NEW YORK CITY COMPTROLLER
BRAD LANDER

New York City Retirement Systems 2024 Shareholder Initiatives

Postseason Report

BUREAU OF ASSET MANAGEMENT

DECEMBER 2024

1 Centre Street, New York, NY 10007 • (212) 669-3916 • www.comptroller.nyc.gov • @NYCComptroller

·SIGILLUM·CIVITATIS·NOVI·EBORACI·
·1625·

A Message from the Comptroller

Dear Reader,

I am proud to present the New York City retirement systems' 2024 Shareholder Initiatives Postseason Report, which highlights the important work we have done to safeguard the long-term value of the Systems' holdings through responsible investing and the promotion of sound corporate governance at companies in which we invest.

This year, our commitment to these principles remained unwavering in the face of increasing politicized attacks on responsible investing. We remain focused on our fiduciary duty to safeguard the retirement savings of New York City's current and retired municipal employees and believe this is best achieved by also attending to environmental, social, and governance (ESG) risks, and to diversity, equity, and inclusion (DEI) in our portfolio. Our strong returns bear this out.

We are proud of our strong annual returns of a combined net 10.0% as of the end of FY 2024. These results surpassed our 7.0% actuarial target rate, outperformed many of our peers, allowed us save New York City taxpayers $1.8 billion, and showed that urging our portfolio companies to follow sustainable business policies does not hinder their ability to generate robust returns – in fact, it bolsters performance and reputation.

We utilize ESG factors as one among many to assess critical risks that could impact our ability to deliver strong, long-term returns, and that work reaches beyond the shareholder proposals at the publicly traded portfolio companies discussed in this report. It encompasses our efforts to increase the diversity of our asset managers, to preserve and create affordable housing through economically-targeted investments, and to set standards for responsible labor and property management practices in our private market investments.

The climate crisis is one of the most urgent risks of our lifetime and we know that it is impossible to manage what you cannot measure. We scored a major win at three of North America's largest financial institutions – Citi, JPMorgan Chase and the Royal Bank of Canada – all of whom agreed to disclose their ratio of clean energy to fossil fuel energy supply financing. Ongoing financing of new fossil fuel energy supply is one of the biggest threats to our planet and thanks to this historic development investors will be able to better assess the role banks play in the climate transition. Additionally, our targeted engagements with over 100 high-emission portfolio companies accelerated progress toward achieving independently validated greenhouse gas (GHG) reduction targets.

We continued to advocate for workers' rights, engaging with companies like Starbucks. Following years of sustained investor engagement, including a majority shareholder vote in favor of our proposal calling on the company to commission a third-party assessment of its alignment with its human rights commitments to upholding freedom of association rights, Starbucks took significant steps toward a more collaborative relationship with its workforce. Now, over 10,000 Starbucks workers have unionized, with discussions underway for a collective bargaining agreement. Additionally, we achieved major strides in protecting workers' health and safety, with telecommunications companies like SBA Communications, American Tower Corporation, and Crown Castle committing to enhanced disclosures on worker safety practices.

Our efforts to enhance diversity and inclusion led to commitments from companies like Dollar Tree and GameStop to disclose detailed data on workforce and board representation respectively, advancing transparency and accountability.

In addition to shareholder initiatives, we recently announced a major increase in our pension investments in diverse asset managers. Assets under management by MWBE managers have increased by over $6 billion, or nearly 40% since my tenure began and have reached $23.08 billion, or 13.3% of our actively managed US assets, as of the end of FY 2024.

Our increased investments in Minority and Women-owned Business Enterprise (MWBE) asset managers have been vital to our success. In fact, investment firms owned by people of color and women are among our best performing managers, with our private markets MWBE firms in the Systems' portfolios outperforming their respective benchmarks with an average public markets equivalent (PME) spread of 5%.

Earlier this year, we announced the adoption of historic new standards for prospective investments in private real estate investment portfolios. The Responsible Property Management Standards (RPMS), now a part of the New York City Employees' Retirement System (NYCERS) investment policy, are designed to ensure that the System's asset managers are supporting and encouraging fair practices toward residents living in properties asset managers own or fund on behalf of the System. We also made an investment of $60 million with Community Preservation Corporation and Related Funds Management to preserve nearly 35,000 rent-stabilized housing units impacted by the sudden collapse of Signature Bank in 2023.

We also engage with our private markets asset managers to adopt fair workforce management practices – which are critical for the long-term performance of our investments. Our office, along with trustees from our pension boards, reached out to the investment firm Apollo, which had recently acquired the Las Vegas resort complex The Venetian to encourage the casino to reach a neutrality agreement with its hospitality workers who were organizing for better wages and working conditions. The Venetian eventually reached a deal with the Culinary Workers Union Local 266, the Bartenders Union Local 165, the Operating Engineers Local 501 and Teamsters Local 986, enabling over 4,000 workers to enjoy the benefits of unionization.

This is just a snapshot of the work we are doing every day on behalf of our pension members and beneficiaries. Our responsible investing work consistently demonstrates that ESG principles are not ideological—they are fundamental to mitigating risks and protecting the long-term interests of our beneficiaries. Despite headwinds, we continued to deliver strong returns over the past fiscal year while maintaining our commitment to diversity, workers' rights, affordable housing, and the environment. Market conditions and governance challenges may change, but our fiduciary responsibility as long-term universal owners remains constant.

