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FY2024 TRS Fiduciary Report

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1. Introduction

In accordance with 40 ILCS 5/16-189, the Teachers' Retirement System of the State of Illinois (TRS or System) provides the following FY2024 Fiduciary Report (Report) examining, among other things, how TRS considers sustainability factors, as defined in the Illinois Sustainable Investing Act, in managing and investing the TRS defined benefit portfolio investment trust (Trust).

Before turning to the content of the Report, this introduction provides a brief, general overview of TRS and its investment management role concerning the Trust.

TRS was created by Illinois statute to act as trustee of the Trust, and invest and reinvest the reserves of the Trust for the purpose of providing retirement annuities and other benefits for the System's members, annuitants, and beneficiaries (collectively, participants).[1]

TRS, through its Board of Trustees and staff, has discretionary authority, responsibility and control over the management and disposition of the Trust's assets and the management and administration of the System.[2]

As a result of this discretionary authority, responsibility, and control, TRS is a fiduciary under the Illinois Pension Code, and must discharge its duties solely in the interest of the System's participants for the exclusive purpose of providing benefits to participants, and defraying reasonable expenses of administering the Trust and the System. In doing so, Illinois law generally requires TRS to use the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent expert would use and to diversify the Trust's investments to minimize the risk of large losses.

TRS's mission is delivering expert pension service to Illinois public educators as they earn their promised retirement security. On August 15, 2023, TRS adopted its new five-year strategic plan with specific goals to help TRS realize its long-term vision of working together as the trusted retirement resource for generations of its members. This mission, vision, and strategic plan overlay the TRS Investment Policy. The TRS Investment Policy provides a governing framework for management, investment, and reinvestment of Trust assets, and outlines the investment philosophy, principles, and practices of TRS. For more information, please refer to the TRS Investment Policy found on the TRS website (Link to TRS Investment Policy).

2. Consideration of Sustainability Factors

TRS has adopted, with assistance from its investment consultant, a long-term, diversified asset allocation model to guide its investment of Trust assets. Diversification distributes the Trust portfolio across many investments to avoid excessive exposure to any one source of risk, generally taking into account the following attributes: asset classifications (for example, stocks, bonds, real estate, private equity, and short-term investments), geography, industries, and maturity sectors. A copy of the asset allocation model is available on the TRS website (Link to TRS Asset Allocation).

In constructing its asset allocation model, TRS, with assistance from its investment consultants, considers various evolving investment risk factors, including sustainability risk factors, to help maximize the Trust's financial returns while also helping to minimize projected investment risks. Consideration of investment

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[1] 40 ILCS 5/16 et seq.

[2] 40 ILCS 5/1-101.2 and 5/16 et seq.

risk factors is always subject to the overarching requirement that TRS discharge its duties solely in the interest of the System's participants for the exclusive purpose of providing benefits and defraying reasonable System expenses.

As described in more detail in Section 3, consideration of sustainability factors is integral to the investment manager underwriting and selection process of TRS's investment consultants and staff.

3. Assessment of Systemic and Regulatory Risks and Opportunities

Consistent with their fiduciary duty to monitor the TRS investment portfolio, TRS investment staff, internal investment staff oversight committees, and the Investment Committee of the Board routinely assess systemic and regulatory risks and opportunities applicable to the Trust's investment portfolio, including sustainability factors, by reviewing information provided by TRS investment consultants, third-party systems, and investment managers.

More specifically, pertaining to sustainability factors, information is collected and assessed as follows:

External Investment Consultants

Investment consultants are hired by and report directly to the Board, and work closely with TRS investment staff. As part of the investment manager selection process, the consultants provide confidential investment memorandums and manager due diligence reports for consideration, which incorporate a Responsible Investment (RI) evaluation of the investment manager. The RI evaluation generally reviews the investment manager's:

- RI or Environmental, Social and Governance (ESG) policies governing their investment program;
- Approach to RI/ESG integration and related risks, when applicable to their investment strategy;
- Assessment of RI factors and RI headline risk of their underlying investments;
- Implementation of RI or ESG risk factors in investment underwriting; and
- Evaluation of sustainability reporting and diversity information at the investment manager-level.

TRS external consultants may flag both positive and negative considerations as part of their due diligence review, highlighting various aspects of the RI factors, an investment strategy, or a manager's business practices. The equity markets search process is generally described at 80 Ill. Admin. 1650.3020. When issues arise concerning an existing investment, depending on the circumstances, they may be flagged within investment staff's investment or operational due diligence reports.

Third-Party Systems

Through paid subscriptions to certain third-party data providers, TRS has access to reports summarizing sustainability data, risk scores, and other related risk analytics. The information provided in the reports can be used in the evaluation of sustainability risk in the Trust's total current investment portfolio.

Investment Manager Information

During the investment manager search process, a standard form is sent out to investment managers requesting information on how they integrate sustainability factors into their decision-making process. The information submitted by the manager is then considered in conjunction with the beforementioned investment consultant report and other relevant investment analysis materials at the time of the investment decision.

