JUNE 2020

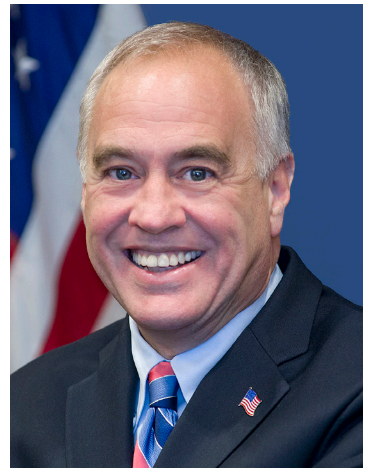
2019 CORPORATE GOVERNANCE STEWARDSHIP REPORT

NEW YORK STATE COMMON RETIREMENT FUND

Enhancing Long-Term Value Through
SUSTAINABILITY, DIVERSITY & INCLUSION,
AND ACCOUNTABILITY

OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

Message from the Comptroller



June 2020

The New York State Common Retirement Fund (Fund) is one of the largest public pension funds in the nation, with assets held in trust for the benefit of the more than one million members and pensioners of the New York State and Local Retirement System (System). The System is widely regarded as one of the nation's best-managed and best-funded public pension plans. I am pleased to share our 2019 Corporate Governance Stewardship Report, which highlights the Fund's work on its corporate governance agenda, along with major initiatives and achievements. As Trustee of the Fund, I have a responsibility to safeguard its investments. Accordingly, we work to identify risks as well as opportunities that can help strengthen the long-term value of our investments.

Our stewardship program encourages the companies in which the Fund invests to operate according to sound management principles—including on matters of sustainability, diversity and accountability—that have been shown to promote long-term financial success. Our engagement takes many forms, including voting on nearly 30,000 proxy measures annually, filing shareholder resolutions, writing letters as specific issues arise and discussing important environmental, social and governance (ESG) issues directly with corporate directors and management.

In 2019, we built upon our internationally recognized work addressing climate change-related investment risk at our portfolio companies with the release of the Fund's Climate Action Plan. The Plan involves developing industry-specific minimum standards for managing climate risk, assessing company performance against these standards and taking steps to mitigate risks from companies that fail to meet them. We continued to promote diversity and inclusion at our portfolio companies through proxy voting and by withholding support for director candidates at companies which lack gender diversity on their boards. The Fund also encouraged companies to adopt sexual orientation and gender expression nondiscrimination policies and disability inclusion policies.

We advanced new and emerging accountability issues surrounding executive compensation in 2019, including asking companies to exclude the impact of share buybacks on incentive pay for senior executives and aligning CEO pay practices with pay practices for other employees.

I remain dedicated to protecting the investments that enable the Fund to meet current and long-term obligations to our members, retirees and beneficiaries. Our Corporate Governance Program is a critical component of our responsible stewardship of those investments.

Thomas P. DiNapoli
State Comptroller

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Investment Philosophy & Strategic Focus

THE PRIMARY MISSION of the New York State Common Retirement Fund's Corporate Governance Program is to mitigate risks and identify opportunities to enhance the long-term value of the investments made on behalf of the 1.1 million members and pensioners who rely on the New York State and Local Retirement System for their pensions.

A thriving economy, efficient markets and the adoption of best practices with respect to ESG issues by portfolio companies can help ensure the long-term value of the Fund's investments. ESG factors can have a profound impact on both risks and returns, so it is vital to evaluate the long-term impact that such factors may have on the performance of the Fund's investments.

New York State Common Retirement Fund's ESG Investment Philosophy

We consider environmental, social, and governance factors in our investment process because they can influence both risks and returns.

The Fund believes that the long-term value of its investments is enhanced by the actions of its Corporate Governance Program. This report describes the Program's key initiatives, along with outcomes and discussion of the benefits to the Fund that result from these efforts.

As a long-term owner that invests in all sectors of the economy (i.e., a "universal owner"), the Fund works to promote sound ESG practices at the public companies in its portfolio through active ownership and targeted public policy advocacy focusing on sustainability, diversity and accountability.

Engagement – Through Active Ownership

The Fund's commitment to active ownership—using the Fund's voice and votes to ensure the long-term success of its portfolio investments—underlies all its engagement activities.

The Fund's ***independent proxy*** voting is an integral part of the Comptroller's fiduciary duty to invest prudently and for the exclusive benefit of the System's members, retirees, and beneficiaries. Proxy voting allows the Fund to participate in selecting a company's directors, and impact governance, business practices, strategies and risk management. In 2019, the Fund voted on 28,322 ballot items at 3,273 portfolio company meetings.

Filing ***shareholder proposals*** is another powerful engagement tool that provides an opportunity to bring specific issues to the attention of a company's board, management and fellow investors. When filing a shareholder proposal, the Fund seeks a productive dialogue with the company. This includes discussing the proposal with the company, allowing the company to highlight its work on the given issue, and negotiating how management can address the Fund's concerns. If the company and the Fund reach an agreement regarding the implementation of the proposal, the Fund withdraws the proposal

In the 2019 proxy season, the Fund filed 46 shareholder proposals with companies representing a combined portfolio value of $8.5 billion. These filings resulted in 25 agreements to implement the proposals and record votes at a number of companies, including one majority vote and votes of greater than 30 percent on proposals at 10 companies.

Other shareholder engagement efforts can also lead to productive dialogues with or actions by directors and management. Raising critical issues through written correspondence, investor statements, press strategies and private dialogue has resulted in many important company actions, commitments and disclosures to address investor concerns, and will continue to play an essential role in our engagements.

The Fund is not alone in its commitment to enhancing the long-term value of its investments, and works with many like-minded investor associations, coalitions and organizations to amplify our voices. These ***affiliations, partners, and coalitions*** include four where the Fund holds leadership positions:

- *The Council of Institutional Investors,* which works to promote the interests of institutional investors;
- *Ceres,* a nonprofit devoted to sustainable investing, where the Comptroller serves as a director;
- *The Thirty Percent Coalition,* dedicated to board diversity; and
- *Chief Executives for Corporate Purpose,* which empowers corporations to be a force for good in society by adopting social strategies to engage stakeholders.

Other organizations where the Fund plays an active role include the Carbon Disclosure Project (CDP), the Center for Political Accountability, Climate Action 100+, the Interfaith Center on Corporate Responsibility, and the Human Rights Alliance. The Fund also maintains alliances with other public pension funds, asset managers, and Taft-Hartley funds (multiemployer benefit trust funds regulated by the federal Taft-Hartley Act).

In addition to engaging directly with companies, the Corporate Governance Program also focuses on ***public policy advocacy*** when it will improve the long-term value of our investments by supporting policies that promote the overall stability, transparency and functionality of financial markets and the economy. This public policy engagement takes many forms, including meetings and correspondence with elected representatives, regulators and other public officials, testimony at hearings and forums, comments on regulatory and legislative proposals, and participation in state, national, and international forums and initiatives. In 2019, our primary public policy priorities included protecting our rights as a shareholder and fighting efforts to roll back environmental protections that could threaten the Fund's investments.

ESG Priorities

The Corporate Governance Program is designed to enhance long-term value through a commitment to robust ESG practices with a strategic focus on **sustainability, diversity & inclusion, and accountability.**

Sustainability is of vital interest to the Fund because our long-term commitment to the System's members and pensioners requires us to assess the long-range vision and prospects of the public companies in our portfolio. Sustainable corporate practices help companies navigate problems successfully by: anticipating and responding effectively to environmental challenges; managing changes in the political and regulatory landscape; and protecting the health, safety and rights of employees in the company's own workforce and in its supply chain to ensure productivity, while diminishing the risks of liability and reputational damage. A commitment to sustainability provides a framework for companies—and the Fund's investments—to flourish for decades to come.

Diversity & Inclusion in their many forms are additional key components of the Fund's long-term strategy for success. Research shows that the ability to draw on a wide range of viewpoints, backgrounds, skills and experience is increasingly critical to corporations' long-term success in the global marketplace. Therefore, encouraging diversity and inclusion on the boards of directors, in executive management, and throughout the workforces of the companies in which the Fund invests is a key focus of our active ownership.

Accountability is essential for the Fund because of the vast scale and scope of its investments and its nature as a long-term, universal investor. With such an array of investments in every industry and sector, the Fund relies on independent boards to represent investors and structure compensation to properly incentivize strong long-term returns. The Fund also expects the full disclosure of risks, opportunities and strategies. Accountability and transparency are critical to making informed decisions.

In implementing the strategic focus of enhancing long-term value through sustainability, diversity & inclusion and accountability, the Corporate Governance Program's priority issue areas for 2019 were:

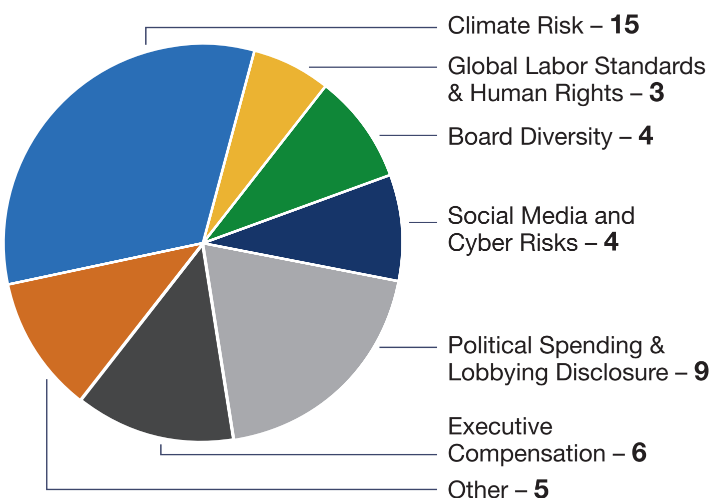
- ***Sustainability***
  - **Climate Risk –** climate scenario reporting, reporting aligned with the Task Force on Climate-Related Financial Disclosures (TCFD), greenhouse gas emissions reduction, energy efficiency and renewable energy, and sustainability reporting.
  - **Labor Standards & Human Rights –** encouraging companies to adopt policies that protect the health, safety, and human rights of its employees and those in a company's supply chain.
- ***Diversity & Inclusion* –** board diversity.
  - **Board Diversity –** diversity on corporate boards and in management.
  - **Disability Inclusion –** hiring policies and practices for people with disabilities.
  - **Equal Employment & Nondiscrimination –** encouraging companies to adopt policies that explicitly prohibit discrimination against employees
- ***Accountability***
  - **Social Media & Cyber Risks –** reporting on content management and fake news, and cyber risk.
  - **Opioid Distribution –** board-level oversight and governance reforms play an effective role in addressing opioid-related investment risks.
  - **Political Spending & Lobbying Disclosure –** disclosing relevant information to address potential legal and reputational risks inherent in political and lobbying spending.
  - **Executive Compensation –** target pay, golden parachutes, incentive compensation and risks of material losses, and share buybacks.

The Fund's approach to these issues is discussed in greater detail within this report.

