



The Office Of State Treasurer  
Denise L. Nappier

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## News

FOR IMMEDIATE RELEASE  
January 8, 2015

### **STATE TREASURER NAPIER AND INVESTOR GROUP CALLS ON MONSTER BEVERAGE TO DIVERSIFY BOARD**

*AFTER YEARS OF PRODDING, URBAN OUTFITTERS ADDS WOMAN TO ITS BOARD*

HARTFORD, CT -- State Treasurer Denise L. Nappier today announced that the Connecticut Retirement Plans and Trust Funds (CRPTF), together with a coalition of institutional investors, has filed a shareholder resolution that calls for Monster Beverage Corporation to report on plans to increase gender and racial diversity on its board.

“For almost six years, Monster Beverage has failed to live up to its promise of diversifying its Board of Directors. In 2009, in response to investor pressure, it said diversity would be a factor in considering board nominees. It defies belief that the company’s directors have not identified one diverse candidate to serve on the board since then. It is past time for Monster Beverage to follow through on its commitment,” Treasurer Nappier said.

As of January 5, the CRPTF held 39,500 shares of Monster Beverage valued at \$4,322,485.

Treasurer Nappier has said that board diversity is vital to a company’s success, and an essential element to robust decision-making. “It is becoming generally accepted that today’s competitive landscape requires diversity of skills and diversity of perspective -- enabling a board to be nimble and responsive to the global forces of change that impact share value,” she said.

In December, Urban Outfitters, after more than four years of prodding by the CRPTF and other institutional investors, finally elected an independent, female director to its Board of Directors. The company disclosed in a filing with the Securities and Exchange Commission (“SEC”) that it had increased the size of the board to eight members from seven with the addition of Elizabeth Lambert, a principal and manager of hotel operator Bunkhouse Group LLC.

“I believe Urban Outfitters shoppers would be shocked to know that the company refused for years to embrace diversity. The appointment is way overdue,” Treasurer Nappier said. “I applaud Urban Outfitters for finally getting with it and accepting that diversity in its

leadership will lead to an improved bottom line for the company. It finally adopted a modern business practice that reflects the cutting edge fashions of its stores.”

In November, the CRPTF filed the fifth annual shareholder resolution at Urban Outfitters asking it to commit itself to a policy of inclusiveness and consider women and minority candidates for the Board. In light of the appointment of Ms. Lambert, the CRPTF plans to withdraw its shareholder resolution.

On behalf of the CRPTF, Treasurer Nappier has spearheaded Connecticut’s ongoing initiative to increase the participation of women and minorities as members of Boards of Directors of corporations in which the pension fund invests. Since 2001, Treasurer Nappier has filed shareholder resolutions on corporate board diversity at more than a dozen companies, including Urban Outfitters, Apple, and Discovery Communications. One at a time and systematically, progress is being made in corporate culture.

The value of diversity in an increasingly international marketplace is recognized in the State of Connecticut’s investment policy. There is mounting evidence based on studies that companies with diverse boards of directors are more likely to perform better than companies with no diversity. Credit Suisse has released a careful analysis of the performance of 2,360 companies around the world over a six-year period. Its analysis determined that it would have been better to have invested in corporations with women on their boards than those without.

Regulations are increasingly encouraging or mandating diversity. In the past few years, Europe and Canada have adopted laws and stock exchange rules to boost the number of women on boards. In the United States, in 2009, the SEC adopted a proxy disclosure rule requiring companies to state in their annual proxy statements whether a nominating committee considers diversity in vetting board nominees. If so, the company must state how the policy is implemented and how its effectiveness is measured.

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*Shown below is the full press release on the Monster Beverage shareholder filing by New York State’s Office of the Comptroller, the CRPTF and other partners.*

# NEWS

From the Office of the New York State Comptroller

## Thomas P. DiNapoli

Contact: [Matt Sweeney](#), 212-383-1388

For release: Immediately, Jan. 8, 2014

### **DiNAPOLI: MONSTER BEVERAGE NEEDS TO DIVERSIFY BOARD**

New York State Comptroller Thomas P. DiNapoli today announced that the New York State Common Retirement Fund (Fund) has filed a shareholder proposal with Monster Beverage Corporation calling on the company to report on plans to increase gender and racial diversity on its board. The Fund's proposal is co-sponsored by the Connecticut Retirement Plans and Trust Funds, The City of Philadelphia Public Employees Retirement System and Calvert Investments.

