



Risk Committee Meeting

January 29, 2025

Committee Members

Ruth Mahoney, Chair

Paul Farfaglia, Oliver Robinson, Nicholas Smirensky

Call to Order by Chair

AGENDA p. 1

- A. Approval of Minutes of October 30, 2024 Risk Committee meeting pp. 2-3
- B. Risk Management Key Deliverables pp. 4-7
- C. Enterprise Risk and Compliance Update pp. 8-9
- D. Annual Risk Assessment Update pp. 10-20
- E. DFS & Grant Thornton Update pp. 21-28
- F. Annual Office of Foreign Asset Control Risk Review Update pp. 29-40
 - a. Proposed Update to the AML/OFAC Compliance Policy section of the Investment Policy Manual pp. 41-70
- G. Investment Risk Key Risk Indicators and Investment Risk Report pp. 71-82
- H. Quarterly Review of Risk Management Team (motion for **Executive Session** pursuant to Open Meetings Law §105 (1) (f) to discuss personnel matters)

NEW YORK STATE
TEACHERS' RETIREMENT SYSTEM
10 CORPORATE WOODS DRIVE, ALBANY NY

Risk Committee Meeting

A meeting of the Risk Committee of the Retirement Board of the New York State Teachers' Retirement System was held at the System on October 30, 2024. The meeting was called to order at 8:30 a.m. by Nicholas Smirensky, acting Chair.

The following individuals were in attendance:

Committee Members: Paul Farfaglia, Oliver Robinson, Nicholas Smirensky

Board Members: Juliet Benaquisto, Eric Iberger, David Keefe, Donald A. Little III

NYSTRS' Staff: Thomas Lee, Heidi Travis, Don Ampansiri, Dave Gillan, Binoop Unni, Gerald Yahoudy, Vijay Madala, Michael Federici, Richard Young, Kathy Ebert, Margaret Andriola, Miriam Dixon, Danny Malavé, Matt Albano, Emily Ekland, Han Yik, John Rosenburg, Matt Tice, Ryan Ranado, Rick Jensen, Ryan Warren

Risk Advisors: Sean Atkinson (via WebEx), Steve Huber (via WebEx), Peter Cosgrove (via WebEx)

Visitors: Kevin Balaod, WithIntelligence (via WebEx)

The following items were discussed:

1. Approval of the minutes of July 31, 2024

Upon motion of P. Farfaglia, seconded by O. Robinson and unanimously carried, the meetings minutes of the July 31, 2024 were approved.

2. Compliance Update

M. Albano and M. Tice reviewed the compliance program inventory report (Appendix A, pp. 3-4)

3. Annual SEC Red Flags

M. Tice reviewed the findings of the Risk Department's annual assessment using the SEC Risk Inventory Guide (Appendix B, pp. 5-10).

4. Investment Risk KRI Dashboard and Update

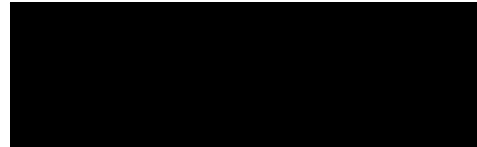
R. Ranado reviewed the risk management key risk indicator dashboard and the investment risk report (Appendix C, pp. 11-22).

5. Information Security KRI Dashboard and Update and Quarterly Review of Risk Management Team

Upon motion of P. Farfaglia, seconded by O. Robinson and unanimously carried, the Committee went into Executive Session at 8:53 a.m. to hear an Information Security presentation given by J. Rosenberg and a quarterly review of the Risk Management team given by M. Albano.

The Committee came out of Executive Session upon motion of P. Farfaglia, seconded by O. Robinson and unanimously carried at 9:05 a.m. and adjourned.

Respectfully submitted,

A large black rectangular redaction box covering the signature area.

Thomas K. Lee



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Risk Management Key Deliverables

Risk Committee January 29, 2025

Matthew Albano, CFA, Chief Risk Officer

Risk Management Key Deliverables

Enterprise Risk and Compliance

- **Annual Risk Assessment**
 - ✓ Annual Risk Assessment Training
 - ✓ Risk Factor Survey
- **Annual Insurance Renewal**
- **Annual and Quarterly Review of Regulatory Items**
 - ✓ Personal Trade Monitoring Procedures (PTMP)/Material Non-Public Information (MNPI) compliance review
 - ✓ Department of Financial Services (DFS) Annual Report for Placement Agent Disclosure
 - ✓ Annual PTMP/ MNPI Training
- **Securities Exchange Commission (SEC) Red Flags Review**
 - ✓ Broker Attestations
- **Annual Office of Foreign Assets Control (OFAC) Risk Assessment**
 - ✓ Annual OFAC Training
 - ✓ Quarterly OFAC Investment Manager Renewals

Risk Management Key Deliverables

Information Security

- **Annual Information Security Risk Assessment**
- **Annual Data Classification Survey**
- **Annual Training**
 - Board Security Training
 - Tabletop Review
 - Information Security Training
- **Semi-Annual Information Security Review**
 - ✓ Key Risk Indicator Review
 - ✓ Top Security Initiatives
- **Vendor Information Security Review**
 - ✓ Onboarding
 - ✓ Semi-Annual
- **Ad Hoc Information System Security Plan/Risk Assessments**

Risk Management Key Deliverables

Investment Risk

- **Annual Investment Policy Manual (IPM) Review**
- **Quarterly Investment Risk Reports**
 - ✓ Key Risk Indicator Review
 - ✓ Total Plan Risk Contribution
 - ✓ Scenario Analysis
- **Thermal Coal & Restricted List Updates**
 - ✓ Quarterly MSCI Index Rebalance Review
- **Portfolio Monitoring Reports**
 - ✓ Tracking Error
 - ✓ Cash Flow/Asset Allocation



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Enterprise Risk and Compliance Update

Risk Committee: January 29, 2025

Matthew Albano, CFA, Chief Risk Officer

Matthew Tice, Director of Enterprise Risk

Regulatory Items Requiring Board Action

	Regulatory Item	Owner
January Meeting	Approval BCP/DRP	Administration
	Approval Internal Audit Plan	Internal Audit
	IPM Update*	Executive

	Regulatory Item	Owner
April Meeting	Approval OPEB Contribution	Actuary
	Transfer of Reserve Funds**	Actuary
	Approval Annual Operating Budget	Administration

* Approval of IPM is completed in October. This is an update based on process and regulatory changes.

** If required

Period of **October** Through **December**: **87** required regulatory items were due *and all* were completed by departments.



