

Effective Supply Chain Accountability:

Investor Guidance on Implementation of The California Transparency in Supply Chains Act and Beyond



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Overview

For more than 30 years, faith-based members of the Interfaith Center on Corporate Responsibility (ICCR) and members of the socially responsible investment community have encouraged companies to adopt comprehensive, transparent, and verifiable human rights policies and systems for their direct operations and supply chains. Of growing concern among investors is human trafficking, an umbrella term for activities in which one person obtains or holds another in compelled service. Major forms of human trafficking include forced labor, sex trafficking, bonded labor, debt bondage, forced child labor, and child sex trafficking.

Given the complexity of company supply chains and the multitude of contractors, recruiters, and suppliers used throughout a production process, there can be great risks to companies from human trafficking. Company awareness of these risks and knowledge of the ways that traffickers may use a company's products, services, or workplaces in connection with their trafficking activities can help companies avoid negative publicity, business interruptions, potential lawsuits, public protests, and a loss of consumer trust, all of which can impact shareholder value. Monitoring suppliers, contractors, and sub-contractors, and tracing to raw materials can help companies to ensure that measures are in place throughout the company's entire supply chain.

This document provides guidance for—and strongly encourages—companies to go beyond minimum compliance with [The California Transparency in Supply Chains Act](#) (SB 657) by implementing a comprehensive human rights framework. While SB 657 is focused specifically on human trafficking, the information in this document can help companies address a wide range of human rights issues. This guide is especially beneficial for companies that are new to social compliance, but can also benefit those with existing systems to address human rights risks.

The information in this document includes a brief summary of the law, the business case for compliance, shareholder expectations, and the key elements of a comprehensive human rights due diligence framework.

Definition

The [U.S. State Department Office to Monitor and Combat Trafficking in Persons](#) considers trafficking in persons to include all of the criminal conduct involved in forced labor and sex trafficking. Under the [Trafficking Victims Protection Act](#) (TVPA), individuals may be victims regardless of whether they once consented, participated in a crime as a direct result of being

trafficked, were transported into the exploitative situation, or were born into servitude. The TVPA is consistent with the definition found in the [Protocol to Prevent, Suppress, and Punish Trafficking in Persons, Especially Women and Children, Supplementing the United Nations Convention Against Transnational Organized Crime](#):¹

(a) “Trafficking in persons” shall mean the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability, or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude, or the removal of organs.

(b) The consent of a victim of trafficking in persons to the intended exploitation set forth in subparagraph (a) of this article shall be irrelevant where any of the means set forth in subparagraph (a) have been used;

(c) The recruitment, transportation, transfer, harbouring, or receipt of a child for the purpose of exploitation shall be considered “trafficking in persons” even if this does not involve any of the means set forth in subparagraph (a) of this article;

(d) “Child” shall mean any person under eighteen years of age.

SB 657

The California Transparency in Supply Chains Act of 2010 has called attention to the role that companies can play to eliminate human trafficking within their spheres of impact. The law calls for greater supply chain accountability by requiring every retail seller and manufacturer doing business in California and having annual worldwide gross receipts that exceed \$100 million to disclose its efforts to eradicate slavery and human trafficking from its direct supply chain for tangible goods offered for sale. Beginning January 1, 2012, companies will be required to make the disclosures available through a “conspicuous and easily understood link to the required information placed on the business’ homepage.” The information must indicate the extent to which a company:

- Verifies supply chains to evaluate and address risks of human trafficking and slavery, including if the verification was conducted by a third party;
- Conducts unannounced and verified audits of suppliers for trafficking and slavery in supply chains to evaluate compliance with company standards;
- Maintains internal accountability standards and procedures for employees or contractors failing to meet company standards regarding slavery and trafficking;
- Trains employees and management with direct responsibility for supply chain management, to mitigate risks within the supply chains of products; and
- Certifies that materials incorporated into the product comply with the laws regarding human trafficking of the country or countries in which they are doing business.

While it is important to note that SB 657 establishes a starting point, companies are encouraged to go beyond minimum compliance. Good practice not only includes a policy statement and commitments, but evidence of programmatic commitments and public

¹ The Palermo Protocols are three protocols adopted by the United Nations in 2000 in Palermo, Italy, together with the Convention Against Transnational Organized Crime.

reporting that reflects a holistic human rights framework that seeks to address all forms of trafficking in addition to the elements outlined in SB 657.

