NEW YORK CITY COMPTROLLER
SCOTT M. STRINGER

NEW YORK CITY PENSION FUNDS

2021 Shareowner Initiatives

POSTSEASON REPORT

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Contents

KEY U.S. PROGRAM METRICS[1]:

3190	U.S. Annual meetings voted
2336	U.S. Annual meetings with votes against management
80%	Climate Change Shareholder Proposals Supported
100%	Human Rights Shareholder Proposals Supported
67	S&P 100 Companies committing to EEO-1 Report disclosure after engagement
486%	Rise in number of S&P 100 Companies disclosing EEO-1 Report since July 2020
48	Shareowner proposals filed
41	Shareowner Proposals withdrawn following negotiated agreement

[1]Program includes all five New York City Retirement Systems; statistics reflect aggregate activities, more specifically described in this Report

CORPORATE GOVERNANCE AND RESPONSIBLE INVESTMENT

The New York City Comptroller, as investment adviser to the five New York City pension funds and retirement systems (individually "System" and collectively the "Systems"), is responsible for voting Systems' proxies and implementing Systems' shareowner initiatives. The Systems are comprised of the following[1] :

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 Systems' Boards of Trustees, Systems' Proxy Voting and Shareowner Initiatives programs actively promote sound corporate governance and sustainable business practices, including sound executive compensation, at portfolio companies to protect and enhance the long-term value of Systems' investments.

Within the New York City Comptroller's Office, the Bureau of Asset Management's Corporate Governance and Responsible Investment team develops and implements the Proxy Voting and Shareowner Initiatives programs for each of the five retirement systems, including engagement with management and directors at portfolio companies. The Comptroller's Office presents 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, 2021, consistent with the fiscal year reporting period used by the Systems 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, the Report also includes certain developments and outcomes subsequent to June 30.

For purposes of the Shareowner Initiatives described in the rest of this Report, NYCRS refers to NYCERS, TRS and/or BERS unless otherwise noted. For example, the shareowner proposals to three companies requesting a CEO and Board Diversity search policy included NYCERS, TRS, BERS, Fire and Police. (See Tables 1 and 2 on pages 16-19).

EXECUTIVE SUMMARY

During the past year, NYCRS' initiatives benefitted from unprecedented public, regulatory and investor scrutiny resulting from the consequences posed by Environmental, Social and Governance (ESG) risks. As portfolio companies faced the impact of the COVID pandemic, systemic racism and the racial justice protests of spring 2020, NYCRS launched initiatives to support employees as well as diverse, healthy and safe workplaces. In addition, with the spotlight on climate change, NYCRS — as part of its Electric Utility Decarbonization Initiative and its role as a lead investor for the Climate Action 100+ — strategically engaged some of its highest greenhouse gas (GHG) emitting portfolio companies to urge them to take a leading role in achieving the transition to a low-carbon economy.

It was a year of consequential change, as NYCRS:

1. Launched a successful national campaign changing the landscape and dramatically improving the disclosure of workforce diversity data by the largest corporations in the U.S. As a result of this successful campaign, companies are now expected to disclose their EEO-1 Report (which they already submit to the U.S. Equal Employment Opportunity Commission) which includes quantitative, reliable and comparable workforce diversity data concerning gender, race and ethnicity. The initiative included extensive engagements and also led to overwhelming support for two NYCRS shareowner proposals requesting EEO-1 Report disclosure. As a further result of the campaign, our research indicates that at least 84 current S&P 100 companies now disclose or have committed to disclose their report, up from approximately 14 S&P 100 companies prior to the launch of the July 2020 campaign.
2. Negotiated agreements with 14 companies after submitting shareowner proposals to enhance board and executive diversity. Thirteen boards adopted policies to promote gender and racial/ethnic diversity in searches for corporate board directors, chief executive officers (CEOs) and other executives in the C-suite. In an additional instance, one board enhanced its existing policy governing searches for highly compensated executives.
3. Prompted leading U.S. automakers to set significant greenhouse gas (GHG) reduction goals and report on the alignment of their climate-related lobbying activities with Paris Climate Agreement goal (limiting global temperature rise this century to well below 2 degrees and preferably 1.5 degrees Celsius).
4. Secured commitments from the fourth largest U.S. electric power producer to comprehensively review its board leadership structure, including consideration of an independent chair and the independent chair's role in helping the company meet its long-term GHG emission reduction goal (net zero by 2050).
5. Voted on 149,396 individual ballot items at 15,517 shareowner meetings in 78 markets globally

The 2021 Proxy Season

It was a groundbreaking year for investor advocates like NYCRS on climate change and diversity issues. Most notably, ESG shareowner proposals received unprecedented levels of support and investors successfully passed eight shareowner proposals relating to environmental/climate change risks and nine shareowner proposals relating to diversity (two from NYCRS).

Since the launch of its Boardroom Accountability Project in 2014, NYCRS has successfully advocated for "proxy access" rights to enable long-term shareowners to more easily nominate "climate competent" boards at carbon-intensive energy companies, including at Exxon Mobil. Climate competent boards are comprised of directors who, collectively, have the diverse skills, experience and perspectives necessary to understand and respond to climate-related risks, particularly at companies at the forefront of the transition to a low carbon economy. By permitting long-term investors to include their nominees on the company's ballot, proxy access enables eligible investors to nominate directors without bearing the cost of a conventional proxy contest, where investors must distribute their own proxy materials and ballots.

In the highest profile proxy contest of the season, which reportedly cost the dissident investor $12.5 million[2], a majority of Exxon shareowners — supported by NYCRS — took action to strengthen the ability of one of the world's largest oil producers to respond to climate change risks by electing three dissident nominees to the Exxon Mobil Board of Directors based on climate change concerns. The historic election of such candidates with relevant energy industry or environmental expertise to Exxon's Board demonstrated that many shareowners now also expect "climate competent" boards.

