



Securities Litigation Policy

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Presented to Board: October 21, 2021

Approved by Board: October 21, 2021

Date of initial Rule Adoption: October 20, 2020

Date of Prior Amendments: N/A

Proposed new Title, Chapter, and Section of Administrative Rule: **To be determined by Board Counsel.**



Chicago Teachers' Pension Fund

SECURITIES LITIGATION POLICY

Purpose

Since enactment of the Private Securities Litigation Reform Act of 1995 (“PSLRA”), much attention has been focused on the role of institutional investors in securities class action litigation. A number of stakeholders in this area, including Congress, have urged institutional investors in general, and public pension funds in particular, to seek “Lead Plaintiff” status in securities litigation. Congress envisioned that active public pension fund participation would bring about increased settlement recoveries, reduced attorneys’ fees, and a higher level of accountability for corporate wrongdoing. Congress also hoped that increased institutional involvement would discourage the filing of frivolous lawsuits. Consistent with this vision, the identified goal of the Public School Teachers’ Pension and Retirement Fund of Chicago (“the Fund”) is to enhance the long-term value of the Fund’s portfolio through measured securities litigation participation.

Selection of Securities Litigation Counsel

The Fund will maintain a minimum of three (3) qualified law firms with demonstrated experience in securities litigation and shareholder derivative litigation (collectively, “securities litigation”). The Fund will select those law firms through a competitive RFP process initiated no later than February 1, 2022, to ensure that each law firm’s expertise, integrity, and litigation approach is consistent with the Fund’s fiduciary duties to the putative class, corporate governance goals, and vision of shareholder activism. Minimum qualifications for potential law firms include:

1. The firm’s principal attorneys assigned to the Fund must have a minimum of five (5) years of professional experience in the portfolio monitoring or securities litigation field.
2. Within the ten (10) years preceding the RFP, the firm, or its principal attorneys while at other law firms, must have concluded a minimum of ten (10) securities litigation or shareholder derivative lawsuits and overseen, in the case of PSLRA cases, the distribution of the settlement proceeds to all class members, with a minimum settlement amount of one million dollars (\$1,000,000) per case.
3. The firm or its assigned attorneys must have provided portfolio monitoring and securities litigation services to other public retirement systems or corporate pension plans which are approximately the size and complexity of the Fund.
4. The firm must be able to demonstrate the capacity to finance litigation and the resolution of large, complex, lengthy, and contentious securities litigation cases.

5. The firm must be able to maintain a data processing interface with the Fund's custodian bank by electronic means.
6. The firm must demonstrate a commitment to a contingent fees that recognize the Fund's obligation to reduce attorneys' fees and costs.
7. The firm must demonstrate a commitment that any proposed case with multiple lead plaintiffs or with multiple law firms acting as lead plaintiff's (s') counsel must be in the best interest of the Fund and that the Fund's negotiated fee arrangement shall, if lower, prevail over any other fund's negotiated fee arrangement.
8. The firm must provide portfolio monitoring and securities litigation monitoring and evaluation services to the Fund at no cost and with reimbursement of all Fund costs and attorneys' fees incurred.
9. The firm shall acknowledge that no placement fee, bonus, or other compensation has been or will be paid by or on behalf of the firm or any of its affiliates to any placement agent, finder or other analogous entity in connection with the engagement of the firm by the Fund.

Criteria for Seeking Lead Plaintiff Status

In most cases, the Fund's interests in securities class action litigation claims will be adequately addressed solely through passive participation as a class action member. However, in select cases it is more appropriate for the Fund to become actively involved and to seek Lead Plaintiff status. The Fund will use the following guidelines in evaluating whether it should pursue this option:

1. In general, damages must exceed \$2.0 million before the Fund will consider Lead Plaintiff status, or, in the case of shareholder derivative, a substantial corporate governance benefit to the shareholders. Nonetheless, the Fund may pursue Lead Plaintiff status in other cases where there is an exceptional opportunity to preserve or enhance the long-term value of a significant portfolio holding or to deter wrongful corporate conduct. In evaluating the likelihood of deterring wrongful corporate conduct, the Fund will consider the following factors:
 - a. Whether there are claims against auditors and/or other third parties that could be pursued;
 - b. whether personal claims against individual defendants could be filed so as to prevent similar future improper behavior;
 - c. whether corporate governance changes could be considered to address causes of the wrongful conduct; and
 - d. whether the Fund's participation would likely have a positive impact on reforming securities litigation in general.
2. Whether it is a viable case based on an initial assessment of certain key elements, including, for example, alleged misrepresentations or omissions, scienter, and loss

causation, recognizing the heightened pleading standard of the PSLRA.

3. Whether the case, or related shareholder derivative litigation, is likely to be pursued at all without the Fund taking action.
4. Whether another sophisticated Lead Plaintiff is likely to come forward to manage the case, with or without the Fund's participation.
5. The reputation and skills of potential co-lead counsel candidates who have filed lawsuits on behalf of that firm'
6. Whether the Fund might have a conflict of interest in being Lead Plaintiff.
7. Unusual circumstances that could complicate or undermine the Fund's service as lead plaintiff (e.g., the number of cases already pending).
8. Unique claims held by the Fund that may not apply to other class members.
9. Whether there are sources of recovery available to satisfy a judgment or settlement.
10. The Fund may consider seeking co-lead plaintiff status or may to opt out of a class and pursue an independent securities litigation case, or the Fund may file a shareholder derivative lawsuit, either individually or in coalition with one or more institutional investors.

Foreign Action Participation

Unlike the U.S. class action process - where investors can remain absent, receive notice of a settlement, and then decide to make a claim or opt out of the class action case - in foreign actions, investors are generally required to join as named plaintiffs or "opt-in" at the commencement of the case. This "opt-in" process requires affirmative decisions early in the process to join the case in order to recover anything on the Fund's losses. Foreign actions require the consideration of numerous additional issues, including

1. How is the action being funded? Are the funders reliable? Who are the investors in the funders? What is the percentage fee that the funder is taking from the case? Is this percentage fee the entire fee to be paid or is the funder also entitled to reimbursement of expenses and any costs awarded? What law will apply to the relationship between the Fund and the funder?
2. Is the funding agreement sufficient? In particular, are attorneys' fees, litigation expenses and potential costs covered by the funder without recourse to the investor?
3. Can the funder cease to fund the litigation and, if so, under what conditions? Will the funder have any input or control over the prosecution of the litigation?
4. What is the process and cost for opting in?

5. Who is the foreign counsel and how are they being paid?
6. Are there unique risks, including the extent to which adverse party fees and costs are covered by insurance?
7. What role will the Fund play or be allowed to play? How are the decisions made in the case?
8. Even if the Fund's losses are large, will the Fund be entitled to recover damages under the foreign law?
9. Does the funder have a minimum loss threshold?
10. What time and resources will the Fund have to devote to the foreign litigation?
11. Can the Fund comply with the appropriate deadlines?

Authorizing Litigation

The Board of Trustees will authorize the Fund to be Lead Plaintiff in a lawsuit or to pursue one of the options set forth above. When an election to participate must be made prior to the next scheduled Board meeting, the Executive Director has the authority to enter into an agreement authorizing the Fund to be Lead Plaintiff in a lawsuit with the consent of the President and the advice of Board Counsel, subject to ratification by the Board of Trustees.

With regard to the selection of Lead Counsel, the Fund's goal is to secure the most qualified counsel at a fee structure that aligns the interests of the class and Lead Counsel. Thus, Board Counsel will negotiate, generally at the outset of each matter, an agreement with the law firm(S) proposing to represent the Fund as Lead Counsel and will seek a competitive fee arrangement based on the firm's response to the rfp, current market rates, and judicial precedent. The Board of Trustees has delegated to the Executive Director the authority to enter into an agreement with a law firm authorizing the law firm to serve as Lead Counsel in the lawsuit with the consent of the President and a d v i c e o f Board Counsel, subject to ratification by the Board of Trustees.

