

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

MINUTES OF MEETING

August 20, 2019

The Corporate Governance Committee met on Tuesday, August 20, 2019. The meeting was held in the Board Room on the 16th floor of the State Retirement Agency, 120 E. Baltimore Street, Baltimore, MD 21202 and via conference call.

Members Attending:	David Brinkley Jamaal Craddock Sheila Hill, Chairman	Charles Johnson (via phone) Nancy K. Kopp Douglas Prouty (via phone)
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Also Attending:	Anne Gawthrop Michael Golden Alex Harisiadis (OAG)	Dean Kenderdine Jody Shaw (OAG) Toni Voglino
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Ms. Hill called the meeting to order at 11:31 a.m.

Minutes

On a motion made by Mr. Johnson and seconded by Ms. Kopp, the open session minutes from the March 12, 2019 meeting were ratified by the Committee.

Update and Review of Iran-Sudan Divestment

The Committee considered staff's recommendation to approve the proposed Iran and Sudan Restricted List. Ms. Voglino informed the Committee that four companies are recommended for removal from the Iran Sudan Restricted List and two companies are recommended to be added to the Restricted List. Ms. Voglino detailed the four companies recommended for removal from the Restricted List are Anton Oilfield Services, Jingxi Hongdu Aviation Industry Company, LS Industrial Systems and Petronas Global Sukuk. These companies were previously reported to have activities related to oil, military equipment or power production in Sudan. However, MSCI has reported that the four companies no longer have activities in Sudan that meet the divestment requirements for Maryland. Ms. Voglino detailed that the two companies recommended for addition to the Restricted List are Gazprom and Gazprom Capital. Specifically, these companies

are recommended for restriction because of their oil involvement in Iran. Ms. Kopp asked what activities these companies have to be involved in to be considered for divestment. Ms. Voglino responded that companies must be involved in oil in Iran or oil, military equipment or power production in Sudan in order to be considered for divestment. Ms. Voglino further explained that Gazprom and Gazprom Capital were sent engagement letters asking them to comment on their involvement in Iran and the System received no response. Ms. Kopp asked if the System was currently invested in Gazprom. Ms. Voglino responded that no, the System was not invested in Gazprom in any actively managed account.

Ms. Voglino explained to the Committee the divestment analysis, performed by the System's general investment consultant Meketa, detailed that divestment has minimal impact on the portfolio. Specifically, the estimated impact on equity investments is a -1 to 1 basis point impact and a +1 basis point impact for the bond securities.

Ms. Voglino confirmed that all 26 companies on the Recommended Iran and Sudan Restricted List meet the divestment requirements for Maryland.

A motion was made by Mr. Johnson and seconded by Mr. Prouty and the Committee unanimously agreed on the motion. Below is the Iran and Sudan Restricted List.

Iran and Sudan Restricted List		
August 20, 2019		
<u>ISSUER NAME</u>	<u>Country</u>	<u>Sudan or Iran</u>
AviChina Industry & Technology Company Limited	China	Sudan
Bharat Heavy Electricals Limited	India	Sudan
China National Petroleum Corporation (PetroChina Co)	China	Both
CNOOC Curtis Funding NO.1 PTY LTD	Australia	Iran
El Sewedy Electric Co. SAE	Egypt	Sudan
Energy House Holding Company	Kuwait	Sudan
Gazprom OOO	Russia	Iran
Gazprom Capital	Russia	Iran
Harbin Power Equipment Co., Ltd	China	Sudan
Kuwait Finance House K.S.C.	Kuwait	Sudan
Managem S.A.	Morocco	Sudan
Oil and Natural Gas Corporation Limited	India	Sudan
Oil India International PTE. LTD.	Singapore	Sudan
Oil India Ltd.	India	Sudan
ONGC Videsh Limited	India	Sudan
ONGC Videsh Vankorneft PTE. LTD.	Singapore	Sudan
Orca Gold Inc.	Canada	Sudan
Petroliam Nasional Berhad (Petronas)	Malaysia	Sudan
Petronas Capital Limited	Malaysia	Sudan
Schneider Electric S.A.	France	Sudan

Siemens Aktiengesellschaft	Germany	Sudan
Siemens Financieringsmaatschappij N.V.	Netherlands	Sudan
Sinopec Group Overseas Development (2012) Limited	British Virgin Islands	Both
Sinopec Group Overseas Development (2013) Limited	British Virgin Islands	Both
Sinopec Group Overseas Development (2014) Limited	British Virgin Islands	Both
Sinopec Group Overseas Development (2016) Limited	British Virgin Islands	Both
Total		26

Motion by the Committee to Meet in Closed Session

On a motion by Ms. Kopp and seconded by Mr. Johnson, the Corporate Governance Committee voted to meet in a Closed Session beginning at 11:42 a.m., for the purposes of reviewing the closes session Corporate Governance Committee minutes, pursuant to General Provisions Art., Section 3-103(a)(1)(i), the exercise of an administrative function.

Closed Session

Members Attending:	David Brinkley Jamaal Craddock Sheila Hill, Chairman	Charles Johnson (via phone) Nancy K. Kopp Douglas Prouty (via phone)
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Also Attending:	Anne Gawthrop Michael Golden Alex Harisiadis (OAG)	Dean Kenderdine Jody Shaw (OAG) Toni Voglino
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The Committee reported that during the closed session, the Committee ratified the closed session minutes from the March 12, 2019 meeting.

Closed Session Adjournment

On a motion made by Ms. Kopp and seconded by Mr. Johnson, the Committee returned to open session at 11:43 a.m.

Adjournment

There being no further business before the Committee, on a motion made by Ms. Hill and seconded by Mr. Johnson, the meeting adjourned 11:44 a.m.

Toni Voglino