NEW YORK CITY COMPTROLLER
SCOTT M. STRINGER

New York City Pension Funds

2016

Shareowner Initiatives:
Postseason Report

Contents

Corporate Governance and Responsible Investment Overview 3

Proxy Voting 4

Shareowner Initiatives 5

2016 Shareowner Proposals 6

The Boardroom Accountability Project: Enacting Proxy Access in the U.S. 6

Advancing disclosure of Corporate Political Spending 11

Enhancing disclosure of Workplace Diversity 12

Other 2016 Shareowner Initiatives 13

Challenging Excessive CEO Pay at Bed Bath & Beyond 13

Prompting Executive Pay Clawbacks at Wells Fargo 13

Calling for Governance Reforms at Mylan 13

Advocating for Climate Change Risk Disclosure at Exxon Mobil 14

Eliminating Human Rights Abuses in the Seafood Supply Chain 14

Supporting increased disclosure of Supplier Diversity data 14

Identifying Human Capital Management Best Practices 15

2016 Regulatory Engagement 16

2016 Shareowner Proposal Results by Company 18

NYC Funds' Focus Companies Enacting Proxy Access, 2014 - 2016 21

Corporate Governance and Responsible Investment Overview

The New York City Comptroller, as investment adviser to the five New York City pension funds and retirement systems (collectively "the NYC Funds"), is responsible for voting the NYC Funds' domestic proxies and developing and implementing the NYC Funds' shareowner initiatives. The NYC Funds are:

- New York City Board of Education Retirement System (BERS)
- New York City Employees' Retirement System (NYCERS)
- New York City Fire Department Pension Fund (Fire)
- New York City Police Pension Fund (Police)
- New York City Teachers' Retirement System (TRS)

Consistent with the fiduciary obligations of the NYC Funds' 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 the NYC Funds' investments.

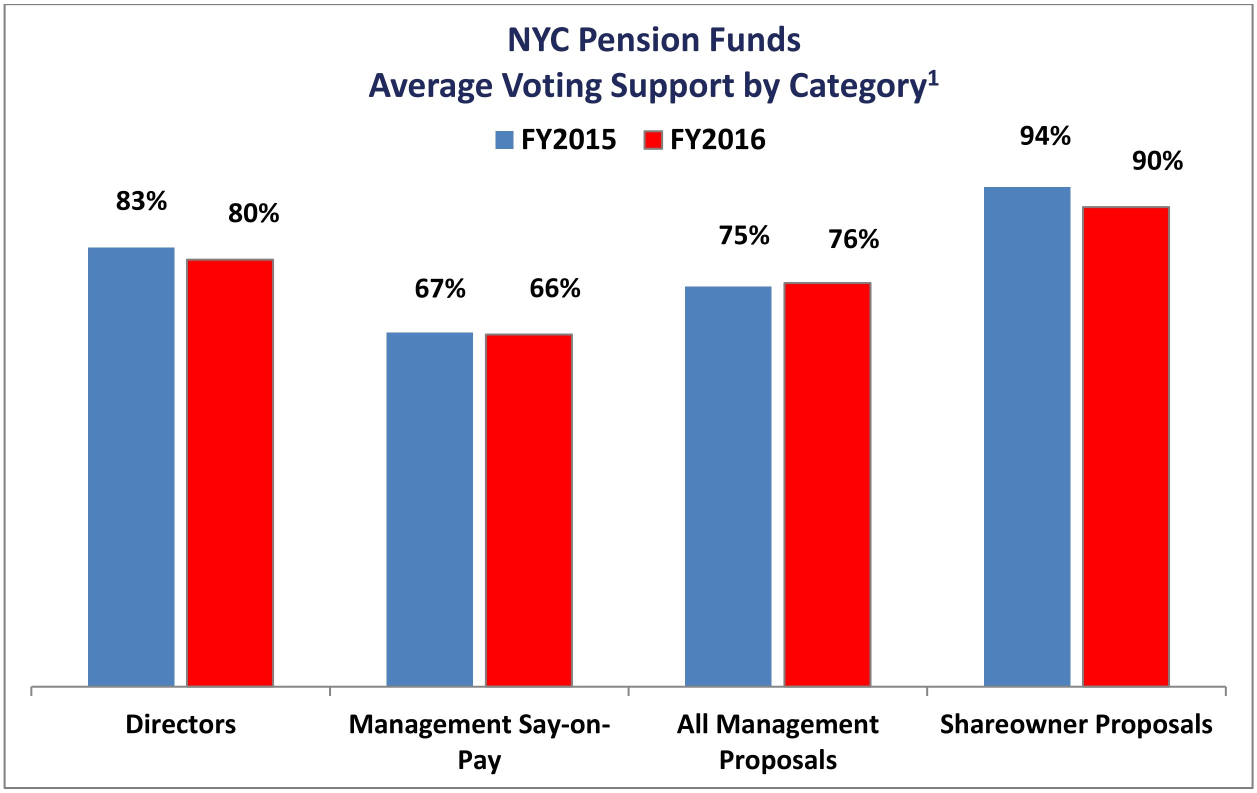
Within the Comptroller's Office, the Bureau of Asset Management's Corporate Governance and Responsible Investment team develops and implements the proxy voting and shareowner initiative programs of the five systems, including engagement with management and directors at portfolio companies. Corporate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

This report serves as the annual Proxy Committee Postseason Report to each system's Board of Trustees. The report covers proxy voting outcomes for the 12 months ending June 30, 2016, consistent with the fiscal year reporting period used by the five New York City pension funds and by the City of New York. Because most U.S. companies hold their annual meetings during the spring, June 30th is also consistent with the end of "proxy season" as generally understood by portfolio companies and investors.

For shareowner initiatives and other company and regulatory engagements, the report covers developments and outcomes since last year's Postseason Report, which generally corresponds to the fiscal year ending June 30th. In order to provide timely reporting to the Proxy Committees and Boards of Trustees, however, the report also includes developments that occurred subsequent to fiscal year-end and prior to the fall meetings of the Proxy Committees.

PROXY VOTING

For the 12 months ending June 30, 2016, which corresponds to the City's fiscal year, the Comptroller's Office voted on 30,326 individual ballot items at 3,658 annual and special meetings for U.S. portfolio companies. Major proxy voting issues included: (a) the election of directors; (b) management proposals, including the ratification of auditors and approval of executive compensation, changes in corporate governance and mergers and acquisitions; and (c) shareowner proposals on a wide range of environmental, social and governance (ESG) policies and practices.



