




Corporate Governance Annual Report 2014

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“Good corporate governance helps companies operate more efficiently, improve access to capital, mitigate risk and safeguard against mismanagement. It makes companies more accountable and transparent to investors and gives them the tools to respond to legitimate stakeholder concerns such as sustainable environmental and social development. Corporate governance also contributes to development. Increased access to capital encourages new investments, boosts economic growth, and provides employment opportunities.”

*-International Finance Corporation,
World Bank Group*

Dear Colleague,

It is our privilege to provide the 2014 Corporate Governance Annual Report to our members, retirees and colleagues. This report provides a detailed review of the proxy votes cast on public companies' ballots across the world, company engagement efforts and the key issues that surfaced during the proxy season. The report provides a comprehensive review of U.S. and international proxy voting that occurred in markets across the world. In addition, staff members have worked to interpret the data to include a more detailed analysis of key voting patterns over the course of the last one, two and three years.

The Board of Trustees created the corporate governance program in the mid-1990's and has maintained high interest in supporting an active and engaged program to assist the Investment allocation strategy. The Board's Proxy Policy and Corporate Governance Committee meets during the year to direct the staff development of the program and update the Corporate Governance Policy and Proxy Voting Guidelines as necessary to reflect best practices. While OPERS maintains a "quiet diplomacy" standard, staff members have been able to discuss corporate governance issues with company directors and executive officers with the desire to add value to our investments and build relationships over the long-term.

OPERS invests in global public companies as a way to diversify risk and support businesses that provide a return on our investment. With over one million members located across the world, these investments also support our members, who patronize businesses, buying goods and services they need for themselves and their families. In this way, OPERS provides more than a retirement benefit to our members; we support the economic viability of public companies, which use our patient capital to grow their businesses and provide shareowners with returns on their investments. We are an economic engine for the business community, especially in Ohio, and pride ourselves on an investment strategy that maintains a long-term focus.

We believe that the Corporate Governance program will continue to progress in the coming years, with a focus on adding value to our investment strategies and creating an environment of candid and responsible dialogue with public companies. The strength of the program supports the benefits we provide and creates a sustainable environment in which corporations and our members prosper. Thank you for your interest in our program.

Respectfully,

Cynthia Sledz

Chair, OPERS Board
of Trustees
Chair, Proxy Policy
and Corporate
Governance
Committee

C.J. Latsa


Vice Chair, OPERS
Proxy Policy
and Corporate
Governance
Committee

**Karen E.
Carragher**

Executive
Director

**Carol Nolan
Drake**

Chief External Affairs
Officer



“Corporate governance is concerned with holding the **balance between economic and social goals and between individual and communal **goals**. The governance framework is there to encourage the efficient use of **resources** and equally to require **accountability** for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and **society**.”**

*-Sir Adrian Cadbury, UK, Commission
Report: Corporate Governance 1992*

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“Corporate governance is of fundamental importance in ensuring the **integrity of companies and the financial markets. Every corporation, regardless of whether it is a profit-making or non-profit-making business, should uphold the highest **standards** of corporate governance so as to warrant the trust of shareholders and stakeholders.”**

– Charles Elson, Edgar S. Woolard, Jr. Chair in Corporate Governance, Professor of Finance, Director of the John L. Weinberg Center for Corporate Governance

OPERS HISTORY & BACKGROUND

The Ohio Public Employees Retirement System ("OPERS" or "System") was created in 1935 by the Ohio General Assembly as a retirement fund for public employees. The Board of Trustees ("Board"), the governing body of the system, is responsible for the administration and oversight of OPERS. The board members also authorize the investments made with the system's funds. One of the committees is the Proxy Policy and Corporate Governance Committee, upon which five of the board members are assigned by the chair of the board.

With assets of \$91.2 billion as of December 31, 2014, OPERS is the largest state pension fund in Ohio, the 11th largest public retirement system and 16th largest retirement system in the U.S. OPERS serves more than 1 million members. Historically two-thirds of OPERS' revenue, from which benefits are paid, is derived from investment returns. The remaining one-third of the revenue comes from employee and employer contributions.

The Board has adopted a Corporate Governance Policy and Proxy Voting Guidelines, updated on a regular basis, that are utilized by staff members as guiding principles for the program.

HISTORICAL TIMELINE of the OPERS Corporate Governance Program

- 1996** The first Domestic Proxy Policy was established to highlight proxy voting as an integral component of the investment process.
- 2000** The IRRC proxy voting platform was implemented.
- 2001** The Proxy Policy was revised to include the voting of Non U.S. equity proxies.
- 2003** The Proxy Policy was revised to include international language (to extend OPERS' existing domestic proxy voting policy to a global policy that addresses proxy voting for both domestic and international securities).
- 2004** **May:** The Corporate Governance Board Committee was formed. The Board's Corporate Governance Charter was approved.
Sept: The Corporate Governance Policy Statement and Guidelines were established to expand the General Guidelines of the existing Proxy Policy and add additional details on key governance areas consistent with the philosophy of the existing Proxy Policy.
- 2005** The proxy voting function was transferred from the Investment Division to the Corporate Governance Department and then the Legal Division.
- 2006** The Corporate Governance Working Group was reactivated. The Glass Lewis research and Viewpoint voting platform replaced the IRRC Smartvoter voting platform.
- 2007** The Corporate Governance Policy and Proxy Voting Guidelines were established to replace the Corporate Governance Policy Statement and Guidelines approved by the Board in September 2004. The Policy and Guidelines reflected the evolution and maturation of the OPERS Corporate Governance Program.
- 2009** The Corporate Governance Department was moved into the newly created External Relations Division.

The Corporate Governance Policy and Proxy Voting Guidelines were revised in Feb. & Dec. 2008, Nov. 2009, Dec. 2010, Nov. 2011, Dec. 2012, and Dec. 2013.

CORPORATE GOVERNANCE PHILOSOPHY¹

As a long-term institutional investor, OPERS strives to manage its 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 actions 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. Good corporate governance can significantly contribute to the long-term financial performance of a company. OPERS' Corporate Governance Policy is intended to reflect these changes and to serve as a basis for guiding OPERS' proxy voting and supporting its corporate governance strategies.

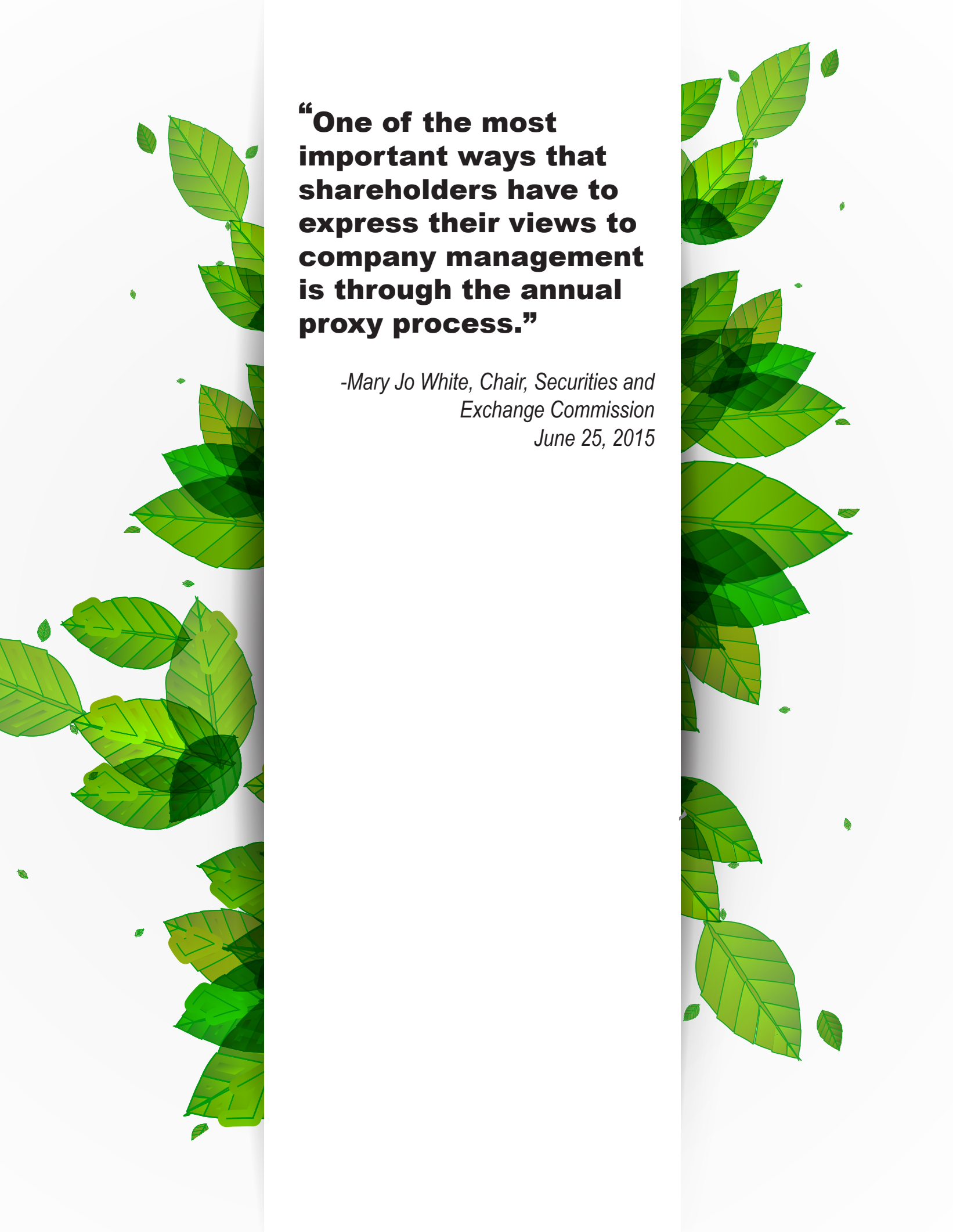
CORPORATE GOVERNANCE OBJECTIVES²

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 OPERS' assets;
- Corporate accountability, financial transparency and responsibility; and
- Governmental policies and regulations that are in the best interest of OPERS.

¹Ohio Public Employees Retirement System, Corporate Governance Policy Revised December 2013, IV. Philosophy

²Ohio Public Employees Retirement System, Corporate Governance Policy Revised December 2013, V. Objectives



“One of the most important ways that shareholders have to express their views to company management is through the annual proxy process.”

*-Mary Jo White, Chair, Securities and
Exchange Commission
June 25, 2015*

Since 1996, the Board and staff members have strived to continue the growth and maturity of OPERS' corporate governance program. The staff members are charged with advancing the Board's objectives, while maintaining a strong reputation within the institutional investor and corporate arenas. The 2014 Annual Corporate Governance Report is the fourth report in successive years published by the Ohio Public Employees Retirement System ("OPERS"). The OPERS Board of Trustees has adopted a Corporate Governance Policy ("Policy") that provides the scope and purpose of the Policy, the legal authority, objectives and strategies of the program. Proxy voting, as outlined in the Proxy Voting Guidelines, is the primary strategy of the corporate governance program. The Board of Trustees retains the right to vote proxy ballots that are issued by the public companies in which OPERS invests, in the United States and international markets. The Board does not generally delegate this authority to third parties without Board action and approval. In limited cases where funds are held in commingled funds or part of an external manager investment strategy, the Board has empowered staff members to vote the proxy ballots in the best interests of the Fund.

In order to determine the appropriate vote to cast, the OPERS Corporate Governance staff review the Board's Policy and the OPERS Proxy Voting Guidelines ("Guidelines"). The Guidelines provide direction on voting related to nominees for boards of directors, shareowner rights proposals, executive pay and compensation, the role of external auditors and independent advisors and social, environmental, political and military, health and other proposals. As general Guidelines, it is up to the staff members to review the language within the Guidelines and determine how to cast the votes accordingly.

Several years ago, the Board created a Proxy Policy and Corporate Governance Committee ("Committee") within its governance structure. Five members of the Board serve on the Committee. The Committee meets at least twice per year and in 2014, hosted the first of what will be an annual Corporate Governance Forum. Staff members assisted the Committee in the preparation of agenda items, the attendance of national speakers to address the Committee on interesting trends and maintained the Policy and Guidelines so they reflect best practices.

The statistics within this Report are taken from the voted ballots for the calendar year 2014. Due to the significant international equity holdings, since last year, the Report provides information on the voting activity for the international markets in which OPERS invests. The Report also covers the voting patterns in the United States ("U.S."). Under the Board's Annual Investment Plan, the allocation from U.S. equities to international equities has increased in the past four years. The allocation change has provided Corporate Governance staff with the opportunity to address the significant legal documentation necessary in many countries to effectuate our voting rights.

The proxy voting statistics provide detailed numbers for votes cast for Boards of Director nominees, management and shareholder proposals, executive pay and compensation, ratification of auditor and mergers & acquisitions. The voting is broken down by votes For or Against, Withhold Votes, Abstentions, Percent with Management or No votes. A detailed review of votes cast in 2014 is found at the end of the Report.

During the year, staff members also engaged with many directors and senior executives who serve or work respectively on public company boards.

One of the highlights of the OPERS corporate governance program is the overarching tenet of quiet diplomacy. Staff members work directly with company representatives and directors in such a way that rarely causes attention from outside sources. Company engagement is one of the hallmarks of the program because it provides an opportunity for staff to discuss best practices and issues with company representatives, thereby developing a long-term relationship that is intended to provide supportive feedback to the companies' representatives for the benefit of our members and shareowners.

In the Appendix, the report provides the most recent versions of the Corporate Governance Policy and Proxy Voting Guidelines.

PROXY VOTING INITIATIVES

Since 1996, the OPERS Board of Trustees has considered proxy voting as a fiduciary responsibility. The right to vote shares in the companies in which it invests is a valuable asset to the Fund. OPERS staff members analyze the issues presented during annual and/or special meetings and vote the proxy ballots in such a way to consider the economic best interests of the System's participants and beneficiaries. For these reasons, proxy voting is a primary strategy of the OPERS' corporate governance program. OPERS casts its proxy votes in accordance with the Proxy Voting Guidelines approved by the OPERS' Board of Trustees and reviewed as necessary, consistent with Chapter 145 of the Ohio Revised Code.

