



MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS
CONSOLIDATED RETIREE HEALTH BENEFITS TRUST

October 24, 2025

**NINTH REPORT TO THE COUNTY COUNCIL AND THE COUNTY EXECUTIVE
PURSUANT TO COUNCIL RESOLUTION NO. 18-804**

On May 16, 2017, the Montgomery County Council adopted Resolution No. 18-804, *Environmental, Social, and Governance Investment Policy Guidelines and Fossil Fuel Company Investments of the Employees' Retirement System and the Consolidated Retiree Health Benefits Trust*.¹ The resolution is Attachment 1. It requested the Boards for the ERS and the CRHBT to:

1. consistent with their fiduciary duties, explore all means possible to:
 - a. minimize the Boards' investments in companies with the largest fossil fuel reserves as rapidly as possible; and
 - b. apply environmentally and economically sound decision-making, both generally and specific to climate change, using ESG policy guidelines; and
2. report within 6 months after adoption of this resolution and annually thereafter to the Council and the Executive on implementation of these actions, detailing the research conducted on top fossil fuel holding companies and detailing the extent of divestment or the rationale for not pursuing divestment from individual holdings.

This is the Board's ninth report to Council. It is organized as follows: Part A reviews the Boards' fiduciary duty and the Environmental, Social, and Governance (ESG) policy guidelines employed by the Boards and their investment managers and consultants. Part B reviews the Boards' current holdings in fossil fuel companies. Part C reviews the research and actions undertaken by the Boards and Staff since the adoption of the resolution.

¹ The Employees' Retirement System (ERS), the defined benefit pension plan that includes employees of Montgomery County Government, participating agencies, and their beneficiaries, is overseen by the Board of Investment Trustees. The Consolidated Retiree Health Benefits Trust (CRHBT), the trust that includes employees of Montgomery County Government, Montgomery County Public Schools, Montgomery College, participating agencies, and their dependents, is overseen by the Board of Trustees. As of June 30, 2025, the ERS had assets of \$5.1 billion. The CRHBT had assets of \$2.0 billion. The ERS, which started in 1965, currently has a funded level of 96% on an actuarial basis. Its 10-year investment return is in the top quartile of its peer group (better than 75% of peers) of public pension funds. The CRHBT, which started in 2008, currently has a funded level of 75 percent on an actuarial basis.

A. The Boards' fiduciary duty and the ESG policy guidelines employed by the Boards and their investment managers and consultants, both generally and specific to climate change.

Both Boards are required by law to act in accordance with their fiduciary duty. The Standard of Care for the ERS in Section 33-61C of the County Code requires a fiduciary to act "only in the best interest of the participants and their beneficiaries." The Duty of Care for the CRHBT in Section 33-163 requires a fiduciary to act "only in the interest of the participants in retiree benefit plans and eligible dependents."

The County Code also requires the Boards to use investment managers to select individual securities; we are not authorized to do so ourselves. We apply rigorous screens to determine the best investment managers for different asset classes.

The Boards have developed ESG policy guidelines that are embedded in our investment and governance processes. Our Governance Manuals state that our policy is:

that the Executive Director and Investment Staff incorporate ESG considerations into all investments...and examine opportunities for ESG integration in existing investments. This policy also applies to investment consultants and investment managers hired to provide guidance on investment due diligence matters. The Boards annually review engagement outcomes and update this policy as appropriate.

As our investment managers work to achieve the best risk-adjusted return in accordance with their fiduciary duty, they apply ESG factors to help determine which companies to include or exclude from consideration. Shown below are actions taken by our investment managers since our last report:

- **International Equity Manager** – During the year, this manager offset 150% of their carbon footprint by planting forests. In this case, they supported a project to plant new forest on a degraded pasture in Uruguay. The main objectives of this project are sustainable wood production, land restoration, and carbon sequestration. This project has established a better form of land use, combining sustainable forestry with existing cattle grazing. Trees are planted on the higher and more degraded land, reducing further topsoil degradation, while cattle graze the lower, unwooded areas.
- **Private Real Assets Manager** - This manager has been building a transmission line to connect renewable power from Arizona to California. During the project, the manager engaged with the Tribes in the region. While none of the project encroaches directly on any tribal lands, the manager wanted to be certain there was no impact from their construction activities. Through this engagement, the manager was able to adjust the route of the transmission line to divert away from an area that could have visually impacted a ceremonial location.
- **Private Equity Manager:** During the year, the Trust Funds hired a private equity manager who is a founding investor partner of Ownership Works. Ownership Works is a nonprofit organization that champions broad-based employee ownership as a core strategy to improve ESG performance and build shared wealth. By fostering employee-owner models, the organization aims to create equitable opportunities for workers, enhance corporate culture and performance, and drive positive social and environmental impacts that align with ESG goals.

- **Private Debt Manager:** During the last year, the Trust Funds hired a private debt manager that is a minority and women-owned firm, where 63% of the firm is owned by minority and female founders. Beyond firm ownership, the manager also seeks to proactively integrate ESG into its investment process. In particular, the manager promotes sustainability, job creation and strengthening governance across its portfolio.
- **Emerging Markets Debt Manager** – Over the past year, this manager developed and integrated a proprietary method to estimate emissions embedded in company value chains. This provides the investment team with a unique and powerful tool for quantifying, tracking, and managing portfolio carbon transition risk.
- **International Equity Manager** – This manager has been a signatory to Thomson Reuters Foundation’s Workforce Disclosure Initiative (‘WDI’) and has encouraged the companies they invest in to join this engagement program. During the year, 4 of the manager’s investments were winners in WDI Awards: “Best First Time Responder – runner up”, “Best First Time Responder (Core Indicators) – runner up”, “Most Improved – runner up”, and “Most transparent - special mention”.
- **Private Real Estate Manager** - In each of 2024 and 2025, the manager invested in the severely dislocated U.S. property catastrophic reinsurance market through a partnership with an industry loss warranty (“ILW”) manager. After a 6-year stretch (2017-2022) of significant losses from catastrophic events (hurricanes, wildfires, typhoons, flooding, winter storms, tornadoes, COVID-19, etc.), many capital providers reduced the dollars deployed in the market, and little fresh supply entered, making it difficult for some to find coverage. By supporting this market, the manager can help ensure stability by retaining a sufficient number of market participants.
- **Emerging Markets Equity Manager** – During the year, this manager entered a new collaboration with an external consultant, specializing in Emerging Markets governance and ESG practices, to improve their understanding of board composition, board succession planning, and executive compensation plans and their impact on capital allocation decisions and long-term strategy.
- **Private Real Estate Manager** – During the year, this manager launched a sustainability-focused academy. The academy is designed to spearhead sustainable transformation across the private markets. The academy aims to enhance understanding of future-proofing topics, such as sustainability and AI. It caters to a wide range of investment advisory professionals, including senior capital allocators and sustainability experts, fostering an environment of mutual learning and leadership in sustainability practices. The academy has hosted three events in the past 12 months.

Each Board’s Governance Manual requires a comprehensive annual report detailing the implementation and outcomes of its ESG policy guidelines. The October 24, 2025, annual report for the Board of Investment Trustees for the ERS is Attachment 2. The report includes industry developments, current manager ESG updates and corporate engagement, consultant initiatives, recent board actions, and Staff research. There is a similar report for the Board of Trustees for the CRHBT.

B. The Boards' current holdings in fossil fuel companies.

Attachments 3 and 4 contain two tables showing the ERS and CRHBT's fossil fuel holdings as of June 30, 2025. As noted above, the Council resolution referred to "top fossil fuel holding companies." We have used the Carbon 200 list proposed by 350.org. These figures may fluctuate year by year due to market movements, asset allocation changes, or investment vehicle restructuring (i.e., moving from a commingled fund to a separately managed account).

As we indicated in part A, the County Code requires the Boards to use investment managers to select individual securities; we are not authorized to do so ourselves. The Boards apply rigorous screens to determine the best investment managers for different asset classes.

