

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

MINUTES OF MEETING

February 21, 2017

The Corporate Governance Committee met on Tuesday, February 21, 2017, following the Board of Trustees meeting. The meeting was held in the Board Room on the 16th floor of the State Retirement Agency, 120 E. Baltimore Street, Baltimore, MD 21202.

Members Attending:	Eric Brotman Kenneth Haines Sheila Hill, Chairman	Charles Johnson Treasurer Nancy Kopp
--------------------	---	---

Members Not Attending:	David Brinkley James Harkins
------------------------	---------------------------------

Also Attending:	Colleen Bower Suzanne Brogan Corina Florea (ISS) Anthony Garcia (ISS)	Larry Katsafanas Vini Oliveira (ISS) Jody Shaw (OAG) Toni Voglino
-----------------	--	--

Ms. Hill called the meeting to order at 2:04 p.m.

Minutes

On a motion made by Mr. Brotman and seconded by Mr. Johnson, the minutes from the November 17, 2016 meeting were unanimously accepted.

Update and Review of Iran-Sudan Divestment

The Committee considered staff's recommendation to reaffirm the System's Iran-Sudan Restricted List as no new companies meet the requirements of the Maryland Iran-Sudan divestment statute and no companies are eligible for removal from the Restricted List at this time. Ms. Voglino confirmed that all 21 companies on the Iran-Sudan Restricted List currently meet the requirements of the Maryland Iran-Sudan divestment statute SPP 21-123.1.

Ms. Voglino provided the semi-annual Iran & Sudan Divestment Impact Analysis to the Committee as prepared by Meketa Investment Group, the System’s general investment consultant. The report provided an updated analysis of all companies on the Iran-Sudan Restricted List and the divestment impact regarding these companies.

On a motion by Mr. Brotman and seconded by Mr. Johnson, the Committee unanimously agreed to approve Staff’s recommendation to reaffirm the Iran-Sudan Restricted List, and to recommend the list, set forth below, to the Board of Trustees for approval at their meeting on March 21, 2017.

ISSUER NAME	Country	Sudan or Iran
ASEC Co for Mining SAE	Egypt	Sudan
AviChina Industry & Technology Company Limited	China	Sudan
Bharat Heavy Electricals Limited	India	Sudan
China National Petroleum Corporation (PetroChina Co)	China	Both
Daelim Industrial Co.,Ltd.	Korea	Iran
El Sewedy Electric Co. SAE	Egypt	Sudan
Energy House Holding Company	Kuwait	Sudan
Harbin Power Equipment Co., Ltd	China	Sudan
Jiangxi Hongdu Aviation Industry Co., Ltd.	China	Sudan
Kuwait Finance House K.S.C.	Kuwait	Sudan
LS Industrial Systems Co., Ltd	Korea	Sudan
Managem S.A.	Morocco	Sudan
Oil and Natural Gas Corporation Limited	India	Sudan
Oil India Ltd.	India	Sudan
ONGC Videsh Limited	India	Sudan
Orca Gold Inc.	Canada	Sudan
Petroliam Nasional Berhad (Petronas)	Malaysia	Sudan
Petronas Capital Limited	Malaysia	Sudan
Petronas Global Sukuk Ltd	Malaysia	Sudan
Regency Mines PLC	UK	Sudan
Schneider Electric S.A.	France	Sudan

Update and Review of the Proxy Voting Guidelines

The Committee reviewed staff’s memorandum outlining the recommended changes to the System’s Proxy Voting Guidelines, which was presented to the Committee by Ms. Voglino, along with Mr. Garcia and Mr. Oliveira from ISS. After discussion by the Committee on the specific proxy topics and suggested changes, the Committee considered the recommendations to alter the language of three of the Proxy Voting Guidelines related to director elections, director compensation, and age and term limits. The Committee requested that the language related to the director compensation voting policy recommendation be revised to state, “Meaningful limits

on director compensation based on factors such as, but not limited to, comparison to companies of a similar industry and tenure of the company.” In addition, the Committee requested that the language of the voting policy recommendation be revised to state, “The company’s three year equity grant practices relative to its industry.”

On a motion by Mr. Haines, and seconded by Mr. Johnson, the Committee voted, all in favor, to approve staff’s recommended changes to the System’s Proxy Voting Guidelines as outlined in the memorandum with revisions as noted above.

The Proxy Voting Guideline changes approved by the Corporate Governance Committee will be presented at the Board of Trustees meeting on March 21, 2017, for approval.

Council of Institutional Investors Winter Conference Agenda

The Committee discussed the CII Spring Conference that will be held February 27, 2017 through March 1, 2017 and was provided an agenda.

Adjourn Meeting

On a motion made by Mr. Brotman and seconded by Mr. Johnson, the Committee adjourned at 2:36 p.m.

The next Corporate Governance Committee meeting is scheduled for Tuesday, May 16, 2017.

Toni Voglino