

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

June 7, 2022

The Corporate Governance and Securities Litigation Committee (the “Committee”) for the Maryland State Retirement and Pension System (the “System”) convened a virtual meeting, via videoconference call, with the host site at the Truist Building, 120 East Baltimore Street, 16th Floor, Board Room, Baltimore, Maryland, beginning at 8:39 a.m.

Committee	Thomas Brandt	Sheila Hill
Members Attending:	David Brinkley	Douglas Prouty
Also Attending:	Teresa Carnell (OAG)	Angie Jenkins
	Rachel Cohen (OAG)	Martin Noven
	Robert Diehl	Thomas Montanye
	Mimi Forbes	Janet Sirkis
	Anne Gawthrop	Emily Spiering (OAG)
	Michael Golden	Andrew Palmer
	Alex Harisiadis (OAG)	Toni Voglino
Others Attending:	Edward Apsey (ISS)	Julian Kelly (ISS)
	Jacob Combs (ISS)	Sean Mason (ISS)
	Jake Ferenci (ISS)	Valerie Sullivan (ISS)

Mr. Prouty called the meeting to order at 8:39 a.m.

Action Item #1: Minutes

On a motion made by Ms. Hill, and seconded by Mr. Brandt, the open session minutes from the February 15, 2022, meeting were ratified by the Committee.

Action Item #2: Review and Update of Proxy Voting Guidelines

Ms. Voglino introduced the staff from Institutional Shareholder Services, Inc. (“ISS”), the System’s proxy advisor. ISS staff included Ed Apsey, Jacob Combs, Jake Ferenci, Julian Kelly, Sean Mason and Valerie Sullivan. Mr. Apsey, from ISS, explained the process ISS performs to amend their proxy policies. Specifically, Mr. Apsey noted that based on the feedback they

receive from industry round tables, surveys of both investors and corporate issuers, and research and analysis of current trends and past votes, ISS may amend their policies. The draft policies are then provided to the public for comment and are finalized and go live in February. Mr. Brandt asked who votes for these policies and what the results are. Mr. Apsey responded that the public does not vote on the policies but provides feedback through surveys and comments on the draft policies. The policy board at ISS does vote on the policies after all research, surveys and comments are considered. Ms. Voglino stated based on ISS' most recent changes to their proxy policy, and a comparison to the System's proxy policy, staff and ISS recommended modifying four proxy topics in the System's proxy guidelines. Ms. Voglino reviewed the proposed proxy policy changes to the Committee as outlined in the memorandum included in the agenda.

Ms. Voglino presented the recommended proxy voting policy amendment for Topic 1, which related to voting for directors on boards that have no apparent diverse board members. Ms. Voglino explained to the Committee the correlation between board diversity, company performance and shareholder value. Ms. Voglino further explained that the System's proxy policy currently addresses voting against directors due to a lack of board diversity in relation to gender. However, the policy does not address racial or ethnic board diversity. Ms. Voglino detailed that ISS' recommendation was to implement a policy that would allow the System to vote against the chair of the nominating committee at companies where there are no women or apparent racially or ethnically diverse members on the company's board. Mr. Ferenci detailed to the Committee that board diversity has become a large concern for investors. ISS' research has shown that only 3-4% of S&P 500 companies do not have at least one diverse board member. Mr. Ferenci also noted that ISS notified companies one year in advance of the policy amendment.

Ms. Voglino presented the recommended proxy voting policy amendment for Topic 2, which relates to management and shareholder proposals for say-on-climate. Ms. Voglino explained that say-on-climate proposals are becoming more prevalent, and the System does not currently have a policy to address this specific type of climate related proposal. Say-on-climate proposals ask companies to publish climate action plans and/or allow shareholders to vote on the climate plan. Mr. Mason detailed to the Committee that the say-on-climate proposals continue to be proposed as climate change is a core governance concern of investors. He further explained that the Securities and Exchange Commission (the "SEC") has proposed rules that would require registrants to include certain climate related disclosures and information in their reports. Mr. Brandt inquired about the data to support this proposal and questioned if adopting this policy would be jumping the gun. Mr. Apsey said that these proposals are about transparency and the Task Force on Climate Related Financial Disclosures (the "TCFD") is evaluating the quality of disclosures. Ms. Voglino added that TCFD recommended disclosures are the gold standard.

Ms. Voglino presented the recommended proxy voting policy amendment for Topic 3, which relates to voting against directors at companies that have failed to address climate related targets and disclosures. It was detailed that the current policy, which allows the System to vote against directors for climate related failures, is not clear. The policy amendment would allow for direction on how the System shall vote for directors, at the world's highest greenhouse gas emitting companies, that fail to address climate related targets and disclosures. Mr. Mason noted that these types of proposals would not target a vast swarth of companies, but companies that are

noted in the Climate Action 100+. Mr. Mason added that to date less than 10 directors have been opposed by ISS.

Ms. Voglino presented the recommended proxy voting policy amendment for Topic 4, which relates to shareholder proposals on racial equity audits. Ms. Voglino reported that within the past year companies have been asked to perform racial equity audits. A racial equity audit is an independent analysis of a company's policies, practices, products, services and efforts to address racism within a company. Ms. Voglino further detailed that the System currently does not have a policy related to racial equity audits and staff and ISS are recommending the System implement a policy. Mr. Apsey detailed that these types of proposal are receiving record levels of support from shareholders.

With no further discussion Mr. Prouty called for a motion to accept the recommended amendments to the proxy voting policy as outlined in the memo. Ms. Hill made the motion to accept the amendments to the proxy voting policy and Mr. Prouty seconded the motion. In a roll call of the Committee members, Mr. Brandt, Mr. Brinkley, Ms. Hill and Mr. Prouty voted for the motion unanimously and the motion passed.

Action Item #3: Adjournment of Meeting

There being no further business before the Committee, on a motion made by Mr. Brinkley and seconded by Mr. Brandt, the meeting adjourned at 9:14 a.m.

Respectfully submitted,



Toni Voglino
Compliance Officer