HIGHLIGHTS of the 2014 calendar year

- 16** Annual meetings attended for companies headquartered in Ohio that held the annual shareholder meeting in the state
- 50** Management and shareholder proposals voted for a declassified board structure
- 77.6%** OPERS votes cast in support of management proposals, a slight increase from last year
- 98** Majority vote supported for election of directors proposals
- 235** Social responsibility proposals supported, including Improving Labor Practices, Reporting on Company's Compliance with International Human Rights, and Reviewing Political Spending or Lobbying
- 581** Votes cast "Against" the ratification of auditors (11.8 percent), down from 2013
- 928** Votes cast "Against" the management advisory vote on executive compensation (19.1 percent), a slight increase from 2013
- 1,148** Shareowner rights proposals supported
- 1,357** Merger and Acquisition ("M&A") proposals voted with 88.6 percent support for managements' position on the M&A
- 9,772** Company meetings voted, of which 1,716 were U.S. companies and 8,056 were non-U.S. companies
- 202,338** Proposals voted on company ballots, a 16 percent increase from 2013

Engaged with numerous board members and company representatives to discuss corporate governance issues and develop long-term relationships

Provided the OPERS' Board of Trustees with quarterly proxy voting statistics, covering the quarter's proxy votes and the application of the Board's Guidelines to the votes

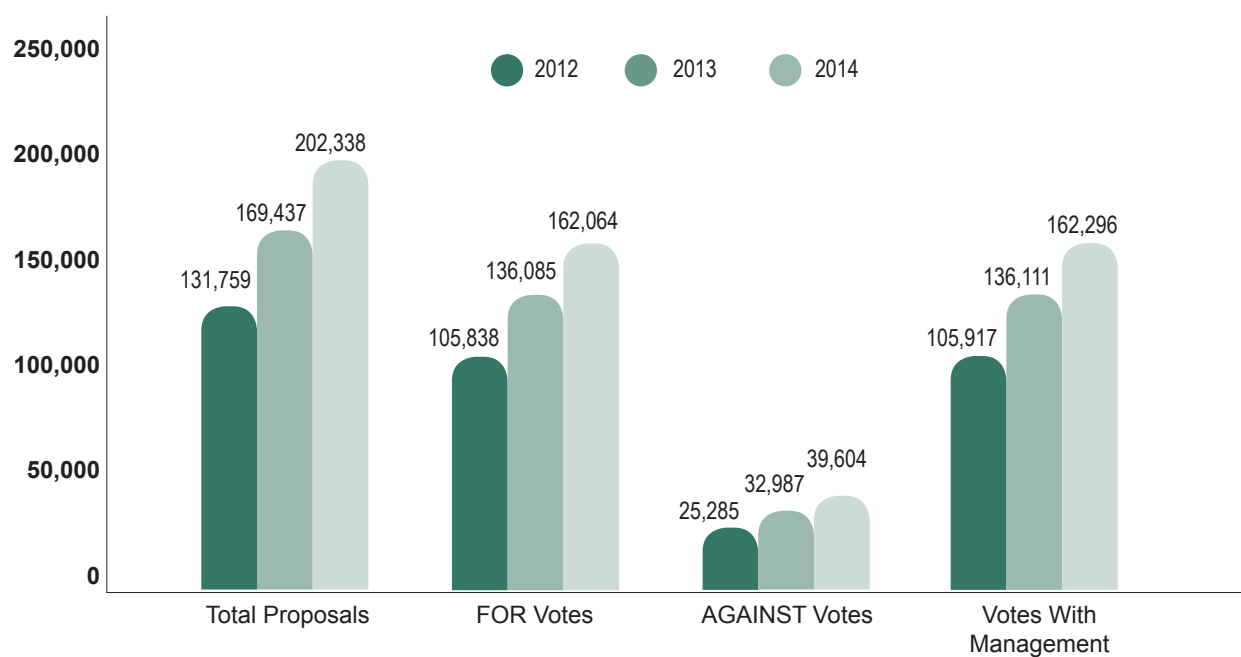
Participated in national organizations, such as the Council of institutional Investors and the International Corporate Governance Network to help develop policy documents, model guidance on a national and an international basis, and best practices to be utilized for issuers and investors

TREND ANALYSIS

The charts on the following pages show OPERS' proxy voting trend analysis and statistics for 2014.

Trend Analysis for Three Years

	For Votes	Percent For	Against Votes	Percent Against	Abstain Votes	Percent Abstain	Exec. Comp. Freq. Votes	With Mgmt	Percent With Mgmt	Proposals (Total)
2012	105,838	62.59	25,285	35.58	108	0.33	2,822	105,917	77.75	131,759
2013	136,085	63.56	32,987	35.38	169	0.15	61	136,111	74.53	169,437
2014	162,064	65.77	39,604	32.89	232	0.17	157	162,296	77.61	202,338

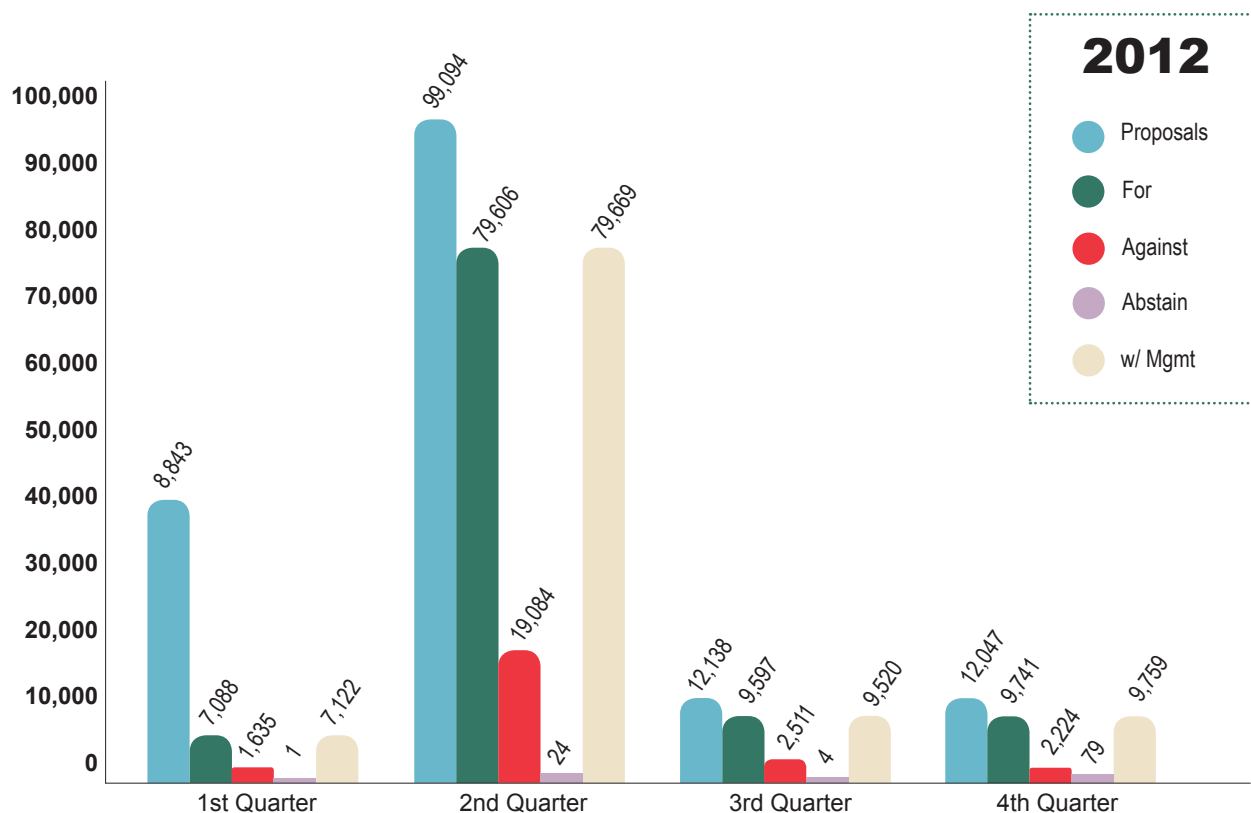


Note: Proposals voted reflect the number of individual proposals at company meetings multiplied by the number of funds in which OPERS owned an equity stake.

TREND ANALYSIS

The proxy season in the United States is concentrated in the late part of the first and second quarters of the calendar year primarily. There are companies that hold their annual meetings later in the year, however, they are in much smaller numbers. International proxy voting increases during the second quarter of the calendar year but continues throughout the remainder of the year, with a slight increase in the fourth quarter.

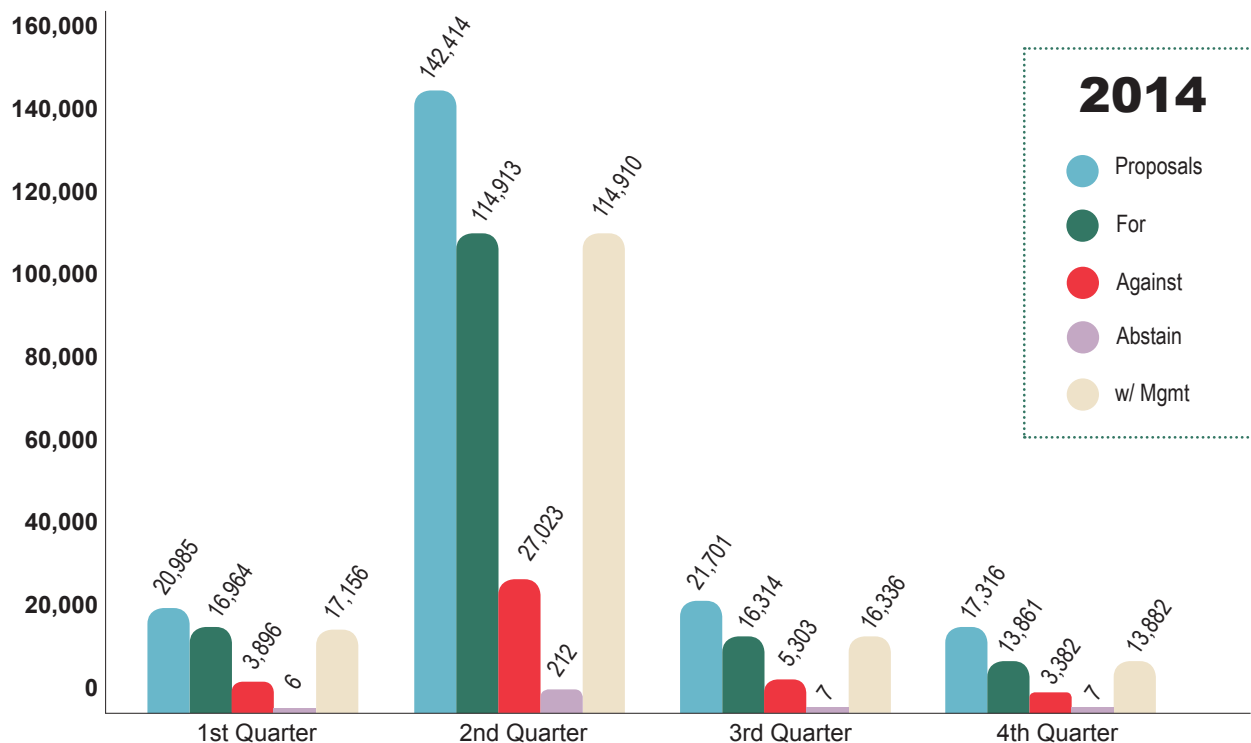
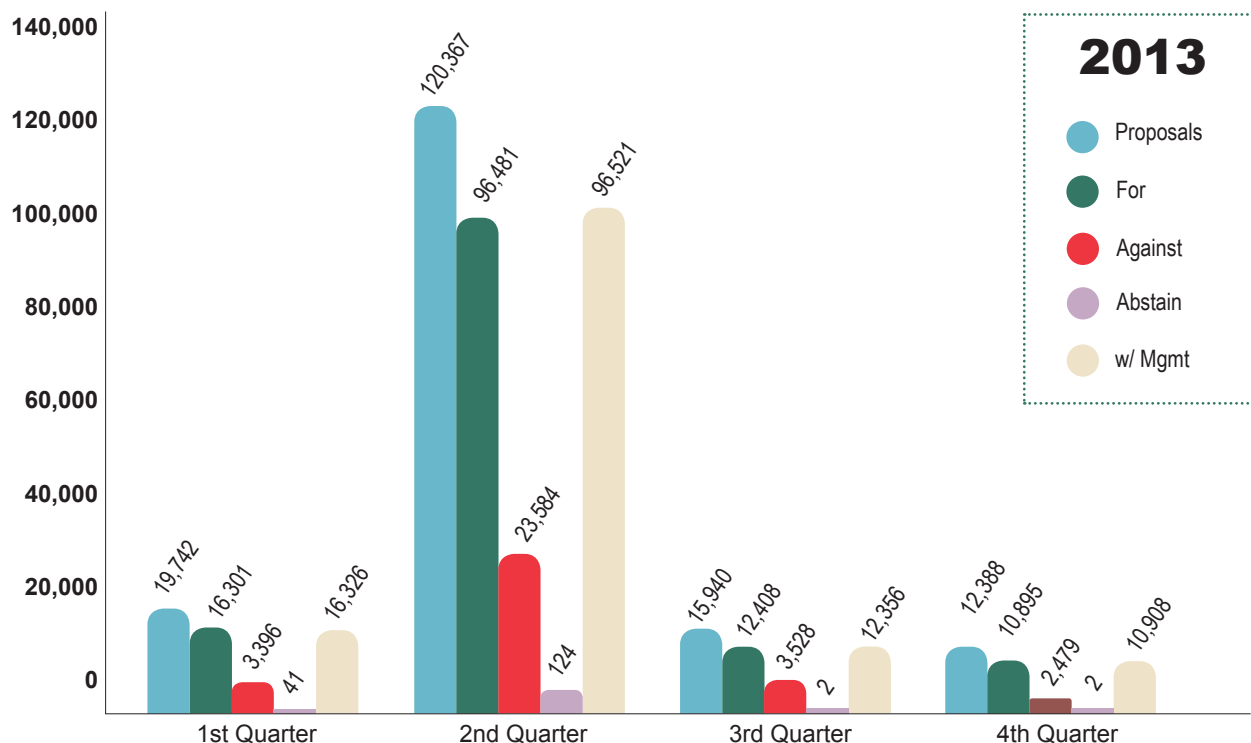
Trend Analysis for 4 Quarters of Voting Over Three Years



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TREND ANALYSIS

Trend Analysis for 4 Quarters of Voting Over Three Years



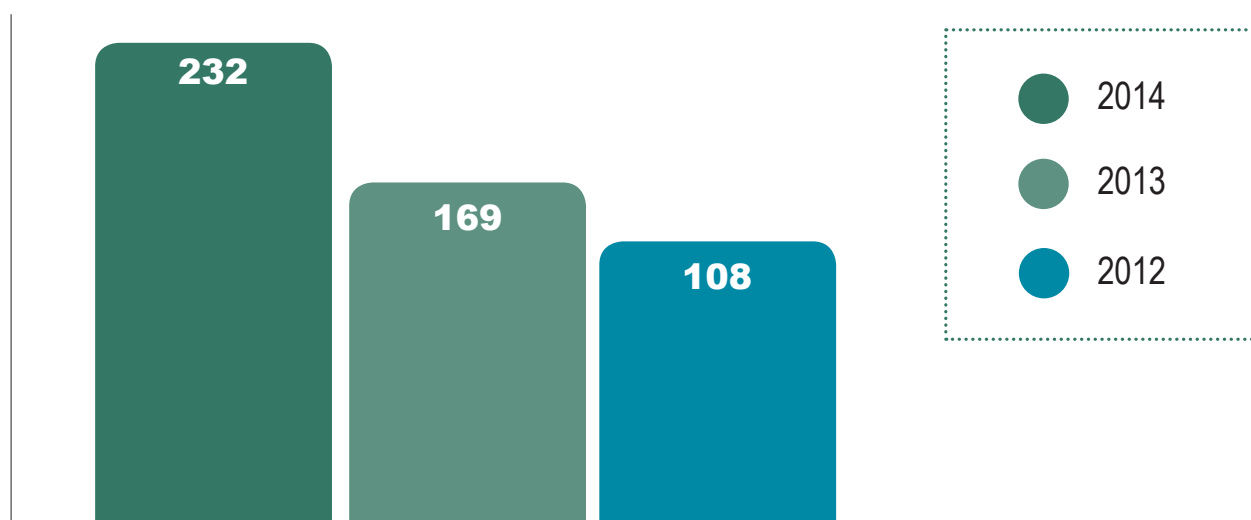
Note: Proposals voted reflect the number of individual proposals at company meetings multiplied by the number of funds in which OPERS owned an equity stake

TREND ANALYSIS

Abstain Voting Patterns and Take No Action Votes

Research on annual meetings and ballot proposals for many international companies can be difficult to obtain with enough detail to inform voting. In some forums, the information on directors is not released until the meeting itself. There were times during 2014 that the names of directors who were being nominated for board seats were unknown when the ballots had to be voted. Some proposals that required shareholders to vote for specific financial transactions did not have key information which staff needed to review to know whether OPERS would support the proposals or vote against them. When there was not sufficient information to cast a vote either “For” or “Against,” staff members voted to “Abstain” or “Take No Action.”

