UN GLOBAL COMPACT/CEO WATER MANDATE 2018 ANNUAL COMMUNICATION ON PROGRESS

CEO STATEMENT OF CONTINUED SUPPORT

Calvert Research and Management (Calvert) is pleased to share its 2018 joint United Nations Global Compact (UNGC) and CEO Water Mandate (UN CEO Water Mandate) Annual Communications on Progress. Since our last report in 2017, we have made progress across key initiatives, collaborated with global leaders in the environmental, social, and governance (ESG) arena and advanced our proprietary research system. Calvert, based in Washington, D.C., is organized as a Massachusetts business trust and traces its roots to Calvert Investments.

A leader in responsible investing, Calvert offers one of the largest and most diversified families of responsibly invested mutual funds and separate account strategies, encompassing actively and passively managed U.S. and international equity, fixed and floating-rate income, and multi-asset strategies. Calvert's responsible investment strategies are managed in accordance with The Calvert Principles for Responsible Investment (Calvert Principles), which provide a framework for Calvert's evaluation of investments and guide Calvert's stewardship on behalf of clients through active engagement with issuers.

We believe responsible investing is a critical component of creating a functional capitalist system that works for all. As responsible investors, we seek to use both investment allocation and corporate engagement as tools to inspire progress.

As a signatory to the UNGC and an endorser of the UN CEO Water Mandate, Calvert recognizes the importance of addressing critical ESG issues challenging businesses, investors, families, and communities. These topics include climate change, water stewardship, human rights, and anti-corruption. Since our biggest impacts come from the investment products we offer, the research we conduct on companies, and our engagement efforts, we demonstrate our progress by discussing our activities in these areas for both the UNGC Ten Principles and the Six Core Elements of the UN CEO Water Mandate in this combined report. Highlights from 2018 include:

- **Sustainability Accounting Standards Board (SASB)**

In November 2018, the Sustainability Accounting Standards Board (SASB) published its official standards for ESG performance. SASB took on the crucial task of establishing a framework, in close collaboration with investors and companies, to determine the financially material sustainability issues relevant to an industry and the companies within that industry.

Calvert is honored to have been involved with SASB since its earliest days. We were founding members of both the SASB Investor Advisory Group and the SASB Alliance. Through these channels, we have been able to voice our views as the SASB standards have evolved over the past several years. Our collaboration extends across our organization. Our analysts – some of whom participated in SASB's standard-setting industry consultations and working groups and hold SASB's Fundamentals of Sustainability Accounting (FSA) credential – incorporate SASB's concepts of materiality into the research we do on sectors and companies. In our view, these standards fill a void that had presented obstacles for investors in the evaluation of ESG considerations and for companies in their ESG disclosure practices. The standards will also help steer investors' corporate engagement conversations toward those ESG matters most impactful to a company's bottom line.

- **Research and Public Education**

Calvert continued its collaboration with George Serafeim, Professor of Business Administration at Harvard Business School, conducting joint research aimed at enhancing public education and knowledge related to responsible and ESG investing. In 2018, George Serafeim released two new research studies and we published white papers on each topic. The first, "Investment Stewardship for Positive Societal Impact" demonstrated how large institutional investors, including pension funds, index funds, and asset managers, often have major share ownership positions in companies across diverse industries. The study encourages these large asset owners to collaborate and exert their collective influence to advance the common good on critical ESG issues. The second study, "How sustainability disclosure is helping drive stock prices," found that investors today are more fully appreciating the materiality of ESG insights and are using that information to sharpen their assessment of company valuations relative to industry peers. The study's results could contribute to a baseline for future required sustainable disclosure, and offer some clues as to how investor use of ESG factors may affect capital market pricing.

- **Impact Reporting**

We believe reporting ESG portfolio impact metrics is the next major step in the evolution of ESG investing, and Calvert has been at the vanguard of this trend in the United States. Impact metrics provide investors with pertinent, financially material information beyond the balance sheet to understand more fully an investment's risk-return profile and a company's policies and impacts. For example, in response to consumers questioning the use of single-use plastic items and their impact on the environment, some companies implemented plans to reduce or eliminate these items.

