



NEW YORK CITY COMPTROLLER
SCOTT M. STRINGER

NEW YORK CITY RETIREMENT SYSTEMS



2020 Shareowner Initiatives POSTSEASON REPORT

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Corporate Governance and Responsible Investment

The New York City Comptroller, as investment adviser to the five New York City pension funds and retirement systems (collectively “NYCRS”), is responsible for voting NYCRS’ proxies and developing and implementing NYCRS’ shareowner initiatives. NYCRS are comprised of the following:

New York City Board of Education Retirement System (BERS)

New York City Employees’ Retirement System (NYCERS)

New York City Fire Pension Fund (Fire)

New York City Police Pension Fund (Police)

New York City Teachers’ Retirement System (TRS)

Consistent with the fiduciary obligations of the NYCRS’ Boards of Trustees, the proxy voting and shareowner initiatives programs actively promote sound corporate governance, responsible executive compensation, and sustainable business practices at portfolio companies in order to protect and enhance the long-term value of NYCRS’ investments.

Within the Comptroller’s Office, the Bureau of Asset Management’s Corporate Governance and Responsible Investment team develops and implements the proxy voting and shareowner initiative programs for each of the five retirement systems, including engagement with management and directors at portfolio companies. Corporate Governance staff present the proposed programs to the Proxy Committee of each retirement system for review and approval. Each Proxy Committee acts on behalf of its respective Board of Trustees.

This Report, which is prepared by the Comptroller’s Office and reviewed by the Proxy Committee of each system, serves as the annual Proxy Committee Postseason Report (“Postseason Report”) for each system’s Board of Trustees. The Report covers proxy voting and shareowner initiative outcomes for the 12 months ending June 30, 2020, consistent with the fiscal year reporting period used by NYCRS and by the City of New York. Because most U.S. companies hold their annual meetings during the spring, June 30 is also consistent with the end of “proxy season” as generally understood by companies and investors in this market.

In order to provide timely reporting to the Proxy Committees and Boards of Trustees with respect to shareowner initiatives and regulatory engagements, the Report also includes certain developments and outcomes subsequent to June 30.

Executive Summary

NYCRS’ shareowner initiatives had a productive 2020, which was exemplified by the launch of Boardroom Accountability Project 3.0 (“Boardroom 3.0”), a path-breaking project to increase both CEO and board diversity, and by the investor response to the COVID-19 pandemic. Also in 2020, the SEC enacted rules to regulate proxy advisory firms and shareowner proposals, which together will have the effect of insulating companies from accountability to their shareowners

Building on the “Rooney Rule” pioneered by the National Football League, NYCRS’ Boardroom 3.0 called on companies to enact board policies requiring the consideration of women and racially/ethnically diverse candidates for new CEOs and board directors. This initiative recognized that representation of women and people of color is even lower among U.S. CEOs than it is in U.S. boardrooms. The Comptroller’s Office believes that the responsive companies are the first public companies to extend such a search policy to external CEO searches as well as to director searches.

COVID-19 elevated the critical role that any company's workforce, known as its "human capital," plays in generating long-term value for shareowners. Consistent with NYCERS' strong commitment to promoting fair labor practices and diverse and equitable workplaces, shareowner proposals relating to human capital management were among their most frequently submitted proposals for 2020, second only to proposals to promote director accountability, diversity, and independence. NYCERS also submitted shareowner proposals to address climate change, opioid risks and improperly inflated drug prices.

In total, the Comptroller's Office, on behalf of most or all of NYCERS, submitted 54 shareowner proposals to 53 portfolio companies, reaching negotiated agreements on 36, or 60% percent, of the proposals. Among the most impactful outcomes:

- 20 companies — in response to the newly launched Boardroom 3.0 — enacted search policies requiring the consideration of women and racially/ethnically diverse candidates for new CEOs and board directors.
- Eight companies — in a continuation of the Boardroom Accountability Project 1.0— agreed to enact or take the steps necessary to enact proxy access bylaws to facilitate the nomination of directors by long-term investors; more than 650 U.S. companies of various sizes and sectors have now enacted proxy access bylaws since the fall 2014 launch of the Project.
- Five companies agreed to investigate and/or disclose whether a gender pay gap exists among their employees.
- Three companies agreed to adopt and disclose quantitative greenhouse gas reduction goals.
- One carbon-intensive energy company agreed to provide board oversight and disclosure of corporate political spending.
- Three major pharmaceutical companies that faced litigation alleging wrongdoing that either contributed to the Opioid Crisis or inflated insulin and/or HIV drug prices enacted reforms to strengthen corporate governance and accountability.

In addition, thirteen proposals went to a vote during the fiscal year, two of which — one seeking a CEO and board diversity search policy and the other requesting disclosure regarding the use mandatory arbitration of employment-related claims — received majority shareowner support.

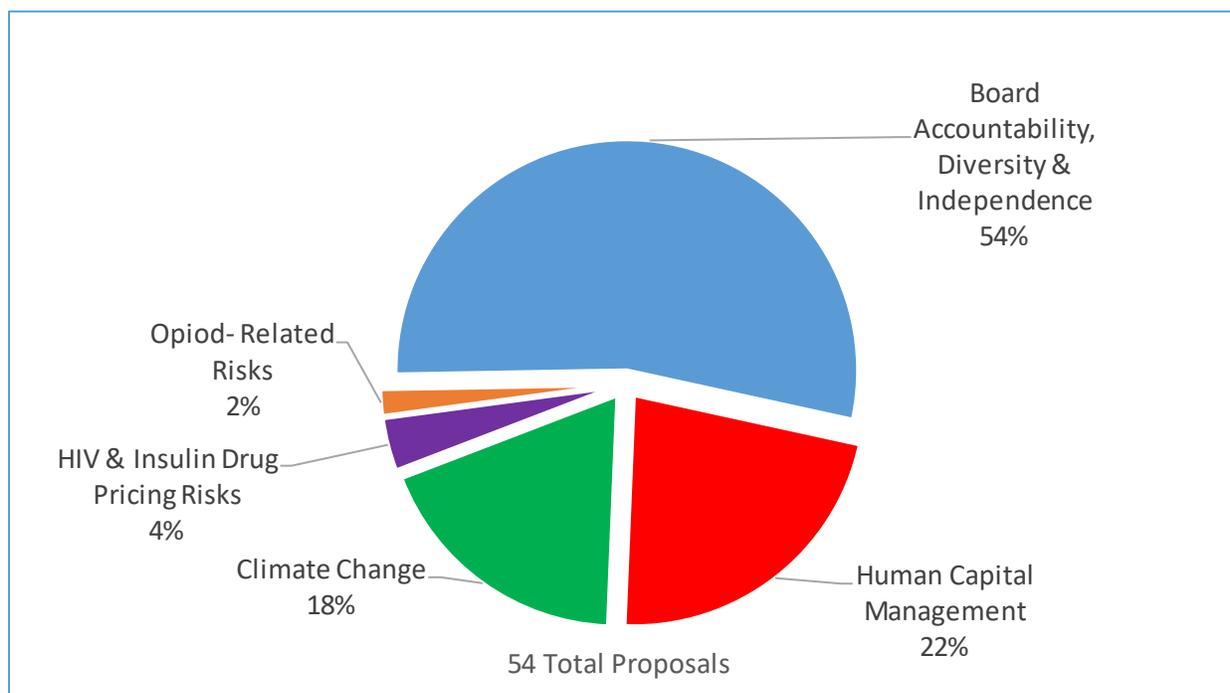
In response to initiatives led by TRS, NYCERS and BERS to address climate change risks:

- Seven of the 20 largest electric utilities in the U.S committed to achieve net zero greenhouse gas (GHG) emissions by 2050.
- Former Exxon CEO Lee Raymond stepped down from his role as lead "independent" director at JPMorgan Chase, the largest global lender and underwriter to the fossil fuel sector; the three systems had urged investors to oppose Raymond's election to the board on the basis that he lacked the impartiality and climate competency to perform his lead director responsibilities.

Finally, two additional empirical analyses on the impact of the Boardroom 1.0 were released in 2020. The three studies published to date have concluded that this Project increased shareowner value at targeted companies and provided a tool to improve board diversity. They also determined that those focus companies selected by NYCERS due to environmental concerns improved their environmental performance by reducing their: total toxic chemical releases; production-related emissions; cancer-causing pollution; environmental accidents and related legal risks.

Shareowner proposals and related initiatives are detailed and organized in to one of the five following focus areas.

NYCERS' 2020 Shareholder Proposals by Focus Area



Shareowner Initiatives

Board Accountability, Diversity and Independence

Boardroom Accountability Project 3.0: Board and CEO Diversity Search Policy

In October 2019, the Comptroller and NYCERS launched Boardroom Accountability Project 3.0, their signature initiative for the 2020 proxy season, in order to boost gender and racial/ethnic diversity in both the C-Suite and the corporate boardroom.

Boardroom Accountability 3.0 sought to obtain firm commitments to a diverse search process for board seats and to ensure that women and people of color are considered for the position of Chief Executive Officer (CEO). It follows Boardroom Accountability Project 1.0, which sought to make boards more diverse, independent and climate competent by enacting proxy access bylaws to facilitate the nomination of directors by long-term investors. Boardroom Accountability Project 2.0 pioneered the “Board Matrix” format to provide disclosure of the race and gender as well as the skills and experience of public company board members.

Building on the “Rooney Rule” pioneered by the National Football League, the Comptroller, on behalf of NYCERS, launched Boardroom 3.0 by sending letters requesting enactment of CEO and board diversity search policies to 56 companies (predominantly in the S&P 500). They received the letters not as a result of the current diversity of their board or CEO, but based on the premise that a robust diversity search policy can institutionalize a board’s commitment to achieving and maintaining racial and gender diversity beyond the terms of the incumbent directors.

A 2016 study published by the Harvard Business Review¹ concluded that including more than one woman or minority in a finalist pool changes the status quo to help combat unconscious bias among interviewers. The researchers found that the probability of hiring a woman were 79 times greater when there were at least two women in the finalist pool, and the probability of hiring a minority were a 193 times greater when there were at least two minority candidates in the finalist pool.

The Comptroller and NYCERS subsequently submitted shareholder proposals for the spring 2020 proxy season reiterating the request to 21 of the companies. In most instances, these companies had little or no apparent racial diversity on their board. Through August 2020, NYCERS reached negotiated settlements with 17 of the 21 companies whose boards agreed to enact policies governing searches for both new CEOs and new directors, which prompted withdrawal of the proposals. One additional company that did not receive a shareowner proposal, IHS Markit, also enacted similar policies in response to the initial letter and subsequent discussions.

