calling for a more collaborative approach to the pipeline, recognizing how the Standing Rock Sioux Nation is using its traditional wisdom to implement sustainability solutions while seeking to protect its sacred lands and source of clean drinking water.

Shortly after the resolution went public, Calvert established a coalition between First Peoples Worldwide, the Oneida Foundation and the Environmental Media Association (EMA) in order to learn from one another as each sought to support the

Standing Rock Sioux Nation. Subsequently in November, Calvert traveled to North Dakota as part of a unified effort to show solidarity and to directly engage and learn from the Standing Rock Sioux Nation as well as support efforts to protect the Tribe's drinking water and sacred sites. Meeting with Chairman David Archambault II and the youth at Standing Rock, Calvert gained insight into the challenges facing the Tribe and made a strong case for those supporting this cause to consider the role that financial institutions play in funding the Dakota Access Pipeline. After meeting with various members of the Standing Rock community and press, Calvert was able to shift negative perceptions regarding financial companies toward an understanding of why engagement with them matters.

During two different press events in North Dakota, which Calvert attended, the President of the EMA and actress Shailene Woodley stressed to audiences the importance of how money impacts our world. Within a week of traveling to North Dakota, there was increased attention by the press discussing the financial institutions involved with the Dakota Access Pipeline. Visiting the Standing Rock camp enabled Calvert to engage with Indigenous Peoples in a way that facilitated increased communication with the greater business community. Calvert has also committed to further research corporate practices on engagement with Indigenous Peoples by sector and then share findings related to best practices and opportunities for improvement publicly. This research will define effective Indigenous Peoples' engagement and highlight or define best practices for relevant high impact industries, providing another avenue for Calvert to continue to support Indigenous Peoples' rights. We expect to focus on this work in 2017.

Calvert has been active with the Corporate Human Rights Benchmark (CHRB) since 2013, serving on the Steering Committee and playing a critical role in its formation. This year we made a financial contribution to support the ongoing work of CHRB. Earlier this year, CHRB began the first ever global ranking of corporate commitment to and performance on human rights. After a two-year development process that involved a rigorous set of consultations in order to establish the most comprehensive assessment framework, the initiative will rank the 500 largest companies globally to drive consideration of human rights further into investment processes and encourage company progress. CHRB is beginning with a pilot project to rank and benchmark 100 companies in the extractives, apparel and agricultural products sectors, with the rankings of those companies scheduled for release in the first quarter of 2017. After that, CHRB will focus on ranking the information technology and telecommunications sectors. We believe improving corporate disclosure deepens the understanding of critical human rights issues across sectors and allows investors to evaluate individual companies through a more informed investment decision process. Calvert is pleased to support such endeavors that aid investors in better understanding human rights.

Recognizing that supply chain labor practices have become significant risks for global agricultural supply chains, Calvert is currently collaborating with the UN Principles for Responsible

Investment (PRI) and 50 other investors representing \$3.9 trillion in assets this year to send targeted letters to a series of companies in the agricultural, packaged food, soft drink and restaurant industries. Calvert plans to follow up directly with General Mills, Seven & I Holdings, ConAgra, Kroger, PepsiCo, and Starbucks, asking these companies to implement the UN Guiding Principles on Business and Human Rights and manage their supply chain labor risks and opportunities in accordance with relevant international standards. Specifically, we are requesting that the companies adopt and enforce supplier codes of conduct in support of a living wage, ensure training and oversight to govern human rights risks, conduct mapping for traceability and risk assessments, evaluate suppliers for labor performance, collaborate with external stakeholders, request corrective action plans when necessary, and set targets and regularly disclose reporting on all these efforts. Completing these requests will allow these companies to improve relationships with stakeholders, improve their ability to preserve their reputation, and implement cost savings through efficiency and risk management practices, strengthening their overall long-term financial stability. Engagements are ongoing and we look forward to sharing our progress in 2017. Calvert had previously filed a resolution requesting a human rights risk assessment at The Kroger Company on the company's process to identify and analyze the human rights risks related to its operations and supply chain and is filing that proposal again for the 2017 proxy season.

LABOR

Principle 3: Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour; and

Principle 6: The elimination of discrimination in respect of employment and occupation

Assessment and Policy:

Calvert closely follows the International Labour Organization's core labor standards, which align with the UNGC labour principles and are important components in our investment advocacy decisions. As a key function of our work on labor issues, we have chosen to highlight promoting living wages, eliminating corporate health and safety risks, and other critical labor rights issues. The Calvert Principles also incorporate these key UNGC labour principles and guide the selection of companies in our Index Funds.