I want to thank my fellow trustees of each of the five pension boards who have contributed to these efforts. Together, with the best interests of every member and beneficiary as a priority, we will continue to strengthen the Systems' investments and ensure the retirement security of New York City's public workers.

Sincerely,

Brad Lander

New York City Comptroller

Contents

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 the Systems' proxies and implementing the Systems' shareholder initiatives. The Systems are comprised of the following:

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

Consistent with the fiduciary obligations of the Systems' Boards of Trustees, the Systems' proxy voting and shareholder initiatives programs actively promote sound corporate governance and sustainable business practices at portfolio companies to protect and enhance the long-term value of the Systems' investments.

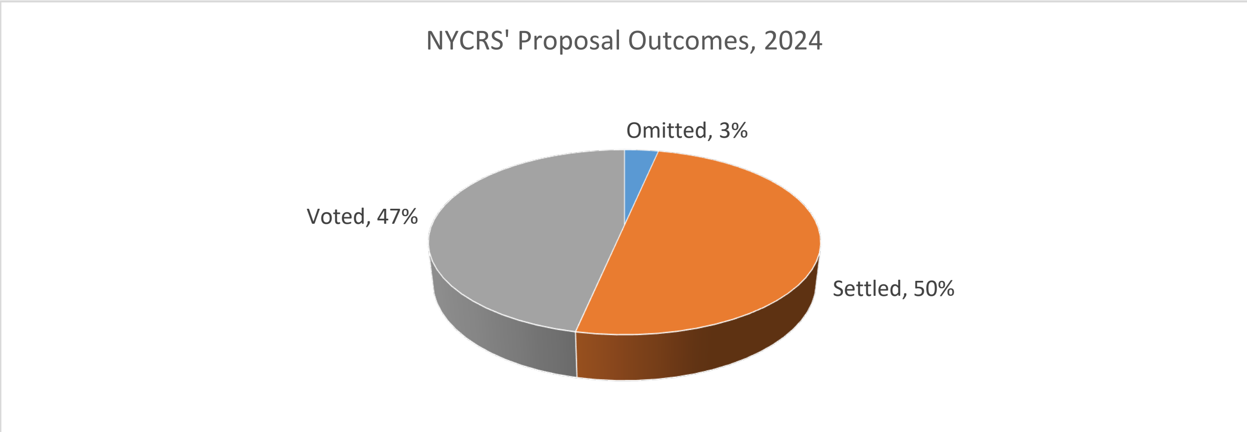
Within the New York City Comptroller's Office, the Bureau of Asset Management's Corporate Governance and Responsible Investment team develops and implements the proxy voting and shareholder program for each of the Systems, including submitting shareholder proposals to, and engaging with management and directors at, portfolio companies. The Comptroller's Office presents the recommended shareholder proposal 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, prepared by the Comptroller's Office and reviewed by each System's Proxy Committee, serves as the annual Proxy Committee Postseason Report ("Postseason Report") for each System's Board of Trustees. The Report covers proxy voting and portfolio company engagement, particularly shareholder proposals, for the 12 months ending June 30, 2024, consistent with the fiscal year reporting period used by the Systems and by the City of New York. As 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, however, the Report also includes developments subsequent to fiscal year-end and prior to publication.

Executive Summary

During fiscal 2024, the Comptroller's Office, on behalf of each sponsoring System, submitted shareholder proposals to 30 portfolio companies. The Systems also led high-profile "vote no" campaigns to challenge problematic directors and corporate practices, including governance and compensation failures at Tesla and conflicts of interest at BlackRock.

See Table 1 on page 8 for a comprehensive list of focus companies, shareholder proposals, outcomes, and each sponsoring System. For the shareholder proposals that went to a vote, voting support averaged 21%, down from 27% in 2023. Marketwide, average support fell to 21.8%, down from 23% in 2023.



Key Highlights

Employee and Board Diversity: The Systems successfully advocated for gender, racial, and ethnic diversity at both employee and board levels. Shareholder proposals Dick's Sporting Goods, Dollar Tree, Grocery Outlet, and H&R Block resulted in commitments to disclose EEO-1 report data, providing transparency into workforce diversity. Additionally, the Systems pushed for disclosure of a Board Diversity Matrix at GameStop and NextEra to advance director-specific reporting on gender, race, and ethnicity, with NextEra receiving significant shareholder support at 40%.

Worker Rights: The Systems made significant strides in its efforts to protect workers' right to organize and bargain collectively, particularly at Starbucks, which had actively opposed unionization efforts at its U.S. stores. Such actions not only contradict Starbucks' human rights commitments but have, in some cases, led to violations of U.S. labor laws. Ensuring alignment between corporate practices and stated commitments to human rights reduces reputational and legal risks for investors, while fostering a more engaged and stable workforce, which can enhance long-term shareholder value.

Following years of sustained investor engagement, including a majority shareholder vote in favor of a third-party assessment of the company's alignment with its human rights commitments, Starbucks took significant steps toward improving its relationship with unionized workers. By

September 2024, over 10,000 Starbucks workers had unionized, with discussions underway for a collective bargaining agreement. The Systems also engaged eBay, among others, which agreed to conduct an independent assessment of its adherence to freedom of association commitments following allegations that its subsidiary, TCGPlayer, violated U.S. labor laws during a unionization vote.

Health & Safety: Three telecommunications infrastructure leaders—SBA Communications, American Tower, and Crown Castle—committed to enhanced disclosures on worker safety practices at their tower sites, with a focus on including information on contractors and subcontractors.

