



New York City Comptroller
Scott M. Stringer

NEWS

PRESS RELEASE

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COMPTROLLER STRINGER, NYC PENSION FUNDS LAUNCH NATIONAL CAMPAIGN TO GIVE SHAREOWNERS A TRUE VOICE IN HOW CORPORATE BOARDS ARE ELECTED

*New York City Pension Funds File 75 Proxy Access Shareowner Proposals to
Kick Off the Boardroom Accountability Project*

(NEW YORK, NY) – On Thursday, New York City Comptroller Scott M. Stringer, on behalf of the \$160 billion New York City Pension Funds, announced a [groundbreaking initiative](#) to give shareowners the right to nominate directors at U.S. companies using the corporate ballot. By submitting proxy access shareowner proposals to 75 companies at once, the New York City Pension Funds are taking a major first step to roll out proxy access across the market. The resolutions, known collectively as the Boardroom Accountability Project, seek to give shareowners a choice in the election of directors of publicly held companies.

“The Boardroom Accountability Project is a national movement to systematically improve the responsiveness of corporate boards to shareowners,” Comptroller Stringer said. “The current election procedures for most corporations would make Boss Tweed blush. We are seeking to change the market by having more meaningful director elections through proxy access, which will make boards more responsive to shareowners. With this right in place, we expect to see better long-term performance across our portfolio.”

Proxy access is the ability for shareowners to nominate directors to run against a company’s chosen slate of director candidates. Currently, CEOs and/or directors pick nominees -- i.e. themselves -- for election, and the shareowners’ right to nominate directors to run against these individuals is largely illusory. Because corporate directors are generally elected by a plurality of votes in uncontested elections, a director who owns one share of a company can re-elect his or her self, even if every other shareowner votes against that person. Of 41 directors who failed to receive majority votes in 2014, 40 remain on the board as “zombie directors”, unelected but still serving.

This fall, Comptroller Stringer filed [75 proxy access shareowner proposals](#) which request a bylaw to give shareowners who meet a threshold of owning three percent of a company for three or more years the right to list their director candidates, representing up to 25 percent of the board, on a given company’s ballot. The proposals will be subject to shareowner votes in 2015 at those companies that do not agree to the request.

“As long-term investors, New York City’s pension funds have an obligation to manage risk and create long-term value on behalf of over 700,000 current and retired City workers. By giving substantial, long-term owners a meaningful say in electing the directors who oversee companies on our behalf, proxy access will help us to provide these hardworking men and women with a secure retirement.” Stringer said.

The 75 proposals were filed based on three priority issues: climate change, board diversity and excessive CEO pay. While some companies met multiple screening criteria, resolutions were filed at:

- 33 carbon-intensive coal, oil and gas, and utility companies;
- 24 companies with few or no women directors, and little or no apparent racial or ethnic diversity; and
- 25 companies that received significant opposition to their 2014 advisory vote on executive compensation (“say-on-pay”)

To see a full list of the companies at which resolutions were filed, please [click here](#).

“Resolutions were filed at companies where we see risks associated with climate change, board diversity and excessive CEO pay. Especially when it comes to the environment, business as usual is no longer an option. To effect true change, you need the ability to hold entrenched and unresponsive boards accountable and that is what we are seeking to do,” Stringer said.

Universal proxy access was originally proposed by the U.S. Securities and Exchange Commission in 2003 as a way to end the “Imperial CEO” in response to board failures at Enron and WorldCom. However, it wasn’t until 2010 that the SEC finally approved a universal proxy access rule in response to the financial crisis.

Although the Dodd Frank Act of 2010 affirmed the SEC’s authority to issue its proxy access rule, a lawsuit filed in 2010 in the Washington DC District Court successfully vacated the universal rule on procedural grounds. Despite the loss of universal proxy access, the SEC separately allowed “private ordering”, the ability to file individual shareowner resolutions requesting proxy access, to remain.

Proxy access has the potential to raise the market cap of publicly held companies in the United States by up to \$140 billion, or 1.1 percent, according to a [recent report](#) by the CFA Institute. The report found that proxy access would serve as a useful tool for shareowners that would benefit both the markets and corporate boardrooms, with little cost or disruption to companies and the markets as a whole.

“Systemic change requires higher impact, board-level engagement and shareowner access to the proxy to nominate directors is a prerequisite to that discussion. Stronger board oversight leads to better long term performance,” Stringer said.

Some of the nation’s largest state and municipal pension funds praised Comptroller Stringer’s initiative:

"As long-time supporters of proxy access for shareholders, we're pleased Comptroller Stringer has launched this campaign. The Boardroom Accountability Project is a wake-up call to boards that put our capital at risk by not adequately addressing climate risk, excessive compensation and a lack of diversity in board rooms. We look forward to working with Comptroller Stringer to enhance this initiative in the coming months," **said New York State Comptroller Thomas P. DiNapoli, who oversees the \$180 billion New York State Common Retirement Fund.**