The Boards have developed ESG policy guidelines that are embedded in our investment and governance processes. As our investment managers work to achieve the best risk-adjusted return in accordance with their fiduciary duty, they consider ESG factors to help determine which companies to include or exclude from consideration.

Earlier last month, in preparation for this report and future annual reports, we asked our investment managers to confirm that their fossil fuel holdings, if any, reflect their best judgment as to their risk-return mix, their ESG policy, and their fiduciary duty. Five of our actively managed separate account managers have such holdings. All have replied in the affirmative.

The table for the ERS in Attachment 3 lists fossil fuel holdings of \$21.1 million. This represents 0.41 percent of our total fund's market value of \$5.1 billion as of June 30, 2025. This compares to a \$35.8 million or 0.73 percent exposure as of June 30, 2024.

The table for the CRHBT in Attachment 4 lists fossil fuel holdings of \$15.0 million. This represents 0.74 percent of the total fund's market value of \$2.0 billion as of June 30, 2025. This compares to a \$19.6 million or 1.08 percent exposure as of June 30, 2024.

To place the current percentage of our funds' direct fossil fuel holdings in perspective, the majority of our holdings are actively managed. Roughly 22% of the fossil fuel holdings in the Trust funds are in bonds, not stocks.

The Boards will continue to assess and refine our ESG policy guidelines and those of our investment managers and consultants. This analysis will be included in the future annual reports required by the Council resolution.

C. Research and actions undertaken by the Boards and Staff since the eighth report to the Council

Since the eighth report to the Council on October 17, 2024, we have continued to expand our knowledge of ESG issues. Shown below is a summary of the activities taken:

- **Portfolio DEI Analysis** – Staff completed a fourth annual diversity and inclusion analysis of the underlying funds within the portfolio to understand the level of diverse ownership across the portfolio and within various asset classes. This analysis revealed that the portfolio has roughly 31% invested in women- or minority-owned investment organizations with exposure across public markets, private equity, private debt, and private real assets, a slight decrease from last year. Staff will continue to track this metric on an annual basis and will explore ways to further

enhance our approach to DEI. Albourne, NEPC, and Curcio Webb have significant levels of diverse ownership and management. For example, Curcio Webb, our defined contribution plan consultant, is a women-owned business.

- **Portfolio PRI Signatory Portfolio Analysis** – Both Boards became signatories of the Principles for Responsible Investment (PRI) in October 2019. The Boards believe this is the premier organization for asset owners and investment managers in terms of ESG integration. While it is not required that investment managers be signatories, it is highly encouraged. Staff recently conducted an analysis to see the proportion of investment managers within the portfolio that are signatories. As of June 30th, 2025, 57% of the managers within the portfolio are signatories, while roughly 73% of the portfolio by market value is invested with signatories. Whereas most of the public market managers within our portfolio are signatories, the adoption level on the private market side remains somewhat low, but it is improving. Additionally, all three of the Boards' core investment consultants – Franklin Park, NEPC, and Albourne are signatories.
- **Portfolio ESG Analysis** – Staff recently analyzed the entire ERS and CRHBT investment portfolio to understand the level of ESG exposure. As of June 30th, 2024, the ERS and CRHBT had ESG investments totaling 13.3% and 12.1%, respectively. The vast majority of this ESG exposure is found within the two plans' private market portfolios. The components of ESG where the funds have the largest exposure are renewable energy, health and wellness, affordable/workforce housing, and education.

