



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 11

MEETING DATE: August 17, 2022

SUBJECT: Proxy Voting Activity Report—Second Quarter 2022

SUBMITTED FOR: Consent Deliberation and Action Receive and File

RECOMMENDATION

Staff recommends the Board receive and file the report summarizing SCERS' proxy voting results for the second quarter ending June 30, 2022.

PURPOSE

This item complies with SCERS' Proxy Voting Policy to provide a summary of the results of SCERS' proxy voting activity. This item contributes to the effective management and oversight of investment activities.

SUMMARY

SCERS utilizes the services of Institutional Shareholder Services, Inc. (ISS) to facilitate the voting of proxies. Proxies are voted to fulfill SCERS' fiduciary duties and in a manner consistent with the long-term interests of plan participants and beneficiaries.

The second quarter of the year is the primary voting period in the U.S., and covers approximately 75% of the annual meetings and voting proposals for the full year. During the second quarter of 2022, SCERS voted in over 1,100 meetings with over 13,000 proposals, which was over 99% and 98% of potential meetings and proposals, respectively. During the quarter, SCERS voted in compliance with voting guidelines 100% of the time, which resulted in voting with management on approximately 92% of proposals and against management on 8% of proposals. The percentage of votes against management was up just slightly compared to the second quarter of 2021. For the meetings not voted on, they were predominately for companies based in Sweden, where SCERS does not have the requisite power of attorney needed to vote the proxies. During the quarter, SCERS voted in meetings across 31 countries, with votes in the U.S. covering 71% of total meetings.

Proxy voting is a way for shareholders to vote on corporate actions when they are not able to attend a company's annual meeting (i.e. vote via proxy). With institutional investors holding highly diversified portfolios, voting via proxy has become standard practice. For example,

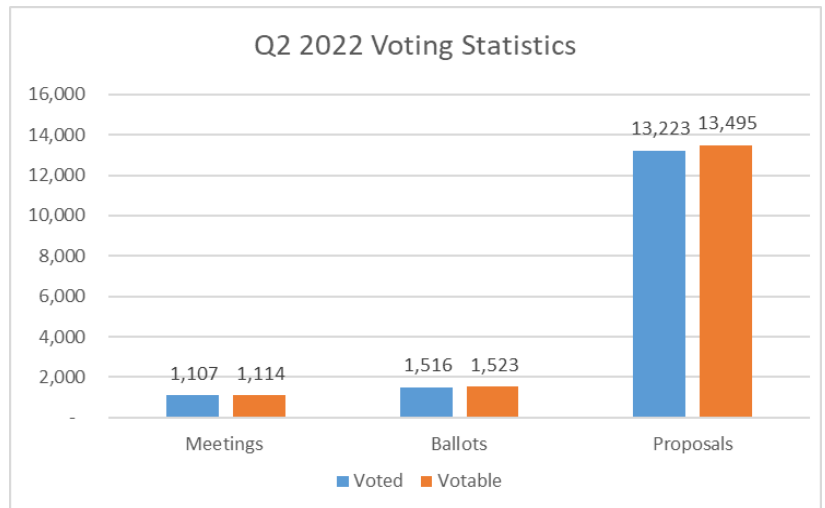
SCERS has an ownership interest in over 1,300 companies across its domestic and international equity portfolios. Proxy voting is the primary method by which shareholders, as owners of a company, can express their views and influence a company’s operations.

Proxy voting rights are considered valuable plan assets. As a fiduciary, SCERS is required to vote proxies in the best interests of plan participants and beneficiaries. SCERS’ Proxy Voting Policy authorizes the use of third-party proxy voting service providers such as ISS to vote proxies for public equity securities.

