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Corporate
Sustainability Report
2008–2010



6% ▼ BKMI -0.19 -2.62% ▼ CBZ -0.37 -5.60% ▼ CGN -0.40 -4.02% ▼ CLRT -0.05 -2.98% ▼ CNU -0.01 -1.23% ▲ DFZ +0.17 +3.05% ▲ CRGN +0.02 +2.67% ▲ WXH +0.05 -0.95% CSLR -0.01 -0.01% ▼ GVV -0.16 -6.37% ▼ CVN +0.00 +0.01% ▼ EWST -0.01 -0.10% ▼ FLL -0.09 -8.65% ▼ KSW -0.10 -4.69% ▼ LFT -0.16 -0.16% ▼ MWC +0.82 +12.85% ▼ PRLS -0.06 -1.64% ▼ SCLN -0.03 -2.78% ▼ SNFA -0.29 -14.20% ▼ TIL +0.02 +5.92% ▲ VSCP +0.09 +9.09% ▼ AIRT -0.22 -3.67% ▼ AMEN -0.15 -4.76% ▼ BHH -0.52 -1.55% ▲ BITI +0.01 +0.35% ▲ CHMP +0.03 +1.97% ▼ CKX 11.01 unch ▼ CFS -0.09 -8.04% ▼ CLRO 0.17 +5.37% CNAF 15.50

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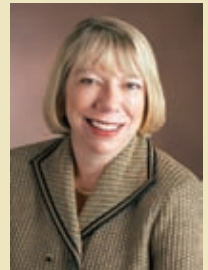
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CEO Statement



BARBARA J. KRUMSIEK

*President, Chief Executive Officer and
Chair of Calvert Investments, Inc.*



I am pleased to present Calvert's third full Sustainability Report, which covers our activities from 2008 through 2010. In this report, we discuss our progress, accomplishments and challenges. We describe our business, our progress in managing our key environmental, social and governance (ESG) impacts and our efforts to influence other companies through the power of investment. We hold ourselves to at least the same standards to which we hold others and we have strived to improve since our last report.

Calvert has long embraced both our responsibility to address the sustainability challenges facing our own operations and the opportunity to influence the sustainability commitments and performance of the companies in which we invest. These dual dimensions of our activities are detailed in this report.

An overriding challenge over these last three years has been the ongoing global financial crisis. When the crisis first struck in 2008, Calvert immediately moved to contain the impact and has taken further necessary steps to seek positive returns for our investors. We have done so by delivering products that appeal to our investors and focusing even more on the performance of our funds. As careful stewards, we continue to value enormously the continuing trust our shareholders have placed in us to assist them in reaching

their investment goals. We have consistently supported and reached out to financial planners and brokers as they have engaged their clients during this tumultuous period. At the same time, we have made adjustments to several of our funds. We took over the management of some funds from a corporate affiliate and several of these funds have now merged or been eliminated, bringing the total number of Calvert mutual funds as of June 30, 2011 to 43.

At the same time, as one of the largest sustainable and responsible mutual fund families in the U.S., we remain committed to corporate responsibility and sustainability, even amidst this period of extraordinary volatility in the financial markets. We have continued to innovate and demonstrate leadership in the sustainability arena with a new approach to Sustainable and Responsible Investment (SRI) strategies. We have broadened the choices we offer investors to encompass three distinct approaches—Calvert Signature Strategies, Calvert Solution Strategies and Calvert SAGE Strategies—which are discussed in detail later in the report.

Our SAGE approach has allowed us to engage with a wider range of companies, including those which do not meet each and every one of our long-established ESG criteria that remain required for inclusion in our Signature funds. This innovative strategy enables us to influence—and we believe improve—companies and industries facing especially tough sustainability challenges.

Over the last three years, we have expanded our in-house equities capabilities in order to enhance our internal management of sustainable and responsible mutual funds and continued to oversee our outside sub-advisors. We have

also begun to integrate our view of ESG risk and opportunities with fundamental financial analysis in our equity investments. The launch of an institutional green bonds strategy earlier this year reflects and reinforces our commitment to innovation in that important segment of our product line up as well.

Finally, we would like to highlight over a decade of involvement with the United Nations Global Compact (UNGC) and related UN initiatives. During the past decade, we have seen awareness of—and commitments to address—corporate responsibility and sustainability grow exponentially not only in the U.S. but also around the world. We are pleased that so many other companies now actively share our commitment towards building a more sustainable future. When we joined the UNGC, we were one of a handful of U.S. companies; now there are over 4,000 companies worldwide. Calvert continues to be a strong supporter of the UNGC and we remain firmly committed to the ten universally accepted principles covering human rights, labor, the environment, and anti-corruption as we continue to look for ways to integrate them more deeply into our business. We have become active with the UN Principles for Responsible Investment (PRI), a joint program with the UN Global Compact and the UN Environment Programme Finance Initiative (UNEP-FI) of which I serve as co-chair, which encourages institutional investors to integrate ESG issues into their investment process. The United Nations

Development Fund for Women (UNIFEM) and the UN Global Compact released the Women's Empowerment Principles in 2009 which were based on the Calvert's Women's Principles.

As a member of the UN Global Compact, we release an annual Communication on Progress that addresses our efforts to implement the principles of the UNGC into our work. This year our sustainability report will serve as that vehicle. Our involvement through these and other efforts allows us to support the broader UN goals and issues.

This report demonstrates our continuing commitment to self-assessment and improvement of our own sustainability. We hope that our shareholders and other stakeholders find this report valuable and continue to share their comments and suggestions with us as we strive for even higher levels of responsibility and sustainability in the future.

Sincerely,



Barbara J. Krumsiek
President and CEO
August 2011

Overview

We believe that public sustainability reporting is a cornerstone of corporate responsibility. Comprehensive sustainability reporting, as defined by the Global Reporting Initiative (GRI), helps investors and other stakeholders gauge the extent to which a company is managing its environmental, social, and governance (ESG) risks and opportunities. We believe that integrating sustainability management into management is an appropriate long-term strategy, and Calvert is proud to have based our business model on such an approach for the last 35 years.

As Calvert regularly analyzes companies based on their sustainability reports, and as we advocate for better disclosure from the companies in which we invest, we find it valuable to assess ourselves in the same spirit of accountability and continuous improvement.

Commitment to sustainability, albeit important, is challenging and time-consuming. For example, the economic challenges of the last three years affected our ability to release this report on a bi-annual schedule. Unfortunately, due to other priorities this report was delayed by a year. A goal for the next reporting period is to streamline the reporting process so that we can report with more regularity.

OUR APPROACH TO REPORTING

We have prepared this report using the *Global Reporting Initiative (GRI) G3.1 Guidelines* and *Financial Sector Supplement* as well as the *United Nations Global Compact Principles*. By doing so, we are also meeting our commitment to the UN Global Compact to disclose an annual Communication on Progress. Our intent is to harmonize our reporting to various organizations into a single document.

The next report will also include the annual Communication on Progress for the CEO Water Mandate. Indices mapping this document against the *GRI G3.1 Guidelines*, the *Sector Supplement*, and the *UN Global Compact Principles* can be found at the end of this report.

Our GRI application level is **self-reported level B**. More information about GRI and the application levels is available at www.globalreporting.org.

While our reports are generally produced bi-annually, this report covers a three-year reporting period, from 2008 to 2010. All numbers and charts are through year-end 2010 unless otherwise noted. In some places, there may be references to the first six months of 2011. Calvert did not have any significant changes during this last reporting period.

Calvert has chosen not to independently verify this report since internal assurance has been provided at multiple levels. We have not hired a third party to conduct any internal social audits to assess our implementation of ESG policies and risk assessment procedures, as we have experts in-house who examine these issues in other companies. We have also not sought stakeholder engagement, but we will consider how to best do so for our next full report. Since Calvert is a U.S. company, with operations entirely in this country, the scope of this report is domestic except insofar as we describe our growing involvement with international advocacy and policy initiatives.

A summary of key indicators and their progress over time is provided below. We welcome your comments and feedback regarding this report. Please contact Kathy Torrence (kathy.torrence@calvert.com), Reed Montague (reed.montague@calvert.com) or Meredith Conway (meredith.conway@calvert.com) via e-mail or telephone (800.727.5578).

KEY INDICATORS: OUR BUSINESS

	2006	2007	2008	2009	2010	2008–2010 IMPROVEMENT
Assets under management	\$13.8	\$16.2	\$12.8	\$14.3	\$14.7	●
Assets in socially and environmentally screened funds (in billions)	\$5.8	\$6.8	\$4.3	\$5.4	\$5.5	●
Number of investors ¹	374,457	402,749	424,901	423,030	375,102	●
Number of funds that outperformed their peer group (%) ²	20%	48%	73%	65%	47%	●
Code of Ethics violations	1	1	0	0	0	●

KEY INDICATORS: OUR FOOTPRINT

Employee Turnover (%)	10.9%	9.8%	5%	4%	3%	●
Racial minority hiring ³ (% of new hires)	33%	33%	14.3%	50%	25%	●
Staff diversity (%)	28.6%	31%	28.6%	28.3%	28.8%	●
Safety incidents	0	0	0	0	0	●
Employees using public transportation	71	75	78	71	58	●
Employees using educational assistance	44	57	36	34	42	●
Renewable energy credits purchased (tons CO ₂ equivalent) ⁴	1169.48	1600.79	1060.79	1060.79	1060.79	●
Amount of waste recycled (tons)	28	31	29.3	27.1	34.1	●
Amount of waste recycled (%)	77.5%	79%	77%	71%	85%	●
Shareholders receiving electronic mailings	3753	4603	6175	7096	7999	●
Charitable and in-kind giving ⁵	\$1,084,393	\$1,211,338	\$1,014,979	\$1,322,160	\$1,592,529	●
Employee volunteer hours	2,044	1,852	2,005	1,576	1,593	●

KEY INDICATORS: OUR INFLUENCE

Special Equities Program (\$million invested)	\$39.5	\$45.1	\$48.8	\$53.1	\$58.5	●
High Social Impact Investing Program (\$million invested)	\$24.7	\$24.7	\$24.7	\$24.7	\$24.7	●
Shareholder resolutions filed/Number withdrawn	17/10	36/22	30/17	35/22	42/29	●

¹ Excludes customers invested in Calvert funds through variable products.

² If a fund did not have a full year of performance, the fund was not included in that year. Summit Funds were not included in 2008 as Calvert had not managed the funds a full year.

³ For the period ending June 30 of the respective year

⁴ Purchase of renewable energy credits to offset all office electricity use

⁵ Includes Calvert Investments, Inc. support for Calvert Social Foundation.

2010 compared to 2008:

- improvement
- stayed the same
- needs improvement

CALVERT MATERIALITY MATRIX

To determine the content of this report, we reviewed the significance of a range of issues to our company and our stakeholders. The result was the following materiality

matrix, which was reviewed by Calvert senior management and other key Associates. There has been very little change in the issues that are important to us since our last reporting period.

CALVERT'S MATERIALITY MATRIX: IMPORTANT AND VERY IMPORTANT ISSUES FROM A COMPANY AND STAKEHOLDER PERSPECTIVE



Continuing with the framework of our 2006–2007 Sustainability Report, we have organized the 2008–2010 report according to Our Business, Our Footprint, and Our Influence, as illustrated below. The following graphic represents an overview of our sustainability impacts, both positive and negative. This concept was used as the framework both for this report and our materiality analysis. At the center is our business and how we conduct ourselves internally and externally. Next are the impacts directly related to our operations or “Our Footprint.” Finally, the outer ring represents our influence through our mutual funds and the ways that we are able to impact society, companies and the world. This is the area where we have the greatest opportunity to influence sustainability.



Our Business

MISSION STATEMENT

Calvert Investments, offering a range of investment products and services, seeks to enable individual and institutional investors to reach their financial goals in ways that are consistent with their beliefs and values. Through our investment process, we encourage companies to act with responsibility toward their customers, employees, communities, and the environment.

ABOUT CALVERT

Since our inception in 1976, Calvert has been a leader in developing innovative ways to meet the financial needs of our shareholders, as well as contributing to the well-being of society at large through the power of investment. Calvert is known for our family of sustainable and responsible **mutual funds** and for our fixed-income investment **products**.

For Calvert, a successful investment not only earns competitive returns but also contributes to a sustainable future and enhances our quality of life. We have a long history of combining traditional financial analysis with

responsible investment strategies that emphasize environmental, social and governance (ESG) performance.

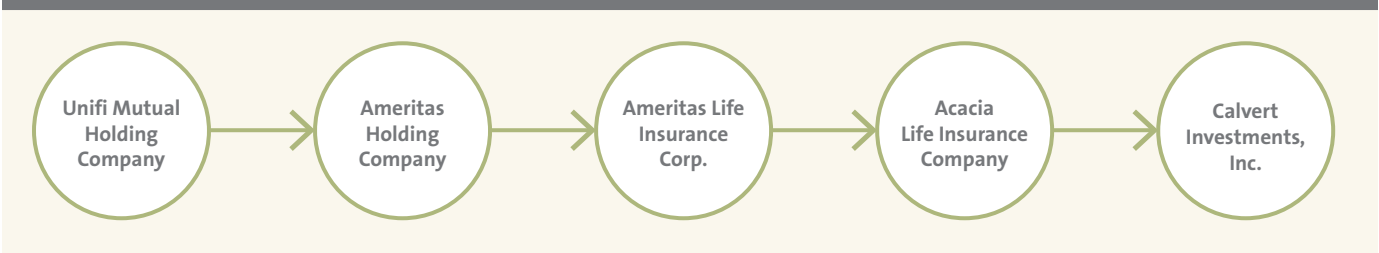
COMPANY OWNERSHIP

Calvert is not a public company, and is 100% owned by its ultimate parent company, UNIFI Mutual Holding Company (UNIFI Companies). All Calvert Associates work for Calvert Investments, Inc. through one of its operating subsidiaries. Our chain of ownership is described in the graphic below.

UNIFI Companies is a diversified group of insurance and financial services businesses offering life insurance and annuities, group dental, vision and hearing care insurance, mutual funds, investments, retirement plans, banking, and public finance. Each UNIFI Company conducts its business with ethics, integrity, and good citizenship.

On April 30, 2011, Calvert Investments, Inc. (formerly Calvert Group, Ltd.) and each of its operating subsidiaries updated their names to reflect more accurately our evolution from a mutual fund-centric company to a broadly diversified investment management firm. We are now known as

CALVERT'S CHAIN OF OWNERSHIP:



Calvert Investments. This change has been reflected in both our logo and materials. At the same time, we also revised several fund names to better reflect the asset or style class. These modifications did not impact the Funds' investment strategies, ticker symbols, portfolio numbers, CUSIPs or their environmental, social or governance criteria.

ASSETS UNDER MANAGEMENT

As of December 31, 2010, Calvert managed \$14.7 billion in assets, in 48 mutual funds with over 375,000 investors, including approximately \$5.5 billion in our sustainable and responsible mutual funds (representing 37% of total assets under management) across 18 portfolios. Our assets under management, like those of others in our industry, dropped in 2008 due to the financial crisis and overall market decline. Over the past few years, we have added, merged and consolidated some of our funds. As of June 30, 2011, we

managed 43 mutual funds, with \$14.6 billion in assets under management. The below chart reflects our financial data from 2006 through 2010.

As of year end 2010, the overwhelming majority of Calvert's assets (89%) were concentrated in North America. Our largest international investment concentration is Europe (8%), followed by Japan, Australia and Developed Asia (2%), with the remaining concentration in emerging markets across the globe (1%). In 2008 and 2009, the majority of Calvert's assets were also held within the U.S., at 96% and 97% respectively.

Calvert is a privately held company, as are a large number of our competitors. Because publicly disclosing certain financial information could put Calvert at a competitive disadvantage, we have chosen not to disclose our supplier breakdown, payroll information, capital flows and earnings, and public sector information (taxes, subsidies, development).

CALVERT INVESTMENT, INC. YEAR END FINANCIAL DATA (IN THOUSANDS)

	2006	2007	2008	2009	2010
Calvert Sales of non- money market funds, consists of:	\$3,974,000	\$4,561,000	\$3,969,000	\$3,363,000	\$3,952,000
Equity Funds	\$1,361,000	\$1,404,000	\$1,125,000	\$748,000	\$917,000
Fixed Income	\$2,613,000	\$3,157,000	\$2,844,000	\$2,615,000	\$3,034,700
Total Calvert Assets Under Management, consists of:	\$13,821,000	\$16,209,000	\$12,782,000	\$14,255,000	\$14,692,000
Equity Funds	\$5,682,000	\$6,438,000	\$4,148,000	\$5,386,000	\$5,786,000
Fixed Income	\$6,603,000	\$8,164,000	\$6,952,000	\$7,478,000	\$7,812,000
Money Market Funds	\$1,537,000	\$1,607,000	\$1,682,000	\$1,392,000	\$1,094,000
Percentage of Total					
Equity	41%	40%	33%	38%	39%
Fixed Income	48%	50%	54%	52%	53%
Money Market	11%	10%	13%	10%	7%

BREAKDOWN OF SUSTAINABLE VERSUS NON-SUSTAINABLE FUNDS

Sustainable Funds	\$5,791,000	\$6,762,000	\$4,331,000	\$5,391,000	\$5,482,000
Percentage of the Total	42%	42%	34%	38%	37%
Other Assets	\$8,030,000	\$9,446,000	\$8,451,000	\$8,864,000	\$9,210,000
Percentage of the Total	58%	58%	66%	62%	63%

PRODUCTS AND SERVICES

Calvert Investments is an investment management company that offers a full line of mutual funds and separate accounts to institutional investors, retirement plans, financial intermediaries, and their clients. Our products are primarily available through third-party distributors such as financial advisors, major wirehouse broker/dealers, regional brokerage firms, financial planning organizations, and bank trust departments. While Calvert does not directly control these firms, we monitor strict adherence of the intermediaries to our prospectuses to ensure the best interests of our shareholders.

