

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

MINUTES OF MEETING

August 21, 2018

The Corporate Governance Committee met on Tuesday, August 21, 2018, 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:	Susanne Brogan (Treasurer's designee) James Harkins (via phone) Sheila Hill, Chairman	Charles Johnson (via phone)
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Other Board Members Attending:	Jamaal R.A. Craddock
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Members Not Attending:	David Brinkley
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Also Attending:	Anne Gawthrop Michael Golden Alex Harisiadis (OAG) Dean Kenderdine	Andrew Palmer Jody Shaw (OAG) Toni Voglino
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Ms. Hill called the meeting to order at 11:26 a.m.

Minutes

On a motion made by Ms. Brogan and seconded by Mr. Harkins, the minutes from the June 19, 2018 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 11 new companies are recommended for restriction. Seven of the 11 are recommended to be restricted due to the company's

involvement in power production activities in Sudan and 4 of the 11 are recommended to be restricted due to oil related activities in Iran or Sudan. Ms. Voglino explained to the Committee that the divestment analysis, performed by the System's general investment consultant Meketa, detailed that divestment has minimal impact on the portfolio and that the System currently has no holdings in any of the companies recommended for restriction. Ms. Brogan asked if the companies have been notified that they are subject to divestment. Ms. Voglino responded that all companies that meet the divestment requirements were contacted and given 90 days to respond to the System demonstrating that the company was no longer doing business in Iran or Sudan. Ms. Voglino further detailed that none of the 11 companies responded to the System's notification. Ms. Voglino confirmed that all 31 companies on the proposed Iran-Sudan Restricted List currently meet the requirements of the Maryland Iran-Sudan divestment statute SPP 21-123.1.

On a motion by Ms. Brogan and seconded by Mr. Johnson, the Committee unanimously agreed to approve staff's recommendation of the Iran-Sudan Restricted List, and to recommend the list, set forth below, to the Board of Trustees for approval at their meeting on September 18, 2018.

<u>Recommended Iran and Sudan Restricted List</u>		
<u>August 21, 2018</u>		
<u>ISSUER NAME</u>	<u>Country</u>	<u>Sudan or Iran</u>
<u>Anton Oilfield Services</u>	<u>China</u>	<u>Sudan</u>
<u>AviChina Industry & Technology Company Limited</u>	<u>China</u>	<u>Sudan</u>
<u>Bharat Heavy Electricals Limited</u>	<u>India</u>	<u>Sudan</u>
<u>China National Petroleum Corporation (PetroChina Co)</u>	<u>China</u>	<u>Both</u>
<u>CNOOC Curtis Funding NO.1 PTY LTD</u>	<u>Australia</u>	<u>Iran</u>
<u>Daelim Industrial</u>	<u>South Korea</u>	<u>Iran</u>
<u>El Sewedy Electric Co. SAE</u>	<u>Egypt</u>	<u>Sudan</u>
<u>Energy House Holding Company</u>	<u>Kuwait</u>	<u>Sudan</u>
<u>Harbin Power Equipment Co., Ltd</u>	<u>China</u>	<u>Sudan</u>
<u>Jiangxi Hongdu Aviation Industry Co., Ltd.</u>	<u>China</u>	<u>Sudan</u>
<u>Kuwait Finance House K.S.C.</u>	<u>Kuwait</u>	<u>Sudan</u>
<u>LS Industrial Systems Co., Ltd</u>	<u>Korea</u>	<u>Sudan</u>
<u>Managem S.A.</u>	<u>Morocco</u>	<u>Sudan</u>
<u>Oil and Natural Gas Corporation Limited</u>	<u>India</u>	<u>Sudan</u>
<u>OIL India International PTE. LTD.</u>	<u>Singapore</u>	<u>Sudan</u>
<u>Oil India Ltd.</u>	<u>India</u>	<u>Sudan</u>
<u>ONGC Videsh Limited</u>	<u>India</u>	<u>Sudan</u>
<u>ONGC Videsh Vankorneft PTE. LTD.</u>	<u>Singapore</u>	<u>Sudan</u>
<u>Orca Gold Inc.</u>	<u>Canada</u>	<u>Sudan</u>
<u>Petroliam Nasional Berhad (Petronas)</u>	<u>Malaysia</u>	<u>Sudan</u>
<u>Petronas Capital Limited</u>	<u>Malaysia</u>	<u>Sudan</u>
<u>Petronas Global Sukuk Ltd</u>	<u>Malaysia</u>	<u>Sudan</u>

