Ohio Public Employees Retirement System

Proxy Voting GUIDELINES

OPERS

November 2017

Table of Contents

Revision History

Proxy Policy Established 1996
Proxy Policy Revised .... September 1998
Proxy Policy Revised .... August 2000
Proxy Policy Revised .... Feb. 21, 2001
Proxy Policy Revised Feb.20, 2002
Proxy Policy Revised .... Nov. 19, 2002
Proxy Policy Revised .... March 19, 2003
Proxy Policy Revised .... March 19, 2004
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Corporate Governance Policy Established .... April 18, 2007
Corporate Governance Policy Revised .... February 2008
Corporate Governance Policy Revised .... December 2008
Corporate Governance Policy Revised .... December 2010
Corporate Governance Policy Revised .... November 2011
Corporate Governance Policy Revised .... December 2012
Corporate Governance Policy Revised .... December 2013
Corporate Governance Policy Revised .... November 2017

I. CORPORATE GOVERNANCE OBJECTIVES

The objective of OPERS' Corporate Governance Program is to enhance the long-term value of OPERS' investments by supporting and promoting:

- Activities that ensure that Management and Boards of Directors are acting in the best interest of shareholder and in ways that protect, preserve and enhance OPERS' assets and investments;
- Corporate accountability, financial transparency and responsibility; and
- Governmental policies and regulations that are in the best interest of OPERS.

II. PROXY VOTING STRATEGY

Proxy voting is a primary strategy of OPERS' Corporate Governance Program. OPERS casts proxy votes in accordance with the Proxy Voting Guidelines ("Guidelines"), which are in turn approved by the OPERS Board of Trustees ("Board") and are consistent with Chapter 145 of the Ohio Revised Code. Exceptions to the Guidelines or case-by-case votes that have the potential to impact OPERS publicly shall be reported to the Board. Best efforts are made by OPERS' Corporate Governance Staff ("Staff") and the proxy voting agent to cast votes originating within U.S. and non-U.S. OPERS-investee companies by working directly with the Domestic and International Custodians. These Guidelines will provide the basis for Staff to analyze U.S. and non-U.S. proxy votes and to apply them to the votes, unless inconsistent with a country's laws or regulations.

U.S and non-U.S. voting issues will be documented, summarized and reviewed periodically by Staff to identify emerging trends and consider enhancements to these Guidelines. Results from the periodic reviews will be presented to the Corporate Governance Working Group ("Working Group") from time to time for discussion, consideration of proposed changes and submission of recommended changes to the Board for review and approval.

III. PROXY VOTING PROCEDURES

A. Corporate Governance Policy and Proxy Voting Guidelines

The Corporate Governance Policy ("Policy") and Guidelines provide the basis for Staff to vote OPERS' proxies. The Policy and Guidelines are approved by the OPERS Board and implemented by Staff. Staff provides the Policy and Guidelines to the retained proxy-voting agent. The proxy-voting agent then applies the Policy and Guidelines; provides specific recommendations for each proxy issue; and assists with voting proxies through its automated proxy-voting platform in compliance with the guidelines. Staff members retain the prerogative to vote any proxy manually and will do so manually on a case-by-case exception basis. Exceptions, voting differences, mergers and acquisitions, and missed/inconsistent votes are addressed as follows:

Case-by-Case Exceptions

Case-by-case exceptions are proxy issues that are not addressed by the OPERS' Policy or Guidelines; issues that may receive significant media attention; or unique voting situations. When the foregoing exceptions arise, Staff will review the proposals, the recommendations from OPERS' proxy-voting agent and the company and vote the proxy. The OPERS Board and Executive Director are notified of votes involving significant media attention.

Proposals for proxy votes that are cast on a case-by-case basis will be voted by Staff according to the Guidelines. Examples of case-by-case votes include a meeting that may be of heightened importance due to poor company performance over one, three or five years; lack of effective oversight by the investee Board of Directors; lack of application of best corporate governance practices by the Board or Management; events that may have occurred that appear to be detrimental to the interests of shareholders; or special circumstances relating to dissident shareholders, mergers and acquisitions or special meetings. Staff carefully review proxy voting analysis, articles and research, recommendations from the proxy voting agent and other applicable independent or shareholder sources to determine how to cast these votes.

Voting Differences

Voting differences are defined as specific proxy issues that result in differences among the proxy-voting agent recommendations, the OPERS' Policy and Guidelines and company proposals.

Voting differences are documented, summarized and reviewed at least annually by Staff to identify trends and emerging issues; to evaluate the research and recommendations of the proxy-voting agent; and to consider enhancements to the Guidelines. Results from the regular reviews are presented to the Working Group for discussion and consideration of proposed changes to the Guidelines.

III. PROXY VOTING PROCEDURES

Mergers and Acquisitions
Proxy issues related to mergers, acquisitions and reorganizations are reviewed by Staff to determine the recommendations and proposals presented by OPERS' proxy-voting agent and the relevant board(s).

When the recommendations and proposals presented by OPERS' proxy-voting agent and the relevant board(s) are consistent, and absent special considerations (e.g., high profile, OPERS-specific or other unique situations), Staff will vote the special proxy issue in a manner consistent with the recommendations from OPERS' proxy-voting agent and the relevant board(s).

When the recommendations on the proposals are not consistent, the OPERS' Staff may consult with Investment Staff, the OPERS' proxy-voting agent and/or other internal resources for further review; coordinate discussions among OPERS' Investment Staff for industry insights and guidance; and collect and distribute other appropriate analytics and research. OPERS' Staff will integrate the various perspectives and inputs received to discuss the recommendations and proposals prior to final vote.

IV. PROXY VOTING CORE CATEGORIES

A. Boards of Directors

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

Director Elections

OPERS normally supports board nominees in most uncontested elections. OPERS may withhold votes from certain Directors on the Board or members of a particular Board Committees in certain situations, including, but not limited to:

- The Independent Chair or Lead Independent Director and members of the Governance Committee (or its equivalent), where a Board fails to take action towards or implement proposals of Shareholders that receive a majority of votes cast at a prior shareholder meeting, and the proposals, in OPERS' view, have a direct and substantial impact on Shareholders' fundamental rights or long-term economic interests.
- The Independent Chair or Lead Independent Director and members of the Governance Committee, where a Board implements or renews a poison pill without seeking approval of Shareholders beforehand or within a reasonable period of time after implementation.
- The Independent Chair or Lead Independent Director and members of the Governance Committee, where a Board amends the Company's Charter, Articles of Incorporation or By-Laws such that the effect may be to entrench Directors or to reduce significantly the rights of Shareholders.
- The Independent Chair or Lead Independent Director, members of the Nominating Committee (or its equivalent), or the longest tenured Director(s), where Staff have observed a lack of board responsiveness to Shareholders on board composition concerns.
- An insider or affiliated outsider who sits on the Board's Audit, Compensation or Nominating/Governance Committees (the "Key Committees"), wherein OPERS believes the foregoing Key Committees should be composed of Independent Directors exclusively.
- OPERS will examine a Board's complete governance profile when questions of objective independence arise prior to casting a withhold vote for any Director.
- The Chair and other members of the Audit Committee during a period when the Board failed to facilitate quality, independent auditing or substantial accounting or financial reporting irregularities occur.

Director Elections (continued)

- The Chair and other members of the Audit Committee during a period in which, in OPERS' view, the Company has inappropriately accounted for its equity compensation plans to the detriment of Shareholders.
- The Chair and other members of the Compensation Committee during a period in which executive compensation appears excessive relative to the Company's performance and that of its peers.
- The Chair and other members of the Compensation Committee where the Company has repriced options without the approval of Shareholders.
- The Chair of the Nominating Committee, where a board member(s) at the most recent election of Directors has (have) received withhold votes from more than 30% of shares voting and the Board has not taken appropriate action to respond to the concerns of Shareholders.
- The Chair of the Nominating Committee, where the Board is not composed of a majority of Independent Directors.
- To the best of OPERS' knowledge, information and belief, there exists reasonable doubt on a Director's qualifications or ability to represent Shareholders.
- Where it appears the Director has acted in a manner that compromises the Director's reliability in representing the best long-term economic interests of Shareholders.
- Where a Director has a pattern of poor attendance at the combined Board and applicable Key Committee meetings. Excluding exigent circumstances, OPERS normally considers attendance at less than 75% of the combined Board and applicable Key Committee meetings by a board member to attendance worthy of a Withhold or Against vote.
- If a Board maintains a classified board structure, it is possible that the relevant Director(s) may not be subject to election in the year that any of the foregoing concerns arise. In such situations, if OPERS has a concern regarding a Committee Member or Committee Chair, OPERS will normally register our concern by withholding votes from all Members of the relevant Committee who are subject to election that year.
- All Directors where a board has failed to make progress towards board diversity; including but not limited to gender, racial ethnicity, age and geography (domestic and global) diversity.

Board Composition, Qualifications, Meeting Attendance, Equity Interest and Education

Director Independence.

OPERS believes that the Board should be comprised of a substantial majority (at least two-thirds, and preferably greater) of Independent Directors. OPERS believes that an independent Board faces fewer conflicts and is best prepared to protect and augment the interests and investment of Shareholders. OPERS defines an Independent Director as an individual who does not have any affiliation with the Company other than through the position of Director.