Resolution No.: 18-804

Introduced: May 2, 2017

Adopted: May 16, 2017

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: Council President Berliner

Co-Sponsors: Council Vice President Hans Riemer, Councilmember Tom Hucker

SUBJECT: Environmental, Social, and Governance Investment Policy Guidelines and Fossil Fuel Company Investments of the Employees' Retirement System and the Consolidated Retiree Health Benefits Trust

Background

1. In 2016, President Obama noted that "Climate Change is a potential existential threat to the entire world if we don't do something about it." The substantial global risks of climate change are without question and are an immediate and increasing threat to our own generation and those that follow.
2. Climate change is a global issue, but with profoundly local aspects as well. Known environmental impacts of climate change include the loss of ice at the poles, rising seas and increased coastal flooding, longer and more damaging wildfires, more destructive hurricanes, more frequent and intense heat waves, and increased droughts. Health impacts of climate change include increased air pollution, a longer and more intense allergy season, the spread of insect-borne diseases, the disruption of our food supply, and more frequent and dangerous medical issues due to heat waves. These will have a profound impact upon the quality of life for current and future Montgomery County residents. Other impacts include the continued acidification of the oceans, destruction of coral reefs, the loss of marine life and shrinking habitats.
3. The extraction, transport and burning of fossil fuels results in the release of greenhouse gases, such as carbon dioxide and methane, which directly contribute to climate change. The 2015 Paris Agreement on goals for reducing emissions is a major step forward, and market forces are moving strongly in the direction of clean energy. However, the challenge remains grave, especially given the gross disregard for the threat of climate change displayed by President Trump and members of his administration. It is more important than ever that local governments confront climate change and the companies that contribute to it. Montgomery County is a national leader among local governments in addressing climate change by taking direct action locally to support clean energy, energy efficiency, and sustainability.

4. Retirement funds and other institutional investors have focused increasing attention on environmental, social, and governance (ESG) factors in the selection of professional investment managers and in the process followed by those managers when selecting companies for investment. Investments in the securities of fossil fuel companies must draw particular scrutiny. The burning of fossil fuels results in the release of greenhouse gases, such as carbon dioxide and methane, which directly contribute to climate change. Many fossil fuel companies have refused to acknowledge climate science, have rejected business plans that accurately account for the carbon emissions created by their identified reserves, and have lobbied against urgently needed climate policies. For these reasons, a growing global movement believes that it is morally reprehensible to invest in and seek to profit from the catastrophe-inducing actions of these companies. Since 2012, investments worldwide with a total value of over \$5 trillion have been fully or partially divested of fossil fuel holdings. Minimizing the amount of County public employee pension funds invested in these companies will tell the world that we can no longer support policies and business practices that endanger our climate and our health.
5. The Employees' Retirement System (ERS), the defined benefit pension plan that includes employees of Montgomery County Government, participating agencies, and their beneficiaries, is overseen by the Board of Investment Trustees. The Consolidated Retiree Health Benefits Trust (CRHBT), the trust that includes employees of Montgomery County Government, Montgomery County Public Schools, Montgomery College, participating agencies, and their dependents, is overseen by the CRHBT Board of Trustees. The ERS currently has assets of about \$3.8 billion. The CRHBT currently has assets of about \$700 million.
6. Both Boards have adopted ESG guidelines for a socially responsible investment policy that applies ESG factors to the selection of investment managers and the managers' selection of securities. As the managers work to achieve the best risk-adjusted return in accordance with their fiduciary duty, they apply ESG screens to help determine which investment options to include or exclude from consideration.
7. There are several examples of public pension funds that have reduced or eliminated fossil fuel holdings using ESG factors. Notably, The District of Columbia Retirement Board has sold all of its directly held Carbon Underground 200 stocks via ESG screening as of June 9, 2016, in response to a DC Council resolution passed in 2014. The states of Maine and Vermont have also made considerable progress in reducing the fossil fuel holdings of their public employee pension funds using ESG policies.
8. Gino Renne, President of UFCW Local 1994, in an April 16 letter to Council President Berliner, expressed support for using ESG factors to reduce fossil fuel holdings in the ERS, noting that "Employee unions across the country have played a critical role in taking action to fight climate change by leveraging employee funds to make investment decisions that take the impact on our climate into consideration." And the Board of Investment Trustees noted in its April 10 statement on the issue that it will "focus particular attention on decisions by our managers to retain or invest in securities of fossil fuel companies."