<u>Schneider Electric S.A.</u>	<u>France</u>	<u>Sudan</u>
<u>Shanghai Electric Group Company Limited</u>	<u>China</u>	<u>Sudan</u>
<u>Shanghai Electric Newage Company Limited</u>	<u>China</u>	<u>Sudan</u>
<u>Siemens Aktiengesellschaft</u>	<u>Germany</u>	<u>Sudan</u>
<u>Siemens Financieringsmaatschappij N.V.</u>	<u>Netherlands</u>	<u>Sudan</u>
<u>Sinopec Group Overseas Development (2012) Limited</u>	<u>British Virgin Islands</u>	<u>Both</u>
<u>Sinopec Group Overseas Development (2013) Limited</u>	<u>British Virgin Islands</u>	<u>Both</u>
<u>Sinopec Group Overseas Development (2014) Limited</u>	<u>British Virgin Islands</u>	<u>Both</u>
<u>Sinopec Group Overseas Development (2016) Limited</u>	<u>British Virgin Islands</u>	<u>Both</u>
<u>Total</u>		<u>31</u>

Shareholder Rights and the Investment Policy Manual

The Committee considered staff’s recommendation regarding an amendment to the proxy voting guidelines in the Investment Policy Manual (the “IPM”). Ms. Voglino explained that staff is recommending a broad policy statement be added to the IPM that details how the System will vote in general on proposals related to shareholder rights. The policy language change is as follows:

“The System will generally vote against proposals that diminish the System’s rights as a shareholder and vote for proposals that preserve or enhance the System’s rights as shareholder.”

Ms. Voglino further explained that the addition of this broad statement generally would not change how the System votes proxies for shareholder rights proposals, but would allow the System to participate in engagement activities that support maintaining shareholder rights when the opportunity arises.

On a motion by Ms. Brogan, and seconded by Mr. Harkins, the Committee voted, all in favor, to approve staff’s recommended changes to the System’s IPM.

The Investment Policy Manual changes approved by the Committee will be presented at the Board of Trustees meeting on September 18, 2018, for approval.

Motion by the Committee to Meet in Closed Session

On a motion made by Ms. Brogan and seconded by Mr. Harkins, the Committee voted to meet in closed session beginning at 11:35 a.m. for the purpose of considering a request to participate in a corporate governance/shareholder engagement activity in connection with System investments in a particular industry, pursuant to Md. Code Ann., General Provisions Art., § 3-305(b)(13), to comply with a specific statutory imposed requirement that prevents public disclosure about a particular proceeding or matter, namely General Provisions Art., § 4-335, to protect confidential commercial information obtained from any person or governmental unit.

Closed Session

Members Attending: Susanne Brogan
 (Treasurer's designee)
 James Harkins (via phone)
 Sheila Hill, Chairman
Other Board Members
Attending: Jamaal R.A. Craddock

Members Not Attending: David Brinkley
 Charles Johnson

Also Attending: Anne Gawthrop Andrew Palmer
 Michael Golden Jody Shaw (OAG)
 Alex Harisiadis (OAG) Toni Voglino
 Dean Kenderdine

Closed Session Adjournment

On a motion made by Ms. Brogan and seconded by Mr. Harkins, the Committee returned to open session at 12:04 p.m.

Adjournment

There being no further business before the Committee, on a motion made by Ms. Brogan and seconded by Mr. Harkins, the meeting adjourned 12:04 p.m.

Toni Voglino