

SAGE:

Sustainability Achieved Through Greater Engagement

Calvert SAGE Strategies:

emphasize strategic engagement to advance environmental, social, and governance (ESG) performance on the part of companies that may not meet all of Calvert's Signature* ESG criteria today but have the potential to improve.

The Dow Chemical Company

This company is a Calvert SAGE™ Strategy holding in the Calvert Large Cap Value Fund and is not eligible for investment in the Calvert Signature™ Funds.

Long associated with environmental pollution and controversies around its responsibility for dioxin contamination and production of Agent Orange, Dow is transforming its business and embracing innovative, sustainable approaches through its products and industrial processes. Dow has been recognized for recent progress on sustainability and produces a sophisticated sustainability report that is consistent with the Global Reporting Initiative and is third party verified. Dow continues to report on progress toward its 2015 Sustainability Goals which focus on such key issues as energy use, toxic chemical releases and spills, and waste generation. The company has established strong climate change emissions goals with measurable baselines and targets, and has been participating constructively in climate change public policy. At the same time, Dow continues to be associated with the 1984 Bhopal disaster** due to its acquisition of Union Carbide in 2001. While the company maintains that it has no legal liability for that tragic accident, Calvert believes that it has a moral responsibility to work with the local community and the Indian government at the state and national levels to alleviate the human suffering and remediate the environmental damage that persists after more than a quarter century.

DOW CHEMICAL ADVOCACY OBJECTIVES

- Strengthen and disclose engagement process with community leaders, government officials, and other stakeholders concerned with legacy pollution problems, and demonstrate greater responsiveness to these issues.
- Contribute financially and through other means to environmental remediation (groundwater cleanup, decontamination of factory site) and public health efforts to address the legacy of Bhopal.
- Demonstrate progress and cooperation with regard to dioxin clean up efforts on the Tittabawassee River, Saginaw River, Saginaw Bay, and other locations as necessary.
- Sharpen 2015 sustainability goals by matching them with measurable performance objectives, in turn linking to financial objectives and/or revenue targets and report on progress toward goals.
- Establish goals to reduce emissions of dioxin and other persistent toxins.
- Continue to expand and report on product stewardship models and safer chemicals programs, including in the company's agricultural businesses.

ENGAGEMENT TOOLS APPLIED

- Direct dialogue with Dow Chemical executive management
- Multi-stakeholder forums
- Sign-on letters on specific objectives

*Calvert's Signature ESG criteria examine corporate performance across seven broad areas of concern: governance and ethics, environment, workplace, product safety and impact, human rights, Indigenous Peoples' rights, and community relations. For more information, please visit <http://www.calvert.com/sri-signature-criteria.html>.

**The Bhopal disaster was an industrial disaster that took place at a Union Carbide pesticide plant in the Indian city of Bhopal, Madhya Pradesh. More than 500,000 people were exposed to toxic methyl isocyanate gas and other chemicals.



RECENT ENGAGEMENT

- On July 9, 2009, Calvert held a conference call with Dow's Vice President, Investor Relations; Vice President, Sustainability/Environment, Health, and Safety; and the Global Director of Corporate Citizenship and Issues Manager with the aim of introducing Dow to the Calvert Large Cap Value Fund and specific SAGE advocacy objectives. Calvert asked about the company's transition from a diversified manufacturer of high volume, highly polluting chemicals into a growth company with greater value-added products and advanced materials. The two sides also discussed Dow's legacy pollution problems, including dioxin contamination of the Tittawabasse River in Midland, Michigan, and the Bhopal, India plant (formerly owned by Union Carbide).
- Calvert representatives traveled to Midland, Michigan, to meet with Dow representatives at Dow's corporate headquarters on December 17, 2009, to explore in greater depth the following topics: 1) Dow's corporate transition from a basic chemicals and plastics manufacturer to a higher-growth, higher-performance, higher-tech company; 2) how Dow can improve public reporting of environmental performance; 3) Dow's responsiveness to stakeholders and shareholders regarding company cleanup efforts in Bhopal, India, and on the Tittawabasse River/Saginaw Bay sites in Michigan. Both Calvert and Dow considered the meeting to be productive.
- In May 2010, Calvert and Dow held conference calls to discuss product stewardship efforts and work around federal toxics reform. Dow representatives provided useful information to help track progress on the product stewardship work and involvement with toxics reform, proving to be responsive to Calvert's inquiries.

As of 7/31/2010, securities of Dow Chemical represented 1.09% of the Calvert Large Cap Value Fund.

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*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 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 prospectus contains this and other information. Read it carefully before you invest or send money.*

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