NYCRS' 2021 Shareowner Proposals

The Systems' shareowner proposals drove much of their engagement and advocacy success. During fiscal year 2021, the Comptroller's Office, on behalf of some or all the Systems, submitted shareowner proposals to 48 portfolio companies[3]. The Systems withdrew approximately 85% of the proposals after the companies agreed to take steps to implement the request. Five shareowner proposals went to a vote during the fiscal year, including two diversity-related proposals that received an average of 85% support. As a general matter, this Report highlights proposals that produced a favorable change in company policies or disclosures, however, the full universe of company-specific and issue-specific proposal outcomes are available in Tables 1 and 2 on pages 16 to 19, which identifies the sponsoring System by proposal.

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DIVERSITY, EQUITY, AND INCLUSION

More Transparency into Employee Diversity

High-profile killings of Black men and women in 2020 highlighted the grave consequences of systemic racism in society, sparked nationwide protests for racial justice, and prompted many major companies to publicize their commitments to racial equity, diversity and inclusion.

In the wake of these public statements, NYCRS launched a national campaign calling on 67 companies to match their public statements with concrete actions by publicly disclosing their annual EEO-1 Report. The EEO-1 Report breaks down a company's U.S. workforce by race, ethnicity, and gender according to 10 employment categories, including senior management, defined to incorporate individuals within two reporting levels of the CEO.

A recent study by McKinsey & Company found a "positive, statistically significant correlation between company financial outperformance and diversity," with respect to both gender and ethnicity. "This is evident at different levels of the organization, particularly on executive teams."[4] Disclosure of the Consolidated EEO-1 Report will provide investors with standardized, quantitative, and reliable data that is comparable across companies and industries, thereby enabling them to assess the representation of Black employees and other employees of color and of women at various levels of a company.

In response to NYCRS' engagement, including shareowner proposals submitted to 27 companies, 66 of the 67 companies, and one additional company (as a continuation of an historical engagement), either disclosed or committed to disclose their Consolidated EEO-1 Report. The 67 responsive NYCRS focus companies are listed in Appendix A.

Shareowner proposals requesting EEO-1 Report disclosure went to a vote at two initially unresponsive companies, DuPont de Nemours, Inc. and Union Pacific Corporation, receiving 84 and 86% of support, respectively. Both companies have since disclosed or have committed to disclose their EEO-1 Reports.

Progress on Board, CEO and Senior Executive Diversity

In response to 15 shareowner proposals, and after negotiation with the Systems, 13 company boards adopted search policies requiring the consideration of women and racially/ethnically diverse candidates when conducting a search for a new board director, chief executive officer (CEO) and/or other senior executives (i.e. C-suite executives).[5] In an additional instance, one board enhanced its existing policy governing searches for highly compensated executives.

Modeled on the National Football League's "Rooney Rule," the requested policies do not dictate who should be selected, but instead widen the talent pool by requiring a diverse set of candidates for consideration before a hiring or nominating decision. A 2016 study published by the Harvard Business Review concluded that including more than one woman or one minority candidate in a finalist pool helps to combat unconscious bias among interviewers.[6] The researchers found that the probability of hiring a woman was 79 times greater when there were at least two women in the finalist pool, and the probability of hiring a minority applicant was 193 times greater when there were at least two minority candidates in the finalist pool. As noted above, recent research indicates that the positive, statistically significant correlation between company financial outperformance and gender and ethnic diversity is particularly evident with respect to diverse executive teams.

While women only accounted for 30% of S&P 500 directors in 2021, and racial/ethnic minority directors accounted for a paltry 21%, representation of women and minorities among senior executives was even lower. As of January 2021, only 29 women held CEO positions at S&P 500 companies[7] and after Kenneth Frazier's July 2021 retirement as Merck CEO, there are only three black CEOs (two men and one woman) among S&P 500 companies.[8]

Except for Constellation Brands, where a shareowner proposal went to a vote, the Systems reached negotiated agreements with all of the companies that received shareowner proposals requesting diversity search policies, as listed in the following table along with the scope of their respective search policy:

Companies Adopting Diverse Candidate Search Policies

Company	Directors	CEO	C-Suite
Advanced Micro Devices	X	X	
American Airlines		X	X
Boston Scientific	X	X	
D.R. Horton	X	X	
Dell Technologies		X	X
Fiserv, Inc.	X	X	
HCA Healthcare, Inc.	X	X	
IQVIA Holdings	X	X	
Prologis, Inc.	X	X	
The Kroger Co.		X	X
The TJX Companies		X	X
VF Corp.	X	X	
Wells Fargo & Company[1]			X
WestRock Co.	X	X	

[1]Enhanced disclosure of existing policy, as described below

Wells Fargo was unique in terms of both the request and the subsequent company engagement. NYCRS, together with the AFL-CIO, submitted a shareowner proposal requesting a diverse candidate policy that would be applicable to *all* employee hiring decisions. At the time, Wells Fargo had a policy that applied only to highly paid positions. As a result of productive engagements, Wells Fargo agreed to take further action, including: publicly disclosing additional details regarding its existing diverse candidate search requirement; continuing to identify opportunities for improvement in hiring practices; and engaging further with shareowner proponents on the impact of its policy. In the 2021 proxy statement, the company disclosed additional information: for most U.S. roles with total direct compensation greater than $100,000, at least 50% of interview candidates must be diverse with respect to at least one diversity dimension (which the company defines as race/ethnicity, gender, LGBTQ, veterans, and people with disabilities); and at least one interviewer on the hiring panel must represent at least one diversity dimension. Additionally, the company revealed that as part of annual performance evaluations, the CEO and the most senior executives are evaluated on their progress to advance diversity and inclusion in the company's executive/management roles.

Regulatory Engagement on Employee and Board Diversity

In response to a Securities and Exchange Commission (SEC) Request for Comment on Climate and other ESG Disclosure, Comptroller Stringer submitted a comment letter recommending that the SEC require companies to disclose their Comprehensive EEO-1 Report to provide investors with decision-useful workforce diversity data. Such a requirement would not impose significant additional costs on companies because they already collect the data for submission to the U.S. Equal Employment Opportunity Commission (EEOC).