The Business Case

Beyond regulatory compliance, there are important business and investment considerations for companies to minimize their risk to human trafficking. The availability of the information requested in SB 657, as well as broader policies and systems, allows investors and analysts to more fully understand how a company is managing its human rights risks. In the forthcoming disclosure by companies beginning in January 2012, investors will be evaluating how companies are addressing the challenges facing workers in complex global supply chains, seeking evidence that companies are considering the long-term impact of these issues. Non-compliance with SB 657 may lead to certain legal and reputational risks.

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Given the enactment and proposal of similar laws protecting human rights, including Section 1502 of the Dodd-Frank Act and [HR 2759, the Business Transparency on Trafficking & Slavery Act](#),² it has become clear that human rights risks within business value chains are becoming more widely acknowledged. As such, it is imperative that companies take active steps to combat human trafficking within their direct operations as well as supply chains to ensure that they are not complicit in human rights abuses. A number of articles and reports have linked instances of human trafficking to business. There is a potential reputational risk to companies when violations are featured in reports and published in the media.

Shareholder Expectations

While the complexity of supply chains makes it difficult for companies to be fully aware of the working conditions involved in the production of goods and delivery of services, leading companies are taking a preemptive approach to confront and combat human rights abuses and monitor their activities around the world. There are a number of key steps, not only relating to a company's development of a responsible, credible, effective, and robust program, but also to the specific elements that companies should include in reports to demonstrate to stakeholders and shareholders that they are evaluating key risks in the supply chain and taking steps to address them. While not a comprehensive list, the following elements represent key components:

- Human rights policy
- Due diligence
- Human rights risk assessments
- Verification and traceability
- Training/capacity building
- Collaboration
- Disclosure/transparency

While these elements comprise a holistic human rights framework and are presented in a theoretical order, they are not meant to indicate a sequence but rather key considerations in program development.

Develop and implement a human rights policy

Developing a corporate-wide human rights policy is a critical first step in addressing these risks in global supply chains. Policies should state the company's commitment to

² In August 2011, HR 2759 was introduced by Carolyn Maloney (D-Manhattan-Queens). Like SB 657, it would require companies to disclose measures taken to identify and address instances of human trafficking and slavery in their supply chains.

respect human rights by including specific language that references respect for human rights and fundamental freedoms as articulated in [The Universal Declaration of Human Rights](#) (UDHR), and specific mention of human trafficking, including forced labor, bonded labor, child labor and forms of child sexual exploitation. Suppliers should also be aware of and adhere to these policies, whether through a separate supplier code of conduct or in accordance with a company's corporate-wide human rights policy. To prevent human rights abuses associated with debt bondage, policies should also clarify fair/responsible hiring practices and standards for worker payments to recruiters or any party in order to secure a job. In addition and as a matter of sound governance, companies should identify the departments/individuals responsible for implementing the company's human rights policies.

Good practice >>>

Gap adopted a [Code of Vendor Conduct](#) in 1996 which covers the core standards of the International Labour Organization (ILO), including child and forced labor, and has an extensive global monitoring program and strong stakeholder engagement component. The company developed a [human rights policy](#) in 2010 that guides the company's respect for fundamental human rights as defined by the UDHR, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social, and Cultural Rights.

In order for companies to address and eliminate instances of human trafficking in supply chains, companies must develop a holistic and long term human rights due diligence process based on an analysis of company activities and relationships and how these affect people and their rights.

To ensure that policies are well understood, companies should define trafficking within their policies. While many definitions exist, they overwhelmingly reference the United Nations Protocol to Prevent, Suppress, and Punish Trafficking in Persons, Especially Women and Children. The U.S. Trafficking Victims Protection Act (TVPA) definition is consistent with this protocol and can be used by corporations.