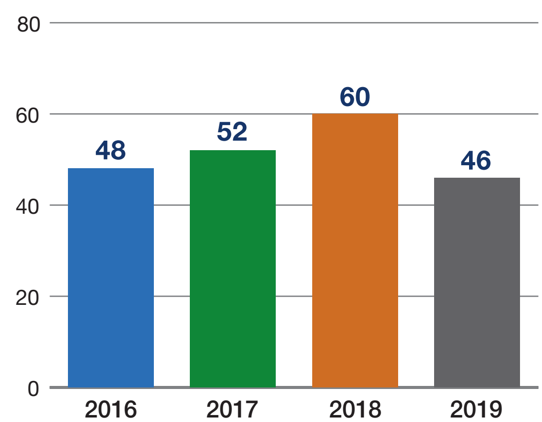
2019 By the Numbers

- **28,322** ballot items voted on at **3,273** meetings.
- **46** shareholder proposals filed.
- **832** letters sent to portfolio companies requesting action on ESG-related issues.
- **30** percent average vote received for Fund's shareholder proposals.
- **325** companies at which the Fund voted to withhold support from directors of companies with no women on their boards.

2019 Shareholder Proposals by Issue

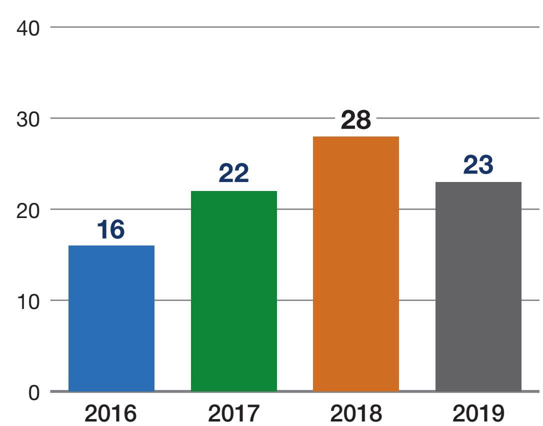


Total Shareholder Proposals, 2016-2019



Proxy Voting	2016	2017	2018	2019
Number of Company Meetings	3,246	3,249	3,025	3,273
Total Votes Cast	27,935	29,848	26,520	28,322
Management Proposals Voted	27,365	29,358	26,035	27,795
Shareholder Proposals Voted	570	490	485	527

Total Agreements on Shareholder Proposals, 2016-2019



2019 Proxy Voting

BY THE NUMBERS…

- **28,322** ballot items voted on at **3,273** meetings.
- **28** percent of votes cast **AGAINST** management recommendations.
- **32** percent of director nominee votes cast to **WITHOLD** support.
- **27** percent of advisory say-on-pay votes cast to **WITHOLD** support from management compensation plans.
- **88** percent of votes cast in **FAVOR** of shareholder proposals.

The Fund votes by proxy on all director nominees and proposals presented at annual meetings and special meetings for each of the domestic companies in the Fund's public equity portfolio, as well as those of selected international companies. In the 2019 Proxy Season, the Fund cast 28,322 votes on ballot items at 3,273 domestic company meetings. Further details on the Fund's 2019 Proxy Voting can be found at osc.state.ny.us/pension/proxy-voting.htm.

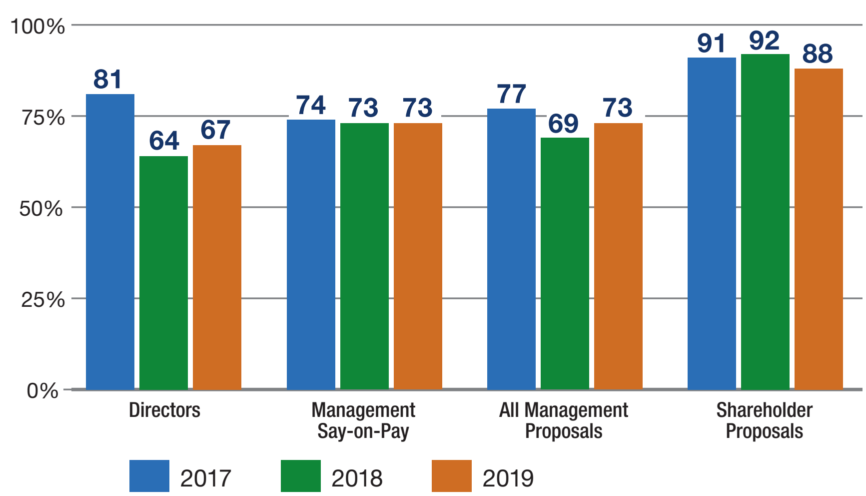
Voting at these meetings is an effective means of engaging and communicating with boards of directors and management about the Fund's ESG priorities. Voting is also a powerful tool for enhancing long-term value by promoting sustainability, diversity and accountability.

The Fund makes all proxy voting decisions independently, based on the standards in its Environmental, Social & Governance Principles and Proxy Voting Guidelines (the Guidelines) which describe in detail the Fund's governance expectations for public companies and establish principled recommendations for voting on a broad range of issues. In addition to the Guidelines, the Fund consults with companies, asset managers, partners, proxy research providers, and other investors, as well as conducting its own research, to inform its independent voting decisions.

The Guidelines are updated regularly to address new market issues, refine positions based on current research, and reflect evolving ESG best practices. The Fund has updated its Guidelines for the 2020 proxy season.

In 2019, in addition to voting on director nominees, the Fund voted on management proposals on executive compensation, selection of auditors, and corporate governance provisions as well as shareholder proposals focused on ESG policies and practices.

Fund Votes of Approval by Ballot Item Type



Director Voting

Voting on director nominees is a key tool that provides the most direct means for shareholders to hold companies accountable. The Fund believes its interests are best served by directors who demonstrate a commitment to sustainable long-term performance and responsible corporate governance. The Fund withheld support for 32 percent of management board of director nominees, compared to 36 percent in 2018 and 19 percent in 2017. The increase since 2018 was primarily due to the Fund's updated voting policies regarding board diversity.

The Fund most frequently withheld support for directors because of the following issues:

- Overboarded directors (i.e., directors who sit on too many different boards to fulfill their duties effectively);
- Lack of board diversity;
- Insufficient board independence;
- Ongoing compensation concerns and poor pay-for-performance policy;
- Failure to implement a shareholder proposal that received majority support; and
- Post- initial public offering (IPO) governance concerns, for example, supermajority vote requirements for bylaw or charter amendments and classified board structures that could insulate management from accountability to shareholders in the wake of an IPO.

Additionally, the Fund regularly monitors risk management at portfolio companies. When there is a failure of a board to appropriately manage material risks, the Fund will withhold support from directors. For example:

- ExxonMobil Corporation – The Fund withheld support from all board directors for failing to adequately address significant shareholder concerns and properly account for climate risk in its operations.
- Johnson & Johnson – The Fund withheld support from seven incumbent directors due to the company's failure to provide adequate oversight and management relating to the quality and safety of several products.
- Duke Energy Corp. – The Fund withheld support from 12 incumbent directors due to the failure to manage material environmental and human rights risks.
- The Boeing Co. – The Fund withheld support from audit committee chair due to risk management concerns stemming from the safety record of the 737 Max 8 aircraft.

The Fund took particular note of the number of companies holding virtual-only annual shareholder meetings (with no gathering of shareholders in person) which increased in 2019. The Fund believes that virtual-only meetings weaken shareholder rights, and as a result, will vote to withhold support for members of the governance committee if a company's annual shareholder meeting is virtual-only. The Fund withheld support from over 426 directors in 2019 due to their companies' virtual-only meeting guidelines.

Board Diversity Voting Guidelines

In 2019, the Fund continued to implement its board diversity voting guidelines, which were initially adopted in 2018. The Fund's Guidelines entail withholding support for:

- Incumbent directors of public companies with no women on their boards; and
- Incumbent nominating committee members when the board lacks appropriate skills and attributes, including when there is only one woman on the board.

Over recent years, the pressure on companies to diversify their boards has intensified. This is in part due to investors, like the Fund, incorporating gender diversity expectations into their proxy voting guidelines. While there is now at least one female director at every S&P 500 company, hundreds of smaller companies continue to lack gender diversity on their boards.

In 2019, the Fund withheld support for 1,373 incumbent directors at 325 public companies with no women on their boards, including directors at Sinclair Broadcast Group, Inc., TiVo Solutions, and SeaWorld Entertainment Inc. Compared to 2018, this represents a 26 percent decrease in directors voted against and a 24 percent decrease in total companies. This decrease was mostly due to companies adding women to their boards since their 2018 meetings.

The Fund also withheld support for 1,898 incumbent nominating committee members voted against at 793 public companies with only one woman on their boards, including directors at Arch Coal Inc., Charter Communications, Tribune Media Co., Six Flags Inc., and T-Mobile USA. Compared to 2018, this represents a 13 percent increase in directors and 15 percent increase in total companies.

Because the Fund believes diversity has an important bearing on companies' long-term success and, in turn, the Fund's investments, the Fund will continue to withhold support from incumbent directors at these companies until they add women to their boards. The Fund's Guidelines also express the Fund's views that companies should seek director candidates reflecting diverse attributes based on age, race, gender, ethnicity, geography, sexual orientation, and gender identity.

Executive Compensation

Shareholder votes on executive compensation—"say-on-pay" votes—promote pay accountability by allowing shareholders to influence compensation practices and strategies. The Fund believes that, in order to help protect its investments, executive compensation policies should reflect a focus on ensuring long-term, sustained performance for the company and its shareholders.

In 2019, the Fund voted to withhold support for 27 percent of the proposed compensation plans presented in say-on-pay advisory ballot items. This compares to 27 percent in 2018 and 26 percent in 2017. The Fund found, among other issues, pay disparity concerns, disconnects between pay and performance, and excessive pay relative to peer benchmarks at these companies. When these practices were not in the long-term interest of the Fund as a shareholder, the Fund voted against them. Following its proxy guidelines, the Fund withheld support for say-on-pay proposals at Netflix, Inc., Xerox Corporation, FLEETCOR Technologies, Inc., and Williams-Sonoma, Inc. At all four meetings, a majority of shareholders withheld support from the companies' compensation plans.

With the enhanced transparency now required of public companies by the CEO Pay Ratio Disclosure Rule promulgated by the Securities and Exchange Commission (SEC), the Fund expects improved disclosures at the public companies in its portfolio that will further inform the Fund's proxy voting, including decisions concerning say-on-pay measures.

The Fund also scrutinizes ballot items known as "say-on-golden-parachutes" votes, which give shareholders the ability to weigh in on executive severance payments. In 2019, the Fund withheld support for proposed payments in 86 percent of advisory votes on severance pay, compared to 83 percent in 2018 and 61 percent in 2017.

In addition to withholding support on proposed compensation plans through say-on-pay and golden parachute votes, the Fund also uses its director nominee votes to hold boards accountable for compensation practices. The Fund withheld support for 1,618 compensation committee members at 685 companies due to concerns relating to executive compensation.

The Fund voted to support shareholder proposals at Amazon.com, Inc., Alphabet, and United Parcel Service that requested a report on the feasibility of linking executive pay to sustainability. Additionally, the Fund supported shareholder proposals linking executive compensation to drug prices at Johnson & Johnson, Edwards Lifesciences Corp., Vertex Pharmaceuticals, Inc., Pfizer Inc., Abbvie Inc, and Merck & Co. Inc. Linking sustainability metrics to executive compensation can reduce risks related to poor sustainability performance, incentivize employees to meet sustainability goals, and boost accountability.

