Ohio Public Employees Retirement System

Corporate Governance Policy & Proxy Voting Guidelines
March 2022

TABLE OF CONTENTS

REVISION HISTORY

Proxy Policy Established	1996
Proxy Policy Revised	September 1998
Proxy Policy Revised	August 2000
Proxy Policy Revised	February 21, 2001
Proxy Policy Revised	February 20, 2002
Proxy Policy Revised	November 19, 2002
Proxy Policy Revised	March 19, 2003
Proxy Policy Revised	March 19, 2004
Corporate Governance Policy Statement and Guidelines Established	September 9, 2004
Corporate Governance Policy Established	April 18, 2007
Corporate Governance Policy Revised	February 2008
Corporate Governance Policy Revised	December 2008
Corporate Governance Policy Revised	December 2010
Corporate Governance Policy Revised	November 2011
Corporate Governance Policy Revised	December 2012
Corporate Governance Policy Revised	December 2013
Corporate Governance Policy Revised	November 2017
Corporate Governance Policy & Proxy Voting Guidelines Established	October 2018
Corporate Governance Policy & Proxy Voting Guidelines Revised	August 2020
Corporate Governance Policy & Proxy Voting Guidelines Revised	October 2020
Corporate Governance Policy & Proxy Voting Guidelines Reviewed	March 17, 2021
Corporate Governance Policy & Proxy Voting Guidelines Revised	March 16, 2022

I. SCOPE

The Corporate Governance Policy and Guidelines apply to the corporate governance activities of the Ohio Public Employees Retirement System.

II. PURPOSE

Within the above scope, the Policy provides the legal authority, philosophy, objectives, and strategies regarding corporate governance, as well as monitoring and reporting related to corporate governance activities within both internally managed and externally managed public market portfolios.

III. PHILOSOPHY

As a long-term investor OPERS strives to manage assets and risks in a prudent, timely and cost-effective manner within its investment objectives and legal authority. The corporate governance program seeks to protect and enhance the investment returns of OPERS' assets by effectively voting its proxies and responsibly participating in associated corporate governance activities. OPERS is a long-term investor in the U.S. and international equity markets and, as a fiduciary, OPERS exercises its shareowner rights solely in the economic interests of the System's participants and beneficiaries.

Major corporate governance failures have prompted legislative and regulatory developments like the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and amended listing standards at major U.S. exchanges. Effective corporate governance can foster a culture of corporate integrity, financial accountability, leadership and long-term strategic goals of growth and profitability. Sound corporate governance can significantly contribute to the long-term financial performance of a company. This Policy is intended to reflect these changes and to serve as a basis for guiding OPERS' proxy voting and supporting its corporate governance strategies.

IV. OBJECTIVES

The objective of OPERS' corporate governance program is to enhance the long-term value of OPERS' investments by supporting and promoting:

- Activities that ensure management and boards of directors are acting in the best interest of shareowners and in ways that protect, preserve and enhance OPERS' assets and investments
- Corporate accountability, financial transparency and responsibility.
- Government policies and regulations that are in the best interest of OPERS

V. STRATEGIES

Corporate governance strategies are designed to assist in achieving long-term investment goals. The following is a list of corporate governance strategies OPERS may use to enhance its investment returns and protect its assets.

Proxy Votes

Proxy voting is a primary strategy of OPERS' corporate governance program. OPERS casts proxy votes in accordance with Section XI, Proxy Voting Core Categories, of the Corporate Governance Policy & Proxy Voting Guidelines ("Policy & Guidelines") which are in turn approved by the OPERS' Board of Trustees and are consistent with Chapter 145 of the Ohio Revised Code. The Policy & Guidelines are reviewed periodically to incorporate emerging trends. A Corporate Governance Working Group provides feedback prior to submission of recommended changes to the Board for review and approval.

OPERS retains the right to vote its proxies and will not delegate this authority to third parties, such as proxy voting agents or investment managers without first obtaining the approval of the OPERS' Board.