The filers hold combined shares of Monster Beverage with an approximate value of \$57 million.

“It’s unsettling that Monster Beverage has ignored repeated, widespread investor support for increased board diversity,” DiNapoli said. “Company value and board diversity are linked. Businesses that rely on consumers should be particularly mindful that their boards should reflect the men and women who purchase their products. When a board fails to be responsive to its shareholders, it is often symptomatic of larger, systemic problems in the company’s governance.”

“For almost six years, Monster Beverage has failed to live up to its promise of diversifying its Board of Directors,” Connecticut State Treasurer Denise L. Nappier said. “In 2009, in response to investor pressure, it said diversity would be a factor in considering board nominees. It defies belief that the company’s directors have not identified one diverse candidate to serve on the board since then. It is past time for Monster Beverage to follow through on its commitment.”

“Monster Beverage Corp. would do well to seize the opportunity to create a more diverse board of directors. As long-term shareholders, The City of Philadelphia Public Employees Retirement System expects sustainable performance and the research shows diverse boards help achieve it. Board diversity is good for companies and good for shareholders. We urge Monster Beverage to take action in response to our proposal,” said Francis X. Bielli, Esq., Executive Director of the Philadelphia Board of Pensions & Retirement.

“Inclusive board nomination policies shouldn’t be buried somewhere only to collect dust,” said Shadé Brown, Sustainability Analyst at Calvert Investments. “Shareholders expect companies to follow-through on these commitments by actively including diverse candidates in their search process.”

The Fund's request for a report on plans to increase diversity, which was also filed last year, asks that the board describe what steps it has taken or will take to include women and racial minority candidates in its nominee pool, and to expand director searches to include nominees from non-traditional sources. The trend among corporate boards is toward longer director tenures, which leaves fewer opportunities for diverse candidates to enter the boardroom.

DiNapoli has joined the [Thirty Percent Coalition](#) and a broad group of institutional investors, foundations and women's organizations in calling on Monster Beverage to increase diversity on its board since February 2013. The company has failed to respond. [2020 Women on Boards](#) – a national campaign to increase the number of women on boards – urged shareholders to support DiNapoli's proposal last year and weighed in on the lack of diversity at Monster Beverage with their 2020 Challenge call for Monster Beverage to "add at least two women directors to their board."

Numerous portfolio firms have adopted DiNapoli's board diversity proposal in recent years. In 2012-13 the Fund filed with five companies: Leucadia National Corp., QEP Resources, Teradyne Inc. T-Mobile USA Inc. and Urban Outfitters, Inc. reaching agreements with all except Urban Outfitters, Inc. All five companies have since added diverse directors.

In 2013-14, the Fund filed board diversity proposals with five portfolio companies: NVR Inc., Meritage Homes Corporation, Steven Madden, Ltd., Urban Outfitters, Inc., and Monster Beverage Corp. The Fund's Monster Beverage and Urban Outfitters proposals earned the strongest support, 40.2% and 33.4% respectively, of all board diversity proposals filed in the 2014 season.

Board diversity, board independence and board accountability are interlinked and DiNapoli has taken the opportunity to hold broader governance reform discussions with firms where he has filed diversity proposals.

A copy of the shareholder proposal is available here:

<http://www.osc.state.ny.us/press/releases/jan15/monstershareholderproposal.pdf>

### **About the New York State Common Retirement Fund**

The New York State Common Retirement Fund is the third largest public pension fund in the United States. The Fund holds and invests the assets of the New York State and Local Retirement System on behalf of more than one million state and local government employees and retirees and their beneficiaries. The Fund has a diversified portfolio of public and private equities, fixed income, real estate and alternative instruments.

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