In addition to the TVPA definition, it is good practice to incorporate and refer to the following conventions of the ILO:

- [ILO Convention on Forced Labour, No. 29](#), where forced labor is “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily,”;
- [ILO Convention No. 105](#), that specifies that forced labor, as defined in Convention 29, can never be used as a means of political coercion, for the purpose of economic development, discrimination, labor discipline, or as a punishment for having participated in strikes; and
- [ILO Convention No. 182](#), Article 3, which outlines the worst forms of child labor.³

Establish a human rights due diligence process

In order for companies to address and eliminate instances of human trafficking in supply chains, companies must develop a holistic and long term human rights due diligence process based on an analysis of company activities and relationships and how these affect people and their rights. Human rights due diligence is intended to assess the risk of company involvement in human rights violations through the development of a systematic and robust method of evaluating a company's global operations in order to prevent human rights abuses. By conducting human rights due diligence, companies have the potential to

³ According to the ILO Convention, the term “the worst forms of child labour” comprises:

- (a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom, and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict;
- (b) the use, procuring, or offering of a child for prostitution, for the production of pornography, or for pornographic performances;
- (c) the use, procuring, or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties;
- (d) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety, or morals of children.

exercise greater control over their exposure to human rights-related risk and better manage their responsibility to respect human rights.

According to Professor John Ruggie, the former Special Representative to the UN Secretary General for Business and Human Rights, human rights due diligence includes four basic elements:

1. “A statement of policy articulating the company’s commitment to respect human rights;
2. Periodic assessments of actual and potential human rights impacts of company activities and relationships;
3. Integrating these commitments and assessment into internal control and oversight systems;
4. Tracking as well as reporting performance.”⁴

“The Guiding Principles on Business and Human Rights: Implementing the United Nations ‘Protect, Respect and Remedy’ Framework,” establishes a global standard for governments and business to address human rights abuses involving corporations. The principles include guidance for establishing a human rights due diligence process, including human rights impact assessments of the activities of transnational corporations and other business enterprises.

Good practice >>> **Adidas’ website** describes its due diligence process, how it manages its supply chain, and defines its expectations of suppliers. The company outlines the key factors it seeks to assess in its audits, the number of factories utilized, the main countries where its products are manufactured, and how it works with suppliers.

Conduct human rights risk assessments

In order to effectively become aware of, manage, and eliminate risks in the supply chain from human trafficking, companies should determine high-risk sectors and regions.



The process should focus on type of risk, level of impact, likelihood of occurrence, mitigating factors, and cross functionality.

By identifying commodities frequently associated with trafficking and regions where human trafficking is pervasive, corporations can target key training programs and focus supplier audits. Helpful resources include The U.S. State Department’s *Trafficking in Persons Report*, which ranks countries on anti-trafficking measures, and the Department of Labor’s *List of Goods Produced by Child Labor or Forced Labor*, which notes 71 countries and/or 130 goods identified as potentially susceptible to human trafficking and slavery.

Since risks continuously evolve, it is important for companies to conduct regular risk assessments. There are a number of human rights compliance tools, such as the **Danish Centre for Human Rights’ Human Rights Compliance Assessment (HRCA)**, which are useful sources of information and can be used as a cross-check of risk analysis. Information obtained from assessments should be accessible to company personnel and management, both in-country and at headquarters, so that necessary steps can be taken to prevent or

⁴ Ruggie, John. “Keynote Address by SRSJ John Ruggie,” Conference on Engaging Business: Addressing Respect for Human Rights, Atlanta, February 25, 2010. http://www.hks.harvard.edu/mrcbg/CSRI/newsandstories/Ruggie_Atlanta.pdf

address problems. Furthermore, risks assessments should be used in conjunction with stakeholder dialogue and training.

The results of risk assessments may reveal close or distant ties to risk depending on the scope and depth of a company's supply chain. Understanding these ties can help in identifying the most effective training programs, collaboration opportunities, and auditing and reporting procedures and selecting the appropriate target audience.

Good practice >>>

Hewlett Packard explains and depicts its risk-based **four-phase supplier management system** that provides a framework for suppliers. The company evaluates risks posed by supplier activities and assesses each supplier in that regard. Similarly, **Gap** has charted the elements of its supply chain and the state of working conditions at various levels within its supply chain and determined its **levels of influence** within each, moving from those conditions where Gap has most to least influence.