OPERS engages in the practice of lending its securities to enhance the return on its investment portfolio. In the process of lending securities, the right to vote shares is transferred to the borrower of the securities during the period that the securities are on loan, and OPERS' right to vote the shares is forfeited unless OPERS elects to recall the shares in a timely manner from the borrower. OPERS' fiduciary duty to exercise its right to vote proxies as an asset of the fund will be balanced against the incremental returns of the OPERS' securities lending program. OPERS will reserve the right to recall the shares prior to the record date for the purpose of exercising OPERS' voting rights.

Shareholder Resolutions and Other Activities

OPERS may become involved in supporting or preparing shareholder resolutions or may participate in other public activities if the activities are in the economic interests of OPERS and its beneficiaries.

OPERS may participate in recommendations to, and active engagement with, companies to improve their corporate governance.

Corporate Governance Organizations

OPERS may participate in corporate governance organizations.

OPERS may communicate with other pension funds and legislative and regulatory bodies.

VI. RISKS

The risks associated with the corporate governance program are: operational and implementation and headline risk.

Prior to, and on an ongoing basis, any corporate governance risk management strategy requires identification and assessment of the specific risks and a review of operational procedures.

VII. MONITORING AND REPORTING

On a quarterly basis, or more frequently if appropriate, staff will provide a status report on strategic plan goal progress and corporate governance issues that are significant and/or may affect the value of shares held by the System to the Board.

On an annual basis, staff will report to the Board shareholder resolutions and other corporate governance activities, including program performance and future areas of focus.

VIII. ROLES AND RESPONSIBILITIES

A. Board of Trustees

The Board is responsible for reviewing and approving the Corporate Governance Policy and Proxy Voting Guidelines.

B. Corporate Governance Staff

Corporate Governance staff is responsible for:

- Implementing the corporate governance program in compliance with the Policy & Guidelines.
- Proposing changes to the Policy & Guidelines as appropriate
- Proposing corporate governance activities to support the program and executing those activities.
- Working with the Communications Department in responding to the media.
- Informing the Executive Director of corporate governance activities as appropriate.
- Monitoring and reporting corporate governance activities to the Board as appropriate.
- Contracting and working with the proxy advisory firm and custodian(s) in executing the corporate governance program.
- Handling the day-to-day administration of the corporate governance program.
- Auditing proxy voting procedures.
- Convening the Working Group as needed.
- Identifying and managing enterprise risk associated with the program.

- Facilitating Board education of corporate governance issues and best practices as requested.

IX. LEGAL AUTHORITY

Under Section 145.11(A) Investment and fiduciary duties of the board, of the Ohio Revised Code:

The members of the public employees retirement board shall be the trustees of the funds created by section 145.23 of the Revised Code. The board shall have full power to invest the funds. The board and other fiduciaries shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the public employees retirement system; with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and by diversifying the investments of the system so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

X. PROXY VOTING PROCEDURES

OPERS contracts with a proxy advisory firm for research and proxy vote workflow. Working with a proxy advisory firm permits efficiency in the proxy voting process. The Policy & Guidelines provide OPERS Corporate Governance Staff and the proxy advisory firm guidance to analyze and consistently vote U.S. and non-U.S. proxies, unless inconsistent with a country’s laws or regulations. Staff may intentionally identify specific case-by-case proposal topics to vote manually. The OPERS Investments Division is consulted on merger and acquisitions as appropriate. Votes that have the potential to impact OPERS publicly are reported to the Board. Best efforts are made by Staff and the proxy advisory firm to cast votes originating within U.S. and non-U.S. OPERS-investee companies by working directly with the Domestic and International Custodians.

Staff performs monthly and quarterly audits of the proxy voting procedures to mitigate risk of votes against policy or missed votes. OPERS considers voting every proxy to be part of its fiduciary duty. Staff provides the Board a quarterly synopsis of voting activity.

XI. PROXY VOTING CORE CATEGORIES

A. Board of Directors

Boards of Directors are Shareholders' representatives at the Company. The primary purpose of the Board is to represent its Shareholders, preserve and protect Shareholder interests and maximize Shareholder value. OPERS believes Directors should be held accountable for the consistent implementation of best governance practice standards within the governance community. This accountability will vary from Director to Director, depending on the Director's role on the Board and on various Board Committees.

