

IN PERSON & VIRTUAL BOARD MEETING

*The Committee meeting will be held prior to the Board of Investments meeting.



TO VIEW VIA WEB



TO PROVIDE PUBLIC COMMENT

Members of the public may address the Committee orally and in writing. To provide Public Comment, you should visit the above link and complete the request form by selecting whether you will provide oral or written comment from the options located under Options next to the Committee meeting.

Attention: If you have any questions, you may email PublicComment@lacera.com. If you would like to make a public comment during the committee meeting, review the [Public Comment instructions](#).

AGENDA

A REGULAR MEETING OF THE CORPORATE GOVERNANCE COMMITTEE AND THE BOARD OF INVESTMENTS*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 N. LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

8:00 A.M., WEDNESDAY, MAY 14, 2025

This meeting will be conducted by the Corporate Governance Committee and Board of Investments both in person and by teleconference under California Government Code Section 54953(f).

Any person may view the meeting in person at LACERA's offices or online at <https://LACERA.com/leadership/board-meetings>

The Committee may take action on any item on the agenda, and agenda items may be taken out of order.

COMMITTEE TRUSTEES:

Jason Green, Chair
Elizabeth Ginsberg, Vice Chair
Aleen Langton
Alma Martinez
Patrick Jones, Alternate

- I. CALL TO ORDER
- II. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953(f)
 - A. Just Cause
 - B. Action on Emergency Circumstance Requests
 - C. Statement of Persons Present at AB 2449 Teleconference Locations

May 14, 2025

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III. APPROVAL OF MINUTES

- A. Approval of the Minutes of the Corporate Governance Committee Meeting of October 19, 2024.

IV. PUBLIC COMMENT

(Members of the public may address the Committee orally and in writing. To provide Public Comment, you should visit <https://LACERA.com/leadership/board-meetings> and complete the request [form](#).

If you select oral comment, we will contact you via email with information and instructions as to how to access the meeting as a speaker. You will have up to 3 minutes to address the Committee. Oral comment requests will be accepted up to the close of the Public Comment item on the agenda.

If you select written comment, please input your written public comment within the form as soon as possible and up to the close of the meeting. Written comment will be made part of the official record of the meeting. If you would like to remain anonymous at the meeting without stating your name, please leave the name field blank in the request form. If you have any questions, you may email PublicComment@lacera.com.)

V. REPORT

A. **Guest Speaker: Global Corporate Governance**

Jen Sisson, Chief Executive Officer, International Corporate Governance Network (ICGN)

Scott Zdrazil, Principal Investment Officer

(Presentation) (Memo dated April 8, 2025)

VI. ITEMS FOR STAFF REVIEW

(This item summarizes requests and suggestions by individual trustees during the meeting for consideration by staff. These requests and suggestions do not constitute approval or formal action by the Board, which can only be made separately by motion on an agenda item at a future meeting.)

VII. ITEMS FOR FUTURE AGENDAS

(This item provides an opportunity for trustees to identify items to be included on a future agenda as permitted under the Board's Regulations.)

VIII. GOOD OF THE ORDER

(For information purposes only)

IX. ADJOURNMENT

****The Board of Investments has adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five or more members of the Board of Investments (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board of Investments. Members of the Board of Investments who are not members of the Committee may attend and participate in a meeting of a Committee but may not vote, make a motion, or second on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at a subsequent meeting of the Board.***

Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Investments that are distributed to members of the Board of Investments less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Investments Members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday.

Requests for reasonable modification or accommodation of the telephone public access and Public Comments procedures stated in this agenda from individuals with disabilities, consistent with the Americans with Disabilities Act of 1990, may call the Board Offices at (626) 564-6000, Ext. 4401/4402 from 8:30 a.m. to 5:00 p.m. Monday through Friday or email PublicComment@lacera.com, but no later than 48 hours prior to the time the meeting is to commence.

MINUTES OF A REGULAR MEETING OF THE CORPORATE GOVERNANCE
COMMITTEE AND THE BOARD OF INVESTMENTS*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

8:00 A.M., WEDNESDAY, OCTOBER 9, 2024

This meeting was conducted by the Corporate Governance Committee and Board of Investments both in person and by teleconference California under Government Code Section 54953(b), (f).

PRESENT:

Jason Green, Chair

Elizabeth Ginsberg, Vice Chair

Debbie Martin (Joined the meeting at 8:44 a.m.)

