



## **PROXY VOTING**

### **I. STATEMENT OF PURPOSE**

One of the functions of the Sonoma County Employees' Retirement Association (SCERA) is to invest and manage assets under its management and control pursuant to law. Equity ownership is one of the assets under management and with ownership comes the legal requirement to vote the proxies (in accordance with Government Code Section 7451). The Retirement Board believes that proxy voting also includes a significant fiduciary responsibility to its constituents.

Pursuant to the above this Retirement Board establishes the following policy and procedures for proxy voting.

### **II. GENERAL POLICY**

SCERA's Board delegates the voting of all proxies to each equity manager as proxy voting is considered part of the investment management process. Each equity manager must vote in conformance with the Retirement Board's proxy voting guidelines. These guidelines may be amended from time to time.

### **III. PROCEDURES**

1. Equity Managers:
  - a. collect all incoming proxies and verify shares held in account;
  - b. ensure that all proxies to be received are in fact received, voted and returned to the corporation;
  - c. vote on all matters using the then-current guidelines of SCERA's selected US and non-US proxy guideline service provider(s) (Service Provider). Staff may authorize individual managers to vote proxies in deviation from the Service Provider's guidelines if staff believes the manager has the staff and specific firm knowledge to "add value" by tailoring their votes to the specific circumstances of the firm issuing the proxy. Issues not covered in the guidelines shall be cleared through SCERA's staff;
  - d. report annually, with periods ending June 30th, on proxies voted. Reports should show corporation name; identify each proxy issue; indicate how voted; and show the number of shares. For managers authorized to deviate from the Service Provider's guidelines, the manager shall report those proxies voted consistent with the Service Provider's guidelines separate from those voted differently from the Service Provider's guidelines.

2. Retirement Staff:
  - a. review the Service Provider's US and non-US proxy voting guidelines with the Investment Committee or Retirement Board annually, highlighting changes in said guidelines;
  - b. review annual reports on proxies voted to ascertain compliance with proxy voting guidelines;
  - c. resolve issues that appear to be questionable;
  - d. review significant issues relating to the voting of proxies with the Investment Committee or Retirement Board on an as-needed basis.

In addition to the above requirements California Government Corporation Code Section 711 requires that records of how proxies are voted be maintained for twelve months from the effective date of the vote.

## VI. HISTORY

The Board adopted this policy on 4/18/1991.

Reviewed on 10/15/2009 and 8/18/2011.