In addition, the definition of independence should go beyond the minimum definitions of "independence" incorporated in the amended listing standards of the various global and U.S. Exchanges. Specifically, OPERS believes that independence means the Director has no ties to the company, either past or present or prospective, from a reasonable standard point of view, other than through the Director's current board seat. Social, professional or other relationships may not be reflected in the foregoing formal, bullet-point independence standards, but may nonetheless compromise a Director's "independence of mind." In addition, the Director should not provide, or be affiliated with any organization that provides or accepts, or seeks to provide or accept, goods or services to the Company.

A Director will not be considered "independent" if he or she, in the past five years had or has been:

- Employed by the Company or employed as a Director of an affiliated Company;
- An employee, director or an owner of greater than 20 percent of a Company or business entity that is one of the Company's, or its affiliates, paid advisors or consultants;
- Has a 5 percent or greater ownership interest in a third-party company or business entity that provides payments to or receives payments from the Company;
- Has been paid any remuneration under a contract with the Company, as an executive officer or any affiliate of the Company,
- An employee or director of a foundation, university or other non-profit organization that has received or has been pledged to receive grants or endowments from the Company;
- Part of a business enterprise in which the CEO or other senior manager of the Company serves on the board of the third-party entity;
- Has a relative or family member who is or as been an employee or director, or is a person who holds 5 percent or more of a third-party entity that is a significant competitor of the Company. A "family member" is defined as any current or former spouse, significant other person sharing the home of the Director, parent, child, step-child, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, aunt, uncle, niece, nephew, first cousin of the Director or any individual within a personal relationship to the Director.
- Has the status as a founder of the Company.

Board Composition, Qualifications, Meeting Attendance, Equity Interest and Education (continued)

Director Qualifications and Meeting Attendance.
The Board should consist of Directors who exercise sound business judgment based on their business expertise-including skills, knowledge, education, experience and training.

Board Composition and Effectiveness.
OPERS encourages Boards to renew their membership regularly to ensure that the currency and relevance of the competencies, skills and other attributes of each Director are aligned with the business model, strategic plan, oversight responsibilities and working dynamics of the Board. To ensure that the Board remains effective, regular reviews of the performance and effectiveness of the Board and individual Directors should be undertaken, and regular assessments made of gaps in competencies and skills amongst Directors. It is beneficial for new Directors to be brought onto the Board regularly, accompanied with retirement of long-serving Directors, or Directors whose expertise is no longer recent, relevant or matching of the Company's strategy, to refresh the Board's thinking and to ensure both continuity and adequate succession planning. OPERS believes that the Nominating Committee (or its equivalent) of the Board has the responsibility to review and recommend such renewal to the Board.

In identifying prospective Director candidates, Boards should take into consideration the diversity of experience and expertise of the current Directors, together with diversity in gender, ethnicity, age, geography, or any other demographics that are aligned with the Company's communities in which it operates, and how the foregoing might be increased by incoming Directors. OPERS encourages Boards to disclose their views on: the mix of competencies, experience and other qualities required to effectively oversee and guide Management; the process by which candidates are identified and recommended to Shareholders, including whether professional firms or other sources outside of incumbent Directors' networks have been utilized to identify and assess candidates; the process by which Boards evaluate themselves and any significant outcomes of this evaluation process, without divulging restricted or sensitive details; and the consideration given towards diversity, including, but not limited to, diversity of gender, race ethnicity, age, and geography (domestic and global); and other factors taken into account in the Director nomination process to Shareholders.

The Board should demonstrate a commitment to diversity when recruiting qualified new Directors as a competitive corporate advantage to reflect the changing demographics of its customer base and report its efforts to appoint qualified members. Boards unsuccessful at recruiting qualified, diverse candidates should consider adopting a strategy and plan to consider looking below the C-Suite to include first time incumbent board members.

Board Composition, Qualifications, Meeting Attendance, Equity Interest and Education (continued)

Board Tenure.

While OPERS supports regular renewal of Directors, OPERS does not have a set number of years or age of requirement after which a Board member should no longer serve. Nor does OPERS believe that a Director necessarily loses his or her independence after a certain number of years on the Board. It is important for a Board that a variety of Directors have differing tenures, which can be beneficial to ensure board quality and continuity of experience.

Directors must be able to contribute effectively as corporate strategy evolves and business conditions change over time. All Directors, regardless of tenure, should demonstrate responsiveness and accountability to the interests of Shareholders. Each Director brings his or her own unique skills and experiences to the Board that contributes to the business model and performance of the Company.

The Nominating Committee, in collaboration with the Independent Board Chair or Lead Independent Director, has the responsibility for reviewing and recommending to the Board and to Shareholders board composition and renewal. OPERS will normally vote against proposals by Shareholders that impose arbitrary term, age or other types of limits on the pool of directors from which Shareholders can select and elect their representatives; however, where Boards determine that age or term limits are the most efficient mechanism for ensuring regular board renewal, OPERS generally defers to a Board's decision to set these limits for the Board. OPERS would prefer that board tenure be tangibly associated with Individual Director performance and skill set relevant to company strategy, rather than other criteria or limits.

Board Size.

OPERS will normally defer to the Board in setting the appropriate size of director seats, within reason. Directors are generally in the best position to assess what size is optimal to ensure the effectiveness of the Board; however, best practices and norms for board size do exist. Therefore, OPERS may vote against Boards that appear too small to allow for effective representation of Shareholder interests or too large to function efficiently. The optimal Board size is normally five to thirteen Directors and should match the size and complexity of the Company. Boards of large, multinational companies may rise to thirteen or fifteen Directors.

Each Director should be able to devote the adequate amount of time (e.g., approximately 300 hours for an average board position) and effort required by board service and should not serve on too many boards to be an effective Director or – in other words, be a "busy" or "overboarded" Director. Directors are considered by OPERS to be busy or overboarded when:

- CEOs of public or non-profit companies and Directors who serve on more than two boards, including their home Company Board;
- Directors who serve on four or more for-profit or non-profit company boards.

Board Composition, Qualifications, Meeting Attendance, Equity Interest and Education (continued)

Director Equity Ownership

In order to better align the interests of Directors with the interests of long-term Shareholders, Directors should have a direct, personal and material investment in the common shares of the Company. What constitutes a material investment will be unique to each individual Director's personal financial situation; however, OPERS looks to see an increase in a Director's equity ownership on an annual basis, up to a reasonable multiple of the Director's annual retainer. OPERS views the Director's ownership of shares of stock, as opposed to stock options, as a better alignment of the Directors' interests with the interests of long-term Shareholders. OPERS does not view the ownership of share options by Independent Directors as a best corporate governance practice.

Orientation and Continuing Director Education

OPERS encourages Boards to be exposed regularly to executive and non-executive employees (e.g., through tours of operational facilities, board dinners and exposure to presentations by business unit and line managers) in order to maintain an independent view of senior executives and operations, learn and acquire exposure to high potential talent.

Ideally there should be a formal on-boarding program for new directors including discussions on strategy, financial and sustainability reporting, legal and regulatory environment, industry dynamics and competition, operations, risk management, information technology, and other relevant topics.

Fiduciary Duty

The Board has a fiduciary duty to act in the best interests of the Company (outside of the U.S., the duty is to the Company, not to Shareholders) and all Shareholders. The Board should foster and take all reasonable steps to ensure a culture of integrity and high ethical standards. It should adopt policies that reflect this commitment and that include reporting and assurance procedures for Management to inform the Board, and for the Board to oversee any violations of the Company policies and a tone at the top and throughout the Company of ethical business practices.

In addition, the Audit Committee should review and recommend to the Board, and the Board should recommend to Shareholders, the selection, compensation oversight and appointment (respectively) of the Company's Independent External Auditor.

CEO Selection, Evaluation and Succession Planning.

The Board is responsible for hiring, evaluating the ongoing performance of, and, when or as appropriate, replacing the incumbent CEO based on the achievement of specific and measurable goals and objectives over the short and long-term.

Each Director should evaluate the performance of the incumbent CEO annually in a written and robust process. The CEO evaluation should include assessing the achievement of the foregoing goals and objectives by the CEO. The CEO should self-assess the CEO's performance at achieving these goals and objectives as well.

There should be a written and robust CEO and other management succession plan in place at the Board level that is reviewed, updated, discussed and approved by Directors, including participating in an Executive Session without the incumbent CEO present at least annually. CEO succession planning is one of a Board's most important responsibilities and should include oversight of the assessment of, development of, and exposure to, executive talent, all of which are essential to ensuring the long-term success of the Company. The Board should be directly involved and influential in the creation and approval of a succession plan that includes the identification of executives, internal and external to the Company, who possess prospective leadership and other capabilities given the current and future strategic direction of the Company. The CEO succession plan should include providing of career development opportunities for the purpose of developing a pool of potential candidates who are capable, in the Board's business judgment, of becoming the next or a future CEO if and when the need arises.

