



Minutes of the PRIM Stewardship & Sustainability Committee Remote Meeting
Wednesday, July 16, 2025

Committee members present:

- Treasurer Deborah Goldberg, Chair
- Mary Cerulli
- Michael Even
- Ruth Ellen Fitch, Esq.
- Theresa McGoldrick, Esq. (arrived 9:37 am)
- Dennis Naughton
- Poonam Patidar
- Marcela Pinilla

The PRIM Stewardship and Sustainability Committee meeting was called to order at 9:33 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 28, 2025, to include an extension of the 2020 Executive Order 'Suspending Certain Provisions of the Open Meeting Law' until June 30, 2027. 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 April 16, 2025, meeting.

II. PRIM's Stewardship Priorities Implementation Update – Public Markets

David Gurtz, Deputy Chief Investment Officer, introduced the meeting as a continuation of the Stewardship Priorities Implementation plan. The Implementation plan follows a three stage process. Stage 1 involves discussing Stewardship priorities with consultants and investment managers to learn how managers may operationalize these priorities to enhance value either through risk mitigation or investment opportunities. Stage 2 equips PRIM staff with better information to have more insightful conversations with PRIM's managers and ultimately drive informed decisions.

As part of Stage 2, PRIM now seeks better data and analytical tools to understand and navigate climate transition risks and opportunities. With that information, staff will be better positioned to ask questions and collaborate with managers as the investment landscape evolves. PRIM has partner with two firms the help generate this new information.

First, Goldman Sachs is applying their Climate Transitions 2.0 model to the Public Markets portfolio to help PRIM evaluate climate-related risks and opportunities at the company and sector level. Second, Climate & Company, a European think tank with expertise in sustainability and finance, is analyzing PRIM's Public

Markets portfolio through a deforestation lens. PRIM is proud to be the first US public pension plan to partner with them to apply a rigorous and innovative approach to assess the risks that public market companies face from deforestation.

Michael McElroy, Director of Public Markets, presented PRIM's Public Market Portfolios progress working on PRIM's Stewardship & Sustainability priorities. PRIM currently has 74 portfolios across equity and fixed income. Over 50% of assets in public markets are managed passively. Last year, PRIM staff introduced its Stewardship Priorities to our managers and asked them to describe how they considered these Priorities in their decision-making frameworks.

Some of the key ideas discussed from these meetings are as follows:

- All of PRIM's public markets managers employ Sustainability and Stewardship resources within their processes.
- Materiality is an important criterion that many managers use when setting priorities and gathering input.
- Most managers view sustainability as a risk-mitigation measure, which should lead to better risk-adjusted returns.
- Getting the data needed to address these priorities can be challenging in some universes (e.g., emerging markets or small cap stocks).
- All managers were excited to work with PRIM on these priorities, and believe PRIM has a unique approach within the industry

Mr. McElroy highlighted two of PRIM's equity managers which have approached these efforts in novel ways. First, ARGA, one of PRIM's international managers with a value focus, has stated that "not understanding climate risks is a major risk to a value portfolio." Several years ago, ARGA hired a team of engineers to think about climate transition planning. These engineers understand climate technology as well as policy, and interact with fundamental analysts on specific industries - how do these technologies translate into costs or revenue opportunities? They also met with many private companies to understand up-and-coming technologies that will be used by public companies.

Second, Baillie Gifford, one of PRIM's international managers (developed and emerging), with a growth focus, has built a team of 42 people, with analysts embedded in each investment team. They also have a dedicated climate team of five people - doing climate audits (the forward-looking strategy for decarbonization) and scenario work on companies and the portfolios. A large amount of gathering and curating data takes place and engagement with companies is an important part of their process.

Finally, Mr. McElroy noted that from a Bond/Credit perspective, firms that also have equity capabilities will leverage the work done by these analysts, and that analysts will rate companies on sustainability risks, just as they consider financial risks when evaluating opportunities.