[1]Reported data on Directors and All Management Proposals are not comparable to similar data published in the 2015 Postseason Report due to a methodological change by the proxy voting agent. As a consequence, certain director elections previously categorized as management proposals are now categorized as director elections.

The NYC Funds voted with management on 77.7 percent of all ballot items in Fiscal 2016 (vs. 78.7 percent in Fiscal Year 2015). This includes supporting 80 percent of management's director nominees and 66 percent of management's advisory votes on executive compensation ("say-on-pay"); support for all management proposals, including say-on-pay as well as proposals to approve other corporate matters, averaged 76 percent.

The NYC Funds also supported 90 percent of all shareowner proposals, notwithstanding management opposition in nearly all cases. During Fiscal 2016, these included, but were not limited to, shareowner proposals calling on companies to strengthen board of director independence and accountability, align executive pay with long-term performance, disclose corporate political and lobbying spending, enhance board diversity, and assess the impact on carbon assets of policies to limit global warming to 2 degrees Celsius, consistent with the goals established in the Paris Agreement.

Additionally, in April 2016, the NYC Funds adopted and disclosed new Corporate Governance Principles and Proxy Voting Guidelines. While the previous guidelines had been updated regularly to address new issues and evolving practices, this is the first comprehensive revision since the NYC Funds first adopted proxy voting guidelines in 1987. The new guidelines describe the NYC Funds' expectations for how companies should be governed and establish principles-based guidelines for how they vote on a broad range of issues, including:

- **Board Diversity**: The policies emphasize the importance of diversity on corporate boards. In defining diversity, the NYC Funds highlight racial and gender diversity, and for the first time explicitly reference diversity with respect to sexual orientation and gender identity.
- **Board Oversight of Climate Risk and Human Capital Management:** The policies set forth expectations that boards include directors with the necessary skills and experience to oversee strategy and risk, including climate-related risks and other environmental challenges. Boards should also have the capacity to oversee human capital development, which includes fair labor practices, diversity policies and practices, training and development, worker health and safety, and responsible contracting.
- **Excessive Board Tenure:** The Funds may vote against incumbent directors serving on governance committees if a board fails to adequately refresh its membership, as demonstrated by excessively high average director tenure and the failure to add new directors in recent years.
- **Executive Pay:** The policies lay out the NYC Funds' expectations for companies to align executive compensation with shareowner interests and formally define problematic pay practices that the NYC Funds oppose. These include, for the first time, an excessively high disparity between CEO pay and median worker pay, particularly relative to peers, for which a company does not provide a compelling justification.
- **Human Rights and Fair Labor Practices:** The policies affirm the NYC Funds' longstanding support for compliance with international human rights principles and labor conventions and for sexual orientation and gender identity non-discrimination policies in the workplace.
- **Responsible Environmental Stewardship:** The policies affirm the NYC Funds' expectation that companies disclose and manage environmental risks and articulate the NYC Funds' position on climate risk, energy efficiency, energy renewables, recycling, and toxic and hazardous materials.

SHAREOWNER INITIATIVES

In addition to proxy voting, the NYC Funds also seek to create and protect long-term shareowner value by proactively advancing company-specific and regulatory reforms to strengthen investor rights, improve corporate governance, align executive pay with long-term performance and promote sustainable business practices.

The NYC Funds actively engage portfolio companies through the filing of shareowner proposals as well as through correspondence and dialogue, often in collaboration with other institutional investors. If prior to a company's annual shareowner meeting, a company reaches a negotiated agreement with the NYC Funds regarding reforms requested in a shareowner proposal, the NYC Funds will generally withdraw the proposal. Absent a negotiated withdrawal, however, proposals are subject to a vote of all shareowners at companies' annual shareowner meetings.

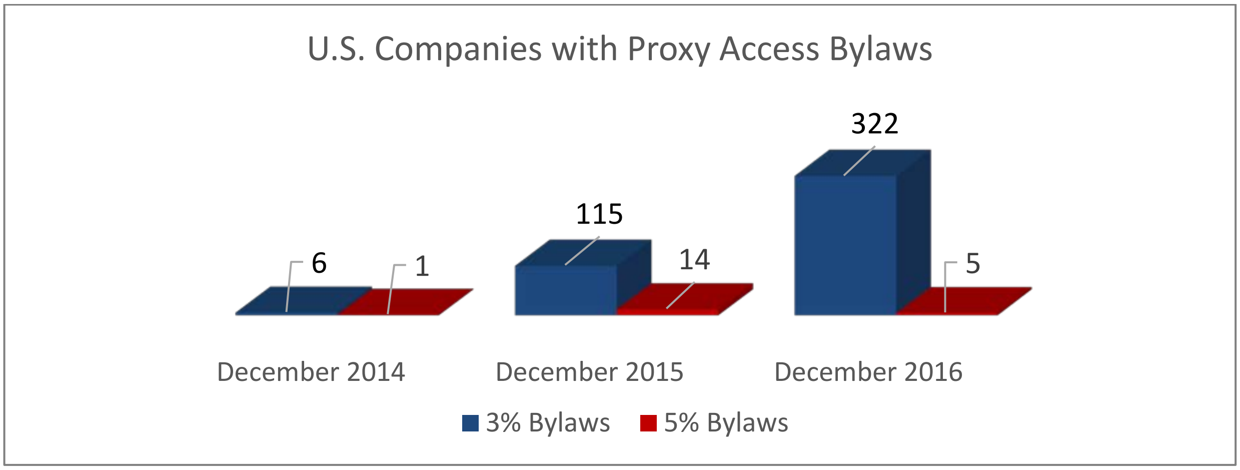
Finally, in select instances of particular concern, the NYC Funds may lead "vote no" campaigns in opposition to the election of problem directors or other management-initiated proposals, such as "say-on-pay proposals."

2016 Shareowner Proposals

THE BOARDROOM ACCOUNTABILITY PROJECT: ENACTING PROXY ACCESS IN THE U.S.

