2024 CG PROXY

ANNUAL SUMMARY OF PROXY VOTING

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

2024 ANNUAL CORPORATE GOVERNANCE SUMMARY

The annual corporate governance summary explains how the State Board of Administration (SBA) makes proxy voting decisions, describes the process and policies used to analyze corporate governance practices, and details significant market issues affecting global corporate governance practices at owned companies.

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

CORPORATE GOVERNANCE

As part of the State Board of Administration's (SBA) mission to invest, manage and safeguard the assets of its various mandates, the SBA plays a vital role in supporting initiatives to ensure that public companies meet high standards of independent and ethical corporate governance. The SBA acts as a strong advocate and fiduciary for Florida Retirement System (FRS) members and beneficiaries, retirees, and other non-pension clients to strengthen shareowner rights and promote leading corporate governance practices at U.S. and international companies in which the SBA holds stock.

The SBA's corporate governance activities are focused on enhancing share value and ensuring that public companies are accountable to their shareowners with independent boards of directors, transparent disclosures, accurate financial reporting, and ethical business practices designed to protect the SBA's investments. Under Florida law, the SBA manages the funds under its care according to fiduciary standards similar to those of other public and private pension and retirement plans. The SBA must act in the best interests of the fund beneficiaries. This standard encompasses all activities of the SBA, including the voting of all proxies held in funds under SBA management.

The SBA casts votes for portfolio holdings managed within both the defined benefit and defined contribution plans of the Florida Retirement System (FRS), as well as other non-pension trust funds. For omnibus accounts, including open-end mutual funds utilized within the FRS Investment Plan, the SBA votes proxies on all shares for funds that conduct annual shareowner meetings. Proxy voting annually covers over 12,000 annual and special shareowner meetings, over 110,000 individual voting decisions, and reflects public investments in over 65 geographic markets.

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GOVERNANCE DATA

All global voting statistics as of June 30, 2024 or latest figures publicly available.

12,584
Number of votes on public company proxies

67
Number of countries where SBA cast votes

82.3%
Percentage of Votes "for" among all global votes cast

2.1%
Percentage of all votes not voted due to impediments, liquidity restrictions, or other obstacles

15.4%
Percentage of all votes cast where direction was against the management-recommended-vote

SHPs

23%
Percent decrease in the number of shareholder proposals supported from previous fiscal year

1,447
Total Number of shareholder proposls voted globally

3.2%
Percent increase in the number of total proxy votes year over year 2023-2024

114,660
FY2024 individual ballot items

9,289
FY2024 individual companies

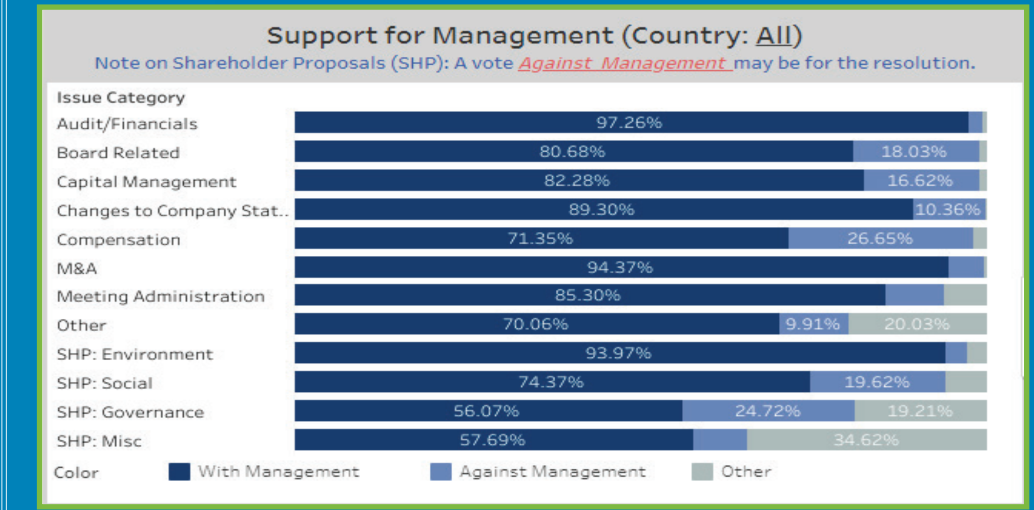
VOTED MARKETS

62%
Percentage of all votes cast in developed markets

3%
Percentage of all votes cast in other markets

35%
Percentage of all votes cast in emerging markets

FY2024 SUPPORT FOR MANAGEMENT



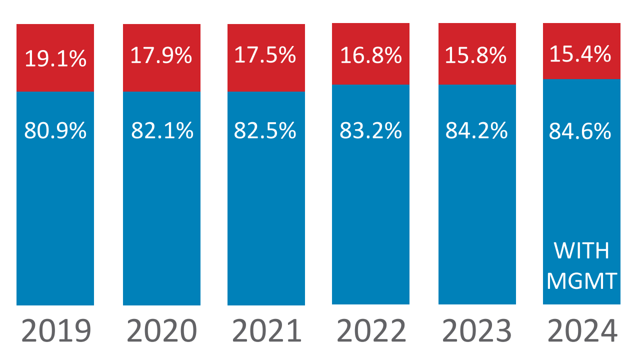
Proxy voting is an integral part of managing assets in the best interests of fund clients and beneficiaries. Voted portfolios may be managed within either the defined benefit or defined contribution plans of the Florida Retirement System (FRS) or other non-pension trust funds. For omnibus accounts, including open-end mutual funds utilized within the FRS Investment Plan, the SBA votes proxies on all shares for funds that conduct annual shareowner meetings.

The SBA supports the adoption of internationally recognized governance practices for well managed corporations including independent boards, transparent board procedures, performance-based executive compensation, accurate accounting and audit practices, and policies covering issues such as succession planning and meaningful shareowner participation. The SBA also expects companies to adopt rigorous stock ownership and retention guidelines, and implement well designed incentive plans with disclosures that clearly explain board decisions surrounding executive compensation.

For fiscal year 2024, the SBA retained several leading proxy advisory and governance research firms: Glass, Lewis & Co. ("GLC"), FactSet Research, Institutional Shareholder Services ("ISS"), EIRIS (Conflict Risk Network), MSCI ESG Research, and Equilar. The SBA uses the research of these firms to help analyze individual voting items and monitor boards of directors, executive compensation levels, and other significant corporate governance practices at owned companies.

Since 2016, the SBA has used GLC's ViewPoint proxy voting platform to cast votes at global companies. In addition to using the ViewPoint system to execute proxy votes, the SBA subscribes to specific research and analysis of proxy issues and meeting agendas on all publicly traded equity securities from both ISS and GLC. GLC's proxy research covers the entire U.S. stock universe of Russell 3000 companies and virtually all non-U.S. equities. MSCI provides the SBA with analyses of corporate employment activities within Northern Ireland, as well as company research tied to the Protecting Florida's Investments Act (PFIA).

The SBA's Corporate Governance & Proxy Voting Oversight Group (Proxy Committee) met four times during the fiscal year, once each quarter. The Proxy Committee, created in 2010, is a subset of the SBA's Senior Investment Group (SIG) and is charged with overseeing corporate governance and proxy voting activities. In addition to quarterly meetings throughout the year, the Proxy Committee reviews and deliberates contested and significant governance topics. Issues for discussion include the volume and trends of proxy votes, governance factors within global equity markets, regulatory developments, and business operations tied to the Protecting Florida's Investments Act (PFIA).



Historical SBA proxy voting with management recommendations (by FY)

Annual Voting Review

During the fiscal year ended June 30, 2024, the SBA executed votes on 12,584 public company proxies covering 114,660 individual voting items, including director elections, audit firm ratifications, executive compensation plans, mergers, acquisitions, and other management and shareowner proposals.

The SBA's proxy votes were cast in 67 countries, with the top five countries comprised of the United States (2,747), China (2,387), India (1,424), Japan (1,306), and South Korea (609). The SBA voted "for" 82.3% of all proxy issues, "against" 15.6%, and abstained or did not vote due to share-blocking on 2.1% of issues. Of all votes cast, 15.4% were against the management-recommended vote, down 2.5% year over year.

While SBA staff is not pre-disposed to disagree with management recommendations, some management positions may not be in the best interest of all shareowners and warrant an against vote. On behalf of participants and beneficiaries, the SBA emphasizes the fiduciary responsibility to analyze and evaluate all management recommendations very closely. Particular attention is paid to decisions related to director elections, executive compensation structures, various anti-takeover measures, and proposed mergers or other corporate restructuring.

Director Elections

Board elections represent one of the most critical areas in voting since shareowners rely on the board to monitor management. The SBA supported 81.4% of individual nominees for boards of directors, voting against the remaining portion of directors primarily due to concerns about the candidate's independence, attendance, workload, and overall board performance. The SBA may also withhold votes from directors who fail to observe good corporate governance practices or demonstrate a disregard for the interests of shareowners.

> The SBA's proxy voting decisions are based on pecuniary factors to promote the best risk-adjusted returns for its beneficiaries. The SBA's corporate governance principles and proxy voting guidelines are applied consistently across all types of investment strategies, accounts, and fund assets that have a proxy voting component.

For directors at U.S. companies, the SBA supported 82.6% of 17,719 individual board nominees at U.S. companies within the Russell 3000 stock index, a slight decrease of 0.8% from last fiscal year. For comparison, Glass Lewis & Co. recommended their clients support 89.3% of all similar directors. The largest driver of the SBA's withheld (against) votes were board nominees serving on too many boards simultaneously ("over-boarded" directors), poor board practices and related disclosures, as well as related-party transactions. Investors increased their support for directors in 2024, with board members at S&P 500 companies receiving an average of 96.3% support, up one half of a percent from 2023. Directors at small and mid-capitalization companies averaged approximately 96% support. One consultant noted that directors serving as Chair of the nominating and governance committee drew the least support among all nominees.

