



**Walden Asset Management®**

*Advancing sustainable business practices since 1975*

## **CATO Quashes Shareholder Resolution Seeking Explicit Protections for LGBT Employees under Non-Discrimination Policy**

BOSTON, MA, March 28, 2017 – Shareholders of The CATO Corporation (CATO), a women’s clothing retailer headquartered in Charlotte, North Carolina, will not have the opportunity to vote on a shareholder proposal at its upcoming annual stockholders meeting requesting the addition of “sexual orientation and gender identity and expression” to its non-discrimination policy.

In January, CATO appealed to the U.S. Securities and Exchange Commission (SEC) to be allowed to omit the proposal from its 2017 Proxy Statement. The SEC subsequently granted permission to exclude the proposal submitted by Walden Asset Management and other shareholders.

“The Company’s decision to go to the SEC rather than talk with its shareholders was unusual and essentially stifles shareholder input on this important issue,” said Carly Greenberg, CFA, ESG Analyst at Walden Asset Management. “We are disappointed in the SEC’s response to CATO’s No Action request. However, we continue to believe that its lack of a best practice nondiscrimination policy exposes CATO and its shareholders to risks that the company ought to address.”

“To be clear, we did not file due to any concerns about workplace discrimination at CATO, but rather to encourage the company to better demonstrate its commitment to an inclusive work environment. By not having an inclusive policy, CATO fails to take advantage of the opportunity to be recognized as an employer of choice, and benefit from the recruitment and retention advantages that go along with that,” explained Greenberg.

CATO is part of a shrinking minority of companies that do not include sexual orientation and gender identity in their non-discrimination policies. According to the Human Rights Campaign Foundation’s 2017 survey of the Fortune 500®, 92 percent have Equal Employment Opportunity (EEO) policies that include sexual orientation, and 82 percent have EEO policies that include gender identity, a historical high. Industry peers, such as American Eagle Outfitters, Express, Gap Inc., L Brands, Nordstrom, and Ralph Lauren Corp, explicitly prohibit discrimination on the basis of sexual orientation and gender identity in their written EEO policies. A number of leading North Carolinian employers also have inclusive EEO policies, including Bank of America, BB&T Corporation, Duke Energy, Hanesbrand Inc., Laboratory Corporation of America Holdings, Lowe's Companies, Nucor Corporation, Quintiles IMS Holdings, Red Hat Inc., Reynolds American, and V.F. Corporation, to name a few.

Shareholders have filed proposals similar to this one at numerous companies since the 1990s. In recent years, the vast majority of companies receiving these requests responded quickly and positively by strengthening their EEO policies. According to a report compiled by As You Sow in 2015, proponents withdrew 17 out of 18 proposals asking companies to protect the rights of LGBT employees after reaching an agreement. In cases where proposals went to a vote, they have often received high support. For example, in 2015, a proposal at National Fuel Gas was supported by more than one third of shares voted, and in 2016 a majority of shares voted supported a similar proposal at J.B. Hunt.

Presently, there is no federal law protecting LGBT individuals from discrimination at work. While there is a patchwork of laws affording such protections at the state and local levels, most corporations find it useful to provide a uniform policy to minimize confusion among hiring managers and cultivate a reputation of inclusivity among prospective employees and customers. Meanwhile, high levels of

discrimination persist against the LGBT community. For example, a March 2016 analysis of the state of North Carolina (Williams Institute) reported that “81% of North Carolina residents think that LGBT people experience discrimination in the state.”

The proposal was submitted by Walden Asset Management, and co-filed by a handful of proponents, including the Educational Foundation of America and the Wallace Global Fund.

### **About Walden Asset Management**

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.

### **Contact**

Walden Asset Management  
One Beacon Street, 33<sup>rd</sup> Floor  
Boston, MA 02108

Phone: (617) 726-7250

Email: [info@bostontrust.com](mailto:info@bostontrust.com)

Web: [www.waldenassetmgmt.com](http://www.waldenassetmgmt.com)