



**Ohio Public Employees Retirement System**

**Corporate Governance Policy & Proxy Voting Guidelines**  
**January 2026**



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## **I. SCOPE**

The OPERS Corporate Governance Policy & Guidelines (Policy & Guidelines) apply to all internally and externally managed public market portfolios over which OPERS retains proxy voting rights and supports OPERS' investment objective to provide secure retirement benefits for its members.

## **II. PURPOSE**

The Policy & Guidelines support OPERS' investment objective to provide secure retirement benefits for its members by providing instruction for managing corporate governance activities, including proxy voting and shareholder engagement.

## **III. PHILOSOPHY**

The shareholder rights arising out of OPERS' investments in companies are assets of the retirement system (system) and must be exercised solely in the economic interests of OPERS' members and beneficiaries. OPERS may not subordinate the interests of its members and beneficiaries to factors that are not reasonably related to maximizing the value of its assets.

As a fiduciary, OPERS strives to manage its assets in a prudent manner within its investment objectives and legal authority. The Corporate Governance Program (Program) furthers this goal by engaging with companies and voting for governance practices that, based upon research and experience, can enhance shareholder value and protect and preserve shareholder rights.

OPERS is an institutional investor with a long time horizon and exposure to both U.S. and international equity markets and believes the primary purpose of a company is to increase shareholder value. As such, the OPERS Board of Trustees (Board) has approved the Policy & Guidelines to demonstrate its commitment to good governance principles and communicate its expectation that companies will effectively consider and mitigate risks that could harm the long-term economic interests of shareholders.

Effective corporate governance, including prudent proxy voting and good faith engagement with companies, significantly contributes to the long-term financial performance of a company by fostering a culture of corporate integrity, financial accountability, leadership, and achievement of long-term strategic goals. OPERS does not generally support divestment strategies as a means of encouraging change within the companies in which it invests.

## **IV. ACTIVITIES**

As noted above, OPERS may engage in a variety of corporate governance activities as part of its efforts to maximize its investment returns and protect its assets, including:

### **Proxy Voting**

Along with shareholder engagement, prudent proxy voting is one of the primary functions of the Program. OPERS casts proxy votes in accordance with its Proxy Voting Core Categories (See Section X below), which are approved by the Board and comply with Chapter 145 of the Ohio Revised Code.

The Policy & Guidelines is reviewed periodically to address emerging or evolving governance issues that may negatively impact long-term shareholder value or shareholders' rights. To facilitate a thoughtful and thorough review process, OPERS convenes a Corporate Governance Working Group to provide feedback prior to submission of recommended changes to the Board for review and approval.

Where possible, OPERS retains the right to vote its proxies according to its Policy & Guidelines and will not allow third parties to apply their own voting methodologies to the assets covered by this policy. OPERS engages in the practice of lending its securities to enhance the return on its investment portfolio. In the process of lending securities, the right to vote shares is transferred to the borrower of the securities during the period that the securities are on loan, and OPERS' right to vote the shares is forfeited unless OPERS elects to recall the shares in a timely manner from the borrower.

### **Shareholder Engagement**

OPERS may actively engage with companies to discuss corporate governance issues and/or recommend best practices that mitigate the risk of decreased returns. OPERS does not generally support divestment strategies or filing shareholder resolutions as a means of impacting company behavior and will instead engage with companies in good faith to collaborate on strategies that will maximize the long-term value of shareholders' investments.

### **Shareholder Resolutions**

OPERS may support or prepare shareholder resolutions if shareholder engagement has failed, and it determines that the relevant shareholder resolution is in the best interests of its members. OPERS believes that proponents of proposed shareholder resolutions must draw a clear link between their proposal and the protection of shareholder rights and/or enhancement of shareholder value.

## **V. RISKS**

As previously discussed, the Program strives to maximize shareholder value and mitigate the risk of losses stemming from poor corporate governance practices. In its experience as an institutional investor, OPERS has observed that reductions in shareholder value or rights can result from a variety of ill-considered or unaddressed risks, including lax internal controls and misplaced focus. Where possible, OPERS will seek to discuss these risks directly with companies through shareholder engagement.

