

Walden Announces Successful Shareholder Engagement on Employment Non-Discrimination and Reflects on 25 Years of Work for LGBT Workplace Equality

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Recent Engagement Successes and Momentum

Since 2000, Walden Asset Management has written letters, engaged in dialogues, or filed shareholder proposals with over 100 companies regarding workplace equality for lesbian, gay, bisexual, and transgender (LGBT) individuals, with a substantive number of these companies ultimately improving their equal employment opportunity (EEO) policies by making them more publicly accessible or expanding policies to explicitly include protective language for sexual orientation and gender identity. In the past three years alone, Walden has engaged with 35 companies and 31 of them made the desired improvements. Walden's ultimate goal is for all client portfolio companies to have inclusive non-discrimination policies that are easily accessible to prospective employees.

In 2014 and early 2015, Walden has seen continued progress even while most of the companies engaged have been located in states that are typically less supportive of LGBT equality. **Interdigital**, **MarketAxess**, and **UMB Financial** have published their EEO policies to their websites and **Texas Capital Bancshares** added sexual orientation and gender identity to its policy. **Franklin Electric** increased the transparency of its EEO policy and also amended its medical benefits plan to offer spousal and dependent coverage to employees in state-recognized same sex unions. Moreover, resolutions filed for 2015 annual meetings at **Cullen/Frost Bankers**, **First NBC Bank**, and **IDEX Corporation** have been withdrawn upon the companies agreeing to improve the inclusivity and visibility of their non-discrimination policies.

Walden is also pleased to partner with and support the efforts of clients working to make a positive impact on this issue. Pride Foundation, a regional community foundation focused on advancing equality for the LGBT community in the Northwest, led resolutions at nine companies for the 2015 proxy season. Thus far, five resolutions have been withdrawn after **Expeditors International**, **First Interstate BancSystem**, **Greenbrier**, **PACCAR**, and **Schnitzer Steel** adopted fully inclusive (including sexual orientation and gender identity or expression) and publicly available non-discrimination policies. Also, **General Communication** and **Stillwater Mining** have recently amended their EEO policies. Pride Foundation expects to withdraw these resolutions soon.

"Pride Foundation has greatly enjoyed and benefitted from partnering with Walden Asset Management to encourage businesses around the country to adopt policies and practices that protect LGBT employees. Given the lack of federal workplace protections for LGBT people, this critical work ensures that everyone has the same opportunity to earn a living and provide for themselves and their families," said Kris Hermanns, Executive Director of Pride Foundation. "We have also had multiple victories in the past year alone, highlighting that a growing number of businesses are at the forefront of advancing equality—using their institutional power to support LGBT employees and help change hearts and minds."

While both Walden and Pride Foundation still have outstanding resolutions for 2015, these early proxy season victories demonstrate that workplace equality is a matter that all companies ought to be able to rally around.

25 Years of Successful Engagement

In the early 1990s, Walden Asset Management became one of the first investment firms to ask companies about the inclusion of sexual orientation in their non-discrimination policies. At that time, it was unusual for companies to have a clearly articulated policy of non-discrimination based on sexual orientation. Since then, the context for investors' engagement on LGBT issues has changed dramatically. According to the Human Rights Campaign (HRC), approximately 91 percent of companies in the Fortune 500 currently have EEO policies that include sexual orientation and 61 percent have policies that include gender identity.

Investor engagement at **Expeditors International of Washington** provides a case in point. In 2007, Walden co-filed a shareholder proposal led by Trillium Asset Management, requesting the addition of sexual orientation to the company's non-discrimination policy. Despite the proposal receiving 43 percent support, the company did not see the necessity of making its policies explicit and the resolution was re-filed for 2008. After receiving majority support in the second year, the Board agreed to add sexual orientation to its policy. In contrast, a 2015 shareholder proposal led by Pride Foundation, and co-filed by Walden and Clean Yield Asset Management, requesting that the company add "gender identity or expression" to its non-discrimination policy was swiftly agreed to and withdrawn. Moreover, Expeditors International indicated that it would also be updating its employee non-discrimination training policies to reflect this change.

The recent, momentous change at **ExxonMobil**—a company that for 15 years resisted the efforts of shareholders, NGOs, and other groups that sought the addition of protective language to the company's equal employment and non-discrimination policies—is another example of the changing times. Walden is pleased to have played a role in supporting this resolution on behalf of our clients.

Carly Greenberg, ESG Analyst at Walden Asset Management, said, "We believe it benefits long-term shareholder value when companies ensure a respectful and supportive atmosphere for all employees. Employment discrimination on the basis of sexual orientation and gender identity diminishes employee morale and productivity. Further, Walden believes inclusive and public EEO policies help companies avoid costly discrimination litigation and reputation damage, all while enabling the company to attract employees from the broadest possible talent pool."

There is still much work to do, but now Walden and Pride Foundation can imagine celebrating a time in the near future when all of our portfolio companies stand firm in their commitment to an inclusive workplace for LGBT employees. As the renowned French poet and novelist Victor Hugo once said, "All the forces in the world are not so powerful as an idea whose time has come."



Pride Foundation

Building a Foundation for All

Pride Foundation is a regional community foundation that inspires giving to expand opportunities and advance full equality for lesbian, gay, bisexual, transgender, and queer (LGBTQ) people across the Northwest. With a focus on eliminating long-standing barriers to equality, the foundation utilizes a variety of different strategies—including a community grants program, scholarship program, donor-advised, and donor-designated funds—to advance lived equality for LGBTQ people and families throughout the region.



Since 1975, Walden Asset Management has specialized in managing portfolios for institutional and individual clients with a dual investment mandate: competitive financial returns and positive social and environmental impact. Walden is an industry leader in integrating ESG analysis into investment decision-making and company engagement to strengthen ESG performance, transparency and accountability. Walden is a division of Boston Trust & Investment Management Company, a PRI signatory. For questions please contact us at info@bostontrust.com.