OPERS believes that effective CEO and other executive succession planning consists of planning that reflects achieving the longer-term strategy of the Company and identifies leadership attributes that are necessary and developing individuals who possess such attributes, as well as short-term planning in the event of an unanticipated executive departure. The Company should disclose and explain its executive succession planning process to Shareholders given the foregoing best practices.

Fiduciary Duty (continued)

Strategic Planning.

The Board should review and approve the Company's strategic planning process at least once per year, and the achievement of the strategic plan regularly if not each Board meeting. This strategic plan review should include the management of human capital assets to achieve the strategy; the assessment of each major business segment; the allocation, use and availability of capital; the competitive environment in which the Company operates; the identification and monitoring of key performance indicators necessary to achieve the strategy; executive compensation that is aligned with performance and strategic implementation; and information technology, cyber security and other material financial and non-financial risks in achieving the strategy over the short and long-term.

Compensation Policy.

The Board should review and approve a salary and incentive and equity compensation plan that provides details on the philosophy, methods and performance measures that the Company uses to align executive pay to performance. The executive compensation policy should also include limits on stock option grants to executives after taking into consideration the potential dilution to its Shareholders. The full terms of the compensation policy, all metrics and measurement over the short and long-term, and the rationale for pay decisions should be disclosed fully and intelligibly to Shareholders.

Board Structure Principles

Independent Board Chair.

The Independent Board Chair ("Chair") should be completely independent from either actual or perceived conflicts of interests. One of the Board's main responsibilities is to hold the CEO and other management accountable for the short- and long-term financial performance of the Company. OPERS believes that a Board should have separate positions for the Chair and CEO to promote greater management accountability, create a board atmosphere of independent leadership, and allow for the unbiased evaluation of the performance of the CEO by the Board. One of the responsibilities of the Chair is to preside over Executive Sessions of Independent Directors, who should meet without Management present for a portion of each Board meeting. The Chair should also establish Board agendas and information flow. The Chair should encourage open and full discussion of all agenda issues during board meetings. A Position Description should be developed for the Chair, approved by the Board and accessible to Shareholders. The performance of the Chair should be assessed annually by other Independent Directors.

Separation of Chair and CEO Positions.

OPERS believes that independent leadership is important in the boardroom. OPERS supports proposals that seek the separation of the Chair and CEO positions at companies and may vote against proposals that seek to prevent such separation of roles or impair the independence of the Chair's position.

At companies that do not have a history of poor financial performance and or governance issues, a less desirable alternative to an Independent Chair is a Lead or Presiding Independent Director. OPERS will assess the roles and responsibilities, and experience and governance track record of the Lead Independent Director, to understand capability and suitability to lead the Board effectively in an independent manner, given OPERS' strong preference for an Independent Chair. OPERS' expectations of an individual in the role of Lead Independent Director include, but are not limited to the Lead Independent Director: chairing Executive Sessions of the Board at each Board meeting; being consulted by the Chair and CEO or Executive Chair (as the case may be), on the establishment of the Agenda and information flow for each Board meeting; contributing to the oversight of CEO and other management succession planning; and being available to meet with Shareholders, without Management present, if and when Shareholders have concerns about Management performance or corporate governance issues.

OPERS normally considers the designation of a Lead Independent Director as an acceptable, but less desirable, alternative to an Independent Chair if the Lead Independent Director has a term of at least three years, has the basis of his or her independence disclosed to Shareholders, and has powers to: 1) Provide formal input into board meeting Agendas; 2) Call meetings and Executive Sessions of the other Independent Directors if or as required, and at each Board Meeting, respectively; and 3) Chair the foregoing meetings and Executive Sessions of Independent Directors in item 2). A Position Description should be developed for the Lead Independent Director, approved by the Board, and accessible to Shareholders. The performance of the Lead Independent Director should be assessed annually by other Independent Directors.

Board Structure Principles (continued)

Independence of Key Committees.

The Board must delegate certain functions to key committees. The Audit, Compensation, and Nominating/ Governance (Nom/Gov) Committees (or their equivalents) should be composed solely of Independent Directors. OPERS does not regard the establishment of an additional Executive Committee with Non-Independent Directors as a best corporate governance practice. The foregoing three Key Committees, with their respective Independent Chairs and other Independent Directors provide critical oversight roles over Management and constitute an essential element in establishing the credibility and effectiveness of the review and recommendation functions of the Board. These Key Committees must have the right to recommend or approve (as the case may be) the retention, evaluation, establishment of the compensation, and termination, of Independent Advisors, without undue influence of Management, including but not limited to: the Independent External Auditor; an Independent Compensation Consultant; Independent Counsel; an Independent Governance Advisor; or an Independent Director or Executive Search Firm, in the sole discretion of the Key Committee. In addition, all Key Committees should have the right to speak directly to any employee or access any document in fulfilling their roles and responsibilities. Charters for the Key Committees should be developed for each Key Committee, approved by the Board, and accessible to Shareholders. The performance of each Key Committee should be assessed annually by Committee Members and other Independent Non-Committee Member Directors.

OPERS may vote Against or Withhold its vote from the Chair of the Nominating Committee and other of its Members when Board or a Key Committee Members do not meet the Independence Standards as defined in these Guidelines.

The Audit Committee

The Audit Committee has the responsibility to take all reasonable steps to ensure the financial integrity of the company, to oversee financial risk management and the risk management oversight process, to oversee the Independent External Auditor, to oversee the Chief Audit Executive (or the equivalent of the internal audit function if this position exists within the Company), and to oversee the meeting of the Company's legal and regulatory compliance obligations. The Audit Committee has the sole authority to hire, compensate and terminate the Company's Independent External Auditor and Chief Audit Executive. The Audit Committee should retain the Independent External Auditor and Chief Audit Executive to provide only audit and audit-related services for the Company. Management should, if the need arises, retain a separate professional firm to provide tax or other consulting services. The Audit Committee should take all reasonable steps to ensure that the Chief Audit Executive remains independent from senior and operational Management and performs only audit and audit-related functions.

The Audit Committee should impose limits on excessive or unreasonable tenure of an Independent External Auditor and the Company hiring of staff from the Independent External Audit firm. At least one member of the Audit Committee should qualify as a financial expert. Each Audit Committee member should be financially literate. The Audit Committee should disclose the Charter for the Audit Committee, the Chairship and Membership of the Audit Committee, and areas of expertise possessed by each Member of the Audit Committee, on the Company's website. The Audit Committee should regularly meet with each of the Independent External Auditor and the Chief Audit Executive without Management present. The Audit Committee, together with other Members of the Board as appropriate, should assess regularly the independence and effectiveness of the Audit Committee, the Independent External Auditor and the Chief Audit Executive annually, and report the results of the foregoing assessments to Shareholders.

Auditor and Audit-related Issues

OPERS recognizes the need for financial statements to provide an accurate reflection of a Company's true financial performance and condition. OPERS will hold the Audit Committee Chair and its other Members to account for overseeing the foregoing external and internal audit functions and may withhold votes from the Audit Committee's members where the Audit Committee and Board have failed to facilitate quality, independent auditing. OPERS will review cases involving significant financial restatements or material weakness disclosures. As a Shareholder, OPERS will expect a timely disclosure and remediation of accounting irregularities.

OPERS has the expectation that a Board will recommend to Shareholder the election of an effective Independent External Auditor. If an Independent External Auditor fails to identify and address issues that lead to a significant financial restatement, or the Independent External Auditor has been found to violate standards of practice, OPERS will vote Against the election of the Independent External Auditor.
If a proposal by a Shareholder has been filed at a Company that seeks to strengthen the objective independence or the rotation of an incumbent or prospective Independent External Auditor, OPERS may support such a proposal.

The Compensation Committee

One key measure of the performance of a Board is how effectively executive compensation is linked to the Company's performance, including sustainable, long-term shareholder value. OPERS believes that individual executive compensation should be linked directly to the performance of the business with that which each executive is charged with managing; that executive compensation should not have an unreasonable annual cost; and that executive compensation should be benchmarked against peer groups that are similar in size and complexity to that of the Company. The Compensation Committee should develop, approve, monitor, disclose and recommend to the Board for approval by Shareholders (or not) the compensation philosophy with respect to the entire range of pay elements including: the mix and performance thresholds of cash and equity awards, the goals for distribution throughout the Company, the use and terms of employment contracts, supplemental executive retirement plans, the philosophy regarding dilution and the use of perquisites. The Compensation Committee should regularly hire, compensate and terminate an Independent Compensation Consultant and Independent Counsel as necessary, and advise and report to the Compensation Committee on linking executive pay to performance and disclosing the foregoing to Shareholders. "Independent" means that the Compensation Consultant or Counsel have not performed, or do not perform, professional services to Management of the Company. Equity compensation plans and material revisions to those plans must now be put to a vote by Shareholders for approval. OPERS considers plan administration, the method and terms of exercise, repricing history, express or implied rights to reprice, and the presences of evergreen provisions and, most importantly, the link to the preservation and appreciation of value to Shareholders, when evaluating equity compensation plans.