At Calvert, we report on the impacts of investment portfolios across several key, material areas, including fossil fuel reserves, carbon emissions, toxic emissions and tobacco exposure. In 2018, we expanded use of an Impact Tool that benchmarks the exposure of certain Calvert funds in these areas compared to a relevant index. We include these metrics on certain fund and strategy fact sheets and will expand our reporting to more portfolios in 2019. We believe as transparency increases, so will the flow of information. We believe investors will see material differences in these measurements between fully-integrated ESG portfolios and those managed without ESG or with weak ESG inputs. In our view, that will drive demand for the information, hasten the development of impact reporting and create another level of transformation for ESG investing.

We understand there are limitations to impact reporting. For more information on our impact metric methodology, please visit: https://www.calvert.com/methodology.php

- **Advances to Calvert Research System**

Calvert's team of ESG analysts lead the ESG research process for Calvert's fixed income and equity portfolios, working in concert with the respective portfolio management teams for each strategy. The ESG research team's work is supported by the Calvert Research System, an in-house platform designed to capture material ESG data from multiple data sources. Our ESG analysts leverage their business analysis and sustainability expertise to build customized scoring models within the research system, and are then able to rate and rank companies by peer group. We regularly make enhancements to this system, and we continued to make improvements to the platform and underlying data architecture in 2018.

- **Influencing Corporate Behavior**

I continue to serve on the Sustainability Advisory Council at FMC Corporation, a publicly-traded chemical manufacturer, as well as attending quarterly AHC Group's speaker series, influencing the sustainability of high-impact companies. (Please note that as of 12/31/18, FMC Corporation was a holding in one of Calvert's Variable Portfolios.)

Engaging the Marketplace

I, along with others at Calvert, have been involved in reaching out to the marketplace across a variety of global venues and locations to share our ideas and vision for the future of Responsible Investing (RI). In 2018, we launched the Calvert Institute to take the story of Calvert and RI "on the road" and engage directly with financial advisors, ESG and business leaders, and others at locations throughout the United States. We wanted to share our views and learn what others are thinking about the world's ESG challenges and how to manage and mitigate the likely impacts. Through the platform of the Institute, I emphasized what I see as the expansion of RI and a transition to "ESG 2.0," which emphasizes:

- Deriving ESG solutions from a collaborative, inclusive global societal level, rather than targeted avoidance of companies with controversial ESG practices
- Addressing financially material ESG risks that can potentially improve investment returns (as well as corporate financial results)
- Investing in companies with leadership capacity for ESG solutions, rather than simply avoiding or divesting from ESG-controversial companies
- Structuring corporate engagement to drive the greatest positive change

I stressed how participants can influence solutions, such as strengthening transparency and disclosure via mechanisms such as SASB and the UN Sustainable Development Goals, in order to gain better information on the real impact companies have on people and the planet. The Calvert Institute presentation was well-received by RI leaders, advisors, and industry members.

Calvert also participated in conferences and engaged with companies on substantive ESG topics like the opioid crisis in the United States, guns and safety, climate risk and water risk, establishing ESG impact metrics, and global inequalities that threaten our future. Calvert served as a sponsor of the US SIF ESG conference, as we have since the initial event in 2011, as well as the annual SRI conference, the SASB 2018 symposium, and the Yale Symposium on the State of ESG Standards. Other venues that Calvert participated in included an SRI Impact Investing Regional event, the Tiburon CEO Summit, a Barron's Roundtable, the International Investing Symposium, the Milken Institute Global Conference, a number of Pensions & Investments conferences, a Rockefeller Foundation symposium, and the Oregon Treasurer Sustainability Conference, among others. In addition, I went overseas to present at the Japan Institutional Investment Forum and to Australia for the CIE ESG roundtable in March 2018, and to events in Germany and England in April 2018.

In presenting our annual progress on these initiatives, I would like to reiterate Calvert's firm commitment to the UNGC and its important work, as well as to the Ten Principles, which are closely aligned with the Calvert Principles. The Ten Principles are a guide for all corporations to follow and we use them as we advocate for corporate responsibility. I would also like to stress our ongoing support for the UN CEO Water Mandate and its Six Core Elements. We have highlighted our progress and how we are addressing the Six Core Elements in the environment section of this document.