This has been a breakout year for the NYC Funds' **Boardroom Accountability Project** – an ambitious effort launched in fall 2014 to enact "proxy access" across the U.S. market on a company-by-company basis. By requiring a company to include shareowner-nominated director candidates on the company ballot provided to all shareowners, proxy access provides investors with an important tool to make boards more diverse, independent, and accountable.[1] A 2014 study by the CFA Institute found that proxy access, if enacted on a market-wide basis, has the potential to raise U.S. market capitalization by as much as 1.1 percent, or $140 billion.

Through December 8, 2016, at least **322 U.S. companies** have enacted bylaws providing proxy access to shareowners holding at least three percent of the shares for three years or less, including at least 45 percent of the S&P 500, up from only six companies when the Project was launched in fall 2014. The bylaw terms are similar to the terms put forth in a rule enacted by the U.S. Securities and Exchange Commission in 2010 which provided proxy access at all U.S. public companies, but was subsequently vacated by a federal court on procedural grounds.



The three percent ownership requirement supported by the NYC Funds has become a market standard and a majority of the 15 companies that enacted bylaws over the past two years requiring five percent ownership have since lowered the ownership requirement to three percent. The Council of Institutional Investors' Proxy Access: Best Practices guide, which the Comptroller's Office helped to develop in 2015, played a key role in establishing three percent ownership and other terms as the market standard.

Many of the companies that enacted or revised their proxy access bylaws in 2015 and 2016 acted in response to shareowner proposals submitted by the NYC Funds. For the 2016 proxy season, the NYC Funds submitted proposals requesting proxy access to 72 companies. The proposals specifically requested a bylaw permitting shareowners that have collectively held three percent of the company for at least three years to nominate up to 25 percent of the board using the company's proxy materials.

---

[1] See the NYC Funds' 2015 Postseason Report for a detailed description of the Boardroom Accountability Project and the critical role that proxy access can play in improving board performance and creating shareowner value.

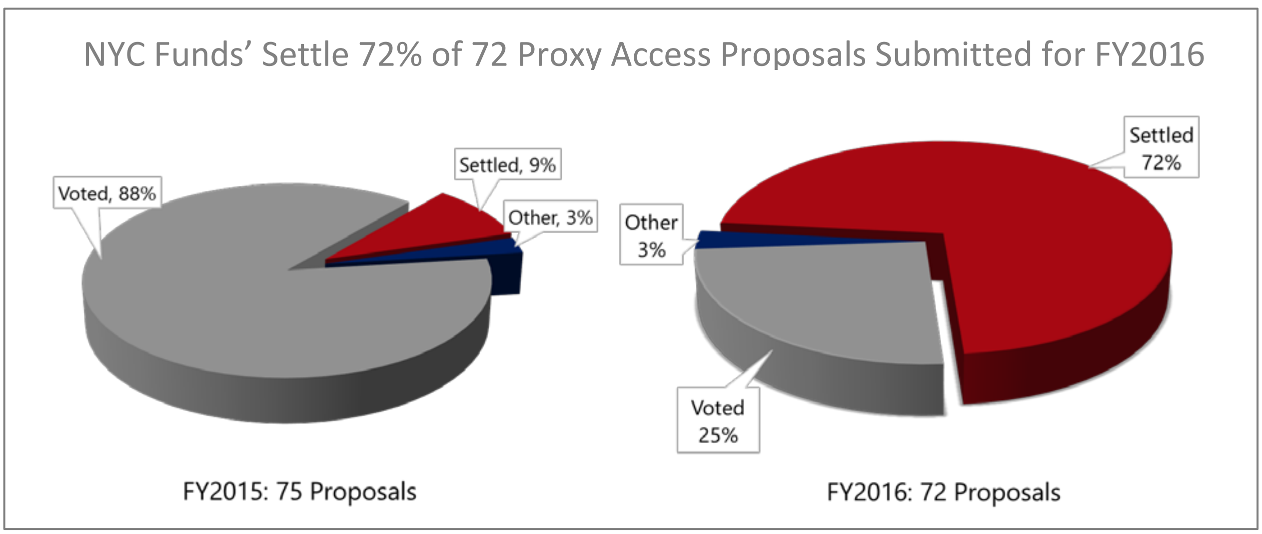
Consistent with the methodology used for 2015, when the NYC Funds' submitted proxy access proposals to 75 companies, focus companies included those with little or no apparent gender or racial diversity on their board, companies that failed to align executive compensation with business performance, and carbon-intensive energy companies that are among the most vulnerable to business risks related to climate change. In addition, the NYC Funds submitted proposals to companies in which they have the largest investments at stake regardless of the companies' performance, governance and risk profile.

Excessive CEO pay and the lack of board diversity each raise concerns regarding the independence and quality of a particular board. The focus on energy companies arises out of the NYC Funds' interest, as long-term investors, in ensuring that these firms have climate-competent boards to oversee the inevitable transition to a low-carbon economy, which has near-term implications for a company's business strategy and capital allocation.

The NYC Funds once again received substantial support from other institutional investors, including CalPERS, which conducted joint solicitations with the NYC Funds in support of the proposals and attended some annual meetings on the NYC Funds' behalf. The joint solicitations generally involved sending letters to the shareowners of focus companies urging them to vote for the proposal and conducting follow-up investor outreach to make the case for proxy access; to comply with federal securities laws, the letters are filed with the SEC and available on the SEC's Edgar filing system.

In response to these efforts, 52 companies enacted, or agreed to propose a management-supported amendment to enact, a proxy access bylaw with terms substantially similar to those requested by the shareowner proposal, prompting withdrawal of the proposal. Such companies included **American Airlines**, **Boeing**, **Duke Energy**, **Home Depot, Intel**, **Johnson & Johnson**, **PepsiCo**, **Pfizer**, and **Wells Fargo**, among others.

The high settlement rate (72 percent) stands in stark contrast to 2015, when the NYC Funds withdrew only six of 75 proxy access proposals (8 percent), and reflects the dramatic shift in companies' response to proxy access prompted by the Boardroom Accountability Project.



Note: Other includes proposals that were rendered moot (e.g. due to acquisition) or omitted from the proxy statement.

Support for the 18 proposals that went to a vote averaged 58 percent, with 13 proposals receiving majority support. Notably, the proposals at **Chipotle Mexican Grill** and **Exxon Mobil Corporation** garnered votes of 57 percent and 62 percent, respectively, after having received more than 49 percent support in 2015, and the proposal at **NRG Energy**, where the board did not oppose the proposal, received 95 percent support.