4. Investment Manager Integration of Sustainability Factors

The Illinois Pension Code authorizes TRS to appoint investment managers as fiduciaries to manage and invest Trust assets on behalf of the System. TRS delegates its management and investment authority for specific subsets of the investment portfolio based on the asset allocation model to investment managers, through an investment management agreement (IMA) outlining the investment manager's authority, responsibilities, and investment limitations. Investment managers accept fiduciary responsibility for the Trust assets delegated to them and agree to manage and invest the assets in accordance with the Illinois Pension Code, the TRS Investment Policy, and the terms of the IMA. Investment managers must construct and manage their TRS investment portfolios consistent with the investment philosophy and disciplines for which TRS retained them, which are spelled out in the IMA's investment guidelines.

When investment authority is delegated to investment managers, the investment manager takes on sole responsibility and discretion for managing the Trust assets, and TRS then monitors their performance. TRS contacted its discretionary investment managers for a description of how they integrate sustainability factors into their decision-making processes. The investment managers' responses are provided in Exhibit A attached hereto.

5. Proxy Voting Report

Active voting of proxies is an important component of managing the Trust's investment portfolio. When TRS delegates its management and investment authority for specific subsets of the investment portfolio to investment managers through an IMA, the investment manager agrees to accept fiduciary responsibility and liability for voting proxies for the securities held within the assigned portfolio.

Investment managers must vote proxies in a manner enhancing shareholder value in the best economic interests of the participants and the System, and must use fiduciary judgment to not support practices that are unlawful, unethical, or otherwise inappropriate. When an investment manager is retained by TRS, the investment manager must provide its proxy voting guidelines for review and provide updates when any changes are made.

As the appointed investment managers have discretion over and liability for their assigned portfolios, subject to the terms of the IMA and applicable law, TRS does not otherwise direct its investment managers how to vote the Trust's proxies, such as through use of an appointed institutional proxy advisory service's voting guidelines and services (e.g., Institutional Shareholder Services (ISS) or Glass Lewis). Having clean lines of fiduciary responsibility between the investment manager and TRS helps ensure investment managers retain full discretion and liability for management of the portfolio, helping to mitigate risk to the System.

While TRS does not mandate how its proxies are voted, approximately **89%** of the Trust's equity proxies were voted in accordance with either ISS' or Glass Lewis' institutional proxy voting guidelines as of the end of the latest fiscal year (approximately 81.7% of the equity portfolio voted in accordance with ISS' guidelines, while approximately 6.69% voted in accordance with Glass Lewis' guidelines).[3] Further, the

[3] Figures are based on inquiries sent to TRS's equity investment managers.

respective investment managers cover the cost of the proxy voting services, not the System, resulting in fee savings for the Trust and the System's participants.

TRS investment staff monitor the proxy voting practices of the investment managers and may request proxy voting information at interim periods or as issues arise. Investment managers provide reports to TRS on all proxy votes cast during the prior quarter, including the number of ballots cast, the number of issues voted upon, and the percentage of issues voted with management, against management and designated as abstentions. These reports are used to produce an annual proxy voting report to the Board at fiscal year-end, which is then published on the TRS website.

The FY 2022 TRS Proxy Voting Report is available on the TRS website (Link to TRS FY22 Annual Proxy Report).

6. Corporate Engagement and Stewardship Activities

TRS corporate engagement and stewardship activities concerning the Trust portfolio generally are addressed at the Board level on an issue/investment-specific basis. Matters of concern are addressed via direct dialogue with and written comment from the applicable investment manager. Individual Board Trustees or staff do not have the authority to engage in such activities on behalf of TRS.

TRS also executes corporate engagement and stewardship activities concerning its investment portfolio through its membership on the Illinois Investment Policy Board in accordance with the Illinois Pension Code.[4] The TRS Chief Investment Officer serves on behalf of TRS in this capacity. Through its membership on the Illinois Investment Policy Board, TRS ensures Trust assets are not invested in securities of entities that are prohibited from investment by Illinois law. Illinois law currently prohibits investment in certain companies that boycott Israel, for-profit companies that contract to shelter migrant children, Iran-restricted companies, expatriated entities, companies that are domiciled or have their principal place of business in Russia or Belarus, and companies that are subject to Russian Harmful Foreign Activities Sanctions. The current Prohibited Investment List for TRS is available on the Illinois Investment Policy Board website (Link to Prohibited Investment List).

