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# Meridian Client Update

## **New York City Pension Funds Submit 72 Proxy Access Shareholder Proposals**

**The New York City Pension Funds is again mounting a proxy access campaign. Similar to last proxy season, the NYC Pension Funds have filed proxy access proposals at 72 major public companies this proxy season. The proposals, which are non-binding, request companies to adopt proxy access bylaws.**

The NYC Pension Funds' campaign this proxy season continues on the heels of its very successful 2015 campaign. According to the New York City Comptroller press release, since November 2014, the number of companies with proxy access bylaws has significantly increased from 6 to 115, an unprecedented rate of adoption for shareowner-driven initiatives.

Last proxy season, the NYC Pension Funds submitted non-binding shareholder proposals at 75 major public companies, which requested that companies adopt a bylaw to give shareholders owning 3% of a company for 3 or more years the right to list their director candidates on a company's ballot. Joined by a coalition of investors with more than \$1 trillion of assets under management, the campaign has been remarkably successful: two-thirds of the proposals that went to a vote received majority support and 37 of the companies have agreed to enact proxy access bylaws to date, largely consistent with the terms sought by the NYC Pension Funds.

For this proxy season, the NYC Pension Funds' proxy access campaign targets companies that met one or both of the following two criteria:

- Thirty-six companies targeted last year that have not yet enacted, or agreed to enact, a 3% bylaw with "viable" terms. This includes companies that enacted "unworkable" bylaws requiring 5% ownership, some of which received binding proposals to amend their bylaw. Proxy proposals at six of these companies have already been withdrawn after the companies enacted, or agreed to enact, a 3% bylaw.
- Thirty-six new companies, with a focus on the funds' largest portfolio companies as well as coal-intensive utilities, board diversity laggards and companies with "excessive" CEO pay. Proxy proposals at nine of these companies have been withdrawn after the companies enacted, or agreed to enact, a 3% bylaw.

The list of companies subject to the NYC Pension Funds' 2016 proxy access campaign is attached as an Appendix to this client update.

**Meridian Comment.** The rapid adoption of proxy access bylaws is largely due to the success of the NYC Pension Funds' campaign. Shareholders have been supportive of non-binding proxy access proposals with the terms proposed by the NYC Pension Funds' proposals. As such, we expect that the majority of the NYC Pension Funds' proxy access proposals in 2016 will garner majority support from shareholders at most of the target companies.

Some parties have predicted that the proxy access right will continue to increase in prevalence and become an emerging market practice similar to the majority voting standard in director elections at large capitalization companies. Consequently, we expect that targeted companies will continue to be under pressure to adopt a meaningful proxy access right, particularly since the proxy advisory firms have adopted policies to hold directors accountable for the failure to adequately implement a majority-supported proxy access proposal.

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The **Client Update** is prepared by Meridian Compensation Partners' Technical Team led by Donald Kalfen. Questions regarding this Client Update or executive compensation technical issues may be directed to Donald Kalfen at 847-235-3605 or [dkalfen@meridiancp.com](mailto:dkalfen@meridiancp.com).

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# Appendix



## BOARDROOM ACCOUNTABILITY PROJECT

## Boardroom Accountability Project 2016 Company Focus List

Company	New/Refile	Largest Holdings	Diversity	Fossil Fuel	Pay	Other Governance*	Withdrawn
3M Company <sup>1</sup>	N	X					Yes
AbbVie Inc.	N	X	X				
Ameren Corporation	N			X			Yes
American Airlines Group Inc.	N		X				
American Tower Corporation	N				X		
Amgen Inc.	N	X					
Bed Bath & Beyond Inc.	N	X			X		
Boeing Company, The	N	X					Yes
Caterpillar Inc.	N	X			X		Yes
Cerner Corporation	N		X				
CMS Energy Corporation	N			X			
Colgate-Palmolive Company	N	X					
Dominion Resources, Inc.	N			X			Yes
Express Scripts Holding Company	N	X	X				
Home Depot, Inc., The	N	X					
Honeywell International Inc.	N	X			X		Yes
Intel Corporation	N	X					
Intercontinental Exchange, Inc.	N		X				
Johnson & Johnson	N	X					
Macerich Company, The	N				X		
NiSource Inc.	N			X			
NRG Energy, Inc.	N			X			
O'Reilly Automotive, Inc.	N		X				
PepsiCo, Inc.	N	X					
Pfizer Inc.	N	X					Yes
Praxair, Inc.	N				X		
salesforce.com, inc.	N	X			X		
SL Green Realty Corp.	N				X		
U.S. Bancorp	N	X					
Union Pacific Corporation <sup>1</sup>	N	X	X				Yes
Universal Health Services	N		X				
Unum Group	N				X		
WEC Energy Group, Inc.	N			X			
Wells Fargo & Company	N	X					Yes
Xcel Energy Inc.	N			X			
Zoetis Inc.	N		X				
AES Corporation, The	R			X			Yes
Alexion Pharmaceuticals, Inc.	R		X				
Alliance Data Systems Corporation	R		X				
Apartment Investment and Management Company	R				X		
Avon Products, Inc.	R				X		
Cabot Oil & Gas Corporation	R		X	X			
Chipotle Mexican Grill, Inc.	R				X		
CONSOL Energy Inc.	R			X			
Devon Energy Corporation	R			X			
Duke Energy Corporation	R			X			Yes
eBay Inc.	R		X				
Electronic Arts Inc.	R				X		
Exelon Corporation	R				X		
Exxon Mobil Corporation	R			X			
Fidelity National Financial, Inc.	R		X				
FirstEnergy Corp.	R			X			
FleetCor Technologies, Inc.	R		X		X		
Freemport-McMoRan Inc.	R			X	X		Yes
HCP, Inc.	R				X		
Monster Beverage Corporation	R		X				
Murphy Oil Corporation	R			X			
Nabors Industries Ltd.	R		X		X		
Netflix, Inc.	R					X	
New York Community Bancorp, Inc.	R				X		
Noble Energy, Inc.	R			X			
NVR, Inc.	R		X				
PACCAR Inc	R		X				
Peabody Energy Corporation	R			X			Yes
PPL Corporation	R			X			Yes
Precision Castparts Corp.	R		X				
Roper Technologies, Inc.	R		X				Yes
SBA Communications Corporation	R		X				
Southern Company, The	R			X			
Urban Outfitters, Inc.	R		X				
Vertex Pharmaceuticals Incorporated	R				X		
Visteon Corporation	R		X				

\* Other governance includes companies that received proxy access or other governance proposals from NYC Funds in 2014

<sup>1</sup>Enactment already underway upon receipt of NYC Funds' proposal

Company information accurate as of January 9, 2016