The number of “Abstain” votes began to rise in 2013 and has continued throughout 2014. In 2014, staff had to cast an “Abstain” vote 232 times. The number of “Take No Action” votes has also risen due to similar issues when international voting research and proxy information is lacking in detail to make informed voting decisions.



Abstain Votes for the past three years

U.S. PROXY VOTING

The OPERS Annual Investment Plan provides the allocation strategy for all of the funds under management. The 2014 Annual Investment Plan, approved by the Board of Trustees, set the Target allocations (“Targets”) to various asset classes that are designed to meet OPERS’ long-term investment objectives, and established a band of minimum and maximum allowable allocations, or Ranges (“Ranges”), surrounding each Asset Class Target. The purpose of Ranges is to appropriately and cost-effectively balance the Board’s Investment Policy with the investment strategies pursued over shorter time periods.¹

The Board serves as a fiduciary over the three funds under its direct responsibility: **Defined Benefit, Health Care and Defined Contribution**. The Defined Benefit Fund had a market value of \$77.3 billion as of December 31, 2014. The Health Care Fund had a market value of \$12.8 billion at year’s end. The Defined Contribution Fund is the primary retirement savings vehicles for members who selected it as their retirement plan. Total assets were \$91.2 billion as of December 31, 2014.

OPERS approved the following public equity allocation strategy for the Defined Benefit Fund in the year 2010 compared to 2014. There was a marked decline in U. S. equity holdings over the course of four years due to the reallocation of assets to other investment portfolios. The non-U.S. equity allocation stayed fairly consistent:

	2010	2014
U.S. Equity	43.60%	20.7%
Non U.S. Equity	21.0%	20.2%

The Health Care Fund was invested in an equity allocation strategy that was slightly less in the equity space given the need for a more fluid portfolio. The U.S. equity allocation declined over the past four years while the non U.S. allocation remained fairly consist. The target allocation was:

	2010	2014
U.S. Equity	26.0%	21.9%
Non U.S. Equity	23.2%	22.2%

The total 2014 target for U.S. Equity and Non-U.S. Equity allocated 44.10 percent of the Health Care Fund to public equities

¹ Ohio Public Employees Retirement System, Investment Objectives and Asset Allocation Policy Revised February 2014, VI. Asset Allocation

U.S. PROXY VOTING

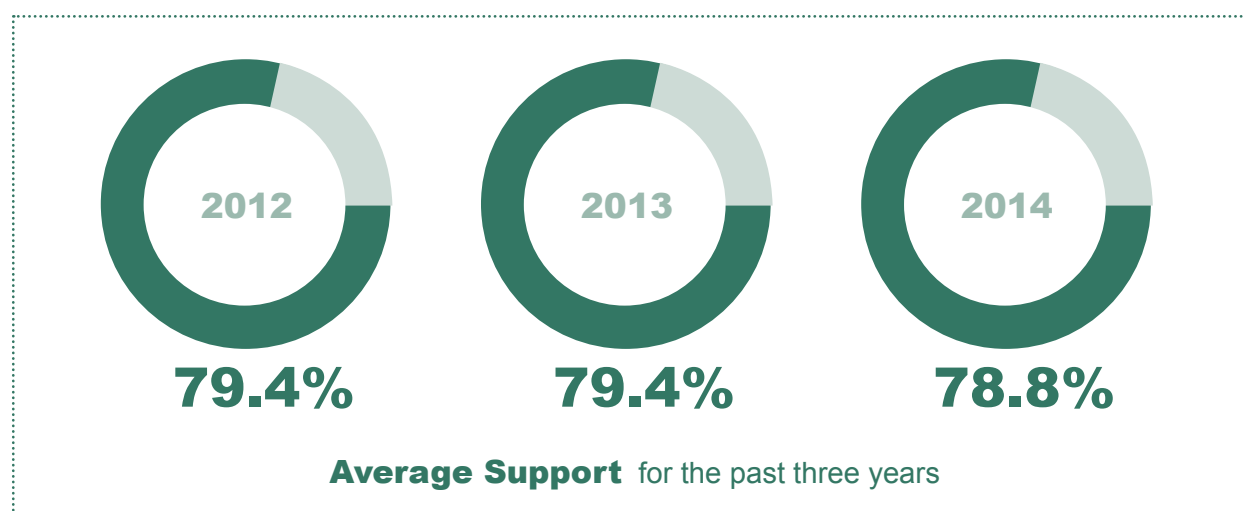
Board of Directors

It is OPERS' view that directors, who serve on public company boards, represent the shareowners of the company. OPERS has a long history of generally supporting a majority of directors nominated by companies. The Proxy Voting Guidelines provide the framework for staff members to vote for directors who are viewed as independent by the various listing standards, bring expertise for the companies' relevant business sectors and are able to provide the necessary attention to board responsibilities.

The Proxy Voting Guidelines suggest that OPERS may withhold its vote from a director if:

- The director has served on the Compensation Committee and there is a lack of connecting executive pay and company performance
- The director has served on the Audit Committee and the non-audit fees for the independent auditor exceed more than 30 percent of the audit fees, without explanation
- The director is "overboarded," meaning that he or she serves on more public company boards than OPERS believes are advisable

Support for director nominees has remained in the high 70 percentile over the past three years. There are a number of reasons why OPERS tends to support slightly over three-fourths of director candidates. One important factor is that more companies have adopted an annual election of directors rather than supporting a classified board structure. This gives shareowners the opportunity each year to evaluate a director's service relative to company performance on an annual basis. Secondly, companies appear to be nominating candidates that are viewed as more independent because they do not have immediate business or family ties, leading to a more independent viewpoint. Finally, there is some degree of progress being made at companies to nominate candidates that have a more diverse background, including women, leading to different educational and business perspectives being brought into the boardroom.





“It is clear that good corporate governance makes good sense. The name of the game for a company in the 21st Century will be conform while it performs.”

*- Mervyn King
(Chairman: King Report)*

U.S. PROXY VOTING

Advisory Votes on Executive Compensation (“Say-on-Pay”)

Advisory votes on executive compensation give shareowners a voice in the compensation of senior executives. The advisory vote also gives corporate boards and the company’s Compensation Committee a means to determine whether investors see the company’s compensation practices are in line with company performance and in the best interest of shareowners. The advisory vote by shareowners on executive compensation does not take the place of any fiduciary duty of the board of directors to manage compensation practices.

In 2014, OPERS voted 4,868 Say-on-Pay proposals giving management 80.8 percent support. Analysis regarding the advisory vote on executive compensation proposals is generally centered on four major aspects of a company’s executive compensation practices:

1. Overall compensation structure
2. Disclosure of compensation policies and procedures
3. The link between pay and performance
4. The amounts paid to executive officers

Support over the past three years has ranged from a high of 83 percent to a low of 76 percent. In general, OPERS has supported about 4 out of every 5 Say-on-Pay proposals.

2012	Proposals (Totals)	FOR Votes	% FOR	AGAINST Votes	% AGAINST	With Mgmt	% With Mgmt
Advisory Vote on Executive Compensation	2,822	2,364	83.80%	458	16.20%	2,359	83.60%
2013	Proposals (Totals)	FOR Votes	% FOR	AGAINST Votes	% AGAINST	With Mgmt	% With Mgmt
Advisory Vote on Executive Compensation	3,507	2,681	76.50%	825	23.50%	2,681	76.50%
2014	Proposals (Totals)	FOR Votes	% FOR	AGAINST Votes	% AGAINST	With Mgmt	% With Mgmt
Advisory Vote on Executive Compensation	4,868	3,935	80.80%	928	19.10%	3,934	80.90%

Note: Proposals voted reflect the number of individual proposals at company meetings multiplied by the number of funds in which OPERS owned an equity stake.

U.S. PROXY VOTING

Advisory Votes on Executive Compensation (“Say-on-Pay”)


According to Glass Lewis & Co., 59 U.S. companies did not receive the majority of shareowner support on Say-on-Pay proposals in 2014. OPERS owned shares on the record date and voted the proposals at 37 of these companies, which are listed below. OPERS voted “For” the advisory vote on executives compensation at the 3 companies highlighted below and voted “Against” at the remaining 34 companies, in large part because staff noted a lack of correlation between the executives compensation, short and long term incentives, additional compensation factors and the companies performance over the short and long term.

Aeropostale, Inc	Allscripts Healthcare Solutions, Inc.	Carriage Services Inc. (supported)	CBL & Associates Properties Inc.
Chipotle Mexican Grill, Inc.	Cogent Communications Group, Inc. ²	CYS Investments, Inc.	Endurance Specialty Holdings Ltd.
Everest Re Group Ltd ¹	Expeditors International of Washington Inc.	FirstMerit Corporation ¹	FleetCor Technologies, Inc.
Genpact Ltd.	Guess Inc.	Hasbro Inc.	Hologic Inc.
Lexington Realty Trust	Mack-Cali Realty Corp.	Masimo Corporation ²	Medidata Solutions, Inc.
Monster Worldwide, Inc.	Nabors Industries Ltd. ³	New York Community Bancorp, Inc.	Riverbed Technology, Inc.
Rovi Corporation	Sensient Technologies Corporation	Shutterfly, Inc. (supported)	Splunk, Inc.
Staples, Inc. (supported)	TCF Financial Corporation	Titan International Inc.	TRW Automotive Holdings Corp.
Tutor Perini Corporation ³	United Therapeutics Corporation	VCA Antech Inc. ¹	Whiting Petroleum Corporation
Willbros Group Inc.			

¹ Has failed one other say-on-pay vote

² Has failed two other say-on-pay votes

³ Has failed three other say-on-pay votes



“Boards first need to develop and agree on well thought out corporate governance guidelines or principles that outline the role of the board, its purpose and activities, responsibilities and accountabilities composition, qualifications for membership, and how it will operate. Some boards do this well, but some do it very poorly”.

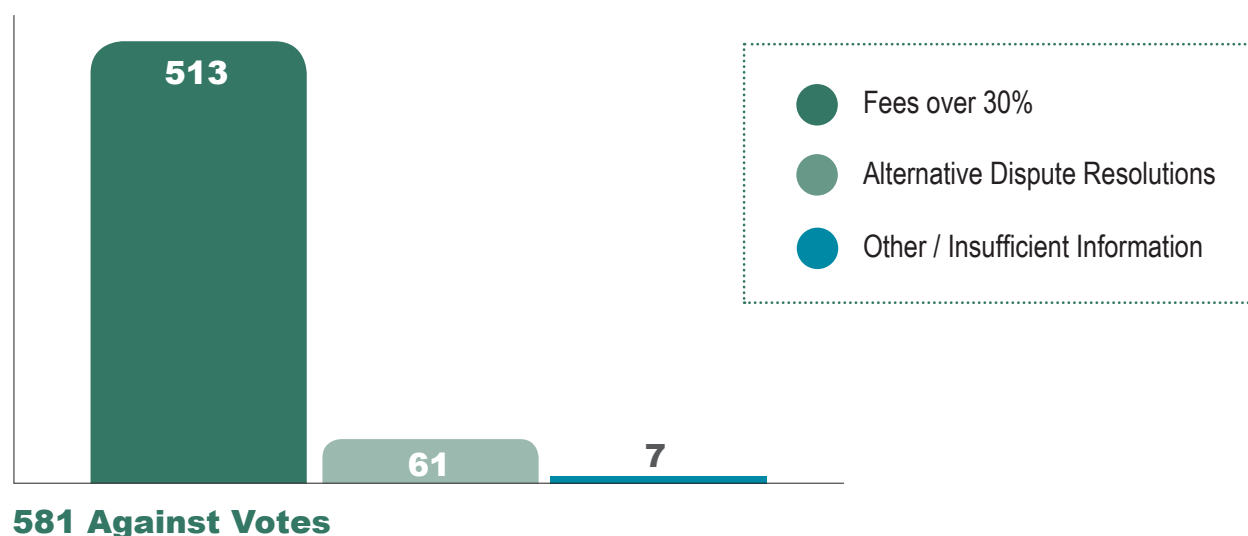
*- Eleanor Bloxham,
interviewed in Cost
Management Magazine
November/December 2014*

U.S. PROXY VOTING

Ratification of Auditor

In 2009 and 2010, staff from the Corporate Governance Department monitored the tenure of audit companies serving more than 15-year tenures at individual companies. During this period, staff did not find a direct correlation on audit quality or company financial disclosure problems related to audit company tenure. In discussion with the OPERS Board, the Board determined that the percentage of non-audit-related fees compared to actual audit fees related more to auditor independence and audit integrity than audit company tenure. In December 2010, the OPERS Board updated its Proxy Voting Guidelines to include a best practices standard that specified, “in no event should audit firm non-audit related fees for the company exceed 30 percent of all fees paid to the audit firm.”

In 2014, OPERS voted “Against” the ratification of auditor and withheld its vote for Audit Committee members on the ballot when this standard was not met absent a compelling reason for the increased non-audit fees. OPERS voted “Against” the Ratification of Auditor 581 times and withheld 6,463 votes from Audit Committee members during the year. These votes included a review of the additional requirements in 61 proposals that forced an alternative dispute resolution process including arbitration that would have had a chilling effect on OPERS being able to pursue court action on claims. Staff voted “Against” when auditor proposals included this language. Seven additional company proposals did not include sufficient information in the proposals and staff could not determine the independence of the auditors. Staff voted “Against” these proposals as well.



U.S. PROXY VOTING

Ratification of Auditor

The following charts illustrate OPERS' votes on ratification of auditors in 2012, 2013 and 2014.

The large number of Withhold (Against) votes for Audit Committee members is reflected due to the vote Against the Ratification of the Auditor due to excessive non-audit fees.

2012	Proposals (Totals)	FOR Votes	% FOR	AGAINST Votes	% AGAINST	With Mgmt	% With Mgmt
Ratification of Auditor	8,345	6,518	78.10%	1,827	21.89%	6,495	77.83%

2013	Proposals (Totals)	FOR Votes	% FOR	AGAINST Votes	% AGAINST	With Mgmt	% With Mgmt
Ratification of Auditor	4,854	4,090	84.30%	763	15.70%	4,080	84.10%

2014	Proposals (Totals)	FOR Votes	% FOR	AGAINST Votes	% AGAINST	With Mgmt	% With Mgmt
Ratification of Auditor	4,932	4,346	88.10%	581	11.80%	4,344	88.20%

Note: Proposals voted reflect the number of individual proposals at company meetings multiplied by the number of funds in which OPERS owned an equity stake

U.S. PROXY VOTING

Mergers and Acquisitions

OPERS voted 1,357 Merger and Acquisition proposals during 2014 and voted “For” the proposals 88.2 percent of the time and with management’s recommendations 88.6 percent of the time. In accordance with OPERS’ Proxy Voting Guidelines, proxy issues related to mergers and acquisitions are reviewed by staff to compare the recommendations and proposals presented by companies, OPERS’ proxy-voting research provider and our Guidelines. A weekly report is prepared and distributed to give Corporate Governance and Investment staff members time to collaborate on merger and acquisition voting decisions. The support for M&A activity increased again after falling to a low of 79.3 percent support in 2012 and to 84.1 percent in 2013.

