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Walden Calls for Support For LGBT Resolution at CorVel

Walden Asset Management would like to bring to your attention our shareholder resolution filed with **CorVel Corporation** following two years of unsuccessful attempts to discuss with the company the importance of fostering a workplace culture of diversity and inclusion. The proposal requesting CorVel publish a report on the potential risks associated with omitting “sexual orientation” and “gender identity” from its equal employment opportunity policy is **Proposal Three** on the company’s ballot. The company’s annual meeting occurs on **August 8th**.

Resolution:

The resolution states, “Shareholders request that CorVel Corporation (“Corvel”) issue a public report detailing the potential risks associated with omitting “sexual orientation” and “gender identity” from its written equal employment opportunity (EEO) policy. The report should be available within a reasonable timeframe, prepared at a reasonable expense and omitting proprietary information.”

Rationale:

CorVel is a part of a shrinking minority of companies that do not presently include sexual orientation and gender identity in non-discrimination policies. According to the Human Rights Campaign Foundation’s 2019 survey of the Fortune 500®, 93% of companies have EEO policies that include sexual orientation, and 85% have policies that also include gender identity or expression—a historic high. We believe companies with inclusive policies are better able to recruit the most talented employees from a broad labor pool, resolve complaints internally to avoid costly litigation or reputation damage, and lower employee turnover.

Our resolution argues that CorVel’s lack of a corporate-wide best practice EEO policy sends mixed signals to company employees and prospective employees and calls into question the extent to which LGBT (lesbian, gay, bisexual, or transgender) individuals are protected, considering inconsistent state policies, the absence of a federal law, and conflicting perspectives of federal entities. CorVel has operations in 43 states and is, therefore, unable to avoid the patchwork of state laws regarding LGBT non-discrimination.

The company’s assertions in its SEC No-Action letter that interpretations of “sex” in Title VII act as protections for “sexual orientation” and “gender identity” are not based on settled law. On July 2, 2019, 206 companies signed a “friend of the court” brief filed with the U.S. Supreme Court in a trio of cases that may determine whether LGBTQ people are protected from discrimination under existing federal civil rights laws. In the brief, the companies argue non-discrimination protections for LGBTQ employees help improve operations for businesses and LGBTQ non-discrimination and inclusion are good for business and the economy.

Shareholders are currently unable to evaluate how CorVel prevents discrimination towards LGBT employees, mitigates employee concerns of potential discrimination, and ensures a respectful and supportive work atmosphere that bolsters employee performance. Without an inclusive EEO policy, CorVel may be sacrificing competitive advantages relative to peers while simultaneously increasing company and shareholder exposure to reputational and financial risks.

Company Response:

The company recommended a NO vote without providing additional comments or information on why the Board recommended a vote against the resolution.

Please find the full resolution text below and a response by Walden Asset Management to the SEC on CorVel’s No-Action letter [here](#).

2019 LGBT Resolution Filed at CorVel

RESOLVED, shareholders request that CorVel Corporation (“CorVel”) issue a public report detailing the potential risks associated with omitting “sexual orientation” and “gender identity” from its written equal employment opportunity (EEO) policy. The report should be available within a reasonable timeframe, prepared at a reasonable expense and omitting proprietary information.

SUPPORTING STATEMENT

CorVel does not explicitly prohibit discrimination based on sexual orientation and gender identity or expression in its written EEO policy.

CorVel’s lack of a corporate-wide best practice EEO policy sends mixed signals to company employees and prospective employees and calls into question the extent to which LGBT (lesbian, gay, bisexual, or transgender) individuals are protected due to inconsistent state policies, the absence of a federal law, and conflicting perspectives of federal entities¹.

CorVel has operations in 43 states and is therefore unable to avoid the patchwork of state laws regarding LGBT non-discrimination. Currently, 21 states, the District of Columbia and more than 225 cities prohibit discrimination in employment based on sexual orientation and gender identity. On the other hand, discrimination against LGBT people may be permissible in 21 states that have adopted Religious Freedom laws.

Companies with inclusive policies are better able to recruit the most talented employees from a broad labor pool, resolve complaints internally to avoid costly litigation or reputation damage, and lower employee turnover. Moreover, inclusive policies contribute to more efficient human capital management by eliminating the need to maintain different policies in different locations.

Nearly two-thirds of self-identified LGBT Americans report experiencing discrimination in their personal lives and forty-six percent of LGBT workers conceal their sexual orientation and/or gender identity at work (Human Rights Campaign, 2018)—a phenomenon which affects individual productivity and overall team cohesion.

Presently shareholders are unable to evaluate how CorVel prevents discrimination towards LGBT employees, mitigates employee concerns of potential discrimination, and ensures a respectful and supportive work atmosphere that bolsters employee performance and improves patient care.

Most companies have inclusive policies, including industry peers, such as, Aetna, Aon Plc, Brown & Brown, and Marsh & McLennan Companies. According to the Human Rights Campaign, 82% of the *Fortune 500*[®] companies had EEO policies that include sexual orientation and gender identity in 2017.

Without an inclusive EEO policy, CorVel may be sacrificing competitive advantages relative to peers while simultaneously increasing company and shareholder exposure to reputational and financial risks.

We recommend that the report evaluate risks including, but not limited to, negative effects on employee hiring and retention, and litigation risks from conflicting state and company anti-discrimination policies.

¹ In 2015, the Equal Employment Opportunity Commission (EEOC) advised that LGBT individuals were protected under “sex” by Title VII of the Civil Rights Act. However, in June 2017, the Justice Department contested the EEOC’s guidance in an Amicus Brief to a US Court of Appeals stating explicitly that “Title VII does not reach discrimination based on sexual orientation.”