[4] 40 ILCS 5/1-110.16(b)

EXHIBIT A

Re No. 3 Investment Manager Integration of Sustainability Factors

Responses from TRS Investment Managers

Investment Manager Responses on Fiduciary Annual Certification

Manager	Response
Acadian	Acadian has been integrating material sustainability signals into its broad quantitative investment process, for the sole purpose of enhancing risk-adjusted returns, since the 1990s. Acadian was the first quantitative asset manager to become a signatory of the Principles for Responsible Investing (PRI) in 2009. We joined the Net Zero Asset Managers initiative in 2021. Acadian's investment process is founded on the principle that market inefficiencies are caused by behaviorally-based mispricings, information asymmetry, and market frictions. Our investment process seeks to systematically exploit these inefficiencies by leveraging data and technology to apply our fundamental and market insights: -Markets are inefficient because many investors act irrationally and with incomplete information. -Markets are adaptive, which changes the relationships between risk and reward through time. -Investors have "mental models" that neglect relevant information and changing dynamics and thus perpetuate these market inefficiencies. We believe that alpha is best generated by: -Applying information and technology in a disciplined and systematic investment process. -Knowing the value of different information at different points in time. -Recognizing that a robust research culture is essential to achieving enduring, superior risk-adjusted client returns. Acadian integrates proprietary ESG signals across its investment process for the sole purpose of enhancing the prediction Jf risk-adjusted returns. We evaluate sustainability considerations both as return seeking and risk mitigating factors with the goal of improving clients' investment outcomes. Unlike generic ESG ratings, which are designed to serve a multitude of purposes, Acadian ESG signals seek to isolate specific information that the market is not already correctly pricing.
Alliance Bernstein	Alliance Bernstein integrates financially material ESG factors in our fundamental research and investment process for most actively managed equity and fixed income portfolios, including this fixed income strategy. We believe incorporating financially material ESG factors into our research, engagement activities, and investment decision-making process can drive us to examine issues more thoroughly by countries, industries, and companies and help us avoid blind spots. We believe doing so can give us a more accurate picture of an issuer's leadership, corporate

	culture, competitive standing, risk profile and other key characteristics. ESG analysis can also reveal a risk or opportunity others may have overlooked. From a bottom-up perspective, analyzing and monitoring issuers with respect to material ESG factors is the responsibility of our fundamental analysts. From a top-down perspective, our portfolio management system (RAP) helps portfolio managers review the ESG characteristics of our fixed income portfolios, including Alliance Bernstein ESG scores, third-party ESG scores, and carbon intensity, to identify financially material ESG risks and opportunities. Engagement May Be Part of Our Approach: Because we are an active investment manager, engaging issuers on strategic and financial issues --including ESG and climate change issues -- can be a key part of our research and investment processes. We may engage with issuers for two main reasons: to generate research insights and to advocate for action. How ESG Views Are Integrated into Investment Process: Our research and evaluation of ESG issues could lead us to view the issuer more negatively or positively as an investment than the market consensus. For example, an ESG issue with a strong likelihood to become material might lead to a decision to not invest or sell a position, whereas an ESG issue without an immediate direct impact on the issuer's financials might be a reason to engage with the issuer to address the risks further. If our analysts and economists determine that, after integrating ESG factors into their fundamental research, there are aspects of an issuer's past, current or anticipated ESG-related behavior that are material to its future expected returns, they are expected to address these concerns in research forecasts, research reviews, and ultimate investment recommendations.
AQR	We incorporate signals in our models only if we believe they enhance excess return or help manage risk. This is true regardless of the nature of the signal. Our research finds that some, but not all, ESG-related characteristics are, on average over the long run, predictive of future relative return. For example, our stock selection model prefers companies that are more transparent, as a sign of good governance and shareholder friendliness. As another example, our supply chain climate exposure signal prefers companies that are more resource efficient, through the lens of carbon, as one measure of a firm's overall quality. Such companies tend to be more profitable and tend to have stocks that outperform compared to peers. In our emerging country and currency selection strategies, we have also developed a macro crisis model that we use for systematic risk management. Specifically, we use it to identify any countries/ currencies that may be on the brink of a crisis, so that we may limit overweight positions in these assets. This macro crisis model considers country-level social and political risks, alongside macroeconomic information about a country's ability and willingness to pay down its debt.