SUSTAINABILITY STRATEGIES

Our largest sustainability impact is not only through our investments in the many companies that meet our financial and sustainability criteria, but also through the influence that we exert through our advocacy both with companies in which we invest and others which we do not own but are still able to engage. Recognizing that investors want choice in how they meet their financial goals and impact corporate sustainability practices, we offer three distinct approaches through our Signature, Solution and SAGE Strategies, which we officially launched in 2008.

- **Calvert Signature® Strategies**—Calvert’s original approach comprising two distinct research frameworks: a rigorous review of financial performance, and a thorough assessment of environmental, social and governance performance.
- **Calvert Solution® Strategies**—A thematic approach to solving some of today’s most pressing environmental and sustainability challenges.
- **Calvert SAGE™ Strategies**—An “enhanced engagement” approach emphasizing strategic engagement to advance environmental, social and governance performance in companies that may not meet certain standards today, but have the potential to improve.

Each approach is equally strong in its performance potential and ability to influence corporate responsibility,

advance sustainability with different criteria, and reflects a pursuit of investment management excellence that is unique to Calvert. Before our in-house Sustainability Research Department analyzes a potential holding in the issue areas for the relevant fund, the investment opportunity must first undergo in-depth financial analysis by our portfolio managers. By integrating proprietary research from Calvert with the asset class expertise of our in-house and premier institutional money managers, Calvert’s three strategies are managed for competitive long-term, risk-adjusted returns.

Calvert’s fixed income products are managed by internal portfolio managers. We offer a broad range of taxable and tax-advantaged bond funds, as well as money market funds. In the institutional market, we distribute our investment products directly to organizations such as endowments, foundations, labor unions, and government agencies, as well as through retirement plans and annuities offered by insurance companies.

Since 2002, Calvert has been the Program Manager for the **529 College Savings Plan for the District of Columbia**, working closely with the Government of the District of Columbia to educate participants on how to save and invest in order to reach their families’ educational goals.

INTEGRATION

We believe melding traditional financial analysis with environmental, social, and governance (ESG) analysis offers the most comprehensive analysis and points toward the future direction of investment institutions. We are rigorously pursuing ESG integration across our equity and fixed income investments. Teams of sustainability and financial analysts are working in collaboration to cover equity names from a bottom-up fundamental perspective, using both financial and ESG information to inform the valuation process and risk-return profile for portfolio holdings. In 2010, our green bonds team began working collaboratively to identify corporate sustainability leaders with appealing credit and valuation profiles, as well as sourcing new green project bond issues.

EDUCATION AND CLIENT SUPPORT

Calvert's website offers a variety of **educational materials** to current and potential shareholders, financial advisors, and the general public, but does not target or offer training to any specific group of individuals. Here, individuals can access general information on investing, as well as specific education on retirement, college savings, and other financial needs.

Our Client Services Representatives are available to assist current and potential shareholders by providing assistance over the phone or via e-mail Monday through Thursday, 9:00 AM to 5:30 PM, EST, and Fridays from 9:00 AM to

5:00 PM, EST. Calvert mainly distributes its products through a third-party distribution network, which is why we offer an **"Advisor Finder"** service to assist individuals in their search for a financial advisor who can support them in meeting their financial needs. Many of these advisors conduct their own financial education seminars, often assisted by members of Calvert's Sales Department.

As our Sustainability Research Department analysts are considered experts in their issue areas, they are periodically invited to colleges and universities to speak to undergraduate and graduate classes about the merits of sustainable and responsible investing.

Governance Practices and Business Ethics Performance



Over the past several years, as companies seek to demonstrate accountability and build trust with their stakeholders, compliance and governance have become increasingly important. Calvert believes that healthy corporations should meet high standards of corporate ethics and operate in the best interest of their stakeholders (shareholders, employees, customers and communities). In our view, companies that combine sound corporate governance with attention to sustainability and social responsibility are better positioned for long-term success.

For a highly regulated industry such as financial services, compliance is essential. In fact, strong compliance and governance enable us to protect our investors and manage our business properly. We believe our reputation for honesty, integrity, and compliance with the law is vital to our success and that we must hold ourselves to the same high standards that we seek in companies in which we invest. As part of that process, we expect all Calvert Associates to adhere to the same levels of ethics and honesty in our business.

OUR GOVERNANCE STRUCTURE

Calvert Investments, Inc., is a holding company for the four Calvert operating subsidiaries, with a Board of Directors

("Board") consisting of five individuals as of December 31, 2010. One is an employee of Calvert, while four are employees of other UNIFI companies. The Board has oversight responsibility for all operations and affairs of the company, including financial, social, environmental, and governance performance but has no committees. No Board member is compensated for serving on the Board. Each operating subsidiary of Calvert Investments, Inc. has its own board, primarily made up of Calvert Associates. The Chair of all of the Boards of Directors is Barbara Krumsiek, who also serves as CEO of each company. The Boards meet quarterly and oversee all aspects of Calvert's business.

The Board stands for re-election annually, and also approves the boards of the operating subsidiaries. Annually, the Board approves the UNIFI Companies Code of Business Conduct and Ethics and the Calvert Code of Ethics. At each quarterly meeting, the Board has an opportunity to meet in Executive Session, where its own performance may be discussed.

The Calvert Family of Funds consists of several different classifications of mutual funds. For each Fund, there is a Board of Trustees/Directors that supervises the Fund's activities and reviews its contracts with companies that provide it with services. Consistent with good fund governance, the Board of Trustees/Directors of each Fund has adopted a Charter for its Nominating Committee (or the Committee performing similar functions) setting forth the Committee's responsibilities. These Fund Boards consist of the Calvert Social Funds, Calvert SAGE Fund, Calvert Multiple Funds, and Calvert Variable Funds.

CALVERT INVESTMENTS, INC. AND OUR GOVERNANCE STRUCTURE *(as of June 30, 2011)*



FUND BOARD GOVERNANCE ISSUES

Specific processes are in place for avoiding and addressing conflicts of interest, including a conflict of interest policy statement in Calvert's Code of Ethics. Our boards consist of highly qualified individuals who bring specific expertise to the governance of the funds.

The Social Funds Boards have a detailed process for determining the qualifications and expertise of board members. When considering potential board members, our Fund Boards consider financial expertise as well as

knowledge of environmental, social and governance (ESG) strategies. The Social Funds, Calvert Variable Funds and SAGE Boards also consider expertise related to sustainable and responsible investing. Each board conducts an annual self-assessment comprised of broad questions designed to elicit information on a variety of topics, including social and environmental issues. To date, Calvert has not pursued any environmental, social, or governance certification systems to serve as operating guidelines. Instead, the President and CEO of Calvert and the senior managers share responsibility for establishing and implementing the operating policies of Calvert Investments, Inc. Sustainability is a core component of

our business and Calvert has a long history of addressing these issues, including how they will impact both our business and mutual funds over the long term. Major sustainability risks in the near, medium and long term are regularly discussed at management team meetings along with the role we can play in shaping and influencing these issues. Since these issues are an important part of our business, management also raises them during board meetings.

The Calvert Social Funds Boards have a Social Committee, which meets quarterly, and represents the interests of shareholders in considering application of ESG criteria. This Board regularly discusses the social and environmental impact of its funds, and has been doing so for years. Calvert regularly engages with this committee on ESG issues. Since 2008, the Committee has been instrumental in determining social issues to address as a way to foster dialogue internally. As a result, it oversaw a diversity event with guest speakers and a symposium on food sustainability. In addition, the Committee also focused on prospectus disclosure.

BOARD MEMBER INDEPENDENCE AND DIVERSITY

Calvert Fund Boards are composed of a majority of independent directors/trustees, with the Calvert Social Funds Boards having an independent chair. The breakdown of our Fund Board and Audit Committees' independence is shown in the table below.

Calvert believes that board diversity brings many benefits, including a broader array of perspectives representing the interests of our many stakeholders. Board diversity also offers varied viewpoints and the input we need to remain innovative in providing innovative products and services to

an increasingly diverse client base. When considering new members, the Funds' Boards take into account not only financial knowledge but also race and gender.

Information on the diversity of Calvert Investments and the Funds' Boards of Directors is on the next page.

COMPLIANCE

Calvert has a dynamic business compliance program that is continually reviewed to ensure we are abreast of all updates in the business and regulatory compliance climate. Our program employs front-end mechanisms, such as policies and procedures intended to forestall and prevent compliance issues, as well as back-end testing programs, which utilize technology and process controls to identify and remediate any potential violations. In addition, Calvert, as a matter of course, tests its effectiveness by engaging third parties to annually review its business and compliance processes to gauge compliance with its regulatory mandate. When warranted, enhancements are made in response. These risk assessments provide assurances to the Boards that the company has effective management controls in place

Investment advisors to mutual funds and private clients are required to establish compliance programs. As a result, Calvert has established a robust compliance program, which incorporates automation to monitor Calvert Funds and private clients' compliance with their investment objectives and guidelines. Charles River serves as the automated order management and compliance system, while the Personal Trading Assistant (PTA) monitors compliance of access persons with the Code of Ethics as it relates to Associates'

BOARD MEMBER INDEPENDENCE (as of December 31, 2010)

CALVERT FUNDS	TOTAL MEMBERS	INDEPENDENT MEMBERS	TOTAL AUDIT COMMITTEE MEMBERS	TOTAL INDEPENDENT AUDIT COMMITTEE MEMBERS	PERCENTAGE OF INDEPENDENT BOARD MEMBERS
Calvert Social Funds	9	7	7	7	77%
Calvert Multiple Funds	7	5	5	5	71%
Calvert Variable Funds	7	5	5	5	71%
Calvert SAGE Fund	6	5	5	5	83%

BOARD DIVERSITY *(as of December 31, 2010)*

	WHITE	AFRICAN-AMERICAN	ASIAN	AMERICAN INDIAN	HISPANIC
Calvert Investments, Inc.	2 Women 2 Men	1 Woman	0	0	0
Calvert Social Funds Boards	5 Men 2 Women	1 Woman	0	1 Woman	0
Calvert Multiple Funds	4 Men 1 Woman	1 Woman	0	0	1 Woman
Calvert Variable Funds	3 Men 2 Women	1 Woman	0	0	1 Woman
Calvert SAGE Fund	2 Women	1 Woman	0	0	2 Women

personal security transactions. Calvert's Securities Operations Department oversees the functioning of the Charles River system, working in concert with the Legal Department and Fund Compliance. In addition to providing effective oversight, these methods help ensure the tracking of all investment objectives, guidelines, and restrictions.

Calvert has two dedicated compliance officers—one for the Funds and one for the advisor and the distributor. The Chief Compliance Officer for the Funds reports directly to each Fund Board. These officers and our Legal Department oversee issues relating to compliance. Several committees are also involved with oversight and compliance, including the Senior Management Compliance Committee, the Legal-Compliance Review Committee, and the Broker and Soft-Dollar Committee. In addition, there are enterprise-wide UNIFI efforts, such as UNIFI Legal and Corporate Secretary Department Staff meetings and separate Registered Adviser Compliance Legal Support meetings.

CALVERT ASSOCIATES' PERSONAL TRADING

Calvert trains all Associates on how to use the Personal Trading System (PTA), which captures, reports, and monitors daily employee personal trading activities. The system ensures that employee trades comply with applicable rules and regulations, while ensuring that the company continues to meet industry regulations and our own internal compliance procedures. This system incorporates automated reporting

of employee security transactions, delivery of brokerage statements, and a system to pre-clear anticipated buy or sell requests from Associates. The PTA system provides back-end testing and can create comprehensive reports to track and monitor activity. There is also a mechanism for Associates to raise any compliance concerns anonymously.

CALVERT CODE OF ETHICS AND UNIFI CODE OF BUSINESS CONDUCT AND ETHICS

Each of our Associates must affirm annually the Company's Code of Ethics which mandates ethical standards and expectations with respect to compliance and the core areas related to our business. Our Code addresses matters specific to the securities industry, and includes a general prohibition against insider trading and market timing. Failure to comply with the Code or violations can result in disciplinary action, up to and including termination of employment. The Code of Ethics contains information about fiduciary duty and confidentiality, pre-clearance and reporting requirements and directorships, as well as review and enforcement. The Code, which is reviewed and approved at least annually, was last assessed in September 2010 and is on file with the Securities and Exchange Commission (SEC).

Associates must also certify the UNIFI Companies Code of Business Conduct and Ethics each year. This code covers issues such as conflicts of interest, corporate opportunity, confidentiality, company reporting, and accounting

complaints. Associates are encouraged to share concerns or recommendations with their supervisors, an ombudsman, or other key personnel, or contact the toll-free ethics hotline. Protection is provided to whistleblowers on human rights, labor, and other issues, and concerns can be shared either anonymously through the hotline or through the website.

Between 2008 and 2010, Calvert had no material violations of its Code of Ethics; however, there were a few instances where company “access persons” (Calvert Associates) failed to pre-clear their personal securities transactions. In such cases, the access persons were counseled, retrained, and/or reprimanded. Performance is tracked regularly by the General Counsel and reported quarterly to the Boards.

Legal Issues

Calvert is committed to maintaining a high standard of corporate ethics and integrity. We comply with all U.S. laws, including the U.S. Foreign Corrupt Practices Act, which prohibits bribery and corruption. As a financial services firm, we are also regulated by the SEC.

Compliance Outcomes

Calvert regularly evaluates its business practices and programs to make sure that they comply with the laws. From 2008 through 2010, Calvert had no claims or incidents of fines or non-compliance in connection with any laws, regulations, or rules regarding bribery, corruption, money laundering, or federal campaign finance or election laws.

AUDITOR INDEPENDENCE

Between 2008 and 2010, several public accounting firms provided services to Calvert and its mutual funds. Deloitte audits the Calvert operating companies while KPMG audits the mutual funds. KPMG also performs certain non-audit, primarily tax-related services on behalf of the Calvert mutual funds. Experis provides internal audit services on behalf of the operating companies at the request of our boards and senior management. Internal auditing offers an independent review and appraisal of accounting, financial, and other operations as well as a test of the internal control structure.

Spaulding Group audits Calvert’s investment performance and reporting in compliance with the Global Investment Performance Standards (GIPS).

PRODUCT AND MARKETING COMMUNICATIONS

All our marketing and advertising communications are reviewed by our registered principals in the Legal Department to ensure that they meet industry guidelines. Certain pieces are also submitted to the Financial Industry Regulatory Authority (FINRA) for additional review.

POLITICAL CONTRIBUTIONS

To date, Calvert has not made any political contributions, nor have we directed any funding to lobbying activities. Because Calvert manages the District of Columbia’s College Savings Plan, Calvert Investment Distributors, Inc. as the Plan’s distributor, is considered a registered municipal securities dealer. As such, we are required to comply with the Municipal Securities Rulemaking Board (MSRB) requirements which limit certain political contributions to issuer officials, such as a mayor or city council representative, and to political campaigns of certain elected officials. As an investment advisor registered with the SEC, Calvert Investment Management, Inc. is also subject to SEC rules that limit political contributions made to public officials who are in a position to influence the award of advisory business.

CUSTOMER PRIVACY

Calvert has a strict online **privacy policy** with features that protect our shareholders and brokers. In order to access accounts online, customers may create their own unique user identification, which protects sensitive client information and provides a deterrent to fraud. We limit Associate access to customer information and do not share it within Calvert or other UNIFI companies. We use software to track visitors to our website anonymously; however, we give visitors the option of opting out and explain how they can take such action. During this reporting period, Calvert had no law or security breaches, intrusions or data losses.

Sustainability Management

As a sustainable and responsible investment management firm, Calvert recognizes the importance of addressing our own corporate sustainability and how we manage our impacts, as well as how we handle our relationships with stakeholders.

Calvert's ongoing commitment to sustainable and responsible business practices over the years has resulted in a corporate culture which incorporates sustainability and responsibility into its regular work in all departments.

CORPORATE SUSTAINABILITY AND RESPONSIBILITY MANAGEMENT

Calvert's position as a leader in CSR practices, drives our internal corporate sustainability and responsibility efforts. Our internal corporate sustainability efforts are led by Calvert's Vice President of Corporate Sustainability and Community Partnerships. This position is responsible for leading our internal sustainability efforts, as well as overseeing external relationships with our stakeholders and supervising the company's human resource functions and community relations.

The Calvert Corporate Sustainability Committee (CSC) supports this role by organizing meetings and events intended to educate and foster dialogue about sustainability amongst Associates and seeks to improve the company's internal sustainability. All Associates receive a monthly electronic newsletter from the committee with sustainability

tips pertaining to best practices in the workplace, as well as at home. The committee has hosted periodic speakers who have addressed topics such as eating organically, green business, and women in management. Twice a year, the committee hosts a swap meet, where Associates can bring in unwanted items or books to trade before the remaining items are donated to a local organization. The committee was also responsible for collaborating with our Purchasing Department to arrange healthier food and drink options in our company vending machines. Although we have not traditionally reported on our internal sustainability efforts to the boards on a regular basis, we will explore if we can do so in the future.