Implementation and Outcomes:

One of the most critical labor issues Calvert advocated on behalf of in 2016 was in support of the principle of minimum wage reform. Calvert recognizes that a sustainable economy must ensure a minimum standard of living necessary for the

health and general well-being of workers and their families and that the minimum wage should be indexed by tracking its value to inflation. Thus, the wage can be adjusted to align with increases in consumer prices to meet basic needs for living. As such, Calvert filed resolutions with Panera Bread and Chipotle Mexican Grill requesting that the companies institutionalize their commitments to increase the minimum wage and support the notion of indexing. In response, Panera agreed that offering competitive benefits and compensation is an important business imperative. The company pledged to engage leading non-governmental organizations, academics, and others to inform its remuneration strategies, conduct associate research that gets at the most impactful levers for retail recruitment and retention, and share the findings and any policy and associated benefit changes as part of their 2016 sustainability report, which will be published in 2017. The completion of these objectives for a major

restaurant chain will be a significant leap forward for the livable wage movement.

Calvert has begun data collection for its 2017 diversity report, the comprehensive analysis of corporate board diversity practices known as *Examining the Cracks in the Ceiling*, conducted in partnership with George Serafeim, Jakurski Family Associate Professor of Business Administration at Harvard Business School. This year, we have updated our survey instrument to better distinguish successful elements of corporate diversity strategies and interventions, what we call “Diversity 2.0.” Calvert’s first generation diversity report assessed corporate commitments to diversity through the adoption of policies and programs and by the representation of diverse leadership throughout the corporate ranks. Diversity 2.0 seeks to capture successful implementation of efforts to empower and develop a diverse workforce and efforts towards creating a corporate culture that fosters the conditions under which all employees can prosper.

The report also seeks to expand beyond the S&P 100 Index to a larger universe of companies and achieve more granular data to distinguish more clearly between leading and lagging practices. Data analysis began in late 2016 with a publication release date slated for the end of the first quarter 2017.

While the report seeks to assess the landscape of corporate diversity, Calvert also continues to engage company management on diversity issues. We filed a board diversity resolution with Discovery Communications for the second year in a row and the company announced that it would add a woman to its board of directors in December. One of the companies we followed up with from previous engagements, Garmin, also recently appointed a female to its board of directors. Lastly, we also engaged with Norwegian Cruise Lines this fall and were pleased to learn that a board search was underway. The company subsequently announced it was adding a woman to its board of directors.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility; and

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Assessment and Policy:

There is no question that climate change is among the greatest threats facing our planet today. As the global energy system shifts to sources of renewable and cleaner fuels and energy efficiency measures to recognize the urgency for progress this crisis presents, Calvert seeks to support investment opportunities on environmental sustainability and engages with corporations to strengthen their values and practices on environmental protection. Calvert’s overall responsible investment approach is closely aligned with the UNGC’s three environment principles through the Calvert Principles, which preclude companies that demonstrate poor environmental performance, contribute significantly to local or global environmental problems, or include risks to the operation of nuclear power facilities, and seek to promote corporate leaders that focus on the advancement of environmental sustainability and resource efficiency.

Implementation and Outcomes:

As described in the CEO Statement, Calvert launched the Calvert Global Energy Research Index in October as the latest addition to the Calvert Responsible Index series. The Calvert Global Energy Research Index focuses on companies that produce, distribute or develop renewable energy, provide technology for renewable energy and create energy-efficient products or processes as well as companies in energy-intensive industries that manage their energy use in a sustainable manner. These

companies are actively engaging in the transition away from fossil fuels towards a more sustainable economy through the reduction of greenhouse gas emissions and the expanded use of renewable energy sources.

