NORTH CAROLINA DEPARTMENT OF STATE TREASURER
INVESTMENT MANAGEMENT DIVISION

DST Reference:	**IMD-POL-4005-IMD**
Title:	**Proxy Voting Policy**
Chapter:	**Corporate Governance**
Current Effective Date:	**August __, 2025**
Original Effective Date:	**March 23, 2012**

I. Legal Considerations

The Treasurer is the investment fiduciary for the North Carolina Retirement Systems ("NCRS"). The discharge of the Treasurer's and their authorized delegees' fiduciary duties is governed by N.C. Gen. Stat. § 147-70.6, which requires, in part, in subsection (a) that the Treasurer manage NCRS's investments:

1. Solely in the interests of, and for the exclusive purpose of providing benefits to, NCRS's participants and beneficiaries;
2. With the care, skill, and caution of a prudent investor; and
3. Incurring costs only to the extent they are appropriate and reasonable.

As investment fiduciary, the Treasurer invests in the shares of publicly-traded companies in the United States and other countries, as authorized by N.C. Gen. Stat. § 147-69.2(b)(8), and is responsible for the voting decisions for the proxies associated with these shares. Proxy voting decisions include whether to vote on a particular proposal and, if so, whether to support or oppose such proposal. In making proxy voting decisions, N.C. Gen. Stat. § 147-70.6(b)(5) requires the Treasurer to "consider only pecuniary factors," which are defined as factors that have "a material effect on the financial risk or financial return of an investment."

In addition, the Treasurer often refers to ERISA's standards as a potential source of best practices, and ERISA's proxy voting regulation in 29 C.F.R. § 2550.404a–1(d) utilizes a similar fiduciary framework as N.C. Gen. Stat. § 147-70.6(b)(5). For example, ERISA requires the plan fiduciary to make decisions (a) in the "best interests of participants and beneficiaries;" (b) for the "exclusive purpose of providing benefits to participants and beneficiaries;" and (c) "[c]onsider[ing] any costs involved." However, the regulation expands on N.C. Gen. Stat. § 147-70.6(b)(5) in two important ways. First, it explicitly applies the fiduciary standard to the separate decisions of whether to vote on a proposal and, if so, whether to support or oppose such proposal. Second, a plan fiduciary must "[e]xercise prudence and diligence in the selection and monitoring of [a Proxy Vendor]."

II. Investment Principles

The following principles have a substantial influence on whether and how the Treasurer should vote on proposals.

1. NCRS would incur substantial costs if the Treasurer developed and maintained custom proxy voting guidelines and then evaluated and voted every proposal received by the Treasurer.

2. The Treasurer's vote is unlikely to have a material influence on the outcome of a vote unless the Treasurer holds a significant percentage of a company's outstanding voting shares.
3. The outcome of a proxy vote is unlikely to have a material effect on the performance of NCRS's investments unless the Treasurer holdings of the company constitute a significant percentage of NCRS's total assets.
4. Notwithstanding the foregoing, certain types of proposals ("Core Governance Issues") are essential to corporate governance and, therefore, more likely to have a "material effect on the financial risk or financial return" of the Treasurer's investment in the company, as required by N.C. Gen. Stat. § 147-70.6(b)(5).
5. There are firms ("Proxy Vendors") that develop and maintain proxy voting guidelines, apply the guidelines to specific proposals, and cast votes on such proposals on behalf of their clients. Proxy Vendors are able to spread much of the cost of proxy voting over numerous clients.

III. Policy

Based on the foregoing legal considerations and investment principles, the Treasurer adopts the following policy for whether and how to vote the proxies associated with the Treasurer's investments in publicly-traded companies.

The Treasurer will vote on Core Governance Proposals and other proposals that meet the materiality standard of N.C. Gen. Stat. § 147-70.6(b)(5) ("Other Material Proposals" and with Core Governance Proposals, "Material Proposals"). The Treasurer will abstain from voting on other proposals.

Core Governance Proposals are binding proposals in one of the following categories:

1. Audit and financials
2. Board-related (e.g., elections; declassification)
3. Capital management (e.g., share buyback programs)
4. Changes to the company's statutes and bylaws
5. Compensation
6. Mergers and acquisitions
7. Meeting administration
8. Other governance matters

Other Material Proposals are proposals for which one of following criteria is met, provided that for Nos. 1 and 2, such proposals are binding:

1. The Treasurer holds at least 1% of NCRS's total assets in the company;
2. The Treasurer owns at least 2% of the company's outstanding voting shares; or
3. The Treasurer otherwise determines that voting on the proposal meets the standards of N.C. Gen. Stat. § 147-70.6(b)(5).

The Treasurer will utilize a Policy Vendor to develop and maintain proxy voting guidelines and evaluate and vote the Treasurer's proxies for Material Proposals. The Treasurer will review the proxy voting guidelines on an annual basis for consistency with the Treasurer's fiduciary duties.

Notwithstanding the foregoing, the Treasurer may authorize an investment manager to vote the proxies associated with the shares managed by the investment manager, provided that such voting is a material part of the manager's investment approach, is subject to materially the same fiduciary standards as apply to the Treasurer, and is documented in the Treasurer's investment management agreement with the manager.

The Treasurer will review this policy annually or as otherwise deemed prudent.

IV. Revision/Review History

Version	Date Approved	Description of Changes
1.0	3/23/2012	Original version.
2.0	8/13/2013	Revised.
3.0	12/4/2014	Revised.
4.0	2/10/2015	Revised.
5.0	12/16/2016	Revised, including changing ownership from IMD to OST and applying the policy to all divisions.
6.0	3/16/2018	Revised. Adopted Glass Lewis's standard guidelines.
6.1	1/17/2020	Made clarifications and removed the reference to the rescinded Long-Term Stewardship Policy.
7.0	8/##/2025	Updated the legal considerations and investment principles that inform the policy. Designated certain proposals as Material Proposals. Material Proposals will be voted by Glass Lewis using its standard guidelines The Treasurer will abstain from voting on non-Material Proposals.

For questions about this Policy, please contact Compliance Analyst Deana Moore-Solomon at Deana.Moore-Solomon@nctreasurer.com . For general questions about department-wide policies and procedures, please contact DST.PolicyCoordinator@nctreasurer.com.