



RESOLUTION

as approved by the Pension & Trust Investment Committee on February 11, 2018

Expressing that NAST Does Not Support Legislation, such as, H.R.4015, the “Corporate Governance Reform and Transparency Act of 2017”, Related to the Relationship Between Institutional Investors and Proxy Advisory Firms

Whereas State Treasurers are tasked with the responsible stewardship of public funds, as well as investing those funds on behalf of taxpayers; and

Whereas proxy advisory firms primarily serve institutional investors such as state retirement plans that rely on the research, analysis and recommendations from proxy advisory firms when making investment decisions; and

Whereas H.R.4015 aims to tighten regulation on proxy advisor firms to the detriment of investors, lessen the fiduciary obligation of proxy advisors to investor clients, and weaken public company corporate governance; and

Whereas H.R.4015 would give companies the right to preview proxy advisory firm reports and lobby the report writers to change their recommendations, giving company managements substantial editorial influence on reports of their companies which inform institutional investor decisions; and

Whereas accountability of boards to shareholders clearly would be undermined if company management is permitted to interfere with the creation of proxy voting recommendations.

Now, therefore be it resolved, The National Association of State Treasurers does not support the “Corporate Governance Reform and Transparency Act of 2017” (H.R.4015) in its current form (or substantially similar bills in subsequent Congresses) and recommends that public retirement funds oppose passage of H.R.4015, so as to maintain the integrity and efficacy of the relationship between institutional investors and proxy advisory firms.

Approved this 15 Day of March 2018, by the
National Association of State Treasurers

Hon. Elizabeth Pearce
NAST President &
Vermont State Treasurer