Climate Action: Important progress was made in the banking sector, where the Systems' Clean Energy Supply Financing Ratio proposals led to commitments from Citigroup, JPMorgan, and the Royal Bank of Canada to annually disclose the ratio of their financing for clean energy versus fossil fuels. This transparency empowers investors to assess the banks' progress towards their net zero goals and contributions to the energy transition and allows investors to better assess a company's management of climate risks. Additionally, in line with NYCERS, TRS, and BERS commitments to achieve net-zero greenhouse gas (GHG) portfolio emissions by 2040, these three Systems targeted over 100 of their highest-emitting portfolio companies, urging them to set independently validated, science-based GHG reduction targets. These actions support their broader climate goal of achieving adoption of science-based targets among companies representing 70% of Scopes 1 and 2 emissions by 2025, and 90% of Scopes 1,2 and 3 emissions by 2030.

Responsible A.I.: The Systems' work on responsible artificial intelligence (A.I.) governance in 2024 focused on promoting ethical A.I. use across industries to safeguard workers, consumers, and the public. A key focus was the entertainment sector, where A.I.'s impact on creative professionals contributed to strikes by writers and performers. Notable outcomes included withdrawal agreements with Comcast, Disney, and credit reporting company TransUnion, as well as a 43% vote at Netflix.

Table 1: 2024 Shareholder Proposals by Outcome and Sponsoring System

Company	Proposal	Outcome	System Sponsors[1]
Amazon	Responsible A.I. Report/Principles	9.7%	N, T, P, F, B
American Tower Corporation	Worker Safety Assessment	Withdrawn	N, T, P, F, B
Bank of America	Clean Energy Investment Ratio	26.0%	N, T, P
Chipotle Mexican Grill	Freedom of Association Policy	10.1%	N, T, P, F, B
Citigroup	Clean Energy Investment Ratio	Withdrawn	N, T, P
Comcast	Responsible A.I. Report/Principles	Withdrawn	N, T, P, F, B
Crown Castle	Worker Safety Assessment	Withdrawn	N, T, P, F, B
Dick's Sporting Goods, Inc.	EEO-1 Report Disclosure	11.7%	N, T, P, F, B
Disney (ABC)	Responsible A.I. Report/Principles	Withdrawn	P, N, F
Dollar Tree, Inc.	EEO-1 Report Disclosure	Withdrawn	N, T, P, F, B
eBay	Freedom of Association Policy	Withdrawn	N, T, P, F, B
FirstService Corporation	Freedom of Association Assessment	Omitted	N, T, P, F, B
GameStop Corp.	Board Diversity Matrix	10.0%	N, T, P, B
Goldman Sachs	Clean Energy Investment Ratio	28.8%	N, T, P
Grocery Outlet Holding Corp.	EEO-1 Report Disclosure	Withdrawn	N, T, P, F, B
H&R Block, Inc.	EEO-1 Report Disclosure	Withdrawn	N, T, P, F, B
JPMorgan	Clean Energy Investment Ratio	Withdrawn	N, T, P, B
Mattel	EEO-1 Report Disclosure	Withdrawn	N, T, P, F, B
Morgan Stanley	Clean Energy Investment Ratio	22.9%	N, T, P, B
Netflix	Responsible A.I. Report/Principles	43.3%	N, T, P, F, B
NextEra	Board Diversity Matrix	40.6%	N, T, P, B
Paccar	Paris-aligned Lobbying Report	29.3%	N, T, P
Paramount Global	Responsible A.I. Report/Principles	2.4%	N, T

Company	Proposal	Outcome	System Sponsors[1]
Royal Bank of Canada	Clean Energy Investment Ratio	Withdrawn	N, T, P
SBA Communications	Worker Safety Assessment	Withdrawn	N, T, P, F, B
TransUnion	Responsible A.I. Report/Principles	Withdrawn	N, T, P, F, B
Tutor Perini	Majority Vote Policy	Withdrawn	N, T, P, F, B
Warner Bros. Discovery	Responsible A.I. Report/Principles	24.0%.	N, T, P, F, B
Wells Fargo	Harassment/Discrimination Prevention Report	28.5%	N, T, P, F
Wendy's	Independent Board Chair	20.9%	N, T, P, F, B

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

Fair, Safe and Equitable Workplace

Freedom of Association

Company	Proposal	2024 Outcome
Chipotle Mexican Grill, Inc.	Freedom of Association Policy	10.1%
FirstService Corporation	Freedom of Association Policy	Omitted
eBay	Freedom of Association Audit	Withdrawn

The Systems filed shareholder proposals at eBay, Chipotle, and FirstService, all aimed at strengthening and enforcing company commitments to respect workers' rights, particularly freedom of association and collective bargaining.

At eBay, in partnership with the New York State Common Retirement Fund, the Systems secured a commitment from the company to conduct an independent third-party assessment of its labor practices, including input from employees. This action followed allegations that eBay subsidiary TCGPlayer violated U.S. labor laws during a unionization vote, leading to calls from Comptrollers Brad Lander and Thomas DiNapoli for the company to reaffirm its commitment to workers’ rights.

The Systems also re-submitted a proposal at Chipotle, requesting a non-interference policy to uphold workers' rights in line with international labor standards. While the proposal received 10% of votes in 2024, down from 33% in 2023, the decline in support may be attributed to modest improvements Chipotle made to its human rights policy following the 2023 vote.