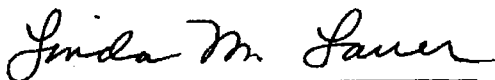
Action

The County Council for Montgomery County, Maryland approves the following resolution:

The Council requests the Board of Investment Trustees of the Employees' Retirement System and the Board of Trustees of the Consolidated Retiree Health Benefits Trust to:

1. consistent with their fiduciary duties, explore all means possible to:
 - a. minimize the Board's investments in companies with the largest fossil fuel reserves as rapidly as possible; and
 - b. apply environmentally and economically-sound decision-making, both generally and specific to climate change, using ESG policy guidelines; and
2. report within 6 months after adoption of this Resolution and annually thereafter to the Council and the Executive on implementation of these actions, detailing the research conducted on top fossil fuel holding companies and detailing the extent of divestment or the rationale for not pursuing divestment from individual holdings.

This is a correct copy of Council action.

A handwritten signature in cursive script, reading "Linda M. Lauer".

Linda M. Lauer, Clerk of the Council



BOARD OF INVESTMENT TRUSTEES

BOARD OF TRUSTEES

MEMORANDUM

October 24, 2025

TO: Board of Investment Trustees and Board of Trustees

FROM: Dave Crow, Acting Executive Director
Ben Holthus, Investment Officer

SUBJECT: Environmental, Social, Governance – Required Annual Update – 2025

As detailed in the Board's Governance Manual, the Boards are required to annually provide a comprehensive report describing the implementation and outcomes of the Boards' ESG policy, including recommendations for updates or revisions to this policy, as part of the year-end reporting process.

This report includes the following:

- I. Industry Developments
- II. Current Manager ESG Updates and Corporate Engagement
- III. Consultant Initiatives
- IV. Staff/Board Actions and Research

I. Industry Developments

- **SEC updates guidance on ESG engagement disclosures** - The Securities and Exchange Commission changed agency guidance on when asset managers are required to file longer disclosures (13D) about shareholder engagement on environmental, social, and governance issues, prompting a pause in engagement from some of the nation's largest asset managers. Schedule 13D disclosures, typically required of activist investors, will now be required from shareholders who recommend governance actions such as recommending companies "undertake specific actions on a social, environmental, or political policy."
- **Proxy Advisors Glass Lewis and ISS Continue Fight Against State Attorney General Challenges to "Nonfinancial" Advice in Challenge of Texas Law** - Institutional Shareholder Services Inc. (ISS) and Glass, Lewis & Co., LLC ("Glass Lewis"), filed separate complaints in federal court against Texas Attorney General Ken Paxton, challenging the constitutionality of Senate Bill 2337. The Act would require all proxy advisory services to disclose advice or recommendations that are "not provided solely in the financial interest of the shareholders of a company." Advice and/or a recommendation is defined as being "for nonfinancial reasons" when it "is wholly or partly based on, or otherwise takes into account, one or more nonfinancial factors"

including “an environmental, social, or governance (ESG) goal,” “diversity, equity, or inclusion (DEI),” or “a social credit or sustainability factor or score.” They allege the Act violates the First Amendment’s prohibition against viewpoint discrimination, infringes upon their freedom of association, and is unconstitutionally vague.

- **SEC withdraws several proposed rules, including additional ESG disclosure** - The Securities and Exchange Commission announced that it is withdrawing numerous rule proposals, including one on ESG disclosure. The rule would have required investment advisers and companies to make additional disclosures about their ESG strategies and practices in their prospectuses, annual reports and brochures; implemented a comparable disclosure approach for investors to easily compare ESG funds; and required environmentally-focused funds to disclose their portfolio greenhouse gas emissions, according to an agency fact sheet.
- **Deutsche Bank-owned asset manager DWS fined \$27 million for greenwashing**—DWS had publicly claimed that it was a "leader" in environmental, social and governance investing, and that ESG was an integral part of its DNA but these statements "did not correspond to reality" and DWS misled investors from around mid-2020 to the end of January 2023, the Frankfurt state prosecutor's office said. DWS said on Wednesday that it accepted the latest fine, "In recent years, we have already publicly acknowledged that ... our marketing was sometimes exuberant."
- **Judge Rules American Airlines Violated Retirement-Plan Duties by Encouraging ESG Investing** - U.S. District Judge Reed O'Connor said American breached its duty of loyalty to employees because BlackRock, an asset manager the airline uses for its retirement funds, favored so-called ESG goals and based investment decisions on factors other than financial interests.

