



SECURITIES LITIGATION POLICY

PURPOSE

The purpose of this policy is to establish guidelines and procedures for the Sacramento County Employees' Retirement System ("SCERS") to monitor and participate in securities class action proceedings.

POLICY

The Board delegates the decision to participate in securities-related domestic and international class action and claims-based litigation to the Chief Executive Officer. The Chief Executive Officer is authorized to execute any and all documents necessary to effectively determine and facilitate the appropriate level of SCERS' participation in a given class action proceeding, subject to the retention, consultation, and reporting obligations set forth below.

APPLICATION

The following procedures will be used to: (1) collect objective information about potential cases that is timely, accurate, and comprehensive; (2) calculate SCERS' losses and potential recovery in a particular action; (3) evaluate the legal merits of individual cases; (4) consider the benefits and costs of alternative approaches to participation in a given case; and (5) decide whether SCERS should seek appointment as lead plaintiff.

A. Collection of Information

SCERS will retain a consultant to provide professional securities litigation monitoring, filing and recovery services ("Support Services Provider"). Such services shall include, at a minimum:

1. Identification, assertion and filing (when available) of claims in securities class actions and other securities, antitrust, and bankruptcy litigation-related matters for which SCERS is eligible;
2. Regular reporting to SCERS regarding any and all pending securities class actions for which SCERS may qualify as a class participant;
3. Estimated calculations of what, if any, recognized damages SCERS has incurred; and
4. Accountings for funds collected on SCERS' behalf and remittance of those funds to SCERS in accordance with the terms of the consulting agreement.

B. Review

General Counsel shall review the Support Service Provider's reports at least quarterly to determine whether any pending action involves recognized damages to SCERS of \$2 million dollars or more. If so, the General Counsel will refer that particular action to a qualified law firm ("Securities Litigation Counsel") for further review and legal analysis. Securities Litigation Counsel shall independently evaluate the action and make a written recommendation to the General Counsel as to what, if any, additional level of participation in the litigation SCERS should consider.

C. Recommendation

Upon receipt of the report(s) and recommendations from Securities Litigation Counsel, the General Counsel shall consult with the Chief Investment Officer and make a recommendation to the Chief Executive Officer as to the appropriate action to be taken by SCERS.

If the recommendation is for SCERS to petition to be lead plaintiff in an action, the recommendation shall include referral to a particular Securities Litigation Counsel for that purpose, together with the reasons for the recommendation, including legal strategies, possible conflicts of interest, and fee proposals.

D. Disposition

The Chief Executive Officer shall consider the recommendation of the General Counsel and shall decide what, if any action, SCERS should pursue. If time permits, the matter shall be referred to the Board for action. In the event an immediate decision is necessary, the Chief Executive Officer is authorized to make the decision, but shall concurrently notify the Board President and shall include a summary of the action in a report to the Board at its next meeting.

E. Active Monitoring

General Counsel will also actively monitor every class action in which SCERS may have recognized damages. In addition, the General Counsel may recommend to the Chief Executive Officer at any time that SCERS should take further action, such as intervening or objecting as appropriate, filing amicus support, or opting out of the class.

F. Lead Plaintiff

In any case where SCERS is designated as a lead plaintiff, it shall take all actions consistent with its status as a fiduciary of the class. Securities Litigation Counsel shall be required to provide in advance a projected timetable, legal strategy, anticipated budget and expectations for the level of participation by SCERS. In addition, the firm will be required to provide a monthly written report of its expenditure of time and money in the case. SCERS may, in its sole discretion, participate in any or all legal proceedings. Securities Litigation Counsel shall

appear before the Board as reasonably requested to discuss progress in the case, and upon resolution of the case shall present a final report.

G. Asset Recovery

The Support Service Provider shall continue to be responsible for filing all proofs of claim, including the supporting documents and information necessary to recover funds in every securities class action or other claims-based proceeding in which SCERS has damages. The General Counsel, in consultation with the Chief Investment Officer, shall monitor the performance of the Support Service Provider and Custodial Bank in that regard.

The Chief Executive Officer is authorized to file or execute documents necessary to support SCERS' claim for damages in any case subject to this policy where Securities Litigation Counsel or the Support Service Provider are not permitted to do so. Further, in cases where a recovery amount is negotiable or discretionary, the Chief Executive Officer is authorized to accept recovery or settle claims up to \$75,000 individually and up to \$150,000 with the approval of the Board President.

Recovery of funds under this policy shall be reported annually to the Board.

BACKGROUND

In furtherance of its fiduciary duties and strategic management goals, SCERS has a responsibility to determine and facilitate an appropriate level of participation in securities-related class action litigation intended to recover damages for investment losses caused by the malfeasance of persons and entities associated with a SCERS investment.

RESPONSIBILITIES

Responsibility for the coordination and management of these procedures shall rest with the General Counsel, in consultation with the Chief Investment Officer, subject to the review and approval of the Chief Executive Officer.

Executive Owner: General Counsel

POLICY HISTORY

Date	Description
02-21-2024	Board amended policy
01-15-2020	Board reviewed policy
08-01-2018	Renumbered from 043
01-17-2018	Board affirmed in revised policy format
04-19-2007	Board approved new policy