Our Senior Vice President of Sustainability Research and Policy oversees the Calvert Sustainability Research Department, which evaluates companies on their corporate ESG practices and directs our shareholder advocacy and related public policy initiatives. When hiring new Associates in this and other departments that involve ESG issues, we look for individuals with appropriate expertise and experience. Although we do not have specific training for employees concerning human rights, Calvert does employ specialists who focus on this topic. In both our internal and external areas of sustainability, the ten UN Global Compact Principles are incorporated into Calvert's work and those issues are regularly reported on to all the Boards.

STAKEHOLDER ENGAGEMENT

At Calvert we are committed to the principles of transparency and inclusiveness. This commitment, and the

COMMUNITY SUSTAINABLE AGRICULTURE OPTION

Since 2008, the company has made available to its Associates the opportunity to join a Community Sustainable Agriculture (CSA) program, which features fresh organic produce from a local farm. The purpose of a CSA is to support local farming and agriculture and link buyers of vegetables directly with a local farm. A subscriber buys a share of produce from a local farm and then receives a portion of what the farm produces during its growing season. We have made arrangements with Even' Star Organic Farm, located in Saint Mary's County on the Eastern Shore in Maryland. A certified organic farm, it is run by a former chef, which delivers to subscribers and restaurants in the greater Washington, D.C. area.

dynamic dialogue it requires, helps us to build trust and reinforce our reputation as a company that operates from a foundation of integrity. We have long engaged with our stakeholders, which has helped us to grow Calvert's business in a way that is consistent with their values. Due to the wide range of our work, we support, engage and collaborate with a large cross-section of society with whom we interact on a regular basis through our work and issues. In the discussion that follows, we summarize how we interact with and manage relationships with our stakeholders.

Calvert Stakeholders:

Calvert appreciates engaging with a wide range of stakeholders, as described below. For the next reporting period, we will consider how we may develop a more formal process to engage more regularly with our stakeholders as we conduct our business.

1. Our Owners

Calvert's ownership is discussed in detail in the section entitled "Company Ownership."

2. Broker-Dealers and Financial Advisors

As Calvert relies primarily on independent advisors and broker-dealer firms to sell our products, much of our business is designed to support this channel and ensure that financial advisors are kept informed of ESG issues critical to Calvert's stakeholders.

Calvert's Marketing, Sales, and Sustainability Research Departments anticipate and identify issues of importance to investors, in order to help advisors offer our products as solutions for those concerns. We provide support to advisors in the form of teleconferences, webinars, face-to-face

meetings, and marketing materials geared towards specific market segments.

3. Associates

More information about our relationship with our Associates is available under Workplace Performance in the "Our Footprint" section.

4. Investors

Calvert's Client Services Department serves as the liaison between Calvert and current and potential investors, and third party intermediaries who handle our products. All customer contact is monitored in an effort to improve the service we provide and each Client Services Representative meets with the Client Services Training and Development Coordinator on a regular basis to be coached on how their individual service delivery can be enhanced. Client Services has established service metrics of an abandoned call rate of lower than 3% and an average wait time of less than 30 seconds. Additionally, Market Metrics surveys financial professionals on their satisfaction level with Calvert's operational support and problem resolution. Regular updates are available to shareholders through the quarterly *Invision* newsletter, annual and semi-annual reports, and our annual *Investments that Make a Difference* report, which includes a summary of our funds' ESG criteria.

5. Institutional Clients

Calvert serves a wide range of institutional clients including corporate plans, third-party retirement platforms, insurance companies, public funds, Taft-Hartley funds, foundations, endowments, not-for-profit groups, college and university retirement plans, bank trust departments and 529 Savings Programs. We also work with investment analysts and consulting firms that are retained by the aforementioned

client segments. Each quarter, Calvert publishes *Institutional Focus*, a newsletter that highlights our efforts on financial and sustainability issues for the previous quarter. Our website provides content devoted specifically to institutional investors on our products and services, including mutual fund shares, insurance trusts, separate account capability, and stand-alone screening and research services.

6. Companies

For more information on how Calvert engages companies, please refer to the descriptions of our Signature, Solution and SAGE Strategies at www.calvert.com/sri-criteria.html.

7. Our SRI Peers and Colleagues

We both compete with our SRI peers for business, as well as collaborate with them to address ESG risks and opportunities through shareholder advocacy and to further corporate responsibility at companies.

8. Local, State, and National Communities

Calvert believes in being responsive to the needs of communities. For a detailed description, please refer to the “Community Relations” section of this report.

9. Non-governmental Organizations (NGOs) Addressing ESG Issues

Calvert partners with many NGOs in our advocacy work, whether to advance causes such as climate change or to engage with companies that might not meet our ESG criteria. Calvert obtains a great deal of valuable counsel and information from NGOs worldwide. In return, we try to be responsive to the needs of the NGO community whenever possible.

10. Federal, State and Local Governments

Calvert engages with governments at the federal, state and local level, but most of our involvement occurs at the national level. Since we are located in the Washington, D.C. metro area, we regularly have the opportunity to meet with legislative staff to provide an investor perspective on a range of key social issues that can affect a company’s performance.

11. The General Public

Through our website and materials, we regularly provide information to the public, especially investors, about sustainable and responsible investing.

Our Footprint

Based on the number of associates, Calvert remains a relatively small company. However, despite our size we are strongly committed to our sustainability.

DIVERSITY

At Calvert, we recognize that diverse, engaged Associates are critical to our success. We strive to practice what we preach in our workplace practices. Calvert has long believed that the implementation of high and fair labor standards is not only the right thing to do, but also helps create a more fulfilled and productive workforce. Calvert's human resources department oversees labor issues and collaborates closely with our parent companies, Ameritas and UNIFI.

Calvert employs qualified individuals for specific positions based on their education, experience, and ability. Our written policy provides equal employment opportunity (EEO) to all qualified Associates and applicants without regard to race, color, religion, national origin, sex, age, disability, veteran status, sexual orientation, gender identity or expression of other factors which cannot lawfully be used as the basis for an employment decision.

Our workforce is demographically diverse. As of December 31, 2010, 29% of our 198 Associates were minorities, with 47.5% being female and 52.5% male. We have created this

diverse workforce through a policy of identifying a diverse pool of candidates for open positions. Every effort is made to identify candidates through referrals, websites, staffing firms, and other sources that are also committed to diversity. A chart of our Associate diversity can be found on page 20.

COMPENSATION

Staying abreast of compensation trends helps us retain valuable Associates and attract highly skilled recruits. To stay competitive, we participate in surveys with compensation consultants that specialize in the financial services industry, and use other surveys as necessary. Calvert's research indicates that our compensation program is reasonable compared to other companies within the industry. Base salaries are within industry norms, contributing to our ability to attract and retain highly skilled and motivated Associates. Calvert is a privately held company and therefore, due to competitive concerns, we do not disclose the actual compensation figures for our senior managers.

CALVERT SENIOR MANAGEMENT

Calvert's senior management is composed of 14 individuals as of December 31, 2010. In 2008, 27% of Calvert's senior management was racially diverse and 47% female. In 2009 and 2010, racial diversity dropped to 21%, with women making up 50% of senior management. As with other positions, we always make sure to consider a diverse pool when executive positions become available.

STAFF DIVERSITY

GENDER AND RACIAL/ETHNIC PROFILE OF OUR STAFF IN 2008

	WHITE		BLACK OR AFRICAN AMERICAN		HISPANIC OR LATINO		ASIAN		AMERICAN INDIAN OR ALASKAN NATIVE		NATIVE HAWAIIAN OR OTHER PACIFIC ISLANDER		TWO OR MORE RACES		TOTAL MGR	TOTAL NON-MGR	TOTAL
	MGR	NON-MGR	MGR	NON-MGR	MGR	NON-MGR	MGR	NON-MGR	MGR	NON-MGR	MGR	NON-MGR	MGR	NON-MGR			
Female	8.1%	24.3%	1.0%	5.7%	0.5%	0.5%	0.5%	3.8%	0.0%	0.0%	0.0%	0.0%	0.5%	0.5%	10.5%	34.8%	45.2%
Male	11.4%	27.6%	1.4%	7.6%	0.5%	1.9%	0.0%	2.4%	0.0%	0.0%	0.0%	0.0%	0.5%	1.4%	13.8%	41.0%	54.8%
Total	19.5%	51.9%	2.4%	13.3%	1.0%	2.4%	0.5%	6.2%	0.0%	0.0%	0.0%	0.0%	1.0%	1.9%	24.3%	75.8%	100.0%

*Note: In 2009, Human Resources conducted an audit of EEO codes and subsequently recategorized certain positions based on EEOC narrative descriptions of job codes. As such some jobs categorized as 'Officials and Managers' in 2008 were reclassified to either 'Professional' or 'Sales' EEO codes.

GENDER AND RACIAL/ETHNIC PROFILE OF OUR STAFF IN 2009

	WHITE		BLACK OR AFRICAN AMERICAN		HISPANIC OR LATINO		ASIAN		AMERICAN INDIAN OR ALASKAN NATIVE		NATIVE HAWAIIAN OR OTHER PACIFIC ISLANDER		TWO OR MORE RACES		TOTAL MGR	TOTAL NON-MGR	TOTAL
	MGR	NON-MGR	MGR	NON-MGR	MGR	NON-MGR	MGR	NON-MGR	MGR	NON-MGR	MGR	NON-MGR	MGR	NON-MGR			
Female	7.9%	25.1%	1.0%	5.9%	0.5%	0.5%	0.5%	3.9%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	9.9%	36.5%	46.3%
Male	11.3%	27.1%	0.5%	7.4%	0.0%	2.5%	0.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.5%	1.5%	12.3%	41.4%	53.7%
Total	19.2%	52.2%	1.5%	13.3%	0.5%	3.0%	0.5%	6.9%	0.0%	0.0%	0.0%	0.0%	0.5%	2.5%	22.2%	77.9%	100.0%

GENDER AND RACIAL/ETHNIC PROFILE OF OUR STAFF IN 2010

	WHITE		BLACK OR AFRICAN AMERICAN		HISPANIC OR LATINO		ASIAN		AMERICAN INDIAN OR ALASKAN NATIVE		NATIVE HAWAIIAN OR OTHER PACIFIC ISLANDER		TWO OR MORE RACES		TOTAL MGR	TOTAL NON-MGR	TOTAL
	MGR	NON-MGR	MGR	NON-MGR	MGR	NON-MGR	MGR	NON-MGR	MGR	NON-MGR	MGR	NON-MGR	MGR	NON-MGR			
Female	8.1%	25.3%	1.0%	6.1%	0.5%	0.5%	0.5%	4.5%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	10.1%	37.4%	47.5%
Male	11.1%	26.8%	0.5%	6.6%	0.0%	2.5%	0.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.5%	1.5%	12.1%	40.4%	52.5%
Total	19.2%	52.1%	1.5%	12.7%	0.5%	3.0%	0.5%	7.5%	0.0%	0.0%	0.0%	0.0%	0.5%	2.5%	22.2%	77.8%	100.0%

Each Calvert executive has annual objectives upon which their individual performance is assessed and merit increases determined. Objectives may include sustainable and environmental performance as well as other indicators. Incentive compensation is largely determined by the overall financial performance of the company.

EMPLOYEE BENEFITS

All Associates working more than 20 hours per week are eligible for health care benefits. Associates working fewer than 20 hours per week are not entitled to health care but do receive paid time off, workers compensation, and all other regular Calvert benefits, although some are pro-rated.

We seek to provide our Associates with a basic level of protection against the uncertainties in life, such as health, disability, and family challenges through standard benefits such as catastrophic medical coverage, life insurance, short and long-term disability coverage, and paid time off. Associates are also offered the opportunity to receive a free confidential health risk assessment through a registered nurse.

Flexible benefits allow Associates to use company-provided flex credits or their own pre-tax dollars to choose additional benefits in a manner most appropriate to their lifestyle and needs. Flexible benefits include expanded medical and dental coverage as well as flexible spending accounts, additional life, long-term disability, dependent life, long-term care, and accidental death and dismemberment insurance.

Associates may accumulate retirement income through our 401(k) plan, which offers generous basic and matching contributes.

In addition to what we consider the “basics,” we also provide a variety of ancillary benefits, such as flexible work arrangements (including flex schedule, compressed workweek, job sharing, and telecommuting), community service leave, health club subsidies, transportation benefits, an employee assistance program, access to a credit union, casual business attire, massages, and legal assistance. We sponsor programs that contribute to the well-being of our

Associates and their families, including Kid’s Day, an annual Health and Fitness Fair, and Lunch and Learn educational sessions on wellness. A green heating program and Zipcars are among the numerous discounts and programs we offer to help employees lead a more sustainable lifestyle. In 2007, Calvert introduced a hybrid car incentive program for Associates. This program was discontinued in 2008 due to cost-saving efforts.

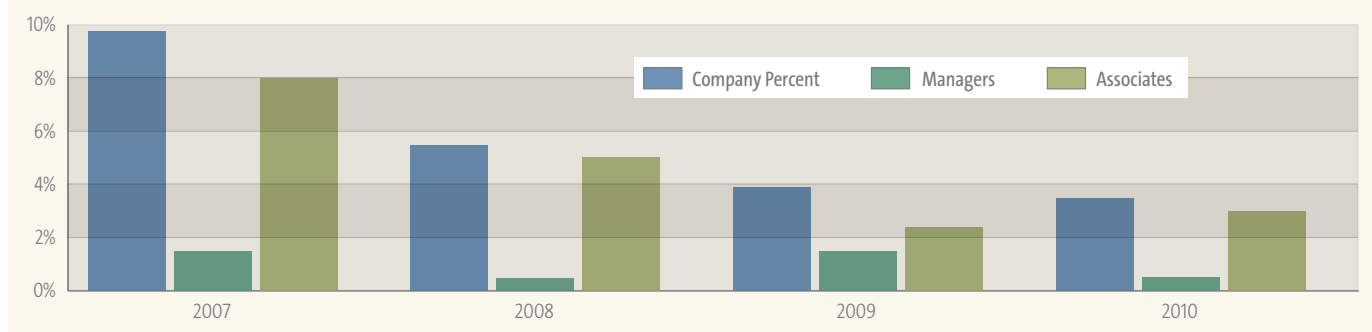
Calvert’s commitment to work/life balance contributes to our reputation as a family-friendly workplace and a great place to work in the Washington, DC region. In addition to the benefits above, Calvert offers:

- reimbursement for childcare expenses for Associates on business travel,
- assistance with adoption expenses of up to \$5,000,
- child care referral service,
- dependent care,
- flexible spending account match,
- birth/adoption gift program,
- parental leave for the birth or adoption of a child,
- parental involvement leave to attend school-related activities or events, and
- family medical leave.

TRAINING AND EDUCATION

The available allowance of our tuition reimbursement program is \$5,250 for full-time Associates (pro-rated for part-time Associates) per calendar year. In addition, Calvert supports and covers the costs for the certifications, designations, and licenses that Associates need to perform their jobs effectively. In 2008, 36 Associates took advantage of our educational programs, while 2009 and 2010 saw 34 and 42 Associates participate, respectively. In addition, Calvert Associates participated in conferences and training opportunities, and regularly collaborate with others in the industry to further their skills. Some training is required, such as harassment prevention bi-annually, and Associates are encouraged to look continuously for opportunities to grow and develop. Calvert does not track hours of employee training.

ANNUAL TURNOVER PERCENTAGES 2007–2010



EMPLOYEE RETENTION

Employee retention is extremely important to us. Calvert's turnover rates have remained low over the past few years, due in large part to our efforts toward creating a healthy work environment and the opportunities we provide for challenge and growth. Turnover as of December 31, 2008, was 5% as compared with 4% turnover in 2009 and 3% in 2010. Because we are a small company and our turnover is so low, we find it more meaningful to conduct exit interviews to determine why Associates have left, i.e. new parents choosing not to return to work, as opposed to tracking turnover by age or gender. We are pleased to know that our turnover rates are steadily decreasing.

ASSOCIATE-MANAGEMENT RELATIONS

Calvert strives to achieve a culture of openness and collaboration that promotes positive relations between Associates and management. Calvert's Associates are not represented by a labor union or a collective bargaining agreement. Instead, Associates are encouraged to communicate directly with Calvert Management. Although Calvert has always had an open door policy, in 2010, in concert with our parent company, Associates received an official open door policy document. Managers, so that they were well equipped to work together with Associates, received guidance on how to best live the principle of an open door policy, and to resolve issues to their mutual satisfaction.

The company has policies and procedures that allow employees to seek advice about issues of concern to them

which are overseen by our Human Resources Department. It also has formal grievance mechanisms in place to address and deal with any incidents or unresolved issues, as well as procedures to deal with any other incidents that may arise. The company does track and review performance in this area and flags any incidents. Calvert's culture and general practices encourage the discussion of any operational changes with the employees involved at the time of the creation or facilitation of the change. Calvert had a few positions eliminated during this reporting period. Appropriate staff were notified of these changes.