II. Current Manager ESG Updates and Corporate Engagement

In 2021, Staff and our investment consultants began reporting to the Boards on impact/sustainable investments within the private market portfolio. The portfolio currently contains several funds with impact investment strategies. Some examples include strategies focused on renewable power development, sustainable forestry, water infrastructure, and real estate. The segment of our portfolio with the highest concentration of impact investments is private real assets, where 38% of the ERS portfolio is allocated to impact/sustainable investments.

- **International Equity Manager** – During the year, this manager offset 150% of their carbon footprint by planting forests. In this case, they supported a project to plant new forest on a degraded pasture in Uruguay. The main objectives of this project are sustainable wood production, land restoration, and carbon sequestration. This project has established a better form of land use, combining sustainable forestry with existing cattle grazing. Trees are planted on the higher and more degraded land, reducing further topsoil degradation, while cattle graze the lower, unwooded areas.
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- **Private Debt Manager:** During the last year, the Trust Funds hired a private debt manager that is a minority and women-owned firm, where 63% of the firm is owned by minority and female founders. Beyond firm ownership, the manager also seeks to proactively integrate ESG into its investment process. In particular, the manager promotes sustainability, job creation and strengthening governance across its portfolio.
- **Emerging Markets Debt Manager** – During the last year, this manager developed and incorporated a proprietary method for estimating emissions embodied in company value chains, which provides the investment team with a unique and powerful tool for quantifying, tracking, and managing portfolio carbon transition risk.
- **International Equity Manager** – This manager has been a signatory to Thomson Reuters Foundation’s Workforce Disclosure Initiative (‘WDI’) and has encouraged the companies they invest in to join this engagement program. During the year, 4 of the manager’s investments were winners in WDI Awards: “Best First Time Responder – runner up”, “Best First Time Responder (Core Indicators) – runner up”, “Most Improved – runner up”, and “Most transparent - special mention”.
- **Private Real Estate Manager** - In each of 2024 and 2025, the manager invested in the severely dislocated U.S. property catastrophic reinsurance market through a partnership with an industry loss warranty (“ILW”) manager. After a 6-year stretch (2017-2022) of significant losses from catastrophic events (hurricanes, wildfires, typhoons, flooding, winter storms, tornadoes, COVID-19, etc.), many capital providers reduced the dollars deployed in the market, and little fresh supply entered, making it difficult for some to find coverage. By supporting this market, the manager can help ensure stability by retaining a sufficient number of market participants.
- **Emerging Markets Equity Manager** – During the year, this manager entered a new collaboration with an external consultant, specializing in Emerging Markets governance and ESG practices, to improve their understanding of board composition, board succession planning, and executive compensation plans and their impact on capital allocation decisions and long-term strategy.
- **Private Real Estate Manager** – During the year, this manager launched a sustainability-focused academy. The academy is designed to spearhead sustainable transformation across the private markets. The academy aims to enhance understanding of future-proofing topics, such as sustainability and AI. It caters to a wide range of investment advisory professionals, including senior capital allocators and sustainability experts, fostering an environment of mutual learning and leadership in sustainability practices. The academy has hosted three events in the past 12 months.

III. Consultant Initiatives and Approach to ESG

- **NEPC (General Consultant)** – During the last year, NEPC has continued to refine their approach to ESG manager ratings and impact investing. They have an Impact Investing Committee that was formed to display their commitment to being a best-in-class consulting partner for impact-oriented

investors. Additionally, NEPC completed their 2024 DEI Progress Report, which is the fifth annual edition they have produced. They reported that diverse manager representation across the firm continues to increase. Finally, they have also increased their number of clients with diverse and emerging manager mandates over the year.