"Giving shareowners the right to nominate directors to corporate boards through proxy access has long been CalPERS' top priority in governance reform. It is essential that investors have the tools to hold boards accountable – to vote out failing boards and propose new candidates. We have worked hard with other asset owners to make majority voting the rule, not the exception. Now it's time to do the same to ensure boardroom accountability. We will be supporting New York City Comptroller Stringer on this initiative so shareowners have these critical governance rights. The first step will be to focus on companies where we have major economic exposure, and where there has been governance or financial failures which need to be addressed, and where the board is unable or unwilling to make change," **said Anne Stausboll, Chief Executive Officer for CalPERS.**

"Access to the proxy, the right for large long-term shareholders to nominate directors on a company's proxy, a right held by shareholders in all other developed markets, is long overdue in our country. We support NYC Comptroller Stringer's effort to secure this important shareholder right at these 75 companies," **said Anne Sheehan, Director of Corporate Governance at the California State Teachers' Retirement System.**

"Proxy access is a critical component to good and prudent corporate governance. This proposal would move corporations and shareholders towards such practices and should be supported," **said William R. Atwood, Executive Director of the Illinois State Board of Investment**

"The City of Philadelphia Public Employees Retirement System is pleased to continue to co-file proxy access proposals with the New York City Pension Funds and to coordinate efforts with them to make corporations more responsive to shareholder concerns on executive compensation and board diversity because we believe the Boardroom Accountability Project will promote systematic change in the stock market and improve the long-term performance of our investments," **said Francis X. Bielli, Executive Director of the Philadelphia Board of Pensions & Retirement.**

"The Firefighters' Pension System of the City of Kansas City, Missouri, supports the goals of the New York City Pension Funds Boardroom Accountability Project and is filing proxy access proposals because we believe they are an effective way for enhancing the responsiveness of boards and the long term performance of companies," **said Travis Williams, Chairman of The Firefighters' Pension System of the City of Kansas City, Missouri, Trust.**

“We agree with the New York City Pension Funds that by giving substantial, long-term shareholders a tool for having a serious say in electing boards of directors, proxy access and the Boardroom Accountability Project will help provide the beneficiaries of benefit funds with a secure retirement. That is the reason The Miami Firefighters’ Relief and Pension Fund has co-filed proxy access proposals with the New York City Pension Funds in the past and will continue to do so in the future,” **said Alex Fernandez, Chairman of The Miami Firefighters’ Relief and Pension Fund.**”

Comptroller Stringer serves as the investment advisor to, and custodian and a trustee of, the New York City Pension Funds. The New York City Pension Funds are composed of the New York City Employees’ Retirement System, Teachers’ Retirement System, New York City Police Pension Fund, New York City Fire Department Pension Fund and the Board of Education Retirement System.

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In addition to Comptroller Stringer, the New York City Pension Funds’ trustees are:

New York City Employees’ Retirement System: Mayor Bill de Blasio’s Representative, Carolyn Wolpert (Chair); New York City Public Advocate Letitia James; Borough Presidents: Gale Brewer (Manhattan), Melinda Katz (Queens), Eric Adams (Brooklyn), James Oddo (Staten Island), and Ruben Diaz, Jr. (Bronx); Lillian Roberts, Executive Director, District Council 37, AFSCME; John Samuelsen, President Transport Workers Union Local 100; Gregory Floyd, President, International Brotherhood of Teamsters, Local 237.

Teachers’ Retirement System: Mayor Bill de Blasio’s Appointee, Carolyn Wolpert; Deputy Chancellor Kathleen Grimm, New York City Department of Education; and Sandra March, Melvyn Aaronson (Chair) and Thomas Brown, all of the United Federation of Teachers.

New York City Police Pension Fund: Mayor Bill de Blasio’s Representative, Carolyn Wolpert; New York City Finance Commissioner Jacques Jiha; New York City Police Commissioner William Bratton (Chair); Patrick Lynch, Patrolmen’s Benevolent Association; Michael Palladino, Detectives Endowment Association; Edward D. Mullins, Sergeants Benevolent Association; Louis Turco, Lieutenants Benevolent Association; and, Roy T. Richter, Captains Endowment Association.

New York City Fire Department Pension Fund: Mayor Bill de Blasio’s Representative, Carolyn Wolpert; New York City Fire Commissioner Daniel A. Nigro (Chair); New York City Finance Commissioner Jacques Jiha; Stephen Cassidy, President, James Slevin, Vice President, Edward Brown, Treasurer, and John Kelly, Brooklyn Representative and Chair, Uniformed Firefighters Association of Greater New York; John Farina, Captains’ Rep.; Paul Ferro, Chiefs’ Rep., and

James J. McGowan, Lieutenants' Rep., Uniformed Fire Officers Association; and, James Briordy, Marine Engineers Association.

Board of Education Retirement System: Schools Chancellor Carmen Fariña; Mayoral: Ezre T. Cleveland, Norm Fruchter, Vanessa Leung, Lori Podvesker, Robert Reffkin, Robert Soto-Carrion, Miguelina Zorilla-Aristy; Laura Zingmond (Manhattan BP), Fred Baptiste (Brooklyn BP), Debra Dillingham (Queens BP), Robert Powell (Bronx BP) and Kamillah Payne-Hanks (Staten Island BP); and employee members Joseph D'Amico of the IUOE Local 891 and Milagros Rodriguez of District Council 37, Local 372.

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