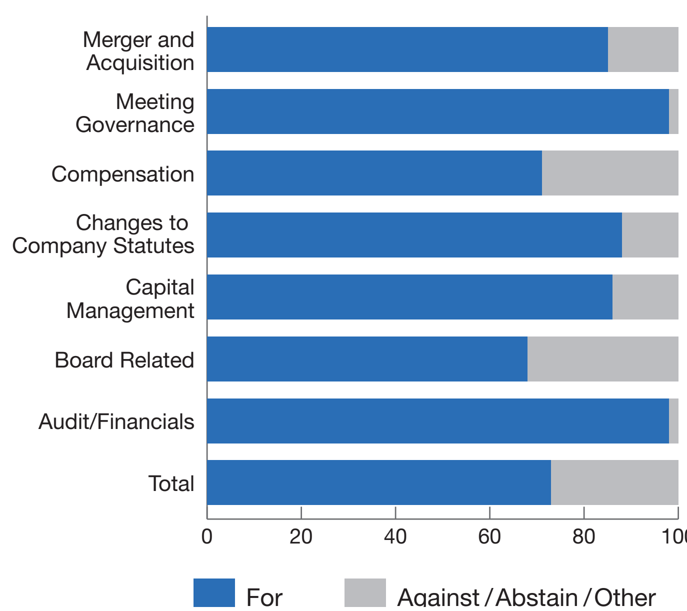
Management Recommendations

Over the course of the 2019 proxy season, the Fund voted in opposition to management recommendations on 28 percent of all ballot items—including with respect to 27 percent of management proposals and 88 percent of shareholder proposals.

In terms of specific ballot items, the Fund voted in opposition to management recommendations on:

- 28 percent of compensation-related items, including say-on-pay;
- 32 percent of board-related items, including election of directors;
- 13 percent of capital management and allocation items; and
- 2 percent of audit/financial items, including ratification of auditor.

Fund 2019 Voting Statistics on Management Proposals

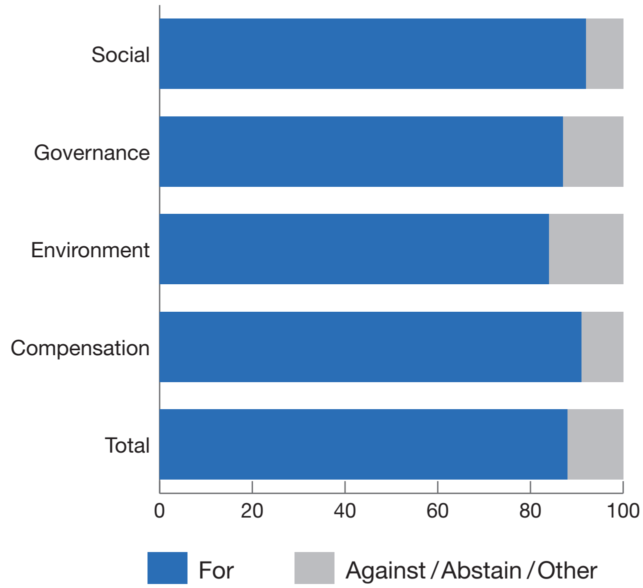


Shareholder Proposals

The Fund voted to support 88 percent of shareholder proposals on ballots in 2019, slightly down from 92 percent in 2018 and 91 percent in 2017. Of these affirmative votes, 61 percent were related to governance issues, including separating the positions of board chair and CEO, improving proxy access, strengthening the right to call a special meeting, and initiating and adopting recapitalization plans for all outstanding stock to have one vote per share. The remainder were social (22 percent), environmental (7 percent), and compensation (10 percent) proposals, such as disclosure of political spending or lobbying, reporting on energy efficiency and renewables, and linking executive pay to social metrics, such as human rights.

The slight decrease in the Fund's support for shareholder proposals was due, in most part, to the recent increase in shareholder proposals that do not seek to advance the goal of long-term sustainability. These proposals are submitted by proponents who are critical of companies' efforts with respect to environmental and social issues and are generally aimed at curbing those efforts. The Fund voted against all of these proposals in 2019.

Fund 2019 Voting Statistics on Shareholder Proposals



In 2019, there was an increase in the total number of shareholder proposals focusing on human capital management, including proposals asking for companies to report on measures taken to prevent sexual harassment. The Fund supported all these proposals, which were filled at Amazon.com Inc., Alphabet Inc., Walmart Inc., Xenia Hotels & Resorts Inc., Pebblebrook Hotel Trust, XPO Logistics Inc., Sunstone Hotel Investors Inc., and RLJ Lodging Trust.

Governance Votes

In 2019, the Fund supported 87 percent of governance-related shareholder proposals.

Proposals requesting that the board chair be an independent director were the most common type of governance proposal submitted in 2019.

The Fund believes that having an independent director serve as chair of the board helps to ensure that the board consistently acts in the best interests of shareholders. Therefore the Fund supports proposals that request that a company take the steps necessary to adopt a policy that the board chair be an "independent" director and request that a company take the steps necessary to separate the roles of board chair and chief executive officer. The Fund supported all 36 shareholder proposals requesting an independent board chair and/or separation of chair and CEO, including proposals at Amazon.com Inc., Facebook Inc., AT&T, Inc., Pfizer Inc., Verizon Communications Inc., and Exxon Mobil Corp.

In advance of the vote at Exxon Mobil, the Fund and the Church Commissioners for England announced their support for the independent chair shareholder proposal and encouraged other shareholders to vote for the proposal. In announcing his support, the Comptroller stated:

> "Exxon's board's refusal to adequately address significant shareholder concerns and properly account for climate risk in its operations, even as its competitors do so, presents a governance crisis. Exxon's failure to demonstrate it is prepared to take steps toward the transition to a lower carbon future puts its business at risk. We encourage other investors to join us in voting to separate the roles of chair and CEO."
>
> – Comptroller Thomas P. DiNapoli

As a result, the proposal received a record-high level of support, earning approval from 41 percent of Exxon Mobil shareholders.

Additionally, the Fund supported all shareholder proposals that requested companies to eliminate their dual-class voting structures by adopting a recapitalization plan for all equity securities to have one vote per share.

Environmental Stewardship and Climate Risk Votes

Climate change-related threats such as extreme weather and the public policies adopted to mitigate their effects pose significant risks to companies that are unprepared and to investors who hold these companies among their investments. In 2019, the Fund continued its work of scrutinizing boards' performance in addressing climate change-related risks. The Fund's Guidelines express the Fund's expectations for companies to possess climate risk competency on their boards of directors, as well as clearly defining relevant climate risk oversight and management. The Fund believes oversight should include the assurance of appropriate comprehensive reporting to shareholders—beyond what is required within current financial reporting—through adherence to internationally recognized sustainability reporting protocols, such as those proposed by the Taskforce on Climate-Related Financial Disclosures (TCFD).

In those cases where boards fail to appropriately manage and comprehensively report on climate risk, the Fund may withhold support from directors. Furthermore, in the event that a board fails to publicly report on its material climate risks and management practices, including disclosing 2 degree scenario analysis, in line with the goals of the Paris Climate Agreement, and greenhouse gas (GHG) emissions, the Fund may withhold support from directors responsible for such oversight.

In 2019, the Fund specifically focused on non-disclosing companies and high emitters when making voting decisions. The Fund used metrics to measure performance including governance, board competency, TCFD disclosure, 2 degree scenario analysis, and GHG target setting, based on Carbon Disclosure Project (CDP) and data provided by the Climate Action 100+. The Fund also considered a company's responsiveness to shareholder requests as part of our voting decision.

As a result, the Fund withheld support from or voted against 63 incumbent directors who were members of audit and environment and social committees at 11 portfolio companies, including Duke Energy, Kinder Morgan, Exxon Mobil, and Berkshire Hathaway.

Moving forward, the Fund will continue to use its voice and vote to encourage and support efforts in risk management, strategic planning, and reporting by portfolio companies to achieve a successful transition to the low-carbon economy, which is integral to long-term value creation for shareholders.

2019 Engagements & Shareholder Proposals

BY THE NUMBERS…

- **46** shareholder proposals filed.
- **25** agreements with companies to implement the Fund's shareholder proposals.
- **78** percent vote in support of the Fund's diversity proposal at Gaming and Leisure Properties.
- **832** letters sent to portfolio companies requesting action on ESG-related issues.

Underlying all of the Fund's engagement processes is a commitment to active ownership—using the Fund's voice to seek to ensure the long-term success of our investments. The Fund uses multiple forms of engagement, including filing shareholder proposals, writing letters, meeting directly with management, and working with other investors to affect the policies and practices of portfolio companies.

Annually, the Fund develops an engagement program based on several ESG priorities. The priorities are developed by assessing various factors, including new and emerging ESG issues that pose investment risks, as well as market conditions.

In the 2019 proxy season, the Fund focused on three core priorities: sustainability, diversity and accountability. Within those priorities, the Fund focused its engagement efforts on issues surrounding:

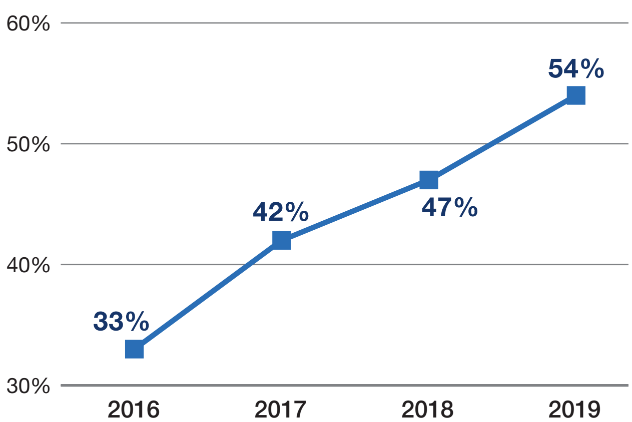
- **Sustainability**
  - Climate Risk
  - Labor Standards & Human Rights
- **Diversity & Inclusion**
  - Board Diversity
  - Disability Inclusion
  - Equal Employment & Nondiscrimination
- **Accountability**
  - Social Media Content Management
  - Cyber Risks
  - Opioid Distribution
  - Political Spending Disclosure
  - Executive Compensation

Priority Issues	Shareholder Proposals
Sustainability	18
Diversity & Inclusion	4
Accountability	24
Total	**46**

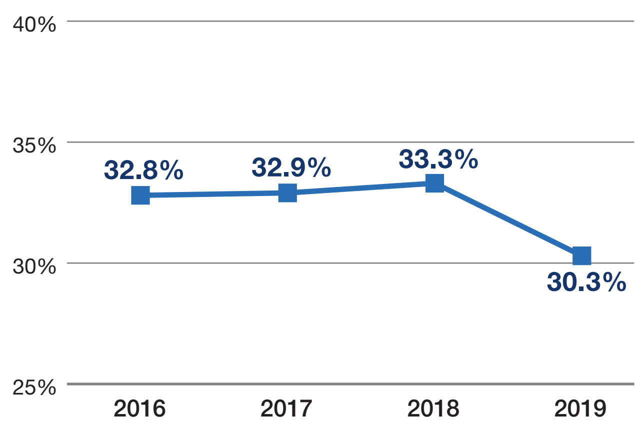
One form of engagement that the Fund routinely deploys, consistent with its investment philosophy, is filing shareholder proposals with public companies in its portfolio regarding ESG issues that can have a material impact on risk and return. The shareholder proposal process allows the Fund to bring proposed corporate policy changes directly to the attention of the company's leadership and other shareholders, and is an important tool for addressing investment risks.