Goldman Sachs Asset Management

Patrick Byrne, John Goldstein, and Chex Yu of Goldman Sachs Asset Management ("GSAM") gave a presentation on its partnership with PRIM, and the landscape, progress, and strategies of climate minded investing.

PRIM and GSAM will work together to examine the question: To what extent are the companies in the PRIM public markets portfolio positioned for long-term resilience through the adoption of climate aware strategic plans and business models? Mr. Goldstein noted that a purely emissions-oriented approach is backwards looking and does not address real world decarbonization and constrains value-oriented approaches to address risk.

The methodology employed by their team will include: forward looking ambition to address emissions; performance; quality of disclosure; decarbonization strategy; and capEx alignment. Key insights that PRIM will obtain include: companies and sectors that are contributing to risk and value creation; questions to ask during manager discussions to improve understanding of how this risk can be/ is being managed; and actions that would help risk mitigation.

Climate & Co.

Malte Hessensius, Senior Analyst of Climate & Co. and Tycho Tax, Advisor on data science as well as a co-founder of Datura, an organization that provides data solutions for organizations trying to deal with nature related risks presented on its partnership with PRIM.

Climate & Co approach includes: collecting data from a range of sources including geo-spatial data; assessing the likelihood of the company's involvement in practices that drive deforestation; evaluating the measures that the company has taken to address impacts; and developing firm level aggregates that can inform engagement, including questions that will further unpack risk exposure, the right action steps for engagement. PRIM will be able to determine which companies that should be targeted for further engagement regarding their risk exposure.

III. Partnership Recommendations: CDP and Human Capital Coalition (Voting Item)

Veena Ramani, Director of Stewardship, recommended partnerships with CDP and the Human Capital Management Coalition ("HCMC"). PRIM's Board-approved Engagement Policy states: "MassPRIM may partner with aligned investors or other groups, who share similar objectives, to amplify engagement and impact on Board-approved stewardship priorities and other material issues relevant to long-term value creation." Joining CDP and HCMC aligns with the PRIM Board-approved Stewardship Priorities of Transparency, Climate Transition Planning, and Sustainable Forestry.

CDP is a well-established and well-regarded global non-profit which provides a platform for companies to report on their environmental performance. In 2024, 7000+ companies disclosed their environmental performance using the CDP platform. The organization's database includes disclosures from close to 25,000 global companies. As a CDP signatory, PRIM would join global investors calling on companies to disclose environmental information to assess financial risks and opportunities. Becoming a CDP signatory would also give PRIM access to the CDP disclosure dataset, which includes detailed current and historical environmental data on PRIM's Stewardship Priorities. Access to this dataset would allow PRIM to better assess and engage portfolio companies on their performance on these topics, as well as inform proxy voting decisions on these topics.

HCMC is a cooperative effort of U.S. investors launched in July 2013 and currently includes 35 investors. HCMC's work calls for more corporate disclosure on human capital management metrics: number of employees; workforce cost; turnover; and demographics. The Coalition functions through opt-in working groups relating to the following streams of work: (i) Regulatory engagement; (ii) Participation in consultations; (iii) Company engagement and (iv) Research on long-term value.

As a member of the HCMC, PRIM would have the opportunity to learn from and work with investors who share similar views about the materiality of human capital to corporate long-term value creation.

The PRIM Stewardship and Sustainability Committee voted, by unanimous roll-call vote, to approve a recommendation to the PRIM Board to approve partnerships with CDP and HCMC, as described in the Expanded Agenda, and further to authorize the Executive Director to take all actions necessary to effectuate this vote.

The meeting was adjourned at 11:00 a.m.

List of documents and exhibits used during the meeting:

- A. Minutes of the PRIM Stewardship and Sustainability Committee Meeting on April 16, 2025*
- B. PRIM's Stewardship Implementation in Public Markets Presentation*
- C. Partnership Recommendations Memorandum*