

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

**MINUTES OF MEETING**

**September 22, 2020**

The Corporate Governance Committee for the Maryland State Retirement and Pension System convened, via videoconference call with the host site at the SunTrust Building, 120 East Baltimore Street, 16th Floor, Board Room, Baltimore, Maryland, beginning at 9:05 a.m.

Committee Members Attending:	David Hamilton Sheila Hill, Chairman	Nancy K. Kopp Douglas Prouty
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Also Attending:	Rachel Cohen (OAG) Anne Gawthrop Alex Harisiadis (OAG) Angie Jenkins Dean Kenderdine	Andrew Palmer Jody Shaw (OAG) Toni Voglino
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Ms. Hill called the meeting to order at 9:05 a.m.

**Action Item #1: Minutes**

On a motion made by Ms. Kopp and seconded by Mr. Hamilton, the open session minutes from the February 18, 2020 meeting were ratified by the Corporate Governance Committee (the “Committee”).

**Action Item #2: 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 staff recommends the addition of CNPC General Capital Limited to the Iran and Sudan Restricted List. CNPC General Capital Limited is a wholly owned subsidiary and issues capital on behalf of China National Petroleum Corporation. China National Petroleum Corporation is currently on the Iran and Sudan Restricted List due to their involvement in oil and natural gas in Iran and Sudan. The Agency

sent an engagement letter to CNPC General Capital Limited as required by statute and has received no response. As such, a recommendation to add this company to the Restricted List is warranted.

Ms. Voglino explained to the Committee that the divestment analysis, performed by the System's general investment consultant Meketa detailed that divestment has a minimal impact on the portfolio. Specifically, the estimated impact on equity investments is a -1 to 2 basis point impact, and a +1 basis point impact for the bond securities.

Ms. Kopp asked if companies ever respond to our engagement letters. Ms. Voglino responded that companies usually do not respond.

Ms. Kopp made a motion to accept staff's recommended Iran and Sudan Restricted List and Mr. Hamilton seconded the motion. The Committee unanimously agreed on the motion. The restricted list will be provided to the Board of Trustees for approval at the September 22, 2020 meeting. Below is the Iran and Sudan Restricted List as approved.

<b><u>Iran and Sudan Restricted List</u></b>		
<b><u>September 22, 2020</u></b>		
<b><u>ISSUER NAME</u></b>	<b><u>Country</u></b>	<b><u>Sudan or Iran</u></b>
Bharat Heavy Electricals Limited	India	Sudan
China National Petroleum Corporation (PetroChina Co)	China	Both
China Petrochemical Corporation	China	Both
CNOOC Curtis Funding NO.1 PTY LTD	Australia	Iran
CNPC (HK) Overseas Capital Ltd.	British Virgin Islands	Both
CNPC General Capital Limited	British Virgin Islands	Both
El Sewedy Electric Co. SAE	Egypt	Sudan
Energy House Holding Company	Kuwait	Sudan
Gaz Capital S.A.	Luxembourg	Iran
Gazprom Capital OOO	Russia	Iran
Gazprom PAO	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
Sinopec Group Overseas Development (2017) Limited	British Virgin Islands	Both
<b>Total</b>		<b>30</b>

### **Action Item #3: Corporate Governance Committee Charter**

Ms. Cohen reviewed the proposed changes to the Corporate Governance Committee Charter. Specifically, the changes included deleting language regarding the Committee making recommendations for hiring or terminating corporate governance advisors and adding language that the Committee will select and/or ratify the hiring and termination of corporate governance consultants on the recommendation of the Chief Investment Officer (the “CIO”). Ms. Cohen explained that the proposed changes were necessary as staff thought the language related to the hiring of advisors was vague. Ms. Kopp asked if the Committee could reject the recommendation. Ms. Cohen indicated that the Committee could reject the recommendation of the CIO. The Committee indicated that the language in the recommendation should be modified to read “On the recommendation of the CIO, the Committee shall consider and select the corporate governance consultants, including the proxy monitoring and voting services.”

Ms. Cohen also discussed the possibility of the Securities Litigation Committee merging with either the Audit Committee or the Corporate Governance Committee. Mr. Hamilton commented that he recommends the Corporate Governance Committee is merged with the Securities Litigation Committee. Ms. Kopp agreed with the recommendation.

On a motion by Ms. Kopp and seconded by Mr. Hamilton, the Committee unanimously approved the recommended changes to the Corporate Governance Charter and the merger of the Securities Litigation Committee into the Corporate Governance Committee, for recommendation to the Board of Trustees.

### **Action Item #4: Motion by Committee to Meet in Closed Session**

On a motion made by Mr. Prouty and seconded by Ms. Kopp, the Committee voted without objection to meet in closed session, via video/audio conference call, beginning at 9:21 a.m. for the purposes of receiving advice of counsel regarding federal regulatory actions on proxy voting, pursuant to General Provisions Art., § 3-305(b)(7), to consult with counsel to obtain legal advice.

**Closed Session**

Committee Members Attending:	David Hamilton Sheila Hill, Chairman	Nancy K. Kopp Douglas Prouty
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Also Attending:	Rachel Cohen (OAG) Anne Gawthrop Alex Harisiadis (OAG) Angie Jenkins Dean Kenderdine	Andrew Palmer Jody Shaw (OAG) Toni Voglino
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**Action Item #6: Adjournment of Closed Session and Return to Open Session:**

On a motion by Mr. Prouty and seconded by Mr. Hamilton, the Committee voted without objection to return to open session, via video/audio conference call at 9:36 a.m.

Committee Members Attending:	David Hamilton Sheila Hill, Chairman	Nancy K. Kopp Douglas Prouty
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Also Attending:	Rachel Cohen (OAG) Anne Gawthrop Alex Harisiadis (OAG) Angie Jenkins Dean Kenderdine	Andrew Palmer Jody Shaw (OAG) Toni Voglino
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**Action Item #7: Adjournment of Open Session**

There being no further business before the Committee, on a motion made by Mr. Hamilton and seconded by Mr. Prouty, the meeting adjourned at 9:37 a.m.

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Toni Voglino