As a signatory and active participant of the UN Global Compact, we support the key International Labor Organization (ILO) labor standards, which include prohibitions against child labor, discrimination, forced labor, and allow freedom of association and collective bargaining. Calvert upholds these standards and requirements incorporated into U.S. laws, including the Civil Rights Acts of 1964 and 1991.

All Associates receive annual performance assessments, which include a review of past year performance both in the form of self and manager assessments. During the past few years, a number of Associates have also participated in a 360-degree assessment.

ASSOCIATE SURVEY

In 2010, UNIFI conducted a company-wide associate satisfaction survey to assess Associate Engagement, Manager Effectiveness and Performance Excellence. At Calvert, 73% of our Associates participated, and the results were as follows:

- **Associate Engagement** is “the extent to which Associates are motivated to contribute to organizational success, and are willing to apply discretionary effort to accomplishing tasks important to the achievement of organizational goals.” The percent of Calvert Associates who rated this area favorably was 67%, 11 percentage points below Kenexa’s financial services industry average.
- **Manager Effectiveness** is “the extent to which Associates perceive their managers to be outstanding leaders, trustworthy, and act with integrity by keeping their commitments.” The percent of Calvert Associates who rated this area favorably was 77%, 2 percentage points above Kenexa’s financial services industry average.
- **Performance Excellence** is “the extent to which an organization is strongly committed to high levels of customer service and product quality and relies upon continuous improvement practices to achieve superior organizational results.” The percent of Calvert Associates who rated this area favorably was 74%, 4 percentage points below Kenexa’s financial services industry average.

Although the majority of Associates felt favorably about Calvert, we recognized there was room for improvement. Managers met with departments to share specific plans, to prioritize important points of discussion, and develop action plans for the most critical areas. In 2011, our favorability rating increased from 67% to 72%, one percentage point above the norm for financial services companies. The Management Committee also selected priority items to focus on across Calvert:

- Open and honest two-way communication
- Associate growth and development
- Clear performance standards for product/service quality

Special sessions with employees were held to solicit greater input and feedback and task forces were developed to work on these areas and out of these sessions. The Management Committee chose a specific area to address and the company is currently piloting a mentoring program in response to Associate interest. We also made a concerted effort to improve the level of engagement and in a new 2011 survey, our favorability rating increased.

HEALTH, SAFETY, AND SECURITY IN THE WORKPLACE

We strive to create a safe and healthy working environment for all our Associates through a proactive approach. Building security is provided through our landlord. Emergency preparedness and evacuation procedures are conducted regularly to make sure our Associates know what to do and where to go in the event of an emergency.

Calvert has implemented Harassment and Workplace Violence Prevention policies. Our written harassment prevention policy is intended to ensure that relationships among Associates in the workplace are businesslike and free of bias, prejudice, and harassment. The workplace violence prevention policy is intended to assure the safety and security of our Associates and all those who work in or use our facilities. All Calvert employees must take harassment training every two years, while new employees undergo training shortly after starting.

Calvert also has a Wellness Committee that works to better the health and well-being of our Associates on a regular basis. The cross-functional team collaborates with our parent company to develop and implement wellness programs that are beneficial to Associates, such as smoking cessation, walking programs, and weight loss programs. Calvert also encourages Associates to be fit by offering a health subsidy to exercise at a gym or fitness center. Free Health Risk Assessments (HRAs) are offered to Associates every one to three years, depending upon age.

Our Business Continuity Planning Task Force assists with office evacuation in the event of a fire or other emergency need. Our Facilities Manager, who works with Calvert’s Human Resources Department to address health and safety concerns as they arise, chairs the committee. In the event that there is a major disaster and our offices are closed, each department has an assigned Business Continuity Plan representative who will contact Associates either by phone or e-mail. Calvert Associates may also be notified of disasters via our automated Emergency Notification System. During a disaster, only essential personnel are asked to report to the Sun Guard Recovery Facility in Herndon, Virginia, where emergency workstations are available. From 2008 through 2010, we had no reported health or safety incidents, nor did we face any OSHA violations.

Environmental Performance



Operating in a typical office environment, Calvert's footprint is similar to that of many other offices. We use energy, office supplies and equipment, and water and electricity. Through our daily operations, we generate waste and emissions, including both direct and indirect greenhouse gases. We expend energy when we travel, both locally and over longer distances. We oversee several programs that help us reduce our environmental impacts through recycling, energy efficiency, commuting alternatives, offsetting greenhouse gases, recycling and making use of environmentally preferred products. Tracking and monitoring our environmental performance has enabled us to implement some changes, although we continue to seek further improvements.

RENOVATING FOR LEED CERTIFICATION

In 2010, we chose to extend our lease for another decade and remain in our current space, but with caveats. Per our request, our property management company agreed to re-outfit our space and make certain green improvements to meet the LEED Existing Buildings: Operations & Maintenance (EBOM) standard for the U.S. Green Building

Council's Leadership in Energy and Environmental Design for our building, which addresses greening operations and maintenance practices of existing buildings. In addition, the property management company will establish a dedicated area for recycling in the parking garage of our building. The company also committed to upgrade the light bulbs in our space to high efficiency bulbs, replace high intensity fixtures with LED fixtures, install photocells or motion sensors in offices and conference rooms and energy efficient fixtures in all stairwells in the building. When new carpeting is installed in our space during the renovations, it will be GREENGUARD Certified, heat pumps will be re-commissioned, and those near the end of their useful life will be replaced.

Our landlord renovated the restrooms on each floor of the building in early 2011 to include water use reductions of faucets, toilets and urinals through new plumbing fixtures, improved lighting and energy performance. They also expanded bike facilities. We will continue to engage with our building owner regarding developing materials, energy and water management systems so that we can establish specific reduction goals and report directly on our progress.

In 2009, we expanded our leased office space to approximately 93,000 square feet of office space (including the space of our parent company, Acacia, and our subtenant Deutsche Banc), an increase of 31,000 square feet. As of June 2011, we have begun to renovate both our existing and newly acquired space, and expect to consolidate space with the remaining Bethesda-based staff of our parent company upon completion. We look forward to completing these renovations by September 2012. Calvert has worked closely with our architect and general contractor to ensure during the renovation process that all recyclable

items, including carpet, drywall, metal studs, ceiling tiles, copper cables and piping, and any other recyclable items are used and that all non-recyclable items are disposed of responsibly.

ORGANIZATIONAL RESPONSIBILITY

Calvert's Assistant Vice President, Purchasing and Facilities, oversees our environmental program, which is critical to running our offices efficiently. This position reports to the Executive Vice President, Chief Financial and Administrative Officer, the position with senior authority for environmental performance.

ENERGY USE AND EFFICIENCY

Calvert's energy efficiency program includes converting and retrofitting equipment to reduce energy usage. For example, we purchase energy-efficient ENERGY STAR computer equipment and copiers and encourage Associates daily to reduce energy waste. While lighting is primarily the responsibility of our landlord, we are pleased that energy-efficient lighting is used for all replacements, along with motion detectors where practical. All lighting under the control of Calvert uses energy-efficient, compact fluorescent lighting.

PAPER REDUCTION USAGE

In September 2009, the Corporate Sustainability Committee in conjunction with the Information Technology and Purchasing Departments launched an effort to reduce paper usage by instituting two-sided printing for the copiers and printers with the capability. As a result, we reduced our paper consumption by 63% in 2010 compared to 2008 and by 41% in comparison to 2009.

2007 = 472 Cases of Copier Paper

2008 = 462 Cases of Copier Paper

2009 = 400 Cases of Copier Paper

2010 = 284 Cases of Copier Paper

Since our benchmark of 472 cases of paper in 2007, we saved 188 cases by 2010, saving 4.7 tons and 79.9 trees.

We have significantly consolidated the virtualization of our Data Center, now running 70 virtual servers on just five physical machines. In 2010, we began testing virtual workstations (or VDI—Virtual Desktop Infrastructure) as an alternative to using traditional personal computers as workstations. These “thin clients” comprise a small, energy efficient diskless device and monitor that run all software off a central application server. If the current trial proves successful, we will be rolling out these virtual desktop terminals gradually as the old PC workstations reach the end of their useful lives. In addition, as our first round of LCD monitors end their lifecycle we are replacing them with ENERGY STAR 5.0 rated Dell ST2320L LED monitors. Additionally, our new Cisco phone system has been configured to enter a low-energy-consumption state (“sleep”) after 6pm, waking again at 7am.

WATER USE AND EFFICIENCY

Since our last report, we have made some strides to address water use and conservation in our direct operations. In 2008, we discontinued our use of bottled water in all corporate functions to reduce our carbon and water footprint. Each of our kitchens now offers filtered water, which is available for the use of our Associates. Pitchers and glasses are available for meetings with guests. All drinking water is filtered to remove sediment, carbon and heavy metals. The water is also run through a UV light to kill any microorganisms such as E-coli. As a result, internal recycling of plastic bottles has significantly decreased. In making this decision, we took into account not only the costs saved in buying bottled water but also the resources required to package, transport and refrigerate the water. For example, on average it takes about three liters of water to produce one liter of bottled water. We estimate that we have saved approximately \$1,300 per year by eliminating bottled water and reduced our carbon footprint at the same time. Secondly, in 2010 our landlord upgraded in-house plumbing to low-flow faucets, toilets and urinals, as noted earlier.

ENERGY EFFICIENT TRANSPORTATION

Calvert continues to pay for Associates to use public transportation at 100%. We also cover employees who wish

ENVIRONMENTAL INDICATORS SUMMARY

ENERGY USE AND GREENHOUSE GAS EMISSIONS	PERFORMANCE AREA	2006	2007	2008	2009	2010
	Employees using public transportation	71	75	78	71	58
	Renewable energy credits purchased (tons CO ₂ equivalent)*	1,169.49	1,600.80	1060.79	1060.79	1060.79
WASTE REDUCTION AND RECYCLING	Amount of waste recycled (tons)	28	31	29.3	27.1	34.1
	Amount of waste recycled (%)	77.5%	79%	77%	71%	85%
	Computer equipment recycled (number of pieces)	336	248	126	55	82
	Battery recycling (in pounds)	N/A	N/A	N/A	165	165
	Furniture recycling—steel (tons)	N/A	N/A	6.1	N/A	2.5
	Shareholders receiving electronic mailings	2,897	4,082	6,175	7,096	7,999
PURCHASE OF ENVIRONMENTALLY PREFERRED PRODUCTS	Recycled paper product purchases (tons)	130	170	135.1	120.9	70.7**
	Non-paper recycled office supplies (% of \$ spent)	21%	22%	21.1%	26.2%	27.9%
	MWBE of Net Purchases	N/A	N/A	11.9%	12.0%	6.4%
	Total Net Purchases (Office Supplies)		\$56,000	\$37,820	\$24,467	\$22,222

*Purchase of renewable energy credits to offset all office electricity use and employee business travel.

**Our 2010 paper purchases decreased, in part, due to our adoption of the summary prospectus, which are four pages long versus a longer multi-page booklet in its original format.

to walk with a pair of walking shoes annually and for those that want to bike to work, with a one time payment of up to \$500 for a bike. In 2010, 30% of Associates commuted on the Metro to and from work, while it was 39% in 2008 and 2009. In 2008 and 2009, 16% of Calvert Associates telecommuted some portion of the week while 12% did so in 2010. Many departments allow their Associates to telecommute from time to time for unforeseen reasons. About 2% of our Associates work a compressed workweek, decreasing their commute by one day per week.

GREENHOUSE GAS EMISSIONS

Calvert has been offsetting our greenhouse gas emissions since 2006 to be “carbon neutral.” Our program covers carbon offsets for office emissions as well as employee business travel (by plane, train and automobile).

WASTE AND OUR RECYCLING PROGRAM

Calvert is committed to buying as many recycled materials as possible, reducing waste, and recycling what we can. Our landlord handles waste disposal, so we are unable to track the non-recyclable waste generated during the reporting period. However, we disposed of waste through direct recycling with the following vendors:

- For recycling—Metro Re-Uz-It
- For E-waste—Dell for E-Waste
- For Battery recycling—Battery Solutions
- For shredding—ShredX
- For records management—Iron Mountain; and
- For furniture—US Business Interiors.

In 2010, we recycled 34 tons, or 85% of our waste, up from 29 tons in 2008 and 27 tons in 2009.

RECYCLING

Calvert has been a long-time recycler, with our first program dating back over a quarter century. Today our recycling program encompasses paper, envelopes, corrugated material, aluminum cans, plastic beverage containers, cell phones, batteries and computer systems. Associates may also bring in items from home in these categories for recycling.

During construction projects, we work with our architects, designers and contractors to find ways to use existing space and minimize demolition, as well as reuse as much of the existing materials as possible (including carpet, tile, ceiling tile, cabinets, appliances). When items cannot be reused or donated, our recycling vendor will take good quality steel and other metal furnishings and remove these items from the waste stream. In 2010, we recycled over 2.5 tons of steel from disposed furniture. This number varies from year to year, depending on which furniture is no longer needed and how it is disposed. In 2008, we recycled 6.1 tons of steel but none in 2009.

In 2009, Calvert started an inkjet/deskjet cartridge refill program for all corporate cartridges instead of purchasing

new or recycled cartridges. This program is available to Associates for their personal use.

In 2010, Calvert recycled just over 34 tons of recycled waste, an overall increase of 8% from the 31 tons in 2007, and up 5% from 2008 and 21% from 2009 respectively. Our recycling decreased 7% or two tons from 2008 down to 27 tons but then increased up to a high of 34 tons by 2010 or an increase of 26%. Much of this variance stemmed from the cleanup of a storage room and a large reduction of materials of our offsite records over the course of the reporting period.

Our Bethesda office is located in Montgomery County, Maryland which requires all businesses to recycle certain materials. We complete an annual report detailing the amounts of these mandatory items we have recycled, as well as a number of additional voluntary items. In addition, according to data provided by the Montgomery County Maryland Department of Public Works and Transportation, Calvert's 2009 recycling rate was 73.1% for required recycling materials and for required and voluntarily recycled materials was 74.6%. For 2008, Calvert's required recycling rate was 74.6% and for required and voluntary recycled materials 75.2%.

CALVERT'S RECYCLING BREAKDOWNS*

	2006	2007	2008	2009	2010	SINCE INCEPTION IN 1990
Pounds	62,257	56,903	58,655	54,192	68,283	1,349,979.0
Tons	31	28	29.3	27.1	34.1	675.1
Trees	529	484	498.6	460.6	580.4	11,474.8
Pounds of Air Pollution	1,868	1,707	1,759.7	1,625.8	2,049.0	40,499.4
Gallons of Water	217,900	199,161	205,292.5	189,672	238,991.0	4,724,926.5
KW Hours of Electricity	127,627	116,651	120,242.8	111,093.6	139,980.2	2,767,457.0
Cubic Yards Landfill	103	94	96.8	89.4	112.7	2,227.5

*The Environmental Protection Agency formula is based on each ton of paper and aluminum recycled, 17 trees, 7,000 gallons of water, 4,100 kWh of electricity, 3.3 cu.yds of landfill space, and 60 lbs. of pollution are saved. These environmental equivalents come from a number of sources, including www.gsd.harvard.edu/inside/building_services/recycle_2005.html and www.ci.east-palo-alto.ca.us/recycling/special_programs.html. The sources for our original information are no longer available on EPA's website although other sources still attribute these numbers to EPA.

Numbers for 2010 were not available at the time of this report. The countywide goal for recycling continues to be at 50%.

OFFICE COMPOSTING

In 2010, Calvert's vendor, SunDun Cup, began offering composting of coffee grounds and filters. Associates place the waste in buckets, with 100% biodegradable bags, which are then picked up by the vendor and delivered to its compost operation in Brandywine, Maryland. The compost is used to improve the soil for water retention and wildlife restoration at Rover's Content Farm in the Patuxent River watershed region.

WASTE REDUCTION

Calvert encourages Associates to reduce the amount of waste generated in the office. Ceramic coffee mugs and drinking cups are provided to Associates and visitors, effectively eliminating our use of disposable paper cups.

Automation of Calvert's operations has greatly reduced the amount of paper-based record keeping we do, resulting in a decreased use of paper.

Paper reports and promotional materials are the primary method through which we distribute information about our products. We continue to offer alternatives for Calvert shareholders to opt out of receiving paper statements, prospectuses, annual reports, and semi-annual reports in order to decrease the amount of paper that is mailed. (About 2% of our shareholders have chosen to take this step, thus getting notifications faster and reducing the amount of paper we mail.) We will continue to encourage investors to consider this option.

In 2010, we began offering summary prospectuses, only four pages in length, leading to a reduction of nearly 100,000 pounds or 50 tons in our purchases of recycled paper products. At the same time, our purchases of non-paper recycled office supplies increased by nearly 6% in 2010 when

compared to 2007, despite a slight decrease in 2008 of less than 1%.

For 2010, Calvert spent 23.5% of its purchasing on local vendors. In 2009, we spent 29.5% and 43% in 2008. These numbers decreased in part because of the financial crisis and Calvert's cost-cutting efforts. As a result, local suppliers were also affected.