Review, develop, and implement auditing, verification, and traceability mechanisms

SB 657 requires companies to specify whether verification of supplier compliance is conducted through independent, unannounced audits. To ensure compliance with corporate human rights policies and evaluate forced labor and human trafficking risks within the supply chain, companies should establish appropriate auditing mechanisms. Transparency around the audit verification process, including the use of internal or independent auditors, demonstrates to investors that a company is taking steps to ensure that its suppliers are not participating, directly or indirectly, in human trafficking and that the company is effectively monitoring its suppliers. External validation should be conducted and information verified using a variety of methods to ensure accuracy.

When developing an audit process, a company should define the key factors it seeks to assess, the total number of factories utilized and percentage of those assessed, the primary countries where products are manufactured, and how corrective actions are communicated and monitored.⁵ From a shareholder and analyst perspective, it can be helpful to have an estimate of the total number of factories used by country/region. It is recommended that 100% of factories in high-risk sectors and countries be monitored. There are a number of locally-based providers, such as the **Commission for the Verification of Corporate Codes of Conduct** (Coverco), as well as credible global monitoring organizations, such as **Social Accountability International** and **Verité**, that can help companies establish training and monitoring programs.

Remediation is an essential component of any successful social auditing system. Once audits have identified problems or instances of non-compliance, correction action plans should be developed and implemented. This involves identifying root causes to prevent instances of recurring noncompliance. Taking active measures in a timely manner to resolve non-compliance helps provide investors with assurance that companies are adequately addressing systematic risks within their supply chains.

The auditing process should also include auditing of recruitment and hiring practices, such as debts that workers have incurred in order to obtain employment. Worker interviews are an important component in detecting forms of forced labor. For example, interviews may help ascertain whether workers have been induced to incur debts, whether documents have

⁵ While SB 657 refers to finished products, the entire value chain should be considered when building holistic and credible human rights policies and programs.

been confiscated, or whether there has been deliberate non-payment of wages. Since some workers may be reluctant to bring up serious concerns in interviews, companies should ensure that all factories have clearly defined written grievance mechanisms and complaint procedures in place. In addition to helping identify underpayment of wages and imposition of fees, it can also reveal physical or verbal abuse, which may be difficult to detect using traditional audit tools.

A traceability program—the capability to identify the origin of a particular unit located within the supply chain—can be a helpful tool in the auditing and verification process as companies assess their risk beyond first tier suppliers to include materials and commodities. For example, when serious concerns surfaced about forced child labor in the cotton fields of Uzbekistan, retailers and brands initially had difficulty determining where the cotton in their garments was sourced since cotton can be blended from a number of different countries. Approaches to traceability have been developed by a number of organizations, such as Historic Futures, which offers apparel retailers one method of tracking and tracing by uploading receipts on individual components within entire supply chains onto a secure network.

Good practice >>>

Levi Strauss & Co.’s Social and Environmental Sustainability Guidebook notes five verification methods that, taken together, can provide a comprehensive evaluation of compliance at its factories: visual, records review, factory management interviews, gathering information from workers, and gathering information from external sources. For each instance of non-compliance and corrective action, the verification methods that will be used are visually depicted. The guidebook states that factories must have written grievance procedures in place that protect employee privacy, protect against possible retribution, and permit workers to report unfair treatment to someone other than their supervisor.

Train staff, suppliers, vendors, contractors, and auditors

Effective training programs can help employees, suppliers, contractors, and auditors better understand company policies, how to effectively implement them, and ways to avoid the risks associated with inaction. Training for line supervisors, auditors, and factory managers should include ways to identify trafficking as well as the steps to take to report suspected



cases and to protect victims. In addition, training on worker’s rights, limits on overtime, and the elimination of harassment and other forms of abuse can serve to detect and correct violations and offer an important way for companies to communicate expectations to suppliers and business partners.

Education and capacity building programs should include components on local and national trafficking laws, the penalties imposed, and provide with national hotline numbers to report potential incidents. Further, it is critical that employees, business partners, and suppliers know how to identify a victim of human trafficking and how to proceed

when they suspect a person is involved in trafficking. The U.S. State Department Office to Monitor and Combat Trafficking has created a helpful list of **human trafficking indicators** to flag when a potential trafficking situation should be reported and questions to ask a potential victim privately, without jeopardizing the victim’s safety.