The Compensation Committee should impose limits on excessive or unreasonable tenure of an Independent Compensation Consultant. Each Member of the Compensation Committee should possess the competencies and skills necessary to be a Member of the Compensation Committee. The Compensation Committee should disclose the Charter for the Compensation Committee, the Chairship and Membership of the Compensation Committee, and areas of expertise possessed by each Member of the Compensation Committee, on the Company's website. The Compensation Committee should regularly meet with each of the Independent Compensation Consultant or Independent Counsel, if or as retained by the Compensation Committee, without Management present. The Compensation Committee, together with other Members of the Board, should assess regularly the independence and effectiveness of the Compensation Committee, and report the results of the foregoing assessment to Shareholders.

The Nominating and Corporate Governance Committee ("Nom/Gov Committee")
The Nom/Gov Committee should make recommendations to the Board for review and approve changes to the Company's corporate governance principles and policies; the engagement process with Shareholders; the search and nomination process for the election by Shareholders of prospective Director candidates; the qualifications, orientation, education, evaluation, compensation, tenure and retirement of Directors; and the size, chairship, membership and evaluation of the Board and each Board Committee. The Nom/Gov Committee should be responsible for ensuring that the Board is engaged and kept abreast of any changes in corporate governance that may impact the Company and its corporate governance policies and practices. The Nom/Gov Committee should regularly hire, compensate and terminate an Independent Governance Advisor, Search Firm, or Counsel as necessary, to advise and report to the Nom/Gov Committee on corporate governance effectiveness, Director recruitment and the disclosure of the foregoing to Shareholders. "Independent" means that the Governance Advisor, Search Firm or Counsel have not performed, or do not perform, professional services to Management of the Company.

Each Member of the Nom/Gov Committee should possess the competencies and skills necessary to be a Member of the Nom/Gov Committee. The Nom/Gov Committee should disclose the Charter for the Nom/Gov Committee, the Chairship and Membership of the Nom/Gov Committee, and areas of expertise possessed by each Member of the Nom/Gov Committee, on the Company's website. The Nom/Gov Committee should regularly meet with each of the Independent Governance Advisor, the Independent Search Firm, or the Independent Counsel, if or as retained by the Nom/Gov Committee, without Management present. The Nom/Gov Committee, together with other Members of the Board, should assess regularly the independence and effectiveness of the Nom/Gov Committee and report the results of the foregoing assessment to Shareholders.

Executive Sessions
The Board and each Committee should hold Executive Sessions outside the presence of the CEO, other members of Management, and any other non-Independent Director, at each regularly scheduled meeting. These meetings provide Independent Directors with the opportunity to speak freely and confidentially about issues, such as CEO performance, compensation and succession, that might otherwise not be discussed as openly due to the presence of Management.

Board, Committee and Director Evaluations
The Board, each Committee, and individual Directors should conduct evaluations of its, his or her performance and effectiveness annually. Regular evaluations should be designed to enhance the effectiveness of the Board, each Committee, and each Director, and should be based on performance criteria consistent with the Company's Governance Guidelines, Committee Charters and Position Descriptions. Director evaluations should include a review of the displayed performance, skill set and contribution of each Director by that Director (self-assessment) and by other Directors (peers assessment). The foregoing evaluation processes (Board, Committee and Director) should be disclosed to Shareholders. The Board, each Committee, and each Director should act on the results of the foregoing evaluation, including linking continued tenure of a Director with the results of that Director's performance evaluation.

Annual Elections
It is a best governance practice to have each Director elected on an annual basis by a majority vote to (1) strengthen Director accountability to Shareholders, and (2) better align the interests of each Director with the interests of Shareholders.

A classified Board of Directors is a Board that is divided into classes (generally three) of Directors, with each class up for election on a sequential, staggered schedule (generally each class for each of three years). At each Annual General Meeting, only a single class of Directors is subject to re-election (generally one-third of the entire Board). Staggered board terms may not achieve the foregoing objective of accountability to, and alignment with, Shareholders, particularly when combined with takeover defenses, because staggered terms may serve to insulate an entrenched, complacent or otherwise under-performing Director or Board from Shareholder review and election for up to three years.

Classified boards dilute the right of OPERS to (1) evaluate promptly each Director's performance, and (2) select and elect OPERS' representatives whom OPERS views as more effectively representing Shareholder interests. OPERS may vote Against the Directors who are subject to election in a given year, under a classified Board, including the Board Chair. OPERS will vote Against classification proposals and For proposals that seek to eliminate Board classification structures and seek the annual election of each Director.

Contested Director Elections

OPERS may desire to vote for a Director(s) who has been nominated by the Board or by a Dissident Shareholder(s). Dissident proxy contests of Directors are assessed by OPERS on a case-by-case basis. OPERS will evaluate: the qualifications and ability to represent the interests of Shareholders by each of the prospective Dissident Director(s) and the prospective Director(s) put forward on the Company's proxy circular; the validity of the concerns identified by the Dissident Shareholder; the viability of both the Dissident Shareholder's and Management's plans; the likelihood that the Dissident Shareholder's solutions will produce the desired change; recommendations put forward by other Shareholders and proxy agents; and whether the Dissident Shareholder's nominee Director(s) represents the superior choice for enhancing long-term value for OPERS. OPERS shall vote accordingly.

Cumulative Voting for Directors

OPERS will normally oppose a filed proposal that appears to support the candidacy of a minority Shareholder or Director candidate whose interests may not align with OPERS' or the Board's fiduciary duty. OPERS may support cumulative voting proposals at a Company where the Board does not have a majority of Independent Directors. A cumulative voting structure is not consistent with a majority voting requirement because cumulative voting may interfere with the capacity of Director candidates to achieve the required level of support. OPERS will generally not support a cumulative voting proposal at a Company that has adopted a majority voting standard.

"For" or "Against" Votes

Shareholders should have the right to vote "For" or "Against" each Director. A "Withhold" vote is considered a vote "Against" a Director.
OPERS will normally vote Against or Withhold from a Director if the Director:

- Has attended fewer than 75% of Board and Committee member meetings, absent a compelling reason for the lack of attendance;
- Sits on an excessive number of boards (e.g., four public or non-profit Boards as a Non-executive Independent Director, or two Boards when that Director is an Executive) which may prohibit effective participation for the Board service obligation for which Shareholders are voting;
- Is affiliated with a Board of a Company that is under current, federal, state, regulatory or Congressional investigation or review, and the Director serves or has served as a Chair of the Board or a Chair or Member of a Committee that is part of the foregoing review or investigation;
- Has participated on a Board for the past three years when the Company has been in the bottom quartile of performance within the Company's industry.

This foregoing list is not exhaustive. OPERS considers all relevant information when determining when to vote Against or to Withhold from a Director.

Majority/Plurality Voting

Each Director should be elected by a majority rather than a plurality of total number of votes cast. In only any election where there are more candidates on the proxy than seats to be filled, Directors should be elected by a plurality of votes cast, which should include the ability to cast "Withhold" votes. To be elected, a Director nominee should receive more votes "For" cast than the total of "Against" and "Withhold" votes cast, regardless of whether a Company requires a majority or plurality vote.

Any incumbent candidate in an uncontested election who fails to receive a majority of votes cast in the foregoing fashion should be required to tender an irrevocable letter of resignation to the Board. The Board may, in exigent circumstances, allow the Director to serve until a new Director is appointed; however, the service should not continue beyond 90 days from the election results or the addressing of exigent circumstances, whichever is less.

The requirement for a majority vote in elections by Shareholders for Directors should be set forth in the Company's Charter or By-Laws, subject to amendments by a majority vote of Shareholders. Where a Board seeks to opt out of the majority vote standard, approval by a majority vote of Shareholders should be required.

OPERS recognizes that majority voting is not appropriate in all circumstances; for example, in the context of a contested election. Some Companies have a plurality voting standard and have adopted an irrevocable resignation policy for Directors who do not receive support from at least a majority of votes cast. Where OPERS believes that the Company practices a robust majority voting process that possesses the foregoing best practices, OPERS may not support a filed proposal from another Shareholder seeking an alternative mechanism.

Board Meeting Agendas

Each Board and Committee Chair should have explicit authority within Board Guidelines and Key Committee Charters to establish the Agenda for each Board and Committee Meeting, and establish a process to ensure that Members of the Board and each Key Committee receive materials and information for each Meeting with and of sufficient time, quality, relevance and format to prepare for each Meeting. Adequate time on the Agenda and within the Meeting should be set aside by each Board and Key Committee Chair so that important issues receive the time and attention that they deserve for open and honest discussion.

Board Size

It is considered a best practice to have no fewer than five and no more than thirteen Directors on a Board, with the exception of a large multi-national Company, where a Board size of up to fifteen may be warranted. This Guideline ensures that a Board is not too small to impair independence and necessary expertise and Committee work, yet not too large to be unwieldy, to mask under-preparedness or under-performance, or to be otherwise ineffective.

Risk Management Oversight

Boards should approve a written process for overseeing the identification, mitigation, monitoring and disclosure to Shareholders of material financial and non-financial risks. Independent Members of the Board and relevant Board Committee(s) should receive regular information, reporting and assurance from independent oversight functions (e.g., risk, internal audit, compliance and actuarial for a financial services company) on the material risk being overseen by the Board or a Board Committee, as the case may be. The Board or Board Committee(s) overseeing the management of a material risk should have access to independent external advice, as deemed appropriate by the Board or Committee, to ensure that the Board and the Committee can oversee the management of such risk more effectively. OPERS encourages Boards to provide transparency to Shareholders of the optimal risk appetite levels; how each material risk is measured and controlled; and how each material risk is being reported to, and overseen by, a Committee or the Board. Disclosure should also address how the risk oversight processes evolves in response to changes in corporate strategy or shifts in the business and related risk environments.