On the issue of board diversity, Comptroller Stringer submitted a separate comment letter to the SEC expressing support for the Nasdaq Stock Market LLC proposal to require companies listed on its stock exchange to either disclose that they include at least one woman, and in addition, an underrepresented minority or LGBTQ+ individual on their board, *or* to explain why they have not complied with this standard. Noting that the proposal "would establish a disclosure-based framework that would make consistent and comparable statistics widely available to investors", the SEC approved the proposal in August 2021[9].

CLIMATE CHANGE

As a long-term institutional investor, NYCRS is exposed to the company specific investment risks created by the effects of climate change, as well as to the broader, systemic risks that climate change poses to the stability of the global financial system. To avoid the most devastating consequences of global warming, the Paris Climate Agreement—signed by 197 countries— established a goal to limit global temperature rise this century to well below 2 degrees Celsius and to pursue efforts to limit the temperature increase even further to 1.5 degrees.

As part of its Electric Utility Decarbonization Initiative and its role as a lead investor for the Climate Action 100+, NYCRS strategically engages its highest greenhouse gas (GHG) emitting portfolio companies to urge them to take a leading role in achieving the goals of the Paris Climate Agreement by improving their climate governance, curbing their GHG emissions, and strengthening their climate-related financial disclosures, including with respect to climate-related lobbying.

Electric Utility Decarbonization Initiative

In 2019, NYCRS led a $1.8 billion investor coalition to call on the 20 largest publicly traded electricity generators in the U.S. to commit to net zero carbon emissions by 2050 and implement key corporate governance reforms to ensure independent and effective oversight of the companies' transition plans to a low-carbon economy.

The Electricity Sector accounted for 25% of 2019 U.S. GHG emissions

Decarbonized electricity is a prerequisite to achieving the goal of the Paris Agreement. In 2020, NYCRS achieved a milestone when seven of the 20 utilities committed to achieve net zero GHG emissions by 2050.

NYCRS continued to press to make these commitments a reality. In 2021, through shareowner proposals, NYCRS sought to compel three of the seven utilities to name an independent board chair (upon succession of their current CEO-Chair) in order to better oversee their successful transition to a low carbon economy.

There is cause for concern. Duke Energy, Dominion Energy, and The Southern Company have continued to invest in carbon-based electricity generation assets with long, useful lives (potentially beyond 2050) that are incompatible with their announced decarbonization goals and thus at risk of becoming stranded. Without a significant shift in operations and capital investment plans, these utilities will fall short of achieving their net zero GHG emissions commitments. As summarized in a 2020 Deloitte study, "[t]here are significant gaps between decarbonization targets [at U.S. utilities] and the scheduled fossil fuel plant retirements, renewable additions and flexibility requirements needed to achieve full decarbonization. *The math doesn't yet add up* [emphasis added]."[10]

Directors on the electric utilities' boards are more likely to have difficulty voicing a dissenting view while serving under a board chair that's also the company's CEO.[11] In addition, an independent board chair eliminates the conflict of interest that inevitably occurs when the CEO is responsible for self-oversight. Moreover, because CEOs have little incentive to make major investments and strategic choices whose payoff is decades in the future, an independent chair can enhance the board's ability to focus the CEO on creating long-term shareowner value. This is particularly important for companies that are at high risk for failing to achieve their net zero commitments.

Only one of the utilities, as described below, made a meaningful commitment to consider an independent board chair.

Role of Independent Chair in Addressing Climate Change at Southern Company

For the second consecutive year, NYCRS submitted a shareowner proposal to The Southern Company, a top carbon-polluting U.S. utility with a long-tenured combined CEO and Chair, requesting an independent board chair to strengthen the board's oversight of the company's energy transition. In response, the company's board agreed to perform a comprehensive review of its board leadership structure upon the CEO's succession.

An independent chair can provide the necessary accountability and leadership so that the company aligns its capital expenditures with its decarbonization goal. The board committed to assess this premise. As detailed in the company's 2021 proxy statement, the board will "consider the role of the Board's leadership in helping the Company achieve its long-term strategic priorities, including the Company's decarbonization efforts to meet its long-term GHG emission reduction goal of net zero by 2050, the Company's fleet transition plans to meet both the interim goal and the 2050 goal and the Company's enterprise-wide capital allocation plans."

Climate Action 100+

The Climate Action 100+ is an ambitious global investor collaboration through which 615 global investors with $55 trillion in assets across 33 markets encourage the world's 167 highest emitting companies — responsible for an estimated 80% of global emissions — to take necessary action on climate change. NYCRS is a founding member and serves as the lead investor at Ford, General Electric (GE) and General Motors (GM) on behalf of the Climate Action 100+, and as a participating investor in engagements with additional companies.

The Transportation Sector accounted for 29% of 2019 U.S. GHG emissions, making it the largest contributor of U.S. GHG emissions

In addition to pressing for reduced GHG emissions, NYCRS engagements with the two automakers —Ford and GM — focused on the companies' positions with respect to fuel economy standards and emissions standards and prioritized the companies' lobbying with respect to climate-related issues. In the first instance, among other things, NYCRS urged the automakers to refrain from supporting the weakening of the Corporate Average Fuel Economy (CAFE) standards. It also called on the companies to oppose efforts to undermine California's authority to set vehicle emissions standards, also adopted by other states. Finally, NYCRS asked Ford and GM to assess whether lobbying by their companies' trade associations aligns with the goals of the Paris Agreement and their own goals. A recent report found that many U.S. companies are increasingly making ambitious pledges to reduce their own greenhouse gas pollution, but that most S&P 100 firms are failing to advocate and lobby for the climate policies that would help them meet their own goals.[12]

The changing policy and regulatory landscape at the national and state level requires the two largest U.S. automakers to support actions consistent with their climate commitments, which is also consistent with creating long-term shareholder value. More specifically, the ability of the U.S. to meet climate goals is contingent on strong vehicle standards and a rapid shift to electrification and low emission vehicles. However, both Ford and GM are members of the Alliance for Automotive Manufacturing (merged into the

Alliance for Automotive Innovation), which has questioned the validity of climate science and lobbied the U.S. government to lower the CAFE standards.