Sincerely,

John Streur
President and CEO
Calvert Research and Management

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ANNUAL PROGRESS AND OUTCOMES

During 2018, Calvert made progress toward achieving the goals of the UNGC and UN CEO Water Mandate. For the UNGC, we discuss our progress across the Ten Principles in four issue areas: human rights, labor, environment, and anti-corruption. For each area, we assess our approach to each Principle and discuss a variety of shareholder engagements, stakeholder partnerships, and research initiatives that Calvert has conducted to support the Principles and advance our vision of an equitable and sustainable world. The details on our progress for the UN CEO Water Mandate are in the environment section.

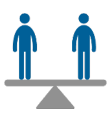
Calvert believes that sound corporate governance and overall corporate sustainability and social responsibility characterize healthy corporations. A well-governed sustainable and socially responsible company meets high standards of corporate ethics and operates in the best interests of other stakeholders (employees, customers, communities, and the environment). In our view, companies that combine good governance with corporate sustainability and social responsibility are better positioned for long-term success.

HUMAN RIGHTS

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

Assessment and Policy:

Calvert supports the global norm that human rights are inherent to all human beings, no matter the country, location, or background. Companies of all sizes and domiciles must address and effectively manage human rights risks and impacts within their operations and supply chains. Calvert seeks to engage with companies on these topics, as we discuss below. The two UNGC principles focused on human rights align with the Calvert Principles; specifically:



More equitable societies and respect for human rights

- Respect human rights, respect culture and tradition in local communities and economies, and respect Indigenous Peoples' Rights.
- Respect the health and well-being of consumers and other users of products and services by promoting product safety.
- Respect consumers by marketing products and services in a fair and ethical manner, maintaining integrity in customer relations and ensuring the security of sensitive consumer data.

Implementation and Measurement of Outcomes:

Human and Labor Rights in the Supply Chain
In 2018, Calvert continued engagement efforts with Gap, General Mills, Kroger, and Nike on human rights issues. Below is a brief update on each company for 2018.

- ***Gap***

  Calvert has long been part of an investor group that reviews drafts of Gap's Global Sustainability Reports and provides feedback. The most recent report was released in November 2018. Calvert's comments included the importance of addressing data privacy and security and acknowledging the company's labor and human rights supply chain challenges and addressing them more clearly.

- ***General Mills***

  Calvert is a participant in a UN PRI collaborative engagement with 31 investors, engaging 41 food and beverage producers and processors on improving implementation of supply chain labor codes and standards. As part of this effort, Calvert and Walden Asset Management co-led an engagement with General Mills on this topic. Our engagement addressed the company's efforts to increase visibility into its supply chain and identify high-risk facilities and suppliers. The company has hundreds of suppliers participating in its programs, including conducting self-assessments. We also discussed how the company addresses instances of non-compliance with its code.

- ***Kroger***

  We urged Kroger to take swift action to establish policies that would eliminate the sale of all assault rifles and high capacity magazines, and move the age to purchase to 21. We were told at the time that Calvert was the first investor to make that specific request, but that the company was already taking a hard look at its policies and procedures for firearms sales and moving in a positive direction. The company welcomed dialogue from shareholders, and cited consumer demand shifts when it subsequently announced that it would indeed take action to stop selling guns to buyers under 21.

- ***Nike***

  Nike continues making progress in understanding and addressing labor and human rights in highlighting in its disclosures the group of people involved in managing that set of issues. We called upon the company to more clearly communicate its strategy and tactics to foster improvement within Nike's supply chain, and to address forced labor in its program.

Investors for Opioid Accountability

Calvert joined the Investors for Opioid Accountability (IOA) in November 2017, a month after its launch. The coalition was formed as the result of concerns around the profound negative impacts to society of the opioid crisis and the financial impact to companies that are involved either as distributors or manufacturers of opioids. As of October 2018, it was a coalition of 47 publically known asset owners, asset managers and consultants with more than $2.2 trillion in assets under management.

As part of IOA, Calvert engages with manufacturers and distributors of opioids. Specifically, the IOA is asking the independent directors of the boards of these companies to investigate how they are responding to increasing risks related to opioids. The coalition is asking boards of such companies to adopt good governance practices and policies to increase transparency, accountability, and deter misconduct. On behalf of the IOA, Calvert presented a resolution at the Depomed annual meeting of shareholders calling for the company to report on the governance measures it has taken to more effectively monitor and manage financial and reputational risks related to the opioid crisis in the United States. In a historic result, shareholders approved the proposal, with 62.3% of the shares voting in favor. The company, now called Assertio, has issued the requested report.