Where a committee is charged with specific corporate governance responsibilities, investors typically hold that committee chair or members accountable for firm performance and are more likely

> The proxy vote is a fundamental right tied to owning stock. Pursuant to guidance from the U.S. Department of Labor, the SBA's fiduciary responsibility requires proxies to be voted in the best interest of fund participants and beneficiaries.

> "One critical aspect of corporate governance is transparency between shareholders and management. Shareholders entrust managerial agents to run the firm's operations while partaking in the profits from afar. This agency relationship creates information asymmetry between the passive shareholders and active day-to-day managers, limiting the shareholder's ability to effectively monitor the firm's operations."
>
> (Michael Jensen and William Meckling, Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure, 1976)

to vote against (or withhold support from) the board chair or lead director. Among S&P 500 directors who received more than 15% opposition votes this year, 34% are nominating and governance committee chairs.

While there is no widely accepted and objective measure of director performance, one metric sometimes used reflects the idea that directors (like chief executive officers) should be evaluated on the stock performance of the companies for which they serve as board members.

Those who support this approach say directors can affect a company's shareowner return by providing critical input when a company develops business strategy, plans for management succession, and provides general management oversight.

A recent study of Fortune 500 directors by James Drury Partners LLC, which handles board and executive searches, uncovered a strong link ,"between the quality of business acumen in the boardroom and the stock performance of the company."

Independent Chairs

The SBA considers on a case-by-case basis whether to support separating the duties of Chairman and Chief Executive Officer, but generally supports separation unless the company has a strong governance structure which includes a designated lead director with the authority to develop and set the agenda for meetings and lead sessions outside the presence of an insider Chairman.

SEC Rejecting More Shareholder Proposals

A review by the Shareholder Rights Group indicates the SEC has increased the rate at which it provides "no-action" relief for companies filing to exclude shareholder proposals (SHPs) from their proxy statements. From November 1, 2023, to May 1, 2024, the SEC supported company requests to exclude SHPs about 68% of the time, with a significant rise in the number of requests leading to more exclusions.

This informal review process allows the SEC staff to decide whether a shareholder proposal can be excluded under SEC Rule 14a-8. In this period, 259 no-action decisions were issued, compared to 167 the previous year. Exclusions have nearly doubled, with the proportion of granted exclusion requests rising from 56% last year to 68% this year. Many climate and social proposals were excluded for being overly detailed or micromanaging. For instance, proposals for detailed greenhouse gas emissions breakdowns and disclosures of union suppression expenses were excluded on these grounds. Interestingly, there were no challenges based on the irrelevance of proposals, despite claims that shareowner proposals often lack relevance.

The increase in exclusions suggests the SEC staff is responsive to market feedback. However, to some investors, the exclusion of proposals addressing material issues is viewed as a setback, potentially hindering risk management and corporate governance improvements. Despite elevated shareholder proposal submission levels over the last 3 years, there are still approximately two out of three SHPs excluded from corporate proxy ballots when including settlement and withdrawals.

External Auditors

The SBA ratified 99.2% of all external auditors among U.S. companies within the Russell 3000 stock index, a slight increase of 0.1% from last fiscal year. Although the ratification of auditors is viewed as a routine voting decision, typically receiving over 95% support from investors, lately some audit firms have failed to receive majority levels of support.

Many investors, including the SBA, review the split between audit and non-audit fees charged by external auditors to gauge the type and breakdown of work performed by audit firms. When there are high non-audit charges, especially when the non-audit work pertains to general (non-audit) accounting services, an external auditor's independence and objectivity can be impaired.

Executive Compensation

The SBA supported 46.6% of all compensation related ballot items at U.S. companies within the Russell 3000 stock index, an increase of 10.2% from last fiscal year. Across all voted markets, the SBA supported 58% of all advisory say-on-pay (SOP) ballot items. Investor support for both SOP and individual equity compensation plan proposals were strong, with the number of failed SOP votes declining by almost half.

Proxy Contests

During the fiscal year, SBA staff voted on a total of fifteen contested board elections globally, supporting management board proposals 67% of the time. Other ballot items received mixed SBA support, with the highest support for mergers and acquisition and issues involving shareholder meeting administration.

Shareowner Resolutions

On a year-over-year fiscal basis, the SBA's voting support for all U.S. shareholder proposals (SHPs) declined by approximately 7%. This decline in support for U.S. SHPs continues the trend over the last five fiscal years, in which voting opposition has steadily increased from a trough of 16% voted against in FY2016 to 67% voted against in FY2024. The SBA supported 24.6% of shareowner-proposed ballot resolutions at U.S. companies within the Russell 3000 stock index. The next report section further details SBA voting on SHPs.

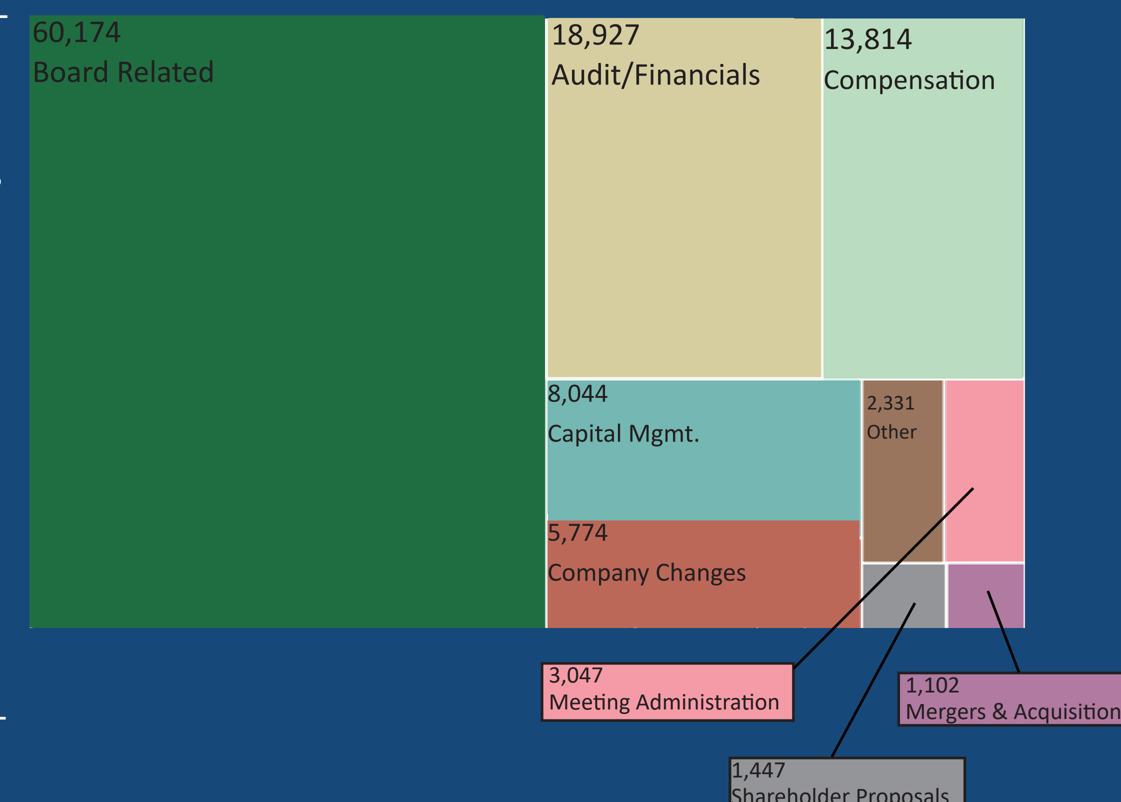
In 2024, U.S. companies faced a record number of shareholder proposals, with a notable rise in those opposing environmental, social, and governance (ESG) policies. These so-called "anti-ESG" proposals, which grew from 79 in 2023 to 102 in 2024, received

Treemap of Proxy Ballot Issues

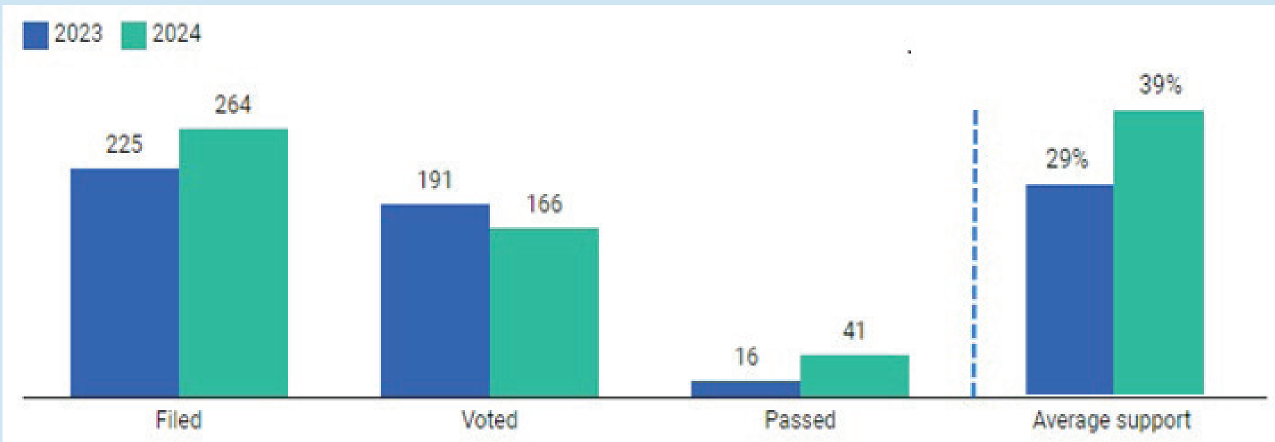
FY2024 VOTING ISSUES

52.5% of the total voting-related issues were board-related with 41.7% of those issues being related to the election of the board of directors. 16.5% of the issues were related to audit/financials. 12.1% of the issues were compensation-related. Capital management comprised 7% of voting issues, and 5% of the total issues were related to company statutory changes. Meeting administration, shareholder proposals, mergers, and "other" made up a total of 6.9% of the remaining issues.