## **VI. MONITORING AND REPORTING**

Not less than quarterly, staff will provide a status report on Corporate Governance activity and significant emerging or evolving issues that may affect the value of OPERS' investments.

Staff will report to the Board annually regarding Program performance and future areas of focus.

Corporate Governance Staff also perform monthly and quarterly audits of the proxy firm's performance to mitigate risk of votes against the Policy & Guidelines or any circumstances where no vote action occurred.

## **VII. ROLES AND RESPONSIBILITIES**

### **A. Board of Trustees**

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

### **B. Corporate Governance Staff**

Corporate Governance staff is responsible for:

- Implementing the Program in compliance with the Policy & Guidelines;
- Proposing changes to the Policy & Guidelines as appropriate;
- Proposing corporate governance activities to achieve the Program's goals and executing those activities;
- Identifying, evaluating, and addressing heightened issues and/or proxy votes;
- Working to shape and advocate for policies that benefit OPERS' members and beneficiaries, including responding to media inquiries;
- Informing the Executive Director of corporate governance activities;
- Monitoring and reporting corporate governance activities to the Board;
- Contracting with, and monitoring the performance of the proxy firm and custodian(s) in executing the Program's goals and objectives;

- Administering the daily operations of the Program;
- Auditing proxy voting procedures and votes;
- Convening the Corporate Governance Working Group as needed;
- Identifying and managing enterprise risk associated with the Program;
- Facilitating Board education of corporate governance issues and best practices as requested; and
- Reconciling share holdings between custodian, vote tabulator, internal financial reporting systems and proxy advisor to ensure OPERS is voting all shares eligible to be voted.

## **VIII. LEGAL AUTHORITY**

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

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

## **IX. PROXY VOTING PROCEDURES**

Given OPERS' significant exposure to U.S. and international equity markets, as well as the need to efficiently utilize system resources, OPERS contracts with a proxy firm for research and proxy vote workflow. As noted above, where possible, OPERS retains absolute control over its proxy votes, which are cast according to the Policy & Guidelines. The Policy & Guidelines direct the OPERS Corporate Governance Staff and the proxy firm regarding how they should analyze and vote U.S. and international proxies, consistent with all applicable laws and regulations.

In the event the Program encounters a vote regarding a corporate merger or acquisition, the OPERS Investments Division may be consulted as appropriate to ensure preservation and/or maximization of shareholder value. Proxy votes that have the potential to impact OPERS' public image or reputation are reported to the Board.

Corporate Governance Staff, in collaboration with the proxy firm, will make all best efforts to cast votes originating within U.S. and international OPERS-invested companies by working directly with the Domestic and International Custodians.

## **X. PROXY VOTING CORE CATEGORIES**

### **A. Board of Directors**

Boards of Directors are shareholders' representatives within a company. As noted above, OPERS believes the primary purpose of the Board is to represent shareholders by maximizing shareholder value. Although OPERS is often aligned with board and/or company interests, the System generally believes boards should be held accountable for the consistent implementation of appropriate corporate governance practices and standards. This accountability will necessarily differ from company to company and director to director, depending on a specific company's sector and market, and a specific director's role on the board and on various board committees.

#### **Director Principles**

Generally, OPERS will vote:

- For board nominees in uncontested elections; and
- Against the lead independent chair or lead independent director and/or members of accountable committees when the Board:
  - Fails to act on or implement shareholder proposals that receive a majority of votes and have a direct and substantial impact on Shareholders' fundamental rights or long-term economic interests;
  - Is not responsive to shareholders' outreach and engagement efforts;
  - Amends the company's charter, articles of incorporation or by-laws intended to entrench directors or to reduce the rights of shareholders;
  - Permits a company insider or affiliated outsider to sit on the board's audit, compensation, or nomination/governance committees;
  - Fails to facilitate quality, independent auditing or substantial accounting or prevent financial reporting irregularities;
  - Takes actions that are contrary to the long-term economic interest of shareholders;
  - Fails to remove a director with a pattern of poor attendance, who is overboarded, or whose skill set does not align with the company's long-term strategy; and
  - Permits dual class share structures with unequal voting rights that do not include a sunset period or opportunity for shareholder input on continuation of the structure.