Boards and relevant Board Committees should explain clearly their approach to risk governance, including where accountability lies within the boardroom for risk governance, especially where the Board and Board Committees are tasked with oversight of various material risks. For example, the oversight of each material financial and non-financial risk (including by not limited to, strategic, financial reporting, operational, technology, sustainability, reputation or other risks as the case may be) should be explicitly documented within the Board Guidelines and relevant Committee Charters.

IV. PROXY VOTING CORE CATEGORIES

B. Shareholder Rights

Individual Directors Represent All Shareholders
Each Director has a fiduciary duty to act with a view to the best interests of the Company and all of its Shareholder, and not out of self-interest, or the interest of any individual, majority or significant Shareholder, or any non-Shareholder stakeholder. The Board should possess and practice a rigorous Conflict of Interest Policy that includes the identification, disclosure and management of actual and perceived conflicts of interests, including related party transactions, and the report to Shareholders on the foregoing.

One Share-One Vote
Each share of common stock should have one vote. The Board should not create a dual share class structure where certain classes of stock have superior voting rights that are unsupported by the relative portion of common shares.

OPERS supports the concept of equal voting rights for each Shareholder. OPERS does not support Management or Shareholder proposals that request authorization by a majority of Shareholders to allow a class of common stock to have superior voting rights over other existing common Shareholders, or to allow one class of common Shareholder(s) to elect a majority of the Board. OPERS opposes any differential concentration of voting power, as it denies OPERS the opportunity to vote on matters of critical economic importance to OPERS, or compromise the fiduciary duty of Directors to act with a view to OPERS.

When a Management or Shareholder proposal requests to eliminate an existing dual-class voting structure, Staff will determine whether the cost of restructuring will have a clear economic benefit to OPERS' holdings. Staff evaluates such proposals on a case-by-case basis and considers the level and nature of control associated with the dual-class voting structure, as well as the Company's history of responsiveness to Shareholders in considering whether OPERS should support the proposal.

Confidential Voting
Confidential voting protects Shareholders from undue influence in making voting decisions. Shareholders should be able to cast proxy votes in a confidential, non-public manner.

Majority Vote Requirement
Shareholders should have the right to approve each matter or proposal with a majority of the total number of shares voted on the matter or proposal, as the case may be. The Board should not impose supermajority voting requirements. OPERS shall oppose such initiatives or requirements.

Abstention Votes
Only proposals that receive a "For" or "Against" vote should be counted in the total number of votes. "Abstain" votes should not be counted in the total number of votes, except where Abstain votes are needed to establish a quorum.

Shareholder Access to Independent Directors
Significant Shareholders increasingly have the prerogative to communicate directly with Independent Directors, including without Management being present. When a Board fails to be responsive to the prerogative of Shareholders, Shareholders should consider other methods to compel responsiveness and accountability, such as proposing shareholder-nominated Director candidates pursuant to Securities and Exchange rules and regulations, or withdrawing support for the election of any Board or Committee Chair who refuses to communicate or meet with a significant Shareholder.

Shareholder Access to the Proxy
Proposing and electing a Director is the single most important stock ownership right that Shareholders can exercise. By electing Independent Directors who act in the best interests of the Company and its Shareholders, Shareholders can help define the performance standards against which Management is held accountable to enhance the long-term success of the Company and its Shareholders. As such, Shareholders should be permitted to utilize a proxy access rule, when appropriate, to enhance their ability to hold ineffective Directors accountable when they fail to properly monitor and prevent: Management misconduct, under-performance or diminishment of Shareholder value.

OPERS believes that long-term Shareholders (e.g., owning shares for three years or longer) should have the right to nominate an individual(s) to stand for election to the Board of a Company that the Shareholder, or a group of Shareholders, own, subject to an ownership threshold (e.g., 3 percent), alongside Management-proposed Directors, at no cost to the Shareholder, and at no disadvantage to the Shareholder-nominated Director (e.g., Management-nominated and Shareholder-nominated Directors and short bios for each listed seriatim), and to have Shareholder-nominated Directors included on the Company's proxy card (i.e., on a Universal Proxy Card). Proxy access mechanisms should provide Shareholders with an equal opportunity to use this right without stipulating overly restrictive requirements for use, and also provide assurances that the mechanism will not be subject to self-interest by short-term investors, investors without a substantial investment in the Company, or investors seeking to take control of the Board for purposes other than the creation of long-term sustainable value for all Shareholders. Staff will review proposals regarding the adoption of proxy access on a case-by-case basis, and vote based on the foregoing criteria.

Authorization of Common Shares
Shareholders should have the right to approve, by majority vote, increases in the authorized number of common shares, which should be intended for use of a legitimate corporate purpose and capital allocation that is consistent with interests of Shareholders. OPERS will normally support a Board if it believes that additional common shares are necessary to fulfill its business needs and capital allocation requirements, unless the of use of the additional common shares will be used to fund a poison pill plan or other purposes that is not in the economic interests of Shareholders.

Fair Price Provisions

OPERS supports "fair price" provisions, meaning that each Shareholder should receive equal financial treatment by receiving the highest price paid to any Shareholder during a specified period of time before the commencement of a tender offer by an acquiring Company. A Fair Price Provision prevents pressure on the target Company's Shareholders to tender their shares at the front end of a two-tiered tender offer by the acquiring Company. OPERS supports the foregoing provision that prevents the acquiring Company from buying shares of, or the target Company from selling shares to, a Shareholder at above market prices in priority to, or to the detriment of, OPERS.

Increase or Issuance of Preferred Stock

OPERS may not support proposals by a Shareholder or Management for increases in, or issuance of, preferred stock unless a Company specifies the voting, dividend, conversion, and other rights of stock ownership in such a way that Staff are able to evaluate a beneficial impact upon OPERS' ownership.

Stock Splits and Reverse Stock Splits

OPERS normally supports stock splits that are not likely to affect the ability to trade shares or the economic value of a share. OPERS generally supports reverse splits that are designed to avoid delisting or to facilitate trading in the stock, where the reverse split will not have any negative impact on share value (e.g., one class is reduced while others remain at pre-split levels). In the event of a proposal to reverse split that would not also proportionately reduce the Company's authorized stock, Staff will apply the same analysis that is used to assess a proposal to increase authorized stock.

Anti-takeover Provisions

Boards may attempt to block an attempted takeover by an interested Shareholder by adopting a takeover defense. OPERS normally opposes takeover defenses (e.g., poison pills, staggered boards, etc.) because such defenses can be used by non-Independent, complacent or entrenched Boards to insulate under-performing Management and block the market for corporate control that may be in the best economic interests of Shareholders. Shareholders should have the right to have adequate notice and approve a Company's proposed adoption of any shareholder rights plan in advance of adoption.

Poison pill proposals generally appear on the proxy as proposal by Shareholders (Management) requesting that an existing plan be voted upon by Shareholders. This vote is typically advisory and non-binding. OPERS will normally vote in favor of shareholder proposals to rescind poison pills.

When a Company files a proposal to address a poison pill in a vote of Shareholders, OPERS will examine these situations on a case-by-case basis. OPERS may support plans that include a sunset provision whereby the poison pill expires unless it is renewed.

Blank Check Preferred Stock
OPERS may oppose proposals that are requesting the authorization of a class of preferred stock with unspecified voting, conversion, dividend distribution and other rights ("blank check" preferred stock) because they may serve as a transfer of authority from Shareholders to the Board and as a possible entrenchment tool. OPERS normally views the Board's discretion to establish voting rights on a when-issued basis as a potential anti-takeover device, as it affords the Board the ability to place a large block of stock with an investor that may be more sympathetic to Management rather than all Shareholders. The foregoing could result in a takeover bid without a vote by a majority of the Shareholders of the Company.

Place of Incorporation
OPERS will normally not support reincorporation to a new location if the financial benefits are de minimus to OPERS, and the reincorporation will reduce the rights of Shareholders. If the reincorporation will increase shareholder rights, OPERS will review the benefits of the reincorporation and vote in such a way to maintain or strengthen the rights of and accountability to Shareholders.

OPERS believes that Board or Company efforts to insert clauses or provisions in By-Laws or similar corporate documents that establish one court over another limits the ability of Shareholders to succeed in the pursuit of compensation for a meritorious claim against the Company or a Director. OPERS will normally vote Against any proposal requesting an exclusive forum be adopted for disputes.

Omnibus Proxy Issues
Shareholders should have the right to vote on individual proxy issues one issue at a time. Separate issues should not be intentionally bundled by the Board so as to provide for only one vote on more than one issue.