FirstService, the largest manager of private residential communities in North America, omitted the proposal from its proxy statement. Due to differences in the Canadian shareholder proposal process, there was no practical recourse, unlike the Securities and Exchange Commission's no-action process in the U.S.

These efforts, which reflect the Systems' ongoing advocacy for labor rights across industries, follow the Systems’ successful engagements with Apple and Starbucks in 2023. In response to those engagements, both companies commissioned, and subsequently disclosed, a third-party assessment overseen by their board of directors of the company’s adherence to its Human Rights Policy. The engagement with Starbucks has progressed since previously reported, as detailed below.

Sustained Investor Engagement Contributes to Worker Rights Progress at Starbucks

Prompted by widespread reports of management interference and opposition to the efforts of its U.S. employees to unionize— which began after employees in Buffalo voted to unionize in 2021 — the Systems and other investors (Trillium Asset Management, PIRC and Share) engaged with Starbucks management and its Board of Directors. The goal: to urge the company and its Board, exercising its oversight capacity, to respect workers' fundamental rights to organize and bargain collectively, consistent with Starbucks 'own human rights commitments and its mission to "build a bridge to a better future" for its employees.

Engagement Timeline with Starbucks

December 2021

Employees at Starbucks in Buffalo vote to unionize, marking the beginning of a wave of union organizing across the U.S.; Workers United filing with the National Labor Relations Board (NLRB) alleges that Starbucks waged a "shock and awe" campaign to intimidate workers following a failed union election.

February 2022

Investor meeting with CEO Kevin Johnson regarding Starbucks' respect for workers' right to unionize.

March 2022

Investor letter urging Independent Chair Hobson and CEO Johnson to respect workers' rights.

September 2022

Investors submit shareholder proposal requesting Board commission independent assessment of Starbucks' adherence to its commitments to global labor standards.

March 2023

NLRB website reportedly lists 1,241 Starbucks-related cases, mainly in prior 2 years; shareholder proposal receives majority support at annual meeting.

April 2023

Investor letter to Independent Chair and new CEO Narasimhan requesting meeting on vote response.

May 2023

Investor meeting with CEO Narasimhan to discuss conduct of worker rights assessment.

August 2023

Investor letter to independent directors emphasizing need for worker input in assessment.

September 2023

NLRB Judge rules Starbucks violated labor laws and engaged in a "flagrant, corporate-wide attack on its employees' right to choose union representation."

November 2023

SOC and SEIU nominate worker rights experts for Board election.

December 2023

Starbucks' letter to Workers United expressing interest in finding a way to resume bargaining; Starbucks' release of abridged Assessment on its adherence to its freedom of association and collective bargaining commitments.

January 2024

Investor meeting with Chair Hobson on worker rights Assessment; investors release critique of Assessment highlighting lack of worker input, among other shortcomings

February 2024

Starbucks and Workers United jointly announce agreement to discuss framework for collective bargaining and organizing.

March 2024

NYCRS' bilateral meeting with Starbucks' board members regarding contested director election; SOC withdraws nominees, ending proxy fight, citing progress towards framework agreement.

September 2024

Starbucks Workers United reports it had organized approximately 10,500 workers at 500 stores; no collective bargaining agreements yet reached; new Chairman and CEO Niccol reaffirms commitment to engaging constructively with union.

Following the majority vote and further engagement by the Systems with independent directors and management, Starbucks' Board oversaw the requested third-party assessment (the "Assessment").

The Strategic Organizing Center (SOC), a Starbucks shareholder, and the Service Employees International Union (SEIU), also launched a proxy fight, nominating three board candidates with considerable expertise in worker rights, for election at the company's 2024 annual meeting.

The Assessment was disclosed in abridged form in December 2023. In the accompanying letter to shareholders, Independent Chair Mellody Hobson and Nominating and Corporate Governance Committee Chair Jørgen Vig Knudstorp described their view of the findings, casting the assessment and its recommendations in a more positive light than warranted.

The Assessment found that the company was unprepared for the emergence of union organizing activity in 2021, that Starbucks' own Global Human Rights Statement was not a material consideration in management's response to the organizing activity that emerged in late 2021 and identified circumstances where there was an "absence of strong and clear governance." The Assessment recommended that Starbucks change its approach to bargaining with organized workers, noting that: "[a]fter nearly two years since the first elections…Starbucks [did] not have any collective bargaining agreement in place in the U.S." The Assessment further recommended that Starbucks "redouble its efforts" and stated that: "[t]his issue will not resolve without Starbucks' engaging constructively with the union."

In January 2024, shortly after sharing its serious concerns in a meeting with Independent Chair Hobson, the Systems released a critique of the Assessment. Among other things, it highlighted that Starbucks' Board had not publicly acknowledged the most salient takeaways from the Assessment: clear failures in corporate governance. It also found that the Assessment failed to consult workers, raising further concerns about the Board's oversight and accountability, as well as ambiguity about the company's ongoing commitment to global labor standards.

In February 2024, Starbucks and Workers United jointly announced an agreement to begin discussions on a foundational framework designed to achieve both collective bargaining agreements for represented stores and partners, and the resolution of litigation between the union and the company. Citing the agreement, SOC and SEIU withdrew their director nominees, ending the proxy fight.

