



**MASSACHUSETTS PRIM BOARD**  
Stewardship Policy Statement

## **Massachusetts Pension Reserves Investment Management Board Stewardship Policy**

The PRIT Fund is comprised of pension assets set aside to fund current and future retirement benefit obligations for participants in Massachusetts state retirement systems, including the systems of state employees, teachers, and certain municipalities. The Board and Staff of MassPRIM are charged with the administration and general supervision of the investment and reinvestment of the PRIT Fund.

MassPRIM is committed to fulfilling its fiduciary duty by investing pension assets in a manner that seeks to ensure that current and future benefit obligations are adequately funded in a cost-effective manner. To meet this goal, MassPRIM seeks to maximize the total return on investment within acceptable levels of risk and cost.

As a long-term investor, MassPRIM recognizes that many differing factors, including those relating to environmental, social, governance, geopolitical, legal and policy matters (collectively referred to as “Stewardship Factors”), have the potential to materially affect portfolio risk, return and long-term value creation. The relevance and impact of specific factors may differ and vary in degree across companies, sectors, geographic regions, and asset classes, as well as over time.

Accordingly, and in exercise of its fiduciary obligations, MassPRIM utilizes an evidence-based, outcome-oriented, and prudent approach to analyzing investment opportunities available to the PRIT Fund, including in determining how relevant Stewardship Factors are integrated into the investment decision process for any given investment.

MassPRIM’s Stewardship efforts are specifically designed to protect and enhance the long-term sustainability and success of the PRIT Fund. This evaluation of Stewardship Factors by MassPRIM is an ongoing exercise which steps include, but are not limited to the following:

- Regularly identifying, through ongoing monitoring of market trends and research, those Stewardship Factors that are most relevant to enhancing the risk/return expectations of the PRIT Fund.
- Undertaking purposeful and deliberate engagement with portfolio companies and investment managers on Stewardship Factors, including through proxy voting.
- Actively engaging with investment managers and consultants across asset classes.
- Strategically collaborating with like-minded groups.
- Regularly reporting on progress towards integrating and addressing Stewardship Factors.

### **Objectives**

MassPRIM evaluates the incorporation of Stewardship Factors into its investment processes based on the following objectives:

1. **Risk/Return Enhancement:** Enhance the risk/return expectations of the PRIT Fund.
2. **Create Measurable Impact:** Create tangible impact by pursuing focused and measurable efforts.
3. **Leadership & Innovation:** Promote thought leadership and explore opportunities for innovation.

### **Principles**

MassPRIM’s Stewardship efforts are rooted in its fiduciary duty and commitment to long-term value creation.

## **1. Materiality and Long-Term Value Creation**

MassPRIM's responsibility is to the retirees, beneficiaries, and taxpayers who depend on the sustainability and growth of the assets of the PRIT Trust. MassPRIM's Stewardship efforts will seek to enhance the long-term value of its investments and will therefore focus on those issues that are most likely to materially affect risk and return. MassPRIM will, in turn, integrate an evaluation of Stewardship Factors into its investment process. This includes rigorous analysis of risks and opportunities from environmental, social, governance, geopolitical, legal and policy matters factors when evaluating potential investments and ongoing monitoring of material risk factors in our portfolio.

## **2. Strategic Focus and Impact Orientation**

While the PRIT Fund is well diversified, MassPRIM intends to focus its stewardship efforts on key priorities with the goal of increasing their impact on value creation and preservation. MassPRIM's commitment to focus ensures that its resources are directed toward initiatives that it believes have the potential to deliver the most substantial and lasting benefits for its beneficiaries.

## **3. Engaged Ownership**

MassPRIM considers that engaged ownership is key to long-term value creation in its portfolio. Where MassPRIM believes it will enhance return, it intends to leverage its ownership stake in portfolio companies and investment funds to drive progress on stewardship factors and encourage the development of long-term value creation strategies. MassPRIM will endeavor to accomplish this through employing a range of tools, including proxy voting, corporate dialogue, and investment mandates.

## **4. Collaborations and Partnerships**

Collaborations and partnerships can amplify the influence of MassPRIM's engagement activities and impact on portfolio companies and the markets in which they operate. MassPRIM will seek to partner and collaborate with like-minded groups that share our stewardship focus and objectives, such as institutional investors, investment managers and industry associations.

## **5. Transparency and Disclosure**

MassPRIM believes that transparency is essential to building trust with its stakeholders. MassPRIM commits to providing transparency in its stewardship engagement activities, including providing information regarding our voting decisions, dialogue with companies, and the integration of Stewardship Factors into its investment processes. MassPRIM intends to encourage the companies in and investment funds in its portfolio to enhance their transparency and ensure disclosure of any material information.