Significantly, many companies targeted for inadequate board diversity over the past two years have named at least one woman and/or minority director to their boards, including **AbbVie**, **Avalon Bay Communities, Cabot Oil & Gas**, **Cimarex Energy**, **Cloud Peak Energy**, **Fidelity National Financial**, **NVR, Inc.**, **Priceline**, **Regeneron Pharmaceuticals**, **Union Pacific** and **Whiting Petroleum**. This is in addition to six companies that added diverse candidates in 2015, as reported in last year's Postseason Report.

The following is a comprehensive list of 2016 proxy access focus companies and outcomes. In addition, see page 20 for a cumulative list of companies that have enacted proxy access following receipt of a NYC Funds' proposal.

PROXY ACCESS PROPOSAL OUTCOMES

	---------------- Selection Criteria			---------------	------- Vote Result	-------
Company	**Largest**	**Diversity**	**Climate**	**Pay**	**2015**	**2016**
3M Company	X				--	Settled
AbbVie Inc.	X	X			--	Settled
AES Corporation, The			X		66.40%	Settled
Alexion Pharmaceuticals Inc.		X			49.20%	Settled
Alliance Data Systems		X			55.70%	Settled
Ameren Corporation			X		--	Settled
American Airlines Group Inc.		X			--	Settled
American Tower Corporation				X	--	Settled
Amgen Inc.	X				--	Settled
Apartment Investment and Management Company				X	57.70%	Settled
Avon Products, Inc.				X	75.70%	Settled
Bed Bath & Beyond Inc.	X			X	--	61.60%
Boeing Company, The	X				--	Settled
Cabot Oil & Gas Corporation		X	X		45.30%	45.50%
Caterpillar Inc.	X			X	--	Settled
Cerner Corporation		X			--	Settled
Chipotle Mexican Grill, Inc.				X	49.90%	57.40%
CMS Energy Corporation			X		--	Settled
Colgate-Palmolive Company	X				--	Settled
Consol Energy, Inc.			X		47.00%	52.40%
Devon Energy Corporation			X		58.20%	Settled
Dominion Resources, Inc.			X		--	Settled
Duke Energy Corporation			X		62.70%	Settled
eBay Inc.		X			59.40%	Settled

	---------------- Selection Criteria		---------------		------- Vote Result -------	
Company	**Largest**	**Diversity**	**Climate**	**Pay**	**2015**	**2016**
Electronic Arts Inc.				X	55.00%	Settled
Exelon Corporation				X	43.60%	Settled
Express Scripts Holding Company	X	X			--	Settled
Exxon Mobil Corporation			X		49.40%	61.90%
Fidelity National Financial Inc.		X			60.90%	Settled
First Energy Corporation			X		71.40%	Settled
Fleetcor Technologies, Inc.		X		X	46.90%	62.30%
Freeport-McMoran Copper & Gold			X	X	64.90%	Settled
HCP, Inc.				X	55.50	Settled
Home Depot, Inc., The	X				--	Settled
Honeywell International Inc.	X			X	--	Settled
Intel Corporation	X				--	Settled
Intercontinental Exchange, Inc.		X			--	Settled
Johnson & Johnson	X				--	Settled
Macerich Company, The				X	--	Settled
Monster Beverage Inc.		X			41.90%	43.40%
Murphy Oil Corporation			X		53.00%	Settled
Nabors Industries Ltd		X		X	67.00%	60.40%
Netflix,Inc.					71.00%	71.80%
New York Community Bancorp				X	44.40%	67.10%
NiSource Inc.			X		--	Settled
Noble Energy, Inc.			X		42.40%	38.40%
NRG Energy, Inc.			X		--	94.80%
NVR, Inc.		X			41.50%	Other[2]
O'Reilly Automotive, Inc.		X			--	66.20%
Paccar Inc.		X			42.00%	45.20%
Peabody Energy Corporation			X		48.70%	Settled
PepsiCo, Inc.	X				--	Settled
Pfizer Inc.	X				--	Settled
PPL Corporation			X		61.40%	Settled
Praxair, Inc.				X	--	Settled
Precision Castparts Corporation		X			58.70%	Acquired
Roper Technologies, Inc.		X			67.60%	Settled
salesforce.com, inc.	X			X	--	Settled

	----------------	Selection Criteria	---------------		------- Vote Result -------	
Company	Largest	Diversity	Climate	Pay	2015	2016
SBA Communications		X			46.30%	67.60%
SL Green Realty Corp.				X	--	Settled
Southern Company, The			X		46.20%	Settled
U.S. Bancorp	X				--	Settled
Union Pacific Corporation	X	X			--	Settled
Universal Health Services		X			--	8.90%
Unum Group				X	--	Settled
Urban Outfitters, Inc.		X			40.60%	63.60%
Vertex Pharmaceuticals				X	58.40%	Settled
Visteon Corp.		X			75.70%	Settled
WEC Energy Group, Inc.			X		--	74.70%
Wells Fargo & Company	X				--	Settled
Xcel Energy Inc.			X		--	Settled
Zoetis Inc.		X			--	Settled

[1]Includes the companies in which the NYC Funds have the large investment on an absolute basis.

[2]The proposal at NVR sought to amend the company's existing proxy access bylaw to lower the ownership requirement from 5% to 3% and make certain other changes; the company received permission from the SEC to omit the proposal from its proxy after it amended its ownership requirement.

ADVANCING DISCLOSURE OF CORPORATE POLITICAL SPENDING

Over the past year, the NYC Funds engaged with numerous companies, primarily in the energy industry, requesting board oversight and transparency of corporate political spending, including initiating first-time engagements with a number of coal-intensive utilities. Board oversight and disclosure of corporate assets used for political purposes helps mitigate the legal and regulatory risks that accompany political contributions and enables investors to assess whether any corporate political spending is consistent with the long-term interests of the company and its shareowners.

In response to a first-time proposal from the NYC Funds, **Eversource Energy** adopted a policy requiring board oversight and disclosure of political spending. **Consolidated Edison** and **PNM Resources,** two of the five S&P 400 mid-cap utilities that received a letter request from the NYC Funds, enhanced their public disclosures. **PPL Corporation** also agreed to enhance its public disclosures after several years of strong votes on the NYC Funds' shareowner proposal and productive discussions with the company.