Among the specific practices Calvert is looking for are the separation of CEO/chair positions, an independent investigation and report into business risks related to opioids, adoption of executive claw-back provisions that emphasize compliance, refraining from excluding legal/compliance costs in compensation metrics, drug pricing transparency for companies that manufacture opioid addiction treatment medication, and transparency on lobbying activities and political spending.

Indigenous Peoples' Rights

Calvert signed a May 2018 investor letter representing over $2.67 trillion in assets under management sent to the Equator Principles Association recommending that its signatory banks have the tools in place to address pressing environmental and social challenges facing today's corporations. This was a follow up to an earlier investor letter sent to the Equators Principles Association about bank financing of the Dakota Access Pipeline.

LABOR

Principle 3: Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: The elimination of all forms of forced and compulsory labor;
Principle 5: The effective abolition of child labor; and
Principle 6: The elimination of discrimination in respect of employment and occupation.

Assessment and Policy:

Companies' treatment of their workers can have a pervasive effect on the performance of the enterprise, as well as on the communities and societies where such companies operate. Calvert believes that well-governed, responsible corporations treat workers fairly in all locations and avoid exploitation of poor or marginalized people. We leverage the International Labour Organization's core labor standards as we consider engagements on labor topics. Shareowner resolutions are sometimes filed asking companies to develop codes of conduct that address labor relations issues, including use of child labor, forced labor, safe working conditions, fair wages, the right to freedom of association, and collective bargaining. The UNGC labor principles are also represented in the Calvert Principles; specifically:

- Promote diversity and gender equity across workplaces, marketplaces, and communities.
- Demonstrate a commitment to employees by promoting development, communication, appropriate economic opportunity, and decent workplace standards.

Companies play a vital role in determining the equality of opportunity in the United States, through their achievement of diversity and fairness at every level of the organization and their protection of their employees. At Calvert, we engage with companies on issues like diversity at the board and management levels, offering living wage and executive compensation criteria.

By engaging with corporations and focusing on improving diversity and equality, investors can help to take the critical steps needed to bring all people together, realize the potential of our society and strengthen companies' business interests over the long term.

Implementation and Outcomes:

Diversity

Women and minorities are still significantly underrepresented in the ranks of senior corporate management and other high-income positions and overrepresented in the more poorly paid categories, including office and clerical workers and service workers. This lack of diversity at all levels of the corporate enterprise can stifle the free expression of diverse perspectives and insights, reducing the level of dynamism, adaptability to change and, ultimately, competitive advantage. Companies with greater gender diversity in their top ranks have been shown to have competitive advantages and stronger financial performance. Calvert engages with companies on their diversity policies and assesses diversity metrics as part of our investment analysis.

Since 2002, Calvert has filed 89 shareholder proposals at 76 companies calling for board diversity; 82 women and 15 minorities joined these companies' boards in that time. Calvert's leadership in this area has catalyzed dialogue and action around gender equality, not only as a societal concern, but also as a business imperative.

In 2018, Calvert filed one resolution on Board Diversity, requesting Black Knight Financial report on steps being taken to foster greater diversity on its board. After the resolution was filed, the company announced that its corporate governance and nominating committee was examining ways it could foster the diversity of its board "to ensure that it operates at a high-functioning level and to reflect the board's commitment to inclusiveness." In connection with this, the committee revised its Corporate Governance Guidelines to expressly include diversity of age, gender, nationality, race, ethnicity, and sexual orientation as a part of the criteria the committee may consider when selecting nominees for election to the board. Specifically, the company stated that its corporate governance and nominating committee is focused on considering highly qualified women and individuals from minority groups who may be recommended by its directors, management, or shareholders as candidates for nomination as directors. The company also included a director skills matrix, with reference to diversity in its proxy. Ultimately, given this progress, we withdrew the resolution.

In 2018, Calvert filed five resolutions focused on employee diversity, asking companies to report on diversity of race and gender of workforce, and for descriptions of policies and programs to promote racial and gender diversity, particularly in management and senior management ranks. Ultimately, all five were withdrawn as each company took important steps forward.