David Ryu (Joined at the meeting at 8:16 a.m.)

Patrick Jones, Alternate (Teleconference Due to Just Cause under Section 54953 (f))

OTHER BOARD OF INVESTMENTS TRUSTEES:

Nicole Mi

STAFF, ADVISORS, PARTICIPANTS:

Jonathan Grabel, Chief Investment Officer

Jude Perez, Deputy Chief Investment Officer

Scott Zdrazil, Principal Investment Officer

Dale Johnson, Senior Investment Officer

I. CALL TO ORDER

The meeting was called to order by Chair Green at 8:00 a.m. in the Board Room of Gateway Plaza.

II. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953(f)

A. Just Cause

B. Action on Emergency Circumstance Requests

C. Statement of Persons Present at AB 2449 Teleconference Locations

A physical quorum was present at the noticed meeting location. There was one request received from Trustee Jones to attend by teleconference for Just Cause (D) Travel while on official business of LACERA. Trustee Jones confirmed that there were no individuals 18 years of age or older present at the teleconference location.

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Corporate Governance Committee Meeting of May 8, 2024

A motion was made by Trustee Ginsberg, seconded by Trustee Ryu, to approve the minutes of the Corporate Governance Committee regular meeting of May 8, 2024. The motion passed by the following roll call vote:

Yes: Ginsberg, Green, Jones, Ryu

Absent: Martin

IV. PUBLIC COMMENT

There were no requests from the public to speak.

V. REPORTS

A. Review of Total Fund Proxy Voting Results and Trends for Fiscal Year 2024
Scott Zdrazil, Principal Investment Officer

V. REPORTS (Continued)

Dale Johnson, Senior Investment Officer
(Memo dated September 18, 2024)

Mr. Zdrazil and Mr. Johnson provided a presentation and answered questions from the Board. This item was received and filed.

B. Review of OPEB Trust Proxy Voting Results and Trends for Fiscal Year 2024

Scott Zdrazil, Principal Investment Officer
Dale Johnson, Senior Investment Officer
(Memo dated September 18, 2024)

Mr. Zdrazil and Mr. Johnson provided a presentation and answered questions from the Board. This item was received and filed.

C. Review of Stewardship and Corporate Governance Engagement Initiatives

Scott Zdrazil, Principal Investment Officer
Dale Johnson, Senior Investment Officer
(Memo dated September 20, 2024)

Mr. Zdrazil and Mr. Johnson provided a presentation and answered questions from the Board. This item was received and filed.

(Ms. Martin joined the meeting at 8:44 a.m.)

VI. ITEMS FOR STAFF REVIEW

There was nothing to report

VII. ITEMS FOR FUTURE AGENDAS

There was nothing to report

VIII. GOOD OF THE ORDER
(For information purposes only)

There was nothing to report

October 9, 2024

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IX. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 8:58 a.m.

April 8, 2025

TO: Trustees – Corporate Governance Committee

FROM: Scott Zdrazil *Sc*
Principal Investment Officer

FOR: May 14, 2025, Corporate Governance Committee Meeting

SUBJECT: **Educational Guest Speaker: Jen Sisson, International Corporate Governance Network (ICGN) Chief Executive Officer**

LACERA will host Jen Sisson, Chief Executive Officer of the International Corporate Governance Network (ICGN), as an educational speaker to discuss ICGN's efforts to promote sound corporate governance practices at publicly listed companies and prudent financial market policies across global markets.

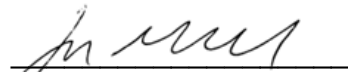
The presentation will include the opportunity for questions and discussion.

Please find two attachments:

- 1) Introductory overview deck, including backgrounds on LACERA's corporate governance policies and strategies and speaker biography; and
- 2) Speaker presentation about ICGN's history and current priorities.

Attachments

Noted and Reviewed:


Jonathan Grabel
Chief Investment Officer

Brief Background to ICGN Guest Speaker

Corporate Governance Committee

May 14, 2025

Discussion Outline



1. Brief overview of LACERA's approach to corporate governance and stewardship
2. Guest speaker:
 - Jen Sisson
 - Chief Executive Officer
 - International Corporate Governance Network (ICGN)

Guided by LACERA Mission

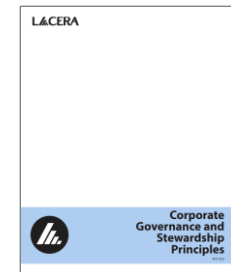


LACERA's corporate governance work guided by mission: *to produce, protect, and provide the promised benefits*

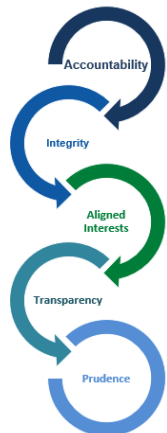
LACERA's [Investment Policy Statement \(IPS\)](#) recognizes that sound corporate governance practices at portfolio companies and prudent financial market policy can safeguard our investments and instill investor confidence conducive to stable economic growth.