Absent special considerations such as high profile or OPERS-specific issues, OPERS generally votes “For” the proposal when the company/ companies involved and an internal staff review establishes support for the merger or acquisition. When the recommendations are not consistent, staff members may consider industry insights and other relevant resources to determine a voting decision that is in the best interest of OPERS and in a way that protects OPERS’ assets.

During the year, OPERS voted “Against” Mergers and Acquisitions proposed by companies due to:

- The analysis indicated the cost of the merger or acquisition would potentially exceed the long-term value for shareowners over a period of years
- The company(ies) did not provide sufficient information to conduct a complete analysis
- There was a lack of an independent process and/or the companies did not seem well suited to a merger or acquisition strategy
- There was or appeared to be an undue influence by a controlling shareowner that put the question of the companies’ long-term interests into consideration
- There was a legitimate and potentially more beneficial alternative available to shareowners

U.S. PROXY VOTING

Mergers and Acquisitions

OPERS' merger and acquisition votes for three years are shown in the following charts. There was significantly more M&A activity in 2014 compared to 2012 and 2013 combined. The average support over three years was approximately 87%.

2012	Proposals (Totals)	FOR Votes	% FOR	AGAINST Votes	% AGAINST	With Mgmt	% With Mgmt
Merger/ Acquisition	994	792	79.70%	195	19.60%	784	79.30%

2013	Proposals (Totals)	FOR Votes	% FOR	AGAINST Votes	% AGAINST	With Mgmt	% With Mgmt
Merger/ Acquisition	1,102	1,022	92.70%	72	6.50%	1,014	93.4%

2014	Proposals (Totals)	FOR Votes	% FOR	AGAINST Votes	% AGAINST	With Mgmt	% With Mgmt
Merger/ Acquisition	4,932	4,346	88.10%	581	11.80%	4,344	88.20%

Note: Proposals voted reflect the number of individual proposals at company meetings multiplied by the number of funds in which OPERS owned the equity stake.

U.S. PROXY VOTING

Shareowner Proposals

Shareowners rely on the board of directors that they elect to act in the best long-term economic interests of the company and its shareowners. Each proxy season, shareowners file proxy proposals in accordance with the Securities and Exchange Act of 1934, Section 14, which gives the Securities and Exchange Commission (“SEC”) the authority to write regulations covering proxy statement disclosures. The SEC adopted criteria that limit the types of proposals that can be submitted for inclusion in companies’ proxy materials and provides procedural details for shareowners to follow when filing proposals. The Act also gives companies an opportunity to challenge the addition of a shareowner proposal on the proxy ballot by requesting that the SEC issue a “no action” letter. OPERS staff exercise the same due care when analyzing and voting shareowner proposals as they apply to management proposals:

The OPERS Board, entrusted with the funds of its participants, promotes effective corporate governance practices at all of the companies in which it invests. OPERS votes its proxies to support the investment program, promote shareowner rights and enhance shareholder value based on the principles outlined in the Proxy Voting Guidelines approved by the OPERS’ Board of Trustees.

OPERS voted 2,762 shareowner rights proposals in 2014 that addressed a number of issues, including:

- The declassification of the Board of Directors, leading to the annual election of director candidates
- A majority Vote for Election of Directors, with a resignation policy for candidates that do not receive majority support
- Elimination of Supermajority Provisions that create high levels of support required by shareowners (i.e., 80 percent)
- The right to Call a Special Meeting by investors
- The right to Act by Written Consent
- Improve Disclosure of political contributions and lobbying expenditures
- Dividend/Redistribution of Profits

U.S. PROXY VOTING

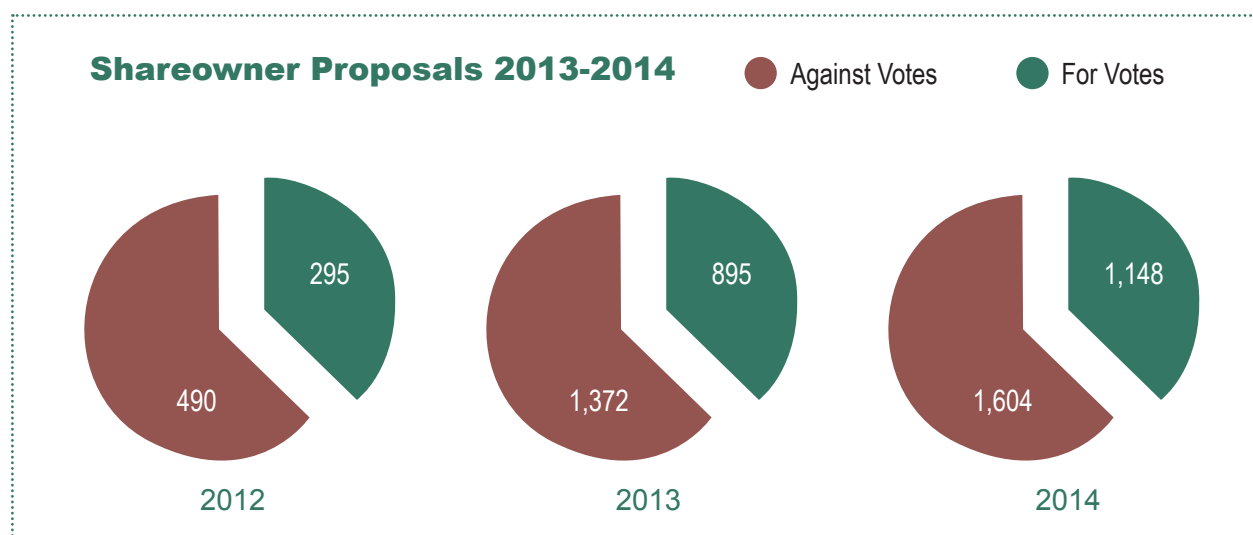
Shareowner Proposals

The following charts illustrate OPERS' votes on shareowner rights proposals for 2012, 2013 and 2014. Shareowner proposals are a key mechanism for shareowners to strongly encourage companies to review issues and determine actions based upon shareowner support. The number of shareowner proposals has increased significantly since 2012, with OPERS supporting approximately 54% on average.

2012	Proposals (Totals)	FOR Votes	% FOR	AGAINST Votes	% AGAINST	With Mgmt	% With Mgmt
Shareowner Rights Proposals	810	295	36.40%	490	60.50%	435	53.70%

2013	Proposals (Totals)	FOR Votes	% FOR	AGAINST Votes	% AGAINST	With Mgmt	% With Mgmt
Shareowner Rights Proposals	2,269	895	39.40%	1,372	60.50%	1,239	54.60%

2014	Proposals (Totals)	FOR Votes	% FOR	AGAINST Votes	% AGAINST	With Mgmt	% With Mgmt
Shareowner Rights Proposals	2,762	1,148	41.56%	1,604	58.07%	1,491	53.98%



Note: Proposals voted reflect the number of individual proposals at company meetings multiplied by the number of funds in which OPERS owned the equity stake.

U.S. PROXY VOTING

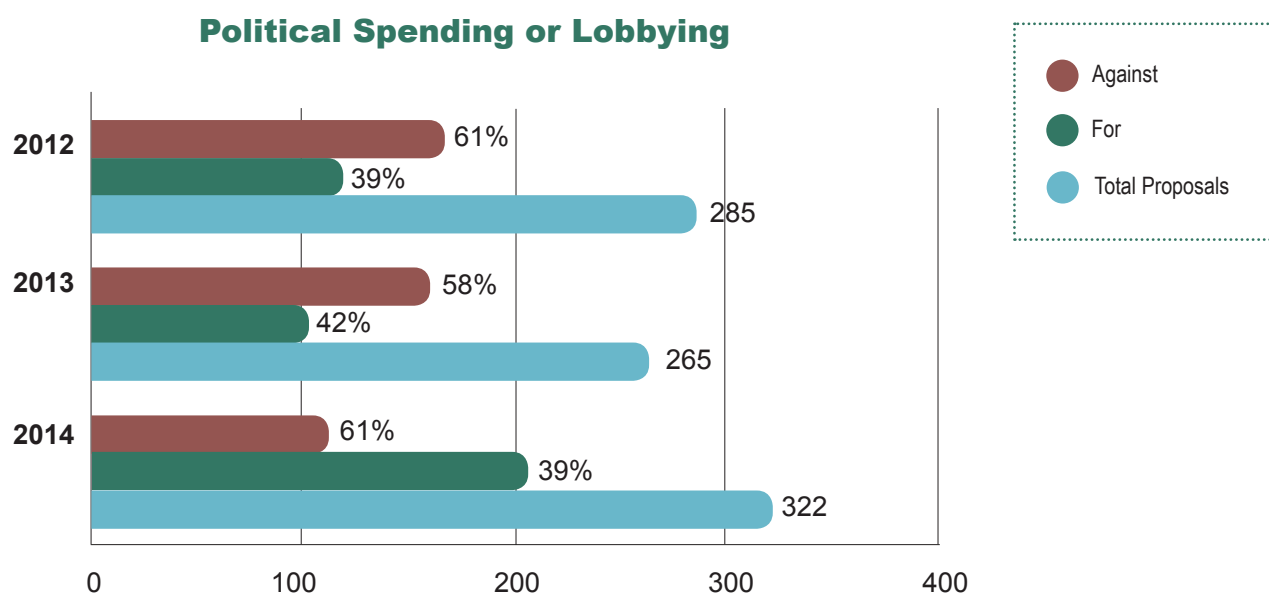
Social Responsibility Proposals

OPERS Proxy Voting Guidelines generally support social responsibility issues if they either contribute to, or have no adverse effect on, the long-term economic best interests of plan participants and beneficiaries. Social responsibility issues are also supported if they ensure compliance with all U.S. laws or the local laws of the country in which the company does business. OPERS generally supports proposals asking for reporting related to social causes that are in the interest of the general public, provided the proposals do not require the disclosure of proprietary information, cause an undue financial burden on the company, or cause the company duplicate reporting.

Corporate social responsibility is often presented by shareowners seeking a dialogue or filing ESG proposal that management and boards of directors should consider as part of their risk assessment. In 2014, ESG and social responsibility proposals generally addressed:

- Environmental Issues
- Labor Standards and Human Rights
- Human Capital Management
- Political Spending or Lobbying

The following charts illustrate OPERS' votes on Political Spending or Lobbying for 2012, 2013, and 2014. There was a slight increase in these proposals in 2014. OPERS supported proposals requiring greater transparency surrounding political contributions and trade association memberships approximately 40 percent of the time in each of the past three years.



Note: Proposals voted reflect the number of individual proposals at company meetings multiplied by the number of funds in which OPERS owned the equity stake.

INTERNATIONAL PROXY VOTING

OPERS Annual Investment Plan 2014

The OPERS Board votes on an annual Investment Plan for the Defined Benefit, Health Care and Defined Contribution Funds. Since the Great Recession of 2008, OPERS has revised its investment strategy to include a mix of investment vehicles including non-U.S. equity investments in emerging and frontier markets.

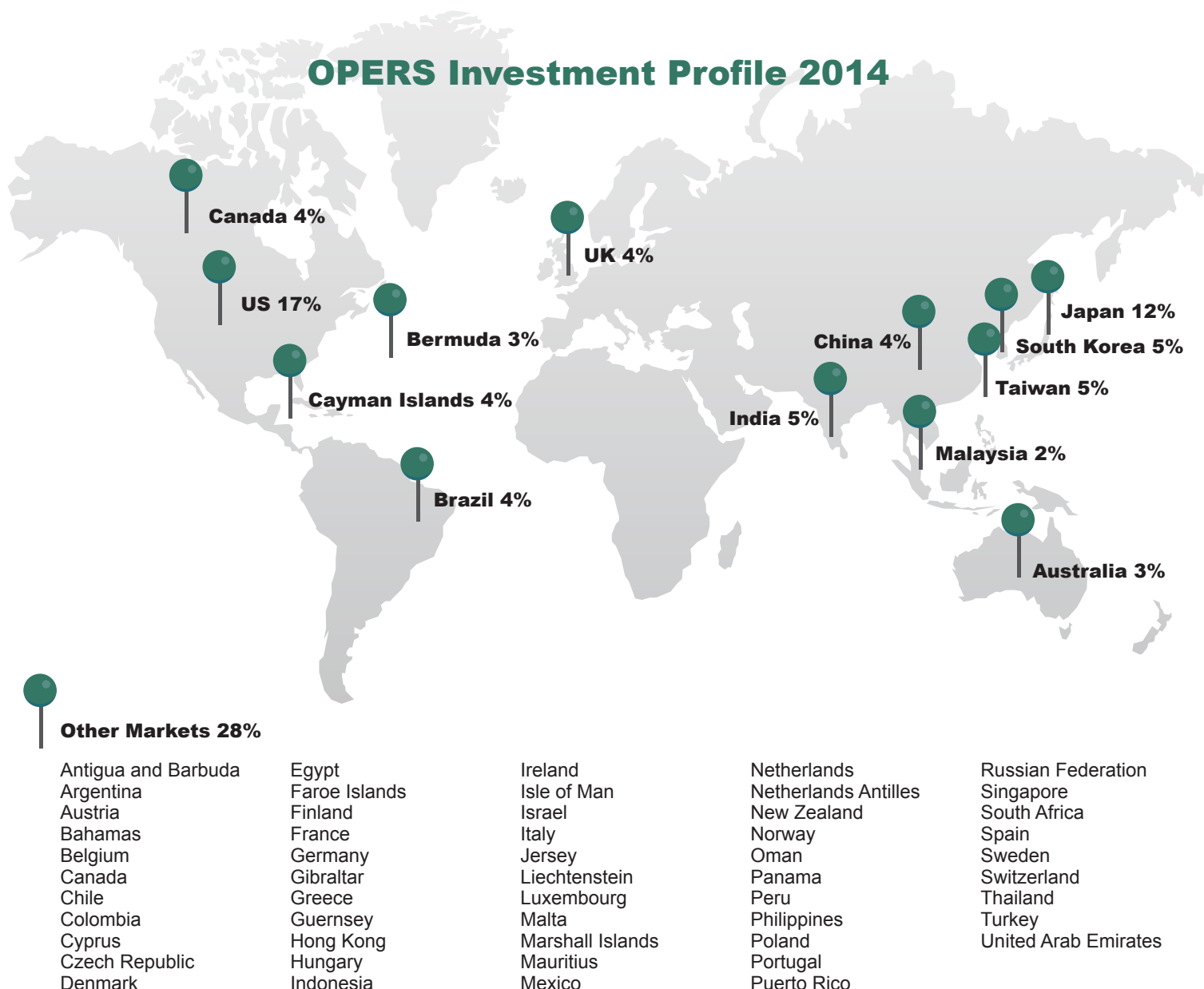
Non-U.S. Equity Outlook (OPERS 2014 Annual Investment Plan)

- **A slight improvement in Europe coupled with supportive comments from European Central Bank presented an opportunity for market gains within Eurozone economies.**
 - Low growth environment, austerity programs and Euro uncertainty extend a heightened level of continued currency volatility.
- **Uncertainty surrounding economic reforms within Japan may create headwinds to recent market success within the country.**
 - Economic stimulus was the catalyst to currency devaluation and strong equity market returns.
- **Emerging markets continue to present high risk-adjusted returns for long-term investors as they will be the drivers of global growth.**
 - Continued conviction in high growth prospects translates into emerging equities having a significantly higher return expectation than U.S. large cap and international developed stocks.
 - Investors generally remain underweight Emerging Markets.
 - There is a market opportunity to diversify emerging market allocations with emerging market small cap and consumption focused strategies.
 - Macro factors have caused dispersion in returns amongst emerging market countries and sectors presenting an opportunity for active management.