SBA FY2024 Proxy Voting Data



Russell 3000 Stock Index – Proxy Voting on Shareholder Proposals 2023/2024: January through June



Source: The Conference Board, 2024 Proxy Season Review - Corporate Resilience in a Polarized Landscape.

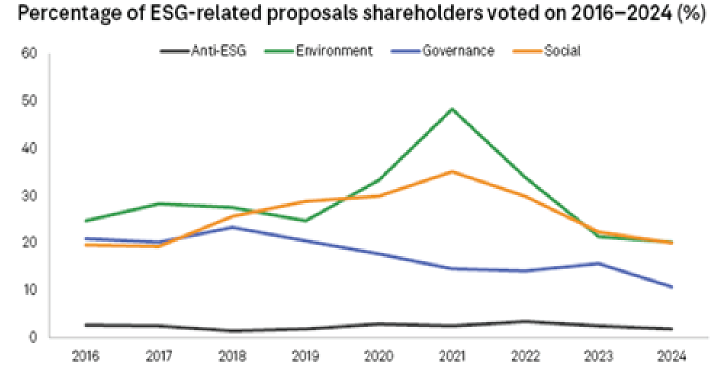
minimal backing—averaging only 1.9% of the shares cast in support. Climate change remained the most popular topic for shareholder proposals, although support for such measures has waned as they have become more prescriptive. Governance-related proposals saw increased support, while environmental and social proposals saw declines. Additionally, there was a notable rise in no-action requests and exempt solicitations as tools to influence shareowner votes.

Under SEC Rule 14(a)-8, shareowner proposals may be submitted to companies with identified performance deficiencies. Shareowner proposals are used to place significant issues on a company's meeting ballot in order to allow all shareowners to voice a collective view of company owners. There was a strong rise in the number of U.S. "Governance" category SHP votes that the SBA voted against in FY2024—equal to about a 10% change at the margin within that voting segment. During Q2-2024, within the "G" segment, there were 299 SHPs in the U.S. market, of which the SBA supported 137. There was a strong rise in the number of U.S. "Environmental" category SHP votes that the SBA voted against in FY2024, rising by about 8%. During Q2-2024, within the "E" segment, there were 95 SHPs in the U.S. market, of which the SBA only supported three.

There was a small decline in the number of U.S. "Social" category SHP votes that the SBA voted against in FY2024—equal to about a 3% change at the margin within that voting segment. This was due to the variety of "S" SHPs we encountered in the U.S. market during the year, with a few novel types of SHPs (e.g., Artificial Intelligence AI and a few so-called anti-ESG resolutions). During Q2-2024, within the "S" segment, there were 231 SHPs in the U.S. market, of which the SBA supported only fifty-three.

Market convention is to classify resolutions by topic, into "environmental" issues (e.g., corporate water use, emissions goal setting, etc.), "social" issues (e.g., human capital, lobbying activity, geopolitical risks, etc.), and "governance" issues (e.g., board structure, anti-takeover devices, shareowner rights, etc.). When all shareowner resolutions are broken down into the environmental, social, and governance (E, S, and G) proposal categories, the SBA supported 3.4%, 22.5%, and 50.3% of all global SHPs, respectively.

Percentage of ESG-related proposals shareholders voted on 2016–2024 (%)



Source: Sustainable Investments Institute (Si2), Proxy Preview, Resolutions voted on as of July 29, 2024.

"Stealth" Dual Class Stock

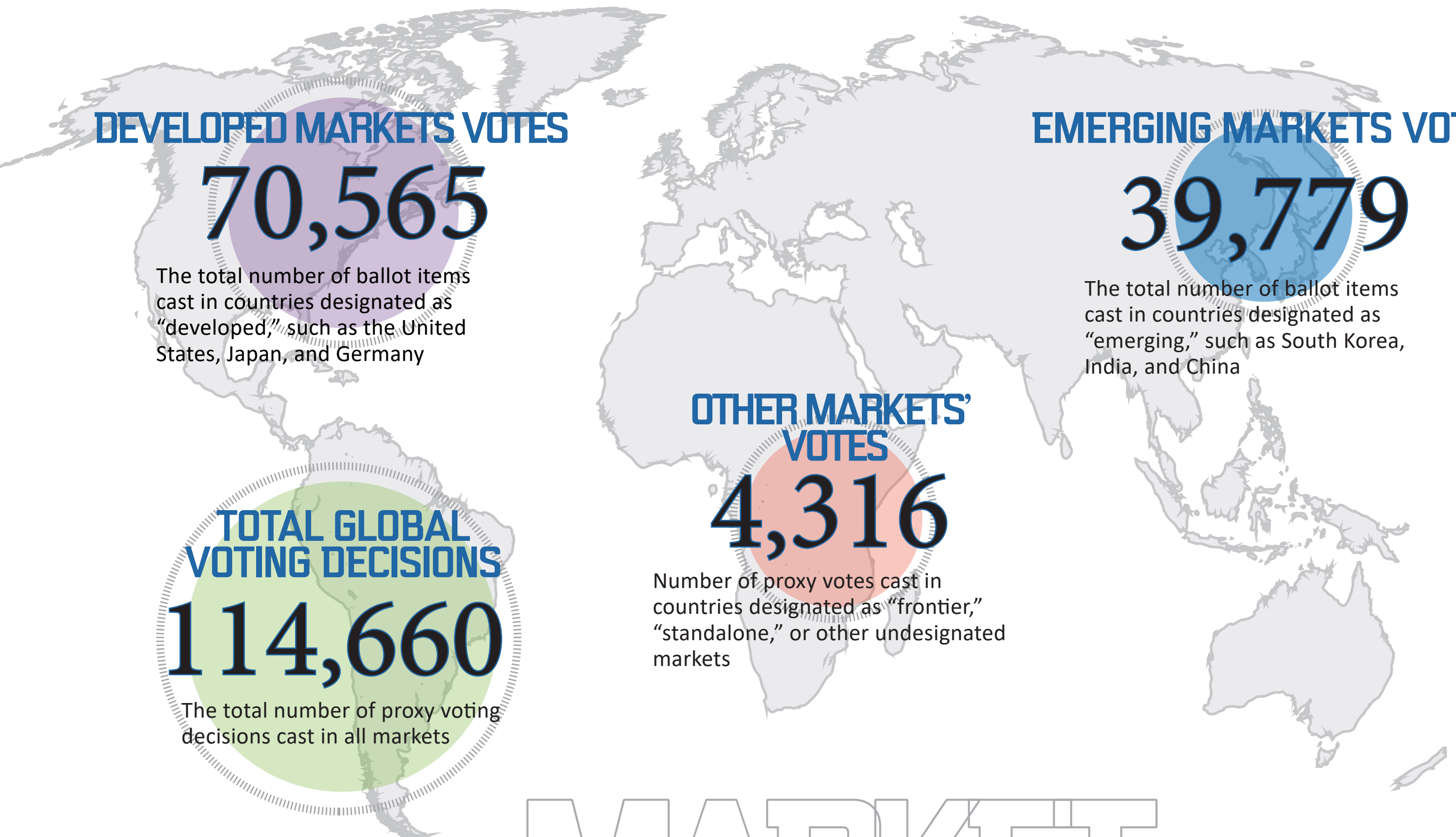
A recent publication by CII's Research and Education Fund, "Misalignment Under the Radar: Stealth Dual-Class Stock," reveals that companies are employing various non-traditional methods to replicate the effects of dual-class stock structures. These "stealth dual-class stock" arrangements allow insiders to retain disproportionate control without the usual dual-class frameworks.

The CII report outlines nine such arrangements: 1) identity-based voting power; 2) side agreements with select shareowners; 3) stock pyramiding/cross-ownership; 4) umbrella partnerships; 5) employees transferring irrevocable proxy voting rights to insiders; 6) Golden shares; 7) situational super-class issuances; 8) non-equity votes; and 9) vote caps. These mechanisms are noted for being less transparent and more complex than traditional dual-class structures.

Shareowner resolutions, as opposed to management resolutions, typically represent about 1% of total SBA proxy voting actions each year. Virtually all shareowner proposals are "precatory," or advisory in nature, and are therefore not legally binding on corporate boards or management. As well, a sizable proportion of all filed proposals are withdrawn by proponents and not actually voted on by all a company's shareowners. This can result from acceptable engagement activities and company commitments regarding the issues presented by the resolution. In 2024, approximately 55% of all shareowner proposals that were submitted were actually voted on by investors, compared with 54% of submitted proposals voted on in 2023.

Shareholder proposals aimed at improving shareholder rights (involving changes to governance practices and policies) increased their average support during the first half of the year, gaining about 5% in marginal support (growing from 30% in the 2023 proxy year to 35% in 2024). Corresponding declines in both environmental and social SHPs continued in 2024 but the rate of decline did begin to slow modestly. Average support for environmental and social resolutions fell to 16% this year from 19% in the 2023 proxy year. ■

> The SBA believes that, as a long-term investor, good corporate governance practices serve to protect and enhance our long-term portfolio values. The SBA recognizes the importance of effective corporate governance and actively promotes, through proxy voting and corporate engagement, the practices we've identified as contributing to shareowner value.



MARKET REVIEW

From July 1, 2023, to June 30, 2024, global equity and investment markets faced considerable fluctuations driven by ongoing inflation concerns, central bank policies, geopolitical dynamics, and shifting economic growth patterns.