BUYING ENVIRONMENTALLY PREFERRED MATERIALS

Buying recycled products reduces the demand for natural resources and also helps promote recycling. During the time frame of this report, Calvert has been steadily decreasing the amount of paper and printed materials purchased, all of which contained at least 30% post-consumer waste and some of which contained as much as 100% recycled content in the past few years. For example, Calvert purchased a high of 270,217 pounds or 135 tons of recycled paper products in 2008, compared to a low of 141,442 pounds or 71 tons in 2010—a reduction of nearly 50% over the course of three years. Our purchases of non-paper recycled office supplies also decreased from \$37,819 in 2008 down to \$22,221 in 2010.

Over this same period, we also tracked our purchases from minority and women business owners (MWBE) in 2008, which averaged nearly 12% in both 2008 and 2009 despite big decreases in spending over the past few years. However, this past year in 2010, our purchases to MWBE dropped by nearly 50%. We will look into this matter and determine if there are strategies that we can implement to increase this number.

Calvert's office supplier, Staples, uses an internet based online ordering system that clearly marks items that are MWBE, recyclable, and manufactured using recycled products. The system makes it easier for Calvert Associates to order green and recycled alternatives such as recycled notepads, post-it notes, pencils, etc. Our supplier has a published commitment to diversity, community, ethics and environmental activities.

Although very few of our purchases are related to items made in China, in the event they are, we encourage the company we are purchasing from to have a supplier Code of Conduct and Supplier Standards as a way to address human rights concerns. We recognize that we still need to do more to handle human rights issues and will begin to consider how we may best do so in the coming year.

All of our purchased paper contains recycled content, including:

- our letterhead,
- envelopes,
- copier paper,
- business cards,
- laser forms (customer statements and reports),
- all regulatory printing (prospectus, semi-annual and annual reports),
- laser printer toner cartridges,
- fax machine toner kits,
- copier equipment toner and copy cartridges,
- drywall (paper covering made from 100% recycled material),
- special printing and copying jobs,
- miscellaneous office products (pencils, pads, folders, etc.),
- marketing prospectuses, and brochures.
- Calvert returns all toner cartridges to the suppliers for recycling, including all copier, fax, and laser printer toners cartridges.

All of our printed marketing materials, prospectuses, and shareholder reports are printed using recycled paper and soy inks, which are safer to handle over petroleum-based inks, biodegradable and contain no volatile organic compounds.

Although we do not require minimum environmental standards in contracts with suppliers and other business partners, as noted above, we do communicate our environmental preferences to suppliers and other business partners. For example, when we undergo renovations, we ask our contractors to recycle and address our environmental impact in their work. At this point, we have not yet begun to incorporate fully the UN Global Compact Principles in our

value or supply chain. As a small company making limited purchases, these issues have not typically been a high impact area for us, however, we recognize that they do impact our footprint and thus may need to be addressed.

MONTGOMERY COUNTY GREEN BUSINESS CERTIFICATION

In December 2009, Calvert was one of the first eleven businesses to be certified green under Montgomery County, Maryland's new Green Business Certification Program that recognizes voluntary efforts to protect, preserve and improve the environment. Companies certified as a green business must demonstrate a commitment to environmental stewardship, conservation of water and energy, carbon footprint reduction, waste reduction and recycling. We are proud of this certification.

WORKING WITH LOCAL SUPPLIERS

Although we do not have an official policy regarding local suppliers, we support nearby businesses such as printers and copy shops whenever possible. For 2010, Calvert spent 23.5% of its purchasing on local vendors. In 2009, we spent 29.5% and 43.0% in 2008. Part of the reason for the decrease in our local purchasing and overall purchasing during this time period stems from the financial crisis, which led us to move conservatively, and reduce our spending in all areas, including with local vendors as a result of the situation.

Our purchasing practices generally include referring our major new suppliers to the Calvert Sustainability Research Department for review of their environmental and employment practices as well as community impact. The majority of the suppliers were reviewed for their human rights practices and no problems were found. Since we did not add any new major suppliers in the time frame of this report, no new reviews were conducted between 2008 and 2010. However, we did provide a few reviews of responsible suppliers to our parent company, which was revisiting some of its suppliers.

Community Relations



Calvert is committed to supporting our local community through volunteer service and financial contributions with a focus on high impact issues such as children, education, women, diversity, poverty, safety, environment, and the arts. We align our donations with our volunteer efforts, to support organizations where employees and management team members serve on Boards or have affiliations, and to support organizations that complement the focus of the principles that underlie our sustainability research.

Donations allow Calvert to demonstrate our commitment and support for the causes and issues in which we believe, however; it is not the only way. At Calvert, we integrate the personal and financial together, so that everything we do reflects our deepest values. We support causes that are meaningful by volunteering, through sponsoring longstanding projects, and by encouraging each department to plan and host a community project one month of the year, thus allowing them to champion an event vital to our local community.

Our philanthropy program consists of three components: financial giving; volunteerism; and employee matching program. Calvert provides the opportunity for Associates to

make a real difference in the community by offering them paid leave for volunteering. Associates may use up to eight hours per month, for a total of 96 hours per year, with pro-rated hours for part-time Associates. Under the matching program, Calvert will match employee contributions to charitable organizations up to \$500 per calendar year.

In 2008, the financial sector, including Calvert, was affected by the economic downturn, thereby affecting our limited resources, including monetary giving. As a result, Calvert's cash contributions to community causes or activities decreased to \$133,149, of which \$98,820 was paid to charitable organizations providing direct benefits to the Washington, DC metro area; and \$10,289 was in matching contributions to eligible organizations that our Associates supported. During 2008, 52% of all Calvert employees devoted 2,005 hours to community service.

In 2009, cash contributions to community causes or activities totaled \$322,049 of which \$255,537 was paid to charitable organizations providing direct benefits to the Washington, DC metro area; and \$10,764 in matching contributions. Under the leadership of Calvert Community Partners, our employee directed volunteer program, we continued to support longstanding programs as well as one-time initiatives, and encourage departments to sponsor a project one month during the year. Calvert Associates devoted 1,576 hours to community service. While we did not survey Associates, we surmise the decrease in hours from 2008 to 2009 may be related to the economic downturn and the impact on Associates' limited time.

CORPORATE PHILANTHROPY

	2006	2007	2008	2009	2010
Charitable Giving	\$461,063	\$419,109	\$133,149	\$322,049	\$324,742
In-Kind Giving *	\$623,330	\$792,229	\$881,830	\$1,000,111	\$1,267,787
Volunteer Hours	2,044	1,852	2,005	1,576	1,593
	\$1,084,393	\$1,211,338	\$1,014,979	\$1,322,160	\$1,592,529

* Includes Calvert Investments, Inc. support for Calvert Social Foundation

SMART SACKS PARTNERSHIP

Calvert has partnered with East Silver Spring Elementary School to deliver Smart Sacks to nearly 30 students as a corporate sponsor of The Smart Sacks program organized by *Manna Food* in Rockville, Maryland. Since August 2007, 25 Calvert volunteers have participated (approximately 14% of Calvert employees)—in teams—to pick up food boxes at Manna Food; at Calvert, to sort and organize; fill bags to be placed into backpacks; and deliver food to the school. Each Friday, Smart Sacks provides 350 elementary school students in Montgomery County in different schools with 10-15 nutritious and kid-friendly foods for the weekend in backpacks handed to them at their local school. On Monday, the backpacks are returned and refilled for the next weekend. Many local corporations, including Calvert, partner with a school to provide the volunteer labor to fill and deliver the backpacks.

In 2010, cash contributions to community causes or activities totaled \$324,742 of which \$225,470 was paid to charitable organizations providing direct benefits to the Washington, DC metro area; and \$18,114 was

matching contributions. Associates devoted 1,593 hours to community service during 2010.

For the second consecutive year, Calvert sponsored activities on September 11, the National Day of Service, with approximately 25% of our 200 employees participating in projects for *A Wider Circle* and/or *DC Central Kitchen*. Employees assisted *A Wider Circle*, which provides furniture and household goods to help lift families out of poverty in Silver Spring with its Cleanup Day. Employees also prepared 750 peanut butter and jelly sandwiches and donated them to *DC Central Kitchen*. Example of significant donations made to D.C. area non-profits during 2010:

- It's All About the Girls: Jan Verhage Endowment Campaign for Camperships—Girl Scouts of the Nation's Capital: \$15,000 donation.
- Manna Foods, Rockville, MD. \$5,000 donation.
- Capital Area Food Bank. \$5,000 donation.
- DC Central Kitchen. \$5,000 donation.
- Miriam's Kitchen. \$5,000 donation.
- Shepherd's Table. \$5,000 donation.

Our Influence



Calvert cares deeply about sustainability. As a small company we are limited in our ability to influence change if we only address our own footprint. As an asset manager with over 43 funds, with 22 of them sustainable and responsible investments and over \$14 billion in assets under management, we can have a significant influence on the corporate responsibility and sustainability issues that concern our shareholders and stakeholders.

As investors, we have the opportunity and the responsibility to influence the companies in which we invest and in turn civil society, the livelihoods and quality of life of workers, and the local, domestic and global social and environmental impacts they make. Cumulatively, these companies affect millions of people through the goods and services they provide, the workers along their supply chains, the amount of water used from the local watershed, and—among many other factors—their involvement in their local communities.

We regularly engage with companies to encourage them to strive for ever higher levels of corporate citizenship across multiple issue areas such as the environment, human rights, and Indigenous Peoples' rights.

When we buy stocks and bonds of companies in our sustainable and responsible mutual funds, we look for responsible corporate citizens with strong environmental, social and governance performance and practices. We seek to influence the companies in which we invest through direct engagement, shareholder resolutions, proxy voting, and other methods. With respect to our tax-exempt funds, we buy many bonds issued for government purposes. The proceeds from these bonds support investment in infrastructure or government services and may include school or hospital construction, transportation, water and sewer, utilities, and other kinds of infrastructure.

As an organization of committed sustainability experts, we have the opportunity to influence other organizations by collaborating with NGOs and other groups that share our concerns, joining initiatives relevant to our priorities, contributing to public policy discussions, and serving on

GREEN BONDS

Calvert believes our most important advocacy role in fixed income is to demonstrate a demand for new green bond issuances. In this newly emerging market, we hope to provide liquidity and create standards for what qualifies as green. As part of this engagement, work started in 2010 to establish an internal scoring system to rate the impact of green bonds and can engage issuers to quantify and improve the structure and impacts of their projects. In May 2011, Calvert launched and fully funded its Institutional ESG/Green Fixed Income Strategy, which invests in green bonds that provide capital to projects that address global environmental challenges.

the boards of various organizations. The graphic below summarizes how we influence other institutions and the priority areas in which we seek positive change.

By leveraging our influence, we believe we have a sustainability impact that far exceeds our modest number of Associates. In this section, we discuss the ways in which we exert our influence and some of the results of these efforts.

SPECIAL PROGRAMS

Within some of our sustainable and responsible funds, Calvert allocates a small portion of assets toward two specialized programs that improve the sustainability of our investments and work to advance social change in direct and significant ways.

Special Equities Program

Certain sustainable and responsible Calvert funds allocate a small portion of the assets for early, direct, higher-risk investments in companies run by visionary entrepreneurs who have identified profitable ways of addressing social needs and sustainability. This **program** exemplifies Calvert's principles and enables us to guide young companies and entrepreneurs in the formative stages of business. These companies provide market-based solutions to some of the more difficult social, environmental, and health problems facing society today. We make these long-term venture capital investments in anticipation of financial return for our investors, as well as to increase access of products and services with strong social missions to the broader marketplace. The program also supports emerging fund managers and compelling fund models by investing in other impact investment funds, both domestically and

internationally. Since the program's inception, we have cumulatively invested in 115 companies and funds.

High Social Impact Investment Program

Calvert's High Social Impact Investment (HSII) Program channels investment capital to nonprofit organizations with the goal of ending poverty through investment. Certain Calvert funds invest from 1 to 3% of assets in this program, depending on the fund. These assets may be invested in Community Investment Notes issued by the Calvert Social Investment Foundation. The **Foundation** is a 501(c)3 nonprofit organization, which is legally distinct from Calvert Funds and Calvert Investments, Inc. The Foundation invests the money directly to organizations working to help the poor and end poverty.

SHAREHOLDER ADVOCACY

Calvert believes that investors have a right and a responsibility to engage with companies on ESG-related issues where shareholder value is at stake and improved sustainability performance is within reach. Our engagement is designed to encourage companies to improve sustainability in one or more areas through a broad array of advocacy tools. We may reach out to companies through telephone calls, written communication, direct dialogue with senior company management, proxy voting, and shareholder resolutions, all aimed at persuading companies both to establish certain commitments and to encourage concrete progress—all with the goal of encouraging positive change in virtually every industry. Calvert sets specific objectives at the start of our engagement with companies and tracks company progress or lack thereof. We consider engagements successful if we achieve our objectives—or make substantial

CALVERT'S SPECIAL EQUITIES IMPACT

AS OF YEAR END:	2006	2007	2008	2009	2010
Amount Invested (In millions)	\$39,496,919*	\$45,127,131*	\$48,774,490	\$53,051,943	\$58,463,405

*These numbers have been modified from the last report to incorporate both direct and indirect investments in funds, which were previously reported as \$25,230,473 for 2006 and \$28,754,322 for 2007. The assets shown now include both direct and indirect investments through funds. Fund investments only include the amount drawn to date by the Fund rather than the total commitment.

CALVERT'S SOCIAL INVESTMENT IMPACT

	2006	2007	2008	2009	2010
Amount Invested	\$24,691,526	\$24,690,911	\$24,690,911	\$24,690,911	\$24,690,911
Homes Built	536	436	382	351	379
Jobs Created	12,071	16,382	16,978	17,845	17,988
Community Facilities, Social Enterprises, and Social Innovations Created	709	981	993	1,187	1,276

progress towards them—with particular companies and at times entire industries. In addition, we believe contributions to multi-stakeholder standard-setting initiatives and public policy discussions are valuable although distinct from assessing progress through individual company dialogues. Lastly, we also engage with other institutions, including companies in which we do not currently invest, on key issues in order to help them reach a minimum level of satisfactory performance for some of our funds, which may then choose to invest. Four major strategic priorities guide our advocacy work, consistent with the signature issues with which Calvert has long been identified:

1. Diversity and Women
2. Environment and Climate Change
3. Human Rights, Labor Rights, and Indigenous Peoples' Rights
4. Governance and Disclosure

Our work across each of these issue areas incorporates the ten UN Global Compact Principles in the areas of human rights, labor, the environment, and anti-corruption.

Outcomes

Overall, we engaged with 406 companies in 2008, 264 in 2009 and 322 in 2010. Although our total numbers for engagements have decreased over the past few years, our focus now is more actively engaged with select companies. This has led to greater impacts and influence. In recent years, we have defined basic engagement similarly to how PRI does, as typically consisting of one brief contact, often written. Whereas moderate engagement may be one face to face or telephone engagement plus additional contacts with the

company, we define extensive engagement with at least two face to face or telephone engagements with the company.

SHAREHOLDER RESOLUTIONS

Shareholder advocacy has been at the heart of Calvert's SRI strategy for nearly a quarter century. Calvert regularly engages companies, policymakers, and other investors on critical governance and sustainability challenges. We use our position as an owner in a company to push for improved corporate performance. When we are unable to make headway, we often will file a shareholder resolution. **Shareholder resolutions** can be powerful agents of change. If a resolution is not challenged by the company or withdrawn, it comes to a vote of all shareholders at the company's annual meeting.

Proxy Voting

As a company shareholder, Calvert votes on issues of corporate governance, sustainability and social

BREAKDOWN OF TOTAL NUMBER OF SHAREHOLDER RESOLUTIONS FILED 2006–2010

	LEAD FILER	CO-FILER	TOTAL NUMBER OF RESOLUTIONS FILED
2006	11	6	17
2007	23	11	34
2008	25	5	30
2009	27	9	36
2010	30	17	47

responsibility at annual meetings. We take our responsibility seriously and vote each proxy in a manner consistent with the financial and social objectives of our Funds, in support of most sustainable and responsible shareholder resolutions. **Calvert's Global Proxy Voting Guidelines** integrate corporate governance and corporate social responsibility into what Calvert calls a “sustainable governance” model that it shares with other mutual fund companies. We apply our guidelines to both domestic (U.S.A.) and international holdings. Proxy voting allows us to support shareholder resolutions filed by others that further social change and improve corporate governance. **Our votes** are publicly available on our website, as soon as we have voted.

In 2010, each of the Fund Boards approved the use of the Global Proxy Voting Guidelines for the Calvert Family of Funds across all equity funds under management, rather than for just our sustainable and responsible funds. As a result, each of our funds, including those without explicit ESG criteria, now support objectives such as diverse boards of directors and shareholder resolutions on environmental, social and governance issues that have traditionally been supported by our SRI funds.

CALVERT ENGAGEMENT

Calvert engages many companies held in our Funds' portfolios, through direct dialogue with senior management as well as in multi-stakeholder initiatives and standard setting exercises as outlined below. In the

sections below, we describe in greater detail our advocacy activities as they relate to our strategic priorities.

1. Calvert Women's Principles® and Diversity

Calvert continues to break down barriers for women in the workplace and seeks to enhance their participation in key governance positions including the boardroom.

