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APRIL 4, 2024

[Engagement](#)

Proxy Season Recap — And What's in Store for 2024

The 2022-23 proxy season saw climate change continue to be the focus of most environmental, social and governance (ESG) proposals, with executive compensation and workforce practices also drawing scrutiny.

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Nikita Jain
Engagement Strategist
Calvert Research and Management

MARCH 15, 2024

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Where's the Trickle Down? Gender Diversity in Corporate Pipeline Lags the Boardroom

As March is Women's History Month, it's timely that we review women's headway moving up the corporate ranks and the progress of gender diversity initiatives worldwide.

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Yijia Chen, CFA
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Calvert Research and Management

MARCH 7, 2024

How Calvert Helped Create the Barron's Most Sustainable Companies List

This marked the seventh year in a row that Calvert scored the 1,000 largest U.S. publicly traded companies across 230 environmental, social, and governance (ESG) performance indicators for Barron's annual list of the "100 Most Sustainable U.S. Companies." The top 100 firms included in Barron's achieved the highest scores across those ESG metrics, ranging from workplace diversity to greenhouse-gas emissions. Here's a brief look at



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how we did so.

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FEBRUARY 27, 2024

Research

Litigation Risk as a Proxy for Social Inflation in Liability Insurance

Social inflation is a term referring to when re/insurers' claims costs increase above general economic inflation. In the short term, this can occur for purely economic reasons, such as an acceleration in the cost of health care. However, more recently, litigation has emerged as a source of abnormally elevated claims costs for re/insurers; and this has turbocharged social inflation to levels rarely seen before. This growing trend to litigate claims and the associated costs has created critical, financially material risks for the re/insurance industry.

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Pietro Marchesano
ESG Research Analyst
Calvert Research and Management

FEBRUARY 20, 2024

Navigating the Curve

Making a Compelling Case for Core and Core Plus Strategies

A decade of extremely low interest rates followed by the Federal Reserve's aggressive policy normalization created a challenging environment for bond investors over the last two years. We see the environment for fixed income improving greatly from here for these reasons:

KEY POINTS

1. **Income:** Starting yields are near post-financial crisis highs and have been a reliable indicator of future returns.
2. **Total Return:** The Fed has signaled a pivot from its restrictive stance, which has historically been a compelling time to increase duration in fixed income allocations.
3. **Diversification:** Correlations between bonds and risk assets should normalize as the Fed cuts interest rates.

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Vishal Khanduja, CFA
Co-Head of Broad Markets
Fixed Income



Brian S. Ellis, CFA
Portfolio Manager
Broad Markets Fixed
Income

FEBRUARY 15, 2024

Research

Property Insurance: The Canary in the Coal Mine for Physical Climate Risk

The urgent need to reduce emissions has recently drawn a high level of scrutiny and interest from the financial services sector. Although physical climate risk is often mentioned less than transition risk, its effects will become increasingly evident over time. The insurance industry offers an important perspective on the evolving materiality of physical risk and ways to address it.

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Pietro Marchesano
ESG Research Analyst
Calvert Research and Management

JANUARY 17, 2024

Research | Responsible Investing

Calvert's Research Process Examines PFAS Risk, Remediation

New York - The issue of per and polyfluoroalkyl substances, commonly referred to as "forever chemicals," is rapidly evolving, and requires a nuanced approach to evaluate risk to issuers, especially as KPIs specific to PFAS are lacking (see [our previous post](#) for more details). At Calvert, our research process allows us to apply a discount to reflect both the materiality on stakeholders (from investors, employees and customers to local communities) and the impact to an issuer's enterprise value (equity, holders, debt holders, bankruptcy). This also considers



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company actions/response to a controversy.

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DECEMBER 22, 2023

Research

Responsible Investors Face Challenge in Balancing Food Supply Needs and Biodiversity Impacts

According to the World Resource Institute (WRI), projected global population growth will result in a 50% increase in food demand and a 70% increase in animal-based food demand by 2050. Meeting this need in an environmentally sustainable way that recognizes the importance and impact of biodiversity will be challenging.

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Imani Camp
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DECEMBER 14, 2023

Performance | Responsible Investing

Bridge to ESG Integration: Country Selection in Emerging Markets

When investing in emerging markets (EM), top-down country selection can be a powerful way to generate excess returns and positive change on environmental, social and governance (ESG) issues. While it might feel satisfying to find the company with the best ESG characteristics within a specific country, our research shows the country allocation decision explains 80% of excess returns in EM equity. That's why, in the Calvert Emerging Markets Advancement Fund, we utilize a top-down investment process that evaluates the macroeconomic and governance environment at the country level.