In the U.S., the equity markets remained relatively resilient. Despite ongoing concerns about inflation and Federal Reserve (Fed) rate hikes, the S&P 500 and Nasdaq indexes showed positive performance, bolstered by the strength of large-cap tech stocks. The Fed initially continued its policy of rate hikes to control inflation, which hovered above the 2% target. However, by mid-2024, signs of a moderating economy and stabilizing inflation led to a pause and slight shift toward rate cuts. Investors were particularly attentive to employment data, consumer spending trends, and Fed policy guidance throughout the year.

Europe's equity markets experienced mixed results, influenced by the European Central Bank's (ECB) actions and underlying economic conditions. The ECB also raised rates throughout much of the period but indicated a cautious stance due to signs of economic slowing, particularly in Germany. By mid-2024, the ECB began implementing modest rate cuts to support growth, as core inflation had moderated, though risks remained, especially from volatile energy prices.

China's markets, in contrast, saw greater volatility. Economic challenges, including a weaker-than-expected recovery post-pandemic, weighed on investor sentiment. Structural issues in the real estate sector, coupled with regulatory changes, affected growth. The Chinese government implemented stimulus measures, but the yuan faced depreciation pressures, and investor confidence was uneven as monetary easing measures struggled to stimulate robust growth. Emerging markets, influenced by varying inflation pressures, showed a mixed performance. Higher-yielding currencies in emerging markets came under pressure, particularly in economies with high debt, as a stronger U.S. dollar and elevated rates constrained capital flows.

Fixed-income markets saw a notable rebound in performance following the 2022 sell-off driven by interest rate hikes. In late 2023 and into 2024, fixed income assets became more attractive as the Federal Reserve's aggressive rate-hiking cycle began to slow down, signaling the end of a low-rate era. By mid-2024, the Federal Reserve's stance softened as inflationary pressures moderated, leading to speculation that rates might even be reduced in the latter half of the year. This development helped fixed income instruments, particularly U.S. Treasuries, corporate bonds, and municipal bonds, to perform better as yields provided competitive returns relative to equities in a high-rate environment. Consequently, fixed income assets reestablished their role as reliable sources of income and portfolio stability, especially as markets anticipated modest recession risks for late 2024 or early 2025..

Overall, this period was marked by cautious optimism as inflationary pressures began to ease and central banks shifted to less aggressive policies, fostering a more stable investment outlook globally. However, potential challenges remain, especially if inflation re-emerges or if geopolitical risks escalate. ■

Top 3 SBA Voting Markets

Developed Market Voting Data

1 USA

-3.15%

There was a modest decline in the total volume of proxy voting in the US from 2023 to 2024.

Note: All figures as of June 30, 2024.

Emerging Market Voting Data

2 China

+9.57%

Strong growth in voting levels, although their rate of growth has slowed considerably as the SBA continues to implement investment restrictions on the China market.

Emerging Market Voting Data

3 India

+64.5%

Strong growth in proxy voting levels in India, continuing a multi-year trend of double digit gains as exposure to this market climbs.

INFORMED VOTING DECISIONS

The SBA makes informed and independent voting decisions at investee companies, applying due care, analysis, and judgment. The SBA ordinarily seeks to exercise all voting rights tied to its investments.

Proxy Voting

The SBA's Investment Programs and Governance ("IP&G") unit is responsible for exercising shareholder rights and proxy voting responsibilities. For 2024, the SBA issued guidelines for more than 350 typical voting issues and voted approximately 80% of these issues on a case-by-case basis, following a company-specific assessment of the facts and circumstances related to the proxy ballot item.

The proxy vote is a fundamental right tied to owning stock and an integral part of managing assets in the best interests of fund clients and beneficiaries. Pursuant to Florida law and in step with guidance from the U.S. Department of Labor, the SBA's fiduciary responsibility requires proxies to be voted in the best interest of fund participants and beneficiaries.

In accordance with Section 112.662, Florida Statutes, when deciding whether to exercise shareholder rights or when exercising such rights, including the voting of proxies, only pecuniary factors may be considered and the interests of the participants and beneficiaries may not be subordinated to other objectives, including sacrificing investment return, or undertaking additional investment risk to promote any non-pecuniary factor. The term "pecuniary factor" means a factor that the plan administrator, named fiduciary, board, or board of trustees prudently determines is expected to have a material effect on the risk or returns of an investment based on appropriate investment horizons consistent with the investment objectives and funding policy of the retirement system or plan. The term does not include the consideration of the furtherance of any social, political, or ideological interests.

Voting Guidelines

The SBA adopts a published set of Corporate Governance Principles and Proxy Voting Guidelines (the "Proxy Voting Guidelines"). The SBA uses clear and consistent policies to guide proxy voting decisions on all issues. The Corporate Governance & Proxy Voting Guidelines are reviewed at least annually, approved by SBA Trustees, and publicly disclosed for all beneficiaries, clients, companies, and other interested parties. The Proxy Voting Guidelines describe the SBA's general philosophy with respect to the exercise of shareholders rights.

The SBA's voting policies are developed using empirical research, industry studies, investment surveys, and other general corporate finance literature. SBA voting policies are based both on market experience and balanced academic and industry studies, which aid in the application of specific policy criteria, quantitative thresholds, and other qualitative metrics.

The SBA's proxy voting guidelines clearly state that proxy voting decisions are financial assets that are subject to the same fiduciary requirements as the management of other financial assets. The Proxy Voting Guidelines describe the role of the SBA's Corporate Governance unit in engaging with companies regarding

What is Proxy Voting?

Proxy voting is the exercise of a stockholder right to vote on corporate policy.

Votes are cast on issues related to corporate policies and governance practices of publicly traded companies (equity securities), including election of directors, executive pay, and business conduct.

Votes can be advisory or binding to influence corporate governance and operation at companies.

Voting rights are considered part of the underlying value of a stock (i.e., control share premium).

Who Votes Proxies?

Proxy voting authority is driven by who owns the publicly traded company's equity, typically by an asset owner (pension funds) or by asset managers (externally managed portfolios).

A pension fund can retain voting authority over some or all portfolio accounts.

An investment manager that has the authority to make proxy voting decisions over an ERISA fund's shares is responsible for making sure the shares are voted prudently and in the best economic interest of the fund's participants and beneficiaries.

The SBA has always maintained voting authority and operational control over a supermajority proportion of Florida Retirement System (FRS) Pension Plan and FRS Investment Plan assets; historically, a few external investment managers preferred to maintain voting authority and responsibility for proxy voting.

Since early 2023, the SBA has controlled 100% of the voteable assets of the FRS; achieving full voting control with the market adoption of "pass-through" voting whereby even commingled account structures allow plan fiduciaries to directly vote the underlying assets of an externally managed portfolio.

Fiduciary Duty and Proxy Voting

Fla. Stat. Section 215.47 requires the SBA to make decisions for the fund based "solely on pecuniary factors and may not subordinate the interests of the participants and beneficiaries of the fund to other objectives, including sacrificing investment return or undertaking additional investment risk to promote any nonpecuniary factor."

SBA staff make 100% of the proxy voting decisions based on Trustee-approved voting guidelines, proxy advisor analysis, and both qualitative and quantitative judgment.

their corporate governance policies and decisions. They further set standards for the exercise of voting decisions with respect to particular issues.

SBA's corporate governance principles and proxy voting guidelines are primarily designed to cover publicly traded equity securities. Other investment forms, such as privately held equity, limited liability corporations, privately held REITs, exchange traded funds, etc., are not specifically covered by individual guidelines, although broad application of the principles and guidelines can be used for these more specialized forms of equity investments.

The guidelines provide a general framework for making individual voting decisions using the facts and circumstances present at the time of the vote.

Voting Disclosure

The SBA discloses all proxy voting decisions prior to the annual shareowner meeting, once the vote has been made. Historical proxy votes are also available along with an interactive dashboard of proxy voting information across all global markets. This proxy voting information is available electronically on the SBA's website and includes since inception data going back to 2016.

Voting Analysis

The fiduciary standard of care required under Florida law is the highest standard of care known to the law. In the SBA's view, this standard of care is necessary and appropriate to protect the interests of the FRSTF (and its beneficiaries) from the influence of interests that have nothing to do with the economic interests of the FRSTF and its beneficiaries. The law requires, in part, that when making investment decisions or voting proxies consistent with this fiduciary standard, the SBA undertake a prudent course of action and due diligence, including ascertaining relevant facts and investigating options that inform the SBA's decisions.

To comply with this requirement and inform its decision-making, the SBA regularly and systematically reviews, evaluates, and relies, in part, on proxy voting research and other information from a wide variety of sources, including from the external research providers utilized by the SBA. Such proxy research and information is of use only if it is objective, comprehensive and based on factual analyses.

The SBA makes voting decisions with consideration for the research and recommendations provided by Glass Lewis, and Institutional Shareholder Services (ISS), along with other relevant facts and research, and the SBA's own proxy voting guidelines. The SBA makes voting decisions independently and in what it considers to be the best interests of the beneficiaries of the funds it manages. Proxy advisor and governance research firm recommendations inform such voting decisions but do not determine how the SBA votes. And they do not have a disproportionate effect on SBA voting decisions.

Although not a proxy advisor, per se, Equilar, Inc., was added as a new external research provider during Fiscal Year 2023. Equilar provides various data, related modeling, and analysis of executive compensation practices among U.S. companies. Additional research providers are under contract to provide market information, proxy voting analysis, thematic research and other datasets on a variety of corporate governance issues. These research providers include MSCI, Diligent (Insightia), and FactSet Research.

Proxy Advisor Oversight

SBA staff continuously review a variety of corporate governance issues including the volume and market trends of proxy votes, company-specific voting scenarios, external benchmarking of corporate governance policies, major regulatory developments and individual company research related to State law restricting certain equity investments.

The SBA reviews the services provided by all external research providers and any other proxy voting or recording keeping and vote execution service provider, to assess whether the proxy service provider is capable of making impartial proxy voting recommendations in the best interests of SBA beneficiaries.