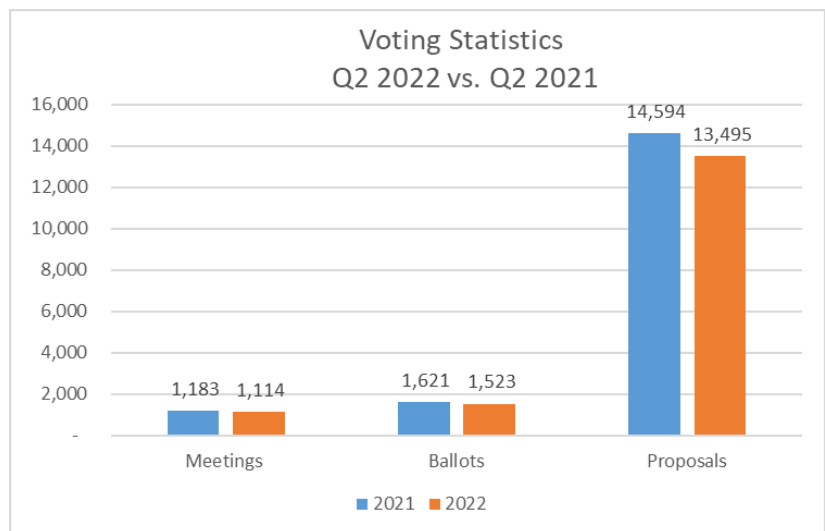
The following charts and data summarize the overall proxy voting results for the quarter ending June 30, 2022. The ISS Board Statistics report for the quarter ending June 30, 2022, is provided along with this memo.

First Quarter 2022

During the first quarter, SCERS voted in 1,107 out of 1,114 votable meetings (99.4%) and voted on 1,516 out of 1,523 ballots (99.5%). The total meetings included 13,495 proposals, which SCERS voted on 13,223 (98%). For the meetings not voted on, most relate to meetings for Swedish companies where SCERS does not have the requisite power of attorney necessary to vote the meetings. The number of meetings voted on during the quarter was approximately 6% lower than the second quarter of 2021.



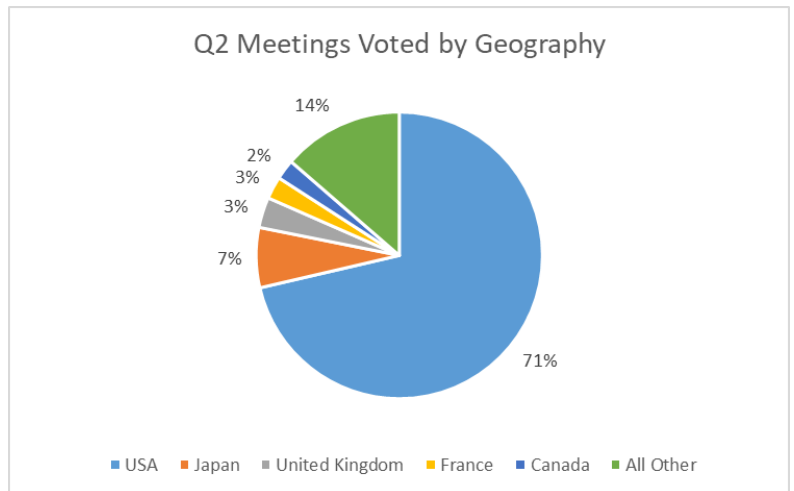
During the second quarter, SCERS voted with management on 91.7% of proposals and voted against management 8.3% of the time. The percentage of votes against management was just slightly lower than the second quarter of 2021. For the votes against management, most of the votes related to compensation-related matters or the election of directors.



There were seven meetings that could not be voted on during the quarter. Six of these meetings occurred in Sweden, where SCERS does not have the requisite authority to vote meetings.

All votes cast during the quarter were in accordance with SCERS’ approved proxy voting guidelines.

On a geographic basis, 71% of the meetings voted on were for U.S.-based companies, followed by Japan (7%), the United Kingdom (3%), France (3%), and Canada (2%). SCERS voted on meetings in 31 countries during the quarter.



ATTACHMENT

- Board Order
- ISS Board Statistics Report for the quarter ending June 30, 2022.

Prepared by:

/S/

 Brian Miller
 Senior Investment Officer

Reviewed by:

/S/

 Steve Davis
 Chief Investment Officer

/S/

 Eric Stern
 Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

Before the Board of Retirement
August 17, 2022

AGENDA ITEM:

Proxy Voting Activity Report – Second Quarter 2022

THE BOARD OF RETIREMENT hereby accepts the recommendation of staff to receive and file the report summarizing SCERS' proxy voting results for the second quarter ending June 30, 2022.