While many large companies already have similar policies governing director searches, the Comptroller’s Office believes that these are the first public companies to extend such a policy to external CEO searches. After the public launch of the Comptroller’s Initiative, an additional company, Regions Financial, revised its existing Rooney Rule policy for director searches to extend to searches for section 16 executive officers, including the CEO.

Proposals went to a vote at Expeditors International of Washington, Inc., Arthur J. Gallagher & Co., and Berkshire Hathaway Inc. At Expeditors International, the proposal received 53% of votes cast, an unusually strong outcome for a proposal that was new to institutional investors and thus not already addressed in their proxy voting policies; the company has since responded by enacting board and CEO diversity search policies. At Arthur J. Gallagher, which took an intermediate step by adopting a policy governing only director searches but not external CEO searches, the proposal received the support of 24% of votes cast. At Berkshire Hathaway, where Chairman Warren Buffett controls a significant percentage of the company’s voting shares, the proposal received 12% of votes cast. Notwithstanding his vote against the proposal, Buffett took significant time at the company’s annual meeting to introduce NYCERS’ shareholder proposal, stressing the “serious and important” nature of the subject.

Board/CEO Diversity Search Policy Proposal Outcomes

Company	2020
Activision Blizzard, Inc.	Settled
Arthur J. Gallagher & Co.	24.4%
Berkshire Hathaway Inc.	12.3%
Cintas Corp.	Settled ¹
Dover Corporation	Settled
Expedia Group, Inc.	Settled
Expeditors International of Washington, Inc.	52.9% ²

Company	2020
Fastenal Company	Settled
Genuine Parts Company	Settled
Hilton Worldwide Holdings, Inc.	Settled
L Brands, Inc.	Settled
Lamb Weston Holdings, Inc.	Settled
MarketAxess Holdings Inc.	Settled
Nektar Therapeutics	Settled
PACCAR Inc.	Omitted
Paychex, Inc.	Settled ¹
Robert Half International Inc.	Settled
Ross Stores, Inc.	Settled
Seagate Technology Plc	Settled ¹
UDR, Inc.	Settled
VeriSign, Inc.	Settled

¹Proposal submitted in fiscal year 2020 and settled in fiscal year 2021.

²Company adopted CEO and board diversity search policy subsequent to vote.

In a related initiative to promote board diversity, the Comptroller collaborated with the Northeast Investors' Diversity Initiative, led by Connecticut State Treasurer Shawn T. Wooden, to send an October 2019 letter to 20 public companies headquartered in the region with either: (1) no women or one woman on their board; or (2) with no directors self-identifying as a member of a minority group. The letters, which were addressed to the chair of each company's nominating and corporate governance committee, requested engagements to allow the investors to gain a deeper understanding of the board's practices and policies related to improving board diversity. Eight companies have since made changes to their board composition, including the appointments of two people of color (one woman and one man) as well as six other women.

Boardroom Accountability Project 1.0: Proxy Access

In a continuation of the Boardroom Accountability Project 1.0, (launched in fall 2014 to enact proxy access in the U.S. market on a company-by-company basis), NYCRS submitted proposals to eight companies requesting proxy access for the 2020 proxy season. NYCRS also submitted a proxy access proposal to a ninth company, Eli Lilly, in connection with their participation in Investors for Opioid and Pharmaceutical Accountability (IOPA), as described on page 23.

Proxy access gives long-term shareowners the right to nominate directors at U.S. companies using the corporate ballot, and can play a critical role in creating sustainable shareowner value by helping investors ensure that boards of directors are diverse, climate competent, independent, and accountable. (See below discussion of empirical research on the positive impacts of the Boardroom Accountability Project.)

The proposals specifically requested a proxy access bylaw permitting shareowners that have collectively held three percent of the company for at least three years to nominate up to the greater of two directors or 25 percent of the board using the company's proxy materials. The terms are identical to those included in a rule enacted by the SEC in 2010 that required proxy access at all U.S. public companies, although the rule was subsequently vacated by a federal court on procedural grounds.

Proxy Access Proposal Outcomes

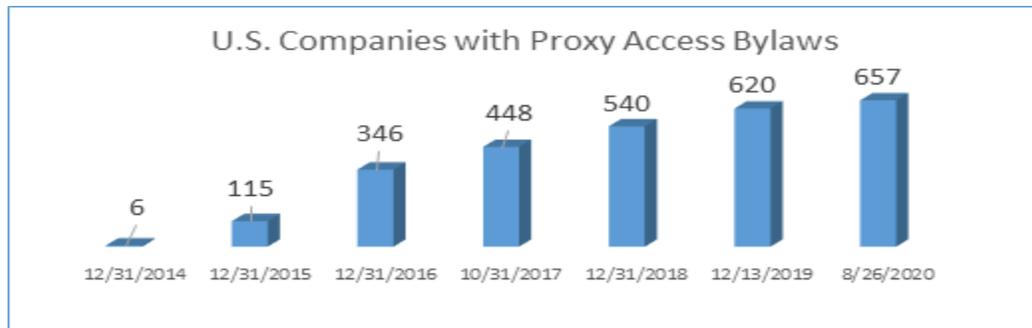
Company	2020
Commercial Metals Company	Settled
Eli Lilly and Company	See page 23
Emerson Electric	Settled
IQVIA Holdings, Inc.	Settled
Old Republic International	Settled
The Charles Schwab Corporation	Settled
Xerox Holdings Corp.	Settled
Zimmer Biomet Holdings, Inc.	Settled

In response to the proposals, Commercial Metals Company, IQVIA Holdings, Inc., Old Republic International, Xerox Holdings Corp. and Zimmer Biomet Holdings, Inc. enacted proxy access bylaws with terms substantially similar to those requested by the shareowner proposal, prompting the Comptroller’s Office to withdraw the proposals.

At Charles Schwab, although the board does not have the authority to unilaterally amend the company’s bylaws, the board agreed to put forward a management proposal to enact a proxy access bylaw at the company’s 2020 annual meeting. The management proposal, however, failed to obtain the necessary supermajority vote for the second time since 2018. Additionally, at Emerson Electric, NYCRS withdrew a customized proposal to eliminate restrictive provisions in the existing proxy access bylaw related to the company’s classified board structure. The board agreed to put forward a management proposal at its 2020 annual meeting to repeal its classified board and establish annual elections of all directors, which rendered the shareholder proposal moot. Management’s declassification proposal, nevertheless, failed to obtain the necessary supermajority vote and company management has since re-engaged with NYCRS regarding improvements to the company’s proxy access bylaw.

The settlement at Old Republic was noteworthy. NYCRS, jointly with the California Public Employees' Retirement System (CalPERS), submitted a binding proxy access proposal after the company’s board publicly indicated that it opposed proxy access and had no intention of implementing it, despite majority investor support for four consecutive years on advisory proposals submitted by CalPERS. Ultimately, the board of Old Republic enacted a responsive proxy access bylaw rather than risk majority investor approval of a simple, yet compulsory, bylaw amendment drafted by a shareowner. Following last year’s proposal at Netflix, which also ignored four consecutive majority votes on proxy access, this is the second time in two years that NYCRS used a binding proposal to negotiate with a recalcitrant company.

In total, more than 650 U.S. companies of various sizes and sectors have now enacted bylaws providing proxy access to shareowners holding at least three percent of the shares for three years— including more than 76 percent of the S&P 500— up from only six companies when the Boardroom Accountability Project was launched in fall 2014.



Nearly one-third of these companies took action in response to a share owner proposal from NYCERS. See page 29 for a cumulative list of proxy access outcomes for all of NYCERS’ focus companies since the fall 2014 launch of the Boardroom Accountability Project.

Empirical Research Supporting Boardroom Accountability Project

The Boardroom Accountability Project has been the subject of three empirical studies, two of which were released in fiscal 2020. The studies found that the initiative increased shareowner value, provided a tool to improve board diversity, and led focus companies to improve their environmental performance:

- In “Public versus Private Provision of Governance: The Case of Proxy Access (July 2015)”², Tara Bhandari, Peter Iliev, and Jonathan Kalodimos, economic researchers at the SEC, analyzed the public launch of the Boardroom Accountability Project 1.0 and found a 0.5 percent average increase in shareowner value at the initial 75 target firms.
- In “Proxy Access for Board Diversity (October 2019)”³, University of Virginia School of Law Professor Michal Barzusa studied Boardroom Accountability Project 1.0 and 2.0, and concluded that “while proxy access was rarely used to nominate directors, it was used indirectly — as a bargaining tool — to improve board diversity.”
- In the “Real Effects of Environmental Activist Investing (May 2020)”⁴, S. Lakshmi Naaraayanan, Kunal Sachdeva, Varun Sharma focused on only those firms targeted by the Boardroom Accountability Project 1.0 for environmental reasons. The authors concluded that targeted firms reduced: total toxic chemical releases; production-related emissions; cancer-causing pollution; environmental accidents; and related legal risks. It is important to point out that these results do not come at the expense of lower financial performance or returns. Overall, the authors also conclude that “engagements are an effective tool for long-term shareholders to address climate change risks.”

Independent Board Chair at Facebook

NYCERS re-submitted a shareowner proposal to Facebook calling for an independent board chair that was first submitted in 2019 in response to allegations of problematic business practices that harmed Facebook’s share price and damaged its relationships with key constituencies. The proposal was submitted jointly with the Treasurers of Illinois, Rhode Island, Connecticut, and Oregon as well as with Trillium Asset Management.

There is an inherent conflict of interest when the CEO chairs the board to which s/he is accountable. According to the Council of Institutional Investors, “a CEO who also serves as the chair may exert excessive influence on the board and its agenda, weakening the board’s oversight of management.”