According to Starbucks Workers United, by September 2024, approximately 10,500 workers at 500 Starbucks stores had unionized, with "significant strides" being made toward a collective bargaining framework. Starbucks' new Chairman and CEO, Brian Niccol, reaffirms commitment to ensuring that the company engages "constructively and in good faith" with the union and the workers it represents, signaling ongoing progress in the company's labor relations.

Employee Diversity (EEO-1 Report) Disclosure

Company	Proposal	2024 Outcome
Dick's Sporting Goods, Inc.	EEO-1 Report Disclosure	11.7%
Dollar Tree, Inc.	EEO-1 Report Disclosure	Withdrawn
Grocery Outlet Holding Corp.	EEO-1 Report Disclosure	Withdrawn
H&R Block, Inc.	EEO-1 Report Disclosure	Withdrawn
Mattel	EEO-1 Report Disclosure	Withdrawn

In response to shareholder proposals from the Systems, **Dollar Tree, Grocery Outlet, H&R Block**, and **Mattel** agreed to disclose their Consolidated EEO-1 Report data, which companies are required to submit to the U.S. Equal Employment Opportunity Commission. The EEO-1 Report provides a breakdown of a company's U.S. workforce by race, ethnicity, and gender across 10 employment categories, including senior management, defined as individuals within two reporting levels of the CEO.

This disclosure offers investors consistent, decision-useful information, featuring standardized, quantitative, and reliable data that is comparable across companies and industries. Such transparency allows investors to evaluate the representation of workforce demographics at various levels within the company.

While voluntary disclosure of EEO-1 Reports has swiftly become common market practice since the Systems launched the Diversity Disclosure Initiative in July 2020, Dick's Sporting Goods opposed the proposal. It garnered 12% of votes cast due to the company's dual-class share structure (granting insiders control over the majority of votes).

Relatedly, in an October 2023 letter to New York State Governor Kathy Hochul, the Comptroller urged the signing of Bill S.636/A.5981, requiring organizations that submit federal EEO-1 reports to also file them with New York's Department of State, which would make this data publicly available on the state's website. Governor Hochul subsequently vetoed the legislation.

Anti-Harassment and Discrimination Report

Company	Proposal	2024 Outcome
Wells Fargo	Harassment/Discrimination Prevention Report	28.5%

The Systems and the New York State Common Retirement Fund refiled a shareholder proposal requesting that the **Wells Fargo** Board of Directors prepare an annual public report assessing the effectiveness of the company's efforts to prevent harassment and discrimination against its protected classes of employees after the proposal received a majority vote (55 %) at Wells Fargo in 2023 and the company did not take responsive action in light of the majority vote. The company's hiring practices came under scrutiny when it was reported that the Company conducted interviews of diverse candidates for positions that had already been filled and subsequently retaliated against those employees that complained about the fake interviews.

Responsible A.I.

Company	Proposal	2024 Outcome
Amazon (MGM)	Responsible A.I. Report/Principles	9.7%
Comcast (NBCUniversal)	Responsible A.I. Report/Principles	Withdrawn
Disney (ABC)	Responsible A.I. Report/Principles	Withdrawn
Netflix	Responsible A.I. Report/Principles	43.3%
Paramount Global (CBS)	Responsible A.I. Report/Principles	2.4%
TransUnion	Responsible A.I. Report/Principles	Withdrawn
Warner Bros. Discovery	Responsible A.I. Report/Principles	24.0%

The Systems, in collaboration with the AFL-CIO Equity Index Fund, submitted innovative new shareholder proposals on Artificial Intelligence (AI) technology to various entertainment companies, including Amazon (parent company of MGM), Comcast (parent company of NBC Universal), Disney (parent company of ABC), Netflix, and Warner Bros. Discovery. The Systems independently submitted similar proposals to Paramount Global (parent company of CBS) and credit reporting company Transunion.

The shareholder proposal urged the companies to publish an Artificial Intelligence (AI) transparency report on whether they have adopted any ethical guidelines to protect workers, customers and the public from harms related to the use of AI, and the board's oversight thereof.

The need for AI protections in the entertainment industry was highlighted by the 2023 Hollywood strike, which raised concerns about AI's impact on writers and performers. In addition, according to the U.S. Consumer Financial Protection Bureau and Federal Trade Commission, there is an increasing use of black box algorithms by credit reporting agencies for rental background checks that rely too often on inaccurate or misleading information. The use of AI by TransUnion thus raises concerns regarding the potential for racial bias and discrimination in socially meaningful areas, such as tenant selection, mortgage qualification, and financial lending.

The proposal was withdrawn at **Disney, Comcast** and **Transunion** following negotiated agreements.

Communication Tower Worker Safety Disclosure

Company	Proposal	2024 Outcome
American Tower Corporation	Worker Safety Assessment	Withdrawn
Crown Castle	Worker Safety Assessment	Withdrawn
SBA Communications	Worker Safety Assessment	Withdrawn

In response to worker health and safety proposals by the Sponsoring Systems, three leaders in telecommunications infrastructure agreed to enhance their disclosures concerning worker safety at tower sites and include information about independent contractors.

SBA Communications Corporation (SBA) committed to expand its disclosure to clarify how health and safety policies apply to contractors and subcontractors working on SBA tower sites. As a part of this disclosure, SBA agreed to include its training and certification standards for contractors and subcontractors, as well as detail its third-party verification process and how its internal on-site audits supplement its verification process. The company agreed that the disclosure would also include safety statistics for both employee tower climbers and contractor/subcontractor tower climbers, a description of other safety initiatives, and a reporting mechanism that workers on its sites may use to report safety concerns.