This ongoing review may consider: 1) the proxy service provider's conflict management procedures and assessment of the effectiveness of the implementation of such procedures; 2) the proxy service provider's Form ADV, if applicable, and other disclosure made by a proxy service provider regarding its products, services and methods of addressing conflicts of interest; and/or; 3) inquiries to, and discussions with, representatives of a proxy service provider regarding its products, services and methods of addressing conflicts of interest.

SBA staff regularly reviews each proxy service provider's disclosures regarding their research process and proposed and actual changes to policies and analysis, any material revisions to such procedures, and a general assessment of their qualifications, the quality of services offered, and the reasonableness of fees charged.

Market Voting

According to Broadridge Financial, in 2024 an average 87% of each U.S. company's shares were voted (including 69.4% that were "instructed" and 17.6% "broker-votes"), up from 86.6% during the same period in 2023. Broadridge also reported that since the SEC's universal proxy card (UPC) rule went into effect more than forty meetings (including settled proxy contests) have been conducted using the UPC ballot—including The Walt Disney Co.'s contested election in the Spring of this year. Lastly, Broadridge reported that every shareowner meeting in the U.S. was provided with end-to-end vote confirmation. Year-to-date through June 30, 2024, 99.93% of all shares were processed and accepted on a straight-through basis, which significantly reduces the instance of "under voting" of duly entitled shares.

External Proxy Advisors Used by the SBA

Glass, Lewis & Co. (GLC)

Glass Lewis was founded in 2003 and serves approximately 1,300 investors globally who use the firm's Proxy Paper research, and Viewpoint proxy vote management solution. GLC covers over 30,000 individual annual and special shareholder meetings each year, across approximately 100 global markets. The firm has U.S. locations in San Francisco and Kansas City, as well as offices in the United Kingdom, Ireland, Germany, France, Australia, and Japan. GLC's Viewpoint proxy voting platform casts and records all SBA proxy voting transactions and provides related reporting and recordkeeping. The SBA has maintained Glass Lewis as its proxy voting agent since 2016 and has utilized its Proxy Paper research since 2003.

Glass, Lewis & Co. Due Diligence Materials, website link:
https://www.glasslewis.com/due_diligence_resources/

Institutional Shareholder Services (ISS)

ISS is one of the largest and oldest proxy advisory firms in the world, providing governance research and vote recommendations in over 100 global markets covering over 35,000 public companies. As an investment adviser registered with the SEC under the Investment Advisers Act of 1940, ISS owes it clients the fiduciary duties of care and loyalty. In 2022, ISS covered approximately 50,000 shareholder meetings and maintained 1,600 clients. The SBA has maintained a proxy research contract with ISS since 1988.

Institutional Shareholder Services (ISS) Due Diligence Materials, website link:
https://www.issgovernance.com/compliance/due-diligence-materials/

"Pass Through" Voting

Over the last two years, the SBA transferred the proxy voting authority from several external investment managers, switching each portfolio's shares onto the SBA's internal proxy voting platform. At the end of calendar year 2021, SBA staff was directly responsible for voting approximately 92% of all equity (stock) assets held within the Florida Retirement System (FRS) defined benefit plan. In late Fall of 2021, SBA staff began to revoke the voting authority of several external investment managers and consolidate their accounts. At the end of fiscal year 2024, SBA staff was directly voting 100% of all voteable assets. External investment managers having their voting authority transferred to the SBA included several accounts managed by Mondrian, Acuitas, and BlackRock, among others. This represents approximately 1% of voteable equity assets within the Florida Retirement System (FRS) Pension Plan.

Any proxy vote related to external asset managers with commingled funds offering pass-through voting are reflected in the SBA's general proxy voting reporting framework and all proxy votes are cast using the GLC Viewpoint platform. SBA staff continue to seek full voting authority on the remaining assets whenever pass-through voting is available on any commingled portfolio account. ■

HIGHLIGHTED PROXY VOTES

"Custom" Proxy Voting

A 2015 study by Proxy Insight indicated that over 70% of asset managers use their own bespoke proxy voting policies rather than the standard policy of a proxy advisor (known as a "benchmark" policy).

A more recent study in April 2023 published by U.K. regulator The Financial Reporting Council (FRC) indicated that figure hasn't changed much. According to that research, 75% of institutional investors use proxy advisor recommendations tailored to their own bespoke voting policy instead of the benchmark policy.

ChargePoint Holdings
July 2023 - SBA staff withheld support from ChargePoint's executive compensation structure (say-on-pay) due to concerning pay practices, lack of disclosure of performance targets, and poor overall pay design.

Lions Gate Entertainment
November 2023 - The meeting was notable with Neuberger Berman Investment Advisers submitting a proposal requesting that the Board eliminate the multiclass share structure.

The Walt Disney Co.
April 2024 - SBA staff voted approximately 1.81 million shares in support of a majority of management's director nominees.

Norfolk Southern
May 2024 - NSC has had persistent operational problems, lagging efficiency measures, a significant deterioration in stock price performance, and several corporate governance concerns.

The following summaries cover a few individual proxy votes that were made during fiscal year 2024, listed in chronological order.

ChargePoint Holdings
At the July 18, 2023, annual shareowner meeting, the SBA withheld support for one member of the governance committee due to the board's failure to remove, or create a sunset requirement, for the classified board structure and supermajority vote requirements in company bylaws, each of which adversely impacts shareowner rights. SBA staff also withheld support from ChargePoint's executive compensation structure (say-on-pay) due to concerning pay practices, lack of disclosure of performance targets, and poor overall pay design. The company also submitted a management proposal on the 2023 ballot, seeking shareowner approval to amend the company's certificate of incorporation to add a provision exculpating certain officers from personal liability for certain breaches of fiduciary duty to the extent permitted by Delaware law. The State of Delaware recently enacted legislation that enables Delaware companies to limit or eliminate the personal liability of certain officers for monetary damages associated with breaches of the duty of care. SBA staff typically votes against these proposals as officers should be held to the highest standard when performing their duties to shareholders. The proposed amendment removes liability for an officer's breach of his or her duty of care and runs counter to the interests of shareowners.

T. Rowe Price Small-Cap Stock Fund, Inc.
At the fund's July 24, 2023, annual meeting, SBA staff supported the four directors up for election. When considering the full 9-member board, seven directors are classified as independent which meets the SBA policy and market best practice two thirds minimum. Further, the chair of the board is independent and, unusually, the board has not established a compensation committee.

The SBA Proxy Voting Guidelines state the importance of independent committees: "In most markets, SBA expects board to have key committees such as compensation, nominating/governance, and audit committees." While the SBA maintains the stance that an independent compensation committee is key to implementing an effective compensation program, given that it is common for mutual funds to lack compensation committees, the majority independence of the board, and the nominating and audit committees are made up entirely of independent directors, support for all nominees was warranted.

First American Funds Treasury Obligations Fund (Money Market Fund)
For the special meeting held on August 21, 2023, SBA staff voted in favor of a proposal to approve the Board's plan of reorganization. As part of the reorganization, each series of First American Funds, Inc. would be merged into a corresponding series of First American Funds Trust with the target funds' shareholders receiving shares of the acquiring funds on a NAV-for-NAV basis. Staff had no concerns with the proposal.

Lions Gate Entertainment
At the November 28, 2023, annual shareowner meeting, the SBA withheld support from 6 of the 13 directors up for re-election, as two of the opposed directors are over-boarded, one nominee is an affiliated board member serving as chair of the audit committee, and the remaining three nominees comprise the governance committee which maintains a multiclass share structure with no sunset provisions. SBA staff also voted against the executive compensation and the performance incentive plan due to problematic pay practices including awards above target (despite mediocre performance and negative total shareholder return), discretionary performance goals, and the absence of executive stock ownership requirements.

The meeting was notable with Neuberger Berman Investment Advisers submitting a proposal requesting that the Board of Directors eliminate the multiclass share structure. The SBA believes "one-share, one-vote" is a fundamental principle of good corporate governance and supports proposals promoting a single share class voting structure that is in the best interests of shareowners.

The Walt Disney Co.
For its April 3, 2024, contested shareowner meeting, SBA staff voted approximately 1.81 million shares in support of a majority of management's director nominees. The director election was contested, with two separate dissident slates from Trian Partners and Blackwells. Given the similarities between the business strategies and operational activities of both the incumbent management and that of Trian Partner's proposal, the dissident's support for current CEO Bob Iger, a lack of compelling rationale to make board changes at this point in time, and more recent improving business execution and stock price movement, SBA staff voted

"When investors credibly expressed concern with Disney's succession plan in the aftermath of Bob Iger's re-appointment as C.E.O., Disney responded by publicly recognizing its mistake and appointing James P. Gorman, a former Morgan Stanley C.E.O. involved in his own firm's succession planning process, to the board in 2024 as one of the four directors who would be working to improve the situation."

Patrick J. McHugh and Bruce H. Goldfarb, Okapi Partners

in support of all management nominees, with the exception of director Lagomasino (as Chair of the Compensation Committee amid concerns about pay design) and director Rice (for serving on too many boards simultaneously).

The contested election was estimated to be the most expensive proxy contest in U.S. corporate history, costing $70 million. Disney has a remarkably high retail ownership segment (~30%), which raised the cost of investor outreach for both the company and the dissident.

Trian, for a second time in a year, proposed two nominees: Nelson Peltz and former Disney Chief Financial Officer Jay Rasulo. In their February 12, 2024, letter, Trian argued that Disney needs new independent directors to improve the board's, "focus, alignment and accountability." The activist said that its nominees seek to better align the interests of executives with shareholders and hold the leadership team accountable for lackluster performance. In early 2023, Disney outlined a plan to "succeed at succession," reignite its creative engine and to achieve profitability in the streaming business.