SAGE ENGAGEMENTS

Since launching our SAGE strategy, Calvert has made progress with several companies identified for enhanced engagement. During 2010, we achieved wins with Devon Energy, Newmont Mining, and Walmart. Walmart released updated charter language for the board's Compensation, Nominating and Governance Committee, which now includes oversight of social, community and sustainability initiatives. Devon Energy released its Indigenous Peoples' Rights policy, while Newmont endorsed extractive revenue payment disclosure legislation, enhanced climate change programs and made progress on implementation of its community relations review. During 2010, we saw this further progress toward specific SAGE advocacy objectives:

- Both Marathon Oil and ConocoPhillips made progress on disclosure of environmental and social factors related to their oil sands operations.
- Marathon Oil, ConocoPhillips, Shell and Exxon conducted extensive reviews of their safety procedures following the Deep Water Horizon tragedy. Shell and ConocoPhillips released new standards based on their reviews.
- Anadarko and Devon improved their sustainability reporting and we expect enhanced reports from both in 2011.
- Anadarko and Devon improved their hydraulic fracturing fluids disclosure.
- Marathon set greenhouse gas reduction targets.
- Duke Energy improved its disclosure of the company's nuclear safety management framework and of its nuclear capacity factor performance.
- Comcast adopted board oversight of the corporate responsibility report.

BREAKDOWN OF PROXY VOTES BETWEEN 2006 AND 2010

	COMPANY MEETINGS	PROPOSALS	BALLOT ITEMS
2006	751	14,356	1,723
2007	1,196	21,749	2,460
2008	1,508	13,905	3,069
2009	4,226	36,962	7,534
2010	4,360	38,108	8,157

Throughout our history, Calvert has been highly productive in promoting diversity and gender equality in Corporate America and beyond. Over the past three years, Calvert achieved its vision of establishing a long-term path for the Calvert Women's Principles (CWP) by completing the work of turning the CWP into fully operational guidelines and providing a global platform from which the Principles can reach workplaces around the world. Calvert developed a partnership with the City of San Francisco's Department on the Status of Women and Verité to adapt the Calvert Women's Principles for the Bay Area and subsequently launched the San Francisco Gender Equality Principles. Complementing this domestic initiative, the Calvert Women's Principles also formed the centerpiece of a landmark effort spearheaded by the United Nations Global Compact and UN Women: the Women's Empowerment Principles. Further details on these and other issues are highlighted below:

CWP—City of San Francisco & Verité—Gender Equality Principles. Calvert developed a partnership with the City of San Francisco's Department on the Status of Women and Verité to adapt the Calvert Women's Principles for the Bay Area and subsequently launched the Gender Equality Principles (GEP) which are based on the Calvert Women's Principles. Over a period of two years, the partners worked with companies to translate the Principles into practical policies and useful tools for direct implementation into workplaces. The founding partners also incorporated input from experts in gender, human rights, health, labor, employment, and legal issues to ensure that the materials are not only practical but aligned with the latest thinking about gender equality programs and practices. In late 2010, the partners launched a companion [website](#) which allows companies to take an online assessment of their current gender policies and practices and set goals for improvement. The comprehensive, web-based assessment assists companies in implementing the Gender Equality Principles. In honor of the website and the Gender Equality Principles Initiative, Calvert CEO, Barbara Krumsiek, received the CEDAW Corporate Award for Women's Human Rights given by the City of San Francisco.

CWP—United Nations Global Compact & United Nations Women—Women's Empowerment Principles. In 2008,

Calvert explored the opportunity to use the Calvert Women's Principles as a baseline from which to adapt an international framework for corporate practices related to gender equality with the UN Global Compact (UNGC) and UN Women. Subsequently, an international consultative process was initiated through which the CWP were translated into the six official UN languages and widely distributed throughout global human rights, labor rights, women's rights, government, and civil society networks. The newly revised Principles, now known as the Women's Empowerment Principles, were first presented for discussion in March 2010 at the Equality Means Business event at the United Nations. Calvert played a key role in the international advisory group that finalized the WEP.

Since the launch in 2010, the WEP has received a positive response with CEOs from over 180 UN Global Compact companies, including Calvert CEO, Barbara Krumsiek, who signed onto a CEO Statement of Support which demonstrated leadership on women's empowerment and encouraged other to follow their lead. During the UNGC Leaders Summit in New York City on June 24-25, 2010, where the Women's Empowerment Principles were officially launched, Barbara Krumsiek called on Summit leaders to join her by signing the CEO Statement of Support for the WEP. The launch of the WEP marked the culmination of three years of effort by Calvert to work with the UN system to use the CWP as the centerpiece of a global initiative to empower, advance, and invest in women worldwide.

Examining the Cracks in the Ceiling Reports. In October 2008, Calvert released its first diversity study titled *Examining the Cracks in the Ceiling: A Survey of Corporate Diversity Practices in the Calvert Social Index*. The study analyzed the corporate diversity practices of the 636 companies in the 2007 Calvert Social Index. The data revealed increased disclosure is crucial for a sharper picture of women and minority representation at various levels of the workplace, and is necessary to gauge the success of diversity initiatives. In October 2010, Calvert released the second edition of the diversity report. However, this time we narrowed the focus to the diversity practices of the companies whose securities are held in the Standard & Poor's 100 Index.

The second report identified leaders and laggards and provided companies with a road map to identify gaps in their own internal practices. Key findings from the report focused on the level of representation of women and minorities on the board of directors and within the five highest paid positions of the company. The report looked at the level of board oversight focused on diversity and whether diversity was a factor in executive compensation.

After the report's launch, Calvert initiated conversations with over a dozen companies focused on identifying actions they could take to improve their overall diversity performance. Some initial successes spurred from the discussions on the diversity report included: one company that agreed to endorse the CEO Statement of Support for the Women's Empowerment Principles; two companies highlighted their ratings as an opportunity to publicize their commitment to diversity; and many others reviewed best practices on board diversity disclosures for their proxy statements.

Calvert Board Diversity Shareholder Proposals

Since 2002, when Calvert began advocating for women and minority representation on corporate boards, we have engaged hundreds of companies on the issue. At that time, Calvert introduced a model nominating committee charter for corporate boards that would ensure the proper representation of diverse candidates among the pool from which nominees were chosen. To date, we filed 55 resolutions asking companies to:

- amend their director selection process to broaden the pool of candidates from which board nominees are chosen, and
- specifically consider diversity in race and gender as part of the desired director characteristics.

Over that period, we held successful negotiations and withdrawals with 49 companies. As a result, 30 women and/or minority candidates were added to these corporate boards. We continue to push for an institutionalization of this process, so boards can move more quickly from what is often seen as the token woman or minority director to more fully inclusive representation.

Corporate Board Diversity Disclosure Scorecard

Given Calvert's long history in promoting the addition of women and minorities to corporate boards, we were active in leading investor efforts aimed at providing input to the Securities and Exchange Commission's proposed disclosure requirements regarding the consideration of diversity in the director selection process. The final rule noted "a significant number of commenters responded that disclosure about board diversity was important information to investors." In fact, the SEC specifically referenced Calvert's comments a total of six times as a source throughout the final rule.

As the rule went into effect in March 2010, Calvert used the opportunity to review the range of approaches companies were taking regarding the new disclosure requirements. Subsequently, we published a scorecard, which outlined the response of Russell 1000 companies to new SEC board diversity disclosure requirements. The scorecard compared board diversity 2009 and 2010 disclosures and analyzed any progress made.

International Finance Corporation and GRI Gender Reporting Project

In 2009, Calvert served on the advisory group for the GRI-IFC gender and sustainability reporting project, which resulted in the publication, *Embedding Gender in Sustainability Reporting, A Practitioners' Guide*, released in October 2010. Covering seven major areas—governance, workplace, supply chain, community, consumers, and investment—this guide complements the GRI's current sustainability reporting framework and provides corporations with practical guidance on how and why to develop, measure and incorporate gender initiatives within their environmental, social, and governance reporting. Calvert's work on gender issues, particularly the CWP and the Examining the Cracks in the Ceiling report, was featured throughout the publication, demonstrating Calvert's continued leadership in this area. (The IFC is the International Finance Corporation, the private sector arm of the World Bank.)

2. ENVIRONMENT AND CLIMATE CHANGE

Calvert has made environment and climate change a key priority across our research and advocacy work. We have focused on public policy advocacy and direct corporate and industry engagement in support of environment and climate change objectives. Calvert's multi-faceted environmental agenda has been expanded to incorporate climate adaptation impacts and strengthening advocacy on water. Since prospects for meaningful policy action on energy and climate change in the U.S. Congress essentially collapsed in 2010, Calvert believes progress toward meaningful carbon reduction can and must continue on multiple fronts—U.S. and global, public policy and private investment—all at the same time, even with varying impact. As regulation is unlikely in the near term, Calvert has focused on maintaining corporate and investor involvement in climate change policy in a more challenging public environment, finding opportunities to work with leading companies to protect progress and to move the policy agenda forward wherever possible.

Investor Statement

In 2009, Calvert joined other investors in signing a call for strong action from international policy makers in the fight against global warming. Signed by 181 investors jointly managing \$13 trillion, the statement was developed with key global investors and the UNEP Finance Initiative, Investor Network on Climate Risk, Institutional Investors Group on Climate Change and the Investor Group on Climate Change.

Public Policy and Legislation

Over the past three years, Calvert's Sustainability Research Department (CSRD) participated in numerous briefings, meetings and calls that furthered its public policy advocacy work on renewable energy over this reporting period. Many were set up by a variety of organizations including the Investor Network on Climate Risk (INCR), and US Business Climate Network (US-BCN). As members of these organizations, Calvert helped support key legislative positions on climate change, renewable energy and energy efficiency. Along with

STARRING AT CLIMATE WEEK AT THE UNITED NATIONS

In September 2009, Calvert participated in the Climate Week in New York City as a way to demonstrate our investor leadership on climate change. As part of the "Seal the Deal" campaign, President and CEO, Barbara Krumsiek joined over 300 heads of state and government, chief executives of global business, civil society leaders and heads of UN agencies for the United Nations Leadership Forum on Climate Change. These leaders articulated their support for bold climate action, including a balanced and effective global climate change treaty and investment in alternative energy and energy efficiency. She participated in a press conference with The Honorable Al Gore, former U.S. Vice President and Nobel Prize winner, the Prime Minister of Denmark, the Chairman and CEO of Suntech in China, the Managing Director of Sekem Egypt, and Oscar-nominated actor Djimon Hounsou (who starred in the film *Blood Diamond* with Leonardo DiCaprio).

Ceres and representation from Business for Innovative Climate and Energy Policy (BICEP), we made the case that having a strong global climate agreement is in the best interests of U.S. foreign policy and national security.

Climate Change Adaptation

During this reporting period, Calvert embarked on a new strategy of promoting climate change adaptation, by reviewing companies' risks and opportunities that relate to the physical risks of climate change while demonstrating leadership on how investors can address climate change adaptation. As part of that effort, Calvert has been developing a new partnership with Oxfam America and others to encourage corporate solutions to adapting to climate change. The partnership will highlight the risks to U.S. companies from climate change as well as opportunities for innovation and new business opportunities related to lessening this risk and building resiliency for affected communities and regional economies alike. The coalition hosted a meeting to educate members of Congress and the media in November 2010.

Homebuilders Report and Advocacy

Calvert first focused on the homebuilders industry in May 2008, when it released a new report, developed in conjunction with the Boston College Institute for Responsible Investment, on environmental and sustainability practices in that industry. The report ranked the 13 largest publicly traded U.S. homebuilders on key environmental and energy efficiency factors, and encourages the industry to embrace fully the emerging market for sustainable building design and construction. In December 2010, Calvert released a second report analyzing the sustainable practices of the homebuilding industry, entitled, *A Green Recovery for America's Homebuilders? A Survey of Sustainable Practices by the Homebuilding Industry*. This report found that while significant progress has been made since the 2008 review, high-production builders still have a long way to go on their path towards sustainability. Calvert then met with many of the homebuilders reviewed in the report to discuss strategies for improving their sustainability performance.

Water Advocacy

Water issues gained prominence on international policy and business agendas during this reporting period. While two thirds of the globe is covered by water, only 3% is fresh and of that fresh water supply, only 1% is available for human consumption. Increasingly the world faces serious water issues—from chronic shortages to threats to water quality, to aging infrastructure and waste, to growing demand from developing countries. Since water supports all life, Calvert regards access to clean, affordable water as a basic human right. Accordingly, we believe that every company whose products or services require substantial water usage has a corporate responsibility to understand its water impacts throughout its value chain, adopt policies and practices for responsible water management and take action that respects the human right to water and sanitation.

CEO Water Mandate

With a commitment to developing water safety and sustainability and the recognition of water as a human

right, Calvert joined the CEO Water Mandate in July 2008 as the first investment company to make this commitment. Today, the number of endorsers has grown to over 70 companies. The CEO Water Mandate, “recognizes that the business sector, through the production of goods and services, impacts water resources—both directly and through supply chains.”

The CEO Water Mandate established three work streams to accomplish its goals and to provide guidance to endorsing companies. Those work streams are:

- Enhanced transparency and disclosure
- Responsible engagement in water related public policy
- The human right to water

Active in each work stream, Calvert has pushed for a practical overlay in all of the Mandate’s work. We have been especially interested in reaching agreement on a set of water indicators to measure the corporate impact. We also made clear that we support efforts to respect and facilitate input from civil society, as NGOs do not participate as members/endorsers but their perspective and buy-in is critical to the success and credibility of the CEO Water Mandate. We participated in the Public Policy Working Group of the CEO Water Mandate, which published its final guide in November 2010. We also participate in the CEO Water Mandate’s Human Rights Working Group, which addresses access to water as a human right.

To date, we have capitalized on many opportunities to provide input and make statements and our position has remained consistent that firms need to improve disclosure and transparency around water-related impacts.

3. HUMAN RIGHTS, LABOR RIGHTS, AND INDIGENOUS PEOPLES’ RIGHTS

Calvert strongly supports human rights, labor rights and Indigenous Peoples’ rights. We continue to affirm our support for the Universal Declaration of Human Rights and the United Nations Declaration on the Rights of

Indigenous Peoples, which was approved by the United States in December 2010. We have worked to strengthen the framework in certain sectors on key issues such as: Revenue transparency in the extractives industry; Freedom of expression and right to privacy on the internet in China; Child and forced labor in the Uzbek cotton sector; and Sourcing of conflict minerals from the Democratic Republic of Congo.

We regularly engage with companies around the core ILO labor standards (child labor, non-discrimination, forced labor and freedom of association), which are also supported by the UNGC and believe that all employees deserve to work for companies that have implemented these provisions. In the United States, these provisions are all legal requirements, but many other areas of the world operate with looser restrictions. We believe that subscribing to these tenets are important to the safety and well-being of employees worldwide.

Calvert has also advocated for change with companies that are adversely affecting American Indians. Details of these significant engagements are highlighted in this section.

Extractives Industries: Revenue Transparency

One of the highlights of 2009 and 2010 was our work in support of extractive industry revenue transparency legislation to require oil, gas and mining companies registered with the SEC to disclose revenue payments (taxes, royalties, fees, etc.) made to the governments of each country where they operate around the world. Calvert worked with the Publish What You Pay Coalition to support extractive revenue transparency as an imperative for investors interested in full disclosure of material information in such opaque sectors in certain countries. Calvert wrote a widely circulated paper in April 2010 that helped to shape and build support for the final version of the legislation as enacted in Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”). Widely credited for our leadership role among investors, Calvert helped draft Section 1504, lobbied in Congress extensively for its passage, and coordinated the support of investors representing more than \$3 trillion in assets under management during the SEC rule-making process. We

continue to work to ensure that the final rules established by the SEC are consistent with the letter and spirit of the law and that other jurisdictions around the world will also pass similar laws to ensure the universality and consistency necessary for payment transparency to realize its potential.

The enactment of the revenue transparency provisions represented a major victory for Calvert as the leading investor advocate for the measure and the culmination of over a year of work. It was unusual for Calvert to support legislation so specifically, let alone to take such a direct role in shaping a particular bill or set of provisions. However, now greater disclosure of revenue payments by extractive sector companies to governments around the world can provide material information to help investors assess a range of risks—country-specific operational and reputational as well as regulatory—that are increasingly apparent as new reserves of energy and mineral resources are increasingly located in countries with poor governance and high levels of corruption. In December 2010, the Center for Global Development and *Foreign Policy* magazine held a reception and announced its annual *Commitment to Development Ideas in Action* Award, which was awarded to *Publish What You Pay* for its contribution to the landmark legislation and recognized Calvert as a major contributor to the passage of Section 1504 of Dodd-Frank. (For more details on financial reform, please see the section below.)

Conflict Minerals

Since 2010, Calvert has been involved in a multi-stakeholder initiative focused on the sourcing of conflict minerals such as tin, tungsten, tantalum, and coltan from the Democratic Republic of Congo (DRC) with major electronics companies, SRI firms and NGOs. The engagement calls for companies to ensure their sourcing of minerals is not inadvertently contributing to the war in DRC, which has claimed more than 5 million lives.

In January 2010, Calvert signed an investor statement organized by *As You Sow*, calling on companies to acknowledge and address this important human rights issue throughout their global supply chains. In total, fifty-nine investors, representing nearly \$200 billion in assets under

management, signed the statement. A key amendment related to Congo's conflict minerals was passed as part of Dodd-Frank in July 2010 banning imports of minerals from the DRC and other countries that cannot be audited and certified to be "conflict-free" into the U.S. Calvert will continue to remain active on this issue. Calvert has subsequently joined other SRIs, NGOs, and companies in supporting a strong SEC rule to guide implementation of the new law.