I HEREBY CERTIFY that the above order was passed and adopted on August 17, 2022 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES (Present but not voting):

Board President

Eric Stern
Chief Executive Officer and
Board Secretary

Board Statistics Report



Parameters Used:
 Location(s): All locations
 Account Group(s): All account groups
 Institution Account(s): All institution accounts
 Custodian Account(s): All custodian accounts
 Reporting Period: 04/01/2022 to 06/30/2022

Meeting Overview

Category	Number	Percentage
Number of votable meetings	1,114	
Number of meetings voted	1,107	99.37%
Number of meetings with at least 1 vote Against, Withhold or Abstain	432	38.78%

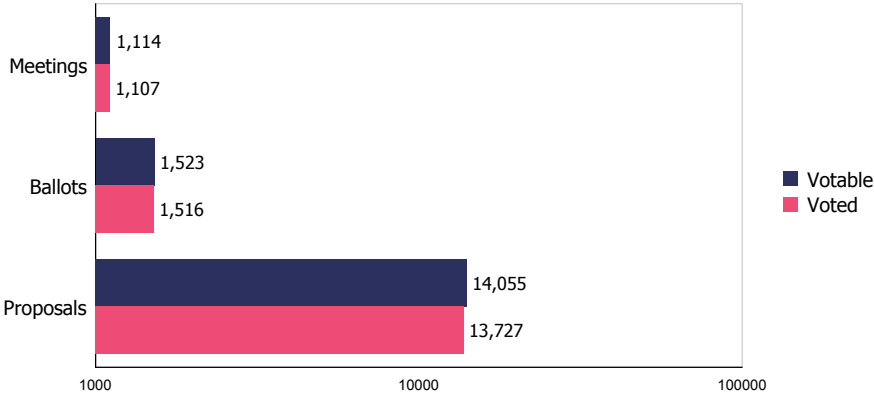
Ballot Overview

Category	Number	Percentage
Number of votable ballots	1,523	
Number of ballots voted	1,516	99.54%

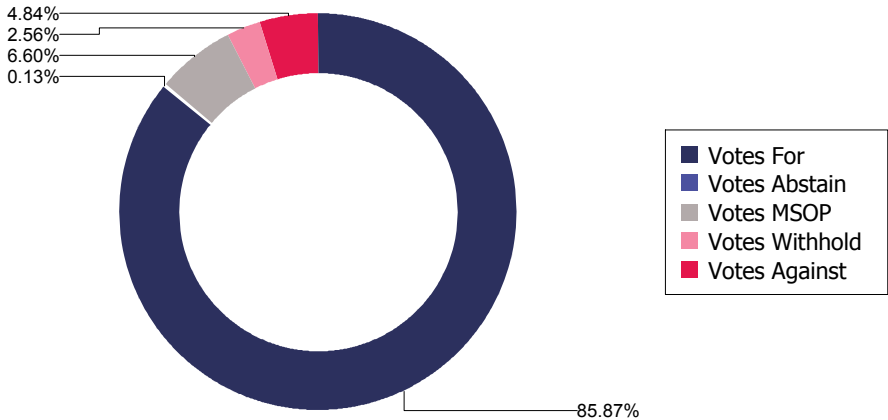
Proposal Overview

Category	Number	Percentage
Number of votable items	14,055	
Number of items voted	13,727	97.67%
Number of votes FOR	12,575	91.61%
Number of votes AGAINST	709	5.17%
Number of votes ABSTAIN	19	0.14%
Number of votes WITHHOLD	375	2.73%
Number of votes on MSOP	967	7.04%
Number of votes One Year	49	0.36%
Number of votes Two Years	0	0.00%
Number of votes Three Years	0	0.00%
Number of votes With Policy	13,727	100.00%
Number of votes Against Policy	0	0.00%
Number of votes With Mgmt	12,583	91.67%
Number of votes Against Mgmt	1,144	8.33%
Number of votes on Shareholder Proposals	504	3.67%