Trian noted that the company's "stock price is lower now than a year ago, its streaming business lost another $1.7 billion, 2024 earnings per share estimates are down nearly 20% [and] two of Disney's last five movies have failed to turn a profit." Trian and its affiliated investors owned over $3 billion in Disney stock and were the company's fifth largest shareowner at the time of the proxy contest.

Trian proposed numerous changes to the firm's executive compensation structures and pay design: 1) raising the award thresholds of LTIP performance objectives (they believe the Compensation Committee has set them below historical averages and their expected level); and 2) simplify the AIP by orienting more towards growth metrics. In a February 12th letter to shareowners, DIS management argued that none of Trian and Blackwells' nominees "possess the appropriate range of talent, skill, perspective and/or expertise to effectively support Disney's building priorities in the face of continuing industry-wide challenges."

All incumbent nominees were re-elected, with CEO Iger receiving approximately 94% support. Notably, Nelson Peltz received about 31% support from the voted shares. Nominee Lagomasino received the lowest level of support among any of the continuing directors, with only 63% of the voted shares.

Tesla

June 2024 - SBA staff voted 2.9 million shares of Tesla stock, covering a proposal to re-approve the 2018 compensation structure, a proposal to reincorporate from Delaware to Texas, and seven shareholder proposals.

Salesforce

June 2024 - SBA staff voted against the company's say-on-pay balot item due to concerns with excessive equity grant size and poor pay-for-performance.

SEC Adopts Cybersecurity Disclosure Rule

On July 26, 2023, the SEC adopted a final rule requiring the disclosure of material cybersecurity incidents and cybersecurity risk management, strategy, and governance by public companies, including foreign private issuers. The final regulation allows for a delay in reporting, but only when the US Attorney General concludes that disclosure would pose a substantial risk to national security or public safety. The rules amend Form 8-K to add Item 1.05, which requires registrants to disclose a material cybersecurity incident within four business days of determining that the incident is material. The rules require companies to describe the processes they use to assess, identify, and manage cybersecurity risks, as well as the board's oversight of such risks and management's role in assessing and managing such risks. The SEC said the rules are intended to make sure that registrants disclose material cybersecurity information and provide investors with more consistent, comparable, and decision-useful information.

Disney reportedly gained the support among its largest shareowners, including BlackRock, Vanguard, T. Rowe, and State Street Advisors. The proxy contest was the most visible contested meeting to date to use the so-called universal proxy card—whereby all investors can mix and match individual director voting across both the management and dissident(s) slates. The remaining ballot items fell in management's favor, with its say-on-pay item receiving just under 80% support, and the two shareholder proposals receiving each less than 30% support. Since the proxy contest, the firm's stock price has decreased about 4%.

Norfolk Southern

For the company's May 9, 2024, annual meeting, the SBA voted 277,824 shares of NSC, representing approximately $64 million, in favor of all seven dissident shareowner nominees. NSC has had persistent operational problems, lagging efficiency measures, a significant deterioration in stock price performance, and several corporate governance concerns. Director elections were contested, with a dissident slate of seven nominees from Ancora Group (Ancora), owner of approximately 0.4% of NSC's outstanding shares. This contested election was unusual in that a majority of the incumbent board was targeted with no control-share premium applied. Ancora focused its engagement with the company on management's implementation of precision-scheduled railroading ("PSR"), which has surfaced in historical proxy contests and investor activity at Canadian Pacific (CP) in 2012 and at CSX in 2017. In the CP and CSX scenarios, SBA staff voted to support dissident candidate slates and PSR strategies in general, with favorable ex-post stock and financial performance at both companies. NSC's long term total stock return (TSR) has been poor over multiple time-periods, underperforming both sector peers and the leading company in the sector. NSC's operational performance has also been poor, lagging industry averages, with a deteriorating overall safety record occurring alongside the notable 2023 derailment in East Palestine, Ohio.

Highlights from the 2024 U.S. proxy season included high settlement rates among contested board elections since the introduction of the universal proxy card (UPC), continued investor opposition to "over-boarded" directors, the emergence of artificial intelligence (AI) governance, and further year-over-year declines in shareowner support for some types of environmental and social topic proposals.

For these performance reasons, four of the largest proxy advisors in the U.S. recommended clients vote FOR a subset or the full slate of dissident nominees. Glass, Lewis & Co. (GLC) recommended shareowners vote FOR most of the incumbent management nominees along with six of the seven dissident nominees.

> *"Prior succession imbroglio notwithstanding, our engagement with Disney did not leave us with the impression that the board was lacking in focus or that Bob Iger's second stint as Disney's CEO is mired in a slapdash series of confused or poorly conceived initiatives. Much to the contrary, we believe there exists adequate cause to suggest Mr. Iger's return to the role has been accompanied by an appropriately sober assessment of Disney's recent failings and a correlated series of programs intended to remediate the Company's less favorable footing."* Glass, Lewis & Co.'s April 3, 2024 Shareholder Meeting Research

GLC supported its recommendation by stating, "Based on our review, we believe the operating performance of the Company has been consistently worse than its peers for an extended period." GLC went on to state, "Investors who support Ancora's campaign will likely view the initial focus on a PSR-driven network redesign as a positive first step, as a successful redesign could yield improved asset utilization and greater efficiencies, thereby contributing to increased shareholder value."

In addition to the board nominees, SBA staff voted FOR ratifying the company's external auditor, voted AGAINST their say-on-pay executive compensation, and voted FOR both shareowner proposals covering improved lobbying reporting as well as the repeal of bylaw amendments since last summer. The company indicated shareowners voted to elect ten of NSC's nominees, including CEO Alan Shaw, and Ancora winning three seats (nominees Clyburn, Fahmy and Lamphere) out of their seven nominees. The company commented, "moving forward, we will continue building on the significant progress Alan Shaw, John Orr, and the entire team have already achieved." Ancora stated, "given that we have no standstill agreement and a clear mandate from a critical mass of shareholders, we [sic] will continue to hold Shaw to account and push for the appointment of a qualified operator who can actually drive shareholder value." Since the proxy contest, the firm's stock price has been flat.

Tesla Motors Inc
For their June 13, 2024, annual shareowner meeting, the SBA voted 2,888,189 shares on several items, including a management proposal to re-approve the 2018 compensation structure, a management proposal to reincorporate from Delaware to Texas, and seven SHPs. SBA staff voted FOR all management recommended items with the exception of the following ballot items: 1) director nominee (Kimball Musk) due to independence concerns; 2) the proposal to move the company's domicile from Delaware to Texas due to the associated legal risks and relatively poor corporate legal infrastructure; and 3) submitted (SHPs) numbered 6, 7, 8, and 9, which appeared to be either supported by SBA proxy voting guidelines (annual board elections and majority vote requirements), represent warranted enhancements to existing company disclosures, and/or are likely to significantly impact the company's financial profile and improve shareowner rights.

SBA staff held an engagement call with company representatives on May 23, 2024, discussing all ballot items up for a vote. The court's decision to void the prior compensation package had questioned the independence of Tesla's board and the disclosure process when the package was originally approved. The new vote showed strong shareowner support for Musk's pay package, despite ongoing legal uncertainties. Additionally, shareowners voted in favor of relocating Tesla's state of incorporation from Delaware to Texas.

Two other shareholder proposals were also approved, one to limit directors' terms to one year and another to require a simple majority vote on the company's governing documents. Although these votes are advisory, they reflect shareholder sentiment on Tesla's governance. Historical SBA proxy voting at Tesla has been supportive, with notable against/withhold votes for several director nominees due to concerns around independence (affiliate/insider serving on subcommittee), over-boarding, as well as support for several shareholder proposals focused on corporate governance and disclosure topics. Also, we voted against the 2016 special meeting merger proposal combining Tesla with SolarCity.

In 2018, SBA staff voted in support of Tesla's performance stock option agreement with Chief Executive Officer Elon Musk as part of a special meeting. As one of the largest compensation arrangements in history—with a potential value more than $50 billion—the plan included a series of increasingly higher market capitalization award thresholds. If all performance goals were met during the plan's 10-year life, the company's value would increase more than ten-fold and exhibit significant gains in both corporate revenues and earnings.

At the time, both leading proxy advisors recommended their clients vote against the compensation plan. Excluding insider-held shares, approximately 73% of voting shareowners supported the pay package. Seth Goldstein, equity strategist at Morningstar, stated "since 2018, it [Tesla] went from a high-end automaker with negative cash flow to a prominent major automaker that sold 1.8 million vehicles last year. That's a wild success story by any measure."

Salesforce
As part of its June 27, 2024, annual meeting, shareowners rejected the say-on-pay (SOP) ballot item covering CEO Marc Benioff and other top executives' compensation practices. The SOP vote is a non-binding item, with 404.8 million votes against the plan and 339.3 million investor shares voting in favor. SBA staff voted GAINST the company's SOP item due to concerns with excessive equity grant size and poor pay-for-performance characteristics.

Investor opposition to the company's pay design was undoubtedly influenced by the two major proxy advisors, Glass Lewis & Co. and Institutional Shareholder Services, who raised concerns about a substantial equity grant given to Benioff. Despite Benioff's base salary remaining unchanged at $1.55 million for fiscal 2024, his total compensation increased to $39.6 million, up from $29.9 million the previous year.

Salesforce's board justified the compensation by citing strong financial performance, which led the compensation committee to award Benioff two long-term equity incentives valued at $15 million and $20 million, respectively. These awards were meant to place his compensation within the 50th to 75th percentile of CEO equity awards at comparable companies.