Child and Forced Labor in the Uzbek Cotton Sector

Calvert actively participated in an international multi-stakeholder initiative with other SRI firms and U.S. and European-based NGOs to address alarming reports of blatant human rights violations in the Uzbek cotton industry over forced child labor and slavery. Every fall harvest, children between the ages of 10-15 years are forced to pick cotton in Uzbekistan, the 3rd largest exporter of cotton, the largest instance in the world of a government directly mobilizing child labor on such a massive annual scale. Calvert has served as one of the lead strategists in efforts to combat child labor in the Uzbekistan, engaging directly with the Uzbek government as well as with senior officials at the U.S. Department of State.

A major focus in 2009 was work in conjunction with the State Department and several members of a multi-stakeholder coalition to encourage the Uzbek government to eliminate forced child labor and slavery. By committing to work comprehensively and expeditiously with the ILO (as the international institution with the greatest legitimacy and capacity to address labor issues) the Uzbek government can begin to tackle the problem on a multi-year basis beginning with the fall's harvest in 2009. In 2010, the coalition again pressed the Uzbekistan government to work with the ILO and to invite it to participate in an observer mission for the upcoming fall harvest. As part of the coalition's efforts, letters were sent to the Uzbekistan Ministry of Foreign Economic Relations and the Ambassador urging the country to cease using child labor for its cotton harvest and to work with the ILO. Calvert continues to collaborate with other investors and the U.S. Government to keep up the pressure on Uzbekistan.

Indigenous Peoples' Rights Issues

Calvert Divests Weyerhaeuser. Following several years of active engagement with Weyerhaeuser, the company was removed from the Calvert Social Index because of strong concerns regarding the company's influence on treaty implementation negotiations between Grassy Narrows First Nation and the Province of Ontario begun in May 2008. In June 2009, the Calvert Social Index Committee determined the company no longer met the criteria for inclusion in the index. The Grassy Narrows First Nation continued to disagree with Weyerhaeuser's stance on logging in the Whiskey Jack Forest in Canada—which ultimately led to Calvert's divestment of the company.

UN Declaration on the Rights of Indigenous Peoples. The U.S. first announced that it would conduct a formal review of its position in opposition to the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) in April 2010. Over the summer of 2010, the U.S. Department of State began seeking comments from Indigenous Peoples, NGOs and others for consideration in the re-evaluation process. Calvert sent comments separately as well as part of a group of investors to both President Obama and the State Department urging the U.S. to support UNDRIP and later made comments orally. Calvert also signed onto joint investor letters on the same topic.

On December 16, 2010, President Obama announced support for the UN Declaration on the Rights of Indigenous Peoples. The U.S. was the last of the four countries to reverse its earlier position. Calvert had been pressing companies, particularly its extractive industries holdings, to endorse this landmark declaration as well as to strengthen their policies and practices with respect to Indigenous Peoples in proximity to their operations around the world and continues to do so. We will keep urging companies to comply with the Declaration, which outlines Indigenous Peoples' right to Free, Prior and Informed Consent, an emerging international standard for the self-determination of Indigenous Peoples.

Canadian Boreal Initiative. The Canadian Boreal represents about one-third of the global boreal zone, about one-half of which is in Russia with the remainder in Alaska and

the Scandinavian nations. The Boreal is recognized for its importance as home to 25% of the world's remaining frontier forests, containing crucial ecosystems, is home to more than 600 indigenous communities and serves as a global carbon sink. Calvert supports efforts to protect the Boreal Forest, but believes strongly that all land use planning decisions should be made with the Free Prior and Informed Consent of First Nations communities.

Calvert has communicated our support for Free Prior and Informed Consent as an essential element of any resource extraction or land conservation plan to the Canadian Boreal Initiative, which is a leading organization in the effort to protect the Boreal Forest. Calvert has also pressed oil and gas companies held in our portfolios to endorse or disclose how their policies and operations relate to UNDRIP and/or Free Prior and Informed Consent.

4. GOVERNANCE AND BUSINESS ETHICS ISSUES

Calvert has made a concerted effort to sharpen the focus of its corporate governance advocacy around shareholder rights in the context of the significant gaps revealed by the financial crisis. Calvert has made significant progress through shareholder resolutions on governance and disclosure during the last three years. As a subscriber to the UN Global Compacts Principles, we also support the UN Convention Against Corruption.

Calvert's Support of Financial Reform and Shareholder Rights

Calvert worked—in coordination with other investors—in support of certain provisions of the Dodd-Frank Act that establish more rigorous oversight of the banking and investment sectors. Calvert viewed the law as an important piece of the effort to address the causes of the banking sector crisis but believes that all stakeholders, including financial firms, investors, regulators, and consumer groups have much more work to do in order to restore an accountable and responsible banking system that helps create a solid foundation for the economy and eliminate corruption.

Calvert joined many other investors, including members of the Social Investment Forum and the Council of Institutional Investors, in playing an important role in the debate over shareholder rights leading up to passage of the legislation. The legislation also included provisions on conflict minerals and extractives industry revenue transparency (see above). Calvert has continued to advocate for strong policy as the rulemaking process for Dodd-Frank has moved forward since passage of the law. Investors have had an important role in shaping shareholder rights and provisions in the act.

SEC Comments

Earlier in July and August 2009, Calvert responded to three governance reform proposals published by the SEC. Calvert submitted comments in support of proxy access—the ability of shareholders to nominate candidates for corporate board elections. We also wrote in favor of establishing a shareholder advisory vote on executive compensation at companies that received government funds as part of the Troubled Asset Relief Program (TARP). Calvert's position supported the advisory vote at all publicly traded companies, and its comments made that point though the SEC had only proposed applying the rule to TARP firms. Finally, Calvert responded to a proposal asking for viewpoints on the disclosure of board of director qualifications. With passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), shareholders have an advisory vote on executive compensation and the SEC has enhanced requirements for disclosure of board of director qualifications, including whether and how diversity is considered.

Emerging Markets Disclosure Project

For the past three years, Calvert has been the Co-Chair of the Emerging Markets Disclosure Project (EMDP), a multi-stakeholder collaboration of global investors, UNPRI and ESG data providers to encourage greater ESG disclosure in emerging market since 2008, and participates on the Steering Committee. Specifically, EMDP focused on increasing greater sustainability disclosure in Brazil, India, Indonesia, Korea, and South Africa through country teams

of global and local investors. PRI has also played a critical role in recruiting other UNPRI signatories to participate in this initiative. Calvert served as the lead investor on the South African team and continues to remain involved. For example, some companies in South Africa as a result of engagement have improved enough for inclusion in the Johannesburg Stock Exchange SRI Index. All of the country teams directly engaged with companies in which they invest—through letter-writing, conference calls, and eventually via in-person meetings—to strengthen awareness of the importance of sustainability reporting and the overall significance of this project in those markets. In fact, many of the companies targeted for engagement in markets around the globe have improved since their SRI disclosure and performance.

Board Oversight Report Issued

In September 2010, Calvert released a new report called *Board Oversight of Environmental and Social Issues: An Analysis of Current North American Practice*. The study aimed to refocus attention on the critical importance of board-level governance of environmental and social factors by identifying and analyzing the current types and forms of board-level oversight on the part of US companies. Co-authored with The Corporate Library, an independent corporate governance research firm, the report found that 65% of S&P100 firms and nearly one-fifth of Russell 1000 index firms have a separate corporate responsibility-related board committee. The report made a case for the need for strong board-level oversight of environmental and social issues. Calvert used the report to encourage other companies to adopt board oversight and had success doing that with Wal-Mart.

TRANSPARENCY AND DISCLOSURE

Calvert has called on companies to produce Global Reporting Initiative (GRI) based sustainability reports since 2004, and in recent years our campaign has focused on high impact sectors. In 2008, Calvert engaged the airline sector, filing resolutions with five companies. Continental, UAL, and Southwest have made significant progress each producing a corporate responsibility or sustainability report. Southwest interestingly now produces a “One Report,” combining its financial and corporate responsibility reporting, using the GRI guidelines. Jet Blue and US Airways lag their peers. In 2009, we filed with companies that provide water management solutions. Our engagement with Aqua America, Flowserve, Itron, and Valmont has helped to move each of these companies forward. Aqua America and Itron are further along, producing more substantive reports in which they recognize sustainability as a core business driver for their firms.

In 2010 Calvert focused on the apparel sector companies, filing proposals with four including Ann Taylor Stores, J. Crew, and Chico’s FAS. Through dialogue we secured commitments to begin or improve upon existing reporting and while there has already been progress (Ann Taylor has made notable strides forward and Chico’s FAS is taking its first baby steps), the dialogues are ongoing. Our focus during the 2011 proxy season has been smaller oil and gas companies, Northwest Natural Gas, Southern Union Co, Southwest Gas Corp, and Energen Corporation, which face a range of challenges including climate change, resource extraction, and employee safety. As these firms grow, it is important that they manage these risks and operate in ways that meet stakeholder expectations.

Since we began a sector based approach in 2008 we have filed or co-filed 34 proposals and have been able to withdraw 22 of them, after the companies agreed to begin reporting or improve existing reports. The quality and depth of reporting varies significantly from company-to-company; however, a common theme through all of these engagements is the concept of continuous improvement—moving from disclosure of policy and management systems to data and key performance indicators, setting goals and targets, and ultimately meeting GRI guidelines. This process requires that companies understand both their impacts on society and their own risks, prerequisites to more sustainable management. The shareholder proposal is often the trigger that gets this process underway.

Collaborative Action and Engagement

Calvert actively participates and supports various economic, environmental and social charters and principles and collaborates with others to move these initiatives forward. Outlined below is a list of the organizations, the date of our adoption, the countries/operations where applied, and the range of stakeholders involved. Some of these groups are outlined in more detail below.

We also extend our influence through participation with a large number of groups and organizations that work to further positive social change and advance issues of concern for our stakeholders.

Calvert actively participates in numerous initiatives and partnerships with like-minded organizations, such as NGOs and other sustainable and responsible investment companies, to reach common goals. Such partnerships allow us to engage companies and effect change to a greater extent than if we were to operate alone. At times, Calvert co-files shareholder resolutions with other sustainable and responsible investment firms and non-financial organizations. Calvert is also a member of many organizations, both domestic and international, whose work is critical to us. A few representative relationships and projects are listed below.

Bethesda Green

Calvert is a founding member and ongoing sponsor of Bethesda Green, a non-profit collaborative of residents, businesses, and government that promotes and educates

COLLABORATIVE ENGAGEMENT

ORGANIZATION	ADOPTION	COUNTRIES/OPERATIONS WHERE APPLIED	RANGE OF STAKEHOLDERS INVOLVED
Principles for Responsible Investment (PRI)	2006	Worldwide	Investors
San Francisco Gender Equality Principles Initiative (Public/Private Partnership)	2010	Worldwide	Companies and the City of San Francisco
UN CEO Water Mandate	2008	Worldwide	Companies
UN Global Compact	2001	Worldwide	Companies
UNEP FI	2003	Worldwide	Global Financial Sector
UNEP FI Asset Management Working Group	2003	Worldwide	Asset Managers
UN Women's Empowerment Principles	2009	Worldwide	Companies

on best practices in recycling, energy efficiency, local and organic food, transportation, and green schools. Bethesda Green's mission is to be a catalyst and trusted resource in building a sustainable, healthy, and prosperous community. Calvert has representation on the Board.

Boreal Leadership Council

The Boreal Leadership Council is comprised of leading conservation groups, First Nations, resource companies and financial institutions, all of which have an interest and a stake in the future of Canada's Boreal Forest. Calvert is a member organization.

Business for Social Responsibility

Calvert is a member of BSR, a global network of more than 250 member companies that work to develop sustainable business strategies and solutions.

Carbon Disclosure Project (CDP)

The Carbon Disclosure Project operates the only global climate change reporting system. It harmonizes climate change data from organizations around the world and develops international carbon reporting standards. CDP acts on behalf of 551 institutional investors holding \$71 trillion in assets under management and 60 purchasing organizations such as Dell, PepsiCo and Walmart.

Ceres

Ceres leads a national coalition of investors, environmental organizations and other public interest groups working with companies to address sustainability challenges such as global climate change and water scarcity. Ceres regularly invites Calvert representatives to serve on stakeholder groups that it coordinates for large companies.

Interfaith Center on Corporate Responsibility (ICCR)

ICCR is a coalition of active shareowners who view the management of their investments as a catalyst to promote justice and sustainability in the world. Comprising nearly

300 organizations with collective assets totaling over \$100 billion, ICCR members help shape corporate policy on a host of environmental, social and economic justice concerns. Calvert has been involved with ICCR for over two decades and participates in several investor groups that engage with companies on particular social issues.

Investor Environmental Health Network (IEHN)

The Investor Environmental Health Network is a collaborative partnership of investment managers, advised by nongovernmental organizations, concerned about the financial and public health risks associated with corporate toxic chemicals policies. Calvert has had a multi-year relationship with IEHN.

Principles for Responsible Investment (PRI)

PRI is a network of international investors working together to put the six Principles for Responsible Investment into practice. Calvert participates through the clearinghouse and is involved in advocacy through the organization.

Publish What You Pay Coalition (PWYP)

Calvert is an active member of the Publish What you Pay, a global network of civil society organizations united in their call for oil, gas and mining revenues to form the basis for development and improve the lives of ordinary citizens in resource-rich countries.

Sustainable Business Network of Washington (SBNOW)

Calvert is a member of the Sustainable Business Network of Washington, an independent not-for-profit organization that works to tap the resources and ingenuity of the private sector—in partnership with community groups, non-profits, and government—to help make the Washington DC metro region a better place to live and work. Calvert helped SBNOW develop its Green Certification for local business, which sets standards on energy and water use, pollution prevention, and more. Calvert has representation on the board.

UN Global Compact

Calvert was one of the earliest U.S. endorsers of the UN Global Compact, which affirms human rights, labor standards, and the environment. These principles include commitment to uphold the freedom of association; the elimination of all forms of forced and compulsory labor; the effective abolition of child labor; and the elimination of discrimination in respect of employment and occupation. We submit an annual Communication on Progress (COP) report each year explaining the steps we have taken to further the principles in the previous 12 months. This year, our sustainability report will serve as our annual COP. Previous reports may be viewed on our website at www.calvert.com/literature-newsletters-brochures.html or on the UN Global Compact's website. (An index cross-referencing this report with the UN Global Compact is found on page 51.)

United Nations Environment Program Finance Initiative (UNEP FI)

UNEP FI is a global partnership between the United Nations Environment Programme (UNEP) and the global financial sector that encompasses nearly 200 financial institutions that are Signatories to the UNEP FI Statements and partner organizations that promote linkages between sustainability and financial performance. Through peer-to-peer networks, research and training, UNEP FI carries out its mission to identify, promote, and realize the adoption of best environmental and sustainability practice at all levels of financial institution operations. One of the most influential sub-groups of UNEP-FI, launched in 2003, is the Asset Management Working Group (AMWG), of which Calvert is a founding member. Through the AMWG, Calvert and others have worked to educate institutional investors on the importance of integrating environmental, social, and governance (ESG) factors into the investment process. A Calvert representative served as the treasurer from 2008 through 2010. In January 2010, Calvert CEO Barbara Krumsiek was named Co-Chair of UNEP-FI. The UNEP FI Steering Committee provides executive direction on strategic, work program and budgetary issues.

U.S. SIF/Social Investment Forum

Calvert has had a long association with our trade group and has generally had a representative on the board for much of the past two decades. The Social Investment Forum changed its name to U.S. SIF in June 2011. US SIF also oversees SIRAN, an analyst network that supports more than 260 North American sustainable investment research analysts from over 50 investment firms, research providers and affiliated investor groups. Calvert has representation on the Steering Committees for the International and Indigenous Peoples' Working Groups and SIRAN.

CALVERT REPRESENTATION

Calvert executives have served during this period on boards of and in advisory capacities at various organizations that promote objectives consistent with Calvert's values. Among these organizations are:

- Oxfam America,
- The Extractive Industry Transparency Initiative,
- Revenue Watch Institute,
- The Institute for Human Rights and Business,
- The Genocide Intervention Network,
- The Global Network Initiative,
- Agnes and Eugene Meyer Foundation,
- Leadership Montgomery,
- Montgomery Hospice,
- Social Investment Forum,
- Echoing Green,
- Shared Interest,
- Doorways to Dreams Fund,
- Sustainable Business Network,
- Arts and Humanities Council of Montgomery County,
- Bethesda Green,
- Greater DC Cares,
- Running Start,
- Global Network Initiative, and
- The Cultural Alliance of Greater Washington, and
- Bethesda Cares.

APPENDIX 1—EXTERNAL RECOGNITION

Calvert has received a number of awards for our sustainability efforts, a few of which are listed below.

Management and Diversity Recognition

2008

- The Washington Business Journal presented Calvert CEO with CEO Leadership Award.
- ProMujer named Calvert CEO “Woman of the Year.”
- Latino Economic Development Corporation presented Calvert CEO with LEDC Leadership Award.
- Learning for Life named Calvert CEO “Woman of the Year.”