Shareholder Advocacy

Calvert has little exposure to companies with direct ownership of fossil fuel assets and our advocacy around these areas is a key priority. In 2016, Calvert filed or co-filed six shareholder proposals related to climate change and energy concerns. The electric utility industry is one of the largest sources of greenhouse gas (GHG) emissions in the country. The industry is exposed to significant risk as state and federal climate change regulations move forward and as advances in renewable energy threaten to disrupt the traditional utility business model. Three shareholder proposals garnered significant shareholder support, sending the message that forward-looking companies should be taking steps to adapt to a low carbon future such as by producing and delivering more clean energy and energy efficiency within their service areas. We asked First Energy Corporation, Dominion Resources, Southern Company and Ameren to address challenges to their business model due to changes in technology and customer interest in renewable energy and energy efficiency and stricter environmental regulations. This involved requests to adopt time-bound goals to reduce GHG emissions and produce reports on how the

companies could protect shareholder value, reduce the risk of stranded assets and decrease their climate change impacts through renewable energy adoption. In a resolution with OGE Energy Corp requesting increased sustainability disclosure, the company agreed to publish a sustainability report that will demonstrate its environmental, social and governance (ESG) policies and programs, including workplace issues, safety performance, and efforts to improve operational performance and reduce resource use.

Beyond the electric utilities industry, Calvert championed the cause of the environment on resolutions for other high risk companies. We co-filed resolutions with Amgen and Dilliard's and filed with HD Supply Holdings on climate change, emissions reductions and renewable energy. At Dilliard's and HD Supply, we asked the companies to adopt time-bound quantitative company-wide goals to reduce total GHG emissions. Dilliard's agreed to report to CDP, formerly the Carbon Disclosure Project, for 2016, while Amgen will disclose current and future renewable energy projects in its sustainability report, along with an assessment of next steps on renewable energy. So far, Amgen is making progress on climate change through efficiency, process changes and renewable energy growth. Our engagement with HD Supply is ongoing.

Calvert began outreach in early October to twenty-two companies to learn more about their energy efficiency and climate change policies. The companies were chosen based on Calvert's internal research, including a comprehensive review of company and environmental criteria including absolute GHG emissions, energy efficiency initiatives, external recognition and commitments, and revenue. We engaged with these companies throughout the fall in order to help encourage actionable next steps to address climate change. Thus far, Calvert filed three resolutions with Nucor, CenterPoint Energy, and Danaher and co-filed two resolutions with Air Products & Chemicals and AES Corporation. In addition, Calvert had conversations with several other companies about strategies to reduce GHG emissions. A notable example of this engagement was with Alliant Energy, a public utility holding company in Wisconsin. Calvert reached out to the company to discuss its reliance on coal and related carbon risk. The company was open to a discussion and made a convincing case of its sustainability efforts. In 2008, Alliant committed to reduce carbon emissions by 40% relative to 2005 data and measurements, by the year 2030. Alliant had already achieved a reduction of 22%, and the company seems to be on track to meet its target through additional measures that include replacing a bigger share of electricity generation from coal to gas and wind energy. When asked about what sustainability means to them, Alliant outlined a holistic approach that not only included carbon emissions and affordable rates but also water risks, waste, and the regional economy.

Other Initiatives

Taking the initiative to engage our shareholders and the global community, Calvert partnered with global explorer Robert Swan and the 2041 Foundation to raise awareness on climate change and build a broad culture of sustainability. Robert Swan became the first man ever to walk to both the North and South Poles and witnessed firsthand the effects of environmental damage on the Polar icecaps. This shaped Swan's lifetime goal — to work for the preservation of the Antarctic as the last great wilderness on Earth. The 2041 Foundation, named for the year of the re-negotiation of the moratorium on mining in Antarctica, is dedicated to educating young leaders on risks of climate change. Each year Robert Swan leads a large group of young people from around the globe to Antarctica to observe and learn from firsthand experience about the challenges facing our environment. During the spring 2016 voyage to Antarctica, Calvert sponsored four women from India, Afghanistan, Iran and the Pine Ridge Lakota Reservation in South Dakota. By partnering with the 2041 Foundation, Calvert is making a greater impact to engage and inspire the next generation of leaders to build resilient communities responsibly, and in doing so, to preserve Antarctica.

This past year Calvert established a strong partnership with the Environmental Media Association (EMA), known for its outreach with members of Hollywood and the media. Joining forces, Calvert and the EMA share a mission to challenge business practices that are harmful to our environment. At the 2016 Environmental Media Awards in Los Angeles, CA, Calvert extended its reach to a new audience of Hollywood's elite when it presented the UN Principles for Responsible Investment (PRI) with the EMA Corporate Sustainability Award. Engaging with the EMA allowed Calvert to reach a new audience of celebrities, young entrepreneurs and others who expressed a strong curiosity in how they can line up their investments with their values. We are also in the process of collaborating on a new event in spring 2017 to develop an impact summit, combining leaders from government, non-governmental organizations and business as a way to build awareness and involvement from young people across the country.