Recently, the Biden administration stated its intention to set new fuel efficiency and emission standards, underscoring the need for Ford and GM to align their direct and indirect lobbying with their climate goals. Under the Trump Administration, GM supported the March 2020 rollback of the Obama-era automobile fuel efficiency standards, "virtually undoing the government's biggest effort to combat climate change."[13] In 2019, the Trump administration also revoked California's right to set the stricter auto emissions rules, which states representing 40% of the U.S. market had adopted. GM defended both the rollback and the waiver revocation in court.

Among other climate-related commitments, all three companies for which NYCRS has lead responsibility made meaningful GHG reduction commitments in fiscal year 2021, as described below.

Driving GHG Reductions Forward at Ford

During its engagement with Ford, NYCRS and other investors consistently urged the company to reject the rollback of the fuel efficiency standards and negotiate an alternative compliance pathway with California. Ford then led in negotiating a compromise agreement with California, agreeing to comply with emission standards at a level of stringency between the Obama and Trump standards (five automakers ultimately joined this agreement.)

Following a 2020 NYCRS shareowner proposal on corporate lobbying and NYCRS continuing engagement with Ford, in 2021 the company published an expanded Political Engagement Report. The report includes disclosure of how the company evaluates its positions on climate change for its major trade associations, and how those positions align with Ford's own.

In addition, after broad engagement with NYCRS, in fiscal 2021, Ford announced its commitment to significant GHG emissions reduction targets for 2035. These targets, which were approved by the Science Based Targets initiative (SBTi), include (1) reducing Scope 1 and 2 GHG emissions from operations 76% by 2035, based on 2017 levels, and (2) reducing Scope 3 GHG emissions from use of the company's products by 50% by 2035, based on 2019 levels.

To achieve these goals, Ford has accelerated its plan for electric vehicles, committing to a $30 billion investment in electrification and digital initiatives. It most recently announced an electric truck plant and a partnership with SK Innovation to build three battery plants, which represents the single largest investment in Ford's history. Importantly, Ford has also committed to electrify some of its most popular vehicles.

Decreasing Emissions at General Electric

After ongoing engagement, in fiscal year 2021, GE committed to carbon neutrality in its operations (scopes 1 and 2 emissions) by 2030. Subsequently, in July 2021, GE committed to achieve net zero GHG emissions, including not just its own operations but also Scope 3 emissions from the use of its products (e.g., jet engines.)

Advancing General Motors' Reporting, Curbing its Emissions

After lobbying to weaken climate regulations and intervening on behalf of the Trump administration in litigation regarding the waiver revocation and the rollback, GM shifted its stance after the election of

President Biden. In fiscal year 2021, GM announced that it would withdraw from the litigation defending the Trump administration's actions.

Consistent with NYCRS' shareowner proposals, GM: (1) enhanced its conventional lobbying payment disclosure in fiscal 2021 (NYCRS' 2020 proposal); and (2) committed to issue a "Paris-Aligned Lobbying Report" by December 31, 2021, detailing how its lobbying activity (including trade associations) aligns with the Paris Climate Agreement's goal of limiting average global warming to below 2 degrees Celsius (NYCRS' 2021 proposal).

GM, which has touted its commitment to electric vehicles but avoided setting hard deadlines until recently, announced an ambition to be carbon neutral by 2040 and "aspiration" to stop selling gasoline-powered vehicles by 2035. Working with the SBTi, GM committed to reduce absolute Scope 1 & 2 GHG emissions 72% by 2035, and Scope 3 GHG emissions by 51% per kilometer by 2035 from the use of light-duty vehicles; GM's scopes 1 and 2 targets are consistent with reductions required to keep global warming to 1.5 degrees Celsius.

In 2021, the company also announced a $35 billion global investment in electrification and digital initiatives. However, it is lagging Ford in terms of electrifying mainstream vehicles and the volume and availability of its electric vehicle production in the U.S. remains unclear.

Regulatory Engagement on Climate Change

In response to an SEC Request for Comment on Climate and other ESG Disclosure, Comptroller Stringer submitted an extensive comment letter. The Comptroller noted that climate change disclosures should be mandatory and included in primary annual SEC filings, such as the 10K (or proxy statement for disclosures related to governance and executive compensation). He recommended that all companies be required to provide decision-useful disclosures, including quantitative metrics that are reliable, consistent and comparable across companies. Absent such data, investors are unable to benchmark the company's risk profile and progress toward a successful transition to a low-carbon economy.

The Comptroller joined with institutional investors in signing various statements directed at U.S. and governments around the world, including the 2021 Global Investor Statement to Governments on the Climate Crisis, and a statement calling for ambitious methane regulation of the oil and gas industry. He also co-signed two letters, one calling on President Biden to adopt a target cutting GHG emissions by at least 50% below 2005 levels by 2030; he also co-signed a letter urging seven U.S. financial regulators to explicitly integrate climate change in their actions.

COVID-19 SAFETY AND HEALTH INITIATIVES

The ongoing COVID-19 crisis has elevated the importance of human capital for all employers and underscored the need for enhanced disclosures to shareowners. In 2020, then SEC Chairman Jay Clayton recognized this demand and issued a statement on the importance of COVID-19 disclosure, including transparency concerning employee health and safety.

Focusing on Employees at Amazon.com

In a successful effort to disenfranchise Amazon shareowners from voting on NYCRS' COVID-related shareowner proposal, the company received permission from the SEC to omit the proposal from its proxy statement under the "ordinary business" exclusion. The proposal, submitted jointly with Dutch Pension fund, APG, called on the independent Leadership Development and Compensation Committee of the Board of Directors to prepare a report on the adequacy of Amazon's efforts to reduce or mitigate health and safety risks from the coronavirus pandemic.