Voting Statistics



Vote Cast Statistics

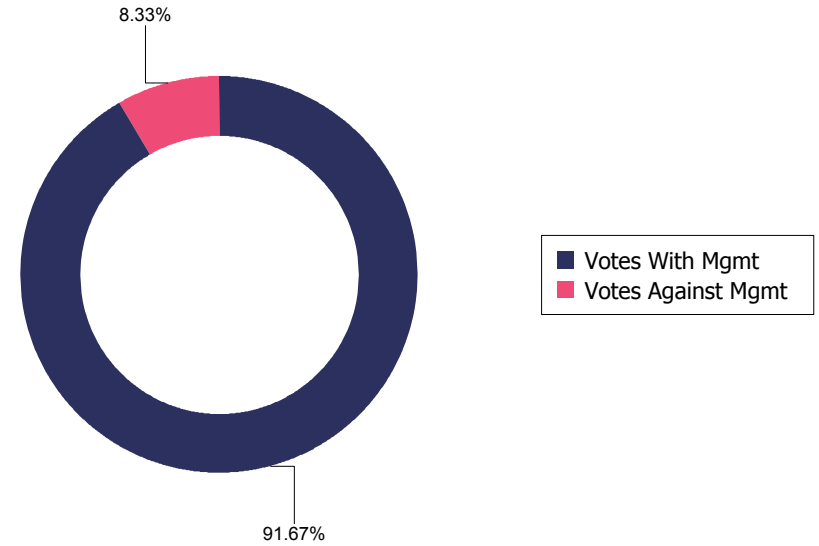


Note: Instructions of Do Not Vote are not considered voted, and in cases of different votes submitted across ballots for a given meeting, votes cast are distinctly counted by type per proposal where total votes submitted by type may be higher than unique proposals voted.

Vote Alignment with Policy

No graphical representation provided.

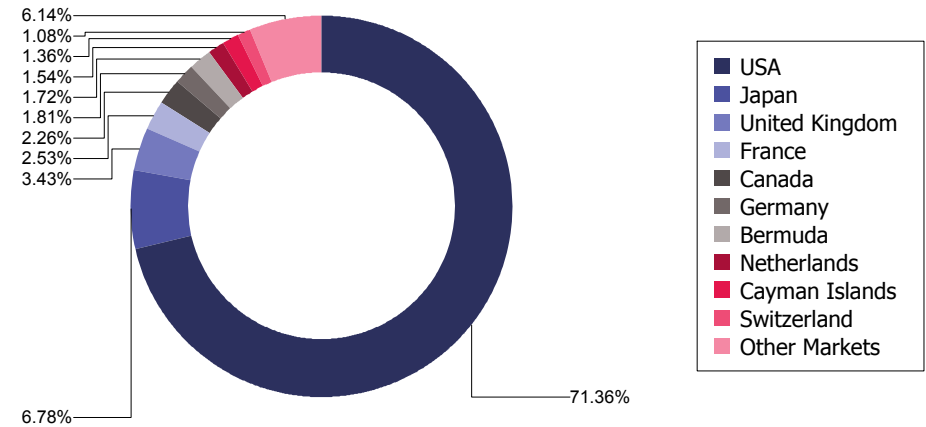
Vote Alignment with Management



Market Breakdown

Market	Votable Meetings	Voted Meetings	Percentage
USA	790	790	100.00%
Japan	75	75	100.00%
United Kingdom	38	38	100.00%
France	29	28	96.55%
Canada	25	25	100.00%
Germany	20	20	100.00%
Bermuda	19	19	100.00%
Netherlands	17	17	100.00%
Cayman Islands	15	15	100.00%
Switzerland	12	12	100.00%
Ireland	11	11	100.00%
Italy	9	9	100.00%
Sweden	6	0	0.00%
Spain	5	5	100.00%
Belgium	4	4	100.00%
Hong Kong	4	4	100.00%
Jersey	4	4	100.00%

Meetings Voted by Market



Market Voting Statistics

Market	Votable Meetings	Voted Meetings	Percentage
Singapore	4	4	100.00%
Australia	3	3	100.00%
Brazil	3	3	100.00%
Luxembourg	3	3	100.00%
Norway	3	3	100.00%
Austria	2	2	100.00%
China	2	2	100.00%
Finland	2	2	100.00%
Mexico	2	2	100.00%
Portugal	2	2	100.00%
Curacao	1	1	100.00%
Denmark	1	1	100.00%
Israel	1	1	100.00%
Panama	1	1	100.00%
Puerto Rico	1	1	100.00%