- Support good governance that instills investor confidence, enables stable economic growth
- Mitigate the risks of governance failures

LACERA has adopted [Corporate Governance and Stewardship Principles](#) that articulate the fund's views on a range of corporate governance and ESG (environmental, social, and governance) matters



Principles organized into **five sections** centered around five core guiding principles:



Accountability (independent boards comprised of qualified directors with appropriate mix of experience)

Integrity (core investor rights such as equal voting rights that ensure fair treatment and instill investor confidence)

Aligned interests (pay-for-performance in executive compensation that emphasizes durable value creation, risk mitigation)

Transparency (timely, reliable, and comparable financial reporting enabling investors to make informed decisions)

Prudence (risk mitigation and management of operating risks, including material social and environmental factors)

Key Fund Stewardship Strategies



Multiple approaches to operationalize the Corporate Governance and Stewardship Principles throughout the portfolio
Strive for credible, pragmatic, thoughtful approach driven by mission and fiduciary duty



Proxy Voting

- Vote at shareholder meetings
- Over 7,000 meetings annually
 - More than 60 global markets
 - 98% voting authority of public equity portfolio



Engagement

- Focused, defined initiatives at portfolio companies:
- Encourage corporate reporting consistent with **IFRS International Sustainability Standards Board (ISSB)** reporting framework
 - **Thematic engagements:**
 - Equal voting rights (1-share, 1-vote)**
 - Board quality and diversity**
 - Energy transition and climate risks**



Policy Advocacy

Engage policymakers, and regulators in line with Principles, such as comment letters to Securities and Exchange Commission



Affiliations

Associations that advocate good governance and enable LACERA to amplify its voice, such as:



Investment Due Diligence and Fund Analytics

Upfront due diligence of each investment mandate
Ongoing manager monitoring
Portfolio analytics

Guest Speaker Biography



Jen Sisson
Chief Executive Officer
International Corporate Governance Network

Jen is the CEO of the [International Corporate Governance Network \(ICGN\)](#). Led by investors responsible for assets worth around \$US 90 trillion, ICGN advances the highest standards of corporate governance and investor stewardship worldwide in pursuit of long-term value creation. Jen represents ICGN on the Japanese Financial Services Agency's Council of Experts and on the International Forum of Independent Audit Regulators stakeholder working group.

Jen joined ICGN from Goldman Sachs Asset Management, where she was EMEA Head of Stewardship, driving engagement, proxy voting and industry collaboration efforts. In that role, Jen was a member of the Investment Association Company Reporting and Auditing Group and the International Sustainability Standards Board (ISSB) Investor Advisory Committee. In 2022 Jen was also a member of the US Council of Institutional Investors Corporate Governance Advisory Council.

Previously, Jen was Deputy Director of Stakeholder Engagement and Corporate Affairs at the UK Financial Reporting Council, responsible for coordinating outreach with the global investment community, listed company leadership teams and board members across all areas of the regulator's scope. Jen led policy outreach on ESG, audit and reporting matters including the creation of the 2020 UK Stewardship Code and the 2018 UK Corporate Governance Code. Jen started her career at PwC.

Outside work, Jen is a volunteer for MyBigCareer, a charity focused on advancing higher educational opportunities for young people from disadvantaged backgrounds. Jen holds a BA in Business, Accounting and Finance from the University of Newcastle and a Masters in Sustainability Leadership from the University of Cambridge.



ICGN

International Corporate Governance Network

ICGN: Driving good governance for value, growth and risk management

May 2025

Agenda

1. About ICGN
2. Why “G is Key”
3. Protecting your shareholder rights around the world
4. Reliable reporting for investment decision making

Our Mission

Established in 1995 and led by investors responsible for assets under management of around US\$90 trillion, ICGN advances high standards of corporate governance and investor stewardship globally.

