



Global Compact 2007 Communications on Progress

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1. Statement from CEO:

Calvert strongly believes that each company must address and evaluate its total sustainability footprint. Since we expect the greatest possible degree of transparency and disclosure from the companies in which we invest, we believe it is only fair to turn the mirror on ourselves.

Our 2005 Sustainability Report Update, is available on our website and is actually a supplement to our original inaugural 2004 report. The Update provides key information from 2005 and part of 2006 and is designed to be read in conjunction with our original report. Using the Global Reporting Initiative Guidelines and the United Nations Global Compact principles as frameworks, our report describes the specific actions we've taken since our last report in support of our commitment to sustainability. We made some significant changes, including adding senior staff and strengthening our governance systems and processes — actions that we believe will greatly enhance our ability to develop and meet concrete sustainability goals for our company. Calvert plans to issue a new 2006 full Sustainability Report later this year.

In 2005, we created a new Corporate Social Responsibility Committee that meets monthly to compare the company with internal and external sustainability standards and to identify strategies for continuous corporate improvement. The Committee includes representatives from throughout the company and reports to the Vice President, Corporate Social Responsibility and Community Partnerships, who provides updates to Senior Management and our Boards about the Committee and its accomplishments.

In April 2006, the *Principles for Responsible Investment*, which encourage asset managers and institutional investors to incorporate social, environmental, and governance factors into investment decisions and analysis, were launched by the United Nations Global Compact and the United Nations Environment Programme. Calvert is

proud to have participated in a UN expert working group that helped design these principles. We were one of the few US signatories to these Principles, among the numerous institutional managers and financial institutions from across the globe. We have long recognized that financial analysis is better when it incorporates social, environmental, and governance-related risks and opportunities. We are delighted to see the increasing awareness of these issues by the global financial community.

This Communications on Progress submission focuses on our efforts to address the humanitarian crisis in Sudan. Calvert has recently formed a partnership with the Sudan Divestment Task Force (SDTF) and Save Darfur Coalition (SDC) as a means of lending our analytical support and offering advocacy expertise. In the face of the ongoing genocide in Sudan, Calvert feels compelled to seize the opportunity to take a stand and offer support consistent with our capabilities. In 2006, we took the initial step of reviewing our funds to ensure that we did not hold companies with significant involvement in Sudan. We have now committed to support the targeted divestment movement, which focuses on companies with direct ties to the government of Sudan and exempts companies that provide products and services to those in need.

In 2006, Calvert celebrated our 30th anniversary. Over the past three decades, we have grown from a single-fund firm into the largest socially responsible mutual fund family in the United States, with more than \$14 billion* in assets under management among 40 different funds in every major asset category. During our years of operation, we have learned a great deal about the challenges and rewards of operating as a socially responsible business. In our efforts to be a leader and create a model of corporate responsibility both internally and in our investment policies and practices, we have developed a rich history and learned many lessons. We know that true sustainability requires constant vigilance and careful attention, and we remain committed to continuous improvement.

Sincerely,

Barbara J. Krumsiek

President and CEO

March 31, 2007

*Assets are as of March 31, 2007

2. Practical Activities

Within our sphere of influence, Calvert continues to embrace, support, and enact a set of core values in the area of human rights. As a socially responsible investment (SRI) firm, Calvert feels compelled to support those who raise international awareness on major human rights issues. In that regard, Calvert highlights a significant action taken during the past year to implement Principles 1 & 2 of the Global Compact inside its business – a partnership to end the humanitarian crisis in Darfur.

[Human Rights](#)

[Principle 1](#): Businesses should support and respect the protection of internationally proclaimed human rights.

[Principle 2](#): Make sure that they are not complicit in human rights abuses.

PARTNERING TO END THE CRISIS IN DARFUR

With the conflict in Darfur entering its fourth year, the United Nations estimates that more than 400,000 people have been killed and over 2 million people displaced. Nearly 1.8 million children in the Darfur region risk being recruited as fighters and are vulnerable to diseases, malnutrition, and severe trauma. The situation in Darfur is one of the most urgent human rights and humanitarian crises in the world right now and, as such, it compels Calvert to act. That is why Calvert began seeking ways in which we might help end the atrocities and genocide in Sudan.

The Sudan divestment campaign has emerged as the most significant divestment movement since that directed at South Africa from the late 1970s until apartheid's demise in the early 1990s. While the current campaign focuses on the genocide and continuing humanitarian crisis in Darfur, it has also renewed the debate over divestment response to such unacceptable situations. There is no question that the humanitarian crisis in Darfur remains grave and demands urgent action on the part of the international community. The challenge now is how best to bring pressure to bear on the government of Sudan in order to prevent further killings and abuses and to undermine its capacity to wage war against its own people.

Calvert focused on this issue in 2006 as the crisis in Darfur continued and the Sudanese government resisted deployment of a UN peacekeeping force. Application of Calvert's human rights and Indigenous Peoples' rights criteria already ensure that our social funds have no investments in companies that contribute materially to maintaining the Sudanese government in power. But as a leading SRI firm with a strong history of shareholder advocacy, we wanted to make an even more tangible contribution.