American Tower committed to expand its disclosure to clarify how regulatory requirements and health and safety policies apply to contractors and subcontractors working at its sites, and the training and certification standard requirements. This company also agreed that the disclosure would detail the prerequisites for contractors and subcontractors engaged by the company, the inspection and audits American Tower conducts to verify compliance with safety standards, and other safety initiatives, including third-party audits. In addition to its current reporting concerning employees, the company committed to report contractor health and safety information. The company's disclosures would also describe compliance procedures to ensure vendor adherence with regulatory and qualification requirements (prior to workers entering its tower sites), its ongoing maintenance and safety program to ensure a safe working environment, a review of safety incidents, and reporting mechanisms available to workers on its sites.

Crown Castle also agreed to expand its disclosure with respect to contractors and subcontractors working on its sites. Among other things, the company committed to include a description of mandatory notification that technician services are to be performed at a company site, as well as qualification and registration requirements, safety team audits and inspections, and a worker reporting mechanism for safety concerns. The company also agreed that Crown Castle's disclosure would cover safety statistics for all tower technicians, including contractors and subcontractors on its sites.

Urging Media Giants and Automakers to Resolve Industry-Crippling Strikes

The Systems’ trustees have long considered constructive labor management relations to be fundamental to effective human capital management and the creation of sustainable shareholder value.

In August 2023 letters to the CEOs of **Disney**, **Paramount**, and **Comcast**, Comptroller Lander expressed concerns over the prolonged strikes by the Writers Guild of America (WGA) and Screen Actors Guild – American Federation of Television and Radio Artists (SAG-AFTRA). The writers and actors, essential to creating and performing in TV and film content, had been on strike for months due to declining compensation and poor working conditions, exacerbated by the rise of streaming platforms and the use of artificial intelligence. The trustees urged the media companies to quickly resolve the strikes, which halted content production, citing risks to the companies' financial stability and long-term shareholder value. The companies reached agreements with the writers in September 2023, and with the screen actors in November 2023, which were both subsequently ratified by workers.

Similarly, in September 2023 letters to the CEOs of **General Motors** (GM) and **Stellantis** Comptroller Lander urged the automakers to address the ongoing Stand Up strike by the United Automotive Workers (UAW). Later that month, the companies and unions reached a tentative agreement, which workers ratified the following month.

Climate Change

Clean Energy Financing Ratio

Company	Proposal	2024 Outcome
Bank of America	Clean Energy Financing Ratio	26.0%
Citigroup	Clean Energy Financing Ratio	Withdrawn
Goldman Sachs	Clean Energy Financing Ratio	28.8%
JPMorgan	Clean Energy Financing Ratio	Withdrawn
Morgan Stanley	Clean Energy Financing Ratio	22.9%
Royal Bank of Canada	Clean Energy Financing Ratio	Withdrawn

In response to shareholder proposals requesting Clean Energy Supply Financing Ratio disclosure, three of the largest North American banks —**JPMorgan Chase, Citi**, and the **Royal Bank of Canada** — committed to annually disclose their ratio of clean energy supply financing to fossil fuel financing and their underlying methodology. Bank of America, Goldman Sachs, and Morgan Stanley were unwilling to commit to Ratio disclosure, and shareholder proposals at those banks went to a vote, averaging 26% of votes cast.

The banks are broadly exposed to financial stability risks posed by climate change, while banks aligning their activities with their own climate goals are better prepared to manage their risks, including the legal, reputational and financial risks associated with climate change and the opportunities presented by the global energy transition.

Despite public commitments to net zero emissions by 2050, the six focus banks have collectively financed over $1 trillion in fossil fuel extraction since the Paris Agreement. Consistent with their net zero goals, each bank has announced large commitments to sustainable finance. However, while banks have robust sustainable financing commitments, investors need additional disclosure to assess banks' clean energy financing activity relative to its financing of fossil fuels.

The Clean Energy Supply Financing Ratio integrates both halves of what scientists say is needed to combat the climate crisis: phasing out fossil fuels and accelerating investments in climate solutions. The speed at which the expansion of low-carbon energy supply occurs will determine the pace of the reduction in the use of fossil fuels.

A bank's Energy Supply Ratio will meaningfully strengthen their overall climate-related financial disclosures by providing investors with dollar-based specific decision-useful disclosure that will complement banks' current financed greenhouse gas emissions disclosures. It will empower investors to better assess banks' transition risks and opportunities, their alignment with net-zero commitments, and the pace of their support for the energy transition.

Paris-Aligned Lobbying Report at Paccar

Company	Proposal	2024 Outcome
Paccar	Paris-aligned Lobbying Report	29.3%

The three Sponsoring Systems re-submitted a proposal that requested that truck manufacturer **PACCAR**'s Board of Directors annually evaluate and issue a report describing if, and how, the company's lobbying and policy influence activities (both direct and indirect through trade associations, coalitions, alliance, and other organizations) align with the goal of the Paris Agreement to limit average global warming to "well below" 2°C above pre-industrial levels, and to pursue efforts to limit temperature increase to 1.5°C. In evaluating the degree of alignment, the proposal requested that the company consider not only its policy positions and those of organizations of which PACCAR is a member, but also its actual lobbying and policy influence activities. The proposal was previously filed by Calvert Research and Management Calvert and received 47.4% in 2023, and following the vote, the company was not fully responsive.