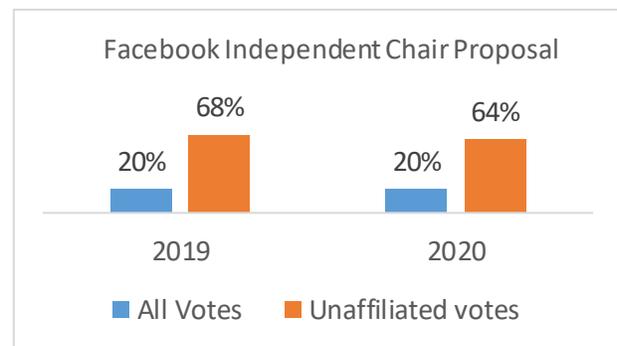
The issue is of particular concern at Facebook, where CEO Mark Zuckerberg exerts unrestricted control of a company that itself exercises extraordinary global power and influence, attracting scrutiny from both regulators and elected officials. As Facebook’s co-founder Chris Hughes warned in a May 2019 Op-ed in the New York Times:

“Mark’s influence is staggering, far beyond that of anyone else in the private sector or in government... Facebook’s board works more like an advisory committee than an overseer, because Mark controls around 60 percent of voting shares... He sets the rules for how to distinguish violent and incendiary speech from the merely offensive, and he can choose to shut down a competitor by acquiring, blocking or copying it.”⁵

Media reports in 2020 shed some light on the challenges that some independent directors have faced in their efforts to provide robust oversight of management. In April 2020, the Wall Street Journal reported that two of Facebook’s independent directors, Kenneth Chenault and Jeffrey D. Zients, “had spearheaded a group of independent directors who last year started holding separate meetings, worried their perspectives were being dismissed as Facebook faced regulatory woes.”

According to the Wall Street Journal, the two directors were “both unhappy for months with executive management and how the company handled misinformation.” Both have since stepped down from the board. As a result, only three of Facebook’s nine remaining directors appear to be genuinely independent, underscoring the need for independent board leadership.

The shareowner proposal received substantial support. It is estimated that 64 percent of unaffiliated investors supported the proposal, but this comprises only 19.5 percent of all votes cast, given that CEO Mark Zuckerberg controls a substantial majority of the voting power through a dual class share structure.



Human Capital Management

As long-term shareowners, NYCERS recognize that employees play a crucial role in ensuring any company’s success. While companies frequently assert that their employees are their “most valuable asset,” they generally disclose very little information about how they are managing their workforce – or, their “human capital” – to protect and create sustainable shareowner value.

The COVID-19 crisis of 2020 elevated the importance of human capital for all employers and underscored the need for enhanced disclosures to shareowners. The pandemic also prompted the SEC Chairman to issue a statement on the importance of COVID-19 disclosure, including transparency into employee health and safety.

For fiscal 2020, NYCERS submitted shareowner proposals requesting enhanced disclosure regarding employee diversity data, gender pay equity and the use of mandatory arbitration for employment-related disputes. NYCERS also engaged companies on their COVID-19-related safety and health initiatives and actively participated in the Human Capital Management Coalition (HCMC). These initiatives are discussed below.

Employee Diversity (EEO-1) Disclosure

NYCRS continued to advocate for improved disclosure on employee diversity by asking Charles Schwab to disclose its EEO-1 data. The EEO-1 data provide a breakdown of a company’s workforce by gender and race/ethnicity across different job categories, including senior management. Companies with over 100 employees and federal contractors with over 50 employees and contracts over \$50,000 are required to annually disclose their EEO-1 matrix of employees across nine job categories and seven gender/race/ethnic categories (component 1) to the Equal Employment Opportunity Commission (EEOC). Due to the pandemic, the EEOC has delayed the filing of 2019 EEO-1 reports until next year.

Looking forward to the 2021 proxy season, the Comptroller, on behalf of TRS, NYCERS and BERS, launched an initiative to request that CEOs who have made statements in support of racial justice disclose their EEO-1 report. The objective is to ensure that all investors will have access to more quantitative and comparable data regarding the composition of any company’s workforce.

EEO-1 Disclosure Proposal Outcomes

Company	2018	2019	2020
The Charles Schwab Corporation	35.8%	39.8%	42.6%

In response to the proposal’s strong support in 2019 and NYCRS engagement efforts in early 2020, Charles Schwab disclosed additional information in its diversity report, but only in broad company-specific job categories for gender as well as for “minorities.” Additionally, Charles Schwab released information on the race of its aggregate work force without reference to any job categories. During the engagement, the company explained that it wanted to preserve the baseline for future benchmarking until the proposed acquisition of TD Ameritrade is completed.

Taking a more holistic view of Schwab, NYCRS has voted against the nominating and governance committee of the company historically for lack of gender diversity – since 2015, this board has been made up of less than 16% women. As context, the 2019 U.S. Spencer Stuart Board Index notes that 26% of all S&P 500 directors are now women. Furthermore, Schwab trails in comparison to the board of TD Ameritrade and, in fact, has the lowest percentage of women amongst all 23 companies that it has disclosed as its peers in the proxy. It will be interesting to see, going forward, if the new entity will have a more diverse board.

Gender Pay Equity

NYCRS filed proposals at five insurance and healthcare companies and at technology giant Oracle, requesting that the companies identify and disclose whether a gender pay gap exists among their employees, and the measures being taken to eliminate any such pay disparities. Nationwide, women earn about 82 cents for every dollar earned by men. Furthermore, a 2016 report by Glassdoor⁶ found that the healthcare and insurance industries had some of the largest gender pay gaps — even when controlling for age, education, and years of experience. Oracle, in particular, was targeted as a result of a lawsuit filed by the U.S. Department of Labor alleging systematic discrimination against female and minority employees. All of the proposals also recommended that the companies review pay disparities based on race/ethnicity.

Gender Pay Equity Proposal Outcomes

Company	2019	2020
Assurant, Inc.		Settled
Cerner Corporation		Settled
HCA Healthcare, Inc.		Settled
Loews Corporation		Settled
Oracle Corp.¹	35.7%	Pending
The Cooper Cos., Inc.		Settled

¹Co-filed with Pax World Funds

In response to the proposals, several of the insurance and healthcare companies took meaningful steps to determine whether they had a gender pay gap and to enhance disclosure in this area. Assurant, for example, launched a multi-step process to ensure that it is compensating its employees equitably, and engaged an independent compensation specialist to assist with this analysis. Cerner disclosed that it is conducting a project to redesign its workforce structure and re-examine its employment practices. Loews committed to disclosing its gender pay equity in its 2020 Sustainability Report. HCA Healthcare agreed to publish a gender pay equity statement in its 2021 Impact Report, among other steps, and committed to considering additional disclosure in the future.

At Oracle — which faced the above-referenced lawsuit filed by the U.S. Department of Labor as well as a parallel class action lawsuit brought by three former employees alleging that women software engineers are routinely paid less than men in similar jobs — NYCERS’ shareowner proposal received 35.7 percent support (or accounting for high inside ownership, an estimated 64.2 percent of votes cast by unaffiliated shareowners) at the November 2019 annual meeting. This year’s proposal is expected to go to a vote in November 2020.

Mandatory Arbitration of Employment-Related Claims

Mandatory Arbitration Proposal Outcomes

Company	2019	2020
Alphabet Inc.	12.5% ¹	16.1%
Chipotle Mexican Grill, Inc.		51.0%
CVS Health Corporation		Omitted ²
Dollar General Corporation		Omitted ²
Dollar Tree, Inc.		Omitted ²

¹The 2019 proposal requested the elimination of mandatory arbitration, among other inequitable employment practices, rather than enhanced disclosure, as in 2020.

²Company received permission from the SEC to exclude the proposal from its proxy statement.

NYCRS submitted proposals successfully to Alphabet, Google’s parent company, and Chipotle urging their respective boards of directors to adopt a policy that the companies will report on the use of mandatory arbitration of employment-related claims. The proposal requested that this report include the proportion of employees who are subject to such provisions and the number of employee-related arbitration claims initiated and decided in favor of each employee.

In recent years, companies have increasingly relied on mandatory arbitration provisions in contractual arrangements with their employees. Such provisions require employees to submit claims to private arbitration, limiting their remedies and precluding them from suing in court for wrongs like wage theft, discrimination and harassment. The use of these provisions can prevent the discovery and redress of misconduct, harm employee morale, and increase the long-term negative impact on the company.

Alphabet was sued by the Equal Employment Opportunities Commission (EEOC) in 2018 for sexual harassment. The company did not engage on this issue in fiscal 2020 and has refused to extend the ban on mandatory arbitration that was previously enacted at Google to other Alphabet-owned companies and to Google contract workers. The proposal received 16.1% of the vote due to Alphabet's dual class share structure in which insiders control a substantial majority of the voting power. It was, however, an increase over the 12.48% support on a similar proposal in 2019 seeking to ban mandatory arbitration, among other inequitable employment practices.

Chipotle management opposed the shareholder proposal despite receiving a high volume of arbitration claims. The company asserted that mandatory arbitration can be effective in certain employment-related cases, and took the position that it can be a more expedient and cost-effective alternative for employees as opposed to the court system. Chipotle's position should be viewed in the context of a recent lawsuit involving mandatory arbitration. In 2016, nearly 10,000 workers filed a class action lawsuit against Chipotle, alleging wage theft. In August 2018, a federal judge dropped approximately 2,800 of the workers from the collective action because they were subject to mandatory arbitration. As a result, the company is facing thousands of individual arbitration cases.

NYCRS' proposal received majority shareowner support.

COVID-19 Employee Health and Safety at Amazon and Related Initiatives

In May 2020, Amazon disclosed its plans to spend approximately \$4 billion in the second quarter on coronavirus-related expenses, including investments in personal protective equipment, higher wages for hourly employees, and its own COVID-19 testing capabilities. Media reports, however, indicated that over 50 Amazon facilities had confirmed cases of COVID-19. Many Amazon employees were reported to be fearful about coming to work, and concerned for their own safety as well as that of their families, their coworkers, and the customers and communities they serve.

In a May 2020 joint letter with Dutch Pension fund APG, NYCERS called on the chair of Amazon's Leadership Development and Compensation Committee to report on how this committee of independent directors was overseeing the progress of the company's COVID-19 related initiatives. The Committee has the responsibility to oversee human capital management, including those strategies related to workplace environment and safety. The request was intended to ensure that these investments produced outcomes beneficial for both employees and shareowners. Rather than information on inputs such as the number of masks provided or employees tested, the letter stressed the investors' interest in more useful data – such as transparency into the performance metrics that the Committee was using to oversee the company's progress.

The Comptroller's Office and APG received oral and written responses from management, but the Committee chair did not engage with the investors, which together held approximately \$4.2 billion in the company.

In additional COVID-19 related engagements, the Comptroller's Office, in connection with NYCERS' participation in Investors for Opioid and Pharmaceutical Accountability (IOPA, see page 24), sent letters asking Eli Lilly and Gilead Sciences to update shareowners on the companies' responses to COVID-19. Requested topics included: financial implications of the pandemic; workforce composition and adjustments, including furloughs, layoffs and changes in employee schedules and pay; employee benefits and protections, including paid sick leave; and workplace health and safety. Both companies addressed the issues in their first quarter 2020 earnings presentations which were posted to their websites.