Annual Risk Assessment

Risk Committee: January 29, 2025

Matthew Albano, CFA, Chief Risk Officer

Matthew Tice, Director of Enterprise Risk

Agenda

- ❑ Aligning With Our Charter
- ❑ New Risk Assessment Methodology
- ❑ Introduction to Risk Pillars
- ❑ GRC Framework
- ❑ Risk Pillar Assessment Results
& Mitigation Strategies







Aligning With Our Charter

- ❑ Annually, the Enterprise Risk Management (ERM) department conducts an enterprise-wide risk assessment that is aligned with our charter to identify, measure, monitor, and report high level risks within and external to NYSTRS.
 - **Identify**: ERM reviews the System's risk register and updates as needed with input from staff
 - **Measure**: The assessment measures the likelihood and impact, at the residual level (after current controls are considered), of each risk within the System's risk register to provide a basis for risk response prioritization
 - **Monitor**: The ERM department meets with peers annually to discuss risks, reviews current risk studies in industries for applicability to the System, and uses the results to discuss additional or updated mitigation measures.
 - **Reporting**: ERM presents the final material to the Risk Committee of NYSTRS' board and shares the results of the annual risk assessment with Internal Audit and Executives.

New GRC Platform for 2024: Assessment Methodology

- ❑ New this year, the Annual Risk Assessment was administered via the Governance, Risk, and Compliance (GRC) platform at the “residual risk” level, defined as the risk that remains when mitigating controls in place at the time of the assessment are considered.
- ❑ Prior to distributing the 73 risk assessments, the ERM team met with risk owners at the Executive and Management levels of the organization to review both the six risk pillars and updated risk register containing 35 risks.
- ❑ The ERM department believes the six pillars and associated risks are appropriate given the System’s vision, mission, and environment in which the System operates.

Introduction to Risk Pillars

	Governance Framework Risk	Risk related to how NYSTRS' policies and procedures are developed and managed. i.e. How decisions are made and implemented.
	Information Security Risk	Risk related to NYSTRS' information systems due to the unauthorized access, use, disclosure, disruption, modification, or destruction of data.
	Financial Risk	Risks that prevent the System from achieving stable financial performance and making informed decisions.
	Operational Risk	Risk resulting from inadequate or failed internal processes, people and systems or external events.
	Workforce Risk	Risks to the System's operational, financial, and reputational outcomes related to staffing.
	Reputational Risk	Risk related to negative publicity, public perception or events that have an adverse impact of the System's brand or image.

Governance, Risk, and Compliance Framework



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Mission: To provide our members with a secure pension.

Vision: To be the model for pension fund excellence and exceptional customer service.

Values: Integrity, Excellence, Respect, Resourcefulness, Diversity, Diligence, Balance

**NYSTRS
Objectives**

- To Promote Exceptional Governance
- To Provide Exceptional Service
- To Produce Exceptional Teams

**Risk
Pillars**



**Government
Framework
Risk**



**Information
Security
Risk**



**Financial
Risk**



**Operational
Risk**



**Workforce
Risk**



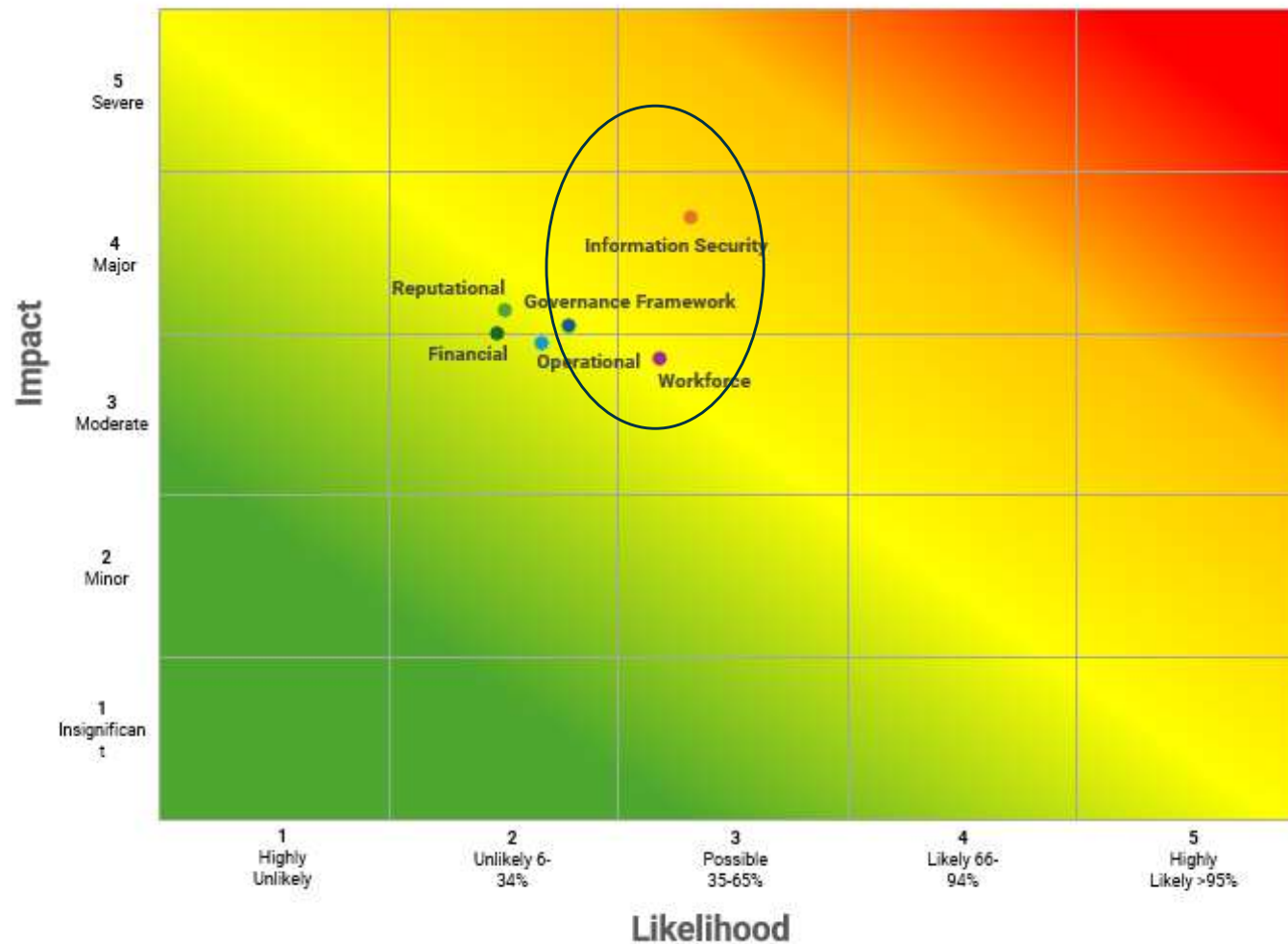
**Reputational
Risk**

Risks



Risk Pillar Assessment Results

Risk Pillar Assessment



- ❑ The **2024 Annual Risk Assessment** is the first assessment to use the GRC platform and as such the initial results provide a benchmark for future risk assessments to be measured against.
- ❑ It is ERM's opinion that management and staff address risks effectively, whether continuously through standard operating procedure or as new risks are identified.