Arrowstreet	We have a Responsible Investing Committee that meets quarterly to discuss our approach to environmental, social and corporate governance (ESG) related issues in our investment process. Our research focuses on identifying, testing, and incorporating investment signals into our quantitative return and risk models. We incorporate what we believe to be the best investment insights into our clients' portfolios with the objective to deliver sustainable alpha on a risk controlled basis. Consistent with this objective, all alpha and risk signals, including those associated with ESG information, are evaluated in a systematic and rigorous manner prior to inclusion in our process. We understand that ESG considerations can impact businesses' profitability and sustainability of earnings, in addition to the risks associated with their securities. Though our research to date has not suggested that stocks with desirable ESG scores will systematically outperform, some of our existing expected return signals are correlated with specific ESG measures. The most conspicuous examples are our quality signals, which tend to be somewhat correlated with the "G" (Governance) component of ESG. We do believe ESG information is informative about forward-looking active risks, and therefore we include signals derived from ESG and carbon information in our risk model. We may periodically evaluate various additional signals associated with ESG characteristics as well as related third-party academic research to identify potential return or risk implications associated with ESG-based signals.
Barings	Our primary objective is to seek superior risk-adjusted returns for our clients. Our investment professionals' fundamental analysis, including on financially material ESG topics, supports this goal by understanding the factors that influence the financial sustainability of the investments we make. As a result, Barings' investment professionals evaluate ESG information, along with various other potential risks and opportunities that may impact investments, portfolios and the economy to make informed decisions that align with investment objectives. We are committed to creating long-term value through engagement. We believe that partnership and engagement, over exclusion, remain central to good stewardship. We regularly partner with stakeholders to encourage improved transparency and sustainable practices in pursuit of minimizing risks, maximizing returns and supporting a durable financial system. Through engagement we aim to enhance the performance of our investments for the benefit of our clients. We believe we should lead by example with our own corporate behavior and have made commitments to act in a responsible and sustainable manner when conducting our own corporate activities. We're seeking to achieve net zero in our global operations by 2030 and have achieved carbon neutrality (via offsets) since 2021. We recognize that offsetting our emissions is only a short-term solution, and to achieve our long-term goal of net zero GHG operations requires emissions reductions and behavior changes. We are committed to creating a

	healthy working environment for teammates that encourages a work/life balance where they can achieve their best.
Causeway	Causeway's Fundamental Value Equity strategies employ a bottom-up stock selection process whereby analysts assess a mosaic of fundamental company and industry information to form a holistic view of an investment. Financially material sustainability issues, which are likely to impact investment performance, are where applicable an input in forming this view. To facilitate sustainability integration, Causeway's procedures are structured around training, tools, and accountability. We provide scheduled training sessions for fundamental analysts and portfolio managers to develop awareness of material sustainability issues and their investment implications, discuss research findings, and identify emerging themes and trends. The training sessions are recorded for later use, including in onboarding new analysts. We provide various tools to fundamental analysts: A materiality map that identifies material issues by sector as determined by our sector-specific research groups or "clusters"; Various data sourced from both commercial and non-commercial sources; Assessment frameworks that enable consideration and aggregation of various data into a proprietary sustainability score; and, a proprietary desktop application (our "ESG Navigator") to access the data and assessment frameworks in order to input and update components of sustainability scores.
Dolan McEniry	Dolan McEniry has a long-held policy to avoid investing in the fixed income securities of companies in the fossil fuels industry. This policy has helped the firm score consistently well on sustainability metrics. On July 31, 2023, according to Morningstar's Sustainalytics (well-regarded third-party source of company data on sustainability), Dolan McEniry's TRS portfolio fell into the “low carbon risk” category with a score of 7.4, 38% below the benchmark score of 12.0. In addition, the TRS portfolio was 87% less carbon intensive with a 0.0% weighting versus 13.1% for the benchmark. The firm has no plans to change its policy of avoiding the fossil fuel industry. Dolan McEniry also integrates sustainability metrics more broadly into its investment strategy and process. The firm uses third-party data from Sustainalytics to understand the portfolio's carbon risk and key controversies from a sustainability perspective. The firm's investment team documents material sustainability risks in an internal research note for each new investment, along with other fundamental and financial analysis. If an investment scores poorly on the relevant factors according to third-party data sources, the investment team conducts further research to determine what is driving the score. A poor sustainability score does not automatically preclude the firm from investing in the company but is an important input into the investment decision-making process. The firm believes its avoidance of fossil fuels and its overall sustainability practices will continue to lead to strong sustainability scores for the foreseeable future.

Emerald	Emerald Advisers, LLC does not have a formal ESG policy, but does have an ESG Statement that contains information on ESG related factors and considerations that can be a fall-out result of our 10-Step Research process. Since Emerald's investment strategy is a bottom-up process, Emerald does not apply top--down screens of any kind, Including any ESG-related screens. Instead, Emerald's analysts and portfolio managers build each portfolio one stock at a time. While a significant variety of commonly identified ESG factors may be identified as a consequence of this process, the process precludes Emerald's ability to be a signatory to the PRI. That being said, many inputs into Emerald's Investment decision-making process can include factors that are generally accepted as being ESG-related. Ethical leadership, customer privacy and job creation can be important variables when Emerald research analysts are assessing a company for inclusion in an Emerald portfolio. Under the direction of Chief Investment Officer, Kenneth G. Mertz II, CFA, Emerald has consistently fought for shareholder rights through its proxy voting policy and ongoing engagement and dialogue with company executives. Similarly, Emerald's proprietary 10-Step Research process allows our analysts and portfolio managers to consider investment factors that passive managers and indices may not. Emerald has full discretion to invest in or ignore a company, industry or sector.
Garcia Hamilton	At Garcia Hamilton & Associates, L.P. (GH&A), we understand that the role of fixed income, more specifically Core Fixed Income, is to anchor the portfolio so the client can take risks elsewhere. Therefore, our goal is three-fold. First, to outperform our benchmarks net-of-fees with a higher credit profile than the index. Second, to provide our clients with best-in-class service. Third, to set an example as an industry leader in fixed income solutions for institutional clients. Since inception, we have utilized an active, top-down investment approach to provide safety, liquidity, and return on investment to our institutional, primarily public sector, clients. Our high-quality philosophy prevents the Firm from taking unnecessary or unquantifiable risk. GH&A's investment philosophy is aligned with the Illinois Sustainable Investing Act, requiring every retirement fund subject to the Illinois Pension Code to incorporate sustainability factors into their written investment policy. GH&A has been managing Illinois public sector accounts since 2005 and currently manages $5.0 billion in AUM for 21 Illinois public sector accounts (as of June 30, 2023).
Grandeur Peak	As a firm, we believe that the best investments are in companies that have integrity and strive to make a positive impact on the world. The objective of our fundamental research is to identify what we consider to be Best In Class companies (BICs): those with sustainably high returns on capital, underpinned by a sustainable competitive advantage that enable companies to generate more than enough cash to fund their growth and maintain a strong balance sheet. We place significant value on companies' management teams that embrace a long-term perspective and are thoughtful stewards of financial and non-financial resources. This often includes

