

NCIA POLICIES AND PROCEDURES

NCIA Reference:	NCIA-POL-4005
Title:	Proxy Voting Policy
Chapter:	CIO-Approved
Current Effective Date:	January 1, 2026
Original Effective Date:	January 1, 2026

I. Legal Considerations

The North Carolina Investment Authority (“NCIA”) serves as the investment fiduciary for the funds listed in N.C. Gen. Stat. §§ 147-69.1 and 147-69.2, including the North Carolina Retirement Systems (“NCRS,” and with the other funds, the “NC Funds”). The discharge of NCIA’s and its authorized delegates’ fiduciary duties is governed by N.C. Gen. Stat. § 147-70.6, which requires, in part, in subsection (a) that the NCIA manage NC Funds’ investments:

1. Solely in the interests of, and for the exclusive purpose of providing benefits to, the NC Funds’ 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, NCIA invests the assets of NC Funds in the shares of publicly-traded companies in the United States and other countries, as authorized by N.C. Gen. Stat. § 147-65.1(7), 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 NCIA 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 NCIA will often refer to ERISA’s standards as a potential source of best practices for the NCRS, 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 NCIA should vote on proposals.

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

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received by the NCIA.

2. The NCIA's vote is unlikely to have a material influence on the outcome of a vote unless the NCIA 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 NC Funds' investments unless the NCIA's holdings of the company constitute a significant percentage of NC Funds' 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 NCIA'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 NCIA adopts the following policy for whether and how to vote the proxies associated with the NCIA's investments in publicly-traded companies.¹

The NCIA 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 NCIA 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

¹ As reasonably determined by the Corporate Governance Committee, to the extent appropriate, material components of this Policy may be applied in circumstances where the NCIA invests directly into a private company (i.e., not a co-invest where a General Partner controls the position) and the NCIA has the ability to vote a proxy.

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

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

Notwithstanding the foregoing, the NCIA 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 NCIA and is documented in the NCIA's investment management agreement with the manager.

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

IV. Revision/Review History

Version	Date Approved	Description of Changes
1.0	December 31, 2025	Original version

For questions about this Policy, please contact Compliance Analyst Deana Moore-Solomon.

² NC Funds that are not components of the NCRS may have separate and independent considerations as reasonably determined by the Corporate Governance Committee, to the extent appropriate.