For 2019, the Fund filed shareholder proposals with 46 companies representing a combined portfolio value in excess of $8.5 billion. Of these proposals, 25 led to agreements with the companies, and of the proposals that went to a vote, one earned the support of a majority of shareholders and 10 received greater than 30 percent of support from shareholders. The average level of support for Fund proposals that went to a vote was 30.34 percent.

Average Percentage of Fund Shareholder Proposals Withdrawn with Agreement



Average Percentage Support for Fund Shareholder Proposals, 2016–2019



Sustainability

BY THE NUMBERS…

- **18** sustainability shareholder proposals filed.
- **11** agreements with companies to address climate risks.
- **2** agreements with companies to address global labor standards and human rights.
- **202** requests to public companies seeking disclosure of carbon emissions data.
- **46** percent vote in support of the Fund's greenhouse gas reduction targets proposal at Fluor Corporation.

Sustainability – Climate Risk

Comptroller DiNapoli agrees with the scientific consensus that climate change is real and that current warming trends are caused by human actions. These changes pose significant risks and opportunities for the Fund, the markets, and the economy as a whole. As Trustee of the Common Retirement Fund, the Comptroller is legally bound by a fiduciary duty to act prudently and for the exclusive benefit of the more than one million members, retirees and beneficiaries of the New York State and Local Retirement System. Consistent with that duty, Comptroller DiNapoli uses the most effective strategies at his disposal to address climate change-related investment risks. The Comptroller has been a global leader in addressing the investment risks and opportunities presented by climate change.

> In 2018, as a result of the Comptroller's work, the Asset Owners Disclosure Project ranked the Fund third among the world's 100 largest global pension funds and first among U.S.-based pension funds in managing climate-related investment risk.

The Comptroller, as a long-term institutional investor, believes the Fund must use its voice and seat at the table to protect its investments by persuading companies to adopt responsible climate change policies and by encouraging long-term business model changes for the transition to a low-carbon economy.

The Fund's 2019 Climate Action Plan builds on recommendations from a Decarbonization Advisory Panel established by the Comptroller and Governor Cuomo. The panel consists of investment and climate experts and established minimum standards for climate resiliency and transition-readiness to identify companies within the Fund's public portfolio that are ill-prepared to address the physical and regulatory risks of climate change. Companies that are found to be at risk will be prioritized for engagement. Those companies that do not take steps to improve, or that fail to engage, may be subject to investment action including underweighting or divestment, consistent with Fund policy. This Plan also includes:

- continuing to collaborate with peers on engagement;
- communicating the Fund's Climate Beliefs to portfolio companies and developing strategies to support transition-ready companies;
- sharing the Fund's Climate Action Plan with our managers and consultants, and asking them to explain how they are aligned with or intend to align with the Plan; and
- engaging with index providers on integrating climate risks and opportunities into their index construction processes.

Climate Action Plan

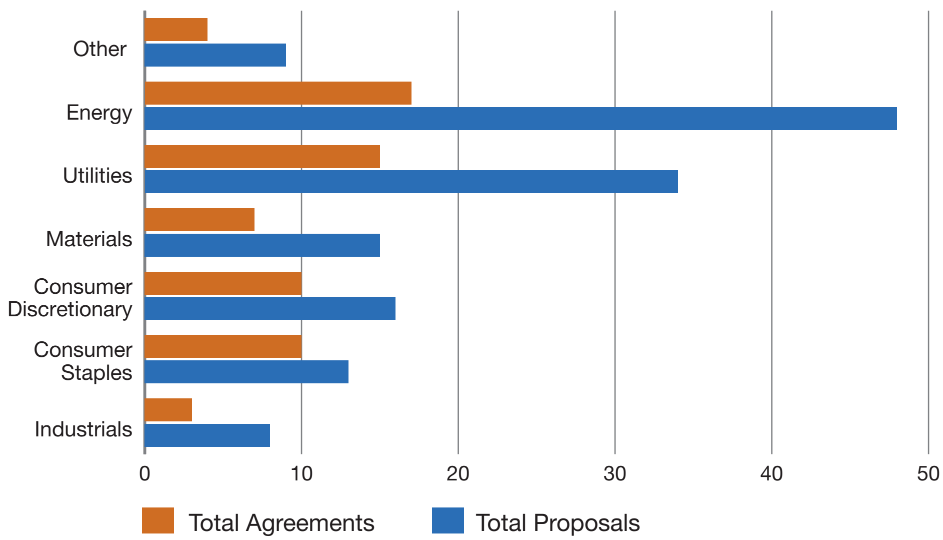
In June 2019, Comptroller DiNapoli released the Fund's Climate Action Plan, communicating the Fund's plans to further address climate risk in its portfolio. The Plan includes

- Establishing industry-specific Minimum Standards and risk assessment processes to evaluate companies in high impact sectors on their readiness to transition to a low carbon economy, starting with thermal coal mining companies.
- Developing a prioritized shareholder engagement program, based on transition readiness assessment and Minimum Standards, which informs investment decisions.
- Creating a formal, multi-asset-class Sustainable Investment–Climate Solutions Program with dedicated staff to pursue climate solution investments.
- Committing an additional $10 billion to the Sustainable Investment–Climate Solutions Program, leading to a total $20 billion commitment over the next decade.
- Enhancing evaluation of climate risk management by Fund managers and engaging with managers, index providers, and consultants on climate risk management.

Since 2008, the Fund has sponsored over 143 climate change-related shareholder proposals and reached agreements with 67 public companies in its portfolio to analyze climate risks, including setting GHG emissions reduction targets and renewable energy and energy efficiency goals.

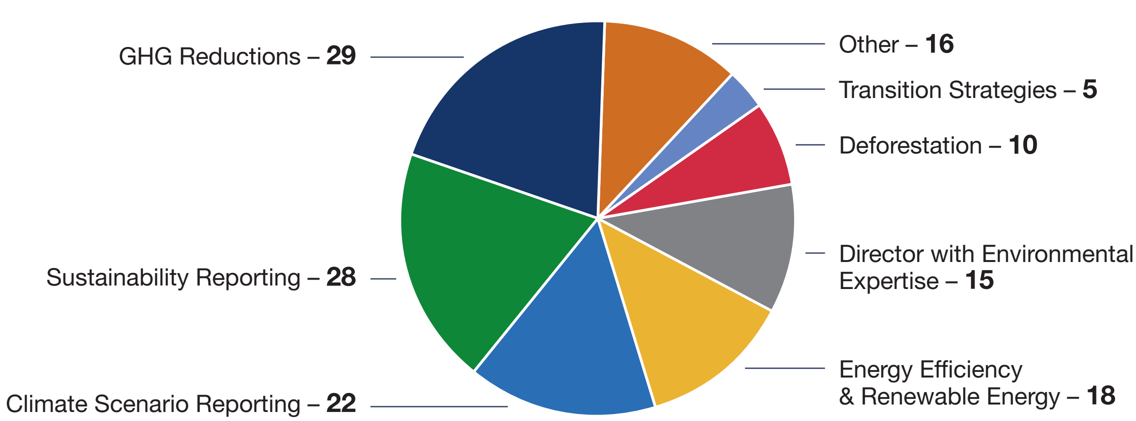
Furthermore, the Fund has received agreements at 42% of companies in energy, utilities, and materials industries, which have the highest impact on climate-related investment risks. This includes major agreements with companies like Duke Energy, Vistra Energy, AEP, Diamondback Energy, DTE Energy, and Southwestern Energy.

Agreements and Total Fund Shareholder Proposals Addressing Climate Risk by Industry Since 2008



During the 2019 proxy season, the Fund filed 15 shareholder proposals on climate-related risk, including requests for 2 degree scenario reporting, energy efficiency and renewable energy targets, greenhouse gas reductions targets, sustainability reporting, and TCFD climate disclosures. These proposals led to 11 agreements with companies to address climate-related risks.

Fund Climate Risk Proposals by Issue Since 2008



Shareholder Proposals — Climate Scenario Reporting

In 2019, the Fund filed four shareholder proposals requesting that companies disclose the impacts on their business of the Paris Climate Agreement's goal of restricting the rise of global temperatures to no more than 2 degrees Celsius above preindustrial levels. Subsequently, the Fund reached agreements with three of those companies—Concho Resources Inc., Range Resources Corporation, and Diamondback Energy, Inc.—to implement the terms of the shareholder proposal and undertake the requested 2 degree scenario study.

Company	Issue	Result
Concho Resources Inc.	2 Degree Scenario Reporting	Withdrawn with Agreement
Diamondback Energy, Inc.	2 Degree Scenario Reporting	Withdrawn with Agreement
Range Resources Corporation	2 Degree Scenario Reporting	Withdrawn with Agreement
Continental Resources, Inc.	2 Degree Scenario Reporting	14.39%

Companies Leading on Reporting

As of September 2019, 87 major companies—with a combined market capitalization of over $2.3 trillion—are taking action to align their businesses with what scientists say is needed to limit the worst impacts of climate change.

— The We Mean Business coalition

Shareholder Proposals — Sustainability Reporting

The Fund filed proposals at three public companies calling for an annual sustainability report describing each company's short-term and long-term responses to ESG-related issues. Two of those companies—American Financial Group, Inc. and Papa John's International, Inc.—agreed to the requested reporting and the Fund withdrew those proposals.

Company	Issue	Result
American Financial Group, Inc.	Sustainability Reporting	Withdrawn with Agreement
Papa John's International, Inc.	Sustainability Reporting	Withdrawn with Agreement
Charter Communications, Inc.	Sustainability Reporting	28.22%

Shareholder Proposals — Energy Efficiency and Renewable Energy Targets

In 2019, the Fund filed four proposals at companies requesting that they set targets for increased use of renewable energy and increased energy efficiency of their facilities. The Fund secured agreements with all four companies: Capri Holdings Limited, Dollar General Corporation, Keurig Dr. Pepper Inc. and Under Armour, Inc. all agreed to set targets for increased energy efficiency and increased use of renewable energy. Moreover, in response to the Fund's request, Keurig Dr. Pepper adopted a comprehensive sustainability plan that included a goal of obtaining 100 percent of its electricity from renewable sources by 2025.

Company	Issue	Result
Capri Holdings Limited	Energy Efficiency and Renewable Energy Targets	Withdrawn with Agreement
Dollar General Corporation	Energy Efficiency and Renewable Energy Targets	Withdrawn with Agreement
Keurig Dr. Pepper Inc.	Energy Efficiency and Renewable Energy Targets	Withdrawn with Agreement
Under Armour	Energy Efficiency and Renewable Energy Targets	Withdrawn with Agreement

Shareholder Proposals — Greenhouse Gas Reduction Targets

The Fund filed three shareholder proposals at portfolio companies requesting they adopt company-wide targets for the reduction of greenhouse gas (GHG) emissions, taking into consideration the global GHG reduction needs defined by the Paris Climate Agreement. Vistra Energy Corp., a utility company and one of the largest GHG emitters in the Fund's public equity portfolio, agreed to set targets for reducing GHG emissions. Vistra Energy Corp was identified as one of the top emitters in the Fund's U.S. public equity portfolio, and the Fund believes that these high emission companies present great risks to the Fund's investments.