Human Capital Management Coalition (HCMC)

NYCERS are founding members of the Human Capital Management Coalition (HCMC), a cooperative effort among 30 global institutional investors representing over \$5.9 trillion that seeks to elevate human capital management as a critical component in company performance. The HCMC is co-chaired by the UAW Retiree Medical Benefits Trust and California State Teachers' Retirement System.

During 2020, the HCMC focused primarily on: (1) calling on companies to disclose their national COVID-19 mitigation response, consistent with recommendations in the COVID-19 disclosure statement issued by the SEC Chair; and (2) supporting SEC rules to require U.S. public companies to disclose quantitative human capital metrics (see Regulatory Engagement below.)

Other Human Capital Management Initiatives

Over the past year, the Comptroller signed or cosigned statements and letters to portfolio companies calling for various reforms related to human capital, as well as to human rights, consistent with the policies and long-term interests of NYCERS, including:

- An August 2019 joint investor letter calling on 40 U.S. companies to protect the rights of their employees to access affordable and comprehensive reproductive healthcare services. The letters, coordinated by Rhia Ventures, also asked companies to note the various healthcare programs that are currently offered to their workforce.
- An August 2019 joint investor comment letter to the Equator Principles Association (EPA) recommending that latest (EP4) version of Equator Principles—a risk management framework adopted by financial institutions for assessing and managing environmental and social risk in financing projects—be strengthened. The letter also asked for recognition of Indigenous Peoples' fundamental rights, in all countries, to provide or withhold their free, prior and informed consent for proposed projects (as set out in the United Nations Declaration on the Rights of Indigenous Peoples). The letter was coordinated by Boston Common Management and signed by investors representing \$2.92 trillion assets under management or advisement.
- A September 2019 letter to 41 companies in which the Comptroller expressed concerns with corporate-directed political action committees ("PACs", which are funded by contributions from employees, including those from the LGBTQ+ community), that contribute to candidates with policy positions antithetical to the corporation's publicly disclosed values. While all of the target companies were recognized by the Human Rights Campaign as leading supporters of LGBTQ+ rights in the workplace, the very same companies also contributed to politicians who actively oppose these rights through their PACs.

- A November 2019 joint investor letter to the board of McDonald's Corporation's expressing distress at its decision to characterize the termination of former CEO Easterbrook as "without cause," allowing him to retain nearly \$42 million of severance pay that he would not have been entitled to keep had he been terminated "for cause." Easterbrook violated company policy by entering into a sexual relationship with a subordinate. The letter called on the board to enact a clawback policy to empower the board to recoup compensation from executives who violate company policy or whose conduct causes reputational harm to the company. In August 2020, almost a year after the outreach letter, McDonald's filed a lawsuit against Easterbrook, accusing him of lying and of concealing evidence. The lawsuit seeks to recoup the stock options and other compensation that the board allowed Easterbrook to keep initially. The letter was also signed by the CtW Investment Group and the Local Authority Pension Fund Forum (LAPFF).
- A January 2020 Say on Pay Working Group letter to S&P 500 companies to share concerns about executive compensation among U.S. publicly traded firms. The letter was directed to each company's board and requested that attention be paid to three key issues: the benefits of incorporating Environmental, Social and Governance (ESG) metrics into incentive pay; the need to limit executive stock sales following stock buybacks; and the need for better disclosure on the use of "adjusted" GAAP metrics for incentive pay. The letter was signed by investors representing \$1.1 trillion in assets under management.
- A March 2020 investor statement calling on 95 companies to improve their performance on the Corporate Human Rights Benchmark (CHRB), which ranks 200 companies in four high-risk industries (agricultural products, apparel, extractives, and information and communication technology manufacturing) against five human rights due diligence indicators. The statement was delivered to companies that scored zero on all five indicators, and was coordinated by the Investor Alliance for Human Rights, an Initiative of the Interfaith Center on Corporate Responsibility (ICCR). It was signed by 176 international investors representing over \$4.5 trillion in assets under management.
- A March 2020 investor statement on the coronavirus response making the case for enhanced worker protections during COVID-19. The statement, coordinated by the Comptroller's office, Domini Impact Investments and ICCR was signed by 335 long-term institutional investors representing over \$9.5 trillion in assets under management.
- A May 2020 investor statement on recommendations for meat processors during COVID-19. Meat and poultry processing plants emerged as one of the most dangerous industries in the U.S. during the pandemic, with multiple facilities being forced to close due to the high numbers of infected workers. The Statement urged meat processors to establish and monitor worker protection measures, including: enforcing physical distancing; providing wage increases (rather than lump sum future bonuses contingent on uninterrupted attendance); providing personal protective equipment; and requiring all workers to be tested before entering any plant. The statement was coordinated by ICCR and signed by investors and fiduciaries representing \$2.3 trillion in assets under management.

Environmental/Climate Change

In order to avoid the most devastating consequences of global warming, the Paris Climate Agreement—signed by 194 nations and the European Union—established a goal to limit global temperature rise this century well below 2 degrees Celsius and to pursue efforts to limit the temperature increase even further to 1.5 degrees. According to the U.N. Intergovernmental Panel on Climate Change (IPCC), in order to meet this 1.5 degree goal, renewables are expected to supply 70–85% of electricity by 2050.

Consistent with this goal and to manage climate related investment risks to their portfolios, NYCERS urged companies to curb greenhouse gas emissions (GHG) and to improve their corporate governance provisions. NYCERS also called for more robust climate-related financial disclosure. Finally, TRS, NYCERS and BERS led a campaign to oppose the re-election of former Exxon CEO and lead “independent” director Lee Raymond to the board of JPMorgan Chase.

Electric Utility Decarbonization Initiative

The Electric Utility Decarbonization Initiative launched in February 2019 by NYCERS, TRS and BERS achieved some key successes in 2020. The \$1.8 trillion coalition of investors — which included CalPERS and New York State Comptroller Thomas P. DiNapoli — called on the boards of directors of the 20 largest publicly traded electricity generators in the U.S. to commit to net zero carbon emissions by 2050 and to implement key governance reforms to ensure independent and effective oversight of the companies’ transition to a low-carbon economy. These 20 utility companies accounted for 46 percent of emissions from the U.S. electric utility sector, which itself is responsible for 28% of U.S. GHG emissions. Decarbonized electricity is a prerequisite to achieving the goal of the Paris Agreement.

During fiscal 2020, seven of the 20 electric utilities committed to achieve net zero GHG emissions by 2050, which is critical for averting the most devastating consequences of global warming. The responsive utilities include DTE, Duke Energy, Dominion Resources, NRG, Pinnacle West, WEC Energy Group and Southern Company. At the launch of the initiative, only one of the top 20 utilities, Xcel Energy, had publicly committed to the net zero GHG emissions target.

At utilities that have announced net zero goals and yet continued to invest in natural gas capacity, there is a pressing need for active and independent board oversight of the strategic transformation necessary to successfully transition to a low carbon economy. These companies have electricity generation assets with long, useful lives (potentially beyond 2050) that are incompatible with their announced goals and thus, at risk of becoming stranded. This creates a fundamental concern for long-term investors, since a CEO has no incentive to make major investments and strategic choices today whose payoff — no matter how substantial — is decades down the road.

Independent Board Leadership at Major Electric Utilities

In an effort to mitigate the concerns that utility company CEOs lack adequate incentives to make long-term investments, NYCERS submitted shareowner proposals requesting an independent board chair at three major utilities — Duke Energy, Dominion Energy and Southern Company. These utilities are notable for their continued use of coal, their planned expenditures on natural gas, and their below-average use of renewable energy. According to a March 2020 report by Synapse Energy Economics, electricity generation from Duke Energy, Dominion Energy, and Southern Company utilities is responsible for 12.4 percent of U.S. power sector CO2 emissions — equivalent to 4.2 percent of total U.S. CO2 emissions. While all three utilities have announced plans

to decarbonize their electricity generation by 2050 in order to meet climate targets, a deeper look into their generation portfolios and plans reveals that all three utilities are on track to fall short of their emissions reduction commitments.⁷

The report’s findings raise concerns with the companies’ capital allocation strategies. While the onus is on company management to produce credible plans, it is the board’s responsibility to provide independent oversight and hold management accountable on behalf of shareowners. Independent board leadership and oversight are particularly needed at these companies so that their growth and long-term shareholder value will not be hampered by their failure to act more expeditiously to reduce GHG emissions and invest in renewables.

An independent chair can provide a balance of power between the CEO and the board. Significantly, directors on boards with a combined CEO-Chair report being more likely to have difficulty voicing a dissenting view, according to a 2019 survey by PwC.⁸ An independent board chair eliminates the conflict of interest that inevitably occurs when the CEO is responsible for self-oversight.

Independent Board Chair Proposal Outcomes

Company	2020
Dominion Energy, Inc.	46.7%
Duke Energy Corporation	40.1%
Southern Company	22.3%

Recognizing that few boards will strip a sitting CEO/Chair of the chairmanship absent a regulatory mandate or a majority vote on a shareholder proposal, NYCPS offered to settle the proposals for a policy to require an independent chair upon succession of the current CEO, an offer all three boards rejected. Accordingly, the proposals went to a vote at all three utilities, receiving especially strong support at Dominion Energy (46.6%) and Duke Energy (40.1%). By comparison, voting support for all Independent Chair proposals in fiscal 2020 averaged 34.8 percent.

Greenhouse Gas (GHG) Reduction Goals

In response to proposals requesting that four S&P 500 companies disclose quantitative goals for managing GHG emissions and issue a report on how they plan to achieve these targets consistent with the Paris Agreement, NYCPS reached negotiated agreements with three energy companies.

- Edison International, whose primary operating business is a regulated electric utility operating entirely within California, agreed to clarify its strategy and goals in its 2019 Sustainability report, which are inextricably linked to those of the State: to reduce GHG emissions by 40% below 1990 levels by 2030, and 80% below 1990 levels by 2050.