- IBERIABANK Corporation appointed a Chief Diversity Officer in early 2019. The company also agreed to put together a multi-dimensional team related to diversity and to report on its diversity initiatives. Additionally, IBERIABANK added a woman to its Board of Directors.
- Investors Bancorp Inc. agreed to include proxy language related to its diversity programs. The company also committed to share its EEO-1 data with Calvert on a confidential basis, with the goal of collaborating with Calvert through discussions of the diversity data and performance, and how to

report this information.

- Manhattan Associates agreed to review its published diversity information, to improve the presentation of its diversity objectives and programs. Please note, this issuer was sold from the Calvert Funds on **6/15/18**.
- ServiceNow, Inc., hired a head of diversity and committed to being transparent and reporting on its workforce diversity metrics. The company relayed to Calvert during the dialogue that diversity was already a focus of the company prior to our engagement.
- United Bankshares, Inc. likewise agreed to work with Calvert to share data and develop a format for publishing workforce diversity metrics.

Calvert works with the 30% Coalition, a collaboration between corporations, investors and advocacy groups. As of June 2018, the investor members represented $3.5 trillion in assets under management. The group issued a Call to Action to companies asking them to proactively strengthen governance policies by:

- Embedding a commitment to diversity, inclusive of gender and race/ethnicity
- Including women and minorities in candidate pools for selecting board nominees and senior corporate leaders.

By engaging with corporations and focusing on improving diversity and equality, investors can help to take the critical steps needed to bring all people together, realize the potential of our society and strengthen companies' business interests over the long term.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: Undertake initiatives to promote greater environmental responsibility; and
Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Assessment and Policy:

Calvert believes that all corporations have an impact on the environment. Through engagements on clean energy, energy productivity, and reduced air pollution, we seek to support investment opportunities in environmental sustainability and help companies to strengthen their values and environmental protection practices. We seek to promote and support corporate leaders that focus on the advancement of environmental sustainability and resource efficiency. The UNGC environmental principles are also represented in the Calvert Principles; specifically:

Environmental sustainability
and resource efficiency

- Reduce the negative impact of operations and practices on the environment.
- Manage water scarcity and ensure efficient and equitable access to clean sources.
- Mitigate impact on all types of natural capital.
- Diminish climate-related risks and reduce carbon emissions.
- Drive sustainability innovation and resource efficiency through business operations or other activities, products, and services.

Implementation and Outcomes

Environment Shareholder Resolutions

Climate and energy issues have remained a focus of investors, companies and political bodies. These issues moved further into the mainstream of the investment field with the release of final reports and guidance in 2017 by the Task Force on Climate-related Financial Disclosures (TCFD). TCFD is a global, high-level task force of companies and investors convened by the G20 and the Financial Stability Board to help define disclosure standards for companies related to climate change, including an emphasis on forward-looking analysis.

In 2018, investor engagement, including Calvert's, has reflected the powerful message of TCFD. For example, Calvert initiated climate-related engagement with two electric utilities and a major transportation company, and played a leading role in the dialogues with three other companies. The engagement is part of Climate Action 100+, a new five-year, investor-led initiative to engage with the world's largest corporate greenhouse gas emitters to curb emissions across the value chain, strengthen climate-related financial disclosures, and improve governance of climate-related risks that may affect companies. As of December 2018, 310 investors with more than USD $32 trillion in assets under management have signed on to the initiative.

Calvert filed shareholder proposals on energy and climate change with two companies during the 2018 proxy season, one of which went to a vote. Calvert attended the annual meeting of Genesee & Wyoming to present its proposal that the company adopt goals for reducing greenhouse gas emissions. Greenhouse gas emissions and energy/fuel management are financially material issues for the railroad sector as indicated in the recommendations of the Taskforce on Climate-Related Financial Disclosure.[1] The board, recognizing the importance of the issue to the business, took a neutral stance on the proposal – the first instance of a board remaining neutral (instead of opposing) on a Calvert proposal. Investors agreed and approved the proposal.

The company published an initial sustainability report using SASB as a guide and establishing baseline performance on a set of important environmental matters. Genesee & Wyoming points to the Paris Climate Agreement in its report and states an intention to set a quantitative goal for emissions reductions in 2019.