Shareowner proposals went to a vote at five additional companies, including at utility **NRG,** where the proposal received 49.4 percent support, the second highest vote for a resolution addressing political spending during the 2016 proxy season. Subsequent to the votes, **Cabot Oil & Gas** and **DTE Energy**, both of which had received the proposal for multiple years, improved their disclosures.

POLITICAL DISCLOSURE PROPOSAL OUTCOMES

Company	2014	2015	2016
AutoZone Inc.[1]	34.0%	36.3%	n/a
Cabot Oil & Gas Corporation	44.7%	45.3%	34.7%
DTE Energy Company	34.1%	32.6%	26.4%
Eversource Energy	--	--	Settled
NRG Energy, Inc.	--	--	49.4%
PPL Corporation	41.0%	44.6%	Settled (pre-filing)

[1]AutoZone has a fall annual meeting and its fall 2015 results were not included in the 2015 Postseason Report.

ENHANCING DISCLOSURE OF WORKPLACE DIVERSITY

The NYC Funds continued to submit proposals requesting that financial services and advertising companies annually disclose workforce diversity data based on the EEO-1 report that each company is required to file with the U.S. Equal Employment Opportunity Commission. Both industries are characterized by pervasive and persistent underrepresentation of women and minorities, especially in senior positions.

While companies often cite their commitment to diversity and describe their various efforts to recruit, retain, and promote minorities and women, disclosure of the EEO-1 report data – which details the composition of the company's workforce by race and gender across employment categories, including senior management – allows shareowners to evaluate and benchmark the effectiveness of these efforts.

Capital One Financial, after receiving the proposal for the first time, agreed to disclose its EEO-1 data in its 2016 sustainability report. In response to repeated shareowner proposals, **American Express** and **Omnicom** took steps to improve their diversity disclosures, but did not provide enough information to prompt withdrawal of the proposal. Finally, **Charles Schwab** remained unresponsive to the request.

EEO-1 DISCLOSURE PROPOSAL OUTCOMES

Company	2014	2015	2016
American Express Company	25.1%	24.7%	24.3%
Capital One Financial Corporation	--	--	Settled
Charles Schwab Corporation	20.3%	21.1%	24.3%
Omnicom Group	--	27.5%	29.2%

Other 2016 Shareowner Initiatives

CHALLENGING EXCESSIVE CEO PAY AT BED BATH & BEYOND

In addition to submitting a proxy access proposal to **Bed Bath & Beyond**, the NYC Funds led a "vote no" campaign against the company's advisory vote on executive compensation ("say-on-pay") and the election of the three directors on the board's compensation committee. As the Comptroller detailed in a letter to the company's shareowners, the three directors failed to protect shareowner interests by repeatedly awarding excessive pay to CEO Steven Temares, totaling over $19 million in each of the past three years, despite poor shareowner returns and mounting investor concerns.

In a sharp rebuke of the board at the company's July 1, 2016 annual meeting, management's say-on-pay proposal failed for the second consecutive year, receiving the lowest support (22.6 percent) of any S&P 500 company in 2016; proxy access passed with 61.6 percent support; and shareowners cast at least 35 percent of their votes against each of the three directors opposed by the NYC Funds.

PROMPTING EXECUTIVE PAY CLAWBACKS AT WELLS FARGO

In a September 22, 2016 letter, the Comptroller called on the board of Wells Fargo to claw back substantial incentive compensation from senior executives responsible for the systemic breakdown of legal and regulatory compliance that caused the bank to pay $185 million to settle federal and local charges of customer fraud. Over the preceding five years, employees had secretly opened hundreds of thousands of unauthorized deposit accounts and tens of thousands of credit card accounts without customers' knowledge or consent. The settlement prompted a 13 percent decline in Wells Fargo's share price over the subsequent four weeks and caused extensive reputational harm to the company.

These are precisely the circumstances the NYC Funds sought to avoid when in 2013 they successfully negotiated to expand the bank's recoupment policy to empower the Wells Fargo board to claw back pay from senior executives responsible for egregious conduct that causes financial or reputational harm. On September 27, 2016, Wells Fargo announced it would claw back $41 million from CEO John Stumpf and $19 million from former Senior Vice President Carrie Toldstedt.

CALLING FOR GOVERNANCE REFORMS AT MYLAN

In a September 1, 2016 letter, the NYC Funds called on the board of Mylan NV to restore investor confidence in the wake of a damaging drug pricing scandal by, among other changes, naming an Independent chair and providing oversight and disclosure of drug pricing strategy and risks. The letter was precipitated by the fallout from media reports in August 2016 that Mylan NV had boosted the price of its life-saving EpiPen by 550 percent since 2007, which prompted a public backlash, subjected the company to Congressional and regulatory scrutiny, and severely damaged the company's reputation. It also fueled a more than 20% decline in the company's share price over the following six weeks.

The costly circumstances reinforced the NYC Funds' longstanding concerns with the board's oversight, independence and accountability resulting from Mylan's persistently excessive CEO pay and unresponsive board. In addition to repeatedly voting against management's say-on-pay proposal and against directors on the board's compensation committee, the NYC Funds had submitted shareowner proposals to enhance the board's independence (by requiring an independent chair) and accountability (by providing proxy access) at each of the company's past four annual meetings.

ADVOCATING FOR CLIMATE CHANGE RISK DISCLOSURE AT EXXON MOBIL

The NYC Funds and CalPERS jointly conducted an exempt solicitation, a letter to shareowner that is filed with the SEC and follow-up outreach to investors, to build support for a shareowner proposal requesting that **ExxonMobil** report on the impacts of climate change policy consistent with global carbon emissions reduction targets. The proposal, sponsored by the New York State Common Retirement Fund and the Church of England, received 38.2 percent support at the company's annual meeting, a strong vote for a climate-related proposal opposed by management.

The initiative reflected the NYC Funds continued, active participation in the Carbon Asset Risk (CAR) Initiative launched in fall 2013. Coordinated by CERES and its global counterparts, the initiative is a joint effort by an international group of 75 institutional investors representing $3.5 trillion in assets to spur 45 of the world's largest oil and gas, coal, and electric power companies to address the physical, regulatory and financial risks posed by climate change.

