

# Memorandum

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## New York City Comptroller's Office Adopts Proxy Voting Policy Targeting Virtual-Only Meetings

May 25, 2017

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As we reported last month, the New York City Comptroller's Office, which serves as the chief investment advisor and custodian of assets to the New York City Retirement Systems pension funds, had proposed changes to the pension funds' Corporate Governance Principles and Proxy Voting Guidelines to encourage in-person or hybrid annual meetings (i.e., in-person meetings that incorporate virtual technology).<sup>1</sup> The New York City Retirement Systems pension funds' trustees have since approved a formal change to the funds' Corporate Governance Principles and Proxy Voting Guidelines, stating that the pension funds "may oppose all incumbent directors of a nominating committee subject to election at a 'virtual only' annual meeting."<sup>2</sup> According to the Comptroller's Office, in-person annual meetings are necessary, as they "provide shareowners the opportunity to communicate to senior management and directors, and to fellow shareowners, in a face-to-face, unfiltered and real-time way at least once per year."

It is our understanding that, as anticipated (though not explicitly stated in the revised guidelines), this policy will apply immediately only to S&P 500 companies that hold virtual-only meetings this year and will extend to all U.S. portfolio companies in 2018. Similarly, we understand that an exception will be made for companies that agree, prior to their 2017 meetings dates, to hold in-person or hybrid annual meetings beginning next year.

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<sup>1</sup> See Simpson Thacher & Bartlett LLP, "[New York City Comptroller Scott Stringer Urges Issuers to Abandon Virtual-Only Meetings](#)" (April 11, 2017); see also Press Release, "[Comptroller Stringer: Virtual Only Meetings Deprive Shareowners of Important Rights, Stifle Criticism](#)" (Apr. 2, 2017); [Letter of Office of the Comptroller Scott M. Stringer to Chair of the Corporate Governance Committee of Duke Energy Corporation](#) (Mar. 24, 2017).

<sup>2</sup> The Office of the New York City Comptroller, "[Corporate Governance Principles and Proxy Voting Guidelines](#)" (April 2017), at 20.

The pension funds' policy change comes amid the recent increase in the number of corporations hosting virtual-only meetings. While, at this point, it does not appear that other institutional investors are following the approach of the New York City Comptroller's Office and it is too early to say whether this policy change will have a meaningful impact on voting results at companies that hold virtual-only meetings, this policy change nonetheless reflects growing criticism from some investors and the Council of Institutional Investors with respect to virtual-only meetings.

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If you have any questions or would like additional information, please do not hesitate to contact **Yafit Cohn** at +1-212-455-3815 or [yafit.cohn@stblaw.com](mailto:yafit.cohn@stblaw.com), or any other member of the Firm's Public Company Advisory Practice.

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