Calvert
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March 14, 2008

Via electronic delivery: rule-comments@sec.gov
Ms. Nancy M. Morris, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

Re: File No. S7-02-08

Dear Ms. Morris:

I am writing on behalf of Calvert Group, Ltd. ("Calvert") to submit comments on Securities and Exchange Commission ("SEC") proposed amendments to Form N-CSR and Form N-SAR under the Securities Exchange Act of 1934 and the Investment Company Act of 1940 regarding "Disclosure of Divestment by Registered Investment Companies in Accordance with Sudan Accountability and Divestment Act of 2007".[1]

The Sudan Accountability and Divestment Act of 2007
As an investment management firm that focuses on socially responsible investing, Calvert applauds the federal government in taking steps to provide state and local governments, and corporate America, an avenue to join the World in putting an end to the atrocities that are occurring in Darfur. Pursuant to the December 31, 2007 passage of the Sudan Accountability and Divestment Act of 2007[2] (the "Act"),

> [N]o person may bring any civil, criminal, or administrative action against any registered investment company, or any employee, officer, director, or investment adviser of the investment company, based solely upon the investment company divesting from, or avoiding investing in, securities issued by persons that the investment company determines, using credible information that is available to the public, conduct or have direct investments in certain business operations in Sudan.

However, this safe harbor "does not apply to a registered investment company or any of its employees, officers, directors, or investment advisers, unless the investment company makes disclosures about the divestments in accordance with regulations prescribed by the Commission."[3] The SEC Proposed Rule will memorialize this

[1] "Disclosure of Divestment by Registered Investment Companies in Accordance with Sudan Accountability and Divestment Act of 2007," SEC Rel Nos. 34-57306; IC-28148 (Feb. 11, 2008).
[2] Public Law 110–174, 121 Stat. 2516 (Dec. 31, 2007).
[3] Id. at Sec. 4, "Safe Harbor for Changes of Investment Policies by Asset Managers".

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disclosure requirement, and allow any such disclosing investment company the protections afforded under the Act from liability for divesting or avoiding investing in certain business operations in Sudan.

<u>The Darfur Divestment Initiative</u>

Calvert welcomes the SEC's actions to provide a safe harbor for those investment companies that participate in the Darfur "Targeted Divestment" initiative. As an active participant in the initiative itself, Calvert believes in the effectiveness of the targeted divestment of companies whose presence in Sudan provides revenues and capabilities that help the Khartoum regime fund the genocide, and in the use of shareholder advocacy tools to build pressure for change. Calvert has always operated on the principle that investment can be a positive force in the world. As a firm with a long history of shareholder advocacy and a strong commitment to human rights, Calvert (and Calvert Fund shareholders) has adopted social criteria to provide investment guidelines for certain of the Calvert Funds. In particular, two of the criteria provide that the Funds will avoid investing in companies that (1) "have serious and persistent human rights problems or directly support governments that systematically deny human rights" and (2) "have a pattern and practice of violating the rights of indigenous peoples".[4,5] In the application of the Human Rights and Indigenous Peoples' Rights criteria, Calvert has made no investments in companies that contribute materially to maintaining the Sudanese government in power. Further, over the past few years, Calvert has sharpened its focus on Sudan as the crisis in Darfur continued and as the Sudanese government resisted deployment of a United Nations peacekeeping force, and has proceeded to make an even more tangible contribution through recent partnerships with the Sudan Divestment Task Force and the Save Darfur Coalition, lending analytical and advocacy support to help bring the conflict and abuses in Darfur to an end.[6]

<u>Targeted Divestment is Consistent with Fiduciary Responsibilities</u>

The initiative is based upon the idea that direct engagement with companies operating in Sudan, combined with targeted divestment, can make a vital difference in ending the atrocities in Darfur. Under this divestment initiative, major institutional investors and asset managers should review their portfolios to determine whether holdings in any companies which are on the Sudan Divestment Task Force targeted divestment list are included. If they find that they do hold such companies, they should probe the specific nature of these companies' operations and links to the government in Sudan. They should then make a judgment as to whether the companies' continued presence exacerbates the situation in Darfur, or can instead be focused in ways that mitigate the humanitarian crisis. If the companies' impact cannot be mitigated, divestment

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[4] <u>See</u> Calvert Socially Responsible Funds Prospectus dated January 31, 2008 at p. 106.

[5] Calvert manages approximately $6.9 billion in sustainable and responsible assets in 21 socially responsible mutual fund portfolios, with over $15 billion total in assets under management.

[6] The Calvert Social Investment Fund was the first U.S.-based mutual fund to prohibit investment in companies operating in apartheid South Africa. As a result, Calvert has learned first hand that divestment can be a powerful tool and make an important difference in bringing about positive change.

may then be appropriate. Calvert has long adhered to the belief that the dynamic interplay of divestment and engagement can achieve positive results without compromising the fiduciary responsibilities of asset managers. The view that fiduciary duty is consistent with consideration of environmental, social and governance ("ESG") factors in investment decision-making is supported by a 2005 report published by the major global law firm Freshfields Bruckhaus Deringer, on behalf of the United Nations. The report found that fiduciaries in nine countries, including the United States, have the flexibility to consider ESG issues under the modern prudent investor rule.

<u>Disclosure to Shareholders</u>
Calvert supports the SEC's proposed rule amendments in lending further support to the divestment movement; however, Calvert recommends disclosure in the semi-annual shareholder reports, as well as in the respective Form N-CSR and Form N-SAR. The inclusion of this disclosure in shareholder reports will serve to bring more prominence to the issue and to make this information more easily accessible by shareholders.

<u>Disclosure of Divestment … and Continued Investment</u>
Similarly, Calvert believes that it is appropriate to require disclosing companies to also provide information about whether or not a company has continuing investments in a divested Sudan company. Again, such disclosure is in the best interests of shareholders and helps enhance the accountability of the respective investment companies as the divestment movement strives to make the government in Sudan itself more accountable for the atrocities occurring in Darfur. Moreover, Calvert contends that it is the right of investors to ensure that their investments do not support genocide and do support peace and security in Sudan. Full and complete disclosure by divesting companies helps advance this effort.

<u>Adoption of a Sunset Provision</u>
The targeted approach to divestment is uniquely structured to contain clear sunset provisions so that when the genocide ends in Darfur, so does the basis for divestment. Calvert's view is that a "sunset provision" should be included in the rule amendments for consistency with the federal law, as well as with the underlying divestment initiative. It is important to establish that the provisions of the Act concerning registered investment company divestments terminate thirty (30) days after the President certifies to Congress that the Government of Sudan has undertaken certain actions. This level of disclosure will serve to provide clarity on the exact intent and purpose of the rule amendments, and of the investment companies acting thereunder.

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Targeted divestment is a well-crafted, well-timed tool that combines economic with political pressure. At the same time, it enables citizens and governments at all levels, together with corporations and their investors, to make a vital difference. The people of Darfur are facing dire times and it is incumbent on the mutual fund industry to act to ensure that fund families do not invest in companies materially involved in Sudan. Thus, Calvert supports the SEC's efforts to memorialize the requirements under the Sudan Accountability and Divestment Act of 2007 that will allow investment companies to divest from (or avoid investment in) securities of issuers that conduct or have direct investments in certain business operations in Sudan, free from the threat of liability for these investment decisions.

I appreciate the opportunity to comment on this important issue.

Sincerely,

/s/ Ivy Wafford Duke

Ivy Wafford Duke
Assistant Vice President
and Associate General Counsel