Ratification of Auditors
Shareholders have the right to vote annually on the ratification of the Independent External Auditors. OPERS' auditor ratification analysis considers items that could indicate that the Independent External Auditor's independence or audit integrity has been compromised, such as recent restatements or late filings by the Company where the Independent External Auditor is believed by Shareholders to bear some responsibility for the restatement; excessively long tenure by the Independent External Auditor; late or delayed filing of financial and other reporting by the Company; tax or other non-audit-related services; and less than adequate financial, risk, assurance or audit-related disclosure in the Company's financial reporting, regulatory filing and Audit Committee disclosures.

Advance Notice Provisions

OPERS believes that a shareholder notice period of not more than 65 days and not fewer than 30 days prior to meeting date is a reasonable standard found in most advance notice requirements. The Company policy or By-Law with a notice period of fewer than 30 days prior to meeting date may be problematic for voting purposes.

OPERS normally will review proposals on a case-by-case to adopt or amend an advance notice By-Law or board policy, taking into consideration the following potentially problematic features:

- The Company's deadline for notice of Shareholder' Director nominations is fewer than 30 days prior to the meeting date. In the case of a special meeting, if a nominating Shareholder has not provided notice by the close of business on at least the 15th day following the first public announcement of the special Shareholders' meeting;
- The Board's inability to waive all sections of the advance notice provision under the policy or By-Law, in its sole discretion;
- A requirement that any proposed nominee deliver a written agreement wherein the proposed nominee acknowledges and agrees, in advance, to comply with all policies and guidelines of the Company that are applicable to Directors; or
- Any provision that restricts the notification period to that established for the originally scheduled meeting in the event that the meeting has been adjourned or postponed.

Independent Director and Executive Compensation

OPERS believes that the Board's role in consulting with, and recommending to, Shareholders the approval of the level and conditions of the establishment of executive compensation is one of the most important functions that a Board must address in its oversight of Management in the interests of Shareholders. The Compensation Committee should be composed of independent, qualified Directors for whom the appropriate tools, Independent Advisors and research should be utilized. The Compensation Committee should review and recommend, and the Board should review and recommend, to Shareholders to approve the executive compensation plans that will attract and maintain individuals who possess the vision and leadership necessary to promote corporate growth, achieve the corporate strategy and generate profits for Shareholders over the long-term.

Independent Director Compensation and Equity Programs
OPERS believes that compensation for Independent Directors should be structured to align the interests of Independent Directors with those of Shareholders, for whom the Directors have been elected by Shareholders to represent. Independent Director compensation, including Long-term equity compensation, should be based on the Company's long-term performance and Independent Director engagement and performance without being seen to compromise Independent Director independence. Compensation for Independent Directors that is commensurate with each of their roles and responsibilities, and the size and complexity of the Company, are more likely to meet with support from OPERS.

OPERS normally opposes proposals from Shareholders requiring Independent Directors to own a minimum amount of stock of the Company. Companies should be able to maintain flexibility in administering compensation and equity programs for Independent Directors, consistent with the foregoing guidance in the immediately preceding paragraph, given each Company's and each Independent Director's unique circumstances. OPERS believes that Companies should prohibit Directors from engaging in transactions with respect to their long-term compensation that might disrupt the intended economic alignment between themselves and Shareholders (including but not restricted to the awarding of share options to, and the pledging or hedging of shares by, Independent Directors).

Executive Compensation
Proposals by Management and Shareholders that are related to executive compensation will appear on corporate ballots. OPERS may vote Against a proposal on executive compensation from a Shareholder if the Company's history suggests that the compensation practices at the Company are currently not tied to performance.

Resolutions on Executive Compensation ("Say on Pay")
OPERS will exercise its vote on the requirement for, or an advisory proposal of, Shareholders to vote on the compensation of Executives and Independent Directors votes will be based on an evaluation of compensation practices at the Company based on the practices advocated within these Guidelines and in a manner that appropriately addresses the specific question posed to Shareholders, as the case may be.

Advisory Votes on the Frequency of Say on Pay Resolutions ("Say When on Pay")
OPERS prefers an annual vote on Say on Pay proposals. Shareholders should undertake an annual review of executive compensation and express their concerns through, without limitation, their vote on the compensation of Executives and Independent Directors, and for the Chair and other Members of the Compensation Committee, Independent Chair of the Board or Lead Independent Director.

Pay Ratio

Pay ratios considering (1) total CEO pay to that of the average worker and (2) total CEO pay to the C-suite (both forms of internal pay equity, the second of which could signal a dominant CEO or a succession planning issue), will be reviewed on a case-by-case basis. OPERS will normally not prescribe a specific methodology for companies to use in calculating a "pay ratio." Instead, Companies should have the flexibility to determine the median annual total compensation of its employees in a way that best suits its particular circumstances, in compliance with existing regulation, and disclose the methodology to Shareholders.

Clawback Proposals

OPERS normally favors recoupment from any Executive whose compensation was based on fraud, financial restatement, significantly inaccurate financial reporting, ineffective risk management, or deceptive or unethical business practices, regardless of that particular Executive's role in the foregoing. OPERS normally supports the foregoing proposals unless the Company already has a transparent, robust Clawback Policy that sufficiently addresses the concerns of Shareholders, accompanied by the above best practice triggers.

Employee Stock Purchase Plans

An employee stock purchase plan ("ESPP") gives the Company's employees the opportunity to purchase Company stock, typically at a discount to market value. OPERS believes these plans can provide performance incentives and help align employees' interests with those of Shareholders. The most common form of ESPP qualifies for favorable tax treatment under Section 423 of the Internal Revenue Code. Section 423 plans must: permit all full-time employees the opportunity to participate; carry restrictions on the maximum number of shares that can be purchased; carry an exercise price of at least eighty-five (85) percent of fair market value on grant date with offering periods of twenty-seven (27) months or fewer; and be approved by Shareholders. OPERS normally supports such qualified ESPP proposals with the foregoing characteristics.

Equity and Share Option Compensation Plans

OPERS supports equity plans that align the economic interests of Independent Directors and Executive Management and other Employees with those of Shareholders, including, most importantly, the vesting of equity based on Company and individual performance (e.g., performance-based rather than time-based shares). Boards should also establish policies prohibiting use of equity awards in a manner that could disrupt the intended alignment with the interests of Shareholders, for example: prohibiting the use of the Company stock as collateral for a loan (pledging); prohibiting the use of the Company stock in a margin account; and prohibiting the use of Company stock (or an unvested award) in hedging or derivative transactions. OPERS may support proposals requesting that the Board establish any of the foregoing policies.

The evaluation and support of equity compensation plans by OPERS shall be based on a Company's executive pay and performance and on value creation for Shareholders relative to similar peers, and whether there exists retrospectively or could exist prospectively a pay-for-performance disconnect. OPERS normally opposes equity compensation plans that contain "evergreen" provisions that allow for the unrestricted increase in awarded shares without requiring further approval by Shareholders after a reasonable time period. OPERS also normally opposes plans that allow for the repricing or reloading of share options without approval by Shareholders.

The repricing of employee (not management) under water options to retain employees should be disclosed to Shareholders for approval.

OPERS may also oppose equity compensation plans that provide for the acceleration of vesting of equity awards in situations where an actual change of control occurs but the Executive is not terminated. Boards should structure the change of control provisions for Executives to require the termination of the Executive before acceleration or special payments are triggered. OPERS may oppose equity compensation plans where the Audit Committee has recommended and the Board has approved accounting for the equity through what OPERS believes is aggressive accounting practices.

Golden Parachutes

OPERS normally supports proposals from Shareholders that request that the implementation of golden parachute arrangements (e.g., a large payment owed to an Executive who is terminated after a merger or takeover) require the approval of Shareholders. OPERS normally supports proposals that require the approval of plans by Shareholders when payment to the Executive exceeds 2.99 times the Executive's current salary and bonus, including other incentives.

When determining whether to support or oppose an Advisory vote on a golden parachute plan or payment ("Say on Golden Parachutes"), OPERS will not support a plan if it appears to result in a payment(s) that is (are) excessive or detrimental to Shareholders. In evaluating golden parachute plans, OPERS may consider several factors, including:

- Whether the triggering event is in the best interest of Shareholders;
- An evaluation of whether Management attempted to maximize Shareholder value in the triggering event;
- The percentage of the total transaction's value that will be transferred to Management, rather than to Shareholders, as a result of the golden parachute payment;
- Whether excessively large excise tax gross-up payments are part of the payout;
- Whether the pay package that serves as the basis for calculating the golden parachute payment was reasonable in light of executive performance, value creation for Shareholders, and relative to peers;
- Whether the golden parachute payment will have the effect of rewarding Management for failure to effectively manage the Company and be stewards of Shareholder value; or
- The role of the Compensation Committee and Board in all of the above.

Pay-for-Performance Plans

In order for executive compensation exceeding $1 million to qualify for federal tax deductions, the Omnibus Budget Reconciliation Act (OBRA) requires companies to link that compensation, for the Company's top five executives, to disclosed performance goals and submit the plans for the approval by Shareholders. The law further requires that a Compensation Committee comprised solely of outside Directors administer these plans. Because the primary objective of the foregoing is to preserve the deductibility of such compensation, OPERS normally supports approval of incentive plans with the foregoing attributes in order to preserve net income.