The Fund's request for lower GHG targets at the Fluor Corporation won 46.34 percent support from fellow shareholders, putting significant pressure on the company to take action. Lastly, the SEC allowed ExxonMobil Corporation to exclude the Fund's shareholder proposal from going to a vote at its annual meeting.

Company	Issue	Result
Vistra Energy Corp.	GHG Reductions – Targets	Withdrawn with Agreement
Fluor Corporation	GHG Reductions – Targets	46.34%
ExxonMobil Corporation	GHG Reductions – Targets	SEC Granted No Action Relief

Shareholder Proposal — Task Force on Climate-Related Financial Disclosures

Last year, the Comptroller, on behalf of the Fund, joined over 315 organizations in expressing support for TCFD, which has developed recommendations for voluntary climate-related financial disclosures. Such disclosures will provide better access to data and help assure more consistent reporting of climate-related risks. Reporting consistent with TCFD's recommendations by the public companies in its portfolio and their managers will enhance the Fund's efforts to identify, assess and address its climate-related risks, and inform capital allocation decisions.

The Fund filed a shareholder proposal in 2019 at Martin Marietta Materials, Inc., the leading U.S. producer of aggregates (such as sand and gravel) for highway, infrastructure, commercial, and residential construction, requesting the company disclose climate-related information consistent with TCFD guidance. The Fund withdrew the proposal following an agreement with the company.

Company	Issue	Result
Martin Marietta Materials, Inc.	TCFD Climate Disclosure	Withdrawn with Agreement

Climate Action Plan Engagement

In October, the Comptroller sent letters to the Fund's top 25 holdings in the eight "high impact sectors" defined by TCFD. The letters asked 200 companies to review the Fund's Climate Action Plan, and to develop a robust transition plan and business strategies that are responsive to future scenarios where global warming is held at and below 2 degrees Celsius.

Low Emissions Index & Carbon Emissions Reporting

In 2016, the Fund established a low emissions index and allocated $2 billion to further decarbonize the Fund's public equity portfolio. Created in partnership with Goldman Sachs Asset Management, the low emissions index is an internally managed portfolio that underweights investments in companies that are large contributors to carbon emissions and increases investments in companies with lower emissions, while closely tracking its benchmark index. In 2018, the Comptroller announced that he was doubling the Fund's allocation to the index to $4 billion.

The Fund's low emissions index has reduced the intensity of carbon emissions by 77 percent within its holdings.

The low emissions index eliminates or underweights stock ownership in some of the worst greenhouse gas (GHG) emitters based on emissions data reported to or estimated by the Carbon Disclosure Project (CDP). With the goals of continuing the success of the low emissions index and encouraging companies to disclose emissions data to CDP so it can be used for the index, the Fund developed an active engagement program for the index, focusing on non-disclosing companies and high GHG emitters.

It is important for the Fund to obtain standardized emission data in order to expand the index strategy. CDP provides a standardized and comparable data set that covers more than 7,000 companies, representing over 60 percent of total world market capitalization in 2018. The Fund believes that there is great value in bringing together information on this issue across sectors and regions using this consistent approach. Therefore, the Fund engages with companies to request the disclosure of emissions data to CDP.

Since 2016, the Fund has participated in the Carbon Action Initiative, a joint initiative led by CDP on behalf of over 250 investors representing $25 trillion in assets, seeking to accelerate company action on emissions reductions, public disclosure of emissions reduction targets and investments in emissions reduction projects. Under this initiative, the Fund has sent letters to over 300 companies since 2016.

In partnership with CDP's disclosure team, the Fund has engaged with a number of non-disclosing companies. In 2019, 32 companies provided emissions data to CDP for the first time. These newly disclosing companies include some high GHG-emitting corporations such as Williams Companies, Inc., an oil and gas producer, and Alliant Energy, an electric utility.

Climate Action 100+

Comptroller DiNapoli has taken a leadership role in the Climate Action 100+ initiative, a five-year initiative led by 370 investors from across 29 countries, who collectively manage over $35 trillion in assets, to engage with systemically important GHG emitters and other companies across the global economy that have significant opportunities to drive the clean energy transition and help achieve the goals of the Paris Agreement.

The initiative asks those companies to improve governance with respect to climate change, curb GHG emissions, and strengthen climate-related financial disclosures. As part of the Climate Action 100+, the Comptroller serves as co-lead in engagements with Exxon Mobil, American Electric Power (AEP), Martin Marietta, Duke Energy and Ford Motor Company on these important issues. 2019 highlights from these engagements include:

- AEP announced that the company would increase its 2030 carbon emissions reduction targets, as measured against a year 2000 baseline, to 70 percent from 60 percent and set an aspirational 2050 target of zero emissions. AEP also decided to terminate its membership in the American Coalition for Clean Coal Electricity in 2020.
- Duke Energy has also updated its carbon transition plan, setting goals to achieve a 50 percent reduction in GHG emissions by 2030 and net zero emissions generation by 2050.
- Martin Marietta has agreed to disclose climate risks and opportunities in its annual report as part of the TCFD recommendations in 2020.
- Ford, along with three other major automobile manufacturers, came to an agreement with the State of California to adopt vehicle emissions rules that maintain higher standards in the face of federal efforts to roll back mileage and emissions requirements.
- The ExxonMobil Climate Action 100+ engagement group continues to press the company to develop targets for reduction of GHG emissions from its operations that are consistent with the Paris Agreement.

U.S. Utilities Net-Zero Emissions by 2050

In February 2019, the Comptroller joined institutional investors managing $1.8 trillion in assets in encouraging U.S. utility companies to commit to achieving the goals of the Paris Agreement by setting clear targets of net-zero carbon emissions for electricity by 2050. Mitigating the worst effects of climate change requires companies that supply electricity to make the transition to using a combination of sources that generate "net-zero" carbon emissions by 2050 at the latest. As investors in publicly traded electric utilities, the group communicated its belief that companies should set net-zero targets and focus investments on devising economically attractive ways to achieve the targets before potentially being forced to do so by regulators or losing market opportunities to competitors who more aggressively transition to the low carbon economy.

U.S. Fuel Economy Standards

In 2018, the Comptroller joined a coalition of investors in urging General Motors to join the compromise agreement with California, which was consistent with the company's call for a national solution, continuously improving fuel economy, and its stated goal of moving toward zero emissions.

In 2019, Ford Motor Company, American Honda Co., Inc., BMW of North America, LLC, and Volkswagen Group of America, Inc., all entered into a compromise agreement with California which provides for emissions reductions on a nationwide basis, regulatory certainty, and incentives for increased deployment of electric vehicles (EVs). Given that transportation is the largest source of GHG emissions in the United States, the Fund has been particularly concerned by federal actions to weaken standards on vehicle fuel economy and GHG emissions at a time when near-term reductions are essential to meeting climate goals.

Global Advocacy

In 2019, Comptroller DiNapoli signed an investor statement, joining 477 investors with $34 trillion in assets under management, calling on the world's governments and companies to establish policies consistent with achieving the Paris Agreement's goal of keeping warming well under 2 degrees Celsius. The Comptroller also joined investors participating in the Climate Action 100+ initiative in calling on companies to curtail lobbying inconsistent with the goals of the Paris Agreement and to withdraw support for trade associations that lobby against action on climate change.

In September 2019, the Comptroller participated in multiple events during Climate Week NYC, which afforded him the opportunity to meet with investors from around the world to discuss how they are working with companies and governments to achieve the goals of the Paris Agreement and accelerate investment in climate solutions.

Sustainability – Labor Standards & Human Rights

Sustainable corporate practices—including protecting the health, safety, and rights of employees in a company's workforce and in its supply chain—are critically important to help ensure productivity while avoiding risks of supply chain interruption, liability and reputational damage.

Human rights violations resulting from the environmental and labor practices of U.S. corporations and their domestic and overseas suppliers can result in significant legal and reputational harm. Through shareholder proposals and other engagements, the Fund has asked selected companies, particularly those with extensive overseas operations which are more likely to operate in areas that have less protective laws and less effective enforcement, to require their major suppliers to report on the environmental and social impacts of their operations and to uphold global labor standards.

Since 2011, the Fund has filled shareholder proposals with 25 public companies in its portfolio addressing labor standards and human rights. These engagements have resulted in 19 agreements with portfolio companies to enhance their reporting on human rights policies and risk assessments in their supply chains.

Shareholder Proposals

In 2019, the Fund filed shareholder proposals regarding human rights at Dick's Sporting Goods, Inc., Dunkin' Brands Group Inc., and Steve Madden, Ltd. The proposals asked the companies to report on the process for identifying and analyzing potential and actual human rights risks in their operations and supply chain.

- The Fund negotiated agreements with Dick's Sporting Goods, Inc., and Dunkin' Brands Group Inc. Since the agreements, both companies have incorporated many of the Fund's requests in their respective sustainability and corporate social responsibility reports.
- The Fund's proposal at Steve Madden, Ltd., received 33.8 percent support from shareholders, and the Fund continues to engage with the company on issues surrounding human rights and sustainability.

Company	Issue	Result
Dick's Sporting Goods, Inc.	Human Rights Risk Assessment	Withdrawn with Agreement
Dunkin' Brands Group Inc.	Human Rights Risk Assessment	Withdrawn with Agreement
Steve Madden, Ltd.	Human Rights Risk Assessment	33.76%

Labor Management

As a long-term investor, the Fund believes that the ability to establish and maintain constructive relationships with workers and the communities in which they operate is a hallmark of a company with a sound, sustainable and profitable long-term strategy. The Comptroller regularly engages with companies whose labor practices may pose risks to the Fund's investments. In 2019, these engagements included General Motors, American Airlines Group Inc., Charter Communications Inc., and Wells Fargo & Co.

In October, Comptroller DiNapoli wrote the CEOs of Lyft, Uber, GrubHub and Upwork requesting that each company issue an annual sustainability report describing the company's policies, performance and improvement targets related to material ESG risks and opportunities. Specifically, the Comptroller recommended that the reports address policies, practices, metrics and goals connected to business risks linked to human capital management, including labor relations and corporate culture, and other material environmental and social factors. In particular, he asked for reporting on ESG issues regarding the company's ability to attract and maintain employees, service providers, contractors and platform users. Management of material ESG risks and a focus on ESG opportunities can have a positive effect on long-term shareholder value. Conversely, failure to manage and disclose information about material ESG factors can pose significant regulatory, legal, reputational and financial risk to companies.

Amazon Marketplace — Third-Party Apparel

In November, Comptroller DiNapoli wrote Amazon.com, Inc., CEO Jeffery Bezos regarding the company's monitoring of third-party sellers' compliance with Amazon's "Responsible Sourcing" standards. Specifically, the Comptroller inquired about Amazon's third-party Marketplace, which appears to offer apparel that is manufactured in Bangladeshi factories whose owners have refused to fix safety problems identified by Bangladeshi safety-monitoring groups, such as the Accord on Fire and Building Safety in Bangladesh. A Wall Street Journal investigation found third-party apparel manufactured in factories with safety problems including crumbling buildings, broken alarms, and missing sprinklers and fire barriers. Additionally, the investigation revealed that Amazon has been resistant to actively monitoring and reviewing its third-party sellers and the products available on Marketplace.

