

August 20, 2010

Ms. Connie Tzioumis, Office of Investment Policy

Overseas Private Investment Corporation

1100 New York Avenue, N.W.

Washington, DC 20527

RE: OPIC Proposed Labor and Human Rights Policy Statement

Dear Ms. Tzioumis:

On behalf of Calvert Asset Management Company, Inc., we welcome the opportunity to submit comments on OPIC's proposed Labor and Human Rights Policy Statement. Calvert has been a leader in the field of sustainable and responsible investing (SRI) for more than 25 years, demonstrating that investors may manage risk and enhance long-term portfolio performance by investing in well-governed, sustainable and responsible companies. Based in Bethesda, Maryland, Calvert Asset Management Company, Inc. is the investment advisor for the Calvert Funds. Calvert advises one of the broadest arrays of sustainable and responsible mutual funds in the United States with \$14.5 billion in assets under management (as of 8/17/10). Companies that meet each and every one of our Signature investment criteria- including human rights and international labor relations - are eligible for inclusion in the Calvert Social Index® and many of our Signature Strategies™.

We are pleased to learn that OPIC adopts, as a benchmark for the labor and human rights review process, the International Finance Corporation's (IFC) Performance Standards on Social and Environmental Sustainability. Many sustainable and responsible investment (SRI) firms like Calvert have had relationships of more than 10 years with IFC and its Performance Standards, as well as the Policy on Disclosure of Information, and are very familiar with the process. We hold up IFC's safeguard and sector policies as a global standard for project finance, particularly in emerging markets. Therefore, we applaud OPIC's commitment to using the IFC safeguards as a benchmark, but also to developing its own labor and human rights policy statement. We thank you for allowing us an opportunity to provide comments to OPIC.

On the Project Labor Requirements section, we commend you for using the International Labour Organization (ILO) core standards and performing gap analysis to identify deficiencies, especially in areas such as gender and sexual orientation. Under the Human Rights Requirements section, we are pleased to see that you consult with the U.S. Department of State, require an identification of human rights risks and impacts, establish effective social management systems, and conduct appropriate consultations with project-affected people,

including those who may be particularly vulnerable due to gender, poverty, or location in conflict or conflict-prone zones.

The following are a few key proposals to strengthen OPIC's proposed Labor and Human Rights Policy Statement:

1. Under Project Labor Requirements, we recommend that OPIC consider adding the following issues: gender identity, HIV/AIDS status, pregnancy discrimination, whistleblower protection, and workplace violence.
2. Under section 4 titled Human Rights Requirements, we recommend that OPIC explicitly mention The Universal Declaration of Human Rights (UDHR), the globally-agreed-upon framework on human rights, adopted by the UN General Assembly in 1948. While your Statement expressly mentions the ILO under section 2.9, it does not mention support for the UDHR.
3. Since OPIC is using the IFC Performance Standards as a benchmark, we are concerned about the IFC standard around "Broad Community Support" (BCS). As you may know, this issue has been a key concern flagged by both civil society organizations and SRI investors who believe that the BCS standard is less stringent and therefore not best practice compared with free, prior, informed consent (FPIC). In a recent report "*Review of IFC's Policy and Performance Standards on Social and Environmental Sustainability and Policy on Disclosure of Information*" (May 10, 2010), the Office of the Compliance Advisor/Ombudsman for the IFC and Multilateral Investment Guarantee Agency (MIGA) found that IFC's implementation of BCS has been highly restrictive and not transparent, and that IFC missed the opportunity to play a leadership role in helping to advance the implementation of local approval processes. As investors, we are also concerned that IFC applies BCS only to a few high risk projects. Therefore, we recommend that OPIC consider a much stronger international normative standard, preferably that of FPIC. Consent allows for opportunity to shift the power dynamics from a company-focus to that of local communities. There is increased recognition that a community's ability to say "no" is more important than ever.
4. OPIC's proposed Labor and Human Rights Policy Statement does not include its current exclusion list, if any. The Statement should clearly outline prohibited conditions related to human rights and labor under which OPIC will turn away from applicants and projects, such as large dams, resettlements of 5,000 or more persons, projects impacting natural World Heritage Sites, etc.
5. We agree with OPIC that the large-scale extractives industry is one example of a higher risk project from a human rights perspective. However, we find that there are now all kinds of businesses linked to higher risk human rights violations. One such area is the global supply chain. Social investors have engaged in advocacy and filed numerous shareholder resolutions over the years around sub-standard working conditions in the