Submission of the shareowner proposal followed repeated failed attempts by NYCRS and APG to engage directly with Amazon's independent directors regarding their oversight of the progress of the company's COVID-related initiatives. As the elected representatives, it is critical that independent directors engage directly with significant shareowners; at the outset of their engagement attempts, NYCRS and APG had $4.2 billion invested in Amazon collectively.

Even before the pandemic, Amazon's business model, which emphasizes productivity while ignoring its reportedly negative effects on employee health and safety, subjected it to reputational risk.[14] A 2019 Center for Investigative Reporting (CIR) study analyzed Amazon's Occupational Safety and Health Administration (OSHA) reporting from 22 fulfillment centers and found extremely high injury rates — more than twice the national retail warehouse rate.

Shelter-in-place restrictions in 2020 prompted online orders to surge, as homebound consumers relied on companies offering convenient delivery options. The number of Amazon employees skyrocketed, and pressure to fill orders intensified. Amazon's global workforce reportedly increased by 427,300 to more than 1.2 million employees through October 2020, excluding temporary and seasonal workers.

CIR published new data in 2020 indicating Amazon was underreporting the impact of its practices on worker health and safety. Other reports revealed that some warehouses were COVID-19 hotspots, and that the front-line employee turnover rate was double the industry average[15].

Amazon eventually disclosed that 19,816 U.S. employees had tested positive for the virus, though the report provided limited transparency into the effectiveness of Amazon's COVID-19 response. Scientists criticized the company for not disclosing overall trends and for comparing infection rates of workers to that of the general population (which includes proportionately more vulnerable individuals), thus skewing the data. The report also failed to identify hotspots, disclose infection rates for delivery driver contractors or release infection trends by job/facility category.

In February 2021, the New York State Attorney General sued Amazon, arguing that the company provided inadequate safety protection for workers during the pandemic and retaliated against employees who raised concerns over the conditions.

Pharmaceutical Manufacturers and Retailers (IOPA COVID Phase II)

Continuing a collaborative initiative launched by Investors for Opioid and Pharmaceutical Accountability (IOPA) in 2020, Comptroller Stringer joined with over 30 institutional investors to send follow-up letters to seven companies —AmerisourceBergen, Cardinal Health, McKesson, CVS, Rite Aid, Walgreens, and Walmart — concerning oversight of COVID-19 related workplace health and safety risks. NYCRS is a founding member of the IOPA.

Among other questions, the investors specifically asked each company whether: (1) any production and/or other targets set before the pandemic were aligned with changes in health and safety goals/processes (such as to accommodate social distancing) necessitated by the pandemic; and (2) there had been any formal enterprise-wide review of the company's compensation structures to ensure they did not conflict with COVID-19 health and safety protocols. Most companies provided substantive responses to investor inquiries.

Fighting for Farmworkers at Wendy's

In April 2021, citing the dire consequences of COVID-19 and of systemic racism on farmworkers of color, Comptroller Stringer joined with a coalition of investors representing $1 trillion in assets under management to urge Wendy's to join the Fair Food Program (FFP). The initiative was coordinated by the Interfaith Center on Corporate Responsibility (ICCR).

The FFP provides for an enforceable human-rights-based code of conduct that applies to participating tomato growers, mainly in Florida. Most of Wendy's major tomato-buying peers, including Chipotle, McDonald's, Subway, Trader Joe's, Walmart, Whole Foods Market and Yum Brands participate in the FPP.

Wendy's and its board chair, Nelson Peltz –Wendy's largest shareowner – continued to be unresponsive to outreach from investors regarding the company's refusal to join the FFP.

Wendy's shareowners, with voting support from NYCRS, subsequently approved a shareowner proposal at the May 2021 annual meeting. The proposal asked the company to disclose evidence of whether its existing policies effectively protect workers in its food supply chain from human rights violations, including harm from COVID-19, and whether Wendy's mandates COVID-19 safety protocols for these workers.

Supporting Meatpacking Workers at Tyson Foods

In December 2020, Comptroller Stringer requested that the SEC investigate meat processor Tyson Foods for making misleading statements regarding its treatment of workers during the pandemic. The letter alleged that Tyson's annual disclosure (2020 Form 10-K) contains materially false or misleading information regarding Tyson's response to the global COVID-19 pandemic.

Research data demonstrate that Tyson and other companies in the meatpacking industry are uniquely vulnerable to COVID-19 outbreaks. As COVID-19 was infecting its employees, Tyson reportedly misled its workforce in its largest pork plant by telling them that "everything is fine."[16] Eventually over 1000 workers in that plant tested positive, leading to worker deaths, hospitalizations, and plant closure. A report by the non-profit Food Environment Reporting Network tracked COVID-19 outbreaks in the meatpacking industry and reported that as of December 3, 2020, Tyson had the highest number of COVID-19 cases of any company in the meatpacking industry, and twice as many deaths.

In a January 2021 letter to the New York City Office of the Comptroller, the SEC, which generally does not acknowledge the existence or non-existence of any investigation, acknowledged receipt of the request, although it reiterated its policy to not acknowledge investigations. In February 2021, a shareowner filed a derivative lawsuit against Tyson alleging that the company provided shareowners with false claims about its safety protocols for the COVID-19 pandemic. The Comptroller's letter to the SEC was referenced in the lawsuit.

OTHER FAIR AND EQUITABLE WORKPLACE INITIATIVES

Improving Practices for Chipotle Employees

In response to multiple engagements with the Company following the submission of NYCRS' 2020 shareowner proposal, Chipotle took action in fiscal year 2021 with respect to its employee arbitration practices and related disclosures. Mandatory arbitration precludes employees from suing in court for wrongs like wage theft, discrimination, and harassment, and requires them to submit to private arbitration, which has been found to favor companies and discourage employee claims.[17] In recent years, companies have increasingly relied on mandatory arbitration arrangements, impeding labor mobility, preventing the discovery and redress of misconduct and burdening the economy.