Blackrock Vote No: Challenging climate-denier Nasser's Independence and Conflicts of Interest

Comptroller Brad Lander, on behalf of NYCERS, urged shareholders to vote against the election of Amin Nasser to **BlackRock**'s Board of Directors at the company's 2024 annual meeting. The Comptroller raised concerns about Nasser's independence and ability to provide effective oversight of Blackrock's climate goals, citing: his role as CEO of Saudi Aramco, which has had significant financial transactions with BlackRock, including a $15.5 billion energy infrastructure transaction; the conflict between Nasser's advocacy for fossil fuels and BlackRock's stated commitment to decarbonization; and the reputational risks linked to alleged human rights violations associated with climate change, as set forth in a 2023 letter from the UN Human Rights Council to Aramco. Nasser was re- elected at the meeting

Net Zero Plan Implementation: Engagement with High Emitting Companies

Comptroller Lander, on behalf of NYCERS, TRS, and BERS, sent letters to over 100 of those three Systems' highest-emitting portfolio companies, urging them to adopt third-party verified, science-based emission reduction targets. The letters reference guidance from the Science-Based Targets initiative (SBTi) and call for alignment with a 1.5-degree Celsius pathway. These actions underscore their commitment to achieving net zero greenhouse gas (GHG) emissions by 2040. As part of their net zero implementation plans, these three Systems will annually report the financed emissions of their portfolio and engage with high-emitting companies to meet their plan goals: by 2025, companies representing 70% of Scope 1 and 2 emissions will have set science-based targets, and by 2030, companies covering 90% of Scope 1, 2, and 3 emissions will have done the same.

The initial round of more than 20 letters, sent during fiscal year 2023, focused primarily on electric utility companies. A subsequent round, addressing companies across additional sectors, was issued after June 30, 2024.

Corporate Governance

Board Diversity Matrix: Advancing Director-Specific Diversity Disclosure

Company	Proposal	2024 Outcome
GameStop	Board Diversity Matrix	10.0%
NextEra	Board Diversity Matrix	40.6%

The Systems submitted shareholder proposals to **GameStop** and **NextEra**, a major utility company with significant climate impact, requesting the disclosure of a board matrix detailing each director’s relevant skills, experience, attributes, and gender and race/ethnicity. NextEra's proposal specifically sought climate-related qualifications. Unlike nine companies that agreed to disclose in 2023, both resisted, leading to a vote. The NextEra proposal garnered 41%, a decrease from 49% in 2023.

Research shows a positive correlation between board diversity and corporate performance, with studies indicating stronger financial outcomes and fewer instances of misconduct among companies with diverse boards. Despite growing attention to diversity, many boards continue to p rely on outdated recruitment practices rather than implementing rigorous director assessment and refreshment processes.

Independent Chair at Wendy's

Company	Proposal	2024 Outcome
Wendy's	Independent Board Chair	20.9%

Excluding votes cast by directors and executives, the Systems’ proposal for an independent board chair received an estimated 27% of unaffiliated votes at **Wendy's** 2024 meeting, down from 41% in 2023. Wendy's needed an independent chair to reduce the influence of Trian Fund Management, led by chair Nelson Peltz, who holds less than 20% of shares but has disproportionate control of Wendy’s Board, which includes his son and business partner. Four months following the meeting and the vote, Peltz resigned from the Board, and the Board named an independent Chair to replace him.

In addition to Wendy's long-term underperformance, investor concerns included potential conflicts of interest involving Trian, and Chair Peltz's ignoring investor requests for Wendy's to join the Fair Food Program, which enforces human rights standards in tomato supply chains and reduces the risk of financial, legal, and reputational harm.

Majority Voting in Director Elections at Policy Tutor Perini

Company	Proposal	2024 Outcome
Tutor Perini	Majority Vote Policy	Withdrawn

In an overdue victory for shareholder rights and corporate governance reform at construction company **Tutor Perini**, its Board agreed to implement majority voting in uncontested director elections in response to a binding proposal from the Systems. The new election standard will significantly boost board accountability by enabling shareholders to remove underperforming directors without resorting to a costly proxy contest.

At the time of the proposal's submission in fall 2023, multiple directors had failed to secure majority shareholder support in consecutive director elections. The lack of investor confidence in the Board reflected Tutor Perini's poor long-term shareholder returns and the Board's history of granting excessive executive compensation, as evidenced by shareholders' consistent rejection of management's "say on pay" proposals annually since 2011, when such votes were mandated by federal law, including in 2024.

Tesla Vote No: Investors Pushback on egregious compensation and governance failures

At Tesla's 2024 Annual meeting, Comptroller Lander joined investors in urging shareholders to vote against the reelection of directors Kimbal Musk and James Murdoch, the ratification of CEO Elon Musk's $47 billion compensation package, and the company's reincorporation from Delaware to Texas. Despite the absurd magnitude of the payout, the lack of independence of the board that awarded it, CEO Elon Musk's overcommitments, and Tesla's declining performance and poor human capital management, all proposals were approved at the annual meeting.