global supply chain, especially for the apparel, footwear, toy, auto, food/agricultural industries. Another higher risk area is the pharmaceutical industry, which faces major human rights concerns relating to the development and provision of drugs serving basic human needs, as well as human clinical trials. In addition, internet and technology companies have also been in the forefront of high risk human rights challenges around freedom of information and privacy as internet service providers may store user data in countries where the government has used the data to track political dissidents. While OPIC lists projects in financial sectors as lower risk from a human rights perspective, these firms are sometimes the primary financiers to companies linked with human rights abuses.

6. OPIC's Statement does not mention human rights impact assessments (HRIAs). Corporations are being asked to use HRIAs to anticipate human rights challenges by assessing how human rights are respected or violated, analyzing how the business activity might be beneficial or detrimental to the conditions, and how companies can decrease the risk of human rights abuses. As a sustainable investor, we believe that a prudent and comprehensive assessment of human rights risks is essential to minimize and mitigate risks across a whole range of issues and industries. While HRIAs may be most obviously useful in the extractive sector, they are also very relevant to other higher risk industries, such as apparel, toy, footwear, retail and consumer products manufacturing, pharmaceuticals, information technology, agriculture, beverages, and food sectors.
7. OPIC's statement does not clearly state a requirement for labor and human rights disclosure. As an investor, we place great importance and high priority on transparency and disclosure. We go beyond the responsibility to respect human rights generally to robust human rights reporting, and in general improved corporate transparency in discussing human rights challenges. In our experience, we find that one of the greatest challenges in human rights work is the lack of consistencies and high-quality disclosure of corporations' human rights systems, if any, and their implementation. According to the UN Special Representative for Business and Human Rights, John Ruggie, most companies lack the systems that would allow them (or anyone else) to know whether they actually do respect human rights. Investors and other stakeholders must rely on information in the public domain. Transparent labor and human rights reporting, as part of the company's social and environmental reporting, is a necessary element of a properly functioning capital market. We recommend that OPIC support the Global Reporting Initiative (GRI) as a leading sustainability reporting format. Unfortunately, currently few companies are willing to produce truly transparent reports on labor and human rights.
8. OPIC should consider several other emerging and related human rights issues. For example, one of the emerging issues relates to water, particularly access to clean water. While this may be considered an environmental issue, we recognize that environmental harms are closely connected to impacts on human rights. Another human rights-related issue is revenue transparency. For example, over the past two years Calvert has been

the leading investor advocate for extractives revenue transparency legislation, supporting a broad-based U.S. coalition working to pass the legislation, called Publish What You Pay United States. Calvert's efforts culminated in the April 2010 publication of the report "Materiality of the Disclosure Required by the Energy Security Through Transparency Act" (<http://www.calvert.com/NRC/literature/documents/10003.pdf>), which had a significant impact on passage of the extractives revenue transparency provision of the Dodd-Frank financial reform bill that was signed into law on July 21. We make the case, along with others, that extractives revenue payments may be of material interest to investors and should be disclosed. Corruption is another such human rights-related issue which seriously undermines human rights by weakening the rule of law, creating social inequality and discouraging foreign investment. Corruption disproportionately affects the poor in developing countries, critical to the mission of OPIC.

Thank you for the opportunity to comment on the Labor and Human Rights Policy Statement. We look forward to hearing your thoughts and ideas about what we have proposed in our letter. While seeking online comments is one way to obtain input from a broad range of stakeholders, we would also encourage that OPIC organize a stakeholder consultation with the SRI community to share experiences and knowledge. Such a consultation would provide OPIC with an opportunity to hear from, and brainstorm with, experienced sustainability analysts and investors in the areas of labor and human rights.

Sincerely,

Alya Z. Kayal, Esq.

Vice President, Sustainability Research

Calvert Asset Management Company, Inc.

Bethesda, Maryland

Cc: Stu Dalheim, Director, Shareholder Advocacy, Calvert Asset Management Company, Inc.