ELIMINATING HUMAN RIGHTS ABUSES IN THE SEAFOOD SUPPLY CHAIN

In February 2016, the NYC Funds wrote to six companies that reportedly source shrimp from Thailand following news reports regarding the use of forced labor in Thailand's shrimp industry. The companies included **Costco**, **Dollar General**, **Kroger**, **Sysco**, **Wal-Mart** and **Whole Foods**. Given the risks that the alleged practices pose to shareowner value, the letters requested that the companies disclose identified violations and remedial actions taken, and provide a timeline for bringing the supply chain in to compliance with the companies' codes of conduct and internationally accepted norms.

To date, only Costco and Sysco have provided substantive responses. **Costco** responded that it is working with the Seafood Task Force[2] and will provide enhanced disclosures in its next sustainability report. **Sysco** similarly outlined a number of actions it is taking, including prohibiting processors in Thailand from packing its shrimp until the human rights abuses are alleviated, and committing to provide additional reporting in its 2016 sustainability report.

SUPPORTING INCREASED DISCLOSURE OF SUPPLIER DIVERSITY DATA

In September 2016, the NYC Funds wrote letters calling on 16 large companies to disclose quantitative performance metrics on their supplier diversity programs. Supplier diversity programs include proactive efforts by companies to use minority, women, LGBTQ, and veteran-owned businesses, among other defined groups, as suppliers. These policies support historically-underutilized communities, and are another tool for businesses to create long-term value.

The companies include **Alcoa Inc.**, **Allergan PLC**, **Alphabet Inc.**, **Colgate-Palmolive Company**, **Costco Wholesale Corporation**, **Dow Chemical Company**, **Facebook Inc.**, **General Dynamics**, **The Goldman Sachs Group Inc.**, **The Kraft Heinz Company**, **Lowe's Companies Inc.**, **Mondelez International Inc.**, **Monsanto Company**, **Starbucks Corporation**, **Visa Inc**., and **Twenty-First Century Fox Inc.**

---

[2]The Seafood Task Force is an industry-led, diverse coalition tackling human rights and environmental issues in Thailand. It recently changed its name from the Shrimp Task Force to the Seafood Task Force to reflect the equal emphasis now being placed on tuna and other seafood products.

In 2014, the NYC Funds sent a similar letter to 20 of their largest holdings. Since then, more than half have increased disclosure. Specifically, eight firms – **Apple**, **Altria**, **Pfizer**, **Qualcomm**, **US Bancorp**, **United Technologies**, **3M**, **and ConocoPhillips** – now disclose quantitative data. Increased disclosure of supplier diversity data has been gaining momentum across the market. Beyond the companies that received letters from the NYC Funds in 2014, at least 10 S&P 100 companies have recently begun to disclose quantitative supplier diversity program performance data, including AbbVie, BNY Mellon, Capital One, Eli Lilly, E.I. du Pont de Nemours & Co., Exxon Mobil, Ford Motor Company, Halliburton, MetLife, and Raytheon.

IDENTIFYING HUMAN CAPITAL MANAGEMENT BEST PRACTICES

How a company's workers are compensated, engaged, trained, retained, and promoted are all fundamental to generating long-term shareowner value. Recognizing that employees play a crucial role in ensuring any company's success, the NYC Funds continued to work with a coalition of institutional investors that collectively represent $2.5 trillion in assets to identify human capital management best practices.

In March 2016, the coalition, spearheaded by the UAW Retirees' Medical Benefits Trust, organized a symposium of experts, human capital practitioners, and institutional investors to identify key human capital metrics that are most closely related to shareowner value, exchange ideas on best practices for public reporting of human capital data, and devise an action plan to prompt more U.S. companies to provide clear, investment-relevant information about how companies are managing their "most valuable asset," i.e. their workforce.

2016 Regulatory Engagement

Over the past year, the Comptroller sent or co-signed various investor letters and statements in support of regulatory reforms consistent with the policies and long-term interests of the NYC Funds, including:

- A July 2015 letter to the National Governors Association expressing support for implementation of the Environmental Protection Agency's Carbon Pollution Standards for existing power plants. The standards, also known as the Clean Power Plan, are critical for moving the country toward a clean energy economy. The other signatories to the letter, which was coordinated by CERES, included both companies and investors.

- A September 2015 comment letter in support of the SEC's proposed rule, *Listing Standards for Recovery of Erroneously Awarded Compensation*, implementing Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Among other comments, the letter urged the SEC to expand the disclosure requirement to cover not only incentive compensation clawed back due to the subsequent restatement of the underlying performance metrics, as required by the Dodd-Frank Act, but also any compensation clawed back from executives for costly misconduct or excessive risk taking. The letter was coordinated by the UAW Retiree Medical Benefits Trust and signed by about a dozen major institutional investors.

- The December 2015 Paris Pledge For Action affirmed a commitment to a safe and stable climate in which temperature rise is limited to under 2 degrees Celsius and expressed support for the adoption of a new, universal climate agreement at COP21 in Paris. In addition to investors, signatories included cities, regions, businesses, civil society groups and trade unions, among others. The Paris Pledge was endorsed by CERES, the Principles for Responsible Investment and the Carbon Disclosure Project, among other investor organizations, and these organizations helped to facilitate investor signatories.

- An April 2016 Investor Statement in Support of the Joint U.S. and Canadian March 10, 2016 Announcement on Limiting Methane Emissions from the Oil and Gas Industry. As the Statement noted, curbing methane emissions from all sources in the oil and natural gas value-chain will help limit climate change, promote economic growth and provide regulatory clarity for industry and investors. The signatories included investors with $3.6 trillion in assets under management.

- A June 2016 letter from the Council of Institutional Investors (CII) to the leadership of the House Committee on Financial Services expressing opposition to the Corporate Governance Reform and Transparency Act of 2016 (HR 53110). The Act, which aims to tighten regulation of proxy advisory firms, could weaken public company corporate governance, lessen the fiduciary obligation of proxy advisors to investor clients, and reorient any surviving proxy advisors to serve companies rather than investors. Many other CII members also co-signed the letter.