Calvert also provided its perspective on energy and climate issues to companies via speaking engagements at corporate conferences and meetings, including AHC Group workshops and the Oregon Sustainability Summit.

Calvert Global Energy Research Index

Corporations can play a critical role in ensuring access to affordable, reliable and sustainable energy by implementing science-based targets for reducing emissions, and publicizing these targets as noted above. Pursuing energy efficiency and renewable energy can both reduce demand for energy and lower costs. The Calvert Global Energy Research Index consists of companies that manage energy use in a sustainable manner or are actively engaged in facilitating the transition to a more sustainable economy through the reduction of greenhouse gas emissions and the expanded use of renewable energy sources.

ANTI-CORRUPTION

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

[1] TCFD, Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures, June 2017

Assessment and Policy

Corruption can be insidious and an obstacle to economic and social development around the world. It can pose significant legal and reputational risks. Corruption can also cause inequality and increase poverty, particularly in certain countries. When companies follow good governance practices, they are less likely to face corruption issues. Therefore, Calvert recognizes the importance of anti-corruption issues along with broader governance issues. This year, in addressing disclosure, we have been particularly engaged with improving disclosure of material ESG matters. The UNGC anti-corruption principles are also represented in the Calvert Principles, specifically:

Accountable governance
and transparent operations

- Provide responsible stewardship of capital in the best interests of shareholders and debtholders.
- Exhibit accountable governance and develop effective boards or other governing bodies that reflect expertise and diversity of perspective, and provide oversight of sustainability risk and opportunity.
- Include environmental and social risks, impacts, and performance in material financial disclosures to inform shareholders and debtholders, benefit stakeholders, and contribute to strategy.
- Lift ethical standards in all operations, including in dealings with customers, regulators and business partners.
- Demonstrate transparency and accountability in addressing adverse events and controversies while minimizing risks and building trust.

Implementation and Outcomes

The government plays a key role in business and investing by creating the regulatory and legal environment in which companies operate. Part of Calvert's engagement strategy includes working with regulators and policymakers to ensure that officials are informed about our position on critical issues. Both on our own, and as a part of larger coalitions, we make our voices heard. Issues we addressed in policy work included shareholder rights, conflict minerals, and revenue transparency.

Legislation in the U.S. Congress and proposals for changes at the SEC threaten the ability of both large and small shareholders to bring important issues forward and to be active participants in the governance of the firms held in their investment portfolios. Calvert has worked with The Forum for Sustainable and Responsible Investment (US SIF) and the Ceres Investor Network (Ceres) to engage policymakers to make our position clear. Calvert will continue to track policy and regulatory developments and speak out when shareholder rights and progress on corporate sustainability are at stake. The voice of responsible investors needs to be heard on Capitol Hill as well as in company boardrooms.

Anti-Corruption Provision, Section 1504 of the Dodd-Frank Act

Calvert has actively supported regulation that would require extractives companies to disclose the payments they make to governments. In January 2018, Calvert met with SEC Chairman Clayton’s office and urged implementation of meaningful extractives industry revenue transparency rules in the U.S. that would align with global standards and help provide comprehensive information to investors.

Disclosure

Calvert filed or co-filed four shareholder proposals requesting reporting on ESG matters for the 2018 proxy season. In each case we withdrew the resolutions after the companies made commitments to enhance reporting.

In 2018, Calvert wrote to 265 issuers that have limited disclosure related to material ESG matters. We have initiated conversations with some of these companies. Our letters and dialogue emphasize the growing investor interest in ESG matters, and the academic research linking ESG disclosure and performance to financial performance. For these smaller firms we highlight the focus on a small set of key performance metrics that SASB recommends for disclosure.

Proxy Voting

Calvert takes its proxy voting responsibility very seriously. As shareholders of a corporation, our clients have the right to participate in the financial growth and success of the corporation as well as the right to vote on important matters concerning the company's policies, practices and governance.

We vote according to Calvert established proxy voting guidelines which are aligned with the Calvert Principles for Responsible Investment. These guidelines, available on our website, integrate corporate governance and social responsibility into a "sustainable governance" model. We apply these guidelines to both domestic and international holdings.

