



PROXY VOTING POLICY

PURPOSE

The purpose of this policy is to establish procedures to ensure the voting of proxies for public equity securities, to meet the fiduciary duties required by California Government Code Sections 7450 and 7451.

POLICY

The voting of proxies, as is required by California Government Code Sections 7450 and 7451, is integral to the ownership of public equities. Proxy voting rights are valuable plan assets and should be managed in a manner consistent with the fiduciary duties and responsibilities assigned to the management of plan assets. Public pension plan fiduciaries are required to vote proxies solely in the best interests of plan participants and beneficiaries. The Sacramento County Employees' Retirement System (SCERS) Board authorizes the use of third-party proxy voting service provider to vote proxies for public equity securities, in a manner consistent with the fiduciary duty and long-term interests of plan participants and beneficiaries.

APPLICATION

To meet the requirements of the Policy, the following procedures will be followed:

1. Investment Staff will review outside proxy voting service providers and the relevant proxy voting guidelines, and make a recommendation to the Board. The SCERS Board will approve the selection of the proxy voting service provider and the appropriate proxy voting guidelines. The proxy voting service provider will vote all proxies on behalf of SCERS, based on established and approved proxy voting guidelines, to comply with SCERS' regulatory requirements and in the best interests of plan participants and beneficiaries.
2. In certain circumstances, proxy voting may be delegated to the investment manager selected to manage the assets of a particular mandate. The delegation of proxy voting to the investment manager is based on the manager's determination that proxy voting may have a more direct impact on the financial outcome of the securities included in investment portfolio for that particular mandate. As a fiduciary to SCERS, the investment manager is required to vote proxies solely in the best interests of plan participants and beneficiaries. The manager is required to report voting results to SCERS upon request.

3. As necessary, Staff will review proxy ballots to ensure votes are cast accurately and in accordance with approved proxy voting guidelines. While established proxy voting guidelines cover the majority of issues, there may be certain matters that require Staff to take action to ensure proxy ballots are voted, such as when established guidelines are not able to make a voting recommendation on a specific issue. The SCERS Board delegates to Investment Staff (Staff) the authority to vote proxies in instances when the established guidelines are not applicable and additional action is necessary.
4. Staff will report to the Board, on an annual basis, a summary of the results of the proxy voting process. The annual report should contain summary details on how votes were cast and any deviations from established voting guidelines, including proxy votes by Staff.

LEGAL BACKGROUND

The voting of proxies is required by California Government Code Sections 7450 and 7451. These code sections stipulate as follows:

Government Code Section 7450:

Every local agency in this state owning common stock and whose stock is by contract managed by a fiduciary shall request such fiduciary to forward any proxies for shares owned by the agency which are to be voted in a corporate election to the governing body of such local agency.

Government Code Section 7451:

Notwithstanding any other provision of the law, every local agency in this state owning common stock shall, when returning proxies to a corporation, vote each proxy that is returned to the corporation. Nothing in this section shall prohibit a local agency in this state owning common stock from abstaining on a corporate or shareholder proposal and notifying the corporation in writing of the local agency's desire to abstain on a corporate or shareholder proposal.

Local agency includes every county, city, city and county, district, and authority, and each department, division, bureau, board, commission, agency, instrumentality or pension or retirement system of any of the foregoing.

In addition to the California requirements, most public sector pension plans have adopted the views of the U.S. Department of Labor on fiduciary duties related to proxy voting. The Department of Labor's Employee Benefit Security Administration has stated that the voting rights related to shares of stock held by pension plan are plan assets. Therefore, according to the Department, "the fiduciary act of managing plan assets which are shares of corporate stock would include the voting of proxies appurtenant to those shares of stock." Consistent with Department of Labor opinion, the voting of proxies may be delegated to an investment manager or service provider, and the Securities and Exchange Commission (SEC) has issued guidance that explicitly allows institutional investors to rely on voting guidelines of third-party proxy advisory firms to satisfy this obligation.

RESPONSIBILITIES

Executive Owner: Chief Investment Officer

POLICY HISTORY

Date	Description
03-20-2024	Board approved revised Proxy Voting Policy
06-21-2023	Board approved revised Proxy Voting Policy
10-19-2022	Board re-affirmed Proxy Voting Policy
10-16-2019	Board approved revised Proxy Voting Policy
10-14-1999	Proxy Voting and Corporate Governance Policy Approved