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Marshall L. Stocker, Ph.D., CFA
Co-Head of Emerging Markets Debt
Portfolio Manager

DECEMBER 12, 2023

Engagement | Responsible Investing

Bridge to ESG Integration: Our Engagement Framework

Many investors prefer to own and engage companies with concerning ESG practices rather than simply relying on outright divestment. We believe ESG engagement may enhance risk-adjusted returns while giving investors the opportunity to participate in driving positive change with their capital.

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John Wilson
Director of Corporate Engagement
Calvert Research and Management

DECEMBER 6, 2023

Outlook | Responsible Investing

2024 Outlook: Responsible Investing

Market Decoupling of "E, S and G" Factors Likely to Accelerate in 2024

KEY POINTS

1. The shakeout in the responsible investment industry that began in late 2022 is driving specialist firms to increasingly incorporate financial viability into the analysis of corporate climate and social business objectives.
2. As both specialist firms and mainstream investors have moved towards more intensive and granular ESG research, a consensus is building around the importance of human capital management. In particular, a greater focus is being placed on workforce diversity in differentiating a company's potential for value creation.
3. Decarbonizing the global economy is proving to be a difficult task because the cost of transitioning from fossil fuels to clean energy is currently higher than originally anticipated.

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John Streur
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Bridge to ESG Integration: A Lens for Quality

When selecting a strategy, one of the first questions that investors should ask is, "What am I trying to accomplish?" Intentionality matters and, at Atlanta Capital, we are clear on ours: Our goal is quality.

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Lance Garrison, CFA
Portfolio Manager
Atlanta Capital

NOVEMBER 8, 2023

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Calvert's Approach to Investing in the Energy Transition

The energy system powers every corner of the modern economy from oil for transport and chemicals, to natural gas for heating and industry, to coal for electricity generation and steel production. Oil and gas provide over 50% of world primary energy which rises to over 80% when including coal, forming the backbone of global supply today and highlighting the magnitude of the task of an energy system transformation. This system keeps the world moving and powers economic activity, but it is prone to geopolitical disruption and price volatility. This volatility has highlighted long-term concerns that Calvert has long held about the extent to which the current global energy system relies on fossil fuels.

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Tarek Soliman
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Anuj Goyal
Senior Associate
Calvert Research and Management

OCTOBER 27, 2023

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Worker Strikes Underscore Importance of DEI Policies: U.S. Auto Industry at Inflection Point

KEY POINTS

1. Post-pandemic, more workers are looking for flexible work schedules and better pay and benefits. Unsurprisingly, auto companies' compensation and DEI policies are key to successful negotiations with the UAW.
2. Electric vehicles (EVs) are moving from niche to mainstream, with 10.5 million in sales worldwide in 2022, an increase of 55% year-on-year.
3. Current government policies are powerful, supportive tailwinds for U.S. automakers' transition to EVs.

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Alejandro Zamorano
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OCTOBER 23, 2023

[Research](#)

Evaluating U.S. Office REITs in a Challenging Market

Washington - It's hard to escape the headlines warning that commercial real estate is having a volatile moment in the U.S., and the US office REIT sector reflects this challenging environment. Valuations for US office REITs are currently depressed, as factors such as shifting return to office (RTO) policies, the rising cost of debt service and challenges refinancing maturing debt combine to weigh on performance and fuel investor anxiety.

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OCTOBER 5, 2023

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Calvert Mortgage Access Fund Seeks Returns with Social Impact

Boston - The two largest barriers to homeownership are having enough money for a down payment and being



Alexander Payne, CFA
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Agency MBS

able to qualify for a mortgage. We believe the [Calvert Mortgage Access fund](#) offers an opportunity to invest in a way that helps underserved communities overcome these obstacles, which can expand access to homeownership, while generating competitive returns for investors.

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OCTOBER 5, 2023

[Research | Responsible Investing](#)

Governance, Human Capital Are Key ESG Considerations for Financial Services Sector

Washington - The financial services sector is working through what Calvert Research and Management (Calvert) believes will be a series of waves of stress. This spring, weakness in several regional banks was driven by unique funding challenges and poor asset-liability management decisions at certain institutions. We expect regulatory pressures will remain, with proposed updates to capital requirements for some banks. Finally, questions around asset quality and credit losses will persist as rates remain elevated and monetary conditions remain tight. All these will weigh on bank margins and performance in the coming periods.