- **Franklin Park Associates (Private Equity & Debt Consultant)** – During the last year, Franklin Park engaged with a buyout manager to evaluate how its investments are structured to implement broad-based employee equity plans for portfolio company employees in order to align the financial interests of workers and employers. Franklin Park also engaged with a mezzanine fund manager to understand how it identifies, evaluates and monitors Responsible Investing-related risks. Throughout the year, they engaged with private market general partners to gain better insights into their ESG efforts, such as reporting, impact investment strategies, responsible investing, and DEI initiatives.
- **Albourne (Private Real Assets Consultant)** – Over the last year, Albourne completed their third annual Albourne Sustainability Integration Score (SiQ Score), which is a survey-based evaluation of the extent to which environmental, social, and governance considerations are incorporated into a fund's risk management and investment decision-making process. Funds are scored between 1-100. This past year, Albourne surveyed more than 1,180 funds on sustainability integration through this scoring methodology. Albourne also significantly increased their level of sustainability investment due diligence and has now engaged with 1,456 investment managers across 5,453 underlying funds. Further, Albourne engaged with 1,184 investment managers on DEI through their annual DEI questionnaire.

IV. Staff/Board Actions and Research

- **Portfolio DEI Analysis** – Staff completed a fourth annual diversity and inclusion analysis of the underlying funds within the portfolio to understand the level of diverse ownership across the portfolio and within various asset classes. This analysis revealed that the portfolio has roughly 31% invested in women- or minority-owned investment organizations with exposure across public markets, private equity, private debt, and private real assets, a slight decrease from last year. Staff will continue to track this metric on an annual basis and will explore ways to further enhance our approach to DEI. Albourne, NEPC, and Curcio Webb have significant levels of diverse ownership and management. For example, Curcio Webb, our defined contribution plan consultant, is a woman-owned business.
- **Portfolio PRI Signatory Portfolio Analysis** – Both Boards became signatories of the Principles for Responsible Investment (PRI) in October 2019. The Boards believe this is the premier organization for asset owners and investment managers in terms of ESG integration. While it is not required that investment managers be signatories, it is highly encouraged. Staff recently conducted an analysis to see the proportion of investment managers within the portfolio that are signatories. As of June 30th, 2025, 57% of the managers within the portfolio are signatories, while roughly 73% of the portfolio by market value is invested with signatories. Whereas most of the public market managers within our portfolio are signatories, the adoption level on the private market side remains somewhat low, but it is improving. Additionally, all three of the Boards' core investment consultants – Franklin Park, NEPC, and Albourne are signatories.

- **Portfolio ESG Analysis** – Staff recently analyzed the entire ERS and CRHBT investment portfolio to understand the level of ESG exposure. As of June 30th, 2025, the ERS and CRHBT had ESG investments totaling 13.3% and 12.1%, respectively. The vast majority of this ESG exposure is found within the two plans' private market portfolios. The components of ESG where the funds have the largest exposure are renewable energy, health and wellness, affordable/workforce housing, and education.