The Comptroller urged Amazon to immediately review apparel being sold on Marketplace and remove listings that are manufactured in "banned" factories, as designated by Bangladeshi safety-monitoring groups, and are not compliant with Amazon's "Responsible Sourcing" standards. Additionally, he requested more information regarding the steps Amazon is taking to address the risks posed by selling these products on its Marketplace.

Equator Principles

The Equator Principles are a risk management framework adopted by financial institutions for determining, assessing, and managing environmental and social risk in project finance. The Principles were first promulgated in 2003, and as of early this year, they have officially been adopted by 94 banks and financial service corporations operating in 37 countries.

Over the last several years, criticism has emerged from the environmental and human rights communities that the Principles have too many loopholes and have not been adequately implemented by many of the signatory financial institutions. For example, a number of the banks financing the controversial Dakota Access Pipeline were longtime signatories to the Equator Principles, despite the fact that the project did not have the consent of the Standing Rock Sioux Nations' elected representative bodies, as the Principles require.

The Comptroller joined investors, representing $2.92 trillion in assets under management or advisement, in recommending that the Equator Principles be strengthened to recognize the right of Indigenous Peoples to provide or withhold their free, prior and informed consent regardless of jurisdiction, as set out in the United Nations Declaration on the Rights of Indigenous Peoples.

Diversity & Inclusion

BY THE NUMBERS…

- **3** agreements with companies to seek women and minority board director candidates.
- **28** diverse members added to boards of directors since 2010 due to the Fund's engagement.
- **87** letters to companies seeking action to include more people with disabilities in their workforces.

Diversity – Board Diversity

Among the greatest risks to any company is a poorly performing board or management. The Fund believes in the importance of board diversity as an essential measure of sound governance and a critical attribute of a well-functioning board. Research shows that the ability to draw on a wide range of viewpoints, backgrounds, skills and experience is increasingly critical to corporations' long-term success in the global marketplace.

As a part of the Fund's broader strategy to address board diversity, which includes proxy voting and public policy advocacy, the Fund urges the public companies in its portfolio to amend their nominating committee charters to require consideration of diverse candidates—including diversity of sex, race, ethnicity, sexual orientation and gender identity—in its pool of director candidates.

Since 2010, the Fund has filed 33 shareholder proposals calling on public companies in its portfolio to increase board diversity. Through those proposals, the Fund has secured 18 agreements with companies to promote diversity on boards, and engagement successes have added 28 diverse members to boards of directors.

> "Research has shown that companies with diverse boards perform better. Lack of diversity puts companies at a competitive disadvantage. And when companies fail to address shareholder concerns over lack of diversity, they demonstrate a lack of accountability. We've put our portfolio companies on notice that we want them to be responsive and adopt best practices when it comes to the composition of their boards."
>
> – Comptroller Thomas P. DiNapoli

Shareholder Proposals

In 2019, the Fund filed four shareholder proposals requesting that companies improve their board diversity practices by formally including race, ethnicity, sexual orientation, and gender identity in their consideration when seeking diverse board candidates.

- The Fund reached agreements with three companies—TripAdvisor, Inc., New Residential Investment Corp., and WisdomTree Investments, Inc. The companies appointed a combined four women to their boards following the filing of the proposals.
- The Fund's proposal at Gaming and Leisure Properties, Inc., which was not opposed by the company, received a majority vote with 78.3 percent support from shareholders.

Company	Issue	Result
New Residential Investment Corp.	Board Diversity	Withdrawn with Agreement
TripAdvisor, Inc.	Board Diversity	Withdrawn with Agreement
WisdomTree Investments, Inc.	Board Diversity	Withdrawn with Agreement
Gaming and Leisure Properties, Inc.	Board Diversity	78.27%

Boards Without Women

In 2018, the Comptroller sent letters to 206 companies in the Fund's public equity portfolio in which the Fund withheld support from all director nominees because the companies had no women on their boards. The letter urged the companies' boards to take action to add women directors, and requested a response detailing how they would address the issue. Following the Comptroller's letters, 93 companies added at least one woman to their boards with a total of 107 women elected to these boards in 2019.

Comptroller DiNapoli at the Womens' Roundtable.

The Thirty Percent Coalition

To advance the goal of increasing board diversity, the Comptroller and the Fund are members of the Thirty Percent Coalition. The Coalition is a national organization of industry leaders, including senior business executives, national women's organizations, corporate governance experts, board members and institutional investors, who believe in the power of collaborative effort to achieve gender diversity in company leadership, and in the necessity of attaining at least 30 percent female representation across public company boards.

In 2019, the Fund and other Coalition members wrote to 235 companies with all-male boards or one-woman boards, urging them to institutionalize a commitment to diversity in their nominating committee charters by including women and minority candidates in every pool of board nominees.

The Fund also participates in a Coalition-organized working group composed of private equity general partners and limited partners regarding best practices and disclosure around gender diversity.

Inclusion — Sexual Orientation, Gender Identity and Gender Expression Nondiscrimination

Since 2010, the Comptroller has engaged portfolio companies, urging them to adopt policies that explicitly prohibit discrimination in employment on the basis of sexual orientation, gender identity and gender expression. Discrimination based on non-job-related criteria impairs a company's ability to recruit and retain employees from the widest pool and can deprive the company of services of otherwise qualified employees. This in turn can lead to diminished performance and, therefore, a loss of shareholder value. In addition, employment discrimination based on sexual orientation and gender identity can cause reputational harm to corporations, and may lead to increased legal challenges which can harm shareholder value.

In 2019, the Comptroller wrote to the 47 portfolio companies in the Fortune 500 that still did not have a nondiscrimination policy that explicitly included both sexual orientation and gender identity or expression. The letter asked companies to adopt such a policy as soon as possible. Companies receiving a letter included News Corporation, Foot Locker, Inc., Philip Morris International Inc., Halliburton Company, Yum China Holdings, and Universal Health Services, Inc.

Inclusion — Disability Inclusion

In 2019, the Fund spearheaded engagement with companies on disability inclusion. According to "Getting to Equal: The Disability Inclusion Advantage," a 2018 report published by Accenture, Disability: IN, and the American Association of People with Disabilities, companies that embrace best practices for employing people with disabilities have outperformed their peers. This includes, according to the report, 28 percent higher revenue, double the net income, and 30 percent higher economic profit margins. Additionally, the report notes that including people with disabilities increases innovation, improves productivity and fosters a better work environment. In spite of these benefits, Accenture estimates that 10.7 million people with disabilities continue to be underrepresented in corporate America. Disability inclusion is a significant opportunity for companies to improve their performance, enhance labor-force diversity, and develop a sustainable corporate culture.

In January 2019, Comptroller DiNapoli wrote the CEOs of 49 portfolio companies, including Apple, McDonald's, Nike and Twentieth Century Fox, requesting their participation in the 2019 Disability Equality Index (DEI). The DEI addresses the lack of information and disclosure of corporate policies on disability inclusion by creating a benchmarking tool that allows companies to self-report their disability policies and practices. It can also identify areas where companies can improve their policies and strengthen their reputations as inclusive companies and employers of choice. Eleven companies either agreed to participate in 2019 or committed to participate in the future.

In May 2019, the Comptroller and Oregon Treasurer Tobias Read led investors representing more than $1 trillion in combined assets calling on companies they invest in to create inclusive workplaces. Signatories to the "Joint Investor Statement on Corporate Disability Inclusion," included Bank of America, Voya Financial, New York City Comptroller Scott Stringer, Illinois State Treasurer Michael Frerichs, and the California State Teachers' Retirement System (CalSTRS). The investor statement is an open appeal for companies to develop best practices for including those with disabilities in their workforces.

In coordination with the release of the investor statement, Comptroller DiNapoli wrote follow-up letters to the 38 CEOs of companies who either did not respond or agree to participate in the DEI following the January letters. In the follow-up letters, the Comptroller asked the companies to provide information regarding their present and future efforts to adopt the best practices mentioned in joint statement.

In October 2019, the Comptroller sent follow-up letters to 24 companies that either did not respond to previous letters or provided unsatisfactory responses, and sent letters to 22 previously uncontacted portfolio companies asking them to participate in the 2020 DEI and requesting adoption of the Investor Statement's best practices. The new companies included FedEx, Charter Communications, Macy's, Marriott, Netflix, Nordstrom, Oracle, and Target.

Accountability

BY THE NUMBERS…

- **25** shareholder proposals filed seeking enhanced accountability in corporate policies and practices.
- **8** agreements to promote corporate responsibility.

Accountability – Social Media and Cyber Risks

As companies around the world increasingly rely on electronic data, communications services and public platforms to conduct their business, associated risks have increased. A single data breach or high-profile content incident can create liability or cause reputational harm and may have a significant impact on value and returns for a company. As an investor, the Fund is deeply concerned about these risks and has focused on the accountability of companies that have significant cyber-related risks.

Hate Speech & Fake News Content Management

Social networks and other web-based platform companies face global controversies surrounding the expanding roles of their platforms. Areas of concern have included: instances of election interference; the distribution of disinformation, or “fake news,” and hate speech that can threaten marginalized groups and undermine our democracy; and the companies’ roles in properly enforcing their own terms of service related to content policies. As such controversies grow, shareholders are concerned that some companies have failed to proactively address these issues, which can pose significant regulatory, legal, and reputational risks to shareholder value.

The Fund believes that social networks and other web-based platform companies have an obligation to demonstrate how they manage content to prevent violations of their own terms of service.

Shareholder Proposals

In 2019, the Fund co-sponsored shareholder proposals at Alphabet, Facebook, and Twitter asking the companies to disclose how they are managing the business and public policy risks related to users posting content that may violate the companies’ own terms of service, including election interference, fake news, hate speech, sexual harassment and violence.

All three proposals went to a shareholder vote, with the Fund’s proposals receiving 39.4 percent support from Twitter shareholders, 6.9 percent support from Alphabet shareholders, and 5.7 percent support from Facebook shareholders. When accounting for unequal voting rights due to dual-class stock structures, 20 percent of the non-inside, public shareholders supported the Fund’s proposals at Facebook and 35.1 percent supported them at Alphabet.

Company	Issue	Result
Alphabet Inc.	Hate Speech & Fake News Content Management	6.93%
Facebook, Inc.	Hate Speech & Fake News Content Management	5.70%
Twitter, Inc.	Hate Speech & Fake News Content Management	39.43%

Cyber Risk Reporting

Cyber risk has been identified as an area of urgent and systemic concern for companies given the frequency, magnitude, and cost of cybersecurity incidents. For example, in 2017, Equifax reported that attackers had found a flaw in its website and used it to obtain the personal information of as many as 147 million Americans. The breach has cost Equifax more than $439 million already and could eventually top $600 million, which would make it the most costly data breach in history.

Unfortunately, some public companies do not appear to be prepared for a cyberattack and many have failed to disclose information to investors on how they plan to prevent the regulatory sanctions, monetary costs, and reputational harm associated with such an event.

Shareholder Proposals

In 2018, the Fund filed a groundbreaking cyber risk shareholder proposal at Express Scripts Holding Company. The proposal requested that the Board prepare a report that would allow investors to assess the company's cyber risk practices. After the SEC declined to grant no-action relief to the company, the Fund's proposal received support from 29.5 percent of Express Scripts' shareholders, a substantial vote for a new proposal.

In 2019, the Fund filed a similar proposal at Cigna Corporation. The Fund withdrew the proposal following an agreement with the company.