- Williams Companies, a natural gas producer, agreed to clarify in its future Sustainability Report that its methane reduction goals are publicly disclosed via its participation in Our Nation’s Energy Future (One Future) Coalition. This is a group of 30 leading natural gas companies working to voluntarily reduce methane emissions across the Natural Gas value chain to 1% (or less) by 2025. In August 2020, Williams disclosed a near-term target of 56% absolute reduction from 2005 levels in company-wide GHG emissions by 2030, putting the company on a positive trajectory to have net zero carbon emissions by 2050.
- Halliburton Company, which provides energy and engineering and construction services, committed to disclose medium or long-term quantitative GHG reduction goals in its 2020 Annual and Sustainability Report to be published in 2021; it also intends to include its materiality review of the company’s global operations in its 2019 Annual and Sustainability Report.

NYCRS also re-submitted the proposal to TransDigm, an aerospace company, where it received 45.1% support in 2020, a significant jump from a 35.0% vote in 2019.

GHG Reduction Goals Proposal Outcomes

Company	2019	2020
Edison International		Settled
Halliburton Company		Settled
TransDigm Group Inc.	35.0%	45.1%
Williams Companies, Inc.		Settled

Climate Action 100+/ Corporate Lobbying Disclosure at Major U.S. Automakers

Prompted by concerns regarding the apparent misalignment of their corporate lobbying activity with their stated positions on climate change, NYCERS re-submitted lobbying disclosure proposals to Ford and General Motors (GM) requesting that they annually disclose their policies and procedures governing lobbying and all payments used for direct or indirect lobbying, and also describe management’s decision-making process for, and the board’s oversight of, lobbying expenditures.

The proposals were submitted in connection with NYCERS participation in the global Climate Action 100+, a coalition of 360 worldwide investors with more than \$34 trillion in assets under management. The Coalition seeks to engage the 100+ highest emitting companies globally, i.e. “Systemically Important Climate Emitters” to achieve the goals of the Paris Climate Agreement. The initiative asks companies to curb emissions, improve climate governance and enhance climate-related financial disclosures. NYCERS serve as lead investors for engaging with GM and Ford, as well as with General Electric. NYCERS also participate in investor groups engaging with Paccar, a truck manufacturer, and with three electric utilities: AEP Corporation, Duke Energy and Southern Company.

Aligning climate-related lobbying with the goals of the Paris Agreement is a central pillar of the Climate Action 100+. Ford and GM are members of the Alliance for Automobile Manufacturers, which has questioned the validity of climate science and lobbied the U.S. government to lower the corporate average fuel economy (CAFE) standards which were under review at the time.

Both automakers offer very little disclosure on how they lobby legislation and regulations, nor on how their lobbying activities and spending, including on trade associations, aligns with their long-term corporate strategy and business interests. In addition to seeking such disclosure, Ford and GM were urged to refrain from supporting the weakening of the CAFE standards, and to oppose efforts to undermine California’s authority to set vehicle emissions standards that 13 other states have chosen to follow in place of less stringent national standards.

Significantly, to its credit, Ford joined with Honda, BMW, Volkswagen and Volvo to sign a binding agreement with California to follow the state’s stricter tailpipe emissions standards. GM was not only absent from this agreement, but also appears to have supported the Trump Administration’s final rule to weaken fuel economy standards as result of its membership in the Automotive Alliance for Innovation, which intervened in litigation to defend the rule.

Corporate Lobbying Disclosure Proposal Outcomes

Company	2019	2020
Ford Motor Company	16.5%	20.2%
General Motors Company	29.5%	33.1%

The proposal received 33.1% of votes cast at GM and 20.2% of votes cast at Ford, which has a dual class share structure through which insiders control a substantial share of the votes.

In a closely related initiative, the Comptroller co-led a September 2019 joint investor letter calling on 47 of the largest U.S. companies to align their climate lobbying with the goals of Paris Agreement. The letters, coordinated by Ceres as part of the Climate Action 100+, were signed by 200 institutional investors with \$6.5 trillion in assets under management

Corporate Political Spending Disclosure at Coal-Intensive Utilities

Corporate Political Spending Disclosure Proposal Outcomes

NYCRS once again submitted a shareowner proposal requesting board oversight and disclosure of all direct and indirect corporate political spending at Alliant Energy, a coal-intensive electric company. It was the third consecutive year that NYCRS submitted the proposal, and followed majority vote support in 2019.

Company	2018	2019	2020
Alliant Energy Corporation	39.0%	54.3%	Settled

In response to the proposal, the company now discloses its Political Engagement Guidelines and its payments to legislative committees, trade associations, 527 organizations, and 501(c)(4) Social Welfare Organizations.

Board oversight and disclosure of corporate assets used for political purposes helps mitigate the legal, regulatory and reputational risks that accompany political contributions and ensure that any corporate political spending is consistent with the long-term interests of the corporation and its shareowners and not at the whim of individual executives’ political preferences.

Vote No Campaign against JP Morgan Director Lee Raymond

TRS, NYCERS and BERS led a campaign to oppose the re-election of former Exxon CEO and lead “independent” director Lee Raymond at JP Morgan Chase & Co. because he lacks the impartiality and climate competency to serve as lead independent director of the largest global lender and underwriter to the fossil fuel sector.

In an April 2020 letter to JP Morgan shareholders, the Comptroller noted that by continuing to finance most fossil fuel activities, the company will fail to align its activities and impact with the Paris agreement goals. Given that their long-term executive compensation is tied to a three-year performance period, current management – similar to the utility executives above – has no incentive to make strategic decisions whose payoff is decades down the road. More importantly, this management team will most likely not be held responsible in the future for failing to make these decisions today. Given the company’s current governance structure, in which the CEO chairs the board, the onus is therefore on the independent members of the board, led by a genuinely independent and climate-competent lead director, to hold management accountable for driving the company’s energy finance transition on behalf of long-term investors.

In his letter, the Comptroller emphasized how Raymond’s stance as a climate change denier and his incredibly long tenure on the board compromised his independence. He also highlighted Raymond’s personal investments in the fossil fuels industry as well as his family’s extensive and sometimes interlocking financial relationships to this industry, including ownership of entities financed by JP Morgan.

In May 2020, as a result of the campaign, JP Morgan announced that Raymond would be stepping down in his role as lead “independent” director. This announcement was made a few weeks before the shareholder meeting. Other investors shared the concerns raised by the Comptroller: votes cast against Raymond increased substantially - from 6.3% in 2019 to 15.3% this year. The shareholder proposal to require an independent board chairman also had more support this year – at 41.7%, as compared to 33.4% in 2018 (when it was last up for a vote.) More recently, in September 2020, JP Morgan reported that Raymond had been replaced by another director as lead independent director.

Insurance Company Coal Divestment

In April 2020, Comptroller Stringer, on behalf of NYCERS, TRS and BERS, urged three leading insurance companies—Berkshire Hathaway, AIG and Liberty Mutual Insurance—to take immediate action to cut ties with the coal industry, including ceasing to underwrite any coal projects and divesting any holdings in companies that extract or distribute thermal coal. Together, the three insurers represent more than \$6.7 billion in coal investments as of 2017. The three Systems themselves have divested from thermal coal.

Other Climate-Related Collaborative Initiatives

Over the past year, the Comptroller signed or cosigned letters to portfolio companies and/or regulators calling for various reforms to address risks related to climate change, consistent with the policies and long-term interests of NYCERS. These included:

- An August 2019 joint investor statement calling on 35 oil and gas producers and mid-stream companies to oppose the EPA’s proposed rollback of the New Source Performance Standards (NSPS) and to publicly support continued federal regulation of methane emissions. This statement was a response to the Trump Administration’s attempt to remove methane from Federal regulation. Several larger methane producers including Shell, BP and Exxon, showed leadership by making public statements endorsing federal methane regulations and by reducing their own methane emissions. The statement, coordinated by the Interfaith Center on Corporate Responsibility (ICCR), was signed by a group of 140 global investors representing more than \$5.5 trillion in assets under management.
- A December 2019 joint investor letter to CARB asking for a stronger rule that will accelerate electrification of medium and heavy-duty vehicles at the pace and scale needed to meet California climate goals. The Comptroller joined a second investor letter to CARB in June 2020 expressing support for a strengthened rule proposal. The letters were coordinated by CERES and included investors with, respectively, more than \$237 billion and \$363.87 billion in assets under management.
- A January 31, 2020 joint investor letter requesting that Boeing refrain from further engaging in lobbying against efforts by Oregon and Washington to implement market-based mechanisms to reduce GHG emissions. The letter was signed by investors with more than \$1.4 trillion in assets under management.
- A March 2020 joint investor letter encouraging 133 S&P 500 Companies to respond to the Carbon Disclosure Project (CDP) questionnaire. CDP’s reporting platform provides investors with the most complete source of self-reported corporate environmental data. While over 2,400 companies responded to the questionnaire in 2019, many major corporations in high impact sectors did not. The letter was coordinated by CDP.

Opioid-Related and Anticompetitive Drug Pricing Risks

The pharmaceutical industry, which plays a critical role in advancing human health and innovation, is afforded regulatory protections in order to promote investments in research and development and to bring new therapies to market. Certain business practices, however, can create legal and reputational risks.

For 2020, NYCERS, in collaboration with Investors for Opioid and Pharmaceutical Accountability (IOPA), expanded their focus beyond opioid-related risks to address other pharmaceutical industry risks, especially anticompetitive practices that can lead to higher drug prices. These may include using regulatory loopholes, such as accumulating patents on the same drug to block competitors, and/or entering into collusive agreements with competitors. Anticompetitive practices often push the limits of laws and regulations and have drawn significant scrutiny from federal regulators.

Individual IOPA members led engagements of particular companies on governance reforms. The purpose of these engagements was to request that management’s incentives be aligned with the promotion of ethical and sustainable business practices, and to improve board independence, accountability and oversight related to opioid risks.

Opioid-Related Risks at Johnson and Johnson

Executive Compensation Clawback Disclosure Proposal Outcomes

Company	2018	2019	2020
Johnson & Johnson	Other ¹	46.1%	Settled

¹Withdrawn for procedural reasons after the company requested permission from the SEC to omit the proposals from its proxy statement.

In an extension of their focus on opioid-related risks, NYCERS for the third consecutive year submitted a shareowner proposal requesting that Johnson & Johnson adopt a policy to provide for public disclosure of any actions taken under the company’s clawback policy. This policy was negotiated by NYCERS in 2013 and enables the board to ensure that executives do not benefit financially from misconduct by empowering the board to recoup compensation from senior executives responsible for misconduct that causes significant financial and/or reputational harm to the company (either through their own actions or through a failure of supervisory oversight.) In August 2019, a judge in Oklahoma ruled that Johnson & Johnson had intentionally played down the dangers and oversold the benefits of opioids, and ordered it to pay the state \$572 million. This was the first time a drug manufacturer was tried for the destruction wrought by prescription painkillers. Johnson & Johnson has not yet disclosed any recoupment of executive compensation in connection with this ruling.