INTERNATIONAL PROXY VOTING

OPERS International Holdings

Non-U.S. equity holdings grew to include over 54 countries outside the United States. The following map shows the breadth of investments across the world.





“With trillions of dollars in capital sailing the globe in search of investments, the shareholders' crusade for more open, well-run companies is gaining strength across many major and emerging markets.”

*- Edward Iwata, “Corporate Governance Gets More Transparent Worldwide.”
USA Today, February 18, 2008.*

INTERNATIONAL PROXY VOTING

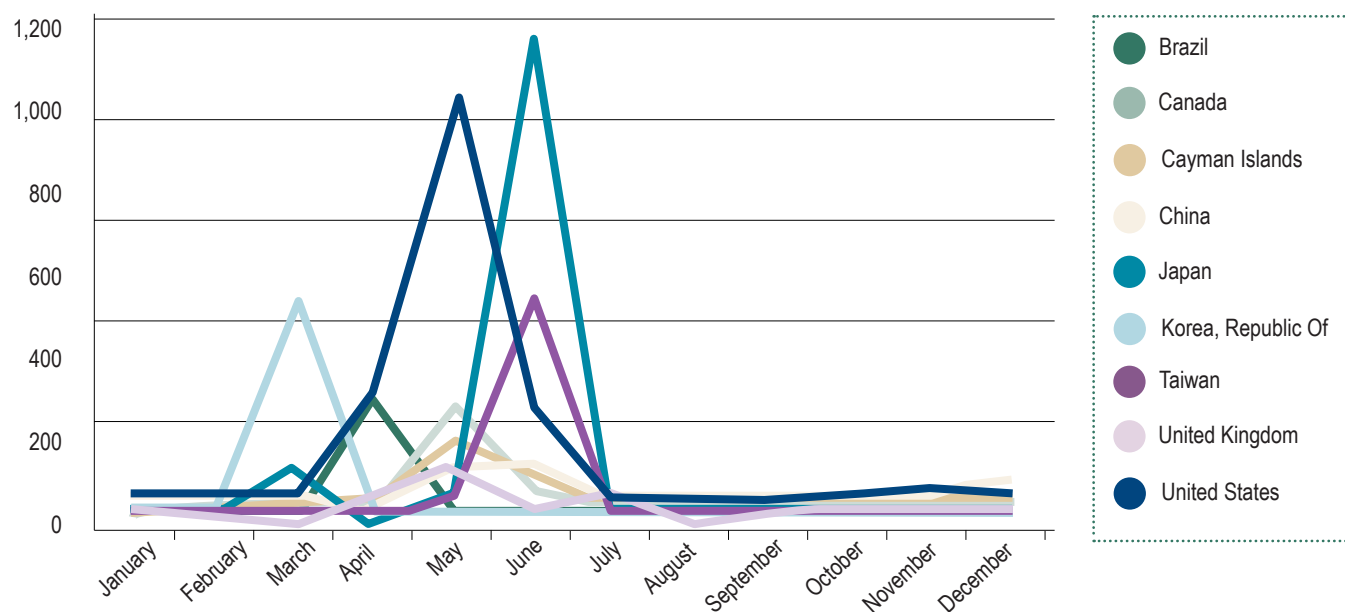
Opportunities and Challenges

Proxy voting for international public companies stems from the opportunity presented as OPERS expands its investment portfolio beyond the U.S. and into emerging/frontier markets to help diversify significant assets under management.

As a shareholder of thousands non-U.S. public companies, the Corporate Governance staff sought to fully participate in voting shares prior to each annual shareholder meeting. In some markets, research remains thin for in-depth reviews of the directors who have been nominated and the management/ shareholder proposals being voted across our non-U.S. holdings.

Key logistical challenges included shareblocking, Powers of Attorney requirements, registration/ beneficial ownership notification requirements, and deadlines requiring a quick turnaround. There were research challenges, such as the availability and clarity of proxy materials, providing voting instructions that could be implemented in time, and the application of the Board's Guidelines to market-specific proposals. The good news is that the majority of OPERS' non-U.S. voting activity in 2014 did not occur in markets that imposed POA or shareblocking requirements. Some countries and issuers continued to remove voting restrictions, resulting in increased voting activity. As more money flows into markets from institutional investors, staff anticipates that more positive changes will occur.

The following chart demonstrates the annual timeline of proxy voting in specific countries. For example, the typical U.S. proxy season begins in March but builds to a significant increase in May, before tapering down in June and July. It extends for the remainder of the calendar year, with a few companies holding their annual meetings in late fall. In Japan, the proxy season takes place between May and July, with most of the annual meetings coming within a two to three week time span. Proxy voting occurs throughout the calendar year, with concentrated voting from February to July.

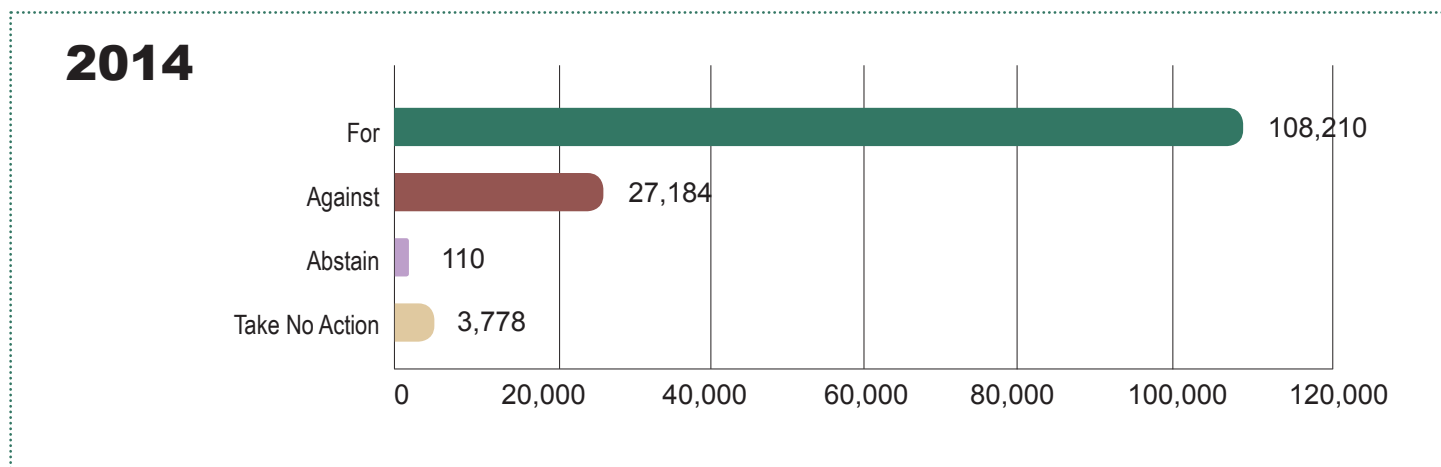
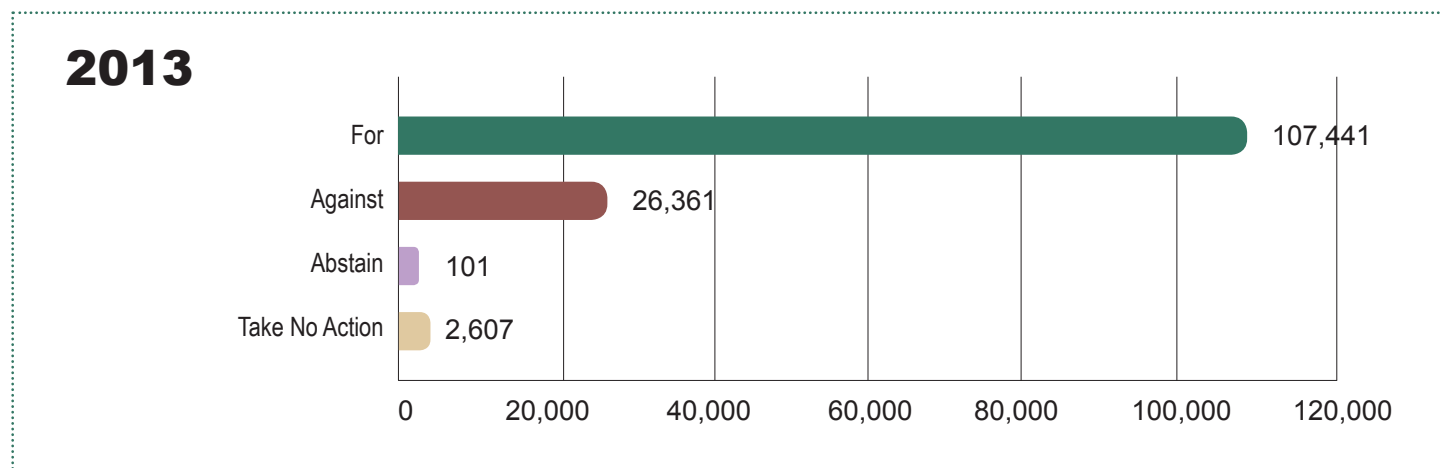


Statistics provided by Glass Lewis & Co. 2015

INTERNATIONAL PROXY VOTING

International Proxy Voting Statistics

Over 139,200 votes were cast in 2014 supporting a variety of issues on company ballots. OPERS supported approximately 77.6% of the ballot proposals. A small number of abstain votes were cast. Less than 3% of the votes were marked, “Take No Action,” because there was no ability to vote “Against” a management proposal, or staff members were not able to discern in sufficient detail whether to vote “For” or “Against” a proposal and an “Abstain” vote was not an option, or when it was determined to be an investment strategy. A more detailed review of international proxy voting statistics is contained in the voting appendix.



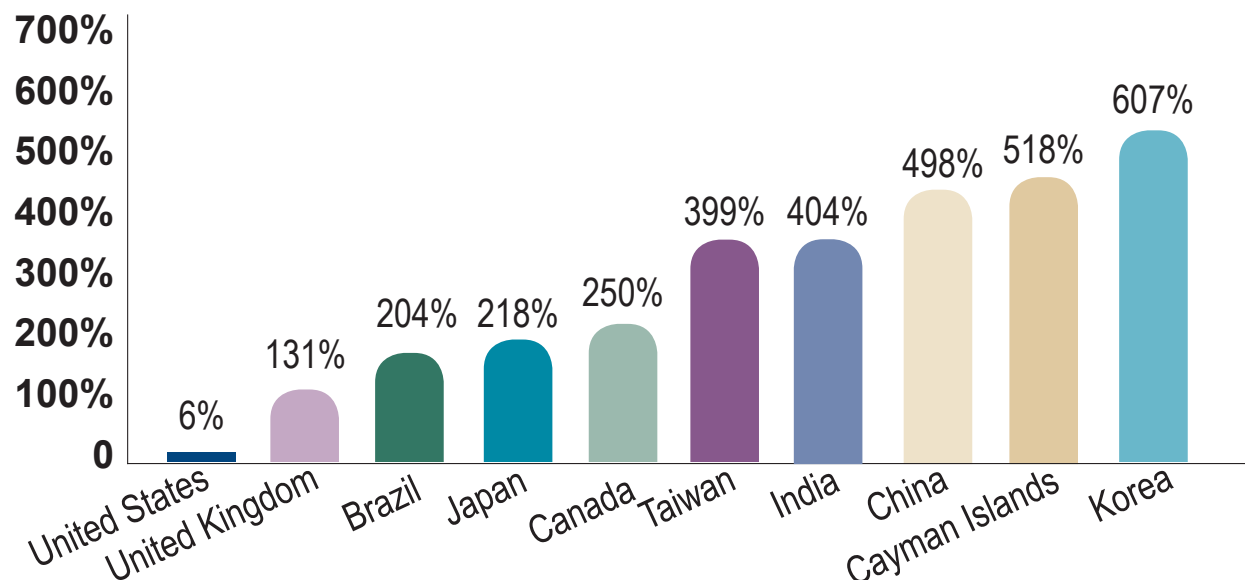
Statistics provided by Glass Lewis & Co. 2015

INTERNATIONAL PROXY VOTING

International Proxy Voting Statistics

Absolute increase in OPERS' voting activity since July 1, 2011 in ten largest markets until June 30, 2014.

OPERS has increased its equity allocation in global markets in the past three years, which in turn, has increased voting activity. The largest voting increase has occurred in Asia, with investments in companies headquartered in Japan, Taiwan, China and Korea.





“The impact of governance practices on investor perceptions is contingent on the strength of firms’ home country regulative, governance-related institutions, and that these institutions shape the size and composition of governance bundles among firms seeking equity in foreign capital markets.”

- Greg R. Bell, Igor Filatotchev
and Ruth V. Aguilera.
"Corporate Governance
And Investors' Perceptions
Of Foreign IPO Value: An
Institutional Perspective."
*Academy Of Management
Journal* 57.1 (2014): 315.

QUIET DIPLOMACY

OPERS staff members continued outreach to company directors and senior executives during 2014 in order to discuss corporate governance best practices and continue to develop long-term relationships. OPERS follows a “quiet diplomacy” standard under which staff encourages company representatives to speak directly about corporate governance matters through open and transparent discussions which are generally undertaken without media attention. While the majority of the discussions occurred prior to proxy season, staff members encouraged dialogue to occur after proxy season and a company’s annual meeting. Staff members were interested in providing feedback from proxy season on shareowner proposals, withheld votes cast against director nominees, Say on Pay and other areas specific to the company.

Staff members also attended 16 company annual meetings as a way to meet with company directors and management representatives in person. During the year, staff also received calls from company representatives, which included board members, asking to discuss upcoming proxy ballots and corporate governance issues with OPERS and staff accommodated all of these requests. The engagement was beneficial and therefore, staff members anticipate that OPERS seek more engagement with company directors and management in 2015.