Salesforce emphasized its leading position in enterprise AI following strong fourth-quarter earnings, but the company faced challenges shortly after, with its shares experiencing a significant drop due to disappointing earnings and a reduced revenue outlook. Although Salesforce shares lag index and peer group firms' year to date, though they have risen by over 25% over the last year. The board indicated that it would consider shareowner feedback when making future decisions on executive compensation. ■

SBA VOTING ON SHAREHOLDER PROPOSALS – FY23 VS. FY24

Key Metrics

Issue Category	FY2023 Proposal	FY2023 % of SHP	FY2023 SBA Support %	FY2024 Proposal	FY2024 % of SHP	FY2024 SBA Support %
SHP: Environment	210	14.90%	7.62%	199	13.75%	2.51%
SHP: Social	277	19.66%	15.88%	316	21.84%	18.67%
SHP: Governance	899	63.80%	35.93%	906	62.61%	26.49%
SHP: Misc	23	1.63%	17.39%	26	1.80%	7.69%
Grand Total	**1,409**	**100.00%**	**27.47%**	**1,447**	**100.00%**	**21.15%**

PROACTIVE ENGAGEMENT

The two primary obligations of shareowners are to monitor the performance of the companies they own and to protect their right to act when necessary. The SBA attempts to engage intelligently and proactively as appropriate with investee companies on risks to long-term performance, in order to advance beneficiary or client interests.

In addition to proxy voting, the SBA actively engages companies it invests in throughout the year, at times maintaining a year-round dialogue and analysis of corporate governance issues and other reforms. It is now routine for the largest companies in the U.S. to proactively reach out to their largest investors. SBA staff engages with about 100 companies annually, including statutory divestment related communications. SBA staff routinely interact with other shareowners and groups of institutional investors to stay abreast of issues involving specific companies and governance practices. At times, the SBA will collaborate with other investors on governance initiatives.

Corporate engagement, both by equity owners and bond holders, concerns whether and how an investor tries to encourage and influence an issuer's behavior on corporate governance matters. Throughout the fiscal year, SBA staff routinely discuss corporate governance matters with executives and board members of invested companies via a constructive, one-on-one dialogue. Engagement involves active dialogue with companies with a particular purpose and typically covers one or more corporate governance practices.

Active ownership strategies employ ownership and voting rights to drive positive change in a company, generally through direct or collaborative engagement between management and investors. These engagement efforts can be a very effective way to advocate for positive changes and improve reporting by the companies in which the SBA invests.

There is strong evidence that engagement, if carried out well, can positively influence corporate behavior and that the changes made can deliver long-term value. These discussions are most likely to occur just ahead of an upcoming annual shareholder meeting but they may also result from events such as a proxy contest, divestment related outreach (tied to the Protecting Florida's Investment Act or PFIA), or other governance changes during the fiscal year.

Many companies seek out their largest shareowners to discuss pressing concerns and current governance topics. Some forms of engagement start bottom-up, by focusing on the specific issues faced by an individual company, while others operate top-down by applying a perspective on particular issues across all companies in a sector or market as a whole. Typically, the approach is linked to the investor's investment objectives and ownership thesis—therefore, the SBA's engagement activities are overwhelmingly related to core governance and voting analysis, with individual proxy contests and corporate outreach tied to statutorily required divestment both representing a smaller proportion of SBA engagement activities.Improved corporate disclosures are a key objective of SBA engagement, as transparent and improved comparability can help all shareowners make better investment decisions. The SBA's corporate engagement activity addresses corporate governance concerns and seeks opportunities to improve alignment with the interests of our beneficiaries.

> *"Governance involves a set of relationships between an organization's management, its Board, and its stakeholders. It also provides the structure through which the objectives of the organization are set, and the means of attaining those objectives and monitoring performance are determined."*
>
> Organization for Economic Co-operation and Development (OECD)

Investor Collaboration

Interaction among global shareowners and groups of institutional investors can be very effective in dealing with significant governance topics and regulatory changes. The SBA encourages all investors to act collectively as appropriate and where this would assist in advancing beneficiary or client interests, taking account of relevant legal and regulatory constraints. The SBA routinely interacts with other shareowners and groups of institutional investors to discuss significant governance practices, collaborate on issues involving specific firms, and address important legal and regulatory changes globally. An example of this type of approach is the Investor Coalition for Equal Votes (ICEV).

In June 2022, the Council of Institutional Investors (CII), Railpen and several US Pension funds launched the ICEV, whose mission is to promote the adoption of capital structures ensuring that equity positions with substantially similar economic rights, e.g., two classes of common stock, provide identical voting power on a share-for-share basis creating equal voting rights or "one-share, one-vote." ICEV pursues this mission primarily by engaging with pre-IPO companies and their advisors, with other financial market participants, and with policymakers and regulators.

The SBA attempts to engage proactively, as appropriate, with investee companies on risks to long-term performance to advance beneficiary or client interests. The SBA routinely engages portfolio companies on a variety of issues and often collaborates with other pension or investor funds, including external investment managers, when possible.

During fiscal year 2024, SBA staff met with a number of companies prior to annual shareholder meeting to discuss a range of upcoming proxy votes and governance issues, with a primary focus on executive compensation and director over-boarding. SBA staff conducted engagement meetings with companies owned within Florida Retirement System (FRS) portfolios, including JPMorgan Chase, Morgan Stanley, Starbucks, Siemens, Eagle Bancorp, Orsted, Celestica, and The Walt Disney Co (and Trian Partners), JLens Investor Network (RTX Co.), IBM, MSCI, and several companies under examination with potentially scrutinized business operations in Iran..

Staff met with several companies to discuss concerning executive pay practices including incomplete disclosure of performance goals and misaligned pay-for-performance. The SBA believes relevant performance metrics, full disclosure of performance goals, and limited discretionary payouts to be in the best interest of shareholders and had the opportunity to share those views with companies. The SBA also highlighted the importance of board member duties and responsibilities. We believe directorship requires a significant time commitment. Therefore, the SBA considers directors active on more than 3 boards to be overextended. Staff engaged several companies with overextended directors and also addressed board independence and board refreshment concerns. ■

COLLECTIVE ENGAGEMENT

Interaction among global shareowners and groups of institutional investors can be very effective in dealing with significant governance topics and regulatory changes. The SBA encourages all investors to act collectively as appropriate and where this would assist in advancing beneficiary or client interests, taking account of relevant legal and regulatory constraints.

70+ Global Funds
Investor Stewardship Group (ISG)

$77 trillion Combined Assets
International Corporate Governance Network (ICGN)

140+ U.S. Public Pension Funds
Council of Institutional Investors (CII)

The SBA routinely interacts with other shareowners and groups of institutional investors to discuss significant governance topics, improve issues involving specific firms, and address important legal and regulatory changes globally.

The SBA participates in both U.S.-centric cooperative endeavors, and increasingly global interactions as well. In each instance, the SBA seeks to gain support for shareowner rights and values, and to gain insight from collaboration with pension fund peers, investment managers, and issuers.

Investment Manager Engagement
In the past fiscal year, the SBA had numerous discussions with some of its investment managers on corporate governance and proxy voting issues. A key objective is to incorporate the insights of our investment managers when planning and implementing our corporate governance initiatives.

The enhanced feedback loop also encourages our external managers to share their own ideas for governance improvement opportunities at portfolio companies. Discussions of interest included executive compensation practices, board quality concerns or endorsements, adequate shareowner capital return levels and dividend payout ratios, minority shareowner rights, and management expertise. Overall, SBA managers provided insight on company-specific and market-specific levels, based on their particular specialization. The accumulation of such a broad spectrum of governance experience provides the SBA with an opportunity to continually enhance our engagement practices, make the most informed proxy voting decisions, and focus on the most effective issues.

By voting the majority of SBA shares in-house, we are able to combine the market and company-specific insights of our investment managers with our corporate governance policies and guidelines to provide a consistent support for shareowner rights at our portfolio companies.

> Investment manager interaction provides the SBA with an opportunity to continually enhance its engagement practices and focus on the most significant issues.

In addition, the SBA's Strategic Investments asset class utilizes several activist managers with focused portfolios that typically support governance improvements or possibly contested elections. While these active managers vote their own proxies, the SBA leverages case-specific knowledge across all voting portfolios. In each instance, the SBA seeks to ensure an outcome that will align our governance principles with the maximization of long-term performance.

Joint Engagement Efforts
The SBA is an active member in a number of global investor organizations, with a goal of informing and strengthening our voting policies, company engagements, and working relationships.
Several SBA partnership organizations are described below, along with examples of mutually beneficial activities of late.

Council of Institutional Investors (CII)
CII is a nonprofit, nonpartisan association of U.S. public, corporate and union employee benefit funds, other employee benefit plans, state and local entities charged with investing public assets, and foundations and endowments with combined assets under management of approximately $5 trillion. Members include major long-term shareowners with a duty to protect the retirement savings of millions of workers and their families, including public pension funds with more than 15 million participants. Associate members include non-U.S. asset

SBA Corporate Governance Affiliations
Council of Institutional Investors (CII)
Global Institutional Governance Network (GIGN)
International Corporate Governance Network (ICGN)
Investor Stewardship Group (ISG)
International Coalition for Equal Votes (ICEV)
The Conference Board
Harvard Law School Program on Institutional Investors (PII)
The CFA Institute
Independent Steering Committee of Broadridge Financial Co.
Best Practices Policies Group Oversight Committee (BPP OC)

owners with about $5 trillion in assets, and a range of asset managers with approximately $55 trillion in assets under management.

CII's voting membership has grown to more than 140 public, union and corporate employee benefit plans, endowments and foundations. CII describes its role as a leading voice for effective corporate governance and strong shareowner rights. The Council also promotes policies that support effective corporate governance and shareowner rights. In comment letters and dialogues, in speeches and on advisory panels, CII backs sensible policies that foster transparency, responsibility, accountability and market integrity.

CII accomplishments during the last fiscal year included progress on several key issues aligned with SBA governance objectives. SBA staff currently serve as the Public Fund Co-Chair on its Board of Directors.

Investor Stewardship Group (ISG)
On January 31, 2017, a coalition of sixteen investors, including the SBA, with collectively $17 trillion in assets under management premiered the ISG's Framework for U.S. Stewardship and Governance. This framework represents a set of six fundamental governance principles for U.S. listed companies and stewardship principles for U.S. institutional investors.