	environmental and social aspects of the business. We have always believed that effective governance and responsible corporate strategy are critical components of Best-in-Class companies. Sustainability (ESG) is an ethical issue for Grandeur Peak. Our formal sustainability framework focuses on analyzing and influencing the extent to which our companies exercise stakeholder equity. As a part of our bottom-up approach, we screen companies and give them a quality score of which environmental, social, and governance issues all play a role. This process includes engaging companies on their biological and environmental influences, social impact, and managerial integrity. These engagements are performed with 100% of our companies and applies to 100% of our strategies.
Heitman	Heitman's ESG mission statement is "Investing today with a focus on tomorrow." We seek to influence and improve the world in which we live and work while delivering the investment outcomes our investors require. As part of Heitman's investment process, environmental risk factors and their impact are considered in conjunction with other facts to ensure appropriate operating efficiencies are achieved in a manner consistent with the underlying investment objectives. Similarly, Heitman seeks to work with responsible third-party vendors and operators who maintain high standards in a manner consistent with its own approach. At Heitman, we integrate environmental, social, and governance factors alongside non-ESG factors in the total mix of our investment decisions for our Private Real Estate Equity, Real Estate Debt, and Public Real Estate Securities products as appropriate. We believe in reviewing and assessing sustainability considerations in our investment and asset management processes with the objective of enhancing investment returns.
J.P. Morgan	JPMorgan Asset Management defines ESG integration as the systematic inclusion of financially material ESG factors (alongside other relevant factors) in investment analysis and investment decisions. By integrating ESG we can both mitigate risk and unlock opportunities in an investment portfolio. We believe that ESG integration can inform better long-term investment decision making and can help build stronger portfolios for our clients. Each stock's financially material ESG characteristics are considered at every stage of the decision-making process, including research, company engagement and portfolio construction. Our analysts incorporate financially material ESG considerations into their analysis to gauge the duration of a business, the quality of management and the risks posed to minority shareholders. A globally consistent ESG checklist applies the same detailed questions to companies under coverage globally. This generates our JPMAM Fundamental ESG Score. The ESG checklist asks questions specifically addressing environmental considerations, social and governance. The checklist includes both negative and positive questions, as well as a severity assessment.
LPC	LPC Realty Advisors I, LLC (the Firm) and its parent organization, Lincoln Property Company, integrate sustainability factors into the investment and asset management decision-making process on behalf of the

	Teachers' Retirement System of the State of Illinois (TRSI). The Firm's senior decision maker, who serves as President and is on its national Investment Committee, takes responsibility for sustainability initiatives and works with Lincoln Property Company's ESG team on a consistent basis. All work is guided by internationally accepted standards and organizations and is annually audited or externally checked by third parties. In 2023, Lincoln Property Company published a SASB-aligned sustainability report to offer transparency. The Firm incorporates sustainability factors into its governance primarily through its participation in the SEC's Registered Investment Adviser process. All annual and update ADV filings are provided directly to TRSI. Additionally, the Firm provides annual tracking of leadership diversity, the inclusion of an ESG section in its annual reporting, and annual performance reviews that include sustainability considerations. The Firm also maintains updated regulatory, compliance, and ethical conduct policies and performs annual training. The Firm integrates sustainability factors in its decision-making through systemic risk management practices in its underwriting and due diligence process and then throughout the hold period of the asset. Prior to acquisition, each investment is assessed with several sustainability-related factors, including the following attributes/issues: building safety and materials, contaminated land, energy supply and efficiency, water supply, flooding, regulatory compliance, and transportation.
LSV	LSV utilizes a quantitative model that derives an expected return for all companies in the investment universe utilizing third-party data, including signals relating to certain sustainability factors. Specifically, signals related to environmental, social, and/or governance ("ESG") controversies, ESG scores, and climate risks are included in LSV's quantitative expected return model and/or risk control and portfolio construction process to mitigate overall portfolio level exposure to ESG-related risk believed to be material to the financial risk and/or return of an investment. In addition, as a supplement to our quantitative risk control process, our portfolio management, trading, and compliance departments monitor news relevant to portfolio holdings, including ESG-related developments, and may choose not to purchase or increase investment in particular issuers due to heightened ESG risk. Further, issuers implicated by certain ethical and regulatory considerations are excluded, at your request. LSV's proxy voting and engagement processes further integrate the consideration of certain sustainability factors, including through case-by-case ESG analysis by our proxy advisory and collaborative engagement service provider, Glass Lewis & Co., in furtherance of maintaining or enhancing shareholder value in the best economic interest of TRS.
Mackay Shields	Responsible investment and responsible citizenship are core to our duty of responsible service. We believe that caring for employees, living and encouraging mindsets of sustainability, and promoting the well-being of local communities are essential to building an enduring business and delivering strong results to our clients. As

