



Minutes of the PRIM Stewardship & Sustainability Committee Remote Meeting
Wednesday, January 22, 2025

Committee members present:

- Treasurer Deborah Goldberg, Chair
- Mary Cerulli
- Ruth Ellen Fitch, Esq.
- Theresa McGoldrick, Esq.
- Dennis Naughton
- Poonam Patidar
- Marcela Pinilla

Committee members not present:

- Michael Even

The PRIM Stewardship and Sustainability Committee meeting was called to order at 9:38 a.m. Chair Treasurer Deborah Goldberg announced that the meeting was being held in accordance with the provisions of Massachusetts Acts of 2022, Chapter 22, which was most recently amended on March 29, 2023, to include an extension of the 2020 Executive Order 'Suspending Certain Provisions of the Open Meeting Law' until March 31, 2025. Accordingly, all members of the Committee participated remotely via telephone and/or internet enabled audio and video conferencing, and public access to the deliberations of the Committee was likewise provided via telephone, with presentation materials made available on PRIM's website (www.mapension.com). At the start of the meeting, the names of the members participating remotely were announced.

I. Approval of the Minutes (Voting Item)

The PRIM Stewardship and Sustainability Committee approved, by unanimous roll call vote, the minutes of its October 23, 2024, meeting.

II. 2025 Stewardship Annual Plan

Each year, PRIM staff presents Annual Plans to the various Committees and the Board. Revisions to the plans are made to incorporate feedback received from the respective Committees and then these updated plans are subsequently brought to the Board for further feedback and comment.

David Gurtz, CPA, CFA, Deputy Chief Investment Officer, presented PRIM's Future Initiative 2025 Goals and Objectives. In January 2021, legislation was passed in Massachusetts setting the goal that at least 20% of PRIM's investment managers be diverse, and for PRIM to take actions to reduce barriers for diverse investment managers. Almost 4 years ago, PRIM launched the FUTURE Initiative – a strategic plan to achieve these goals as well as continue to position the PRIT Fund for long-term value creation.

2024 was a very successful year for the FUTURE Initiative and the Fund. As of December 31, 2024, more than \$14 billion, or nearly 13% of the PRIT Fund is being managed by diverse investment managers. PRIM is now more than halfway toward reaching the goal of this legislation. PRIM has allocated or committed more than \$8.5 billion to diverse investment managers and ranks 4th among the largest 200 pension funds in the US for assets managed by diverse firms.

Veena Ramani, Director of Stewardship, presented PRIM's Stewardship Annual Plan. In 2024, the Stewardship Committee developed policies, including a Stewardship Policy and an Engagement Policy, engaged in an extensive update of PRIM's Proxy Voting Guidelines, conducted a research-oriented approach to develop stewardship priorities, and shared workplans on how PRIM intends to implement the Stewardship Priorities.

In 2025, PRIM began communicating its Stewardship Priorities to investment managers, engaging with them to better understand how they are integrating these Priorities into their investment approach. The plan for the upcoming meeting cycles is to share this information at an asset class level and introduce managers and partners that represent expertise and leadership in these areas. PRIM is also engaging with consultants to conduct assessments on how the Priorities are being incorporated.

The proxy voting approach will also continue to evolve while still maintaining its focus on risk identification and mitigation. PRIM is also in the process of vetting organizations that share similar goals on Stewardship Priorities for future collaboration.

III. 2025 Custom Proxy Voting Guidelines (Voting Item)

Ms. Ramani presented the recommended enhancements to PRIM's Custom Proxy Voting Guidelines. These recommended changes were designed to reflect the latest research on topics covered by the Guidelines, evolving investor practice and provide the foundation for creating a tangible impact, particularly on PRIM's Stewardship Priorities

Major changes proposed included (i) adjusting the definition of "excessive non-auditor fees" to make it more stringent; (ii) encouraging disclosure of a Board Qualifications Matrix, highlighting the skills, experiences and demographic attributes of the board; (iii) enhancing consideration of company performance when voting on management Say on Pay proposals; and (iv) adding language that explicitly protects the rights of shareholders to file resolutions.

The PRIM Stewardship and Sustainability Committee voted, by unanimous roll-call vote, to approve a recommendation to the PRIM Board to approve the draft Custom Proxy Voting Guidelines, attached as Appendix E of the Expanded Agenda, and further to authorize the Executive Director to take all actions necessary to effectuate this vote.

IV. Proxy Voting Decision Making Policy (Voting Item)

Ms. Ramani presented a recommended Proxy Voting Decision Making Policy. PRIM votes on proxies in the Public Markets portfolio in accordance with the Board-approved Proxy Voting Guidelines, which are intended to apply across a wide range of scenarios. If a management or shareholder resolution falls outside the scope of the Board-approved Proxy Voting Guidelines, PRIM staff will generally abstain from voting on such measures. Per the proposed Proxy Voting Decision Making Policy, in extraordinary circumstances, such as high-profile or consequential votes, PRIM staff may formulate a recommendation that considers the impact of the vote on the Fund's investments and fiduciary objectives.

The Policy lays out the process by which the Committee and the Board could review and provide input, particularly outside the scope of a Board meeting cycle.

The PRIM Stewardship and Sustainability Committee voted, by unanimous roll-call vote, to approve a recommendation to the PRIM Board to approve the draft Proxy Voting Decision Making Policy, attached as Appendix F of the Expanded Agenda, and further to authorize the Executive Director to take all actions necessary to effectuate this vote.

The meeting was adjourned at 10:31 a.m.

List of documents and exhibits used during the meeting:

- A. Minutes of the PRIM Stewardship and Sustainability Committee Meeting on October 23, 2024
- B. PRIM's 2025 Stewardship Annual Plan
- C. Proxy Voting Guidelines - Proposed Updates Presentation
- D. Draft Custom Proxy Voting Guidelines – Redline version
- E. Draft Custom Proxy Voting Guidelines – Clean version
- F. Draft Proxy Voting Decision Making Policy