ERS Carbon 200 Exposure - June 2025

Coal or Oil	Company	Market Value
O	Antero Resources	\$ 1,017,061.11
O	APA Corporation	\$ 119,065.28
O	Apache	\$ 56,772.16
C	ArcelorMittal	\$ 410,889.16
O	Baytex	\$ 175,106.09
C/O	BHP	\$ 384,262.04
O	BP	\$ 788,549.16
O	California Resources	\$ 102,647.70
O	Centennial Resource Development	\$ 124,787.69
O	Chevron	\$ 2,012,965.02
O	CNX Resources	\$ 282,752.00
O	Comstock Resources	\$ 466,893.34
O	ConocoPhillips	\$ 979,063.40
O	Coterra	\$ 159,513.30
O	Crescent Point Energy	\$ 740,520.20
O	Devon Energy	\$ 170,533.41
O	Diamondback Energy	\$ 223,962.00
O	EOG Resources	\$ 569,343.60
O	EQT	\$ 427,816.74
O	Equinor	\$ 212,455.19
O	ExxonMobil	\$ 4,026,222.20
C	FirstEnergy	\$ 190,389.54
C	Glencore	\$ 541,429.47
O	Gulfport Energy	\$ 51,242.63
O	Hess	\$ 786,224.55
C	Idemitsu	\$ 139,932.15
O	Inpex	\$ 152,809.03
O	Laredo Petroleum	\$ 88,313.42
O	Marathon Oil	\$ 446,171.46
O	Matador Resources	\$ 622,837.95
O	MEG Energy	\$ 74,923.45
C	Mitsubishi	\$ 1,174,436.63
O	Murphy Oil	\$ 1,041,846.71
O	National Fuel Gas	\$ 65,904.38
O	Northern Oil & Gas	\$ 431,477.68
O	Ovintiv	\$ 84,623.20
O	Oxy	\$ 246,472.67
O	PGE	\$ 785,697.07
O	Range Resources	\$ 83,210.82
O	Santos	\$ 292,398.85
C	Severstal	\$ 432.78
O	SM Energy	\$ 174,083.38
C	Southern Copper	\$ 71,122.51
O	Vermilion Energy	\$ 143,627.45
	Total ERS Carbon 200	\$ 21,140,788.57

Total Oil	\$18,227,894	86.22%
Total Coal	\$2,528,632	11.96%
Total Coal/Oil	\$384,262	1.82%
Total	\$21,140,789	100.00%

Change from 6/30/2024	-\$14,636,615
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ERS Portfolio Size	\$5,096,359,520
Carbon 200 % of Portfolio	0.41%

Total Fixed Income	\$4,545,908	21.5%
Total Equity	\$16,594,880	78.5%
Total	\$21,140,789	100.0%

CRHBT Carbon 200 Exposure - June 2025

Coal or Oil	Company	Market Value
O	Antero Resources	\$714,951
O	APA Corporation	\$37,403
C	ArcelorMittal	\$265,389
O	Baytex	\$125,076
C/O	BHP	\$248,693
O	BP	\$509,301
O	California Resources	\$76,986
O	Centennial Resource Development	\$99,830
O	Chevron	\$1,308,327
O	CNX Resources	\$234,312
O	Comstock Resources	\$366,564
O	ConocoPhillips	\$636,346
O	Coterra	\$104,616
O	Crescent Point Energy	\$724,682
O	Devon Energy	\$111,144
O	Diamondback Energy	\$145,507
O	EOG Resources	\$369,954
O	EQT	\$459,124
O	Equinor	\$137,435
O	ExxonMobil	\$2,616,845
C	FirstEnergy	\$123,719
C	Glencore	\$349,492
O	Gulfport Energy	\$25,621
O	Hess	\$568,423
C	Idemitsu	\$90,259
O	Inpex	\$98,134
O	Laredo Petroleum	\$66,235
O	Marathon Oil	\$289,862
O	Matador Resources	\$455,841
O	MEG Energy	\$49,949
C	Mitsubishi	\$757,358
O	Murphy Oil	\$735,283
O	National Fuel Gas	\$42,779
O	Northern Oil & Gas	\$485,163
O	Ovintiv	\$55,515
O	Oxy	\$158,840
C	PGE	\$599,299
O	Range Resources	\$105,488
O	Santos	\$189,103
O	SM Energy	\$301,107
C	Southern Copper	\$46,134
O	Vermilion Energy	\$119,594
Total CRHBT Carbon 200		\$15,005,683

Total Oil	\$12,525,340	83.47%
Total Coal	\$2,231,650	14.87%
Total Coal/Oil	\$248,693	1.66%
Total	\$15,005,683	100.00%

Change from 6/30/2024	-\$4,646,773
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CRHBT Portfolio Size	\$2,018,526,145
Carbon 200 % of Portfolio	0.74%

Total Fixed Income	\$4,190,399	27.93%
Total Equity	\$10,815,284	72.07%
Total	\$15,005,683	100.00%