If more than one law firm approaches the Fund regarding the same lawsuit, the Executive Director, in consultation with the President and Board Counsel, will evaluate each law firm's proposed bid and will make a recommendation to the Board of Trustees as to which law firm should serve as Lead Counsel in the lawsuit. If a decision must be made before the next scheduled board meeting, the Executive Director, in consultation with the President and Board Counsel, will choose which law firm will serve as Lead Counsel, subject to ratification by the Board of Trustees.

In certain cases it may be advantageous for the class to be represented by two or more law firms. The Executive Director, in consultation with the President and Board Counsel, shall evaluate s u c h cases and make a recommendation to the Board of Trustees. The Executive Director, in consultation with the President and Board Counsel, may choose more than one firm if the



decision must be made before the next scheduled Board meeting, subject to ratification by the Board of Trustees.

With respect to foreign action participation as to which there is a firm deadline for opting into the litigation, Board Counsel, if given notice of the opportunity by approved securities litigation counsel, shall promptly provide notice of the opportunity to the Board President, the Executive Director, the Chief Legal Officer (“CLO”), and the Chief Investment Officer (“CIO”). If any Fund employee receives notice of such opportunity, the employee shall timely inform the Executive Director, Board President, CLO, CIO, and Board Counsel. Board Counsel, in consultation with the Chief Legal Officer and Chief Investment Officer, shall make a recommendation to the Board President and Executive Director regarding whether to join the action. The individual provided notice shall ensure that the Board President and Executive Director are aware of the deadline for joining the action. Board Counsel and the Chief Legal Officer shall timely remind the Board President, Executive Director, and Chief Investment Officer of the deadline to ensure that it is met. The CIO shall be responsible for providing any information requested of the Fund in order to opt-in.

Effective Monitoring as Lead Plaintiff

If a court grants the Fund Lead Plaintiff status, the Fund will monitor the lawsuit to ensure that the goals and objectives of the class members and of the Fund’s securities litigation policy are met. In doing so, the Fund will follow these guidelines:

1. The Fund will assume an active, advisory role as Lead Plaintiff. To this end, Board Counsel, in consultation with the Chief Legal Officer, will be expected to: review all pleadings and other significant documents related to the lawsuit; participate in settlement conferences and any mediations or arbitrations; be present at trial; and, participate in any important meetings, discussions, or status hearings relating to the lawsuit.
2. Lead Counsel will consult with Board Counsel regarding all material aspects of the litigation. Board Counsel will monitor the litigation until resolution of the case and will regularly report to the Board of Trustees, the Executive Director, and the Chief Legal Officer regarding the status of the case. So that Board Counsel and the Fund may effectively monitor the litigation, Lead Counsel shall provide periodic written status reports, as well as other information the Board or Board Counsel requests.
3. The Executive Director or the Board President shall be authorized to sign all documents relating to the lawsuit, subject to ratification by the Board of Trustees when appropriate and in the case of every settlement.
4. During the course of the litigation, the Fund will monitor the possibility of advocating



litigation strategies designed to prevent future abuses, such as requiring individual defendants to contribute a sufficient monetary amount toward the settlement of a case, or suggesting the addition of a third-party defendant, such as an accounting firm, if the facts warrant. The Fund will also evaluate pursuing non-litigation alternatives that address the underlying cause of the company's problem. For example, contacting appropriate regulatory and/or law enforcement agencies about potential prosecution of wrongdoers may deter similar conduct in the future that undermines the integrity of the financial markets. As another example, filing shareholder resolutions or negotiating for corporate governance changes (e.g., the addition of independent directors, the creation of an independent audit committee) may address the problems that led to the litigation and could aid in the long-term recovery and the value of its stock.

Review

The Board shall review this Policy at least every five (5) years.