- A June 2016 letter to SEC Chair Mary Jo White expressing investor concern about poor climate risk disclosure and requesting that the SEC strengthen enforcement of existing guidance to companies on preparing climate-related disclosures required by Regulation S-K. The letter was coordinated by CERES and included dozens of investor signatories.

- A July 2016 letter from the Comptroller's Office providing comments on the SEC concept release entitled *Business and Financial Disclosure Required by Regulation S-K*. Consistent with the NYC Funds Corporate Governance Principles and Proxy Voting Guidelines, the Comptroller emphasized that investors in the domestic market need more, not less, disclosure. In particular, the Comptroller highlighted the need for increased disclosure regarding climate change risks, share buybacks, corporate political spending and human capital management strategy and metrics, including with respect to diversity.

- An August 2016 letter from global investors urging G20 governments to ratify the Paris Agreement; implement the 2015 Global Investor Statement on Climate Change recommendations, including by implementing economically meaningful carbon pricing, providing regulatory support for energy efficiency and renewable energy, and phasing out fossil fuel subsidies; and prioritize rulemaking by national financial regulators to require disclosure of material climate risks. The letter was coordinated by multiple investor organizations, including CERES and the Principles for Responsible Investment.

- A September 2016 letter from CII to the leadership of the Senate Committee on Banking, Housing, and Urban Affairs expressing strong concerns with H.R. 5311, the Corporate Governance Reform and Transparency Act of 2016, which, as noted above, aims to tighten regulation of proxy advisory firms to the detriment of pension funds and other institutional investors. Many other members of CII also co-signed the letter.

2016 Shareowner Proposal Results by Company

Company	Issue/Proposal	Proponents[1]	2015	2016
3M Company	Proxy Access	F, N, P, T	--	Settled
AbbVie Inc.	Proxy Access	F, N, P, T	--	Settled
AES Corporation, The	Proxy Access	F, N, P	66.4%	Settled
Alexion Pharmaceuticals Inc.	Proxy Access	B, F, N, P, T	49.2%	Settled
Alliance Data Systems	Proxy Access	B, F, N, P, T	55.7%	Settled
Ameren Corporation	Proxy Access	F, N, P, T	--	Settled
American Airlines Group Inc.	Proxy Access	F, N, P, T	--	Settled
American Express Company	Diversity/EEO-1 Disclosure	B, F, N, P, T	24.7%	24.3%
American Tower Corporation	Proxy Access	F, N, P, T	--	Settled
Amgen Inc.	Proxy Access	F, N, P, T	--	Settled
Apartment Investment and Management Co.	Proxy Access	F, N, P	57.7%	Settled
Autozone Inc. (Fall annual meeting)	Political Spending Disclosure	n/a	34.0%	36.3%
Avon Products, Inc.	Proxy Access	F, N, P, T	75.7%	Settled
Bed Bath & Beyond Inc.	Proxy Access	B, F, N, P, T	--	61.6%
Boeing Company, The	Proxy Access	F, N, P, T	--	Settled
Cabot Oil & Gas Corporation	Political Spending Disclosure	F, N	45.3%	34.7%
Cabot Oil & Gas Corporation	Proxy Access	P, T	45.3%	45.5%
Capital One Financial Corporation	Diversity/EEO-1 Disclosure	F, N, P, T	--	Settled
Caterpillar Inc.	Proxy Access	B, F, N, P, T	--	Settled
Cerner Corporation	Proxy Access	F, N, P, T	--	Settled
Charles Schwab Corporation	Diversity/EEO-1 Disclosure	F, N, P, T	21.1%	24.3%
Chipotle Mexican Grill, Inc.	Proxy Access	F, N, P, T	49.9%	57.4%
CMS Energy Corporation	Proxy Access	F, N, P, T	--	Settled
Colgate-Palmolive Company	Proxy Access	F, N, P, T	--	Settled
Consol Energy, Inc.	Proxy Access	F, N, P, T	47.0%	52.4%
Devon Energy Corporation	Proxy Access	B, F, N, P, T	58.2%	Settled
Dominion Resources, Inc.	Proxy Access	F, N, P, T	--	Settled
DTE Energy Company	Political Spending Disclosure	B, F, N, P, T	32.6%	26.4%
Duke Energy Corporation	Proxy Access	F, N, P, T	62.7%	Settled
eBay Inc.	Proxy Access	F, N, P, T	59.4%	Settled
Electronic Arts Inc.	Proxy Access	B, F, N, P, T	55.0%	Settled
Eversource Energy	Political Spending Disclosure	F, N, P, T	--	Settled
Exelon Corporation	Proxy Access	F, N, P, T	43.6%	Settled

Company	Issue/Proposal	Proponents[1]	2015	2016
Express Scripts Holding Company	Proxy Access	F, N, P, T	--	Settled
Exxon Mobil Corporation	Proxy Access	B, F, N, P, T	49.4%	61.9%
Fidelity National Financial Inc.	Proxy Access	B, F, N, P, T	60.9%	Settled
First Energy Corporation	Proxy Access	B, F, N, P, T	71.4%	Settled
Fleetcor Technologies, Inc.	Proxy Access	B, F, N, P, T	46.9%	62.3%
Freeport-McMoran Copper & Gold Inc.	Proxy Access	B, F, N, P, T	64.9%	Settled
HCP, Inc	Proxy Access	F, N, P, T	55.5%	Settled
Home Depot, Inc., The	Proxy Access	F, N, P, T	--	Settled
Honeywell International Inc.	Proxy Access	F, N, P, T	--	Settled
Intel Corporation	Proxy Access	F, N, P, T	--	Settled
Intercontinental Exchange, Inc.	Proxy Access	F, N, P, T	--	Settled
Johnson & Johnson	Proxy Access	F, N, P, T	--	Settled
Macerich Company, The	Proxy Access	B, F, N, P, T	--	Settled
Monster Beverage Inc.	Proxy Access	B, F, N, P, T	41.9%	43.4%
Murphy Oil Corporation	Proxy Access	F, N, P, T	53.0%	Settled
Nabors Industries Ltd	Proxy Access	B, F, N, P, T	67.0%	60.4%
Netflix,Inc.	Proxy Access	B, F, N, P, T	71.0%	71.8%
New York Community Bancorp, Inc.	Proxy Access	B, F, N, P, T	44.4%	67.1%
NiSource Inc.	Proxy Access	F, N, P, T	--	Settled
Noble Energy, Inc.	Proxy Access	B, F, N, P, T	42.4%	38.4%
NRG Energy, Inc.	Proxy Access	F, N	--	94.8%
NRG Energy, Inc.	Political Spending Disclosure	P,T	--	49.4%
NVR, Inc.	Proxy Access	F, N, P, T	41.5%	Other
Omnicom Group	Diversity/EEO-1 Disclosure	B, F, N, P, T	27.5%	29.2%
O'Reilly Automotive, Inc.	Proxy Access	F, N, P, T	--	66.2%
Paccar Inc.	Proxy Access	F, N, P, T	42.0%	45.2%
Peabody Energy Corporation	Proxy Access	F, N, P, T	48.7%	Settled
PepsiCo, Inc.	Proxy Access	F, N, P, T	--	Settled
Pfizer Inc.	Proxy Access	F, N, P, T	--	Settled
PPL Corporation	Proxy Access	B, F, N, P, T	61.4%	Settled
Praxair, Inc.	Proxy Access	F, N, P, T	--	Settled
Precision Castparts Corporation	Proxy Access	B, F, N, P, T	58.7%	Other
Roper Technologies, Inc.	Proxy Access	B, F, N, P, T	67.6%	Settled
salesforce.com, inc.	Proxy Access	F, N, P, T	--	Settled
SBA Communications Corporation	Proxy Access	B, F, N, P, T	46.3%	67.6%