HIGHLIGHTS OF THE COMPANY ENGAGEMENT DISCUSSION

- Withheld votes from director nominees and the reason behind these actions
- Voted contrary to management recommendations
- Supported management’s recommendations but more communication regarding OPERS’ voting decision was warranted
- Discussed company’s short or long-term focus, other shareowner concerns and our perspective on compensation or other company initiatives
- Given the opportunity to speak more regularly than prior to the annual meeting as a way to foster relationships and share information
- Given the opportunity to meet in person and build relationships with representatives
- Heard the shareholder presentations on the short and long-term plans of the company and listen to company responses to questions from shareowners

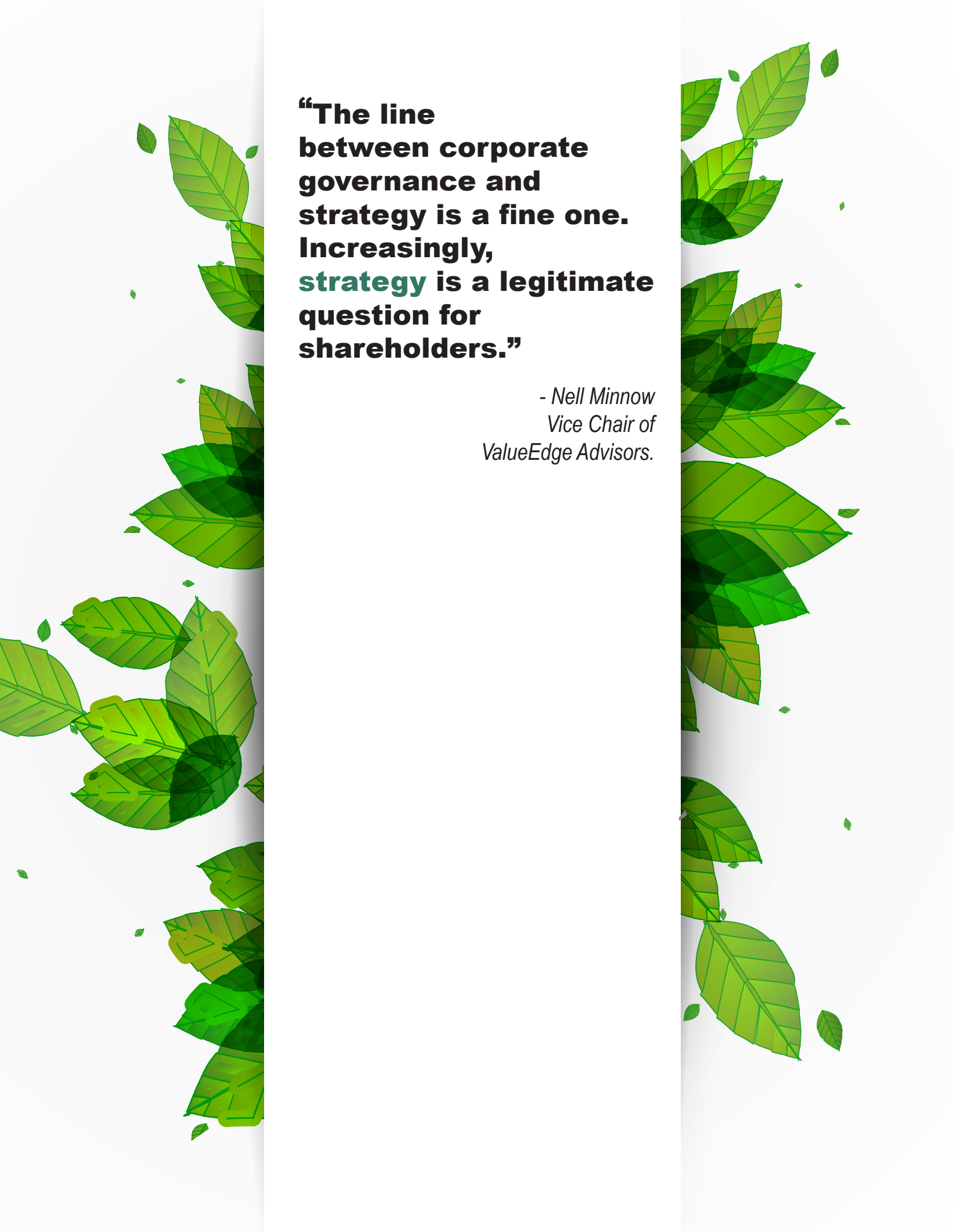
Major Areas of Focus for Engagement:

- Director roles and responsibilities
- Director diversity, experience and qualifications
- Director independence
- Independent board chair or lead director
- “Overboarded” directors
- Advisory vote on executive compensation
- Shareowners rights to act by written consent and to call a special meeting
- Majority voting for director nominees
- Reporting, transparency and disclosure
- Independent reviews of internal controls, including audit to non-audit fees
- Proxy Access

RESULTS OF THE COMPANY ENGAGEMENT DISCUSSION

Corporate commitments to:

- Take note of best practices in OPERS' Proxy Voting Guidelines during the companies' next review of corporate governance standards and committee meetings
- Adopt annual election of directors from classified board structure
- Adopt diversity policy for the board of directors and Nominating Committee to utilize during recruitment of nominees
- Provide more disclosure regarding director independence in the proxy statement
- Consider whether directors could be overboarded and take steps to nominate directors with fewer outside or internal commitments
- Consider a separation of the Chair and CEO positions or the appointment of a lead director
- Adopt shareowner proposals when majority support by shareowners is received
- Increase reporting, transparency and disclosure regarding sustainability issues and risk assessments
- Consider OPERS' recommendations regarding linking pay to performance, the structure of the program (short and long term incentives) and disclosure when revising their executive compensation program.



**“The line
between corporate
governance and
strategy is a fine one.
Increasingly,
strategy is a legitimate
question for
shareholders.”**

*- Nell Minnow
Vice Chair of
ValueEdge Advisors.*

CORPORATE GOVERNANCE ACTIVITIES

OPERS participated as a member in two noteworthy corporate governance organizations that provide U.S. and international best practices in the corporate governance arena, specifically the Council of Institutional Investors and the International Corporate Governance Network. Staff had regular contact with our peers who work for institutional investors, issuers and in the industry in order to discuss interesting and noteworthy proxy votes and best practices. With the assistance of the External Relations, Investments, Finance and Legal Divisions, staff communicated with legislative and regulatory bodies to educate and ultimately protect the ability for OPERS to invest its assets in fairly regulated capital markets.

Highlights of Activities Included:

- Provided OPERS Board of Trustees and the Proxy Policy and Corporate Governance Committee:
 - Education and Information on proxy voting trends
 - U.S. and International proxy voting issues
- Hosted the first annual Corporate Governance Forum
- Met with representatives from the Securities and Exchange Commission to discuss regulatory matters of significance to OPERS and institutional investors, as long-term investors in the capital markets. Staff also followed Dodd-Frank regulatory reform developments
- Collaborated with Investments, Finance and Investment Accounting, and Legal Divisions, which have representatives that serve on an internal Corporate Governance Working Group. The Working Group serves as a sounding board for Corporate Governance staff members as ideas for company engagement, shareowner proposals, trends and proxy voting issues are discussed
- Coordinated Merger and Acquisition proxy votes with our Investment analysts
- Provided corporate governance research and analysis for review by our Investment peers
- Supported the Investment Iran and Sudan Divestment Policy process by writing to the international companies that appeared on the scrutinized company lists and requesting information on their current activity in Iran and/or Sudan
- Participated in investment account openings for the equity markets that provide proxy voting opportunities and supported the transition to a new international custodian

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CORPORATE GOVERNANCE ACTIVITIES

Membership in national and international organizations:

- The Council of Institutional Investors (“CII”)- Re-election of an OPERS representative to the CII Board of Directors as a Public Fund Member and Treasurer
- International Corporate Governance Network (“ICGN”)- OPERS has a representative who served as a member of the Shareholder Responsibilities Committee (“SHREC”)

Attendance and participation at industry conferences and meetings:


- Moderator of a panel discussion on influencing company behavior through engagement and on-going dialogue
- Member of panel discussion on fiduciary and shareowner obligations
- Meetings with peers to discuss shareowner issues, engagement and proxy voting matters

Collaboration Efforts:

- Continued participation with Ohio public pension funds regarding Iran and Sudan Divestment policies
- Corporate engagements with other pension funds and CII
- Continued co-sponsor of the Diverse Director DataSource (3D) with several public funds and companies to support more diverse candidates for public company boards of directors
- Collaborated with proxy voting research advisors regarding upcoming issues during proxy season

A comprehensive bibliography on corporate governance reports and studies continued to be updated in the OPERS’ online library of information resources for pension and retirement issues; including citations and links for research reports, policy briefs, books, articles and other resources, which is located at: <https://www.opers.org/pensionresearchcenter>.





“The SEC adopted amendments to Item 407(c) of Regulation S-K to require disclosure of whether, and if so how, a nominating committee considers diversity in nominating directors.... This step will serve as a catalyst as we engage companies to bring strength to the boardroom.”

*- John Chiang,
“Strength In Diversity: The
Changing Boardroom.”
Corporate Governance
Advisor 18.2 (2010): 25.*

CORPORATE GOVERNANCE FORUM


On Tuesday, March 17, 2014, the OPERS Board of Trustees hosted the first Corporate Governance Forum. The Forum was held to provide the OPERS Board, company boards of directors, shareowners, and corporate governance professionals with the opportunity to hear from experts on best practices and to discuss ways that shareowners and company board members can engage in a constructive dialogue, to foster long-term relationships.

Guests heard from keynote speaker, Charles M. Elson, Director, Center for Corporate Governance, University of Delaware, addressing how corporate governance adds value, followed by two separate panels of directors and industry experts, moderated by OPERS Board members. The first panel consisted of Ann Yerger, Executive Director of the Council of Institutional Investors, Robert McCormick, Chief Policy Officer of Glass Lewis, and Ryan Droze, Corporate Governance Analyst of the UAW Retiree Medical Benefits Trust.

The speakers discussed company engagement and what works and does not work in the engagement world. The second panel had directors, Frank C. Sullivan, Chairman and Chief Executive Officer of RPM International Inc., George S. Barrett, Chairman and Chief Executive Officer of Cardinal Health, Inc., and Eleanor Bloxham, Founder and Chief Executive Officer of The Value Alliance Company and Corporate Governance Alliance, discussing their view of board responsibilities, the climate of investor relations and other relevant issues. The half-day forum was an opportunity for OPERS Board of Trustees members, staff and stakeholders to become familiar with our Corporate Governance program, discuss issues and ask questions of the speakers and learn about best practices in this discipline.

To learn more about the 2014 Corporate Governance Forum please visit the following link:
<https://www.opers.org/about/corporate/Forum/index.shtml>.

A second annual Corporate Governance Forum will be held in 2015.



“[A] company’s ability to remain competitive will rely on its **understanding of global markets, changing demographics, and customer **expectations**. Diversity is a business imperative, not just a social issue. The new business landscape will require boards to cast a wider net to find the very best talent available. As a natural corollary, the board’s mix of **gender, ethnicity, and experiences** will likely increase.”**

*- Report of the NACD
Blue Ribbon Commission
on The Diverse Board*

REVIEW OF GOALS AND INITIATIVES

Supporting and promoting activities that ensure management and boards of directors are acting in the best interest of shareowners and in ways that protect OPERS’ assets.

Vote all OPERS’ proxies	<ol style="list-style-type: none"> 1. Maintain a 100% vote on all proxy ballots 2. Educational outreach with companies on votes cast 3. Attend at annual shareholder meetings for Ohio companies
Inform the Corporate Governance and Proxy Policy Committee (“Committee”), OPERS’ Board and Executive Director of key votes, initiatives, regulatory issues, cases and strategies in the corporate governance arena	<ol style="list-style-type: none"> 1. Hold two Committee Meetings, with a speaker on corporate governance at one Committee meeting 2. Provide Corporate Governance Summary to the Committee bi-annually along with OPERS’ voting statistics 3. Provide important news articles or publications when appropriate for Board website 4. Support Board initiatives, including greater board diversity and declassified board structure
Inform internal stakeholders of corporate governance activities	<ol style="list-style-type: none"> 1. Hold Corporate Governance Internal Working Group Meetings as needed 2. Meet with Executive Director monthly and include Corporate Governance issues on the agenda 3. Work with Investments, Investments Accounting, and Legal regarding proxy voting and corporate governance issues, including SEC and CFTC regulations
Maintain compliance with all OPERS’ Corporate Governance Policies and Guidelines	<ol style="list-style-type: none"> 1. Provide the Committee and Executive Director with any non-conforming votes or missed votes memorandum within 30 days of the discovery of non-conforming or missed votes 2. Provide the Committee and Executive Director with upcoming votes that may receive significant media attention
Provide access to OPERS’ votes and updates on corporate governance activities on OPERS’ Web pages	<ol style="list-style-type: none"> 1. Continue to update OPERS’ Corporate Governance webpage, as needed

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REVIEW OF GOALS AND INITIATIVES

Supporting and promoting corporate accountability, financial transparency and responsibility

Maintain policies that mirror best practices in the corporate governance arena	<ol style="list-style-type: none"> 1. Review the Corporate Governance Policy and Proxy Voting Guidelines, update as needed on an annual basis 2. Review policies of our peers, follow proxy voting trends and developments
Maximize memberships in national and international organizations	<ol style="list-style-type: none"> 1. Attend CII conferences 2. Participate actively on CII committees and subcommittees 3. Continue CII Board involvement 4. Utilize ICGN website and educational publications regarding international issues
Enhance OPERS' reputation for corporate governance	<ol style="list-style-type: none"> 1. Membership in CII and as an elected Public Fund Board Member 2. Membership in ICGN 3. Involvement with our peers in regulatory matters, company engagement and shareowner proposals 4. Prepare and distribute corporate governance annual report to national peer groups and associations; post on website

Supporting and promoting governmental policies and regulations that are in the best interests of OPERS.

Provide value to the organization and support operational excellence	<ol style="list-style-type: none"> 1. Provide Portfolio Monitor Alerts and other corporate governance information as needed, to Investment Analysts to help them maximize OPERS' investments 2. Sponsor and support shareowner resolutions when appropriate 3. Coordinate with General Counsel and the Attorney General's Office on securities litigation where appropriate 4. Coordinate Mergers & Acquisition votes with Investment staff 5. Coordinate recall of securities on loan when appropriate 6. Participate in organization-wide initiatives 7. Participate in Iran and Sudan Divestment Policy activities 8. Work with Government Relations to monitor proposed regulatory rules and federal legislative matters
Maintain Budget for Corporate Governance	<ol style="list-style-type: none"> 1. Ensure that consultants are conforming to terms of contracts 2. Utilize subscription services to the fullest extent possible 3. Minimize variances to the budget

GOALS AND INITIATIVES FOR 2015

For 2015, the Board of Trustees and Corporate Governance staff members have identified several areas of focus and activity, including more scrutiny of proxy voting trends and key votes that are cast. The following areas of activity will support the main objective of the Corporate Governance Program and add long-term value to the OPERS investment strategy:

- 1. Proxy Voting** OPERS believes that the election of directors is the most essential part of effective proxy voting. Directors are to act as our fiduciaries on the boards for which they serve. Staff members would like to continue scrutinizing the nominees for directors and review their ability to effectively serve the shareowners, by reviewing the number of boards they serve on (i.e. “overboarded”); whether they are elected to an annual term; whether they have served on the Audit, Governance, Compensation or other similar Committee and not taken steps to implement a proposal that shareowners’ approved or they have not taken steps to make changes to executive pay and compensation when shareowners did not ratify the “Say on Pay” proposals, and when the Audit Committee does not hold the non-audit fees to less than 30 percent of the overall fees paid to the external audit firm. OPERS provides access to U.S. public company votes and updates on activities on the Corporate Governance web page.
- 2. Top Holdings** An analysis of performance (1, 3, 5, benchmark and peers) and best corporate governance practices within the top 50 holdings of OPERS’ U.S. equity portfolio. Staff members will determine company engagement and dialogue on a case by case basis to include discussions on board diversity and refreshment, annual election of directors, the appointment of a lead director if the company has a combined Chair/CEO position; executive pay and compensation measures; auditor rotation and non-audit fees; human capital management in the supply chain; political contributions and trade association memberships (if the company has not adopted a policy to report the expenditures for political activity and trade association memberships) and any other best practices that the company has not adopted. Staff will engage companies first and file any shareholder proposals, on our own or in concert with peers, if engagement ceases to provide results. Proxy access, an issue that will be highlighted in several proposals during the proxy season, has long been a good governance practice that OPERS has supported.
- 3. Mid-cap Company Index Review** An analysis of performance and corporate governance practices for companies in this index, in order to identify the lowest performing companies that could be dragging down performance. Staff will work with the Investment team to identify the companies that have poor performance over the long-term and begin engagement with them. Staff will seek to engage companies first on the topics identified in items 1 and 2, and file any proposals, on our own, or in concert with peers, if engagement ceases to provide results.
- 4. Health Care** Staff members are working with the internal Health Care team to discuss opportunities for OPERS to leverage our ownership in large pharmaceutical and health care companies to get the best results for our health care program. Activity would include engagement with health-care related companies to educate them on the priorities that OPERS has for health care and drug policies that give us the flexibility we need for our retirees.