#### **Board Structure Principles**

OPERS generally supports the following principles regarding appropriate board structures.

- In most cases, the chairperson and CEO positions should be separated, however OPERS will not automatically oppose a combined role for the chairperson and CEO if there is a well-defined role for a lead independent director on the board.
- There should be an independent board chair.
- The board should have access to independent advisors.
- Members of the audit, compensation, and nominating/governance committees should be independent.
- There should be annual director elections.
- The board, including each of its committees and every individual director should be evaluated regularly.
- Ideally, the board size should be between three and 15 directors.

### **Board Committee Principles**

OPERS generally expects:

- The audit committee to ensure timely disclosure and remediation of accounting irregularities, reissuance or revision of financial statements or material weakness disclosures;
- The compensation committee to link executive compensation to the company's performance, work with an independent compensation consultant and independent counsel as necessary to advise on linking executive pay to performance, and disclose to shareholders the method and key performance indicators selected in a manner that is not excessively complex;
- The nominating and governance committee to commit to identifying qualified candidates to ensure a robust and comprehensive consideration of differing thoughts, perspectives, viewpoints, and experiences, and incorporate their commitment to procedures for board nominee searches. Further, the nominating and governance committee should attest in governing documents that director searches will consider suitable nominees from corporate backgrounds beyond the executive suite (e.g., academia, government, nonprofit); and
- Committee chairs and members to provide oversight of risks and take action to protect the long-term interests of shareholders.

### **B. Shareholder Rights**

OPERS supports the following principles regarding shareholder rights:

- Individual directors represent all shareholders.
- One share, one vote is preferable to dual-class structures, but OPERS will consider temporary dual-class structures (e.g., the structure sunsets after a period of up to seven years or permits shareholders to vote on continuation of the structure) in certain initial public offerings or where such a structure

may be necessary to allow a founder to implement their vision for the company.

- Proxy votes should be confidential and free from undue influence.
- Proxy voting decisions should be disclosed following the meeting.
- Shareholders should have the right to approve each matter or proposal by a majority of the total number of shares voted on the matter or proposal.
- Abstain votes should not be counted in the total number of votes except where such votes are needed to establish a quorum.
- Shareholders should have access to independent directors.
- Shareholders should have access to the proxy.
- A universal proxy is the best method for shareholders to elect directors during a contested election.
- Shareholders should have the right to approve by majority vote increases in the authorized number of common shares.
- Each shareholder should receive equal financial treatment and receive the highest price paid to any shareholder during a specified period before the commencement of a tender offer by an acquiring company (i.e., Fair Price Provision).
- Anti-takeover provisions (e.g., poison pills, staggered boards) are generally not in the best economic interest of shareholders as they may insulate underperforming management.
- Proxy issues should not be intentionally bundled by the board.
- Shareholders should have the right to vote annually on the ratification of the independent external auditors.
- A shareholder notice period of between 30 and 65 calendar days is reasonable.
- Shareholders should have the right to approve executive compensation plans and evaluate any ties between executive compensation and performance, corporate strategy, and the enhancement of long-term shareholder value.
- Shareholders should have the right to vote on the frequency of Say on Pay Resolutions.

## **C. Governance Risks**

OPERS supports the implementation of corporate governance best practices, consistent with the principles described above under Shareholder Rights, because it is OPERS' belief that, as a result of research and experience, these practices will help to maximize shareholder value.

As a fiduciary, OPERS must consider and evaluate all risks that can harm the economic interests of OPERS' members and beneficiaries. Protecting and enhancing the value of its investments and continuing to provide safe and secure retirement income for its current retirees, as well as future generations of Ohio's public servants is the sole purpose of the Program.