Chipotle incorporated a provision into its arbitration agreements, allowing all new employees to opt out of the agreement. In addition, after shareowners cast a majority vote on NYCRS' 2020 shareowner proposal, in 2021 Chipotle implemented the proposal. The company issued an "Employment-Related Arbitration Report," providing information on its use of mandatory arbitration for employment-related claims, including the number of arbitrations initiated in 2020.

Rebuking McDonald's Directors for Poor Oversight of CEO Misconduct

Following a "vote no" campaign led by Comptroller Stringer and the CtW Investment Group, approximately 30% of McDonald's shareowners opposed the election of McDonald's Board Chairman Enrique Hernandez, Jr. and 21% opposed the election of Compensation Committee Chair Richard Lenny at the company's 2021 annual meeting. To put these high opposition votes in perspective, votes for directors of companies in the Russell 3000 averaged 98% support in 2021.[18]

In their letter to McDonald's shareowners, Comptroller Stringer and CtW argued that the two directors were most responsible for the flawed and mismanaged investigation into former CEO Steve Easterbrook's misconduct, which led to the Board's ill-fated decision in November 2019 to terminate him "without cause" for fraternizing with a subordinate — despite the Board's determination that Easterbrook had violated Company policy and demonstrated poor judgment. This decision allowed Easterbrook to retain a severance package consisting of potentially more than $44 million in equity and over $675,000 in cash. It also set a poor "tone at the top" that fosters a workplace culture permissive of inappropriate behavior, and ensnared McDonald's in a costly legal battle to recoup these severance payments. In August 2020, the Company filed a lawsuit seeking to claw back Easterbrook's unwarranted severance payments in which the Company alleges that Easterbrook withheld highly relevant information from the Board during its investigation.

SHAREOWNER PROPOSAL OUTCOMES

Table 1: 2021 Shareowner Proposal Results by Issue

Company	Proposal Issue	NYCRS Sponsors[1]	2020	2021
CVS Corporation	EEO-1 Diversity Report Disclosure	T, B		Settled
Eli Lilly and Company	EEO-1 Diversity Report Disclosure	T, B		Settled
Kraft Heinz Company	EEO-1 Diversity Report Disclosure	T, B		Settled
Union Pacific Corporation	EEO-1 Diversity Report Disclosure	T, B		86.43%
Johnson & Johnson	EEO-1 Diversity Report Disclosure	T, B		Settled
Lockheed Martin Corporation	EEO-1 Diversity Report Disclosure	T, B		Settled
Caterpillar Inc.	EEO-1 Diversity Report Disclosure	T, N, B		Settled
Comcast Corporation	EEO-1 Diversity Report Disclosure	T, N, B		Settled
DuPont de Nemours	EEO-1 Diversity Report Disclosure	T, N, B		83.76%
FedEx Corporation	EEO-1 Diversity Report Disclosure	T, N, B		Settled
Lowes Companies	EEO-1 Diversity Report Disclosure	T, N, B		Settled
McDonald's Corporation	EEO-1 Diversity Report Disclosure	T, N, B		Settled
Netflix	EEO-1 Diversity Report Disclosure	T, N, B		Settled
NIKE	EEO-1 Diversity Report Disclosure	T, N, B		Settled
Home Depot	EEO-1 Diversity Report Disclosure	T, N, B		Settled
Procter & Gamble Company	EEO-1 Diversity Report Disclosure	T, N, B		Settled
Walt Disney Company	EEO-1 Diversity Report Disclosure	T, N, B		Settled
Walgreens Boots Alliance	EEO-1 Diversity Report Disclosure	T, N, B		Settled
Walmart Inc.	EEO-1 Diversity Report Disclosure	T, N, B		Settled
3M Company	EEO-1 Diversity Report Disclosure	T, B		Settled
Abbott Laboratories	EEO-1 Diversity Report Disclosure	T, B		Settled
AT&T	EEO-1 Diversity Report Disclosure	T, B		Settled
Ford	EEO-1 Diversity Report Disclosure	T, B		Settled
International Business Machines	EEO-1 Diversity Report Disclosure	T, B		Settled
Boeing Company	EEO-1 Diversity Report Disclosure	T, B		Settled
Charles Schwab Corporation	EEO-1 Diversity Report Disclosure	T, B	42.6%	Settled
United Parcel Service	EEO-1 Diversity Report Disclosure	T, B		Settled
Wells Fargo & Company	Diversity Search Policy - All Positions	T, B		Settled
Boston Scientific	Diversity Search Policy - Board/CEO	T, B		Settled
Constellation Brands	Diversity Search Policy - Board/CEO	T, N, B		12%[1]
Fiserv	Diversity Search Policy - Board/CEO	T, N, B		Settled
VF Corp.	Diversity Search Policy - Board/CEO	T, N, B		Settled
D.R. Horton	Diversity Search Policy - Board/CEO	N, T, P, F		Settled
IQVIA Holdings	Diversity Search Policy - Board/CEO	N, T, P, F		Settled
WestRock Co.	Diversity Search Policy - Board/CEO	N, T, P, F		Settled

Company	Proposal Issue	NYCRS Sponsors[1]	2020	2021
Advanced Micro Devices	Diversity Search Policy - Board/CEO	T, B		Settled
HCA Healthcare	Diversity Search Policy - Board/CEO	T, B		Settled
Prologis	Diversity Search Policy - Board/CEO	T, B		Settled
American Airlines	Diversity Search Policy - C-Suite	T, N, B		Settled
Dell Technologies	Diversity Search Policy - C-Suite	T, N, B		Settled
Kroger Co.	Diversity Search Policy - C-Suite	T, N, B		Settled
TJX Companies	Diversity Search Policy - C-Suite	T, N, B		Settled
Amazon.com	Health & Safety Disclosure (COVID-19)	T, N, B		Omitted
Tesla	Human Capital Management Oversight	T, N, B		Pending
Dominion Energy	Independent Board Chair	T, N, B	46.7%	43.22%
Duke Energy Corporation	Independent Board Chair	T, N, B	40.1%	35.11%
Southern Company	Independent Board Chair	T, N, B	22.3%	Settled
General Motors Company	Paris-aligned Lobbying Report	T, N, B	33.1%[3]	Settled