Company	Issue	Result
Cigna Corporation	Cyber Risk Reporting	Withdrawn with Agreement

Accountability – Opioid Distribution Risk

In 2017, the Fund became a member of the Investors for Opioid Accountability, which was established out of heightened concern that opioid company risks both threaten long-term shareholder value and have profound long-term implications for our economy and society. Members are taking swift and decisive actions, using multiple shareholder resolutions, to hold manufacturers, distributors, and retail pharmacies' boards accountable for potential risks to shareholder value.

Shareholder Proposals

In 2019, the Fund co-filed a shareholder proposal requesting that Insys Therapeutics, Inc. assess the risks associated with opioid distribution. The proposal asked the company to report to shareholders on "the corporate governance changes Insys has implemented to more effectively monitor and manage financial and reputational risks related to the opioid crisis." Before the company filed for filed for Chapter 11 bankruptcy protection in June 2019, the coalition reached an agreement with the company to strengthen opioid distribution oversight.

Company	Issue	Result
Insys Therapeutics, Inc.	Opioid Distribution Risk	Withdrawn with Agreement

Accountability — Political Spending & Lobbying Disclosure

Since the 2010 Citizens United ruling by the U.S. Supreme Court removed certain restraints on corporate expenditures for political purposes, the Fund has made it a priority to engage the public companies in its portfolio regarding disclosure of their spending on political and lobbying activities.

In the Citizens United decision, Justice Anthony Kennedy highlighted the importance of corporate political spending disclosure: "[D]isclosure permits citizens and shareholders to react to the speech of corporate entities in a proper way. This transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages."

Without proper disclosure of political and lobbying spending, shareholders are unable to determine whether that spending is aligned with a business purpose and cannot assess the legal, reputational, and business risks that can arise from these types of expenditures.

> "Shining more light on the use of corporate resources to influence the political process leads to better shareholder understanding of how this activity can affect a company's bottom line and long-term value."
>
> – Comptroller Thomas P. DiNapoli

The Fund's shareholder proposals ask companies for comprehensive public reports that may include their corporate spending on candidates, political parties, ballot measures, direct or indirect state and federal lobbying, payments to trade associations used for political purposes, and payments to organizations that write and endorse model legislation.

Since 2010, the Fund has filed 150 shareholder proposals on political spending and lobbying disclosure, and 42 companies have adopted or agreed to adopt such disclosure.

Shareholder Proposals

During the 2019 Proxy Season, the Fund filed nine shareholder proposals seeking disclosure of companies' direct and indirect political spending, including contributions to independent committees, and the portion of trade association dues used for political purposes. The Fund reached agreements with one of the world's largest hoteliers Hilton Worldwide Holdings Inc., the largest U.S. food distributor Sysco Corp. and The Kroger Co., the largest traditional U.S. grocery store chain. Of those proposals that went to a vote, the Fund's proposals received an average of 37.4 percent support from shareholders, up five percent from 2018 (32 percent). This includes a 48.7 percent vote in favor of the Fund's proposal at NextEra Energy Inc.

Company	Issue	Result
The Kroger Co.	Political Spending Disclosure	Withdrawn with Agreement
Sysco Corporation	Political Spending Disclosure	Withdrawn with Agreement
Hilton Worldwide Holdings Inc.	Political Spending Disclosure	Withdrawn with Agreement
CMS Energy Corporation	Political Spending Disclosure	34.33%
Wynn Resorts Limited	Political Spending Disclosure	34.36%
Royal Caribbean Cruises Ltd.	Political Spending Disclosure	34.45%
Duke Energy Corporation	Political Spending Disclosure	35.77%
Simon Property Group, Inc.	Political Spending Disclosure	37.05%
NextEra Energy, Inc.	Political Spending Disclosure	48.71%

Political Spending and Lobbying Misalignment Risk

In 2019, the Comptroller wrote to nearly 100 portfolio companies regarding the Fund's longstanding concerns surrounding their potential exposure to business risks that can arise from misalignment between their corporate values and policies and their corporate political spending or lobbying initiatives. A recent study by the Center for Political Accountability highlights the reputational risk that may occur when there is a significant misalignment between a company's stated values and its corporate political donations. Such misalignment can cause public, customer and employee dissatisfaction, and confuse advocates on either side of an issue, leading to negative short-term and long-term impacts.

LGBTQ Policies and Corporate Political Spending

In July 2019, the Comptroller wrote to 41 portfolio companies urging them to review their policies and procedures for making corporate political expenditures to determine whether such spending is aligned with corporate strategy and values. Such a review could help to ensure that a company's expenditures are consistent with its public stance on high-profile issues such as LGBTQ inclusion and nondiscrimination, thereby mitigating potentially significant misalignment risks than can have a negative impact on returns and share value.

Aligning Climate Lobbying with Paris Agreement

In September 2019, the Comptroller joined 200 institutional investors, with a combined $6.5 trillion in assets under management, in calling on 47 of the largest U.S. publicly traded corporations to align their climate lobbying with the goals of the Paris Agreement. The group warned that lobbying activities that are inconsistent with meeting climate goals are an investment risk.

> "Many companies talk the talk when it comes to building a lower-carbon global economy, but some continue to support agendas and groups that oppose the goals of the Paris Agreement. We need greater transparency and accountability from our portfolio companies. We need to know if they are lobbying—or supporting trade organizations that are lobbying—against the worldwide effort to rein in climate change."
>
> – Comptroller Thomas P. DiNapoli

Accountability — Executive Compensation

The Fund views executive compensation as a key component of company accountability, as well as being a critical and visible aspect of a board's governance. The Fund believes that executive compensation should be transparent and tied tightly to long-term performance. The overarching goals of compensation packages should be to create sustainable value and to advance the company's strategic objectives. If the members of an independent compensation committee fail to set responsible executive compensation levels, it is a strong indicator that the board's overall oversight of management is inadequate.

Since 2013, the Fund's focus on executive compensation, including shareholder proposals and other engagement efforts with 45 public companies in its portfolio, has yielded 22 agreements to improve executive compensation policies and practices.

In 2019, the Fund filed proposals related to executive compensation at nine companies, which led to four agreements. The topics of the proposals included target pay, policies surrounding share buybacks, and golden parachutes.

Shareholder Proposals — Target Pay

Target pay proposals ask boards to take into consideration the pay grades and salary ranges of all classifications of employees when setting target pay for CEO compensation. According to the Economic Policy Institute, CEOs of America's largest firms earned $271 for every dollar their employees earned in 2016. In 1995, the CEO-to-worker pay ratio was 123-to-1; in 1978, it was 30-to-1; and in 1965, it was 20-to-1. Many companies' compensation committees use peer group benchmarks to set their target CEO compensation. These target pay amounts are then subject to performance adjustments.

Although many companies target CEO compensation at the median of their peer group, certain companies have targeted their CEO's pay well above the median. In addition, peer groups can be "cherry-picked" to include larger or more successful companies where CEO compensation is higher. The Fund believes portfolio companies should align CEO pay practices with their pay practices for other employees and provide supplemental information that helps investors understand compensation practices.

In 2019, the Fund filed three target pay proposals and reached agreements with all three companies: Cisco Systems, Mattel, Inc., and The Archer Daniels Midland Company. The companies will re-examine their CEO and executive pay, and adopt policies that take into account the compensation of the rest of their workforces.

Company	Issue	Result
Cisco System	Target Pay	Withdrawn with Agreement
Mattel, Inc.	Target Pay	Withdrawn with Agreement
The Archer Daniels Midland Company	Target Pay	Withdrawn with Agreement

Shareholder Proposals — Share Buybacks and Pay for Performance

In 2019, the Fund began engaging with portfolio companies on issues associated with share buybacks. Similar to any capital allocation strategy, share buybacks present both opportunities and risks. For long-term shareholders, share buybacks are most defensible if done carefully and within the context of a long-term growth strategy. In 2018, companies in the S&P 500 spent $806 billion on stock buybacks, dwarfing the previous record of nearly $590 billion set in 2007.

A growing pool of data highlights the risks share buybacks may pose to companies and their investors. Allocating capital to share buybacks may result in fewer resources for reinvestment in growth, such as developing new products or services, hiring or retraining workers, or building new facilities. Some evidence shows that companies may repurchase shares at or near the top of the economic cycle when they are most expensive, resulting in economic loss, opportunity loss, and thus the destruction of value for long-term investors. Moreover, senior executives may favor share buybacks, even when other capital allocation strategies may yield better long-term results, because of their potential positive impact on performance metrics linked to executive compensation, thereby boosting executive pay.

The Fund filed shareholder proposals at Fleetcor Technologies, Inc. and Mondelēz International, Inc. requesting they exclude the impact of share repurchases from the incentive pay for senior executives. The Fund secured an agreement with Mondelēz International, Inc. and received 19 percent support from Fleetcor Technologies, Inc.'s shareholders.

Company	Issue	Result
Mondelēz International, Inc.	Share Buybacks and Pay for Performance	Withdrawn with Agreement
Fleetcor Technologies, Inc.	Share Buybacks and Pay for Performance	19.33%

Shareholder Proposals — Share Buybacks and Share Retention

Long-term equity-based compensation is an important component of senior executive compensation. While many investors encourage the use of equity-based compensation for senior executives, some companies' senior executives are generally free to sell shares received from equity compensation plans. The Fund believes long-term holding requirements could help to better focus senior executives on a company's long-term success rather than short-term results, especially with respect to capital allocation decisions and share buybacks.

In 2019, the Fund filed shareholder proposals at The Boeing Company and Tyson Foods, Inc. urging the companies to adopt policies requiring senior executives to retain a significant percentage of shares acquired through equity compensation programs until reaching normal retirement age. The Fund's proposal at The Boeing Company received approximately 25 percent support from the company's shareholders.

Company	Issue	Result
The Boeing Company	Share Buybacks and Stock Retention	24.85%
Tyson Foods, Inc.	Share Buybacks and Stock Retention	6.74%

Shareholder Proposal — Guess?, Inc. Golden Parachute

In 2019, the Fund re-filed a shareholder proposal at Guess?, Inc. which asked the company to seek shareholder approval for future severance agreements with senior executives that provide benefits in an amount exceeding 2.99 times the sum of an executive's base salary, plus bonus. The Fund has long been concerned about the Guess? company's golden parachute severance packages, which would allow top executives to walk away with millions of dollars upon agreements to leave the company. The golden parachute proposal at Guess? received support from over 26 percent of the company's shareholders.

Company	Issue	Result
Guess?, Inc.	Golden Parachute	26.45%

Shareholder Proposal — Wells Fargo Compensation Incentives Reporting

In 2019, the Fund refiled a proposal at Wells Fargo calling on the bank to provide a report detailing the company's efforts to determine whether its incentive pay practices have exposed it to financial loss. The proposal, which received over 21 percent support from shareholders, came as Wells Fargo faced multiple lawsuits from employees, customers and investors, and potentially $1 billion in fines as a result of scandals involving incentive pay for employees. Comptroller DiNapoli said, "Investors need to know whether the company has taken steps to identify employees' incentive-based compensation that could spur conduct that puts the bank, its customers and investors at risk. If investors don't hear from Wells Fargo, we will be left to wonder when the next headline will inform us of a new scandal or more enforcement penalties."