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Dan Dorman
ESG Senior Research Analyst
Calvert Research and Management

OCTOBER 2, 2023

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Common Ground Between Anti-ESG Politics and Responsible Investors

Washington - "Anti ESG" stories have been prominent for several months in the United States and we are also beginning to see written policy agendas and proposed legislation. As a global leader in Responsible Investing, we believe it is important to listen carefully to both sides of the ESG debate and eliminate the noise at the extreme. When we focus on what is actually being proposed, shared principles stand out that offer the potential to help evolve and improve responsible investment implementation. Frankly, the debate highlights opportunities to strengthen ESG investing, improve market function and solve long standing problems associated with weak definitions of "ESG" in the investment context.

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John Streur
Calvert Research and Management

SEPTEMBER 13, 2023

[Performance | Responsible Investing](#)

New Report Affirms Sustainable Fund Outperformance in First Half of 2023

New York - The new "Sustainable Reality" report from the Morgan Stanley Institute for Sustainable Investing affirms the resurgence of performance and interest in environmental, social and governance (ESG) funds in the first half of 2023. The trends identified in the report support Calvert's long-held views on markets and investor interests:

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John Farley
Responsible Investment Strategist
Calvert Research and Management

SEPTEMBER 7, 2023

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Financial Materiality of PFAS Is Rising

New York - At Calvert, one ESG issue we examine that is material to a wide range of companies is the use of per



Emily Wagner
Senior ESG Research Analyst
Calvert Research and Management

and polyfluoroalkyl substances (PFAS). These are a group of widely used chemicals valued for their versatility in repelling or resisting grease, oil, water and heat. Because they do not break down over time, they are commonly referred to as "Forever Chemicals" and are now widely used in applications like firefighting foams, water-resistant fabric and textiles, non-stick cookware and personal care products. Due to this ubiquitous use, PFAS chemicals can be found in water, air, fish and soil across the globe and have been found in blood levels of people and animals.

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AUGUST 17, 2023

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Why the Market for Sustainable Aviation Fuel Will Grow

New York - Calvert's research team examines the potential of different energy sources as the globe transitions into a distributed, lower carbon energy system. In our coverage of Renewable Fuels, we identified Sustainable Aviation Fuel (SAF) as the primary lever for air transportation to reduce emissions.

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Jun Goh
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AUGUST 10, 2023

[Municipal Bonds | Responsible Investing](#)

How Municipal ESG Performance Can Signal Lower Credit Costs

Calvert recently sponsored a working paper for a study conducted by Witold J. Henisz and Christopher C. Bruno at the Wharton ESG Initiative, titled "Environmental, Social, and Governance Factors and Municipal Bond Yields." The study finds that better ESG performance by municipalities can be associated with reduced credit risk.

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John Streur
Calvert Research and
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Bill Delahunty, CFA
Portfolio Manager
Municipals

AUGUST 2, 2023

[Responsible Investing](#)

Expanding Access to Homeownership on Tribal Lands

Boston - Even with the deep and liquid mortgage market in the United States, many potential borrowers who fall outside traditional underwriting guidelines are unable to secure a home loan easily. These aspiring homeowners can have stable incomes and good credit, but for one reason or another they fail to qualify for conventional government loan programs, which are largely automated.

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Alexander Payne, CFA
Portfolio Manager
Agency MBS

JULY 10, 2023

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Proposed EPA Standards Illustrate Importance of Negative Externalities for Investors

Washington - On April 6, the U.S. Environmental Protection Agency (EPA) proposed strengthened standards designed to reduce cancer risks related to emissions from chemical and polymers plants. The proposal targets the reduction of air toxins, including ethylene oxide, chloroprene, benzene 1,2-butadiene, ethylene dichloride, vinyl chloride and smog-forming VOCs (volatile organic compounds). According to EPA estimates, this would reduce toxic pollution by over 6,000 tons/year and VOCs by over 23,000 tons/year.¹

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Emily Wagner
Senior ESG Research
Analyst
Calvert Research and
Management

JUNE 14, 2023

Washington - According to Calvert Senior ESG Research Analyst Emily Wagner, there are certain companies in the Materials and Industrials sectors she covers that are critical to driving innovation in the global energy transition away from fossil fuels. Yet certain materials and chemicals produced by those companies can present local and global ESG challenges as part of that transition.

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