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GOALS AND INITIATIVES FOR 2015

- 5. Regulatory Activity** Staff members believe that there may be an opportunity to provide the Securities and Exchange Commission (SEC) with comment letters relating to proposed rules that may be issued in 2015. In meetings with the SEC, staff members have heard that the Commission would appreciate more comment letters, emails and conversation from institutional investors.
- 6. Annual Corporate Governance Forum** Staff members will organize the second annual Corporate Governance Forum in 2015, with a program of speakers and topics that are relevant to OPERS.
- 7. Involvement With Peers** Partnered with California State Teachers' Retirement System (CalSTRS), the Florida State Board of Administration, and Legion Partners Asset Management, as long-term investors in a public company to engage with the company on significant concerns regarding the design and effectiveness of the company's executive compensation program.
- 8. Inform the Corporate Governance and Proxy Policy Committee ("Committee")**, OPERS' Board and Executive Director of key votes, initiatives, regulatory issues, high profile cases and strategies in the corporate governance arena. Provide staff support to the Proxy Policy and Corporate Governance Committee.
- 9. Inform Internal Stakeholders** of corporate governance activities through the meetings of the Corporate Governance Working Group.
- 10. Maintain Compliance** with all OPERS' Corporate Governance Policies and Guidelines and the Iran and Sudan Policy. Maintain policies that mirror best practices in the corporate governance arena.
- 11. Strategic Plan** OPERS will be embarking on the next phase of its Enterprise Strategic Plan, which will include short and long term goals and measures. The work of the Corporate Governance staff will provide support to Leadership, Investments, Finance and Investment Accounting, as well as other divisions. Staff will be providing their input to the overall External Relations Division's goals and measures, identify budget needs for research, and resources that will be used to meet the expected work activity.

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GOALS AND INITIATIVES FOR 2015

- 12. Diversity** OPERS has remained a signatory for the Diverse Director DataSource (“3D”) since its inception a few years ago. While there are initiatives in European countries that are requiring the nomination of women candidates for boards of directors, the United States listing standards at NASDAQ or the NYSE have not required that a woman be appointed to public boards. Gender is one area that OPERS considers when determining whether to support director nominees. Staff members look to see whether the candidates, male or female, have any ties or relationships to the public company that could create a conflict of interest, previous experience in the company’s business arena, and the ability to devote the time and attention to the board work. Staff will continue to review director candidates and discuss diversity with company management and directors who serve on the Nominating Committees.
- 13. Shareowner Engagement** Staff will continue to attend annual shareholder meetings when time permits and meet with company and management to discuss company issues, best practices and emerging proxy season issues.
- 14. Other Emerging Areas** Trends identified from pre- proxy season calls and meetings will be reviewed and considered.



“It is the **responsibility of management, under the oversight of the board, to operate the corporation in an **effective** and **ethical** manner to produce long-term **value** for shareholders. The board of directors, the **CEO** and senior management should set a “tone at the top” that establishes a culture of legal **compliance** and **integrity**. Directors and management should never put personal interests ahead of or in conflict with the interests of the corporation.”**

*- Business Roundtable,
Principles of Corporate
Governance*

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Karen E. Carraher

Karen Carraher is the Executive Director for the Ohio Public Employees Retirement System and has held that position since February 2011. Prior to that, Karen was the Finance Director for the system since 2002. In her current capacity, she leads the \$91 billion organization and has been responsible for leading work on changes to both the pension and health care programs.

Ms. Carraher earned her Bachelor of Science degree in Business Administration from The Ohio State University and her Masters from Capital University. She is a certified public accountant.

Karen is a founding member of the Public Pension Financial Forum (P2F2), a national organization representing the financial operations of public pension systems throughout North America. She has served as President, Treasurer and is currently a Board member of the organization. She also serves as a Board member on the Coalition to Preserve Retirement Security. (CPRS).

Ms. Carraher began her career as an Audit Manager with the accounting firm Ernst & Young. She served as Controller for both Mt. Carmel Health and Riverside Methodist Hospitals, and she was the Director of Business Services for the Ohio Education Association.

Carol Nolan Drake, J.D.

Ms. Drake is the Chief External Affairs Officer for the Ohio Public Employees Retirement System, in Columbus, OH, with responsibility for the Corporate Governance and State & Federal Government Relations departments. Ms. Drake served previously as the Corporate Governance Manager. Prior to joining OPERS, Carol was the director of the Ohio Department of Administrative Services, a state agency with an annual budget of \$2 billion, serving on the Governor's Cabinet. Ms. Drake served as the statutory board member of OPERS and Ohio's Deferred Compensation Board during her tenure on the Cabinet.

She currently is serving her fourth year on the board of the Council of Institutional Investors ("CII") as an elected public fund member. Ms. Drake also served as the chairman of the State Employment Relations Board, which has jurisdiction over 350,000 employees covered by collective bargaining agreements in the state. Ms. Drake held a number of senior level positions in state government at the departments of Commerce and Administrative Services. She also worked as an assistant city attorney and assistant county prosecutor early in her legal career.

She is a cum laude graduate of Ohio Wesleyan University and the Claude Pettit College of Law at Ohio Northern University.

Continued on next page...

Natalie A. Young

Ms. Young is a Corporate Governance Specialist for the Ohio Public Employees Retirement System with responsibility for evaluating corporate governance and proxy voting trends, policies and proposals. Ms. Young joined OPERS in 2008 as a Member Counselor and Group Education Representative in the Member Services Department. Previously, she served as a Conflicts Analyst for Vorys, Sater, Seymour & Pease LLP.

Ms. Young earned a B.A. in English from The Ohio State University and a paralegal certificate from Columbus State Community College. In 2012, Ms. Young graduated with a B.S. in Public Relations from Franklin University.

Latisha Simon

Ms. Simon is a Corporate Governance Specialist for the Ohio Public Employees Retirement System with responsibility for evaluating corporate governance and proxy voting trends, policies and proposals. Ms. Simon joined OPERS in 2003, most recently serving as a Benefits Counselor in the Member Services Department. Prior to employment with OPERS, Ms. Simon worked for CIGNA Healthcare providing customer support to patients and physicians before moving to CASS Information Systems where she assisted in leading the Client Services unit.

She brings over 10 years of pension experience to the Corporate Governance area and holds a Bachelors of Science in Psychology and a Masters of Public Policy and Administration from Liberty University.



The 11-member OPERS Board of Trustees is responsible for the administration and management of OPERS. Seven of the 11 members are elected by the groups that they represent (i.e., college and university non-teaching employees, state, county, municipal, and miscellaneous employees, and retirees), the Director of the Department of Administrative Services for the State of Ohio is a statutory member, and three members are investment experts appointed by the Governor, the Treasurer of State, and jointly by the Speaker of the Ohio House of Representatives and the President of the Ohio Senate

For a current listing of OPERS Board members, please visit www.opers.org

This document is written in plain language for use by members of the Ohio Public Employees Retirement System. It is not intended as a substitute for the federal or state law, namely the Ohio Revised Code, the Ohio Administrative Code, or the Internal Revenue Code, nor will its interpretation prevail should a conflict arise between it and the Ohio Revised Code, Ohio Administrative Code, or Internal Revenue Code. Rules governing the retirement system are subject to change periodically either by statute of the Ohio General Assembly, regulation of the Ohio Public Employees Retirement Board, or regulation of the Internal Revenue Code. If you have questions about this material, please contact our office or seek legal advice from your attorney.

Karen E. Carraher

Executive Director

Carol Nolan Drake, J.D.

Chief External Affairs Officer

cdrake@opers.org

Natalie A. Young

Corporate Governance Specialist

nyoung@opers.org

Latisha Simon

Corporate Governance Specialist

lsimon@opers.org

Corporate Governance webpage:

<https://www.opers.org/about/corporate/index.shtml>

OPERS Proxy Vote Percentages by Issue January 1 through December 31, 2014

Description	% For	% Against	% Abstain	% No Votes	% 1 yr	% 3 yr	% With Mgmt
Allocation of Profits/Dividends	96.70%	3.30%	0.00%	0.00%	0.00%	0.00%	96.80%
Appointment of Auditor	72.60%	27.40%	0.10%	0.00%	0.00%	0.00%	72.60%
Appointment of Auditor and Authority to Set Fees	72.90%	27.00%	0.00%	0.20%	0.00%	0.00%	73.00%
Appointment of Special Auditor	94.30%	5.70%	0.00%	0.00%	0.00%	0.00%	94.30%
Authority to Set Auditor's Fees	62.90%	37.10%	0.00%	0.00%	0.00%	0.00%	62.90%
Bonus Dividend/Bonus Share Issue	96.30%	3.70%	0.00%	0.00%	0.00%	0.00%	96.30%
Financial Statements	97.20%	2.80%	0.00%	0.00%	0.00%	0.00%	97.20%
Number of Auditors	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Ratification of Auditor	88.10%	11.80%	0.00%	0.10%	0.00%	0.00%	88.20%
Ratification of Auditor's Acts	97.50%	0.80%	0.00%	1.70%	0.00%	0.00%	99.20%
Stock Dividend/Dividend Reinvestment	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Authorization of Board to Set Board Size	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Board Size	89.30%	9.00%	0.00%	1.60%	0.00%	0.00%	91.70%
Change in Board Size	51.40%	48.60%	0.00%	0.00%	0.00%	0.00%	51.40%
Director & Officer Liability/Indemnification	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Election of Board Committee Members	80.50%	19.30%	0.20%	0.00%	0.00%	0.00%	80.50%
Election of Directors	78.80%	20.90%	0.20%	0.10%	0.00%	0.00%	79.10%
Election of Directors (Slate)	59.60%	39.50%	0.20%	0.70%	0.00%	0.00%	58.60%
Election of Shareholder Representatives	89.70%	10.30%	0.00%	0.00%	0.00%	0.00%	89.60%
Election of Statutory Auditors	57.30%	41.20%	1.50%	0.00%	0.00%	0.00%	57.80%
Election of Supervisory Board	74.30%	25.60%	0.10%	0.10%	0.00%	0.00%	74.50%
Indemnification of Directors/Officers	71.80%	28.20%	0.00%	0.00%	0.00%	0.00%	71.80%
Misc. Management Proposal Regarding Board	82.60%	17.40%	0.00%	0.00%	0.00%	0.00%	82.60%
Ratification of Board Acts - Legal	85.10%	14.90%	0.00%	0.10%	0.00%	0.00%	85.20%
Ratification of Management Acts - Legal	98.20%	1.80%	0.00%	0.00%	0.00%	0.00%	98.20%
Related Party Transactions	84.30%	15.70%	0.00%	0.00%	0.00%	0.00%	84.40%
Removal/Resignation of Director	75.10%	24.90%	0.00%	0.00%	0.00%	0.00%	91.50%
Amendment to Authorized Common Stock	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Amendment to Authorized Preferred Stock	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Amendment to Borrowing Powers	99.60%	0.40%	0.00%	0.00%	0.00%	0.00%	99.60%
Amendment to Dual Class Stock	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Amendment to Par Value	84.40%	15.60%	0.00%	0.00%	0.00%	0.00%	84.40%
Amendment to Provisions of Debt Instruments	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Amendment to Terms of Debt Instruments	92.30%	7.70%	0.00%	0.00%	0.00%	0.00%	92.30%
Approval of Borrowing	90.00%	10.00%	0.00%	0.00%	0.00%	0.00%	90.00%
Authority to Create Preferred Stock	33.30%	66.70%	0.00%	0.00%	0.00%	0.00%	33.30%

Description	% For	% Against	% Abstain	% No Votes	% 1 yr	% 3 yr	% With Mgmt
Authority to Give Guarantees	56.20%	43.40%	0.00%	0.40%	0.00%	0.00%	56.40%
Authority to Issue Preferred Stock	95.50%	4.50%	0.00%	0.00%	0.00%	0.00%	95.50%
Authority to Issue Shares w/ Preemptive Rights	95.00%	5.00%	0.00%	0.00%	0.00%	0.00%	95.00%
Authority to Issue Shares w/o Preemptive Rights	63.20%	36.80%	0.00%	0.00%	0.00%	0.00%	63.20%
Authority to Issue Stock w/ or w/out Preemptive Rights	83.00%	17.00%	0.00%	0.00%	0.00%	0.00%	83.00%
Authority to Repurchase Shares	95.50%	4.40%	0.00%	0.10%	0.00%	0.00%	95.60%
Authority to Trade in Company Stock	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Cancellation of Authorized Stock	99.00%	1.00%	0.00%	0.00%	0.00%	0.00%	99.00%
Conversion of Debt Instruments	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Conversion of Stock	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Creation of New Share Class	90.50%	9.50%	0.00%	0.00%	0.00%	0.00%	90.50%
Decrease in Authorized Common Stock	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Increase in Authorized Capital	70.10%	29.90%	0.00%	0.00%	0.00%	0.00%	70.10%
Increase in Authorized Common Stock	79.10%	20.90%	0.00%	0.00%	0.00%	0.00%	79.10%
Increase in/Authorization of Dual Class Stock	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Increase in/Authorization of Preferred Stock	71.40%	28.60%	0.00%	0.00%	0.00%	0.00%	71.40%
Issuance of Common Stock	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Issuance of Convertible Debt Instruments	89.60%	10.40%	0.00%	0.00%	0.00%	0.00%	89.60%
Issuance of Debt Instruments	80.40%	19.40%	0.00%	0.20%	0.00%	0.00%	80.60%
Issuance of Repurchased Shares	23.10%	76.90%	0.00%	0.00%	0.00%	0.00%	23.10%
Issuance of Stock w/ or w/out Preemptive Rights	66.70%	33.30%	0.00%	0.00%	0.00%	0.00%	66.70%
Issuance of Stock w/ Preemptive Rights	94.00%	6.00%	0.00%	0.00%	0.00%	0.00%	94.00%
Issuance of Stock w/ Warrants	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Issuance of Stock w/out Preemptive Rights	81.70%	18.30%	0.00%	0.00%	0.00%	0.00%	81.70%
Issuance of Warrants w/ Preemptive Rights	90.90%	9.10%	0.00%	0.00%	0.00%	0.00%	90.90%
Issuance of Warrants w/o Preemptive Rights	91.70%	8.30%	0.00%	0.00%	0.00%	0.00%	91.70%
Limit to Capital Increase	69.40%	30.60%	0.00%	0.00%	0.00%	0.00%	69.40%
Misc. Proposal Regarding Capital	86.00%	14.00%	0.00%	0.00%	0.00%	0.00%	86.00%
Reduction in Authorized Capital (INACTIVE)	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Reduction in Share Premium Account	95.40%	3.10%	0.00%	1.50%	0.00%	0.00%	96.90%
Repurchase of Shares	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%