	fiduciaries entrusted to act in our clients' best interest, we believe that consideration of material environmental, social, and governance ("ESG") factors can have an impact on long-term investment performance and, therefore, is a natural and important component of disciplined investment research and management of client portfolios. The Global Fixed Income Team incorporates a process which includes a comprehensive evaluation of a list of risk factors, a number of which can be classified as ESG factors. We are keenly aware of these ESG risks and their impact on the credit worthiness of borrowers and bond issuers. Our approach to ESG investing is consistent with our general philosophical approach - eliminate uncompensated risk by cutting off the tails of the return distribution. ESG considerations are particularly pertinent to left tail management, as ESG risks can be exceptionally high without commensurate compensation. In our investment process, we apply an industry-relative ESG screen through which we carefully weigh the risk and reward profile of each potential investment we consider.
Northern Trust	The MSCI World ex USA ND and Quant Active Multi Factor Separately Managed Accounts (SMAs) that the Illinois Teacher's Retirement System (ILTRS) are currently invested in are not managed to an ESG mandate.
Payden & Rygel	The methods used for ESG investment integration at Payden & Rygel vary by strategy. Each strategy team uses a combination of internal research, third-party ESG data and Payden processes and client-directed preferences. Each strategy team has a Strategy ESG Integration Framework to gauge a portfolio's ESG profile and performance, as well as to seek to accomplish client and firmwide ESG priorities. Our Investment Policy and ESG Committees ensure consistency, where appropriate, among the Strategy ESG Integration Frameworks for each strategy. We use several tenets to inform our approach in integrating ESG considerations into our Emerging Markets Debt (EMO) investment process: Integration, Engagement, Forward-looking nature, and Primary Research. To help provide additional inputs into our sovereign research and portfolio management process, we created the ESG tool, a custom, proprietary, flexible approach covering the emerging market sovereign universe. This tool utilizes a custom set of ESG data that we believe is relevant to our investment decisions. Among the ESG tool's capabilities are generating an E, S, G score for EM sovereigns, which help create a ranking of countries across the investable universe to assist in our assessment of absolute and relative ESG risk. The tool also allows us to further focus on relative ESG percentile ranks within peer groups, such as by credit rating.
PGIM	ESG risks and opportunities are assessed as an integral part of our credit decision and embedded in our bottom-up investment process. We incorporate ESG risk assessments in all our investment decisions by incorporating them into our credit ratings, as we believe these risks can be financially material. In line with our bottom up, fundamental credit approach, we view issuers' credit profiles from a holistic perspective, rather than separating them into distinct components that must then be reconciled. Therefore, we do not evaluate issuers' ESG risks and opportunities in isolation, but instead integrate them directly into our

	fundamental credit ratings, and thus into our relative value assessments. So, while our portfolio managers are provided with information on ESG risks and opportunities and take ESG factors into account when making an investment decision, ESG risk would not by itself prevent PGIM Fixed Income from making any investment. Instead, ESG risk/opportunity forms part of our overall assessment of an issuer's credit risk, and thus of our assessment of its relative value. Generally, a higher potential return or credit spread would be required for issuers with credit material ESG risks. We do not apply any absolute risk limits or risk appetite thresholds which relate exclusively to ESG risk as a separate category of risk. The environmental and social factors considered during our research assessment, including ESG risks which may cause a material negative impact on the financial/economic value of potential investments should those risks occur, will vary depending on the asset class, the industry and/or individual issuer. These include but are not limited to environmental risks and social risks. The quality of governance is an important investment consideration. It is incumbent on our analysts to assess governance structures and practices at the issuer level. Our governance analysis is asset class and sector specific. Ultimately, though, our aim is to assess whether we believe an issuer is well run and has sufficient checks in place to limit downside governance risks.
Principal Real Estate	We thoroughly evaluate sustainability features and risks from the earliest stages of our new property and existing asset acquisition pre-investment process. As part of the underwriting process, we review geographic location, environmental concerns, regulatory conditions, and social matters. We consider sustainability factors that are unique to each site and local market resilience, from both an economic and regulatory perspective. To better assess and respond to geographically specific sustainability factors, we rely on local market expertise provided by property management and development partners. Similarly, our regional asset manager and engineering organizational structure allows for greater insight and focus on key local market conditions. Sustainability risks identified during the underwriting and due diligence processes are incorporated into the underwriting process, summarized in deal documentation, and presented to the Investment Committee as part of their deal review and approval. Sustainability risks and opportunities identified are also communicated to the asset and property management team for inclusion in the annual business plan for each individual asset.
Principal Global Investors-Finisterre	The Finisterre investment process incorporates ESG factors using both summary exclusions based on specific activities and a committee process for those issuers which exceed certain materiality thresholds. Summary exclusions focus on specific industries such as weapons, tobacco, etc and we screen for names which exceed thresholds in the coal, stranded fuels, and generation industries. Beyond these exclusion activities we have embedded the United Nations Global Compact (UNGC) in our