During the 2018 Proxy Season, which ran from July 1, 2017 to June 30, 2018, Calvert voted at 4,425 meetings. Of these, we voted against Management more than 60% of the time. Calvert voted 100% of these proxy ballots in alignment with our Proxy Voting Guidelines, not just in-line with management or proxy voting providers. Calvert voted on issues ranging from climate change and energy to board diversity and sustainability reporting.

All votes are posted to our website within 72 hours of being cast, and in almost all cases, in advance of the meeting so our clients and the public can easily see how we voted.

CEO WATER MANDATE

Calvert supports water sustainability and the Six Core Elements of the UN CEO Water Mandate through our corporate engagement efforts and our investment portfolios. We highlight our most significant impacts across the Six Core Elements – direct operations, supply chain and watershed management, collective action, community engagement, public policy, and transparency and disclosure.

DIRECT OPERATIONS

Investment Criteria

Calvert Principles for Responsible Investment

The Calvert Principles provide a framework for considering environmental, social and governance ("ESG") factors that may affect investment performance. Within the Calvert Principles, we include effective management of water resources and access to clean water sources. We seek to invest in companies that are well-positioned not only to enhance long-term value for shareholders, but are also effectively managing their own operational risks as well as those in the local ecosystems they operate, particularly as climate change continues to threaten freshwater supply.

Calvert Global Water Research Index

Calvert believes that there is an attractive opportunity for investing in water, as spending globally in technologies and infrastructure to clean and deliver potable water are increasing worldwide. The need to rehabilitate aging infrastructure throughout developed nations and to create new infrastructure, particularly in developing countries, is on the rise. Corporations are also actively working to mitigate their water risks by investing in and upgrading their processes to ensure that their water supply is sustainable and water quality meets standards. This further presents opportunities for technologies and products that create water efficiencies for consumers and businesses. The recent extreme weather globally only reinforces this need for investment in adaptation and resilience of water infrastructure and water technologies.

The Calvert Global Water Research Index consists of companies along the value chain. Offering more diversification relative to other water indexes, the Calvert Global Water Research Index consists of companies that address both supply and demand sides of the system, recognizing that there are many firms outside the traditional water sector actively addressing water challenges. Through its selection criteria, the Calvert Global Water Research Index highlights leadership in water efficiency in the most water-intensive sectors; identifies premier water utilities, infrastructure, and technology providers; and companies that are dedicated to improving water quality, protecting water ecosystems, implementing integrated resource management, and achieving access to clean drinking water and sanitation services. We anticipate that water investments, such as those included in the Index should continue to benefit from the global need to update the world's aging infrastructure, including related areas of water treatment, waste management, and technology development.

Education

Calvert's commitment to the principles of the UNGC is evident in our continued pursuit to educate and advocate for Responsible Investing within the industry. We publish periodic articles on our website and elsewhere to generate public awareness on water and related issues, and develop industry insights and best practices for investing in water-related companies. Additionally, we share the impacts of our advocacy.

In 2018, Calvert continued its dialogue with a large meat production and distribution company on water risks and impacts in its own operations and in its supply chain, with particular focus on standards for the farmers that it sub-contracts with to rear the company's animals.

In addition, Calvert participated in a United Nations Principles for Responsible Investment (UN PRI) initiative to engage food and agriculture companies on water risk in companies' supply chains, leading the engagement with one of the companies. Calvert also participated in a collaborative effort coordinated by CDP (formerly, the Carbon Disclosure Project), and took the lead in reaching out to a dozen companies from sectors for which water is a material issue, but which did not respond to CDP's 2017 water questionnaire.

Calvert also spoke to companies, investors, and nonprofits at the Innovation Forum for Sustainable Agriculture's event in April 2018, addressing the investor perspective on water-related risks in the supply chain for food and agribusiness companies.

SUPPLY CHAIN AND WATERSHED MANAGEMENT

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

Water is of particular importance for companies in the packaged foods and meats sector. SASB disclosure standards for food and agricultural products include significant emphasis on water in both manufacturing and company supply chains. Major customers, including Walmart and Sysco, are asking food producers how they manage their environmental risks and impacts, further strengthening the case. In 2018, Calvert continued our engagement with companies in the food and agricultural sectors.

