New York City Comptroller
John C. Liu

NEWS RELEASE

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LIU: 2013 MOST PRODUCTIVE YEAR ON RECORD FOR NYC PENSION FUNDS' SHAREHOLDER ACTIVISM

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NEW YORK, N.Y. — City Comptroller John C. Liu today announced that the $144 billion NYC Pension Funds achieved new levels of success in 2013 toward improving the environmental, social, and governance practices of the corporations in their investment portfolio. The details of the 2013 proxy season are available in the NYC Pension Funds' annual report. The report also includes summary information on the Funds' proxy voting.

"We have a duty to City workers and retirees to ensure our portfolio companies focus on creating sustainable shareowner value," Comptroller Liu said. "Over the past year we helped strengthen employees' workplace rights, shed light on employee diversity, and negotiated policies to help claw back pay from misbehaving executives. The NYC Funds have a proud tradition of active ownership to protect and create long-term shareowner value, and we have worked to intensify these efforts over the past four years.

Shareowner Proposals

The Comptroller's Office negotiated agreements on 27 of the 55 shareholder proposals it submitted to corporations — a record rate of adoption for its requests. Among the highlights of the agreements Comptroller Liu's office achieved on behalf of the Funds:

- **Capital One** (NYSE: COF), **Citigroup** (NYSE: C), **Encore Capital** (NASDAQ: ECPG), and **Wells Fargo** (NYSE: WFC) — and three pharmaceutical firms — **Boston Scientific** (NYSE: BSX), **Johnson & Johnson** (NYSE: JNJ), and **Merck** (NYSE: MRK) — enacted policies empowering the board to claw back pay from senior executives responsible for improper conduct or excessive risk taking.

- **Chesapeake Energy** (NYSE: CHK) agreed to propose a bylaw amendment to grant shareowners access to the corporate proxy to nominate directors as part of a major overhaul of its board and governance. Since the Funds led a successful director "vote no" campaign in 2012, the company has reconstituted its board, named an independent chairman and hired a new CEO, and its share price has outperformed its peers.

- Health insurer **Wellpoint** (NYSE: WLP) agreed to name an independent chairman upon the April 2013 retirement of its existing chair, and to maintain the position for at least two years.

- **EMC** (NYSE: EMC), **Gap** (NYSE: GPS), **NIKE** (NYSE: NKE), **Target** (NYSE: TGT), and **Texas Instruments** (NASDAQ: TXN) agreed to promote greater transparency of their suppliers' compliance with internationally recognized standards on workplace safety and human and worker rights by encouraging key suppliers to prepare sustainability reports using Global Reporting Initiative (GRI) protocols.

- **AIG** (NYSE: AIG), **Bank of NY Mellon** (NYSE: BK), and **U.S. Bancorp** (NYSE: USB) agreed to disclose the breakdown of their workforce by race and gender for major job categories, including senior management.

- **Anadarko Petroleum** (NYSE: APC), **Domino's Pizza** (NYSE: DPZ), **Philip Morris** (NYSE: PM), and **Ralph Lauren** (NYSE: RL) expanded their EEO policies to prohibit discrimination based on gender identity.

- **Lowe's Companies** (NYSE: LOW) and **WellCare Health Plans** (NYSE: WCG) agreed to disclose all direct and indirect political spending.

- **Avalon Bay** (NYSE: AVB), **Kimco Realty** (NYSE: KIM), and **SL Green Realty** (NYSE: SLG) agreed to prepare annual sustainability reports based on the GRI and specifically addressing greenhouse-gas emissions, water conservation, waste minimization and energy efficiency. All three are residential REITs with significant property holdings in New York City.

<u>Director "Vote No" Inititiatives</u>

Cablevision (NYSE: CV)

The Funds led a "vote no" campaign against five Cablevision directors, three of whom had failed to receive majority shareowner support in 2010 and 2012. <u>In a letter</u> to Cablevision shareowners and filed with the SEC, Comptroller Liu cited Cablevision's fundamental lack of board accountability, poor performance, excessive executive pay, and pervasive conflicts of interest involving the Dolan family, which controls 73 percent of the voting power despite owning less than one quarter of the company. The five directors were each opposed by at least 39 percent of votes cast, including two directors who failed to receive majority support. The board reseated all five directors.

Hewlett-Packard (NYSE: HPQ)

The Funds opposed two Hewlett-Packard directors who failed to protect investors from a series of ill-advised acquisitions (Autonomy, EDS and Palm) and boardroom fiascos that destroyed tens of billions of dollars in shareowner value. The Comptroller's Office detailed the Funds' concerns with the directors <u>in a press release</u> that was also filed with the SEC. Shareowners subsequently cast 45 percent and 46 percent, respectively, against the directors' election. In a major victory for shareowners, both directors resigned two weeks later.

Wal-Mart (NYSE: WMT)

The Funds opposed nine Wal-Mart directors due to the board's poor oversight of compliance, lack of independence and unresponsiveness to investor concerns, as detailed <u>in a Comptroller's Office press release</u> filed with the SEC. Four of the directors — including the Chairman, CEO, former CEO and audit committee chairman — received particularly high opposition votes: excluding the Walton family, which controls approximately 50 percent of the company's shares, unaffiliated shareowners cast about 21 percent to 30 percent of their votes against their election. It was the second consecutive year the four directors received strong opposition. Since last year's no confidence vote, which was driven by reports that executives attempted to cover up alleged bribery in Mexico, Wal-Mart's board has become less independent, even as it has reportedly expanded its investigation into possible bribery to additional countries.

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