Company	Issue/Proposal	Proponents[1]	2015	2016
SL Green Realty Corp.	Proxy Access	F, N, P, T	--	Settled
Southern Company, The	Proxy Access	B, F, N, P, T	46.2%	Settled
U.S. Bancorp	Proxy Access	F, N, P, T	--	Settled
Union Pacific Corporation	Proxy Access	F, N, P, T	--	Settled
Universal Health Services	Proxy Access	F, N, P, T	--	8.9%
Unum Group	Proxy Access	F, N, P, T	--	Settled
Urban Outfitters, Inc.	Proxy Access	B, F, N, P, T	40.6%	63.6%
Vertex Pharmaceuticals Incorporated	Proxy Access	B, F, N, P, T	58.4%	Settled
Visteon Corp.	Proxy Access	B, F, N, P, T	75.7%	Settled
WEC Energy Group, Inc.	Proxy Access	F, N, P, T	--	74.7%
Wells Fargo & Company	Proxy Access	F, N, P, T	--	Settled
Xcel Energy Inc.	Proxy Access	F, N, P, T	--	Settled
Zoetis Inc.	Proxy Access	F, N, P, T	--	Settled

[1] Indicates which NYC Funds filed 2016 proposal: B- BERS; F-Fire; N-NYCERS; P-Police; T-TRS

NYC Funds' Focus Companies Enacting Proxy Access, 2014 - 2016

The following is a comprehensive list of companies that have enacted bylaws as of December 8, 2016 providing proxy access on reasonable terms to shareowners that have held at least three percent of outstanding shares for three years following receipt of a shareowner proposal from the NYC Funds. It includes two companies, Chesapeake Energy and McKesson, which agreed to enact proxy access prior to the fall 2014 launch of the Boardroom Accountability Project.

3M Company
AbbVie Inc.
AES Corporation, The
Alexion Pharmaceuticals, Inc.
Alliance Data Systems Corporation
Ameren Corporation
American Airlines Group Inc.
American Electric Power Co., Inc.
American Tower Corporation
Amgen Inc.
Anadarko Petroleum Corporation
Apache Corp.
Apartment Investment and Management Company
Arch Coal Inc.
AvalonBay Communities Inc.
Avon Products Inc.
Big Lots Inc.
Boeing Company, The
Cabot Oil & Gas Corporation
Caterpillar Inc.
Cerner Corporation
CF Industries Holdings, Inc.
Cheniere Energy, Inc.
Chesapeake Energy Co.
Chevron Corporation
Chipotle Mexican Grill, Inc.
Cimarex Energy Co.
Cloud Peak Energy Inc.
CMS Energy Corporation
Colgate-Palmolive Company
ConocoPhillips
CONSOL Energy Inc.
Devon Energy Corporation
Dominion Resources, Inc.
DTE Energy Company
Duke Energy Corporation
eBay Inc.
Electronic Arts Inc.
EOG Resources, Inc.
EQT Corporation
Equity Residential
Exelon Corporation
Expeditors International of Washington Inc.
Express Scripts Holding Company
Exxon Mobil Corporation
Fidelity National Financial, Inc.
FleetCor Technologies, Inc.
Freeport-McMoRan Copper & Gold Inc.
Hasbro Inc.
HCP, Inc.
Hess Corporation
Home Depot, Inc., The
Honeywell International Inc.
Intel Corporation
Intercontinental Exchange, Inc.
Johnson & Johnson
Level 3 Communications, Inc.
Macerich Company, The
Marathon Oil Corporation
McKesson Corp.
Murphy Oil Corporation
NiSource Inc.
Noble Energy, Inc.
NRG Energy, Inc.
NVR, Inc.
Occidental Petroleum Corporation
O'Reilly Automotive, Inc.
Peabody Energy Corp.
PepsiCo, Inc.
Pfizer Inc.

Pioneer Natural Resources Co.
PPL Corporation
Praxair, Inc.
Priceline Group Inc., The
Range Resources Corporation
Republic Services
Roper Technologies Inc.
salesforce.com, inc.
SL Green Realty Corp.
Southern Company
Southwestern Energy Co.
Splunk, Inc.
Staples, Inc.
U.S. Bancorp
Union Pacific Corporation
United Therapeutics Corporation
Unum Group
VEREIT
Vertex Pharmaceuticals Incorporated
Visteon Corporation
WEC Energy Group, Inc.
Wells Fargo & Company
Westmoreland Coal Co.
Whiting Petroleum Corp.
Xcel Energy Inc.
Zoetis Inc.

CITY OF NEW YORK

SIGILLUM CIVITATIS NOVI EBORACI

1625

OFFICE OF THE COMPTROLLER

New York City Comptroller

Scott M. Stringer

Office of the Comptroller • City of New York • One Centre Street, New York, NY 10007 • Phone: (212) 669-3500 • comptroller.nyc.gov