2009

- Wealth Management Magazine named Calvert CEO on its list of “Top 50 Influential Women in Wealth Management.”
- Investment Advisor Magazine named Calvert CEO on its list of “25 Most Influential People In and Around The Independent Advice Business.”
- Jr. Achievement, The Greater Washington Board of Trade and Washingtonian Magazine named Calvert’s CEO as a Washington Business Hall of Fame Laureate.
- WJLA TV presented Calvert CEO with the “Working Women Award.”
- The Daily Record named Calvert CEO on its list of “Top 100 Maryland Women.”
- Washingtonian Magazine named Calvert CEO as one of “Washington, DC’s 100 Most Powerful Women.”
- SRI in the Rockies, awarded Reggie Stanley, Calvert’s Chief Marketing Officer, the “SRI Service Award”

2010

- CEDAW awarded Barbara Krumsiek, Calvert CEO, the “Women’s Human Rights Award on Leadership”
- Foundation for Social Change awarded Bennett Freeman, Senior Vice President, Sustainability Research and Policy, the “Top Leader of Change” award
- The Foundation for Social Change and the United Nations Office for Partnerships award as a Top Leader of Change was given to Calvert and its Senior Vice President, Sustainable Research and Policy.

Product Recognition

2008

- Mutual Fund Education Alliance (MFEA) -STAR award for Best Advisor Communications
- Lipper Award—Calvert Social Investment Fund Bond Portfolio, Class I

2009

- Mutual Fund Education Alliance (MFEA) - 10 STAR awards for excellence in Communications
- Lipper Award—Calvert Long Term Income Fund, Class A

2010

- Mutual Fund Education Alliance (MFEA)—Investments that Make a Difference received a STAR award for Educational Brochure, Retail.

Environmental Recognition

2008

- Montgomery County Government, Division of Solid Waste Services—Excellence In Recycling
- Alliance for Workplace Excellence—Eco Leadership Award

2009

- Montgomery County Government, Division of Solid Waste Services—Excellence in Recycling
- Alliance for Workplace Excellence—Eco Leadership Award

2010

- Montgomery County Government, Division of Solid Waste Services—Excellence in Recycling
- Alliance for Workplace Excellence—Eco Leadership Award

Community Recognition

2008

- Calvert’s community involvement program was cited by Washingtonian Magazine in the article “Companies With A Heart”
- Calvert was recognized for its volunteerism by The Washington Business Journal

2009

- President’s Volunteer Service Award (Gold Level)—Support of Manna Food Center’s Smart Sacks Program
- Mutual Fund Education Award, for extensive community involvement by Calvert Community Partners

2010

- Calvert was recognized by The Washington Business Journal as one of the DC area’s top corporate philanthropists.

- Gazette of Politics and Business—Exceptional 53 Businesses Awards

- Washington Business Journal—Green Business Award—Workplace Practices

2010

- Alliance for Workplace Excellence—“Great Place to Work” Seal of Approval
- Alliance for Workplace Excellence—Health and Wellness Trailblazer Award
- Bethesda-Chevy Chase High School and Bethesda-Chevy Chase Chamber of Commerce—Career Building Award

Workplace Recognition

2008

- Alliance for Workplace Excellence—“Great Place to Work” Seal of Approval
- Alliance for Workplace Excellence—Health and Wellness Trailblazer Award
- Washington Business Journal—Green Business Award—Workplace Practices

2009

- Alliance for Workplace Excellence—“Great Place to Work” Seal of Approval
- Alliance for Workplace Excellence—Health and Wellness Trailblazer Award

APPENDIX 2—GLOSSARY

B

Business for Innovative Climate & Energy Policy (BICEP)—An advocacy coalition of businesses committed to working with policy makers to pass meaningful energy and climate legislation that will enable a rapid transition to a low-carbon, 21st century economy that will create new jobs and stimulate economic growth while stabilizing our planet’s fragile climate. A project of Ceres.

C

Canadian Boreal Initiative (CBI)—An initiative which brings together diverse partners to create new solutions for Boreal Forest conservation and works as a catalyst supporting on-the-ground efforts across the Boreal by governments, industry, First Nations, conservation groups, major retailers, financial institutions and scientists.

CEO Water Mandate—Launched in July 2007, a public-private initiative designed to assist companies in the development, implementation and disclosure of water sustainability policies and practices via six elements: Direct Operations; Supply Chain and Watershed Management; Collective Action; Public Policy; Community Engagement; and Transparency.

Corporate Governance—The system by which companies are run, and the means by which the directors are held accountable for their actions.

D

Distributor—A securities broker-dealer that has an exclusive contract with a mutual fund to market the fund’s shares to the public.

E

Environmental, Social & Governance (ESG)—Environmental, social, and corporate governance criteria, metrics, factors, issues, or indicators that investors are increasingly examining as part of the investment process, either for ethical reasons or because they may ultimately impact the bottom line.

F

Financial Industry Regulatory Authority (FINRA)—Formerly the National Association of Securities Dealers (NASD), FINRA is the largest non-governmental regulator for all securities dealers doing business in the U.S. FINRA oversees nearly 4,525 brokerage firms, 163,530 branch offices and 631,085 registered securities representatives.

Free, Prior and Informed Consent (FPIC)—The right of Indigenous Peoples to be fully informed and to reject or give their consent based on their own collective decision making process to any project or programs and law that concerns them. With sufficient time, important facts must be shared with the community where they can be evaluated. The communities then can reach agreement without force or manipulation by outside parties or the state.

G

Global Reporting Initiative (GRI)—A multi-stakeholder initiative established in 1997 aiming to improve the quality of sustainability reporting.

GREENGUARD Environmental Institute (GEI)—An organization founded with the mission of improving human health and quality of life by enhancing indoor air quality and reducing people’s exposure to chemicals and other pollutants. In keeping with that mission, GEI certifies products and materials for low chemical emissions and provides a free resource for choosing healthier products and materials for indoor environments.

M

Mutual Fund—An investment mechanism that pools money from individuals and institutions in order to purchase securities that are selected to meet the particular fund’s objectives.

N

Non-Governmental Organization (NGO)—A group that is neither a corporate entity nor part of government and that promotes community and/or social goals, for example advancing human rights or protecting the environment.

S

Securities and Exchange Commission (SEC)—The US government regulator whose mission is to protect investors and maintain the integrity of the securities markets.

Shareholder Advocacy—Investor efforts to submit and vote corporate proxy resolutions as a means of influencing company behavior.

Shareholder Resolution—Resolutions brought by shareholders to a vote of all shareholders as part of a company’s annual meeting process.

Sustainable Investment Research Analyst Network (SIRAN)—An analyst network within US SIF: The Forum for Sustainable and Responsible Investment, that supports more than 260 North American sustainable investment research analysts from over 50 investment firms, research providers and affiliated investor groups who specialize in integrating ESG research with investing.

Stakeholder—Anyone who is directly or indirectly influenced by a company’s activities.

Subadvisor—An entity contracted to manage a portfolio or a portion of a portfolio subject to the oversight of a fund advisor.

Successfully Withdrawn—When a shareholder resolution has been settled favorably and therefore withdrawn before coming to a vote in front of all shareholders at the company’s annual meeting.

Sustainable Development—Defined by the report issued by the World Commission on Environment and Development in 1987 (known as the Brundtland Report) as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” Since then, corporate sustainable development has been defined as corporate sustainability, and includes paying attention to a broader set of concerns than purely financial considerations. These include economics, society, and environment.

U

Underwriter—An investment firm that works with an issuer to assist in bringing a security to the market and selling it to the public.

United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)—Sets out the individual and collective rights of indigenous peoples, as well as their rights to culture, identity, language, employment, health, education and other issues.

United Nations Environment Programme Finance Initiative (UNEP FI)—An initiative of the United Nations Environment Programme (UNEP) to engage financial institutions in dialogue on sustainable development. Signatories to the UNEP Financial Institution’s Statement on the Environment and Sustainable Development commit to the integration of environmental considerations into all aspects of their operations.

UN Global Compact—A voluntary corporate citizenship initiative with two objectives: mainstreaming the Compact’s nine principles in business activities around the world, and catalyzing actions in support of UN goals.

United Nations Principles for Responsible Investment (UNPRI)—A framework for consideration of ESG issues that can affect the performance of investment portfolios.

APPENDIX 3—UN GLOBAL COMPACT PRINCIPLES

	UN GLOBAL COMPACT PRINCIPLES	CORRESPONDING CALVERT REPORT SECTIONS
HUMAN RIGHTS	PRINCIPLE 1. Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence.	16, 28–29, 33–37, 39–42
	PRINCIPLE 2. Make sure that they are not complicit in human rights abuses.	16, 28–29, 33–37, 39–42
LABOUR	PRINCIPLE 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	19, 22, 33–37, 39–42
	PRINCIPLE 4. The elimination of all forms of forced and compulsory labour.	19, 22, 33–37, 39–42
	PRINCIPLE 5. The effective abolition of child labour.	19, 22, 39–42
	PRINCIPLE 6. Eliminate discrimination in respect of employment and occupation.	19–23, 33–37
ENVIRONMENT	PRINCIPLE 7. Businesses should support a precautionary approach to environmental challenges.	22–30, 33–35, 38–39
	PRINCIPLE 8. Undertake initiatives to promote greater environmental responsibility.	22–30, 32–35, 38–39
	PRINCIPLE 9. Encourage the development and diffusion of environmentally friendly technologies.	22–30, 33–35, 38–39
ANTICORRUPTION	PRINCIPLE 10. Businesses should work against all forms of corruption, including extortion and bribery.	11–15, 33–35, 38–39

APPENDIX 4—GRI INDICATORS

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures OUTPUT	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17		Same as requirement for Level B	
	G3 Management Approach Disclosures OUTPUT	Not Required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured
	G3 Performance Indicators & Sector Supplement Performance Indicators OUTPUT	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

*Sector supplement in final version

STANDARD DISCLOSURES: PROFILE

Indicators Fully Disclosed in Black, Partially Disclosed in Blue

GRI INDICATORS (G3)		PAGES
STRATEGY AND ANALYSIS	1.1	1, 5, 16, 17
	1.2	1, 16, 17
ORGANIZATIONAL PROFILE	2.1	7
	2.2	8, 9
	2.3	12
	2.4	27
	2.5	7
	2.6	7
	2.7	8
	2.8	8, 9, 19 <i>Calvert has chosen not to disclose some of this information because we consider it to be proprietary.</i>
	2.9	3
	2.10	47
REPORT PARAMETERS	Report Profile	
	3.1	3
	3.2	3
	3.3	3
	3.4	3

STANDARD DISCLOSURES: PROFILE

Indicators Fully Disclosed in Black, Partially Disclosed in Blue

GRI INDICATORS (G3)		PAGES
GOVERNANCE, COMMITMENTS, AND ENGAGEMENT	Report Scope and Boundary	
	3.5	3–6, 16–18
	3.6	<i>Calvert has only business-owned subsidiaries. Because Calvert leases its office space, we are limited in our ability to obtain and disclose data pertaining to our footprint.</i>
	3.7	<i>This report covers all operations of Calvert Investments, Inc.</i>
	3.8	<i>N/A Calvert does not have any joint ventures, leased facilities, outsourced operations or other similar entities that need to be reported on.</i>
	3.9	<i>Data measurement and bases of calculations are discussed with the relevant data.</i>
	3.10	3
	3.11	3
	GRI Content Index	
	3.12	52–57
	Assurance	
	3.13	3
	Governance	
	4.1	11–13
GOVERNANCE, COMMITMENTS, AND ENGAGEMENT	4.2	11
	4.3	13
	4.4	22
	4.5	19
	4.6	12–13
	4.7	12–13
	4.8	9
	4.9	12
	4.10	12
	Commitments to External Initiatives	
	4.11	9
	4.12	44, 46
	4.13	44, 46
	Stakeholder Engagement	
	4.14	17
	4.15	<i>We have identified our relevant stakeholder groups but did not review the identification process during the reporting period.</i>
	4.16	<i>16 Calvert did not conduct stakeholder engagement specifically for the purpose of preparing this report.</i>
	4.17	16

STANDARD DISCLOSURES: PERFORMANCE INDICATORS

Indicators Fully Disclosed in Black, Partially Disclosed in Blue

	GRI INDICATORS (G3)	PAGES
ECONOMIC	Economic Performance	
	EC1	<i>Calvert has chosen not to fully disclose economic value generated and distributed because we are a private company. We consider this information to be proprietary and disclosing it could put us at a competitive disadvantage.</i>
	EC2	<i>Our own planet footprint is small and the risks and opportunities are minor but because this is a major global issue, we address it through our advocacy and products.</i>
	EC3	21
	EC4	<i>N/A Calvert does not receive financial assistance from the government.</i>
	Market Presence	
	EC5	19
	EC6	29
	EC7	19–20
	Indirect Economic Impacts	
	EC8	32
ENVIRONMENTAL	Materials	
	EN1	25–27
	EN2	24–29
	Energy	
	EN3	24–29
	EN4	24–29
	EN5	24–29
	EN6	24–29
	EN7	24–29
	Water	
	EN8	24–29
	EN9	24–29
	EN10	24–29
	Biodiversity	
	EN11	24–29
	EN12	24–29
	Emissions, Effluents, and Waste	
	EN16	26
	EN17	26
	EN18	26
	EN19	<i>N/A Calvert does not have any significant emissions of ozone-depleting substances by weight since this is not related to our business.</i>
	EN20	<i>N/A Calvert does not have significant air emissions and as a result does not track this data by type and weight since this is not related to our business.</i>
	EN21	24–29

STANDARD DISCLOSURES: PERFORMANCE INDICATORS

Indicators Fully Disclosed in Black, Partially Disclosed in Blue

GRI INDICATORS (G3)		PAGES
	EN22	24–29
	EN23	<i>N/A Calvert has not had any spills since this is not applicable to our business.</i>
	Products and Services	
	EN26	24–29
	EN27	<i>N/A Calvert's products are mutual funds and we do not use packaging materials for our products.</i>
	Compliance	
	EN28	<i>N/A Calvert has not received any funds or non-monetary sanctions for noncompliance with environmental laws or regulations.</i>
	Overall	
	EN30	38–39
HUMAN RIGHTS	Investment and Procurement Practices	
	HR1	9
	HR2	<i>13 At this time, we do not fully collect this data qualitatively and are unable to report on it. We hope to be able to report this data in the coming year.</i>
	HR3	21
	HR4	19, 23
	HR5	<i>N/A Calvert operates in the United States, with regulated working conditions and has not faced compliance issues in this area.</i>
	Child Labor	
	HR6	<i>N/A Calvert operates in the United States, with regulated working conditions and has not faced compliance issues in this area.</i>
LABOR PRACTICES AND DECENT WORK	Forced and Compulsory Labor	
	HR7	<i>N/A Calvert operates in the United States, with regulated working conditions and has not faced compliance issues in this area.</i>
	Employment	
	LA1	20–21
	LA2	22
	LA3	21
	LA15	22
	Labor/Management Relations	
	LA4	22
	LA5	22
	Occupational Health and Safety	
	LA7	23
	LA8	23
	Training and Education	
	LA10	21
	Diversity and Equal Opportunity	
	LA13	19–22

STANDARD DISCLOSURES: PERFORMANCE INDICATORS

Indicators Fully Disclosed in Black, Partially Disclosed in Blue

	GRI INDICATORS (G3)	PAGES
PRODUCT RESPONSIBILITY	Customer Health and Safety	
	PR1	9
	Product and Service Labeling	
	PR3	9, 13
	PR4	13–15
	Marketing Communications	
	PR6	15
	Customer Privacy	
	PR8	15
SOCIETY	Compliance	
	PR9	15
	Local Community	
	SO1	33
	Corruption	
	SO2	13
	SO3	14
	SO4	14
	Public Policy	
	SO5	15, 18
	SO6	15
	Anti-Competitive Behavior	
	SO7	15
	Compliance	
	SO8	15

FINANCIAL SERVICES SECTOR SUPPLEMENT

Indicators Fully Disclosed in Black, Partially Disclosed in Blue

	GRI INDICATORS (G3)	PAGES
	FS1	16, 19, 24–19
	FS2	16
	FS3	29
	FS4	16
	FS5	16–18, 44–46
	FS6	8
	FS7	8, 33–34
	FS8	8, 33–34
	FS9	16
	FS10	34–35
	FS11	4, 8
	FS12	9, 32–35
	FS13	30–31, 33
	FS14	9–10

APPENDIX 5—GRI Statement



Statement GRI Application Level Check

GRI hereby states that Calvert Investments Inc. has presented its report "Corporate Sustainability Report 2008-2010" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 29th of December 2011,

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint circular watermark background.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.
www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 21st of December 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

www.Calvert.com

For more information on any Calvert fund, please contact your financial advisor, call Calvert at **800.368.2748** or visit www.calvert.com for a free summary prospectus and/or prospectus. An institutional investor should call Calvert at **800.327.2109**. An investor should consider the investment objectives, risks, charges, and expenses of an investment carefully before investing. The summary prospectus and prospectus contain this and other information. Read them carefully before you invest or send money.

Calvert funds are available at NAV for RIAs and Wrap Programs. Not all funds available at all firms.

Calvert mutual funds are underwritten and distributed by Calvert Investment Distributors, Inc., member FINRA, and a subsidiary of Calvert Investments, Inc.

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