For these reasons, Calvert has formed a partnership with the **Sudan Divestment Task Force (SDTF)** and the **Save Darfur Coalition (SDC)**, which are at the forefront of the Sudan targeted divestment movement. We are now supporting these two groups with our analytical expertise and advocacy capabilities as their work has gained greater momentum and urgency. Several of Calvert's social research analysts with particular expertise in human rights and Indigenous Peoples' rights are supporting the work of the SDTF on a continuing basis. In particular, Calvert is providing comments and guidance on the "targeted divestment" criteria used by the SDTF in the model legislation to evaluate the suspect versus non-suspect industries and companies warranting greatest scrutiny; reviewing and vetting decisions regarding particular companies; and exploring and brainstorming on public advocacy, policy opportunities, and partnerships between the organizations and other interested parties.

We recognize that shareholder activism and divestment are part of a larger effort to bring peace to Sudan and to end the suffering and genocide of the people of Darfur. Thus, we are lending our name and voice to engagement opportunities with particular companies, and to appropriate public policy initiatives. In order to leverage our efforts and strengthen support for this movement, we are also taking advantage of Calvert's close relationships with other socially responsible investors, advocacy NGOs, and public officials. These efforts may include sign-on letters, discussions with other financial services companies, and promotion of certain public policy initiatives.

For example, we plan to testify to the Texas legislature along with the Sudan Divestment Task Force in mid-April as that critical state considers divestment legislation of its own.

Finally, we will also continue to engage not only with investors with substantial stakes in companies operating in Sudan, but also in several of those companies when we believe there is merit in doing so. In fact, we have recently met with a major oil company with downstream rather than upstream operations in Sudan (and therefore not on the targeted divestment list) to explore ways it can exert influence on specific human rights issues with companies that are operating upstream.

Our stand on Sudan is entirely appropriate for Calvert, consistent with our commitment to human rights since our pioneering decision in 1982 not to invest in companies doing business in South Africa's then-apartheid regime. That was the first such commitment made by any US socially responsible investment firm, or by any mutual fund.

3. Outcomes

The outcome of the Sudan partnership has been extremely positive and well-received in the press. Our website at <http://www.calvert.com/sudan/> outlines our efforts in detail and also provides an opportunity to communicate to our stakeholders and the general public on how to help in this crisis. Calvert's Sudan Special Report is a reflection of our continuing commitment to the UN Global Compact principles, our belief that even though Calvert funds do not invest in Sudan, we can – and must - do our part to end the crisis.

Listed below is press coverage on Calvert's Sudan initiative:

PR Report on Calvert's Partnership with the Sudan Divestment Task Force and the Save Darfur Coalition:

March 9, 2007	Desperate in Darfur	<i>Ethical Corporation</i>
February 19, 2007	Calvert Group commits to Sudan Divestment Campaign	<i>Investment News</i>
February 19, 2007	Fidelity, Calvert and Sudan	<i>Marc Gunther Blog</i>
February 19, 2007	Calvert Funds helps groups encourage Sudan divestment	<i>Pensions & Investments</i>
February 15, 2007	Calvert Joins Fight to Stop Darfur Genocide	<i>Ignites</i>
February 14, 2007	US: Calvert Joins Sudan Divestment Campaign	<i>World Monitors</i>
February 9, 2007	Getting Personal: Funds Target Few Cos For Darfur Divestment	<i>Dow Jones Newswires</i>
February 7, 2007	Calvert Group Steers away from Sudan	<i>BaltimoreSun.com</i>
February 7, 2007	Bethesda-based Calvert and Darfur to Partner	<i>The Daily Record</i>
February 7, 2007	International Activism	<i>Genocide Intervention Network</i>
February 6, 2007	Calvert Teams with Non-Profit Groups on Sudan Divestment Campaign	<i>Plansponsor</i>
February 6, 2007	Will Divestment work in Sudan?	<i>AZCentral.com</i>
February 6, 2007	Divesting from Sudan	<i>TheWallStreetJournalonline</i>
February 6, 2007	Darfur's Direct Bearing	<i>UUSC Hotwire (Blog)</i>
February 5, 2007	Calvert Partners with Sudan Divestment Task Force and Save Darfur Coalition--Raises Awareness Through New Online Special Report	<i>Business & Human Rights Resource Centre</i>

We anticipate making other public statements, whether in the form of media interviews, op-ed pieces, or briefings to interested parties. In the latter regard, we plan to make a presentation in London in late April to the UK Social Investment Forum regarding the US-based targeted divestment movement.

ANNEX 3: CALVERT 2004 CORPORATE SUSTAINABILITY REPORT MAPPED AGAINST THE UNGC

U.N. GLOBAL COMPACT PRINCIPLES²	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.	6e Human Rights 6f Indigenous Peoples' Rights
Principle 2 Make sure that they are not complicit in human rights abuses.	6e Human Rights 6f Indigenous Peoples' Rights
LABOUR	
Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	6b Workplace
Principle 4 The elimination of all forms of forced and compulsory labour.	6b Workplace
Principle 5 The effective abolition of child labour.	6e Human Rights
Principle 6 Eliminate discrimination in respect of employment and occupation.	6b Workplace
ENVIRONMENT	
Principle 7 Businesses should support a precautionary approach to environmental challenges.	6c Environment
Principle 8 Undertake initiatives to promote greater environmental responsibility.	6c Environment
Principle 9 Encourage the development and diffusion of environmentally friendly technologies.	6d Product Safety and Impact
ANTICORRUPTION	
Principle 10 Businesses should work against all forms of corruption, including extortion and bribery.	6e Human Rights