NYCERS withdrew the proposal at Johnson & Johnson in fiscal 2020 after the company agreed to publicly disclose in its proxy statement any recoupment action triggered by misconduct, when the underlying facts of the misconduct has been previously disclosed, which allows investors to monitor the board’s enforcement of its clawback policy.

Anticompetitive Practices Relating to Insulin & HIV Drug Prices at Eli Lilly and Gilead

Prompted by allegations of anticompetitive practices related to insulin and/or HIV drug prices, NYCERS submitted shareowner proposals seeking corporate governance and executive compensation reforms at Eli Lilly and Gilead Sciences:

- In 2018, the Minnesota Attorney General sued three makers of synthetic insulin, including Eli Lilly, alleging that the companies’ publication of “deceptive and misleading” list prices for insulin violates the Racketeer Influenced and Corrupt Organizations Act (RICO) and state law. According to the complaint, substantial list price increases for insulin imposed undue financial burdens on many patients and institutional purchasers. In 2019, the state of Kentucky sued the same three insulin producers based on similar facts.
- A 2019 class-action lawsuit filed in federal court alleged that through an array of anticompetitive practices, Gilead Sciences acquired and maintained a monopoly in the market for drugs that comprised the modern HIV treatment regimen known as “combination antiretroviral therapy” (“cART”). Gilead Sciences is alleged to have conspired with other companies to “unlawfully extend patent protection” and to have impaired entry of competitively priced generic HIV drugs on top of charging exorbitant drug prices⁹.

NYCERS’ proposals requested (1) proxy access to strengthen board accountability at Eli Lilly and (2) an executive compensation clawback policy at Gilead to ensure that executives do not benefit financially from misconduct.

Proposal Outcomes Related to Oversight of Unethical Drug Pricing

Company	Proposal	2020
Eli Lilly and Company	Proxy Access	Settled
Gilead Sciences, Inc.	Misconduct Clawback Policy	Settled

NYCERS reached negotiated agreements with both companies:

- Eli Lilly established a proxy access bylaw to provide long-term shareowners the right to nominate directors using the corporate ballot.
- Gilead enacted a clawback policy that empowers its board to recoup incentive pay from executive officers responsible for misconduct resulting in material financial, operational or reputational harm to the company, either through their own actions or through their failure to supervise others. In addition, the company committed to publicly disclose any recoupments under the policy when the underlying facts are disclosed, which allows investors to monitor the board’s enforcement of the policy.

Investors for Opioid and Pharmaceutical Accountability (IOPA)

NYCRS are founding members of Investors for Opioid and Pharmaceutical Accountability (IOPA). Led by the UAW Retirees Medical Benefits Trust (RMBT) and Mercy Investments, the coalition of 56 investors with over \$3.5 trillion in assets under management seeks corporate board accountability for business risks and compliance failures associated with the manufacture, distribution and dispensing of opioids.

For 2020, the IOPA's corporate engagements focused on improving board independence, accountability and oversight related to opioid risks, and anticompetitive business practices at pharmaceutical companies.

Regulatory Engagement

During fiscal 2020, the Comptroller, in his capacity as investment adviser to NYCRS, signed on to the following unilateral and/or joint investor letters to the SEC and elected officials in connection with proposed SEC regulations:

Defending Investor Rights

In November 2019, the SEC proposed new rules to regulate proxy advisory firms and shareholder proposals. The proposals, individually and in combination, would further insulate companies from accountability to their shareowners. Under the proposed rules, investors such as NYCRS, who actively and responsibly exercise their longstanding rights to cast informed votes and to submit shareowner proposals, will be substantially disenfranchised. In response, the Comptroller signed or co-signed:

- A November 2019 joint investor comment letter requesting an extension of the comment period for the Proxy Advisor and Shareholder Proposal rules. The letter was led by the Council of Institutional Investors (CII) and co-signed by numerous members.
- A November 2019 comment letter to the U.S. Securities and Exchange Commission expressing strong opposition to the proposed rules to regulate proxy advisory firms as unnecessary, costly and harmful. Comptroller Stringer wrote in opposition to any SEC or other regulatory actions that would compromise the independence of research and reduce the amount of time investors have to review this research in advance of companies' shareholder meetings. The letter also opposed the imposition of additional costs on participants and beneficiaries — in terms of either added burdens on staff resources or additional compliance costs imposed on advisors, which investors (who are the paying clients), would ultimately bear.
- A November 2019 joint letter with New York State Comptroller Thomas J. DiNapoli to the New York State Congressional delegation, including Senate Minority Leader Charles Schumer, expressing strong opposition to the November 2019 proposed rules to regulate proxy advisors and shareholder proposals and asking them to encourage the SEC to extend the comment period for both proposals.
- A January 27, 2020 joint investor comment letter to the SEC objecting to specific provisions of the shareholder proposal rule that would limit investors' ability to use skilled representatives to file shareholder proposals as well as to serve as representatives for and to collaborate with other investors who wish to file such proposals.
- A February 3, 2020 letter to the SEC in which the Comptroller expressed opposition to the proposed changes to the shareholder proposal rule and highlighted how shareholder proposals have proven to be an essential and cost-effective tool for NYCRS to protect and enhance long-term shareholder value.

The SEC (in a 3-2 vote along party lines) approved the Proxy Advisor rule on July 22, 2020 and approved the Shareholder Proposal rule on September 23, 2020.

Advocating for Mandatory Human Capital Management Disclosure

In July 2017, the HCMC (described on page 14) filed a rulemaking petition requesting that the SEC adopt rules that would require public companies to report on human capital management policies, practices, and performance. The petition clearly laid out the investor case for the disclosure of reliable, consistent, and timely information about human capital management.

In August 2019, the SEC acted on the 2017 rulemaking petition with an important first step toward acknowledging the critical value of the workforce by proposing new rules requiring a principles-based approach to human capital disclosure. In his statement announcing the rules, SEC Chairman Jay Clayton said the new amendments would “modernize and improve our disclosure framework, including recognizing that intangible assets, and in particular human capital, often are a significantly more important driver of value in today’s global economy.”¹⁰

The Comptroller submitted an October 2019 comment letter to the SEC to express support for this August 2019 proposal to the extent that the principles-based approach is expanded to provide investors with a baseline of quantitative metrics that are material, consistent and comparable, and universally applicable across companies. In particular, the Comptroller urged the SEC to require disclosure of a number of specific metrics, including: the number of people employed by the issuer, broken down by (a) gender, race, and ethnicity, including among senior management and by (b) full-time and part-time status together with contingent workers; workforce cost, including salaries and employee benefits; and a workforce stability metric (i.e., turnover). The comments were aligned with the advocacy priorities of the HCMC.

In August 2020, the SEC (in a 3-2 vote along party lines) approved its proposal to require a principles-based approach to human capital disclosure. In their respective dissenting statements, SEC Commissioner Allison Herren Lee expressed “concern that the proposal leaned too heavily on principles-based disclosures, both with respect to human capital and more broadly.”¹¹ SEC Commissioner Caroline Crenshaw stated the following: “Imagine if companies had been required to disclose key human capital metrics prior to 2020, like workplace flexibility and safety, and employee turnover rates. Investors would have had a basis to weigh the impacts of COVID-19 across sectors and would have been able to assess how companies would perform during this crisis.”¹²

Protecting Investors from Predatory High Frequency Trading Strategies

In February 2020, the Comptroller signed a joint investor comment letter to the SEC expressing support for a pending proposal by Investors Exchange LLC (“IEX”) to introduce a new Discretionary Limit (“D-Limit”) order to improve displayed liquidity for all market participants. The D-limit helps to level the playing field by providing investors access to similar tools used by high frequency traders. The comment letter was sent jointly with the Ontario Teachers’ Pension Plan and Caisse de dépôt et placement, two large Canadian pension systems. The SEC subsequently approved the proposed Discretionary Limit in August 2020.

2020 Shareowner Proposal Results by Company

Company	Proposal	Proponent ¹	2020
Activision Blizzard, Inc.	Board/CEO Diversity Search Policy	F,N,P,T	Settled
Alliant Energy Corporation	Political Spending Disclosure	F,N,P,T	Settled
Alphabet Inc.	Mandatory Arbitration Disclosure	F,N,P,T	16.1%
Arthur J. Gallagher & Co.	Board/CEO Diversity Search Policy	F,N,P,T	24.4%
Assurant, Inc.	Gender Pay Equity	F,N,P,T	Settled
Berkshire Hathaway Inc.	Board/CEO Diversity Search Policy	F,N,P,T	12.3%
Cerner Corporation	Gender Pay Equity	F,N,P,T	Settled
Chipotle Mexican Grill, Inc.	Mandatory Arbitration Disclosure	F,N,P,T	51.0%
Cintas Corp.	Board/CEO Diversity Search Policy	F,N,P,T	Settled*
Commercial Metals Company	Proxy Access	B,N,P,T	Settled
CVS Health Corporation	Mandatory Arbitration Disclosure	F,N,P,T	Omitted
Dollar General Corporation	Mandatory Arbitration Disclosure	F,N,P,T	Omitted
Dollar Tree, Inc.	Mandatory Arbitration Disclosure	F,N,P,T	Omitted
Dominion Energy, Inc.	Independent Chair	F,N,P,T	46.7%
Dover Corporation	Board/CEO Diversity Search Policy	F,N,P,T	Settled
Duke Energy Corporation	Independent Chair	F,N,P,T	40.1%
Edison International	Greenhouse Gas Reduction Goals	F,N,P,T	Settled
Eli Lilly and Company	Proxy Access	F,N,P,T	Settled
Emerson Electric	Proxy Access	B,N,P,T	Settled
Expedia Group, Inc.	Board/CEO Diversity Search Policy	F,N,P,T	Settled
Expeditors International of Washington	Board/CEO Diversity Search Policy	F,N,P,T	52.9%
Facebook, Inc.	Independent Chair	F,N,P,T	19.5%
Fastenal Company	Board/CEO Diversity Search Policy	F,N,P,T	Settled
Ford Motor Company	Lobbying Disclosure	F,N,P,T	20.2%
General Motors Company	Lobbying Disclosure	F,N,P,T	33.1%
Genuine Parts Company	Board/CEO Diversity Search Policy	F,N,P,T	Settled
Gilead Sciences, Inc.	Misconduct Clawback Policy	F,N,P,T	Settled
Halliburton Company	Greenhouse Gas Reduction Goals	F,N,P,T	Settled
HCA Healthcare, Inc.	Gender Pay Equity	F,N,P,T	Settled
Hilton Worldwide Holdings, Inc.	Board/CEO Diversity Search Policy	F,N,P,T	Settled
IQVIA Holdings, Inc.	Proxy Access	B,N,P,T	Settled
Johnson & Johnson	Clawback Disclosure Policy	F,N,P,T	Settled
L Brands, Inc.	Board/CEO Diversity Search Policy	F,N,P,T	Settled
Lamb Weston Holdings, Inc.	Board/CEO Diversity Search Policy	F,N,P,T	Settled
Loews Corporation	Gender Pay Equity	F,N,P,T	Settled
MarketAxess Holdings Inc.	Board/CEO Diversity Search Policy	F,N,P,T	Settled
Nektar Therapeutics	Board/CEO Diversity Search Policy	F,N,P,T	Settled
Old Republic International	Proxy Access	F,N,P,T	Settled
Oracle Corp.	Gender Pay Equity	F,N,P,T	Pending
PACCAR Inc.	Board/CEO Diversity Search Policy	F,N,P,T	Omitted
Paychex, Inc.	Board/CEO Diversity Search Policy	F,N,P,T	Settled*
Robert Half International Inc.	Board/CEO Diversity Search Policy	F,N,P,T	Settled
Ross Stores, Inc.	Board/CEO Diversity Search Policy	F,N,P,T	Settled