Calvert is also collaborating with the AHC Group to put on a speaker series on carbon and innovation in spring 2017 that will engage directly with business leaders across multiple sectors. Through these events, Calvert and the AHC Group hope to improve business practices at these companies that harm the environment and reduce their carbon footprint. As part of this effort, Calvert plans to motivate these companies by benchmarking them against their peers.

UN CEO Water Mandate 2016 Annual Communication of Progress

Calvert supports water sustainability and the core six elements of the UN CEO Water Mandate through its shareholder advocacy efforts and policymaking initiatives. We highlight our actions and outcomes across the six CEO Water Mandate work elements as it relates to investments — our most significant impacts.

DIRECT OPERATIONS

Investment Criteria

As a sustainable and responsible investment company, Calvert follows the Calvert Principles for Responsible Investment (Calvert Principles), which guide all of Calvert's indexed investment strategies and many of its actively managed ones, as our most powerful and direct tool for reducing water-related risks and capitalizing on water-related sustainability opportunities. As one of the central Calvert Principles revolves around ideals to manage water scarcity and ensure equitable and efficient access to clean water sources for all, Calvert strives to achieve these goals directly through its investment activities. By seeking companies that align with these values, the rigorous application of the Calvert Principles to the investment process identifies companies that are well-positioned not only to enhance long-term value for shareholders but also to provide innovative solutions to critical global water problems as water becomes an increasingly demanded resource.

The Calvert Global Water Research Index, launched in April 2016, is an embodiment of the Calvert Principles. Offering a less concentrated portfolio with larger and more stable companies compared to peer indices, the Calvert Global Water Research Index provides a comprehensive approach to investing in water that addresses both supply and demand sides of the system, recognizing that there are many firms outside the traditional water sector contributing to the alleviation of water challenges from a variety of perspectives. Through its investment criteria, the Calvert Global Water Research Index highlights leadership in water efficiency in the most water-intensive sectors, identifies premier water utilities, infrastructure, and technology providers, and rewards companies that are dedicated to improving water quality, protecting water ecosystems, implementing integrated resource management, and achieving access to clean drinking water and sanitation services. When combined with Calvert's active approach to tackling water problems head on, the Calvert Global Water Research Index demonstrates the successful integration of our operations with the mission of the UN CEO Water Mandate.

Education

Calvert regularly publishes articles on its website and elsewhere to generate public awareness on water scarcity and efficiency, develop industry insights and best practices for investing in water-related companies, and shares the impacts of our advocacy.

For example, in September 2016, the United Nations Principles for Responsible Investment (PRI) published *A Practical Guide to ESG Integration for Equity Investing* for asset owners and investment managers implementing ESG integration techniques in their investment process, detailing what ESG-integrated analysis looks like and how it is practiced by leading firms. The PRI guide includes a case study co-authored by Calvert President and CEO John Streur on the Calvert Global Water Research Index describing how it utilizes the four building blocks of 'Smart Beta' to integrate ESG research into the traditional investment making process and select innovative water solution providers. Calvert's proprietary research system identifies financially material indicators of water efficiency and water impact among firms in sectors with high water intensity, such as food products, paper or semiconductors, and includes organizations that offer particularly innovative solutions to the global water challenge, as defined by the United Nations Sustainable Development Goals. When combined, the requirements of this investment criteria create alpha generating, risk mitigating, and opportunity seeking investments that enhance the welfare of Calvert's investors while simultaneously contributing to making the world a better place. We also published an article on the Calvert website, which explored how the global food sector — which uses 70% of the world's freshwater resources — faces increased financial risk from shrinking water supplies.

To complement Calvert's written educational efforts, Calvert staff spoke at a meeting addressing an audience of corporate sustainability professionals from food manufacturing, retailing companies, and agricultural producers on water risks, water disclosure, and efforts to mitigate these risks.

At the Socially Responsible Investing (SRI) Conference, the largest gathering of the responsible investment industry, with over 700 attendees, our President and CEO John Streur and another Calvert representative highlighted our two new responsible indexes, the Calvert Global Water Research Index and the Calvert Global Energy Research Index, and our actively managed strategies to industry attendees.

