

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.

BP PLC

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.

BP is to be commended for its industry-leading greenhouse gas (GHG) emissions reduction and its investment in alternative energy, which is the highest of the major integrated oil and gas companies. The company also is the recognized industry leader on human rights issues, particularly regarding implementation of the Voluntary Principles on Security and Human Rights (VPs)** and in its pioneering use of human rights impact assessments. However, the Texas City accident*** revealed systematic problems with safety and maintenance in BP's global policies and processes. BP needs to continue its safety reforms and maintain its relative leadership on climate change and human rights as a new CEO, Tony Hayward, takes office. BP should reconcile its significant new investment in carbon-intensive oil sands projects with the effort and innovation still needed to develop new sources of and markets for sustainable energy. It also should build on its leadership, as identified in Transparency International's 2008 Report on Revenue Transparency in Oil and Gas Companies, by supporting the proposed International Accounting Standards Board (IASB) standard for country-by-country payment reporting and publicly supporting U.S. revenue transparency legislation.

BP ADVOCACY OBJECTIVES

- Complete implementation of the May 2007 safety and maintenance recommendations of the BP U.S. Refineries Independent Safety Review Panel. These include changes in overtime policies, reporting of refinery safety issues to management, and clarification of roles and responsibilities of safety support staff outside of refineries.
- Establish commitments and report on GHG emissions reductions in response to the need for global emissions reductions of 80% by 2050 as recommended by the Intergovernmental Panel on Climate Change (IPCC).
- Support climate change public policy in a U.S. and global context that reduces GHG emissions by 80% by 2050, consistent with the recommendations made by the IPCC.
- Commit to clear standards for reducing GHG emissions and improving energy efficiency, water use, and land reclamation in the company's oil sands development in Alberta, Canada. Use the results to assess oil sands investments in the context of the company's long-term business strategy, the carbon intensity of its reserves, and potential environmental liabilities.
- Sharpen strategic focus on alternative energy consistent with the company's technological capabilities and market opportunities, increase investment in renewable energy technologies in particular, and advocate for increased government investment in renewable technology development.
- Work within the VPs' process to broadly adapt the legally-binding model BP has developed for managing relationships with security forces at the Tangguh LNG and Baku-Tbilisi-Ceyhan Pipeline projects. Also, support strengthening the global VPs' plenary process through more accountable leadership, greater resources, and more transparent public reporting to complement the company's own significant implementation efforts.

*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 Voluntary Principles are global human rights standards for the oil, gas, and mining sectors and the first operational standards for any sector addressing corporate responsibility in zones of conflict.

***A major explosion occurred in an isomerization unit at BP's Texas City Refinery in Texas City, Texas, on March 23, 2005, killing 15 workers and injuring more than 70 others.

- Endorse and implement country-by-country payment reporting as has been proposed to the IASB and support U.S. revenue transparency legislation.

ENGAGEMENT TOOLS APPLIED

- Direct dialogue with BP executive management
- Multi-stakeholder dialogue
- Sign-on letters on specific objectives

RECENT ENGAGEMENT

- On January 22, Calvert introduced the Calvert Large Cap Value Fund and SAGE Strategy, and reviewed the objectives set forth in the December 15 introductory letter via conference call with BP's Director of Corporate Social Responsibility. The group committed to subsequent meetings regarding the specific objectives.
- On February 16 and 17, Calvert discussed these objectives with the Executive Vice President of the company and Group Chief of Staff to the CEO in Doha, Qatar at the Extractive Industries Transparency Initiative's biannual conference.
- On March 3, Calvert met via phone with the Director of Corporate Social Responsibility and a company security specialist to discuss BP's implementation of the VPs and certain issues pending at the upcoming plenary of that initiative at which BP was encouraged to take a leadership role.
- On July 1, Calvert met with the Director of Corporate Social Responsibility and the company security specialist again along with the Vice President of Environmental Policy in London to discuss the company's alternative energy investments, climate change policy in the contexts of both the pending U.S. cap-and-trade legislation and the global framework to be agreed in Copenhagen, the VPs, and revenue transparency. It was agreed to schedule a further discussion on safety-related issues in Q4 2009.

As of 7/31/2009, securities of BP represented 2.40% of the Calvert Large Cap Value Fund.

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