- ***B&G Foods***

  Calvert filed a shareholder proposal with the packaged foods company, urging adoption of a policy intended to reduce risks related to water availability and water pollution. The company developed and published a Water Stewardship Policy that applies to the firm's operations and agricultural and manufacturing suppliers. It intends to establish and disclose water stewardship goals in early 2019 and to report in future years regarding its performance on these stated goals. Ultimately, we withdrew the resolution.

- ***Sanderson Farms***

Calvert continued its dialogue with Sanderson Farms, a large poultry producer, on water impacts in direct operations and the extent of programs with the company's contract growers and suppliers. Sanderson Farms' latest sustainability report shows evidence that it has reduced water use in its production and processing facilities and describes its wastewater treatment process. The company has yet to disclose the steps it takes with contract growers or suppliers.

- ***Other Company Engagement***

Calvert has led engagement with packaged food company Conagra Brands on water risk in its agricultural supply chain. This is part of a broader investor engagement under the auspices of the UN PRI, including 36 investors with USD $5.9 trillion in assets under management engaging 15 apparel, food and beverage, and agricultural products companies.

Calvert also engaged with Pinnacle Foods, Hubbell, Microchip Technology, Lancaster Colony, and Mosaic on water risk management, among other topics in 2018.

COLLECTIVE ACTION

Calvert has a long tradition of working collectively to achieve common goals, be it by initiating collaborative shareholder engagements with other ESG firms or by advocating for public policy on behalf of nonprofit organizations or other relevant stakeholders.

Calvert initiated climate related engagement with two electric utilities and a major transportation company, and played a leading role in the dialogues with three other companies. The engagement is part of Climate Action 100+, a new five-year, investor-led initiative to engage with the world's largest corporate greenhouse gas emitters to curb emissions across the value chain, strengthen climate-related financial disclosures, and improve governance of climate-related risks that may affect companies. Calvert was one of the 415 investors managing a total of over USD $32 trillion that endorsed the Global Investor Statement on Climate Change in 2018, calling on world governments to:

- Achieve the Paris Agreement's goals;
- Accelerate private sector investment into the low carbon transition;
- Commit to improve climate-related financial reporting.

Calvert also signed a petition to the U.S. Securities and Exchange Commission (SEC), requesting that the Commission develop a framework requiring disclosure of environmental, social, and governance matters by publicly traded companies. This petition was supported by investors and associated organizations representing more than $5 trillion in assets under management including the California Public Employees' Retirement System (CalPERS), New York State Comptroller Thomas P. DiNapoli, Illinois State Treasurer Michael W. Frerichs, Connecticut State Treasurer Denise L. Nappier, Oregon State Treasurer Tobias Read, and the UN PRI.

COMMUNITY ENGAGEMENT AND PUBLIC POLICY

Calvert continued dialogue with a large steel and steel products company addressing the company's work on energy management and performance on greenhouse gas emissions. Two members of our team visited a steel mill outside of South Carolina to meet with plant management and staff, and were joined by environmental and investor relations representatives from corporate headquarters. The meeting allowed Calvert to see the day-to-day operations, to deepen our understanding of the company, and to continue our discussions about energy management, reporting and goal setting. Calvert and other investors, working with Ceres, also helped to convene a meeting with four large steel manufacturers to discuss the feasibility of setting science based greenhouse gas emissions reduction targets, with expert input from the Science Based Targets initiative, emphasizing opportunities in energy efficiency and renewable energy.

TRANSPARENCY AND DISCLOSURE

Calvert's research often sheds light on areas where companies can improve their ESG commitments. We encourage the companies we invest in to make positive change and tangible progress in the way they do business. Our engagements seek to achieve bottom-line impact, with many companies reporting an increase in operating efficiencies.

Calvert participated in a collaborative initiative coordinated by CDP and also engaged companies on our own with the objective of improving ESG disclosure, including climate change and water risk disclosure. Altogether, as noted earlier in the "anti-corruption" section of our UNGC report, in 2018 we reached out to 265 issuers on disclosure, engaging more than two dozen in conversation and filing four shareholder proposals (one as a co-filer).

*As of 12/31/18, all companies mentioned were holdings of one or more Calvert strategies except for Manhattan Associates, which was sold on **6/15/18**.*

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