It is important to establish different training programs pertaining to various parts of the supply chain and personnel and departments in “key positions” to actively prevent, influence, and participate in the daily work of combating trafficking. For example, if the company actively recruits workers, special training is needed that provides technical guidance on reviewing company documentation, and interviewing managers, workers, and brokers. For companies that have their own team of social auditors or use outside firms, they must also train on the implementation of corrective action programs where issues arise.

Good practice >>>

Verité has created training programs on supply chain responsibility for major brands and retailers focused on improving performance. Verité’s **Fair Hiring Toolkit** provides practical resources for companies to address trafficking and modern day slavery.

Collaborate to expand efforts and influence

Finding and addressing slavery and trafficking in complex global supply chains will require companies to collaborate, both internally and externally. In addition to working with contractors, suppliers, and joint venture partners, there are a wide range of local, national and international external stakeholders with whom a company should consider engaging such as labor ministries, anti-trafficking law enforcement, child welfare agencies, social service and human rights non-governmental organizations (NGOs), unions, and other civil society groups.

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ICCR’s “**Social Sustainability Resource Guide**” proposes a multi-party collaborative framework for corporate-community engagement on a range of social issues, including trafficking and slavery. For example, the guide includes case studies describing how Gap is addressing systemic trafficking issues in northern India.

Companies may want to consider building alliances directly or indirectly through suppliers and participating in initiatives with institutions that focus on addressing trafficking and its components in order to understand the challenges that companies face with regard to the human rights impacts by their operations. NGOs and trade associations that provide companies with opportunities to share information on a number of issues, such as good practice on training, factory performance, and auditing include: **Electronic Industry Citizenship Coalition (EICC)**, **Global e-Sustainability Initiative (GeSI)**, **Automotive Industry Action Group (AIAG)**, **Social Accountability International (SAI)**, **Fair Labor Association (FLA)**, **The Global Social Compliance Program (GSCP)**, **United Nations Global Initiative to Fight Human Trafficking (UNGIFT)**, and **International Labour Organization (ILO)**.

A stakeholder mapping exercise can help to identify and engage a company’s various constituencies, especially the most vulnerable, such as contract and migrant workers.

Good practice >>>

In order to combat the use of slave labor in the Brazilian pig-iron industry, **Nucor**, the largest steel manufacturer in the United States and the biggest buyer of Brazilian pig-iron, agreed in early 2010 to require its top-tier pig-iron suppliers to join the Citizens’ Charcoal Institute (Instituto Carvão Cidadão—ICC). The ICC conducts monitoring of the supply chain to ensure that forced labor is not present. As part of the agreement with investors, led by Domini Social Investments, Nucor has committed to publishing annual progress reports on implementation.

Produce a robust and substantive annual report

Companies can best demonstrate how they are addressing human trafficking risks within their supply chains through regular disclosure. Not only does transparency provide investors

with confidence that companies are adequately managing such risks, but it helps build trust with all stakeholders. While disclosure can take many forms (i.e. within an annual report or a separate sustainability report), companies should ideally report on a yearly basis. Companies new to reporting on human rights performance in the supply chain should disclose a plan to develop the points outlined above and make a commitment to report on progress. This disclosure should provide an honest assessment of performance against goals, and should convey a realistic timeframe for implementation and accountability measures; reports of this nature will be well received. A number of businesses in the retail and manufacturing sectors have already disclosed information and introduced diverse measures to combat the problem.

Good practice >>>

In August 2011, **Ford** and **Hewlett Packard** released responses to SB 657 on their websites. In both cases, the companies link back to supply chain policies and practices that represent the core foundation of their programs.

Conclusion

The components described in this guide outline shareholder expectations for corporate reporting related to, but not limited to, SB 657 and offer guidance to companies to create and/or strengthen policies to manage and eliminate risks in the supply chain from human trafficking. To learn more, a list of essential resources on trafficking, while not exhaustive, is provided on the next page to assist companies as they formulate their disclosure. Through robust and substantive disclosure, companies will be better equipped to provide all stakeholders with information regarding their efforts to eradicate slavery and human trafficking from their supply chains, and to improve the lives of victims of slavery and human trafficking. We welcome the opportunity to engage with companies in developing good practices that comply with this new law.

