



# PROXY VOTING POLICY

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## OBJECTIVE

Corporate governance and shareholder proposals can directly affect shareholder values. The right to vote shareholder proxies is therefore a trust asset. Informed proxy voting can enhance long-term shareholder returns in all markets. Accordingly, the purpose of this policy is to ensure that the TRS proxies are voted in the best interests of TRS so as to maximize portfolio values over time.

## DELEGATION

The Board hereby delegates to the Chief Investment Officer (“CIO”) the responsibility for proxy voting and administration. To manage TRS’ proxy voting prudently, the CIO shall retain a reputable, independent advisory service to analyze proxy issues, to make prudent voting recommendations to TRS in proxy matters, and to vote proxies.

The CIO shall further appoint a committee (the “Proxy Committee”) of qualified, professional members of the Investment Management Division (the “IMD”) to oversee the independent advisory service. The Proxy Committee shall also have two non-voting members, one from the Legal Services Division and one from Investment Operations. The Proxy Committee shall keep current on voting guidelines recommended by the independent advisory service. As needed, but at least on an annual basis, the Proxy Committee shall review any voting guidelines recommended by the independent advisory service to ensure that they are appropriate for TRS. When appropriate, the CIO or Proxy Committee should consult with staff in other departments and with consultants or advisors to TRS under contract with TRS.

## GENERAL VOTING GUIDELINES

Generally, the Proxy Committee shall cause TRS proxies to be voted in accordance with the recommendations of the independent advisory service. Recommendations are based on their guidelines. On matters of special importance to TRS, however, the Proxy Committee may decide that TRS proxies be voted differently than recommended by the independent advisory service.

## REPORTING & RECORD-KEEPING

The Proxy Committee shall provide prior notice to the Chair of the Board’s Policy Committee, the Executive Director, and the CIO of proxy votes where TRS votes other than in accordance with the independent advisory service’s recommendation.

The Proxy Committee shall maintain, or cause to be maintained, a record of votes on all proxy issues. As described above, if a proxy item is voted other than in accordance with the independent advisory service’s recommendation or if a proxy item is voted for which the independent service does not provide a recommendation, such “exception votes” shall be described in a Proxy Exceptions Report presented to the Board by the Proxy Committee at the Board’s next quarterly meeting. The Proxy Exceptions Report must document the exception votes, the reasons

supporting each such vote, the number of shares voted, and the date of each corporate meeting at which exception votes were cast.

Proxy voting will be handled so as to permit review for compliance with this policy. The Proxy Committee shall maintain, or cause to be maintained, the following items in readily accessible records for the retention period required by an approved records retention policy:

- a. a record of all proxies voted that contains company name, number of shares voted, date of each corporate meeting at which votes were cast, issues voted upon and the corresponding TRS vote, along with any necessary supporting documentation,
- b. the Proxy Exceptions Report referenced above, and
- c. a record of any proxies received but not voted due to special circumstances, including untimely receipt, re-registration, or blocking.

### **LOANED SECURITIES**

Because TRS conducts a securities lending program, securities may be on loan during the time when proxies must be voted. Loaned securities will be recalled for purposes of voting proxies only when the CIO or the Proxy Committee as the CIO's designee determines that the proxy issue interest clearly outweighs the securities lending interest. Recalling loaned securities for proxy voting purposes is expected to represent the exception rather than the general rule.

### **USE OF THIRD PARTY INVESTMENT MANAGERS TO VOTE PROXIES**

The CIO or the CIO's designee(s) may delegate to third party external managers proxy voting authority related to the securities managed by such manager, provided that the delegation of proxy voting authority is reasonably related to the investment strategy set forth in that manager's investment guidelines in the investment management agreement. Any proxy votes cast by an external manager pursuant to a delegation of proxy voting authority must be cast (1) in accordance with the applicable investment guidelines governing such external manager and (2) in the external manager's reasonable judgment as a fiduciary to TRS, in the best long-term interest of TRS. External managers must maintain records of any proxy votes cast on behalf of TRS and annually provide TRS reports of such votes or deliver reports of proxy votes cast upon request.