Company	Proposal	Proponent ¹	2020
Seagate Technology Plc	Board/CEO Diversity Search Policy	F,N,P,	Settled*
Southern Company	Independent Chair	F,N,P,T	22.3%
The Charles Schwab Corporation	EEO-1 Disclosure	N,T	42.6%
The Charles Schwab Corporation	Proxy Access	F,P	Settled
The Cooper Cos., Inc.	Gender Pay Equity	B,N,P,T	Settled
TransDigm Group Inc.	Greenhouse Gas Reduction Goals	B,N,P,T	45.1%
UDR, Inc.	Board/CEO Diversity Search Policy	F,N,P,T	Settled
VeriSign, Inc.	Board/CEO Diversity Search Policy	F,N,P,T	Settled
Williams Companies, Inc.	Greenhouse Gas Reduction Goals	F,N,P,T	Settled
Xerox Holdings Corp.	Proxy Access	F,N,P,T	Settled
Zimmer Biomet Holdings, Inc.	Proxy Access	F,N,P,T	Settled

¹Indicates which of NYCRS filed the 2020 proposal: B-BERS; F-Fire; N-NYCERS; P-Police; T-TRS

NYCRS' Focus Companies Enacting Proxy Access, 2014 – 2020

The below table is a comprehensive list of companies that have received shareowner proposals requesting a proxy access bylaw since the launch of the Boardroom Accountability Project in fall 2014, together with voting results for those proposals. It also identifies focus companies that have enacted a proxy access bylaw. It excludes Chesapeake Energy, which agreed to enact proxy access in response to a proposal from NYCERS prior to the fall 2014 launch of the Boardroom Accountability Project:

S- Reached settlement with the company

Company	2015	2016	2017	2018	2019	2020	Enacted Bylaw
3M Company		S					X
AbbVie Inc.		S					X
Abercrombie & Fitch Co. ¹	S		82.3%				X
ACI Worldwide, Inc.			S				X
Activision Blizzard, Inc.				S			X
AECOM				S			X
AES Corporation, The	66.4%	S					X
Albemarle Corporation			S				X
Alexandria Real Estate Equities, Inc.				S			X
Alexion Pharmaceuticals, Inc.	49.2%	S					X
Alliance Data Systems Corporation	55.7%	S					X
Alpha Natural Resources, Inc.	67.1%						Moot ²
Ameren Corporation		S					X
American Airlines Group Inc.		S					X
American Axle & Manufacturing Holdings, Inc.				S			X
American Electric Power Co., Inc.	67.2%						X
American Tower Corporation		S					X
AMETEK, Inc.			S				X
Amgen Inc.		S					X
Anadarko Petroleum Corporation	59.4%						X
Analog Devices, Inc.					S		X
ANSYS, Inc.				S			X
Apache Corp.	92.7%						X
Apartment Investment and Management Co.	57.7%	S					X
Arch Coal Inc.	36.3%						X
AvalonBay Communities Inc.	65.0%						X
Avon Products Inc.	75.7%	S					X
Baker Hughes Incorporated			S				Moot ²
BB&T Corporation			S				X
Bed Bath & Beyond Inc.		61.6%					X
Big Lots Inc.	S						X
Boeing Company, The		S					X

Company	2015	2016	2017	2018	2019	2020	Enacted Bylaw
C. R. Bard, Inc.			S				X
Cabot Oil & Gas Corporation	45.3%	45.5%					X
Caterpillar Inc.		S					X
CenterPoint Energy, Inc.			S				X
Cerner Corporation		S					X
CF Industries Holdings, Inc.	57.3%						X
Charles Schwab Corporation, The			61.3%	S ⁴		S ⁴	
Charter Communications, Inc.				38.8%	38.8%		
Cheniere Energy, Inc.	63.1%						X
Chevron Corporation	55.3%						X
Chipotle Mexican Grill, Inc.	49.9%	57.4%					X
Cimarex Energy Co.	56.2%						X
Cincinnati Financial Corporation				S			X
Citrix Systems, Inc.				S			X
Cloud Peak Energy Inc.	71.1%						X
CMS Energy Corporation		S					X
CNO Financial Group, Inc.					S		X
Colgate-Palmolive Company		S					X
Commercial Metals Company						S	X
Commvault Systems, Inc.					S		X
Concho Resources Inc.				S			X
ConocoPhillips	54.3%						X
CONSOL Energy Inc.	47.0%	52.4%					X
Consolidated Edison, Inc.			S				X
Crown Castle International Corp.			86.6%	S			X
D.R. Horton, Inc.				S			X
DENTSPLY Sirona Inc.			S				X
Devon Energy Corporation	58.1%	S					X
Diebold Nixdorf, Incorporated			S				X
Digital Realty Trust, Inc.					S		X
Dollar General Corporation			S				X
Dollar Tree, Inc.			S				X
Dominion Resources, Inc.		S					X
DTE Energy Company	61.7%						X
Duke Energy Corporation	62.7%	S					X
E. I. du Pont de Nemours and Company			S				Moot ²
eBay Inc.	59.4%	S					X
Electronic Arts Inc.	55.0%	S					X
Eli Lilly and Company						S	X
Emerson Electric						S	X
Entergy Corporation			S				X

Company	2015	2016	2017	2018	2019	2020	Enacted Bylaw
Envision Healthcare Corporation				S			X
EOG Resources, Inc.	50.7%						X
EQT Corporation	66.3%						X
Equifax Inc.			S				X
Equity Residential	56.1%						X
Eversource Energy			S				X
Exelon Corporation	43.6%	S					X
Expeditors International of Washington Inc.	35.0%						X
Express Scripts Holding Company		S					X
Extra Space Storage Inc.				S			X
Exxon Mobil Corporation	49.4%	61.9%					X
Fidelity National Financial, Inc.	60.9%	S					X
Fidelity National Information Services, Inc.			S				X
First Horizon National Corporation					S		X
FirstEnergy Corp.	71.4%	S					X
FleetCor Technologies, Inc.	46.9%	62.3%					X
FMC Corporation			S				X
FMC Technologies, Inc.			Moot ²				Moot ²
Freeport-McMoRan Copper & Gold Inc.	64.9%	S					X
GameStop Corp.			S				X
Global Payments Inc.			S				X
Harris Corporation				S			X
Hasbro Inc.	68.6%						X
HCP, Inc.	55.5%	S					X
Helmerich & Payne, Inc.				S			X
Hess Corporation	51.1%						X
Home Depot, Inc., The		S					X
Honeywell International Inc.		S					X
Hospitality Properties Trust			84.8%	85.0%	S		X
Humana Inc.			76.3%	S			X
Imperva, Inc.				S			X
Intel Corporation		S					X
Intercontinental Exchange, Inc.		S					X
International Business Machines Corporation		Other	59.4%	S			X
IPG Photonics Corporation					S		X
IQVIA Holdings, Inc.						S	X
Johnson & Johnson		S					X
Kilroy Realty Corporation			S				X
Kinder Morgan, Inc.			58.6%				X
Kroger Co., The				S			X

Company	2015	2016	2017	2018	2019	2020	Enacted Bylaw
Leggett & Platt, Incorporated			S				X
Leucadia National Corporation			S				X
Level 3 Communications, Inc.	43.6%						X
Littlefuse, Inc.					S		X
LKQ Corporation			S				X
M&T Bank Corporation				S			X
Macerich Company, The		S					X
Marathon Oil Corporation	62.7%						X
Marsh & McLennan Companies, Inc.			S				X
Martin Marietta Materials, Inc.			72.5%	S			X
Masimo Corp.					53.4%	Other ⁶	X
Medidata Solutions, Inc.					S		X
Micron Technology, Inc.				S			X
Mid-America Apartment Communities, Inc.				S			X
Minerals Technologies Inc.			87.5%	S			X
Mohawk Industries, Inc.					S		X
Monster Beverage Corporation	41.9%	43.4%	40.7%	S			X
Murphy Oil Corporation	53.0%	S					X
Mylan, Inc.	Moot						Moot ²
Nabors Industries Ltd.	67.0%	60.4%	54.1%				X ³
National Instruments Corporation					S		X
National Oilwell Varco, Inc.			98.4%				X
Nektar Therapeutics							X
NetApp, Inc.			92.3%	S			X
Netflix, Inc.	71.0%	71.8%	66.8%	57.9%	S		X
NeuStar, Inc.			Moot ²				Moot ²
New York Community Bancorp Inc.	44.4%	67.1%	S				X
Newfield Exploration Company			S				X
NiSource Inc.		S					X
Noble Energy, Inc.	42.3%	38.4%					X
NRG Energy, Inc.		94.8%	S				X
NVR, Inc.	41.5%	Other					X
Oasis Petroleum, Inc.					S		X
Occidental Petroleum Corporation	62.0%						X
Old Republic International						S ⁷	X
ONEOK, Inc.			S				X
O'Reilly Automotive, Inc.		66.2%	S				X
PACCAR Inc.	42.0%	45.2%	49.6%	S			X
Palo Alto Networks, Inc.				S			X
Parker-Hannifin Corporation				S			X