For questions on “Effective Supply Chain Accountability: Investor Guidance on Implementation of The California Transparency in Supply Chains Act and Beyond,” please contact the co-authors of the report:

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Essential Resources

- »» **Interfaith Center on Corporate Responsibility Human Trafficking statement**
 This investor statement, signed by more than 90 organizations and investor coalitions in the United States, Europe, and Africa, outlines a series of steps companies can take such as impact assessments, employee training, and participation in awareness raising campaigns.
- »» **Luxor Implementation Guidelines to the Athens Ethical Principles—
 a Comprehensive Compliance Programme for Businesses**
 A set of ethical principles against human trafficking designed to promote the Athens Ethical Principles and facilitate their implementation by business companies to assist in the eradication of human trafficking worldwide.
- »» **Combating Forced Labour: A Handbook for Employers and Business**
 The International Labour Office (ILO) handbook for employers and business with practical tools and guidance enables business and its organizations to identify and prevent situations of forced labor.
- »» **Human Trafficking and Business:
 An E-Learning Course on How to Prevent and Combat Human Trafficking**
 UNGIFT has created an intro e-learning course for businesses.
- »» **Trafficking in Persons Report 2011**
 U.S. Department of State Office to Monitor and Combat Trafficking in Persons.
- »» **The OECD Guidelines for Multinational Enterprises:
 Recommendations for Responsible Business Conduct in a Global Context**
 The guidelines are recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide voluntary principles and standards for responsible business conduct in areas such as employment and industrial relations, and human rights.
- »» **“Guiding Principles on Business and Human Rights:
 Implementing the United Nations ‘Protect, Respect, and Remedy’ Framework”**
 The principles establish a global standard for governments and business to address human rights abuses involving corporations and include guidance for establishing a human rights due diligence process, including human rights impact assessments.
- »» **Verité Fair Hiring Tool Kit**
 Companies are provided with tools, guidance, and approaches to support the responsible recruitment and hiring of migrant workers in global supply chains to prevent, detect, and remediate the human trafficking and forced labor of migrant workers.
- »» **Risks of Human Trafficking and Slavery:
 A Short Course for Supply Chain Professionals**
 The University of Delaware and the Cahn Group created an on-line course that prepares company supply chain staff to address human trafficking and slavery in their supply chains.

About the Interfaith Center on Corporate Responsibility

Currently celebrating its 40th year, the Interfaith Center on Corporate Responsibility (ICCR) is the pioneer coalition of active shareholders who view the management of their investments as a catalyst for change. Its 300 member organizations with over \$100 billion in AUM have an enduring record of corporate engagement that has demonstrated influence on policies promoting justice and sustainability in the world. www.iccr.org

About Christian Brothers Investment Services, Inc.

Christian Brothers Investment Services, Inc. (CBIS) is a leader in Catholic socially responsible investing (SRI) with approximately \$4.2 billion in AUM for more than 1,000 Catholic institutions worldwide, including dioceses, religious institutes, educational institutions, and health care organizations. CBIS' combination of premier institutional asset managers, diversified product offerings, and careful risk-control strategies constitutes a unique investment approach for Catholic institutions and their fiduciaries. CBIS strives to integrate faith-based values into the investment process through a disciplined approach to socially responsible investing that includes principled purchasing (stock screens), active ownership strategies (proxy voting, dialogues, and shareholder resolutions), and community investment. www.cbisonline.com

About Calvert Investments

A leader in sustainable and responsible investments (SRI), Calvert offers investors among the widest choice of SRI strategies of any investment management company in the United States. Each SRI strategy employs one of three proprietary approaches. Calvert Signature® Strategies integrate two distinct research frameworks: a rigorous review of financial performance plus a thorough assessment of environmental, social, and governance (ESG) performance. Only when a company meets Calvert standards for both frameworks will we consider investing. Calvert Solution® Strategies selectively invest in companies that produce products and services designed to solve some of today's most pressing sustainability challenges. Calvert SAGE™ Strategies emphasize strategic engagement to advance ESG performance in companies that may not meet Calvert standards today, but have the potential to improve. More information on Calvert SRI strategies is available at www.Calvert.com/SRI. Accounts managed by Calvert Investment Management, Inc. may or may not invest in, and Calvert is not recommending any action on, any companies listed.