	process which looks at issues across the sustainability spectrum: environmental, human and social capital, and governance. While we look all these factors as a part of our process, we focus on UNGC violations for corporate issuers and sharp negative moves and emissions intensity for sovereign issuers. To carry out our process we have incorporated MSCI data in addition to our own more qualitative assessments for issuers. For those issuers, either sovereign or corporate, that exhibit material risks according to the above criteria, we use the ESG Committee process to assess severity, risks for the credit profile, and corrective actions and this results in decisions about the acceptability for investment of issuers. Engagement is a key determinant as to the acceptability for investment of credits; those issuers where we see sustainability risks but which we deem as open to engagement make for more promising investment cases in our view. We track our engagement and committee decisions to refine our process and make it iterative.
Rhumbline	As a passive investment manager, Rhumbline's investment objective is to closely track a designated index. As such, Rhumbline does not independently make the determination to exclude index constituents based on ESG principals. We do, however, customize portfolios to exclude securities at the direction of our clients. In fact, since the firm's inception, flexibility and responsiveness to client needs has been the cornerstone of our success. Rhumbline has the ability to customize our investment approach for each client based upon their specific requirements. We opened our first customized account in 1994; it is still open 27 years later. Our customized business accounts for more than one-third of our assets under management as of June 30, 2023. We have significant experience in many areas including SRI, SRI/Catholic, Tobacco, Sandy Hook, South African Free, Sudan Free, Carbon Underground 200 and specific credit quality constraints or country restrictions. We are able to track any ESG index. When managing a customized or restricted portfolio, the client or a third party provides Rhumbline with the list of restricted securities. We do not independently research companies' adherence to ESG principles. We use the client's list of restrictions or a list from an independent third party.
Schroders	Schroders has a proud history of investing sustainably. Our long-term approach leads us to the belief that generating returns for our clients will be intrinsically linked to our ability to identify, measure and engage on the impacts of social and environmental change attributable to the companies in which we invest. We launched Schroders' integration accreditation framework in 2017 to drive and monitor ESG integration across our investment processes. We achieved full ESG integration across our managed assets at the end of 2020, thanks to the collective efforts of our fund managers and analysts. ESG integration means that our fund managers and analysts systematically and explicitly consider ESG factors alongside or within traditional financial analysis. It means a broader assessment of the world in which we operate: one which captures sustainability risks and opportunities in our investment decision-making.

	We continue to support our investment teams to evolve their approach to integration. How integration looks for the 60+ investment teams across Schroders, each with their own investment philosophy and approach, differs. What matters is a consistent level of ESG capability and application of the ESG resources the Sustainable Investment team has to offer.
SGA	Strategic Global Advisors, LLC ("SGA") is committed to responsible investing and promoting responsible practices while enhancing economic outcomes for our clients. SGA integrates sustainability and environmental, social, and governance ("ESG") factors into its investment practices through fundamental analysis in conjunction with ESG research provided by third parties, such as Institutional Shareholder Services, MSCI and others. It should be noted, in our investment process, we do not exclude companies or industries from consideration, but rather seek to partner with companies to enhance economic outcomes for our clients. SGA is committed to engaging with companies where ESG concerns are relevant and work to make positive change through that engagement. SGA's fundamental research team considers ESG factors in the investment decision-making process when reviewing securities suggested by our quantitative model. Fundamental research analysts consider ESG factors in conjunction with business risk, credit risk, etc. and take a holistic approach in analyzing companies from a fundamental perspective, weighing the pros of the investment versus the risks. The firm considers whether companies are prioritizing short-term gains for the benefit of management over the long-term well-being of shareholders when evaluating investment opportunities and seeks to understand the long-term sustainability of a company's business model.
TCH/Loop	Sustainability factors have been incorporated into LCAM's proprietary credit scoring process. Our team of credit analysts apply this framework to conduct a comprehensive analysis of fundamentals and score issuers across three broad categories: business risk, financial risk, and sovereign risk. Scoring reflects a combination of qualitative and quantitative factors with outputs for each variable ranging from -2 to +2 based on predetermined criteria for each factor under consideration. The total score across factors is normalized to produce a number between -10 to +10. Base scoring for quantitative factors uses a logarithmic curve, with 0 typically aligned with the inflection point between investment grade and high yield. Specifically, analysis of environmental, social, and governance factors is conducted as part of business risk and integrates both current and future risks that may drive an issuer's credit profile, such as operational resilience, regulatory trends or reputational risk. We view ESG risks holistically, factoring in risks and trends for an issuer as well as for its industry while also taking into account the varying levels of data transparency and consistency across different ESG factors. Social factors, in particular, often relate to practices versus data. Other areas, such as board independence and carbon emissions are more quantifiable. Analysts identify the key ESG factors most

