

**THE CORPORATE GOVERNANCE AND SECURITIES LITIGATION COMMITTEE
OF THE
BOARD OF TRUSTEES
MARYLAND STATE RETIREMENT AND PENSION SYSTEM**

MINUTES OF OPEN MEETING

February 21, 2023

The Corporate Governance and Securities Litigation Committee (the “Committee”) for the Maryland State Retirement and Pension System convened a hybrid meeting, via videoconference call and in person with the host site at the SunTrust Building, 120 East Baltimore Street, 16th Floor, Board Room, Baltimore, Maryland, beginning at 8:02 a.m.

Committee Members Attending:	Thomas Brandt (in-person) James Daly (in-person) Sheila Hill (video conference)	Michael Howard (video conference) Brooke Lierman (in-person) Douglas Prouty (video conference)
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Also Attending:	Ray Adams Robert Burd (MSRA) Tea Carnell (OAG) Dominique Cherry (MSRA) Rachel Cohen (OAG) Jacob Combs (ISS) Bob Diehl (MSRA) Jake Ferenci (ISS) Brandon Frankel (ISS) Mimi Forbes (MSRA) Helene Grady (Trustee) Alex Harisiadis (OAG) Angie Jenkins (MSRA) Sean Mason (ISS)	Martin Noven (MSRA) Andrew Palmer (MSRA) Scott Park (ISS) Benjamin Robb (MSRA) Robert Sandlass (Trustee) Ben Seigle (Comptroller’s Office) Janet Sirkis (MSRA) Emily Spiering (OAG) Toni Voglino (MSRA) Michael Watts (OAG)
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Mr. Prouty called the meeting to order at 8:02 am.

Action Item #2: Motion by Committee to meet in Closed Session

On a motion made by Mr. Daly and seconded by Mr. Brandt, the Committee voted without objection to meet in closed session, in hybrid via video/audio conference call and in person, beginning at 8:02 a.m. for the purposes of:

a) reviewing and ratifying the closed session meeting minutes from the Committee's November 15, 2022 meeting, pursuant to General Provisions Art., § 3- 103(a)(1)(i), the exercise of an administrative function and General Provisions Art., § 3-305(b)(13), to comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosure, namely General Provisions Art., § 3- 306(c)(3)(ii), requiring that the minutes of a closed session be sealed and not be open to public inspection; and

(b) receiving advice of counsel concerning the Board of Trustees' Securities Litigation Policy, pursuant to General Provisions Art., § 3-305(b)(7), to consult with counsel to obtain legal advice.

Closed Session

Committee Members
Attending:

Thomas Brandt (in-
person)
James Daly (in-person)
Sheila Hill (video
conference)

Michael Howard
(video conference)
Brooke Lierman (in-
person)
Douglas Prouty (video
conference)

Also Attending:

Robert Burd (MSRA)
Dominique Cherry
(MSRA)
Rachel Cohen (OAG)
Mimi Forbes (MSRA)
Alex Harisiadis (OAG)
Angie Jenkins (MSRA)

Martin Noven (MSRA)
Andrew Palmer
(MSRA)
Robert Sandlass
(Trustee)
Janet Sirkis (MSRA)
Emily Spiering (OAG)
Toni Voglino (MSRA)
Michael Watts (OAG)

Action Item #3: Ratify Vote for the Closed Session Meeting Minutes from the November 15, 2022 Meeting

The Committee reviewed and ratified the closed session minutes from the November 15, 2022 meeting.

Information Item #4: Securities Litigation Policy

The Committee consulted with legal counsel regarding proposed changes to the Securities Litigation Policy.

Action Item #5: Adjournment of Closed Session and Return to Open Session:

On a motion by Mr. Daly and seconded by Mr. Howard, the Committee voted, without objection, to return to open session, via video/audio conference call at 8:13 a.m.