[1]Column identifies which systems sponsored the proposal: N-NYCERS, T-TRS, P-Police, and B-BERS

[2]Low vote at Constellation Brands due to high insider control due to multi-class stock

[3] 2020 shareholder proposal at GM requested enhanced lobbying disclosure, not a Paris-aligned lobbying report

Table 2: 2021 Shareowner Proposal Results by Company

Company	Proposal Issue	NYCRS Sponsors[1]	2020	2021
3M Company	EEO-1 Diversity Report Disclosure	T, B		Settled
Abbott Laboratories	EEO-1 Diversity Report Disclosure	T, B		Settled
Advanced Micro Devices	Diversity Search Policy - Board/CEO	T, B		Settled
Amazon.com	Health & Safety Disclosure (COVID-19)	T, N, B		Omitted
American Airlines	Diversity Search Policy - C-Suite	T, N, B		Settled
AT&T	EEO-1 Diversity Report Disclosure	T, B		Settled
Boeing Company	EEO-1 Diversity Report Disclosure	T, B		Settled
Boston Scientific	Diversity Search Policy - Board/CEO	T, B		Settled
Caterpillar Inc.	EEO-1 Diversity Report Disclosure	T, N, B		Settled
Charles Schwab Corporation	EEO-1 Diversity Report Disclosure	T, B	42.6%	Settled
Comcast Corporation	EEO-1 Diversity Report Disclosure	T, N, B		Settled
Constellation Brands	Diversity Search Policy - Board/CEO	T, N, B		12%[2]
CVS Corporation	EEO-1 Diversity Report Disclosure	T, B		Settled
D.R. Horton	Diversity Search Policy - Board/CEO	N, T, P, F		Settled
Dell Technologies	Diversity Search Policy - C-Suite	T, N, B		Settled
Dominion Energy	Independent Board Chair	T, N, B	46.7%	43.22%
Duke Energy Corporation	Independent Board Chair	T, N, B	40.1%	35.11%
DuPont de Nemours	EEO-1 Diversity Report Disclosure	T, N, B		83.76%
Eli Lilly and Company	EEO-1 Diversity Report Disclosure	T, B		Settled
FedEx Corporation	EEO-1 Diversity Report Disclosure	T, N, B		Settled
Fiserv	Diversity Search Policy - Board/CEO	T, N, B		Settled
Ford	EEO-1 Diversity Report Disclosure	T, B		Settled
General Motors Company	Paris-aligned Lobbying Report	T, N, B	33.1%[3]	Settled
HCA Healthcare	Diversity Search Policy - Board/CEO	T, B		Settled
Home Depot	EEO-1 Diversity Report Disclosure	T, N, B		Settled
International Business Machines	EEO-1 Diversity Report Disclosure	T, B		Settled
IQVIA Holdings	Diversity Search Policy - Board/CEO	N, T, P, F		Settled
Johnson & Johnson	EEO-1 Diversity Report Disclosure	T, B		Settled
Kraft Heinz Company	EEO-1 Diversity Report Disclosure	T, B		Settled
Kroger Co.	Diversity Search Policy - C-Suite	T, N, B		Settled
Lockheed Martin Corporation	EEO-1 Diversity Report Disclosure	T, B		Settled
Lowes Companies	EEO-1 Diversity Report Disclosure	T, N, B		Settled
McDonald's Corporation	EEO-1 Diversity Report Disclosure	T, N, B		Settled
Netflix	EEO-1 Diversity Report Disclosure	T, N, B		Settled
NIKE	EEO-1 Diversity Report Disclosure	T, N, B		Settled
Procter & Gamble Company	EEO-1 Diversity Report Disclosure	T, N, B		Settled
Prologis	Diversity Search Policy - Board/CEO	T, B		Settled
Southern Company	Independent Board Chair	T, N, B	22.3%	Settled

Company	Proposal Issue	NYCRS Sponsors[1]	2020	2021
Tesla	Human Capital Management Oversight	T, N, B		Pending
TJX Companies	Diversity Search Policy - C-Suite	T, N, B		Settled
Union Pacific Corporation	EEO-1 Diversity Report Disclosure	T, B		86.43%
United Parcel Service	EEO-1 Diversity Report Disclosure	T, B		Settled
VF Corp.	Diversity Search Policy - Board/CEO	T, N, B		Settled
Walgreens Boots Alliance	EEO-1 Diversity Report Disclosure	T, N, B		Settled
Walmart Inc.	EEO-1 Diversity Report Disclosure	T, N, B		Settled
Walt Disney Company	EEO-1 Diversity Report Disclosure	T, N, B		Settled
Wells Fargo & Company	Diversity Search Policy - All Positions	T, B		Settled
WestRock Co.	Diversity Search Policy - Board/CEO	N, T, P, F		Settled

[1]Column identifies which systems sponsored the proposal: N-NYCERS, T-TRS, P-Police, and B-BERS

[2]Low vote at Constellation Brands due to high insider control due to multi-class stock

[3] 2020 shareholder proposal at GM requested enhanced lobbying disclosure, not a Paris-aligned lobbying report

PROXY VOTING

During fiscal year 2021, the New York City Comptroller's Office voted on 149,396 individual ballot items at 15,517 shareowner meetings in 78 markets globally. This includes 26,010 individual ballot items at 3190 annual and special meetings for U.S. portfolio companies. The following table provides an overview of the Systems' voting for the U.S. market. All 3190 meetings for which the Systems received ballots in this market were voted. Furthermore, out of this total, 2336 meetings had at least one proposal on the meeting agenda that was voted against management, which accounts for almost three-quarters of the total number of meetings.