Description	% For	% Against	% Abstain	% No Votes	% 1 yr	% 3 yr	% With Mgmt
Reverse Stock Split	91.20%	8.80%	0.00%	0.00%	0.00%	0.00%	91.20%
Share Repurchase	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Stock Split	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Use/Transfer of Reserves	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Adoption of Advance Notice Requirement	75.00%	25.00%	0.00%	0.00%	0.00%	0.00%	75.00%
Adoption of Majority Vote for Election of Directors	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Adoption of New Articles	79.60%	14.30%	6.10%	0.00%	0.00%	0.00%	79.60%
Adoption of Poison Pill	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Adoption of Shareholder Rights' Plan	14.10%	85.90%	0.00%	0.00%	0.00%	0.00%	14.10%
Amend Articles, Constitution, Bylaws - Bundled	82.10%	17.90%	0.00%	0.00%	0.00%	0.00%	82.10%
Amendment to Foreign Investor Restrictions	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Amendment to Investment Advisory Agreement/Sub-Advisory Agreement	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Amendment to Investment Objective	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Amendment to Investment Policy/Restrictions	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Amendment to Poison Pill	53.80%	46.20%	0.00%	0.00%	0.00%	0.00%	53.80%
Amendment to Share Class Rights	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Amendment to Shareholder Rights' Plan	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Amendment to Supermajority Requirement	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Amendment to Supermajority Voting Requirement	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Amendments to Articles (Technical)	96.80%	3.00%	0.00%	0.30%	0.00%	0.00%	97.00%
Amendments to Articles - Change in Company Name (INACTIVE)	96.10%	3.90%	0.00%	0.00%	0.00%	0.00%	96.10%
Amendments to Articles, Constitution, Bylaws	59.70%	40.20%	0.00%	0.10%	0.00%	0.00%	59.80%
Amendments to Charter/Bylaw - Bundled	90.50%	9.50%	0.00%	0.00%	0.00%	0.00%	90.50%
Amendments to Procedural Rules	96.50%	3.50%	0.00%	0.00%	0.00%	0.00%	96.50%
Change in State of Incorporation	80.00%	20.00%	0.00%	0.00%	0.00%	0.00%	80.00%
Company Name Change	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Constitution of Procedural Rules	90.00%	10.00%	0.00%	0.00%	0.00%	0.00%	90.00%
Delisting	82.40%	17.60%	0.00%	0.00%	0.00%	0.00%	82.40%
Elimination of Cumulative Voting	86.70%	13.30%	0.00%	0.00%	0.00%	0.00%	86.70%
Elimination of Supermajority Requirement	97.60%	0.00%	0.00%	2.40%	0.00%	0.00%	100.00%
End to Supermajority Voting Requirement	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Misc. Article Amendments	78.50%	20.60%	0.00%	1.00%	0.00%	0.00%	78.30%

Description	% For	% Against	% Abstain	% No Votes	% 1 yr	% 3 yr	% With Mgmt
Misc. Proposal Regarding Antitakeover Devices	2.30%	97.70%	0.00%	0.00%	0.00%	0.00%	2.30%
Opting Out of State Takeover Law	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Reincorporation	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Repeal of Classified Board	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	98.10%
Restoration of Right to Call a Special Meeting	98.50%	0.00%	0.00%	1.50%	0.00%	0.00%	100.00%
Restoration of Written Consent	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Technical Amendments to Charter/Bylaw	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Waiving of Mandatory Takeover Requirement	87.00%	13.00%	0.00%	0.00%	0.00%	0.00%	87.00%
Adoption of Director Equity Compensation Plan	91.10%	8.90%	0.00%	0.00%	0.00%	0.00%	91.10%
Adoption of Employee Stock Purchase Plan	99.00%	1.00%	0.00%	0.00%	0.00%	0.00%	99.00%
Adoption of Equity Compensation Plan	81.00%	18.80%	0.00%	0.20%	0.00%	0.00%	81.20%
Adoption of Restricted Stock Plan	76.60%	23.40%	0.00%	0.00%	0.00%	0.00%	76.60%
Advisory Vote on Executive Compensation	80.80%	19.10%	0.00%	0.10%	0.00%	0.00%	80.90%
Advisory Vote on Severance	71.40%	25.00%	0.00%	3.60%	0.00%	0.00%	74.10%
Amendment to Bonus/162(m) Plan	97.50%	2.00%	0.00%	0.50%	0.00%	0.00%	97.50%
Amendment to Director Equity Compensation Plan	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Amendment to Employee Stock Purchase Plan	99.40%	0.60%	0.00%	0.00%	0.00%	0.00%	99.40%
Amendment to Equity Compensation Plan	78.50%	21.40%	0.00%	0.10%	0.00%	0.00%	78.50%
Amendment to Restricted Stock Plan	56.50%	43.50%	0.00%	0.00%	0.00%	0.00%	56.50%
Amendment to Stock Option Plan	84.20%	15.80%	0.00%	0.00%	0.00%	0.00%	84.20%
Amendment to Stock Purchase Plan	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Approval of Employment Agreements	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Bonus	63.60%	36.40%	0.00%	0.00%	0.00%	0.00%	63.60%
Bonus/162(m) Plan	91.60%	8.40%	0.00%	0.00%	0.00%	0.00%	91.60%
Bonuses for Retiring Directors (JP)	3.40%	96.60%	0.00%	0.00%	0.00%	0.00%	3.40%
Bonuses for Retiring Directors and Statutory Auditors (JP)	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Bonuses for Retiring Statutory Auditors (JP)	5.50%	94.50%	0.00%	0.00%	0.00%	0.00%	5.50%
Compensation Policy	79.10%	20.80%	0.00%	0.10%	0.00%	0.00%	79.10%
Directors' Fees	91.00%	8.60%	0.00%	0.30%	0.00%	0.00%	91.30%
Directors' Fees & Audit Fees	86.70%	13.30%	0.00%	0.00%	0.00%	0.00%	86.70%
Exchange/Reprice Options	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Description	% For	% Against	% Abstain	% No Votes	% 1 yr	% 3 yr	% With Mgmt
Issuance of Bonds with Warrants to Employees	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Misc. Proposal Regarding Compensation	77.20%	21.60%	0.50%	0.70%	0.00%	0.00%	79.10%
Misc. Proposal Regarding Director Pay	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Miscellaneous Proposal Regarding Executive Pay	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Option Exchange/Repricing	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Say When on Pay	0.00%	0.00%	0.00%	0.00%	98.70%	1.30%	86.20%
Statutory Auditors' Fees	81.50%	18.50%	0.00%	0.00%	0.00%	0.00%	82.50%
Stock Option Grants	80.20%	19.80%	0.00%	0.00%	0.00%	0.00%	80.20%
Stock Option Plan	74.90%	25.10%	0.00%	0.00%	0.00%	0.00%	74.90%
Stock Purchase Plan	92.20%	7.80%	0.00%	0.00%	0.00%	0.00%	94.40%
Supervisory Board/ Corp Assembly Fees	94.60%	5.40%	0.00%	0.00%	0.00%	0.00%	94.60%
Divestiture/Spin-off	89.20%	10.80%	0.00%	0.00%	0.00%	0.00%	89.20%
Intra-company Contracts/Control Agreements	94.30%	5.70%	0.00%	0.00%	0.00%	0.00%	94.30%
Joint Venture/Strategic Alliance	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Liquidation	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Liquidation of the Company	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%
Merger/Acquisition	88.20%	11.20%	0.20%	0.40%	0.00%	0.00%	88.60%
Misc. Proposal Regarding Restructuring	95.00%	5.00%	0.00%	0.00%	0.00%	0.00%	95.00%
Property Purchase	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Property Sale	90.50%	9.50%	0.00%	0.00%	0.00%	0.00%	90.50%
Recapitalization	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Restructuring/Capitalization	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Restructuring/Reorganization	56.80%	43.20%	0.00%	0.00%	0.00%	0.00%	56.80%
Sale of Assets	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Spin-off	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Authorization of Legal Formalities	96.80%	3.20%	0.00%	0.00%	0.00%	0.00%	96.80%
Right to Adjourn Meeting	93.90%	3.80%	0.00%	2.30%	0.00%	0.00%	96.10%
Routine Meeting Item	96.60%	3.40%	0.00%	0.00%	0.00%	0.00%	96.60%
Transact Other Business	1.90%	98.10%	0.00%	0.00%	0.00%	0.00%	4.60%
Transaction of Other Business	11.90%	88.10%	0.00%	0.00%	0.00%	0.00%	11.90%
Approval of Political Donation	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Authorization of Charitable Donations	97.30%	2.70%	0.00%	0.00%	0.00%	0.00%	97.30%
Declaration of Material Interest	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Misc. Management Proposal	86.70%	13.30%	0.00%	0.00%	0.00%	0.00%	87.00%
Miscellaneous - Resident Status	12.50%	87.50%	0.00%	0.00%	0.00%	0.00%	16.70%
OTHER	80.60%	10.30%	0.00%	9.10%	0.00%	0.00%	81.80%

Description	% For	% Against	% Abstain	% No Votes	% 1 yr	% 3 yr	% With Mgmt
SHP Advisory Vote on Compensation Report (Say on Pay)	50.00%	33.30%	0.00%	16.70%	0.00%	0.00%	40.00%
SHP Recoupment of Unearned Bonuses (Clawback)	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Allowing Shareholders to Vote on [Some Aspect] of Compensation	28.60%	71.40%	0.00%	0.00%	0.00%	0.00%	71.40%
SHP Regarding Golden Parachutes	50.00%	50.00%	0.00%	0.00%	0.00%	0.00%	50.00%
SHP Regarding Linking Executive Pay to Social Criteria	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Misc. Compensation	33.30%	50.00%	16.70%	0.00%	0.00%	0.00%	50.00%
SHP Regarding Opposition to/Change in Executive Compensation	6.00%	94.00%	0.00%	0.00%	0.00%	0.00%	94.00%
SHP Regarding Performance-Based Equity Compensation	9.10%	90.90%	0.00%	0.00%	0.00%	0.00%	90.90%
SHP Regarding Restricting Executive Compensation	17.00%	83.00%	0.00%	0.00%	0.00%	0.00%	83.00%
SHP Regarding Adoption of Comprehensive Recycling Strategies	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Bioengineering / Nanotechnology Safety	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Formation of Environmental/Social Committee of the Board	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Misc. Environmental Issue	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Phase out of Nuclear Power	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Report on Environmental Performance	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Report/Action on Climate Change	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Reporting and Reducing Greenhouse Gas Emissions	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Review Energy Efficiency & Renewables	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Review Nuclear Facility/Waste	50.00%	50.00%	0.00%	0.00%	0.00%	0.00%	50.00%
SHP Regarding Sustainability Report	26.40%	73.60%	0.00%	0.00%	0.00%	0.00%	73.60%
SHP Regarding Board Composition	45.80%	54.20%	0.00%	0.00%	0.00%	0.00%	32.40%
SHP Regarding Board Independence	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Counting Shareholder Votes	83.90%	16.10%	0.00%	0.00%	0.00%	0.00%	16.10%
SHP Regarding Cumulative Voting	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Director Liability	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%

Description	% For	% Against	% Abstain	% No Votes	% 1 yr	% 3 yr	% With Mgmt
SHP Regarding Director Training	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Double Board Nominees	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Election of Dissident Board Member(s)	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Election of Dissident Supervisory Board Member(s)	85.70%	14.30%	0.00%	0.00%	0.00%	0.00%	0.00%
SHP Regarding Eliminating Supermajority Provisions	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.10%
SHP Regarding Facilitation of Shareholder Proposals	50.00%	50.00%	0.00%	0.00%	0.00%	0.00%	50.00%
SHP Regarding Improving in Disclosure	91.70%	8.30%	0.00%	0.00%	0.00%	0.00%	8.30%
SHP Regarding Increase in Dividend/ Redistribution of Profits	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Independent Board Chairman/Seperation of Chair and CEO	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SHP Regarding Majority Vote for Election of Directors	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.10%
SHP Regarding Misc. Auditor Issue	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	80.00%
SHP Regarding Misc. Board Issue	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Misc. Board/Shareholder Rights Issue	85.30%	11.80%	0.00%	2.90%	0.00%	0.00%	27.30%
SHP Regarding Misc. Capital Issue	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Misc. Issue	11.10%	83.70%	0.30%	4.80%	0.00%	0.00%	91.90%
SHP Regarding Misc. Meeting/Voting Issue	16.70%	83.30%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Redemption of / Shareholder Vote on Poison Pills	68.80%	31.30%	0.00%	0.00%	0.00%	0.00%	0.00%
SHP Regarding Removal of Director(s)	18.90%	81.10%	0.00%	0.00%	0.00%	0.00%	77.40%
SHP Regarding Removal of Directors	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SHP Regarding Removal of Multiple-Voting Rights	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SHP Regarding Restructuring Investments	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SHP Regarding Right to Act by Written Consent	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SHP Regarding Right to Call a Special Meeting	78.40%	21.60%	0.00%	0.00%	0.00%	0.00%	21.60%
SHP Regarding Sale of the Company or Assets	0.00%	83.30%	0.00%	16.70%	0.00%	0.00%	100.00%
SHP Regarding the Declassification of the Board	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	24.40%

Description	% For	% Against	% Abstain	% No Votes	% 1 yr	% 3 yr	% With Mgmt
SHP Regarding Trained, Qualified Directors on Environment, Health and Safety, Audit and Compensation Committees	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Shareholder Access to the Nomination Process (Proxy Access)	56.70%	43.30%	0.00%	0.00%	0.00%	0.00%	44.60%
SHP: Misc. Issues	13.30%	73.30%	13.30%	0.00%	0.00%	0.00%	82.50%
SHP Regarding Adopting Sexual Orientation Anti-Bias Policy	87.50%	12.50%	0.00%	0.00%	0.00%	0.00%	12.50%
SHP Regarding Animal Welfare	9.50%	90.50%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Company Product Responsibility	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Limiting or Ending Operations in Burma/The Sudan	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Limiting or Ending Political Spending	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Misc. Social Issue	28.20%	71.80%	0.00%	0.00%	0.00%	0.00%	71.80%
SHP Regarding Plant Closings	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Report on EEO	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Reporting on Company's Compliance with International Human Rights Standards	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	97.70%
SHP Regarding Reviewing Charitable Spending	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Reviewing Operations in Burma/The Sudan	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
SHP Regarding Reviewing Political Spending or Lobbying	64.60%	34.20%	0.00%	1.20%	0.00%	0.00%	34.00%
SHP Regarding Tobacco/Alcohol	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Totals	65.77%	32.89%	0.17%	0.74%	0.43%	0.01%	77.61%



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