Committee Members Attending:	Thomas Brandt (in-person) David Brinkley (in-person) James Daly (in-person) Sheila Hill (video conference)	Michael Howard (video conference) Douglas Prouty (video conference)
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Also Attending:	Robert Burd Dominique Cherry Rachel Cohen (OAG) Mimi Forbes Alex Harisiadis (OAG) Angie Jenkins	Martin Noven Andrew Palmer Robert Sandlass Janet Sirkis Emily Spiering (OAG) Toni Voglino Michael Watts (OAG)
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Action Item #6: Ratify Vote for the Open Session Meeting Minutes for the November 15, 2022 Meeting

On a motion by made by Mr. Brandt, and seconded by Mr. Howard, the open session minutes from the November 15, 2022, meeting was ratified by the Committee.

Action Item #7: Security Litigation Policy Update

Mr. Howard proposed increasing the threshold of economic loss on when the Investment Division and OAG are notified of cases from three million to five million dollars. The total market value of assets to require a formal claim analysis, Mr. Howard said should be 2-3 basis points, depending on what the Committee decided.

After some discussion by the Committee on the basis points, a motion was made by Mr. Howard and seconded by Mr. Brandt to accept the recommended language changes to the Securities Litigation Policy and to select a \$5 million threshold and a 3-basis point threshold. The Committee unanimously approved the motion.

Action Item #8: Iran and Sudan Divestment Update

The Committee considered staff's recommendation to approve the proposed Iran and Sudan Restricted List. Mr. Prouty informed the Committee that staff recommended the removal of four (4) companies from the Iran and Sudan Restricted List.

There being no discussion, on a motion by Mr. Howard and seconded by Mr. Brandt to approve the Iran and Sudan Restricted List of 32 securities as noted, the Committee unanimously approved the motion.

Action Item #9: Proxy Policy Update

Dominique Cherry gave an overview of the proposed language changes to the Proxy Voting Guidelines for the Diversity -Racial Equity and/or Civil Rights Audit Guidelines and ESG Compensation-Related Proposals. Ms. Cherry introduced Sean Mason of Institutional Shareholder Services, Inc. ("ISS"), the System's proxy advisor. Mr. Mason explained how the results of the ISS annual survey established the recommended changes to their benchmark policy.

Mr. Daly asked how this worked in practice and gave a predatory lending scenario example. In response to Mr. Daly's example, Mr. Mason advised that the disclosed information would help shareholders evaluate the organization leadership/CEO, and if there is ESG risk.

Comptroller Lierman highlighted the importance of disclosure requirements aiding in making informed decisions. She thanked Ms. Cherry for bringing the proposed changes to the Committee.

On a motion by Mr. Daly and seconded by Mr. Howard, the proposed changes to the policy were passed.

Information Item #10: Engagement Policy Update

Ms. Cherry provided background on the Investment Policy Manual Engagement Language memorandum. She recalled the concern raised by committee members around the language allowing the Executive Director or the Chair of the Board of Trustees the authority to execute advocacy letters or statements on behalf of the Board. Ms. Cherry advised that after consulting with the Governance Committee Chair and reviewing the history and rationale for the policy, that Staff's recommendation was that the existing language remain unchanged. Mr. Prouty remarked that this was an information item only.

Action Item #11: Committee Meeting Dates and Times

Martin Noven led the discussion on future meetings, including meeting in-person, when and where the Committee will convene. Mr. Prouty expressed the preference to keep the Governance Committee meetings prior to other committees, noting that the decisions of the Governance

Committee may often impact or need to be recommended to the other committees. Several members expressed a preference for in-person meetings, however, the convenience of video conferencing provided flexibility to members when issues arise making it difficult for them to commute to Baltimore.

On a motion made by Sheila Hill and seconded by Mr. Brandt, the Committee unanimously approved Ms. Hill's recommendation for the Committee to continue to meet prior to the Investment Committee meeting with a start time of 8:00am or, if it is a short meeting, 8:30am.

Action Item #12: Motion by the Committee to Adjourn Meeting

There being no further business before the Committee, on a motion made by Mr. Brandt and seconded by Mr. Howard, the meeting adjourned at 8:52 a.m.

Respectfully Submitted,

Dominique Cherry
Sr. Governance Manager