Company	2015	2016	2017	2018	2019	2020	Enacted Bylaw
Patterson-UTI Energy, Inc.					S		X
Peabody Energy Corp.	48.7%	S					X
PepsiCo, Inc.		S					X
Pfizer Inc.		S					X
Phillips 66			S				X
Pinnacle West Capital Corporation			S				X
Pioneer Natural Resources Co.	49.4%						X
Plantronics, Inc.					S		X
Pool Corporation					S		X
PPL Corporation ²	61.4%	S					X
Praxair, Inc.		S					X
Precision Castparts Corp.	58.7%	Moot ²					
Priceline Group Inc., The	53.7%						X
PulteGroup, Inc.			S				X
Range Resources Corporation	60.9%						X
Regeneron Pharmaceuticals, Inc.	28.0%						
Republic Services	89.9%						X
Robert Half International Inc.				S			X
Roper Technologies Inc.	67.6%	S					X
Ross Stores, Inc.			S				X
Sabra Health Care REIT, Inc.					S		X
Salesforce.com, Inc.		S					X
SBA Communications Corp.	46.3%	67.6%	S				X
SCANA Corporation			S				X
Sealed Air Corporation			S				X
Senior Housing Properties Trust			78.7%	Other	S		X
Signature Bank				S			X
Six Flags Entertainment Corporation				S			X
Skyworks Solutions, Inc.			S				X
SL Green Realty Corp.		S					X
Southern Company	46.2%	S					X
Southwestern Energy Co.	56.4%						X
Splunk, Inc.	S						X
Sprouts Farmers Market, Inc.			S				X
Staples, Inc.	S						X
Tempur Sealy International, Inc.					S		X
Texas Instruments Incorporated			S				X
Textron Inc.			S				X
Tiffany & Co.				S			X
TJX Companies, Inc., The				S			X
Tractor Supply Company			S				X

Company	2015	2016	2017	2018	2019	2020	Enacted Bylaw
TransDigm Group Incorporated				S			X
TRW Automotive Holdings Corp.	Moot						Moot ²
U.S. Bancorp		S					X
Ultimate Software Group, Inc., The			S				X
Union Pacific Corporation		S					X
United Therapeutics Corporation	S						X
Universal Health Services		8.9%	8.3%	8.4%	9.0%		
Unum Group		S					X
Urban Outfitters Inc.	40.6%	63.6%	S				X
VCA Inc.	45.9%	Other					Moot ²
Ventas, Inc.			S				X
VEREIT	S						X
VeriFone Systems, Inc.			S				X
Vertex Pharmaceuticals Incorporated	58.4%	S					X
Visteon Corporation	75.7%	S					X
Vornado Realty Trust			S				X
W.W. Grainger, Inc.			S				X
Waters Corporation			89.4%				X
WebMD Health Corp.			S				X
WEC Energy Group, Inc.		74.7%					X
Wells Fargo & Company		S					X
Westmoreland Coal Co.	35.8%						X
WEX, Inc.					S		X
Whiting Petroleum Corp.	S						X
Williams Companies, Inc., The			S				X
Xcel Energy Inc.		S					X
Xerox Holdings Corp.						S	X
Xilinx, Inc.			S				X
Zimmer Biomet Holdings, Inc.						S	X
Zoetis Inc.		S					X

¹ Abercrombie & Fitch board enacted proxy access after failing to obtain supermajority vote for management proposal in 2016.

² Bankruptcy, acquisition, or inversion³ Nabors provides proxy access by policy, not bylaw

⁴ NYCERS' proposal received majority support in 2017, but both 2018 and 2020 management bylaws failed to obtain necessary supermajority. Charles Schwab's Certificate of Incorporation provides that the board must seek shareowners' approval with supermajority vote support to amend the bylaws.

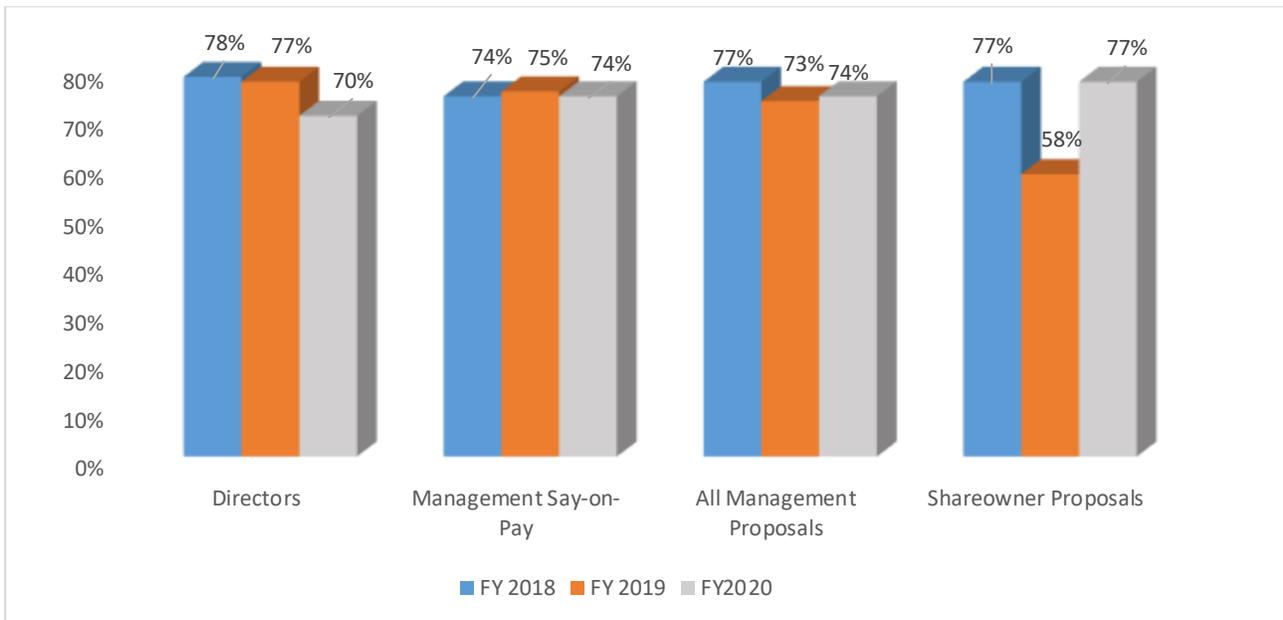
⁶ Masimo Corp. enacted an unresponsive proxy access bylaw following the majority shareowner vote on proposal submitted by NYCERS at its 2019 annual meeting. NYCERS subsequently wrote a letter the company to share concerns and to seek the Board's approval for the proposed revisions regarding some specific terms of the bylaw. In response to the NYCERS' letter, the management agreed to raise the recommendations submitted by NYCERS at its next board meeting, and that the Board of Directors will address those recommendations the next time it considered bylaw revisions.

⁷ Co-filed a binding proposal with CalPERS following the majority support on advisory proposals submitted by CalPERS in 2016, 2017, 2018 and 2019

Proxy Voting

During Fiscal Year 2020, the Comptroller’s Office voted on 127,638 individual ballot items at 13,230 shareholder meetings in 84 markets globally, including 26,010 individual ballot items at 3,023 annual and special meetings for U.S. portfolio companies. Major proxy voting issues included: (1) the election of directors; (2) management advisory votes on executive compensation; (3) approving mergers and acquisitions; and (4) shareholder proposals on a wide range of environmental, social and governance (ESG) policies practices and disclosures. Of all votes cast on management and shareowner proposals at U.S. companies, 27% were against management recommendations.

Average Voting Support by Category- U.S. Only



NYCRS voting decisions can be accessed by entering the name of the company on the Proxy Voting Dashboard on the Comptroller’s website (<https://comptroller.nyc.gov/services/financial-matters/pension/corporate-governance/proxy-voting-dashboard/>). The site discloses voting decisions within 24 to 48 hours of the votes being finalized and electronically submitted (i.e., in advance of the meeting at which the votes are officially cast via proxy).

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Endnotes

¹ Johnson, Stefanie K. Hekman, David R. and Elsa T. Chan, "If There's Only One Woman in Your Candidate Pool, There's Statistically No Chance She'll Be Hired," Harvard Business Review, April 26, 2016; available at <https://hbr.org/2016/04/if-theres-only-one-woman-in-your-candidate-pool-theres-statistically-no-chance-shell-be-hired>

² Available at https://www.sec.gov/dera/staff-papers/working-papers/24jul15_bhandari_public-vs-private.html

³ Available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3465734

⁴ Available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3483692

⁵ Hughes, Chris, "It's Time to Break Up Facebook," New York Times, May 9, 2019

⁶ "Demystifying the Gender Pay Gap," Glassdoor Research Report, March 2016; available at <https://www.glassdoor.com/research/app/uploads/sites/2/2016/03/Glassdoor-Gender-Pay-Gap-Study-3.pdf>

⁷ "Investing in Failure: How Large Power Companies Are Undermining their Decarbonization Targets," Synapse Energy Economics, Inc., March 9, 2020.

⁸ "The collegiality conundrum: Finding balance in the boardroom," PwC's 2019 Annual Corporate Directors Survey; available at <https://www.pwc.com/us/en/services/governance-insights-center/assets/pwc-2019-annual-corporate-directors-survey-full-report-v2.pdf.pdf>

⁹ Pipe Trades Services MN Welfare Fund v. Gilead Sciences, filed June 12, 2019; United States District Court, Northern District Of California; available at <https://aboutlawsuits-wpengine.netdna-ssl.com/wp-content/uploads/2019-06-12-Complaint-1.pdf>

¹⁰ "SEC Proposes to Modernize Disclosures of Business, Legal Proceedings, and Risk Factors Under Regulation S-K", August 8, 2019; available at <https://www.sec.gov/news/press-release/2019-148>

¹¹ Lee, Allison, SEC Commissioner, "Regulation S-K and ESG Disclosures: An Unsustainable Silence," August 26, 2000; available at <https://www.sec.gov/news/public-statement/lee-regulation-s-k-2020-08-26>

¹² Crenshaw, Caroline, SEC Commissioner, "Statement on the "Modernization" of Regulation S-K Items 101, 103, and 105," August 26, 2000; available at <https://www.sec.gov/news/public-statement/crenshaw-statement-modernization-regulation-s-k>



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