ICGN's work programme is delivered around three core activities:

- **Policy impact:** Engaging with standard setters, policy makers and regulators
- **Networking:** Bringing members together to share views, learn from each other and develop connections
- **Education:** Sharing the knowledge of our network of experts in governance and stewardship

Why “G is Key”

- **Thriving capital markets with strong shareholder rights have enormous societal benefits**, they help to provide capital to business and to generate returns that allow people to create wealth and provide for their futures.
- All markets and stock exchanges want to attract new listings and inward investment; **we believe that strong standards are the way to do this, building confidence in global markets as great places to invest.**
- **Governance and stewardship are really about accountability and transparency**, how the basic contract of trust, checks and balances work between the principals (the shareholders) and their agents (corporate management).

Why “G is Key”

Governance issues include many critical parts of business success, driving long-term returns and creating growth and value.

By implementing robust governance practices, Good governance practices can:

- **Mitigate risks** associated with poor management decisions and unethical behaviour
- **Ensure the rights** of minority shareholders **are protected.**
- Be a driver of **value creation and lower cost of capital.**

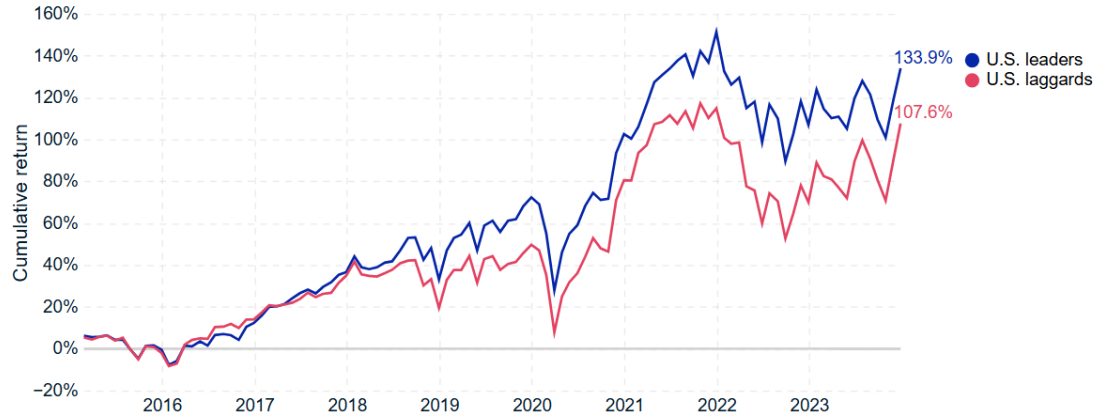
Who is on the Board	Strategy	Capital Allocation
Oversight of management	Incentive plans	Shareholder rights & AGM practices
Mergers & acquisitions	Risk management and controls	Financial reporting and audit

Why “G is Key”

- Companies with better governance tend to outperform over time.
- MSCI research shows: **In the U.S., companies that displayed governance leadership consistently outperformed governance laggards between 2015 and 2023**, with an excess annualized return of 2.7% over our full nine-year study (26.3% cumulative).

Source: [MSCI](#)

Good governance consistently outperformed in the US



The chart shows the performance of U.S. constituents of our MSCI World Index hypothetical long-short portfolio between January 2015 and December 2023. As our quintiles were adjusted monthly, the number of companies in each group varied over the course of the study. On average, the leader quintile comprised 115 companies (35.8% of our DM hypothetical long portfolio), while the laggard quintile comprised 131 companies (40.7% of our DM hypothetical short portfolio). Source: MSCI ESG Research

What Matters in Corporate Governance? Authors: Bebchuk, L.A., Cohen, A., and Ferrell, A.

Entrenchment Index: The authors developed an "entrenchment index" based on six governance provisions

These provisions collectively **measure the degree to which a firm's governance structure entrenches its management, potentially at the expense of shareholder interests.**

1. Staggered Boards
2. Limits to Shareholder Bylaw Amendments
3. Poison Pills
4. Golden Parachutes
5. Supermajority Requirements for Mergers
6. Supermajority Requirements for Charter Amendments

Impact on Firm Valuation: Increases in the entrenchment index were associated with significant reductions in firm valuation.

Stock Returns: Firms with higher entrenchment index levels experienced large negative abnormal returns during the 1990–2003 period.

Why “G is Key”

- This is also true for cost of debt.
- Several studies show that firms with good governance characteristics have higher credit ratings and lower cost of borrowing.
- For example: Ashbaugh, Collins, and LaFond (2006) investigated the relationship between various corporate governance mechanisms and firms' credit ratings

Stronger corporate governance is generally associated with higher credit ratings.