Shareholder Advocacy

Calvert joined more than 60 North American and European investors in sending letters to executives at 15 major food and beverage companies asking for more transparency, the first step in preparing for business-critical sustainability challenges. Eleven of the companies responded positively to investors, with commitments to provide more information about their

exposure to water risks and plans to address them. Most of these companies did so by completing the CDP water survey. Companies improving disclosure of water risks and their efforts to address such risks include Dr. Pepper Snapple, Hormel Foods and Kraft Heinz.

Calvert additionally participated in a stakeholder dialogue with Gap, organized by Ceres, to help the company build on its work related to water conservation and quality and its programs to help women in its supply chain. Gap has taken important steps within the Sustainable Apparel Coalition to address water and has a program called Personal Advancement & Career Enhancement focused on empowering the women who make the company's clothes. Gap is thinking through ways to build on those two initiatives and Calvert joined other stakeholders to offer encouragement and advice.

SUPPLY CHAIN AND WATERSHED MANAGEMENT

As a responsible investment asset management company, we encourage the companies we hold to understand their entire supply chain impacts and to improve watershed management. Supply chain water management practices can play an instrumental role in promoting water efficiency and mitigating risks of water scarcity, especially in water intensive industries such as agriculture. As populations increase and climate change and drought negatively affect crop yields, food insecurity persists. As a result, sustainable agricultural supply chains are becoming more important to business and society. Proper water risk management policies are the first step to ensure sustainable agriculture and Calvert's shareholder advocacy this year supports this belief.

In 2016, we focused on water risk disclosure and water policy, filing resolutions with Dean Foods Company, Fresh Del Monte Produce and Sanderson Farms. The resolutions with the first two major food producers requested that both Dean Foods and Fresh Del Monte issue a public report assessing water related risks and impacts of both direct operations and key supply chains and planned actions to mitigate the risks and impacts to long-term shareholder value and the environment. Both companies reported to the CDP water survey. Calvert also asked Sanderson Farms to adopt and implement a water stewardship policy designed to reduce risks of water contamination at Sanderson Farms' owned facilities, facilities under contract to Sanderson Farms, and its suppliers. Calvert and other shareholders are continuing that dialogue.

COLLECTIVE ACTION

Calvert has a long tradition of working collectively to achieve common goals, be it initiating collaborative shareholder engagements with other SRI firms or advocating for public policy on behalf of nonprofit organizations or other relevant stakeholders. This is also true of our work on water sustainability as Calvert continues to exercise leadership in various multi-stakeholder forums to help define, advance, educate, and communicate about water risk and opportunity. This year we supported the Standing Rock Sioux Nation as it sought to protect critical water ecosystems from the pollution of potential oil and gas pipelines. In recognition of the Tribe's commitment to preserve sacred lands and maintain its only source of clean drinking water, Calvert championed these efforts to avoid water contamination by issuing a joint

resolution with the Calvert Social Funds calling for a more collaborative approach to the pipeline that does not impose ecological destruction on Indigenous territory. We have joined with investors and numerous tribal nations in calling for the Dakota Access Pipeline to find alternatives that do not impact the tribe's water source.

Calvert has also collaborated with As You Sow on an engagement with Morgan Stanley regarding this issue. Morgan Stanley is financing three companies — Sunoco Logistics, Energy Transfer Partners, and Energy Transfer Equity — which have collaborated to build the North Dakota Access Pipeline, standing in stark contrast to its Indigenous rights policy that requires a project sponsor or borrower to demonstrate, among other

things, that a project has free, prior, and informed consent by affected Indigenous Peoples and that the project avoids, reduces, or compensates for significant adverse impacts on traditional or customary lands under use by Indigenous Peoples. However, Morgan Stanley’s policy does not address the broader financing of companies that may become involved in projects located in Indigenous territories. As You Sow and Calvert thus have requested that Morgan Stanley issue a report

assessing how its Indigenous rights policy could be extended to financing of companies involved in energy, mining, oil and gas, and infrastructure (including pipelines, dams, roads, railroads) operations, where such companies are currently or might in the future be, involved in projects located in Indigenous territories, even if those projects are not directly financed by the company. We look forward to engaging with the company in 2017.