Investor Coalitions

Human Capital and Worker Rights

The Comptroller's Office is an active participant in various investor coalitions to promote fair, safe and equitable workplaces and to elevate human capital management as a critical component in company performance. These include:

- **Freedom Of Association Working Group** – an informal collaboration of investors that engage individual companies and educate investors on freedom of association and collective bargaining as a fundamental human right under international recognized human rights standards.
- **Human Capital Management Coalition (HCMC)** - The Comptroller's Office co-founded the HCMC, which is the only group run exclusively for the owners and providers of capital to engage the investment community, companies, and other market participants to understand and improve how human capital management contributes to the creation and protection of long-term shareholder value.
- **Investor Collaboration on Tech and Human Rights** – A global group of investors coordinated by the Council on Ethics of the Swedish AP Funds that is collaboratively engaging the largest technology companies on the human rights risks and impacts associated with the use of the tech giants' products and services. (The project does not address companies' other ESG risks and impacts such as environment and worker rights, among others)

Climate Change

- **Climate Action 100+ –** an ambitious global investor collaboration through which more than 600 global investors across 33 markets engage the 168 companies that are critical to the net-zero emissions transition. The initiative conducts progress reporting and publicly benchmarks all focus companies using the Net Zero Company Benchmark. In addition to serving as thematic lead for science-based targets, the Systems served as the lead investor on behalf of the CA100+ at Ford, General Electric (GE), and General Motors (GM), and as co-lead at truck-maker Paccar. It also serves as a collaborating investor in engagements with electric utilities American Electric Power, Dominion Energy, Duke Energy and Southern Company.

Corporate Governance

- Investor Coalition for Equal Votes **(ICEV) -** a collaboration led by UK Pension Fund RailPen with the Council of Institutional Investors that includes UK and US asset owners with over $1 trillion in assets under management who are concerned about the long-term effects of misalignment between invested capital and shareholder voting rights. ICEV encourages companies entering the public markets to consider adopting a 'one share, one vote' capital structure, or at the least to incorporate time-based sunset provisions of seven years or less into their governing documents at the time of going public.

Proxy Voting

During fiscal year 2024, the New York City Comptroller's Office voted on 16,804 shareholder meetings in 73 markets globally. This includes 3056 annual and special meetings for U.S. companies. The following table provides an overview of the Systems' voting for the U.S. All meetings for which the Systems received ballots in this market were voted. Furthermore, out of this total, 2,368 meetings had at least one proposal on the meeting agenda that was voted against management, which accounts for 76 % of the total number of meetings.

Summary of U.S. Meetings	
Meetings Voted	3056
Proxy Contests Voted	14
Meetings with Against Management Votes	2368

The Systems' company-specific global voting decisions are publicly disclosed on the Comptroller's website. 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 2024 proxy votes for the most common proposal categories for the U.S. market. 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. The Systems voted against management on a majority of shareholder proposals, with shareholder proposals on executive compensation and those related to directors receiving the highest voting support.

Table 2: Summary of Fiscal 2024 U.S. Proxy Votes by Proposal Category

	Proposals	% Votes For	% Votes Against	% With Mgmt	% Against Mgmt
Management Proposals:					
Routine/Business (amending bylaws, ratifying auditors, changing company name, other business proposals, etc.)	2937	94.82%	4.76%	94.82%	4.80%
Director Related (elections of directors, declassifying the board, etc.)	19,395	63.65%	15.48%	63.53%	35.89%
Capitalization (increase in authorized stock, approve issuance of shares, etc.)	178	73.03%	26.97%	73.03%	26.97%
Mergers	130	93.84%	5.38%	93.84%	5.38%
Compensation (say-on-pay, approving/amending stock plans, say-on-pay frequency, employee stock plans, etc.)	3,921	55.85%	32.34%	66.05%	33.59%
Antitakeover Related (adjourn meetings, reduce supermajority vote requirements, provide right to call special meetings, etc.)	295	80.33%	17.97%	80.33%	17.97%
Amendment to Certification of Incorporation	11	0.00%	100%	0.00%	100%

	Proposals	% Votes For	% Votes Against	% With Mgmt	% Against Mgmt
Shareholder Proposals:					
Director Related (require indep board chair, declassify board of directors, adopt proxy access, etc.):	66	83.33%	10.61%	13.64%	83.33%
Corp Governance (call special meetings, reduce supermajority vote requirement, submit poison pill to shareholder vote, act by written consent, etc.):	85	97.65%	1.18%	18.82%	85.00%
Social (conduct human rights assessments, racial equity and/or civil rights audits, etc.):	235	82.55%	14.04%	14.47%	82.98%
Executive Compensation (clawback of incentive payments, submit severance agreement to shareholder vote, etc..):	60	78.33%	16.67%	18.33%	76.67%

Acknowledgements

The Comptroller wishes to thank Michael Garland, Assistant Comptroller for Corporate Governance and Responsible Investment; Yumi Narita, Executive Director of Corporate Governance; Jennifer Conovitz, Special Counsel for Corporate Governance and Responsible Investment; Amna Khan, Corporate Governance Coordinator; Michelle Folder-Taylor, Senior Investment Analyst; Emily Law, Senior Investment Analyst; Andrew Elcock, Senior Investment Analyst; and Jenny Sologub, Special Assistant, for their contributions both to the authorship of this report and to the impactful work that it highlights.

SIGILLUM · CIVITATIS · NOVI · EBORACI

· 1625 ·

NEW YORK CITY COMPTROLLER
BRAD LANDER

1 Centre Street, New York, NY 10007
www.comptroller.nyc.gov
@NYCComptroller
(212) 669-3916