	relevant for each industry and evaluate an issuer's performance on each of these factors to determine relative rankings across an industry.
T Rowe Price	The Global Focused Growth Equity Strategy uses ESG integration as part of its investment process. This means incorporating environmental, social and governance factors to enhance investment decisions. Our philosophy is that ESG factors are a component of the investment decision, meaning that they are not the sole driver of an investment decision, nor are they considered separately from more traditional analysis. The process of ESG integration takes place on two levels: first, with our research analysts as they incorporate environmental, social, and governance factors into company valuations and ratings; and, second, with the portfolio manager as he balances these ESG factor exposures at the portfolio level. Both the analysts and portfolio manager are able to leverage dedicated, in-house resources to assist them in analyzing ESG criteria. Our ESG specialist teams provide investment research on ESG issues at the company level and on thematic topics. Additionally, they have built tools to help pro-actively and systematically analyze the environmental, social and governance factors that could impact our investments. The foundation of the analysis is a proprietary flagging tool called the Responsible Investing Indicator Model (RIIM). It covers around 15,000 companies and pulls from data sets that are not in the wheelhouse of traditional financial analysis. These data sets include: -ESG performance data (e.g., number of accidents, carbon emissions, strength of whistle-blower programs, etc.) -ESG targets (e.g., plans to reduce carbon emissions, increase diversity, etc.) -ESG incidents and controversies (e.g., environmental fines paid, local community controversies/protests against a company, etc.) The companies we buy will typically have high quality characteristics as well, with this qualitative assessment based on our analysis of their future economic relevance. Our primary emphasis is on company fundamentals, which include the consideration of environmental, social and governance factors. We find this process yields an ESG-friendly set of companies; however, we also screen the portfolio using T. Rowe Price's proprietary RIIM analysis at regular intervals and this helps us understand the ESG characteristics of the portfolio.
Wasatch	Wasatch believes the thoughtful incorporation of responsible investment practices, including the analysis of Environmental, Social, and Governance ("ESG") and/or sustainability factors can be integrated into the investment due diligence process to reduce risk and maximize returns over long-term investment horizons. The integration of ESG analysis, alongside traditional financial metrics, provides Wasatch investment professionals with a mosaic of relevant risks and opportunities that are incorporated into investment decisions. Wasatch has committed to implementing these practices firm-wide and across all managed equity portfolios.

	Wasatch will incorporate responsible investment practices, including ESG factors, into the investment due diligence process. The incorporation of these factors does not change Wasatch's investment objective or constrain the investable universe. Rather, ESG is incorporated as part of a broad mosaic of financial and non-financial factors that are material to the risk and return profile of a given investment. Implementation will vary based on the research team's judgment of materiality of risk and potential impact on return. Portfolio managers and analysts are responsible for identifying financially material ESG factors during initial and ongoing due diligence. Material ESG risks or opportunities are documented in the firm's research management system.
William Blair	ESG factors are inextricably linked with our fundamental assessment of company management and long-term value creation, as well as the sustainability of competitive strengths. Our research analysts provide a qualitative summary of what they view as each company's relevant ESG-related risk exposures and opportunities. These issues are documented within our company recommendation reports and discussed by the analysts and portfolio managers. ESG insights are primarily informed by proprietary research, including company meetings and data aggregation from multiple internal and external resources. Our assessment of potential ESG risks and opportunities for different industries and companies is supported by a proprietary materiality framework that was developed internally by the investment teams. Building on this framework, we developed a proprietary qualitative ratings system that is fully aligned with our views on the ESG factors that affect company performance by industry. In addition to our proprietary ESG research, third-party ESG company ratings are systematically incorporated into our internal research platform, Summit, to provide additional context. William Blair currently utilizes MSCI as its primary third-party ESG research provider, and routinely monitors the research vendor landscape for additional ESG research inputs. We also continually seek expanded universe coverage and data quality improvement from our existing research providers. From a governance perspective, our key focus is on board composition, minority shareholder treatment, management incentives, and corporate culture. Environmental areas of focus include climate change, natural resources stewardship, and pollution and waste management. Social considerations include human capital management, customer well-being, supply chain management, and community relations.