Information Security: Current and Future Mitigation Strategy

Information security remains a risk management priority given the dynamic nature of the risk environment, the inherent complexity of information systems, and the sensitivity of NYSTRS' data.

Risk Management Areas of Continued Focus:

- Employee training and testing on Social Engineering and Phishing or other fraudulent methods.
- Enhancing NYSTRS security posture by staying current with established frameworks related to cyber security and hygiene.
- Testing and confirming NYSTRS information security infrastructure is secure by Vulnerability Assessment and Penetration Testing (VA/PT) testing and controls are reviewed and audited.
- Semi-annually NYSTRS' ISO (Information Security Officer) provides updates to the Risk Committee of the Board on the status of NYSTRS security posture and ongoing projects to upgrade or implement mitigations.

Workforce: Current & Future Mitigation Strategy

Workforce Risk mitigation includes mitigations related to strategic planning and implementation of practices to minimize disruptions, safeguard institutional knowledge, and build a resilient, diverse and engaged workforce.

Risk Management Areas of Continued Focus:

- Documentation of critical business processes
- Identifying and providing training on critical business processes
- Departments cross training staff on critical business processes
- Succession planning

Governance: Current & Future Mitigation Strategy

Monitoring risks to our Governance Framework aids the System in aligning policies and practices, maintains operational resilience, fosters trust and accountability while supporting our strategic objectives in the completion of our mission and vision.

Risk Management Areas of Continued Focus:

- ❑ Board Governance
 - ❑ Training and education on fiduciary focus
- ❑ NYSTRS Governance
 - ❑ Reviewing critical position staffing
 - ❑ Training and education on System policies and procedures for critical functions
 - ❑ Training and education on fiduciary focus

Questions?





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DFS & Grant Thornton Follow-up

Risk Committee January 29, 2025

Matthew Albano, CFA, Chief Risk Officer

Matthew Tice, Director of Enterprise Risk



Risk Committee: January 29, 2025

2017 DFS Examination Follow-up

DFS Overview

Report on Examination:

- 1 Recommendation related to Risk Management
- 1 Completed; 0 outstanding

Management Letter:

- 11 Recommendations related to Risk Management
- 10 Completed; 1 In Progress

DFS Management Letter Update

Status 1/2024	Status 1/2025	Grant Thornton Recommendation	Deliverable / Notes
		H. Management Agreement Compliance Monitoring	In Progress - 1/2025 Update: All Public Equity internal and external managed portfolios' management guidelines have been coded. Fixed Income internally managed portfolios have been coded and the external Fixed Income portfolios are in the process of being coded into the system.

2022 Grant Thornton ERM Maturity Assessment Follow-up

Grant Thornton Overview

Assessment Recommendations:

- ❑ 7 Recommendations related to Risk Management
- ❑ 5 Completed; 2 outstanding

Grant Thornton Update

Status 1/2024	Status 1/2025	Grant Thornton Recommendation	Deliverable / Notes
		Develop a scoring system to evaluate enterprise risks on both an inherent and residual scoring basis and key controls on the level of control effectiveness.	<p>In Progress - 1/2025 Update: The ERM department implemented a 5x5 risk rating system using Likelihood and Impact scores to evaluate risks in the 2024 Annual Risk Assessment. Due to the complexity of the subject matter, ERM will break out the control identification and inherent risk rating over the next 2 years as follows:</p> <p>Step 1 – Summer 2025, will add the identification of the controls for each risk.</p> <p>Step 2 – Summer of 2026, will add the evaluation of inherent risks.</p>
		Develop new summary reports and aggregate risk reporting views (trends, emerging risks, operational risks, KRIs, etc.) for the Board Risk Committee.	<p>Completed: New scoring system is complete, now using a 5x5 grid to rate risks on likelihood and impact. Trends for year-over year analysis will be forthcoming with an additional year of data.</p>

Grant Thornton Update

Status 1/2024	Status 1/2025	Grant Thornton Recommendation	Deliverable / Notes
		Track and monitor risk information (including a compressive risk register and key controls) through a centralized, automated tool (such as a GRC system or similar).	In Progress - 1/2025 Update: The ERM department created an expansive risk register within the GRC system to evaluate risks. The register was used as the basis for the 2024 Annual Risk Assessment that took place this year. Controls will be identified by summer of 2025.
		Update and conduct ERM training program and develop formal communication (and templates) for use in enacting consistent enterprise- wide ERM communication.	Completed: The ERM department implemented a comprehensive training program as part of new GRC methodology and software. This training included a review of risk terminology, the GRC framework, risk register, and the scoring system used. The GRC software will enhance communication for consistent enterprise-wide risk assessments.



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Office of Foreign Assets Control Annual Risk Review

Risk Committee: January 29, 2025

Matthew Albano, CFA, Chief Risk Officer

Matthew Tice, Director of Enterprise Risk



Risk Committee: January 29, 2025

Agenda

- ❑ Annual Risk Review Guidance
- ❑ The Results
- ❑ NYSTRS Screening– 2023 Year in Review
- ❑ OFAC Actions – 2023 Year in Review
- ❑ Sanctions Applicable to NYSTRS Operations

Annual Risk Review Guidance

The Enterprise Risk Management (ERM) Department conducted its annual risk review utilizing the following guidance provided by the US Department of the Treasury's Office of Foreign Assets Control (OFAC) as well as the ERM Department's knowledge of NYSTRS' operations.

