

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.

General Electric

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.

Over the last several years, General Electric (GE) has begun to demonstrate significant leadership on corporate responsibility and sustainability issues. Through its Eco-Imagination initiative, GE has committed to more than double its annual R&D investment in cleaner technologies, from \$700 million in 2005 to \$1.5 billion in 2010, plans to derive \$20 billion in revenue from the sale of products with superior environmental performance, and has set goals to reduce its greenhouse gas emissions. GE has released two credible corporate citizenship reports, engaged seriously with diverse stakeholders, and developed a comprehensive human rights policy that it is beginning to implement in conjunction with the Business Leaders' Initiative on Human Rights. It also has made strides toward greater diversity in its executive ranks as well as on its board. The company has committed to cleaning up polychlorinated biphenyls (PCBs) and other toxic pollution in the Hudson River, after previously aggressively resisting responsibility for the pollution. Still, many years of remediation will be necessary to resolve that legacy issue, and it is important that the company address similar pollution in the Housatonic River.

GE ADVOCACY OBJECTIVES

- Strengthen and disclose stakeholder engagement process with community leaders, EPA officials, and other key stakeholders who are concerned about the Housatonic River and continue regular updates on the Hudson River cleanup effort.
- Build upon the company's leadership on climate change public policy and investment in renewable energy technologies and products:
 - Continue to play a constructive role in climate change public policy, including supporting reduction targets consistent with the recommendations of the Intergovernmental Panel on Climate Change.
 - Report on progress toward meeting the company's stated goal of balancing investment in renewables and energy efficiency technologies relative to investments in clean coal.
- Adopt a risk framework that addresses the potential hazards to workers, consumers, and the environment from GE's involvement in nanotechnology.
- Sustain positive momentum on human rights:
 - Address human rights issues concerning water impacts in the company's infrastructure business and use in company products.
 - Adopt and implement a human rights impact assessments tool.
- Enhance integration of environmental, social, and governance (ESG) factors into GE Capital operations beyond power project financing.

ENGAGEMENT TOOLS APPLIED

- Direct dialogue with GE executive management
- Multi-stakeholder dialogue
- 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>.



RECENT ENGAGEMENT

- On June 5, Calvert met with the Senior Counsel, Labor Relations, the Vice President of Corporate Citizenship, the Director, Corporate Citizenship Programs, and the Vice President for Corporate Environmental Compliance at GE headquarters. Calvert provided GE with an overview of the Calvert Large Cap Value Fund and discussed the key ESG advocacy objectives. During the discussion on human rights and labor rights, Calvert encouraged GE to develop and use human rights impact assessments (HRIAs) in certain operational circumstances and emphasized the flexibility with which they can be applied depending on the geographical and operational context. GE also outlined its progress, including initial audits, in applying its new international labor standards to major suppliers. Calvert in turn encouraged GE to report terminations of those suppliers demonstrating inadequate performance and to consider developing local capacity-building partnerships modeled on or in conjunction with its established rule of law projects in certain countries.
- Regarding climate change and renewables, Calvert touched on key areas where the company's leadership has the greatest potential impact, including GE's role in the U.S. Climate Action Partnership (USCAP), its advocacy for a renewable electricity standard (RES) on Capitol Hill, and its actions on providing products that can help impoverished countries adapt their infrastructure to address climate change. Calvert will continue to monitor GE's progress on both USCAP commitments and adaptation initiatives.
- GE is exposed to substantial risk from legacy environmental problems, namely PCB contamination from historic operation of manufacturing facilities along the Hudson River (New York), the Housatonic (Massachusetts), and in Rome, Georgia. GE updated its remediation efforts in these three areas. In all cases, getting to agreement on cleanup standards, technologies and time frames is complicated and time consuming. Cleanup on both the Hudson and Housatonic has begun.
- Calvert will continue to closely monitor progress on GE's quality and consistency of progress reporting, accountability to stakeholders, shareholders, and regulators, and commitment to developing plans for Phase II on the Hudson and the "ecologically sensitive" plan for the Housatonic. As these are works in progress, it is still too early to call either cleanup a success, but the company appears to be making substantial efforts.

As of 7/31/2009, securities of General Electric represented 1.74% of the Calvert Large Cap Value Fund.

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