> *"The rise of 'zombie' directors - those who fail to secure majority shareholder support yet remain on boards [of directors] - is a concerning trend that undermines shareholder rights and corporate accountability."*
>
> Institutional Shareholder Services (ISS)

The initiative established a set of best practices in asset stewardship and corporate governance which will serve as the foundation of U.S. institutional investor and boardroom conduct. Many empirical studies have highlighted a causal relationship between companies with high governance standards and increased shareholder returns. The Framework is the first corporate governance code of best practices that has been developed for the U.S. equity market.

The Framework is intended as a "comply or explain" format, similar to several European markets' governance codes—whereby firms either meet the Framework's requirements or provide shareowners with an explanation on why non-compliance is necessary. The Framework had an implementation date of January 1, 2018. SBA staff currently serve on its Board of Directors and in the role of Treasurer.

International Corporate Governance Network (ICGN)
The ICGN is an investor-led organization of governance professionals with a mission to inspire and promote effective standards of corporate governance to advance efficient markets and economies world-wide. The ICGN focuses on three core activities: 1) influencing policy by providing a reliable source of practical knowledge and experiences on corporate governance issues, thereby contributing to a sound regulatory framework and a mutual understanding of interests between market participants; 2) connecting peers and facilitating cross-border communication among a broad constituency of market participants at international conferences and events, virtual networking and through other media; and 3) informing dialogue among corporate governance professionals through the publication of policies and principles, exchange of knowledge and advancement of education world-wide. The ICGN Statement of Principles on Institutional Investor Responsibilities is a recent example of joint resources being applied for the development of enhanced governance. ■

Corporate Governance & Proxy Voting Oversight Group

The Corporate Governance and Proxy Voting Oversight Group ("Proxy Committee"), one of numerous SBA oversight groups, performs several functions, including: (i) deliberates on specific proxies as it deems appropriate to ensure the independence and integrity of the voting process (particularly in the case of controversial or unique voting circumstances); (ii) reviews and adopts the Corporate Governance Principles & Proxy Voting Guidelines, which set forth the SBA's views with respect to certain corporate governance and other issues that typically arise in the proxy voting context; (iii) monitors annual reports regarding the specific proxy votes, corporate governance and proxy voting trends; and (iv) routinely review and/or evaluate relevant risks identified through periodic risk assessments or by group members on an ad-hoc basis.

The Proxy Committee held quarterly meetings throughout the fiscal year on September 26, 2023, December 7, 2023, March 28, 2024, and June 25, 2024, reviewing the volume and trends for SBA proxy votes, company-specific voting scenarios, corporate governance policies, governance-related investment factors, major regulatory developments and individual company research related to the Protecting Florida's Investments Act (PFIA), and other statutory investment restrictions related to China, Israel and Venezuela.

Inaugural Filing of New SEC N-PX Report

On August 13, 2024, SBA staff completed the first filing required by the Securities and Exchange Commission (SEC) Form N-PX. Form N-PX has been used for over two decades by institutional investors to report their proxy voting with respect to securities of public companies that they hold. The SEC's amendments to Form N-PX, effective July 1, 2024, extend the proxy voting reporting requirements to institutional investment managers who are required to file Form 13F, including the SBA.

Key points of the new requirements include: 1) Scope expansion—institutional investment managers subject to Section 13(f) of the Securities Exchange Act of 1934 are now required to file Form N-PX to disclose proxy votes related to executive compensation (approval of executive compensation ("say-on-pay"), executive compensation vote frequency ("say-on-frequency"), and votes on compensation agreements for departing executives following an extraordinary transaction ("golden parachutes"); 2) Initial filing period—the first filing will cover the period from July 1, 2023, to June 30, 2024, and is due by August 31, 2024; 3) Electronic filing—reports must be submitted electronically in extensible markup language (XML) format; 4) Two-part test for voting power—managers must report only if they have voting power over a security and have exercised that power; and 5) Simplified reporting—in cases where all votes are reported by others or the manager did not exercise any voting power, simplified reporting is allowed.

Form N-PX includes numerous proxy voting dimensions including: the issuer of the security; the shareholder meeting date; identification of the matter voted on; the number of shares voted (or zero if no shares were voted); the number of shares that the reporting entity loaned and did not recall; how the shares were voted (including if votes were cast in multiple manners); and whether the votes were for or against management's recommendation.

Global Voting Summary, Fiscal Year 2024 (JULY 1, 2023 - JUNE 30, 2024)

Country	Country % of Total Market Value	% of Total Meetings Voted	% of Total Ballot Items Voted	% FOR Management Recommended Vote (MRV)	% AGAINST Management Recommended Vote (MRV)
Argentina	0.01%	0.02%	0.02%	63.6%	36.4%
Australia	0.89%	2.19%	1.33%	81.5%	11.1%
Austria	0.17%	0.14%	0.17%	88.0%	9.4%
Bahamas	0.00%	0.01%	0.01%	83.3%	16.7%
Belgium	0.28%	0.60%	0.62%	86.8%	13.2%
Bermuda	0.26%	0.91%	0.84%	74.3%	23.6%
Brazil	0.50%	1.30%	1.29%	52.4%	10.7%
Canada	1.93%	2.88%	3.69%	83.3%	15.3%
Cayman Islands	0.50%	1.86%	1.67%	69.0%	31.0%
Chile	0.05%	0.16%	0.18%	70.8%	22.5%
China	1.70%	18.97%	15.66%	87.2%	12.8%
Colombia	0.01%	0.04%	0.05%	94.5%	1.8%
Cyprus	0.00%	0.08%	0.08%	53.4%	33.0%
Czech Republic	0.02%	0.05%	0.05%	77.6%	22.4%
Denmark	1.07%	0.28%	0.49%	89.9%	10.1%
Egypt	0.00%	0.01%	0.01%	0.0%	0.0%
Faroe Islands	0.00%	0.01%	0.02%	0.0%	0.0%
Finland	0.16%	0.33%	0.49%	92.3%	7.7%
France	2.24%	0.82%	2.18%	87.6%	12.3%
Germany	1.95%	1.25%	1.94%	87.0%	9.0%
Gibraltar	0.00%	0.02%	0.02%	89.5%	10.5%
Greece	0.04%	0.33%	0.27%	77.1%	22.2%
Guernsey	0.02%	0.07%	0.09%	91.8%	8.2%
Hong Kong	0.73%	0.87%	0.81%	67.3%	32.7%
Hungary	0.05%	0.03%	0.07%	72.9%	27.1%
India	1.84%	11.32%	5.37%	77.4%	22.4%
Indonesia	0.23%	0.81%	0.40%	63.6%	36.4%
Ireland	1.61%	0.41%	0.63%	90.8%	9.1%
ISLE OF MAN	0.00%	0.02%	0.03%	88.2%	11.8%
Israel	0.20%	1.84%	1.09%	69.4%	22.6%
Italy	0.76%	0.56%	0.53%	71.3%	17.4%
Japan	4.69%	10.38%	12.29%	88.3%	11.7%
Jersey	0.11%	0.20%	0.32%	86.3%	12.9%
Kazakhstan	0.01%	0.08%	0.04%	46.9%	16.3%
Korea, Republic of	1.45%	4.84%	3.17%	84.0%	16.0%
Liberia	0.04%	0.01%	0.01%	87.5%	12.5%
Luxembourg	0.30%	0.28%	0.31%	75.3%	17.7%
Malaysia	0.10%	1.08%	0.95%	80.9%	19.1%
Malta	0.00%	0.04%	0.03%	90.9%	9.1%
Marshall Islands	0.03%	0.12%	0.07%	68.8%	17.5%
Mauritius	0.01%	0.01%	0.00%	80.0%	20.0%
Mexico	0.31%	0.72%	1.03%	77.6%	21.9%
Netherlands	1.65%	0.80%	1.06%	90.5%	9.4%
New Zealand	0.05%	0.17%	0.06%	80.3%	7.0%
Nigeria	0.00%	0.01%	0.01%	100.0%	0.0%
Norway	0.23%	0.32%	0.54%	8.1%	0.2%
Panama	0.05%	0.02%	0.03%	91.2%	8.8%
Peru	0.00%	0.02%	0.01%	100.0%	0.0%
Philippines	0.05%	0.17%	0.32%	69.2%	30.8%
Poland	0.11%	0.52%	0.74%	85.2%	10.8%
Portugal	0.09%	0.06%	0.05%	84.7%	13.6%
Puerto Rico	0.02%	0.03%	0.04%	89.6%	10.4%
Russian Federation	0.00%	0.02%	0.00%	0.0%	0.0%
Singapore	0.33%	0.75%	0.61%	85.9%	14.1%
South Africa	0.22%	0.87%	1.72%	92.7%	7.3%
Spain	0.61%	0.46%	0.71%	89.1%	10.9%
Sweden	0.71%	0.78%	2.72%	89.2%	10.5%
Switzerland	1.93%	0.66%	1.68%	86.8%	7.9%
Taiwan	2.05%	2.00%	1.58%	85.1%	13.9%
Thailand	0.16%	0.29%	0.36%	65.1%	34.9%
Turkey	0.08%	0.83%	1.23%	82.7%	16.2%
United Arab Emirates	0.13%	0.19%	0.23%	75.0%	15.3%
United Kingdom	3.61%	3.10%	5.54%	91.1%	8.8%
United States	63.62%	21.83%	22.30%	79.1%	19.9%
Unknown Country	0.00%	0.03%	0.02%	76.0%	24.0%
Vietnam	0.01%	0.02%	0.02%	80.8%	19.2%
Virgin Islands (British)	0.03%	0.11%	0.08%	73.9%	26.1%
Grand Total	**100.0%**	**100.0%**	**100.0%**		

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