- 1. A Framework for OFAC Compliance Commitments:** Compared NYSTRS' Sanction Compliance Program (SCP) framework to the US Department of the Treasury's OFAC Framework, including the top ten root causes of SCP failure.
- 2. Risk Factors for OFAC Compliance in the Securities Industry:** Assessed the likelihood and impact of risks related to the securities industry as identified by the US Department of the Treasury's OFAC.
- 3. Top 10 OFAC Risks:** Identified the top risks for NYSTRS' operations as identified by the ERM department. The risks were assessed for likelihood and impact and focused on payments made and received.

OFAC Framework Comparison

- ❑ The ERM department compared NYSTRS' SCP framework to the US Department of the Treasury's OFAC Framework.
- ❑ NYSTRS' SCP contains and **conforms** to the **five** essential components of compliance.

Five essential components of compliance	NYSTRS Compliance Program			
	Description	Conforms	Generally, Conforms	Developing
Management Commitment	Commitment and support is one of the most important factors in the program's success	✓		
Risk Assessment	Conduct a routine, and if appropriate, ongoing "risk assessment" for the purposes of identifying potential OFAC issues	✓		
Internal Controls	Policies and procedures in place	✓		
Testing and Auditing	Audits assess the effectiveness of current processes	✓		
Training	An effective training program is an integral component of a successful program	✓		

Top Ten Root Causes of SCP Failure

- ❑ The ERM department compared NYSTRS' SCP operations to the US Department of the Treasury's top ten root causes list.
- ❑ NYSTRS has policies, processes in place that mitigate the risk of a similar failure occurring within NYSTRS' SCP.

Root Causes of OFAC Sanction Compliance Program Breakdown or Deficiencies	NYSTRS' Acknowledgements	
	Policy/Program/Software In Place	Developing Policy
Lack of Formal OFAC Sanction Compliance Program (SCP)	☑	
Misinterpreting/failing to understand the applicability of OFAC's regulations	☑	
Facilitating transactions by non-US persons (including through or by overseas subsidiaries or affiliates)	☑	
Utilizing the US financial system, or processing payments to or through US financial institutions, for commercial transactions involving OFAC sanctioned persons or countries	☑	
Sanctions screening software or filter faults	☑	
Improper Due Diligence on Customers/Clients (e.g., Ownership, Business Dealings, etc.)	☑	
De-Centralized Compliance Functions and Inconsistent Application of an SCP	☑	
Utilizing Non-Standard Payment or Commercial Practices	☑	
Individual Liability	☑	

Risk Factors for OFAC Compliance in the Securities Industry

- While not all risks identified by the US Department of the Treasury’s OFAC are applicable to NYSTRS’ operations, we considered similar risks that NYSTRS might encounter. The highest rated impact scores are related to investment transactions. NYSTRS has in place processes and policies that reduce the likelihood of the securities industry risks to **low**.

Possible Risk Factors	Likelihood	Impact
International transactions, including wire transfers	Low	High
Foreign customers/accounts	Low	Low
Foreign broker-dealers who are not subject to OFAC regulations	Low	Low
Risks of Investments in Foreign Securities	Low	High
Personal Investment Corporations or Personal Holding Companies	Not Applicable	Not Applicable
Very High Net Worth Institutional Accounts, Hedge Funds, Funds of Hedge Funds and Other Alternative Investment Funds (Private Equity, Venture Capital Funds) and Intermediary Relationships	Low	High
Omnibus Accounts/Use of Intermediaries	Low	High
Third-Party Introduced Business	Not Applicable	Not Applicable
Confidential Accounts	Not Applicable	Not Applicable

NYSTRS' Top Ten OFAC Risks

- ❑ The ERM department identified the top ten OFAC risks facing NYSTRS' operations as viewed by the ERM department.
- ❑ The risks were assessed for likelihood and impact and focused on payments made and received. While the likelihood was assessed at low, the impact for payments made and received from investment transactions could be high due to the large dollar amount of the transactions.

Top Ten Compliance Program Deficiencies	Likelihood	Impact
Payments to Investment Partners	Low	High
Payments to members	Low	Low
Payments to beneficiaries or estates	Low	Low
Payments to vendors	Low	Low
Payments received from investment partners	Low	Medium
Payments from school districts	Low	Low
Payments from members	Low	Low
Payments from others	Low	Low
Investment alongside parties blocked by OFAC	Low	High
Investments in blocked securities or which are subsequently blocked	Low	Medium

NYSTRS OFAC Screening

2023 Year in Review

Investments Screened



2,453

Individuals and entities related to investment transactions against the OFAC's SDN and sanction list

Vendors Screened



141

Vendors were screened relating to non-investment transactions by NYSTRS Procurement Unit

Department Reviews



48 flags were reviewed and cleared by the ERM Department



21 OFAC Certifications were reviewed and approved by the Legal Department

NYSTRS Member OFAC Screening

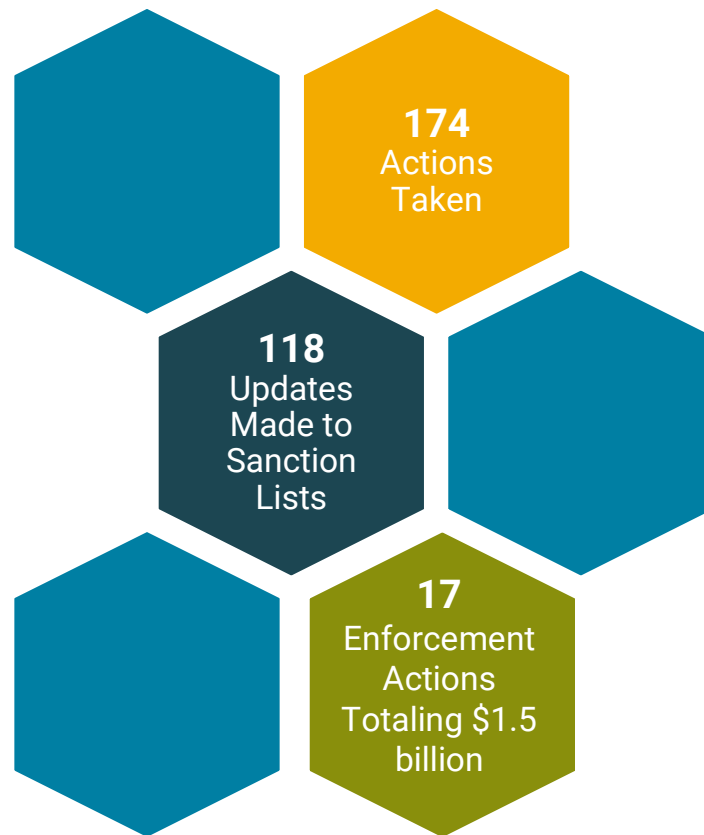
NYSTRS will screen members if the following criteria is met:

- Initial payment if member requests paper check
- Initial payment if member has a foreign address
- Lump sum retirement cash out (Section 537)

NYSTRS will screen non-members (Beneficiaries, Alternate Payee, etc.) if the following criteria is met:

- Payee resides outside the United States
- Payment is made by paper check
- Lump sum greater than \$5,000
- Initial payment to beneficiary, if benefit is over \$5,000 per month
- Payee is a corporation, trust or religious organization

OFAC Actions 2023 Year in Review



- ❑ In **2023**, the Office of Foreign Assets Control took **174** actions that consisted of the following: updates to an SDN list, general license issuance, designations to an entity made by Treasury, posting of FAQ's to a previous designation, and settlements with the Treasury.
- ❑ Of those 174 actions, **118** were updates made to sanction lists which contains the names of individuals and entities subject to comprehensive or targeted restrictive measures under international and domestic sanctions regimes.
- ❑ In **2023**, 17 enforcement actions resulted in \$1.5 billion of civil penalties. The two most notable were \$508 million settlement with British American Tobacco and the \$968 million settlement with Binance Holdings Ltd.

Sanction List and Executive Orders Applicable to NYSTRS' Operations

<u>Sanction/Order</u>	<u>Description</u>	<u>NYSTRS Actions</u>
EO 14105 Outbound Order	Investments in certain national security technologies and products in in countries of concern; People's Republic of China, Special Administrative Regions of Hong Kong and Macau.	NYSTRS staff has drafted language to update the IPM which would ensure General Partners don't make any investments which would be considered a covered transaction.
EO 14114 Additional Steps to Russia's Harmful Actions	Sanction foreign financial institutions that have conducted or facilitated a significant transaction or provided any service involving Russia's military-industrial base.	No additional action required by NYSTRS staff. Monitoring this falls within existing procedures.
December 7 Designations	Designated two individuals associated with an advanced persistent threat (APT) group notorious for spear phishing attacks and known to be sponsored by the Russian Federal Security Service (FSB).	No additional action required by NYSTRS staff. Monitoring this falls within existing procedures.

Questions?





NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
INVESTMENT POLICY MANUAL

AML/OFAC COMPLIANCE POLICY

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NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
INVESTMENT POLICY MANUAL

AML/OFAC COMPLIANCE POLICY

I. INTRODUCTION

This policy addresses, implements and ensures System compliance with state and federal law and the avoidance of transactions in violation of applicable sanctions or anti-money laundering (“AML”) legislation, rule, regulation or order administered or promulgated by the US Department of the Treasury, including through the Office of Foreign Assets Control (“OFAC”), [Office of Investment Security](#), or the Financial Crimes Enforcement Network. The goal of this policy is to ensure that System assets are not used, invested or commingled by investment funds, managers or borrowers in transactions or accounts in violation of applicable AML and OFAC laws and regulations.

II. LEGAL AUTHORITY

- OFAC operates under the Executive Branch national emergency powers as well as authority granted by specific legislation including, but not limited to, the Trading With the Enemy Act, the International Emergency Economic Powers Act and the Antiterrorism and Effective Death Penalty Act to impose controls, prohibit transactions and trigger obligations upon US persons to block (freeze) assets under US jurisdiction. All US persons including all US citizens and permanent resident aliens regardless of location, all persons and entities within the US and all US incorporated entities and their foreign branches must comply with OFAC regulations. With certain OFAC sanction programs, all foreign subsidiaries owned or controlled by US companies must also comply.
- Related statutes such as the Bank Secrecy Act, the USA PATRIOT Act and the Foreign Corrupt Practices Act, along with various executive orders, provide the Department of the Treasury and federal regulators with additional authority to detect, deter, and disrupt prohibited transactions that violate applicable AML and OFAC laws and regulations.
- The New York State Department of Financial Services (“DFS”), as the System’s State regulator under New York State Insurance Law, possesses the authority to oversee and examine the adequacy of the System’s process, procedure and policy for compliance with AML and OFAC laws and regulations.

III. AML/OFAC COMPLIANCE PROCEDURES



NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
INVESTMENT POLICY MANUAL

AML/OFAC COMPLIANCE POLICY

In order to ensure compliance with US Department of the Treasury requirements and preclude the possibility of System funds and assets being invested in or commingled by investment funds, managers and borrowers in transactions or accounts in violation of applicable AML and OFAC laws and regulations, the System has determined to ban investments in, or transactions with, investment funds, managers and borrowers that do not comply with applicable AML and OFAC laws and regulations. Banning such investments will highlight to investment funds, managers, and borrowers that the System will not knowingly permit its funds and assets to be used in any manner that violates applicable AML and OFAC laws and regulations.

A. General Rule

As a matter of policy, the System will not invest in any fund, engage any investment manager or transact with any borrower where the fund, manager, or borrower does not comply with applicable AML and OFAC laws and regulations and who does not provide a certification of same as per Appendix B or Appendix C, as applicable.

B. Implementation

1. The System shall conduct an annual risk assessment specific to AML/OFAC compliance and, where warranted, amend and/or supplement this policy commensurate with the resulting risk profile.
2. Whenever System investment staff is considering investing in a private equity or real estate fund, engaging an external investment manager for a new investment opportunity, or transacting with a borrower, the above-referenced certification shall be required for the completion of staff due diligence and shall be a condition precedent for the investment and disbursement of System funds and assets. Thereafter, such certification/s and/or other evidence reaffirming AML/OFAC compliance shall be required to the extent necessary for compliance with any legal requirement or any other requirement of any Governmental Authority, or as may be reasonably determined by the System.

IV. CONTRACT AND CERTIFICATION PROVISIONS

In order to ensure System compliance with applicable AML and OFAC laws and regulations when investing with a private equity or real estate fund, external investment manager, or transacting with a borrower, the applicable contractual



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INVESTMENT POLICY MANUAL

AML/OFAC COMPLIANCE POLICY

documents for such investments and transactions shall contain a contract provision providing for the funds, managers, and borrowers to conduct their duties in compliance with law and applicable AML and OFAC regulations. Typically, in the case of fund investments, the provisions will be included in a side letter executed by the fund and the System.

The System's Legal Department has prepared model language for inclusion in fund side letters, investment manager contracts, and real estate mortgage documents as applicable (Appendix A) along with requisite certification language for fund investment and management contracts (Appendix B) and real estate mortgages (Appendix C).