Summary of U.S. Meetings	
Votable Meetings	3,190
Meetings Voted	3,190
Proxy Contests Voted	18
Meetings with Against Management Votes	2,336 (73% of total)

The Systems' company-specific global voting decisions are publicly disclosed on the Comptroller's website (https://comptroller.nyc.gov/services/financial-matters/pension/corporate-governance/proxy-voting-dashboard/). The site displays 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)

The following table provides a high-level overview of the Systems ' fiscal 2021 proxy votes for the most common proposal categories for the U.S. market. It should be noted that the Systems voted in support of management for most routine business proposals, such as amending the bylaws of the company or changing the company name. On the other end of the spectrum, the Systems voted against management on a majority of shareowner proposals, with shareowner proposals on executive compensation and those related to directors receiving the highest voting support.

Table 3: Summary of Fiscal 2021 Proxy Votes by Proposal Category

	Meetings	% Votes For	% Votes Against	% With Mgmt	% Against Mgmt
Management Proposals:					
Routine/Business (amending bylaws, changing company name, other business proposals, etc.)	2972	94%	6%	94%	6%
Director Related (elections of directors, declassifying the board, etc.)	3027	65%	35%	65%	35%
Capitalization (increase in authorized stock, approve issuance of shares, etc.)	161	60%	40%	60%	40%
Mergers	143	89%	8%	90%	8%
Compensation (say-on-pay, approving/amending stock plans, say-on-pay frequency, employee stock plans, etc.)	2669	62%	32%	67%	33%
Antitakeover Related (adjourn meetings, reduce supermajority vote requirements, provide right to call special meetings, etc.)	256	84%	14%	84%	14%
Shareowner Proposals:					
Routine/Business (require indep board chair, amend bylaws, etc.):	42	87%	2%	9%	80%
Director Related (proxy access, provide right to call special meetings or to act by written consent, etc.):	191	91%	9%	34%	88%
Corp Governance (reduce supermajority vote requirement, approve one-share-one vote provisions, etc.):	42	60%	40%	42%	58%
Human Rights (conduct human rights assessments, etc.):	8	100%	0%	13%	88%
Executive Compensation (link pay to social criteria, report on pay disparities, etc.):	24	100%	0%	0%	100%
Disclosure of Mandatory Arbitration on Employment Related Claims:	2	100%	0%	0%	100%
Environmental (report on climate change or environmental policies, etc.)	33	80%	15%	22%	73%
Miscellaneous Disclosures: (on political contributions or lobbying, on labor disputes, EEO-1 reporting, etc.)	64	89%	8%	13%	84%

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Endnotes

[1] For purposes of the shareowner initiatives described in this report "NYCRS" refers to NYCERS, TRS and/or BERS. The sole exceptions are shareowner proposals to three companies requesting a CEO and CEO and Board Diversity search policy (see tables 1 and 2 on pps. 17-20)
[2] Herbst-Bayliss, Svea,"Little Engine No. 1 beat Exxon with just $12.5 mln," Reuters, June 29,2021, at https://www.reuters.com/business/little-engine-no-1-beat-exxon-with-just-125-mln-sources-2021-06-29/
[3] Police and Fire submitted proposals, requesting a Board and CEO Diversity Search policy, to three of the companies.
[4] "Diversity Wins: How Inclusion Matters," McKinsey & Company, May 19,2020, at https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters
[5] All of the companies that received shareowner proposals lacked either a formal diversity search policy or any apparent racial and ethnic diversity among their senior executives.
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[7] Women CEOs of the S&P 500 (List), Catalyst, at https://www.catalyst.org/research/women-ceos-of-the-sp-500/
[8] Csiszar, John, "There Are Only 4 Black Fortune 500 CEOs," February 21, 2021, Yahoo Finance, at https://www.yahoo.com/now/only-4-black-fortune-500-200024302.html; report updated from
[9] Order Approving Proposed Rule Changes, as Modified by Amendments No. 1, to Adopt Listing Rules Related to Board Diversity and to Offer Certain Listed Companies Access to a Complimentary Board Recruiting Service, Securities And Exchange Commission, August 6, 2021, at Order Approving Proposed Rule Changes, as Modified by Amendments No. 1, to Adopt Listing Rules Related to Board Diversity and to Offer Certain Listed Companies Access to a Complimentary Board Recruiting Service (sec.gov)
[10] Utility Decarbonization strategies, at https://www2.deloitte.com/us/en/insights/industry/power-and-utilities/utility-decarbonization-strategies.html
[11] PwC's 2020 Annual Corporate Directors Survey, at https://www.pwc.com/us/en/services/governance-insights-center/assets/pwc-2020-annual-corporate-directors-survey.pdf
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[14] Kantor, Jodi, Karen Weise and Grace Ashford, "The Amazon That Customers Don't See," The New York Times, June 15, 2021, at https://www.nytimes.com/interactive/2021/06/15/us/amazon-workers.html
[15] Romano, Benjamin, "Amazon's turnover rate amid pandemic is at least double the average for retail and warehousing industries," Seattle Times, October 10, 2020, at Amazon's turnover rate amid pandemic is at least double the average for retail and warehousing industries | The Seattle Times
[16] Hirtzer, Michael, "Tyson Accused of Misleading Interpreters at Virus-Hit Plant," Bloomberg Law, November 30, 2020, at Tyson Accused of Misleading Interpreters at Virus-Hit Plant (1) (bloomberglaw.com)
[17] In 2016, nearly 10,000 workers filed a class action lawsuit against Chipotle, alleging wage theft; a federal judge later dropped approximately 2,800 of the company's workers from the collective action because they were subject to mandatory arbitration.
[18] Orowitz Hannah, Talon Torressen, and Michael Maiolo, Georgeson "Early Insights to 2021 Annual General Meetings Annual Corporate Governance Review, July 5, 2021, at https://corpgov.law.harvard.edu/2021/07/05/early-insights-to-2021-annual-general-meetings-annual-corporate-governance-review/

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