Company	Issue	Result
Wells Fargo & Company	Incentive Compensation and Risks of Material Losses	21.39%

Accountability — Wynn Resorts Derivative Lawsuit

In February 2018, the Comptroller, as Trustee of the Fund, filed a legal action against officers and directors of Wynn Resorts Ltd. The derivative action alleged that certain officers and directors breached their fiduciary duties by concealing Steve Wynn's sexual misconduct toward employees and failing to investigate or hold him accountable. An agreement was reached in November 2019 that the company would receive $41 million from Steve Wynn and the board members' insurance carriers, and that the company would adopt significant governance reforms designed to prevent future governance failures.

Accountability — Facebook Corporate Governance Reform

In June, Comptroller DiNapoli wrote Facebook Chairman and CEO Mark Zuckerberg regarding the results of Facebook's 2019 annual meeting and the company's response to the overwhelming support among non-insider shareholders for three shareholder proposals filed by unaffiliated stockholders.

At the meeting, these shareholder proposals, calling for equal votes per share, an independent chair, and majority threshold for director elections, received over 67 percent support from unaffiliated stockholders. This was a clear message from an overwhelming majority of the Company's stockholders that the entrenchment and lack of independence of Facebook's Board of Directors is a major concern.

Facebook has faced numerous management failures in recent years, which have contributed to the company's mishandling of a number of significant controversies that have exposed stockholders to increased risk and financial costs. These include the proliferation of fake news and hate speech on Facebook platforms, Russian meddling in U.S. elections, and concerning data-sharing practices. These three proposals requested implementation of widely accepted best practices for corporate governance, and would be a good first step in restoring meaningful oversight of management and perhaps preventing these issues in the future.

Given the strong show of support from stockholders for these three proposals, the Comptroller urged Facebook to implement them as soon as possible and requested a response detailing a timetable for enactment. The Comptroller also notified Facebook that if the company failed to disclose a plan to implement these proposals in spite of majority support from unaffiliated stockholders, the Fund may vote against all board of director nominees at next year's annual meeting.

Accountability — Lyft IPO & Dual Class Shares

In March 2019, the Fund, as part of a group of institutional investors with $3.2 trillion in assets under management, sent a letter urging Lyft's board of directors to adopt a one share, one vote structure or to adopt a near-term sunset provision for its dual class structure. During its initial public offering, Lyft disclosed plans to give its two founders 20 votes a share for every one publicly held share, enabling the founders, who currently own roughly 7 percent of shares, to control more than 60 percent of voting power. As mentioned in the letter, the arrangement imposed a significant gap between those who exercise control over the company and those who have significant exposure to the consequences of that control.

Public Policy Advocacy

The long-term value of the Fund's investments can be impacted by particular legislative and regulatory actions. As a result, addressing public policy matters is a key component of the Fund's stewardship strategy. In 2019, our primary public policy advocacy priorities included protecting shareholder rights and fighting against harmful deregulation efforts surrounding climate change.

- In February, the Comptroller expressed his support for H.R. 1018, "Improving Corporate Governance Through Diversity Act of 2019," sponsored by Representative Gregory Meeks. The bill would provide investors with information critical to assessing the diversity of boards and senior executives at public companies and would improve the management of investment capital.
- In April, the Comptroller joined other investors, organized by CERES, in writing a letter to House Committee on Financial Services Chairwoman Maxine Waters in support of SEC Rule 14a-8. The letter stated: "We hope shareholders of all sizes will continue to be allowed to suggest, on an advisory basis, these sorts of positive changes to the companies they own through the existing shareholder proposal process. Rulemaking related to Rule 14a-8 is not needed at this time."
- In June, the Comptroller released the Fund's Climate Action Plan, which lays out a path for the Fund to further address climate risk in its portfolio. The plan included recommendations for the Fund to continue its public policy advocacy at the international, federal and state levels on climate change issues that may impact the Fund's returns, including carbon pricing and GHG emissions regulation.
- In August, the Comptroller wrote SEC Chairman Jay Clayton regarding the impending interpretation and related guidance that would make it unnecessarily difficult for proxy advisory firms to provide timely, independent and cost-effective research to its clients. Investors need timely, independent and cost-effective proxy research. The Comptroller stressed that those key principles of proxy research should not be compromised.
- In September, Comptroller DiNapoli joined investors organized by U.S. SIF: The Forum for Sustainable and Responsible Investment in writing SEC Chairman Jay Clayton and SEC Director of Corporation Finance Bill Hinman regarding Rule 14a-8. The letter made the case that the current shareholder proposal process works and urged the SEC not to make changes to Rule 14a-8. The letter also identified significant accomplishments made through Rule 14a-8 that have strengthened capital markets and improved corporate behavior on environmental, social and governance matters.
- In October, the Fund submitted comments to the SEC regarding the "Modernization of Regulation S-K." In the comment letter, the Fund generally supported increased disclosure surrounding human capital management practices at companies. However, the Fund expressed caution with a solely principles-based disclosure regime for human capital management and the SEC's proposal to increase from \$100,000 to \$300,000 the disclosure threshold for monetary sanctions imposed by a governmental authority in environmental proceedings. Additionally, the Fund requested that the SEC, as part of its review of S-K, propose additional disclosure requirements for GHG emissions. This includes asking companies to disclose

how their businesses are prepared for the transition to a low carbon economy by reducing GHG emissions and establishing business models to be in line with the Paris Climate Agreement's goals.

- In a letter to SEC Chairman Jay Clayton in November, Comptroller DiNapoli requested an extension to the public comment periods for the SEC proposed rules on Rule 14a-8 and proxy advisory firms. The Comptroller requested a 60 day extension to the public comment period for both proposals because "such dramatic and controversial changes to the proxy process require additional time for all parties to produce data and provide comprehensive comments." The Comptroller was also a signatory to a Council of Institutional Investors (CII) letter to Chairman Clayton on the same topic.
- In November, Comptroller DiNapoli joined the New York City Pension Funds and the New York State Teachers' Retirement System in writing the New York State Congressional delegation requesting their opposition to the SEC's proposed rules on Rule 14a-8 and proxy advisory firms. The letter stated: "[T]he SEC's proposals are solutions in search of problems, changes not requested or advocated for by investors, and a questionable use of the SEC's resources and mission, which includes protecting investors and our financial markets."
- In December, in response to the SEC's proposed amendments to Rule 14a-8 and to the rules governing proxy advisory firms, Comptroller DiNapoli and members of the Principles for Responsible Investment Association sent a letter urging the SEC to preserve the rights of shareholders to make their voices heard and the independence of proxy voting advice.
- In a December 2019 letter to the New York State Congressional delegation, Comptroller DiNapoli requested their support for including the Green Act of 2019 in a deal to fund the federal government. Components of the Green Act include a five-year extension of tax credits for onshore wind and solar, extension of the investment tax credit for offshore wind, extension of tax credits for electric vehicles and a stand-alone tax credit for energy storage technology. The Comptroller stated, "Incentives, such as those proposed in the Green Act of 2019, will promote clean energy and energy efficiency deployment, encourage the development and growth of low carbon industries in the U.S., and ultimately help to mitigate the harmful long-term effects of climate change that threaten the returns of the [Fund]."

As described above, the Corporate Governance Program's focus on public policy advocacy when it may impact the long-term value of our investments takes many forms. This includes meetings and correspondence with elected representatives, regulators and other public officials, testimony at hearings and forums, comments on regulatory and legislative proposals, and participation in state, national, and international forums and initiatives.

Appendix: 2019 Fund Shareholder Proposals

Company	Issue	Result
Concho Resources Inc.	2 Degree Scenario Reporting	Withdrawn with Agreement
Diamondback Energy, Inc.	2 Degree Scenario Reporting	Withdrawn with Agreement
Range Resources Corporation	2 Degree Scenario Reporting	Withdrawn with Agreement
Continental Resources, Inc.	2 Degree Scenario Reporting	14.39%
New Residential Investment Corp.	Board Diversity	Withdrawn with Agreement
TripAdvisor, Inc.	Board Diversity	Withdrawn with Agreement
WisdomTree Investments, Inc.	Board Diversity	Withdrawn with Agreement
Gaming and Leisure Properties, Inc.	Board Diversity	78.27%
Amazon.com, Inc.	Community Impact Reporting	SEC Granted No Action Relief
Cigna Corporation	Cyber Security Reporting	Withdrawn with Agreement
Capri Holdings Limited	Energy Efficiency and Renewable Energy Targets	Withdrawn with Agreement
Dollar General Corporation	Energy Efficiency and Renewable Energy Targets	Withdrawn with Agreement
Keurig Dr Pepper Inc.	Energy Efficiency and Renewable Energy Targets	Withdrawn with Agreement
Under Armour	Energy Efficiency and Renewable Energy Targets	Withdrawn with Agreement
Vistra Energy Corp.	GHG Reductions – Targets	Withdrawn with Agreement
Fluor Corporation	GHG Reductions – Targets	46.34%
ExxonMobil Corporation	GHG Reductions – Targets	SEC Granted No Action Relief
Guess?, Inc.	Golden Parachute	26.45%
Facebook, Inc.	Hate Speech & Fake News Content Management	5.70%
Alphabet Inc.	Hate Speech & Fake News Content Management	6.93%
Twitter, Inc.	Hate Speech & Fake News Content Management	39.43%

Dick's Sporting Goods, Inc.	Human Rights Risk Assessment	Withdrawn with Agreement
Dunkin' Brands Group Inc.	Human Rights Risk Assessment	Withdrawn with Agreement
Steve Madden, Ltd.	Human Rights Risk Assessment	33.76%
Wells Fargo & Company	Incentive Compensation and Risks of Material Losses	21.39%
Insys Therapeutics, Inc.	Opioid Distribution Risk	Withdrawn with Agreement
Hilton Worldwide Holdings Inc.	Political Spending Disclosure	Withdrawn with Agreement
Sysco Corporation	Political Spending Disclosure	Withdrawn with Agreement
The Kroger Co.	Political Spending Disclosure	Withdrawn with Agreement
CMS Energy Corporation	Political Spending Disclosure	34.33%
Wynn Resorts Limited	Political Spending Disclosure	34.36%
Royal Caribbean Cruises Ltd.	Political Spending Disclosure	34.45%
Duke Energy Corporation	Political Spending Disclosure	35.77%
Simon Property Group, Inc.	Political Spending Disclosure	37.05%
NextEra Energy, Inc.	Political Spending Disclosure	48.71%
Mondelēz International, Inc.	Share Buybacks and Pay for Performance	Withdrawn with Agreement
Fleetcor Technologies, Inc.	Share Buybacks and Pay for Performance	19.33%
Tyson Foods, Inc.	Share Buybacks and Stock Retention	6.74%
The Boeing Company	Share Buybacks and Stock Retention	24.85%
American Financial Group, Inc.	Sustainability Reporting	Withdrawn with Agreement
Papa John’s International, Inc.	Sustainability Reporting	Withdrawn with Agreement
Charter Communications, Inc.	Sustainability Reporting	28.22%
Cisco System	Target Pay	Withdrawn with Agreement
Mattel, Inc.	Target Pay	Withdrawn with Agreement
The Archer Daniels Midland Company	Target Pay	Withdrawn with Agreement
Martin Marietta Materials, Inc.	TCFD Climate Disclosure	Withdrawn with Agreement

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