Director Principles

OPERS generally will vote:

- For board nominees in most uncontested elections
- Against the Lead Independent Chair or Lead Independent Director and/or members of accountable committees when the Board:
    - Fails to take action towards or implement proposals of Shareholders that receive a majority of votes, or have a direct and substantial impact on Shareholders' fundamental rights or long-term economic interests
    - Is not responsive to shareholders on board composition concerns including board diversity
    - Amends the Company's Charter, Articles of Incorporation or By-Laws such that the effect may be to entrench Directors or to reduce the rights of Shareholders
    - Permits an insider or affiliated outsider to sit on the Audit, Compensation or Nomination/Governance Committees
    - Failed to facilitate quality, independent auditing or substantial accounting or financial reporting irregularities occur
    - Committees take actions contrary to long-term economic interest of shareholders
    - Fails to remove a director with a pattern of poor attendance, who is over boarded, or whose skill set does not align with the company's long-term strategy

Board Structure Principles

OPERS generally supports:

- Separation of Chair and CEO positions but does take into consideration if there is a well-defined role for a Lead Independent Director
- An Independent Board Chair
- Independent advisors
- Independence of Audit, Compensation and Nominating/Governance committee members
- Annual Director elections
- Regular evaluations of the Board, each committee and every individual Director

- A board size between 3 and 15 Directors

Board Committee Principles

OPERS expects:

- The Audit Committee to ensure timely disclosure and remediation of accounting irregularities, significant financial restatements or material weakness disclosures
- The Compensation Committee to link executive compensation to the Company's performance, work with an Independent Compensation Consultant and Independent Counsel as necessary to advise on linking executive pay to performance and disclose to shareholders the method and key performance indicators selected in a manner that is not excessively complex
- The Nominating and Governance Committee to commit to identify qualified candidates of diverse gender, racial and ethnic backgrounds for board nomination, incorporate the "Rooney Rule" into procedures for board nominee searches and attest in governing documents that director searches will consider suitable nominees from corporate backgrounds beyond the executive suite (academia, government, nonprofit, etc.)

B. Shareholder Rights

OPERS holds the following beliefs:

- Individual Directors represent all shareholders
- One share-one vote, but will consider sunset provisions of up to seven years for initial public offerings
- Proxy votes should be confidential and free from undue influence; OPERS makes voting decisions available the day following the meeting but will not disclose vote decisions prior
- Shareholders should have the right to approve each matter or proposal with a majority of the total number of shares voted on the matter or proposal
- Abstain votes should not be counted in the total number of votes except where Abstain votes are needed to establish a quorum
- Shareholders should have access to Independent Directors
- Shareholders should have access to the Proxy
- Universal Proxy is the best method for shareholders to elect Directors during a contested election
- Shareholders should have the right to approve by majority vote increases in the authorized number of common shares
- Each shareholder should receive equal financial treatment and receive the highest price paid to any Shareholder during a specified period before the commencement of a tender offer by an acquiring Company (Fair Price Provision)

- Anti-takeover provisions such as poison pills and staggered boards are not in the best economic interest of shareholders as they may insulate underperforming management
- Proxy issues should not be intentionally bundled by the board
- Shareholders should have the right to vote annually on the ratification of the Independent External Auditors
- A shareholder notice period of between 30 and 65 days is a reasonable standard found in most advance notice requirements
- Shareholders should have the right to approve executive compensation plans to ensure tie to performance, corporate strategy and enhancement of long-term returns to Shareholders
- Shareholders should have the right to vote on the frequency of Say on Pay Resolutions

C. Environmental and Social Governance Issues (ESG)

OPERS' focus is on governance. To the extent environmental or social issues would have a material impact on shareholder returns, OPERS will evaluate proposals on a case-by-case basis. The fiduciary duty to our members to increase long-term shareholder returns is the primary focus of our corporate governance program. OPERS supports a shareholder primacy model and believes sustainability is achievable only when companies engage with and mitigate risks associated with all stakeholders.