Pay-for-Superior-Performance

OPERS considers that the review and recommendation to the Board for approval of executive compensation is best left to the Compensation Committee, and that Shareholders should approve but not set executive compensation terms and conditions. OPERS may support an executive compensation proposal, however, if: there is exists a concern by OPERS regarding the inadequacy of the Board or Compensation Committee's oversight role in compensation practices over a significant period of time; the proposal is not overly prescriptive; and the proposed approach is likely to lead to significant improvement in pay-for-superior-performance at the Company.

Arbitrary limits on potential compensation are not necessarily in the best interests of Shareholders if those limits have the potential to cap or disincentivize performance. In addition, incentive plans should not support excessive risk taking. OPERS expects Compensation Committees to oversee whether any risk taker within the Company is being inappropriately incented to take materially imprudent risks, and recommend to the Board and disclose to Shareholders that executive compensation practices and incentives have been reviewed for their impact on risk-taking and behavior.

A Compensation Committee should disclose clearly to Shareholders the rationale for the Compensation Committee's recommendation to the Board of the Compensation Committee's selection of pay vehicles; why and how each of these vehicles were chosen and weighted; how key performance metrics measure the achievement of the strategic plan and impact each pay vehicle; and how each pay vehicle fits with overall intended incentives. Different types of awards exhibit varying risk profiles, and the risks associated with pay plan design should be consistent with the Company's stated strategy, philosophy, risk profile and culture.

A Compensation Committee should consider and respond to the voting results of relevant proposals and votes at previous years' Annual General Meetings and other feedback received from Shareholders during Shareholder engagement. Each Compensation Committee and Board member should be focused on incentivizing long-term value creation for Shareholders and not necessarily on achieving a certain level of support for "Say on Pay" or for an individual Director at any particular meeting.

Say on Pay Analysis

OPERS will:

- Analyze the compensation practices in the context of the Company's stated philosophy, strategy, identified value drivers, and past, current and expected performance, and seek to understand the link between strategy, value drivers and incentive plan design.
- Examine target, realizable and realized compensation, as appropriate, in order: to understand the Compensation Committee's intended or expected outcomes; to judge the appropriateness, calibration, and rigor of performance measures and stretch hurdles; and to assess the pay plan's sensitivity to the performance and the potential payout curve.
- Review the pay and performance profiles of the Company's peer companies, as applicable or appropriate, to identify relative outliers for further analysis or scrutiny.
- Review various time horizons, with an emphasis on a sustained longer-term period, generally three to five years or longer; however, OPERS considers company-specific factors, including the nature of the industry, the typical business cycle, and the time frame used for performance evaluation, in order to identify an appropriate timeframe for evaluation.
- Review key changes to pay components from previous years and consider the Compensation Committee's rationale for those changes.
- Review the retention and mandate of an Independent Compensation Consultant.
- Examine the rationale for extraordinary pay items (including but not limited to actual or contractual severance payments, inducement grants, a one-time bonus or a retention award) to understand the Compensation Committee's rationale and the alignment with the interests of Shareholders.

OPERS may engage with a member(s) of Management or one or more members of the Compensation Committee or the Independent Chair of the Board or Lead Director, without Management present, in OPERS sole discretion, where OPERS has concerns, to better understand or influence, as the case may be, the Compensation Committee's or Board's approach to executive compensation or position on a particular matter.

OPERS will consider previous voting decisions, engagement track record, corporate governance concerns, and other views as it deems relevant or appropriate. OPERS will assess the Board's responsiveness to voting results of relevant proposals at previous years' annual meetings, other feedback received from Shareholders and action (or not) by the Board.

Direct Engagement with Shareholders by Directors and Voting on Say on Pay

OPERS believes that a direct dialogue and discussion with members of the Compensation Committee or the Board, as the case may be, can be an effective mechanism for building mutual and shared understanding on executive compensation issues, and for communicating and acting upon any concerns on executive compensation. OPERS may vote against the Independent Board Chair, the Independent Lead Director, or the Chair or other members of the Compensation Committee, consistent with OPERS' preferred approach to hold members of the Board and relevant Key Committee accountable for compensation governance concerns. As a result, the "Say on Pay" vote is likely to correspond with OPERS' vote on the relevant Board or Compensation Committee Leader and other members responsible for reviewing, recommending or approving, as the case may be, compensation decisions when there is:

- A misalignment over time between target, realizable or realized compensation, as the case may be, and Company performance as reflected in financial and operational performance or shareholder returns.
- A Board or Compensation Committee has not persuasively demonstrated the connection between strategy, long-term shareholder value creation and incentive plan design.
- Executive or Independent Director compensation is excessive relative to peers without appropriate rationale or explanation, including the appropriateness of the company's selected peer group.
- There exists an overreliance on unclear or opaque upward discretion or extraordinary pay decisions to reward executives, without clearly demonstrating how and why these decisions are aligned with the interests of Shareholders.
- Corporate or pay governance disclosure is insufficient to undertake an effective analysis.
- There exists a concern with the independence, qualifications or absence of an Independent Compensation Consultant.
- There exists inadequate advance consultation or responsiveness between Independent Directors and Shareholders on a corporate or pay governance concern.

Supplemental Executive Retirement Plans

OPERS may support proposals from Shareholders that request putting extraordinary benefits contained in a Supplemental Executive Retirement Plans ("SERP") Agreement to a vote of Shareholders, unless the Company's executive pension plans do not contain excessive benefits beyond what is offered under employee-wide plans.

Insurance and Indemnification of Directors and Officers

OPERS normally supports reasonable legal protection of Directors and Officers. A failure to protect Directors and Officers could limit a Company's ability to attract, retain and appropriately incent competent leadership. OPERS normally supports proposals to provide insurance and indemnification that is adequate and limited to coverage of legal expenses, respectively, and includes as a condition acting in good faith and fulfilment of directorial fiduciary duty. OPERS may oppose proposals that provide indemnity for: breaches of the duty of loyalty; transactions from which a director derives an improper personal benefit; or actions or omissions not in good faith or involve intentional or negligent misconduct.

General Corporate Governance Matters
OPERS endorses the corporate governance principles established by the Investor Stewardship Group for U.S. listed companies: Boards are accountable to shareholders; Shareholders should be entitled to voting rights in proportion to their economic interest; Boards should be responsive to shareholders and be proactive in order to understand their perspectives; Boards should have a strong, independent leadership structure; Boards should adopt structures and practices that enhance their effectiveness; and, Boards should develop management incentive structures that are aligned with the long-term strategy of the company.

OPERS believes that Shareholders have the right to vote on key corporate governance matters, including on changes to governance mechanisms and amendments to the Charter/Articles/By-laws. OPERS may vote against one or more Directors where changes to governing documents are not put to a vote of Shareholders within a reasonable period of time, and in particular if those changes have the potential to impact the rights of Shareholders. In cases where a Board's unilateral adoption of changes to the Charter/Articles/By-Laws promotes cost and operational efficiency benefits for the Company and its Shareholders, OPERS may support such a proposed change if it does not have a negative effect on the rights of Shareholders or the corporate governance structure of the Company.

When voting on a proposal from a Shareholder(s) or Management to make changes to the Charter/Articles/By-Laws, OPERS will consider the Shareholder's(s') and Management's publicly stated rationale for the change; the governance profile, track record, credibility and history of the Shareholder(s) or Management; the relevant jurisdictional laws; and the situational circumstances that may have motivated the proposed change, among other factors. OPERS normally supports changes to the Charter/Articles/By-Laws where the benefits to Shareholders, including the costs of failing to make those changes, demonstrably outweigh the costs or risks of making such changes.

Social, Environmental and Governance Issues
OPERS believes that well-managed companies address, in a transparent and rigorous manner, the social, environmental and governance performance and risks of their businesses.

OPERS expects companies to identify, mitigate and disclose the material, business-specific opportunities and risks and to explain each of the foregoing. Each explanation should make clear how the oversight approach adopted by the Board or Key Committee(s) best serves the interests of Shareholders and protects and enhances their long-term economic value of the Company. The key performance and risk indicators in relation to social, environmental and governance matters should be disclosed; performance against them should be independently verified, assured or audited; any qualitative or quantitative peer group performance benchmarking and independent verification processes should be disclosed; and reporting to and oversight of the foregoing key performance and risk indicators to the Board or a Key Committee should be disclosed to Shareholders. The foregoing best practices assists Shareholders to assess how well the Board is overseeing the management of the environmental, social and governance aspects of the Company. Any global reporting and assurance standards adopted by the Company should also be disclosed and discussed in this context.

OPERS may vote against the election of one or more Directors where there are concerns that the Board or a Key Committee might not be overseeing one or more of the foregoing environmental, social or governance opportunities or risks in a transparent, best practice or otherwise appropriate manner. OPERS may support a proposal from Shareholders on one or more of these issues, where there seems to be either a significant potential threat or realized harm to the interests of Shareholders caused by poor Board oversight of Management. OPERS will assess whether the Board has already taken sufficient steps to address the above concern and whether there is a clear and material economic disadvantage to the Company if the issue remains unaddressed by the Board or a Key Committee.