Certifications shall be made by the investment fund, external investment manager, or borrower (or a borrower party applicant where borrower entity has yet to be formed, with additional certification from borrower once formed) to the System's Chief Risk Officer and the final executed form acceptable to the System must be submitted before or contemporaneous with the completion of business due diligence and prior to the commencement of legal due diligence and the negotiation of contract terms.

The investment fund, investment manager, or borrower (as applicable) shall be required to promptly notify the System's Chief Risk Officer upon any occurrence, change or development causing any component of the certification to become untrue, and the investment fund, investment manager, or borrower to be in noncompliance with this policy.

V. IMPLEMENTING PROCEDURES

- System investment staff shall be responsible for furnishing the investment funds, external investment manager candidates, and prospective borrowers with a copy of this policy. Additionally, System investment staff, as part of their due diligence, shall ascertain whether the investment fund, external investment manager candidate, or prospective borrower is ready, willing, and able to comply with the requirements of this policy and thereafter obtain the requisite certification.
- Outside counsel representing the System in any applicable transaction or agreement shall be furnished with a copy of this policy.
- The agreement of the investment fund, external investment manager candidate, or prospective borrower to comply with applicable AML and OFAC



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AML/OFAC COMPLIANCE POLICY

laws and regulations, provide the contract provisions set forth in Appendix A and submission of an executed certification as per Appendix B or C (as applicable) and acceptable to the System shall be conditions precedent for the System's investment and engagement.

VI. APPLICABILITY

This policy applies to all private equity/private debt and real estate fund investment commitments, external investment manager agreements, and real estate mortgages authorized by the System. Nothing herein, however, is intended to suggest or imply that any statute, regulation, or policy applicable to the System and/or referred to herein were not in full force at any time prior to introduction of this policy.



NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
INVESTMENT POLICY MANUAL

AML/OFAC COMPLIANCE POLICY

VII. RESPONSIBILITIES AND CONTROLS

Responsible Party	Action
Managing Directors of Each Asset Class	<ol style="list-style-type: none"><li data-bbox="488 682 1078 793">1. Ensure funds, investment managers, prospective borrowers, and outside counsels are made aware of System policy regarding AML and OFAC compliance.<li data-bbox="488 823 1078 961">2. Verify during due diligence that funds, investment managers, prospective borrowers, and their respective principals and 20% or more owners do not appear on the OFAC list of Specially Designated Nationals ("SDN").<li data-bbox="488 991 1078 1129">3. In concert with the Office of the General Counsel, ensure applicable side letter provisions set forth in Appendix A are included in each contract with newly engaged funds, investment managers, or borrowers.<li data-bbox="488 1159 1078 1270">4. Maintain an official copy of executed mortgages, loans, contracts, side letters, and subscription agreements with applicable AML and OFAC provisions and certifications.
Funds, External Managers, and Borrowers	<ol style="list-style-type: none"><li data-bbox="488 1325 1078 1381">5. Comply with applicable AML and OFAC laws, regulations and requirements.<li data-bbox="488 1411 1078 1467">6. Provide certification/s and contract provisions as required by this policy.<li data-bbox="488 1497 1078 1638">7. Promptly notify the System's Chief Risk Officer upon any occurrence, change, or development causing any component of the certification to become untrue and the investment fund, investment manager, and borrower to be in non-compliance with this policy.



NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
INVESTMENT POLICY MANUAL

AML/OFAC COMPLIANCE POLICY

Office of the General Counsel	<p>8. Draft (with outside counsel/s as necessary) and approve contract/side letter provisions required of investment funds, investment managers, and borrowers as applicable.</p> <p>9. In concert with Office of the Chief Risk Officer, receive, review, and approve the sufficiency of certifications from investment funds, investment managers, and borrowers prior to commencement of legal due diligence and negotiation of contract or mortgage terms.</p>
Chief Risk Officer	<p>10. Maintain an official copy of acceptable and executed certifications.</p> <p>11. Coordinate and conduct annual risk assessments of the System's AML and OFAC exposure and susceptibility.</p> <p>12. To the extent necessary for compliance with legal or regulatory requirements or as reasonably determined necessary by the System, obtain and maintain re-certifications and/or other evidence reaffirming AML/OFAC compliance from active and on-going funds, investment managers, and borrowers with whom the System has invested or transacted.</p> <p>13. File reports with OFAC and contemporaneously notify the System's Retirement Board of any known violation of applicable AML and OFAC laws and regulations involving System funds and assets.</p> <p>14. In concert with the Office of the General Counsel, receive, review, and approve the sufficiency of certifications from investment funds, investment managers, or borrowers.</p>



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Finance Department and Investment Operations Department	15. Upon direction from the Risk Management Department and in consultation with the Office of the General Counsel, instruct the System's Custodian or depository institution to freeze, block, segregate, permit OFAC-authorized debits, report, and/or take other appropriate action with respect to the affected assets to comply with AML and OFAC laws and regulations.
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AML/OFAC COMPLIANCE POLICY

**APPENDIX A - MODEL SIDE LETTER PROVISIONS
AML/OFAC COMPLIANCE**

- a. The General Partner, external Investment Manager, or Borrower (as applicable) acknowledges that the Investor has provided it a copy of its written AML/OFAC compliance policy.
- b. The General Partner, external Investment Manager, or Borrower (as applicable), represents, warrants, and covenants that it shall conduct its duties and obligations hereunder in compliance with all applicable laws, rules, and regulations.
- c. Model Side Letter/Fund Investment and Manager Contracts: Pursuant to Investor's AML/OFAC compliance policy, the General Partner or Manager has executed and delivered a certification dated (__/__/____) acceptable to Investor, and the same is reiterated and incorporated as if fully set forth herein.
- d. Model Side Letter/Real Estate Mortgage Documents: None of Borrower, Guarantor, any other Constituent Borrower Parties, or, to their respective knowledge, any of their respective director, officer, employee, agent, or affiliate is an individual or entity ("Person") that is, or is owned or controlled by Persons that are: (i) the subject of any sanctions administered or enforced by the U.S. Department of the Treasury's Office of Foreign Asset Controls ("OFAC"), or the U.S. Department of State (collectively, "**Sanctions**"), or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions..

The Borrower, Guarantor, and any other Constituent Borrower Parties and, to their respective knowledge, their respective directors, officers, employees and agents are in compliance with all applicable Sanctions and with the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA") and any other applicable anti-corruption law, in all material respects.