COMMUNITY ENGAGEMENT AND PUBLIC POLICY

As noted above in the human rights section, Calvert released a resolution with the Calvert Social Funds Board in support of the Standing Rock Sioux Nation and its efforts to protect its drinking water, calling on Energy Transfer Partners to engage collaboratively. Subsequently, Calvert joined the Standing Rock Sioux Nation this November on the ground in North Dakota to support Indigenous Peoples and water protectors in their quest to protect the Tribe’s drinking water and sacred sites, banding with other tribes, environmentalists and others to stand firm against construction of the Dakota Access Pipeline on its current planned route. Calvert will continue to look for ways to engage the communities involved and seek strategies through advocacy and other means to support the rights of Indigenous Peoples in

2017. This year, due to other priorities, Calvert did not initiate or support any public policy issues related to water.

Calvert supported global explorer Robert Swan as he works to build an international community and educate young leaders on Antarctica as described above in the environment section. As part of this effort, he leads some young people on an annual expedition to see directly the reduction of the ice masses and the impacts of climate change in Antarctica. These leaders then return to their own communities and continue to work locally and to support the need for Antarctica to remain its own wilderness.

TRANSPARENCY

Calvert, as a responsible investment company, has always sought broad transparency on ESG-related risks and performance data across numerous industries and views water as key to human life and integral to many operations. As part of the Calvert Principles, we continue to seek out companies

that are able to manage water scarcity and ensure efficient and equitable access to clean sources.

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Assessment and Policy:

Calvert has long recognized the importance of identifying corruption, a component we have addressed through our responsible investment considerations for several years when assessing a company or reviewing an industry and examining how impacts related to corruption are mitigated. The Calvert Principles incorporate these issues through our resolve to seek accountable governance and transparency in the companies we invest in as well as avoid those that demonstrate unethical and harmful business practices.

Implementation:

One of the most effective strategies of deterring harmful business practices is to encourage disclosure of sustainability information that details company performance in every respect, holding companies accountable to aspects of their operations well beyond the financials. With this understanding, Calvert submitted comments to the SEC encouraging mandatory disclosure of sustainability information in company filings. Calvert's comments focused on "Disclosures on Information Relating to Public Policy and Sustainability Matters". This section was comprised of eight questions regarding the significance, costs, and benefits of disclosing sustainability-related information. Specifically, Calvert provided input on the importance of adequate sustainability disclosures and helpful references for drafting a framework or guidance document, the utility of line-item disclosure requirements, and the value of both external sustainability reports and integrated reporting. The SEC's request for comments comes as part of global growth in sustainability reporting by companies and growing voluntary and mandatory reporting guidelines and rules as corporations around the world begin to increasingly become cognizant of the importance of sustainability reporting.

Shareholder Advocacy

Calvert filed a significant amount of shareholder resolutions to strengthen sustainability disclosure. In order to increase further

disclosure in the media sector, both Sinclair Broadcast Group and Liberty Media received shareholder resolutions asking them to issue sustainability reports. Liberty Media agreed to develop website content on sustainability addressing core environmental and social topics. In the healthcare sector, HealthSouth, Acadia Healthcare and Ensign Group received resolutions asking them each to prepare a sustainability report and disclose their ESG risks and opportunities. HealthSouth subsequently established an interdepartmental sustainability panel to oversee disclosure of the company's sustainability information. The company agreed to disclose its sustainability efforts on its website. In follow-up to previous engagement with companies in this sector, Amsurg published its first sustainability report after a two-year engagement, offering new information regarding its internal sustainability work. In addition, Brookdale Senior Living produced its first sustainability report this year.

Structures in place for the institutionalization of sustainability oversight go hand in hand with disclosure to ensure maximum accountability. In this capacity, Calvert filed a shareholder resolution with Bed Bath & Beyond to enhance its commitments in this avenue, especially in regards to supply chain management. The company agreed to amend its governance documents to reflect board oversight of environmental and social risks.

As corporations often have significant influence in determining national legislation given their abilities to wield financial leverage, Calvert considers it essential to strive for transparency in every aspect of corporate political relationships to eliminate possibilities of corruption. In an extension of these beliefs, Calvert co-filed a resolution with As You Sow that asked Pinnacle West Capital to report on and disclose monetary and in-kind expenditures on political activities related to influencing legislation, supporting political campaigns or influencing the general public regarding elections and legislation. The proposal earned support of 34% of the votes cast.



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