Company Request for the Adjournment of the Meeting to Solicit Additional Votes
OPERS normally supports such proposals unless the agenda contains items that are detrimental to the best long-term economic interests of Shareholders.

Executive Compensation Principles

The following executive compensation principles should be applied:

- Fair and Reasonable. Compensation should be reasonable, based on actual performance and value creation for Shareholders, and able to withstand and respond to scrutiny, concerns or questions from investors, employees, regulatory authorities, the media and the public.
- Plain English. Compensation plans should be written in plain English, and in a full, true and plain manner, in order to enhance the comprehension and usefulness of plans. Compensation plans should not be designed or disclosed in an unnecessarily complex or legalistic manner. Charts, tables and graphs should be used to accompany text narratives.
- Disclosure of Key Components. All key components of executive compensation should be disclosed by the Company to Shareholders, including the terms and conditions of employment contracts, salary, bonus, equity, share options, severance agreements, supplemental executive retirement plans and perquisites.
- Create Sustainable Shareholder Value. Compensation plans should motivate Executives and other employees to achieve measurable performance objectives in an ethical manner to create sustainable long-term shareholder value.
- Link Pay-to-Performance. Compensation plans should link to objective company performance measures that the executive is charged with managing, and capable of affecting, such as earnings, returns, or other relevant operational, financial and non-financial measures.

Equity-based Compensation Principles

The following equity-based compensation principles should be applied:

- Equity Policy Development. The use of equity compensation at the Company should be limited by the equity policy established by the Board and disclosed to, and when necessary, approved by, Shareholders.
- Disclosure to Shareholders. All material terms of equity-based plans should be disclosed, including the size of grants, the estimated value to recipients and the annual cost to the Company.
- Shareholder Approval. All plans that provide for the distribution of stock options or stock to employees or Directors should be voted on and approved by Shareholders before being implemented. In addition, the Company should provide for annual advisory votes by Shareholders on the compensation of senior executives. The vote to approve executive compensation would not negate any fiduciary duty of the Board.
- Restricted Stock Grants. Performance-based restricted stock more closely aligns the interests of Management with those of Shareholders and is preferable to stock option grants; however, such restricted stock is more expensive than options and should be granted in lesser amounts than options to reflect this cost difference.
- Stock Option Grants. Stock options, when used inappropriately, can provide Management with short-term incentives to augment the Company's stock price in the short-term without creating sustainable long-term value for Shareholders. Stock options should be used appropriately and only granted pursuant to a plan that provides for: performance-based criteria that establishes performance hurdles for the share options to vest; premium options that vest only after achieving a pre-determined stock price increase or other strategic or performance-based threshold; and/or indexed options based on a strike price that is tied to an index. In addition, stock obtained by exercising options should satisfy tax liabilities from the exercise.
- Prohibit Option Mega Grants. Equity-based plans should not permit mega grants of stock options, which are grants of such large value that they cannot be justified as a reasonable multiple of the individual's total cash compensation.
- Clawback Provisions. The Board should include provisions under which payments for compensation that have been made to any senior executive based upon fraud, financial restatement, significantly inaccurate financial reporting, ineffective risk management, or deceptive or unethical business practices, will be returned by the Executive(s) concerned to the Company.

Mergers, Asset Sales, and Other Special Transactions
In reviewing and approving merger and asset sale proposals, OPERS' acts with a view to the best long-term economic interests of its membership. The key factors that OPERS typically evaluate in considering these proposals include:

- For mergers and asset sales, OPERS assesses the degree to which the proposed transaction represents a premium to the Company's trading price. OPERS considers a share price from multiple time periods prior to the date of the merger announcement. OPERS may consider a comparable transaction analyses provided by the parties' financial advisors and OPERS' own valuation assessments, having regard to all relevant circumstances.
- There should be a favorable business reason for the proposed combination.
- Unanimous approval of one or both Boards, as the case may be, and independent arm's-length negotiations and Advisors retained by one or both Boards or a Key Committee(s) are preferred. OPERS will consider whether the transaction involves a dissenting Board, or does not appear to be the result of an arm's-length bidding process, or one or more necessary Independent Advisors was not retained.
- OPERS may also consider whether the financial interests of one or more Directors or members of Management in a given transaction objectively appear likely to impair their ability to place the interests of Shareholders before their own.

OPERS prefers transaction proposals that include the fairness opinion of an independent, qualified financial Advisor assessing the value of the transaction to Shareholders in comparison to recent similar transactions.

Severance Agreement Principles
The following severance agreement principles should be applied:

- Disclosure of Executive Contracts. The material terms of all executive contracts in existence should be disclosed, including the estimated cost of each contract in adverse circumstances. In addition, severance agreements should not provide contractual payments to individuals who are terminated "for cause" or for gross mismanagement.
- SERP Disclosures. The material terms of all SERPs and any other supplemental plan obligations should be disclosed, including the estimated cost and eligibility of individual recipients.
- Perquisites Disclosure. All material perquisites should be disclosed, including their value, business rationale, cost and the eligibility of individual recipients. Companies should not provide excessive perquisites during an individual's employment or in retirement.

IV. PROXY VOTING CORE CATEGORIES

C. Independent Advisors

Independent Advisors provide valuable advice to a Board or to a Board Committee. Independent Advisors include a Compensation Consultant, Counsel, the Independent External Auditor, an Investment Banker, a Search Firm or other Independent Advisors who are retained and compensated by, and report to, the Board or a Key Committee. Independent Advisors should be independent from Management and act with a view to the best interests of the Company and its Shareholders, and make every reasonable effort to avoid either actual or perceived conflicts of interest. In the event that Management is trying to improperly influence the Advisor's retention or advice, the Advisor should bring the matter to the attention of the independent Directors of the Board or the Board Committee of the Company who has retained the Advisor (as the case may be). The Independent Advisor should, in certain circumstances, consider withdrawing from the engagement, which should be accompanied by the appropriate disclosure, in the event that the independence or the quality of their advice is unduly or inappropriately influenced by Management, or has the potential mislead investors.

IV. PROXY VOTING CORE CATEGORIES

D. Social Responsibility

Labor Standards and Human Rights.
OPERS normally supports labor standards and human rights proposals, including anti-discrimination based on prohibited grounds, if they either contribute to, or have no adverse effect upon, the long-term economic best interests of OPERS. These types of proposals are also supported if they ensure compliance with all U.S. laws or the local laws of the host country in which the Company operates. OPERS may support proposals asking for enhanced reporting on labor standards and human rights, provided that: the proposals do not require the disclosure of proprietary information and the proposals do not cause an undue financial burden on the Company; or if the quality of disclosure on performance or risk management of the labor standards or human rights reporting by the Company is inadequate.

Effective human capital management can create long-term value for shareholders by increasing corporate performance. Relevance and applicability of human capital metrics may vary from industry to industry. OPERS supports relevant disclosure of the following broad categories of information deemed fundamental to human capital analysis: workforce demographics, workforce stability, workforce composition, workforce skills and capabilities, workforce culture and empowerment, workforce health and safety, workforce productivity, human rights and workforce compensation and incentives.

Environment and Sustainability.
OPERS normally supports environmental proposals if they either contribute to, or have no adverse effect upon the long-term economic best interests of OPERS. OPERS supports proposals with underlying commitments to sustainable development, collaborative dialogue with stakeholder groups and verifiable forms of integrated and non-financial reporting on environmental progress to ensure compliance with all U.S. laws or the local laws of the country in which the Company does business. OPERS may support proposals asking for enhanced environmental and sustainability reporting, provided that: the proposals do not require the disclosure of proprietary information; the proposals do not cause an undue financial burden on the Company; and the quality of disclosure on performance or if risk management of environmental and sustainability reporting by the Company is inadequate.

Political, Charitable, and Trade Association Membership.
OPERS will normally support Shareholder proposals if they either contribute to, or have no adverse effect on the long-term economic best interests of OPERS. Shareholder proposals are also supported if they ensure compliance with all U.S. laws or the local laws or regulations of the country in which the Company does business. OPERS may support proposals asking for enhanced political, charitable or trade association membership reporting in the absence of federal, state, or local laws prohibiting such disclosure, provided that: the proposals do not require the disclosure of proprietary information; the proposals do not cause an undue financial burden on the Company; and the quality of disclosure on performance or if risk management of political, charitable or trade association membership reporting by the Company is inadequate.

Safety and Health.
OPERS normally supports safety and health related proposals if they either contribute to, or have no adverse effect on, the long-term economic best interests of OPERS. These types of proposals 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 may support proposals asking for enhanced safety and health related reporting, provided that: the proposals do not require the disclosure of proprietary information; the proposals to not cause an undue financial burden on the Company; and the quality of disclosure on performance or if risk management of safety and health reporting by the Company is inadequate.

Corporate Social Responsibility.
OPERS generally supports corporate social responsibility issues if they either contribute to, or have no adverse effect on the long-term economic best interests of OPERS. 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 may support proposals asking for enhanced reporting related to social causes that are in the interest of the general public provided that: the proposals do not require the disclosure of proprietary information; the proposals do not cause an undue financial burden on the Company; and the quality of disclosure on performance or if risk management of corporate social responsibility reporting by the Company is inadequate.

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