Board characteristics, particularly board independence and the presence of a well-functioning audit committee, appear to be significant drivers of credit ratings.

Measures related to shareholder rights (stronger shareholder power) also tend to be associated with higher credit ratings.

Even after controlling for financial leverage, profitability, and other standard determinants of credit ratings, governance still plays a significant role.

Examples: Downside risk

Enron (USA)

Eurasian Natural
Resources Corporation
(ENRC) (UK)

Volkswagen (Germany)

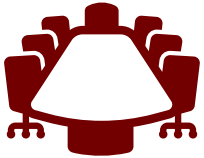
Olympus (Japan)

Adelphia
Communications (USA)

Tyco International (USA)

Polly Peck (UK)

Our strategic focus areas



Strong and effective boards



Reliable reporting



Protecting shareholder rights



Best practices in investor stewardship

Protecting your shareholder rights

Robust shareholder rights ensure that investors are treated fairly and equitably, that management and boards are accountable to owners and that market participants have confidence in the integrity of the capital markets.

One share = one vote

Accessible Annual General Meetings

Removing barriers to voting

Case study: Investor Coalition for Equal Votes



What are dual-class share structures?

- Dual-class share structures (DCSS) (also referred to as dual-class stock, multi-class voting structures or unequal voting rights) are equity structures where a company has issued two or more share classes (e.g. Class A and Class B shares), with different voting rights.
- When multiple share classes of stock are issued, the class with limited (if any) voting rights is normally offered to the general public.
- Classes with more voting rights are typically only offered to insiders such as company founders, executives and family members, allowing them to retain control of the company

Why are they a problem?

- Boards cannot carry out their fundamental oversight purpose if capital structures are designed specifically to render founders, their favoured board members, and their favoured managers, unaccountable to the holders of a majority of outstanding shares.

Research shows that over time, on average, firms with unequal voting rights are undervalued relative to their peers with a 'one share, one vote' structure at the time of going public, and relative to those with time-based sunset provisions.

Reliable reporting for investment decision making

Boards should oversee timely and reliable company disclosures for shareholders and relevant stakeholders relating to the company's financial position, approach to sustainability, performance, business model, strategy, and long-term prospects.

Material issues should be reported on

We need to be able to trust the numbers

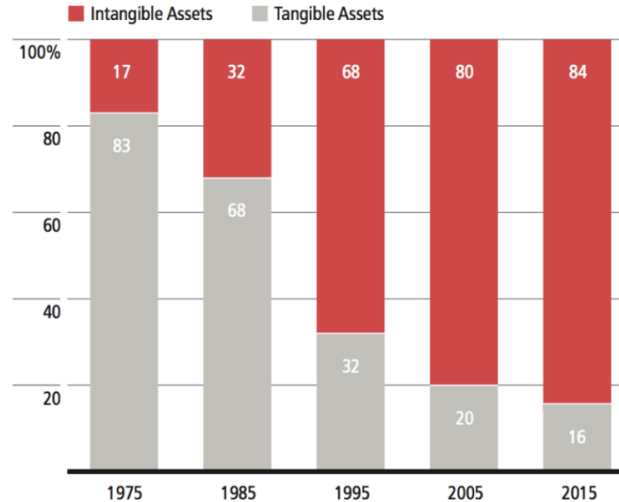
We have to balance cost and information value

Financial materiality is the key guiding principle

We need companies to report on **ALL** financially material information

ESG Factors Can Influence Long-Term Risk and Returns

Changing nature of valuations requires broader information set to understand risk



Intangibles such as intellectual capital, brand value, customer loyalty are increasing components of corporate valuations

Investors exposed to risk from relatively infrequent, but high impact ESG-related events (e.g. safety incidents, ethics scandals, natural resource shortages)

ESG factors can give forward looking insight into performance and risk

Source: Ocean Tomo, *Ocean Tomo's Intangible Asset Market Value Study*, January 2015.

ICGN supports the International Sustainability Standards Board (ISSB) model of financially material reporting



Levers of change:

We engage with regulators, standard setters, stock exchanges and governments, for example:



London
Stock Exchange



U.S. Securities and Exchange
Commission





ICGN

International Corporate Governance Network



policy@icgn.org



www.icgn.org/policy

Policy impact • Networking • Education