The Borrower, Guarantor, and any other Constituent Borrower Parties will maintain in effect policies and procedures designed to promote compliance by them and their affiliates and their respective directors, officers, employees, and agents with applicable Sanctions and with the FCPA and any other applicable anti-corruption laws.

The Borrower, Guarantor, and any other Constituent Borrower Parties will not directly or indirectly, use the Loan proceeds, or lend, contribute, or otherwise make available such proceeds to any affiliate, partner entity, or other Person, (i) in furtherance of an offer, payment, promise to pay, or authorization of payment or giving of money, or anything else of value, to any Person in violation of any other applicable anti-



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corruption law, or (ii) (A) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions, or (B) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the transaction in any capacity, including but not limited to Lender).

The Lender to the extent subject to the PATRIOT ACT hereby notifies the Borrower, Guarantor, and any Constituent Borrower Parties that, pursuant to the requirements of the PATRIOT ACT, it may be required to obtain, verify and record information that identifies them, which information includes their name and addresses and other information that will allow such Lender to identify them in accordance with the PATRIOT Act.

Lender will not transfer any funds to, and will not accept any amounts from, a prospective Borrower, Guarantor, or any other Constituent Borrower Parties if such parties cannot make the foregoing representations and warranties or comply with the foregoing covenants or if Lender has reasonable basis for belief that any of such representations and warranties are not true or Borrower has breached any of the foregoing covenants. Borrower agrees to promptly notify Lender should Borrower become aware of any change in the information set forth in these representations and warranties. The foregoing representations and warranties must also be true and restated by Borrower as of the Closing Date and must remain true throughout the term of the Loan.

To the extent it is necessary for the Lender's compliance with any legal requirement or any other requirement of any Governmental Authority, or Lender's established compliance policy, Borrower further covenants and agrees to re-certify and deliver to Lender any such certification and/or other evidence as may be reasonably requested by Lender in Lender's reasonable discretion, reaffirming the above compliance.

e. The certification shall be addressed to:

[Name]
Chief Risk Officer
New York State Teachers' Retirement System
10 Corporate Woods Drive
Albany, NY 12211-2395
E-mail:



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APPENDIX B – SAMPLE CERTIFICATION

AML/OFAC Compliance Certification – Fund Investment and Management Contracts

[Investment Company Name and Fund]
[Investment Company Address]

Chief Risk Officer
New York State Teachers' Retirement System
10 Corporate Woods Drive
Albany, NY 12211-2395
E-mail: nystsrcompliance@nystsr.org

- (a) The undersigned General Partner or external Investment Manager, as applicable, acknowledges the Investor has an established policy requiring AML/OFAC compliance and for General Partner or external Investment Manager, as applicable, to provide this certification of compliance. For purposes hereof, “General Partner/Investment Manager” shall mean and include the General Partner/external Investment Manager, their control persons and executive officers, and each affiliate, director, partner, member, officer, agent, employee, and shareholder who possesses or exercises management or investment authority and discretion with respect to the Fund/Account to which Investor may make a commitment of its funds or assets.
- (b) The General Partner/Investment Manager, as applicable, represents, warrants, covenants that it shall conduct its duties and obligations in compliance with applicable law, rules, and regulations, and further certifies that it shall cause the Partnership/Account to avoid transactions, including investments in the Fund/Account, that are:
- 1) in violation of any applicable sanctions or anti-money laundering legislation, rule, regulation, or order administered by the US Department of the Treasury, including through the Office of Foreign Assets Control (“OFAC”), [Office of Investment Security](#), or the Financial Crimes Enforcement Network, including Subtitle B, Chapters V and X of Title 31 of the U.S. Code of Federal Regulations, in each case as amended from time to time, or
 - 2) (i) with any person or entity appearing on the Specially Designated Nationals and Blocked Persons List of the OFAC as amended from time to time, (ii) with any person or entity known by the Partnership/Manager (after reasonable inquiry) to



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be owned or controlled by any person or entity described in the foregoing item (i) with ownership of 20% or more of outstanding voting securities being presumptively a control position, or (iii) directly or indirectly with a country or region against which the U.S. maintains comprehensive economic sanctions, or with any person or entity having its principal place of business located in said country or region. For purposes of the foregoing, the Partnership/Manager's reliance on a representation or warranty made by a counterparty at or prior to the time of the investment or transaction and compliance with the General Partner's/Manager's internal AML and OFAC compliance policy will constitute reasonable inquiry.

- (c) The General Partner/external Investment Manager confirms the term "person or entity" includes governments, territories, and other political entities.
- (d) To the extent necessary for compliance with any legal requirement or any other requirement of any Governmental Authority or regulators, or NYSTRS'/Investor's established compliance policy, General Partner/Manager covenants and agrees to re-certify and deliver to NYSTRS/Investor any such certification and/or other evidence as may be reasonably requested reaffirming the above compliance.
- (e) General Partner/Manager further covenants and agrees to promptly notify NYSTRS'/Investor's Chief Risk Officer upon any occurrence, change, or development causing any component of this certification or any other certification referred to in clause (d) above to become untrue.
- (f) Pursuant to Investor's AML/OFAC compliance policy, this certificate shall be attached to Investor's side letter/agreement relating to the Fund/Account, and all of the provisions of this certificate shall be incorporated by reference into such side letter/agreement as if fully set forth therein.



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Fund:

General Partner:

By: _____

Name:

Title:

Date:

Investment Manager to Fund:

By: _____

Name:

Title:

Date:



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APPENDIX C – SAMPLE CERTIFICATION

OFAC Compliance Certification – Real Estate Mortgages

Chief Risk Officer
New York State Teachers' Retirement System
10 Corporate Woods Drive
Albany, NY 12211-2395
E-mail: nystsrcompliance@nystsr.org

(a) The undersigned Borrower/Applicant acknowledges the New York State Teachers' Retirement System ("NYSTRS") has an established policy requiring AML/OFAC compliance and for Borrower/Applicant to provide this certification of compliance with respect to Borrower, Guarantor, any other Constituent Borrower Parties, or any of their respective Affiliates. As used herein, "Constituent Borrower Parties" means (i) any person or entity who has a twenty percent (20%) greater direct or indirect legal, beneficial, or other ownership interest in Borrower, or the direct or indirect control or power to vote twenty percent (20%) or more of the outstanding shares or voting interests of the Borrower, (ii) any general partner, manager, managing member, trustee or person or entity exercising similar functions with respect to the Borrower, and (iii) any officer, director, executive employees, or other person or entity with the power to exercise, directly or indirectly, control over the management, policy, or activities of Borrower or major decisions regarding the operations and management of Borrower.

(b) The Borrower/Applicant represents and further certifies that none of Borrower, Guarantor, the Constituent Borrower Parties, or to their respective knowledge, any director, officer, employee, agent, or affiliate of the Borrower/Applicant is an individual or entity ("Person") that is, or is owned or controlled by Persons that are: (i) the subject of any sanctions administered or enforced by the United States Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") , or the U.S. (collectively "**Sanctions**"); or (ii) located, organized or resident in a country or territory that is, or whose government is the subject of Sanctions.

The Borrower/Applicant, the Constituent Borrower Parties and their respective directors, officers, and employees and, to their respective knowledge, their agents are in compliance with all applicable Sanctions and with the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA") and any other applicable anti-corruption law, in all material respects. The Borrower/Applicant will maintain in effect policies and procedures designed to promote compliance by them and their respective directors, officers, employees, and agents with applicable Sanctions and with the FCPA and any other anti-corruption laws. The Borrower/Applicant will not, directly or indirectly, use the investment or loan proceeds,



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or lend, contribute, or otherwise make available such proceeds or other amounts advanced under any of the Loan Documents to any affiliate, joint venture partner, or other Person (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of the FCRA or any other applicable anti-corruption law, or (ii) (A) fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions, or (B) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the transaction in any capacity, including but not limited to Lender.)

The Lender to the extent subject to the PATRIOT ACT hereby notifies the Borrower/Applicant that, pursuant to the requirements of the PATRIOT Act, it may be required to obtain, verify and record information that identifies them, which information includes their name and address and other information that will allow such Lender to identify them in accordance with the PATRIOT ACT.

(c) The undersigned [Borrower/Applicant] further covenants and agrees to promptly notify NYSTRS' Chief Risk Officer upon any occurrence, change, or development causing any component of this certification or any other certification referred to clause (b) above to become untrue.

Pursuant to Investor's AML/OFAC compliance policy, this certificate shall, in Investor's sole discretion, be attached to the loan agreement, and all of the provisions of this certificate shall be incorporated by reference into such loan agreement as if fully set forth therein.

Borrowing Entity (please print)

Borrower/Applicant (please print)

Signature of Borrower/Applicant

Print Name

Date



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AML/OFAC COMPLIANCE POLICY

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AML/OFAC COMPLIANCE POLICY

I. INTRODUCTION

This policy addresses, implements and ensures System compliance with state and federal law and the avoidance of transactions in violation of applicable sanctions or anti-money laundering (“AML”) legislation, rule, regulation or order administered or promulgated by the US Department of the Treasury, including through the Office of Foreign Assets Control (“OFAC”), Office of Investment Security, or the Financial Crimes Enforcement Network. The goal of this policy is to ensure that System assets are not used, invested or commingled by investment funds, managers or borrowers in transactions or accounts in violation of applicable AML and OFAC laws and regulations.

II. LEGAL AUTHORITY

- OFAC operates under the Executive Branch national emergency powers as well as authority granted by specific legislation including, but not limited to, the Trading With the Enemy Act, the International Emergency Economic Powers Act and the Antiterrorism and Effective Death Penalty Act to impose controls, prohibit transactions and trigger obligations upon US persons to block (freeze) assets under US jurisdiction. All US persons including all US citizens and permanent resident aliens regardless of location, all persons and entities within the US and all US incorporated entities and their foreign branches must comply with OFAC regulations. With certain OFAC sanction programs, all foreign subsidiaries owned or controlled by US companies must also comply.
- Related statutes such as the Bank Secrecy Act, the USA PATRIOT Act and the Foreign Corrupt Practices Act, along with various executive orders, provide the Department of the Treasury and federal regulators with additional authority to detect, deter, and disrupt prohibited transactions that violate applicable AML and OFAC laws and regulations.
- The New York State Department of Financial Services (“DFS”), as the System’s State regulator under New York State Insurance Law, possesses the authority to oversee and examine the adequacy of the System’s process, procedure and policy for compliance with AML and OFAC laws and regulations.



AML/OFAC COMPLIANCE POLICY

III. AML/OFAC COMPLIANCE PROCEDURES

In order to ensure compliance with US Department of the Treasury requirements and preclude the possibility of System funds and assets being invested in or commingled by investment funds, managers and borrowers in transactions or accounts in violation of applicable AML and OFAC laws and regulations, the System has determined to ban investments in, or transactions with, investment funds, managers and borrowers that do not comply with applicable AML and OFAC laws and regulations. Banning such investments will highlight to investment funds, managers, and borrowers that the System will not knowingly permit its funds and assets to be used in any manner that violates applicable AML and OFAC laws and regulations.

A. General Rule

As a matter of policy, the System will not invest in any fund, engage any investment manager or transact with any borrower where the fund, manager, or borrower does not comply with applicable AML and OFAC laws and regulations and who does not provide a certification of same as per Appendix B or Appendix C, as applicable.

B. Implementation

1. The System shall conduct an annual risk assessment specific to AML/OFAC compliance and, where warranted, amend and/or supplement this policy commensurate with the resulting risk profile.
2. Whenever System investment staff is considering investing in a private equity or real estate fund, engaging an external investment manager for a new investment opportunity, or transacting with a borrower, the above-referenced certification shall be required for the completion of staff due diligence and shall be a condition precedent for the investment and disbursement of System funds and assets. Thereafter, such certification/s and/or other evidence reaffirming AML/OFAC compliance shall be required to the extent necessary for compliance with any legal requirement or any other requirement of any Governmental Authority, or as may be reasonably determined by the System.



AML/OFAC COMPLIANCE POLICY

IV. CONTRACT AND CERTIFICATION PROVISIONS

In order to ensure System compliance with applicable AML and OFAC laws and regulations when investing with a private equity or real estate fund, external investment manager, or transacting with a borrower, the applicable contractual documents for such investments and transactions shall contain a contract provision providing for the funds, managers, and borrowers to conduct their duties in compliance with law and applicable AML and OFAC regulations. Typically, in the case of fund investments, the provisions will be included in a side letter executed by the fund and the System.

The System's Legal Department has prepared model language for inclusion in fund side letters, investment manager contracts, and real estate mortgage documents as applicable (Appendix A) along with requisite certification language for fund investment and management contracts (Appendix B) and real estate mortgages (Appendix C).

Certifications shall be made by the investment fund, external investment manager, or borrower (or a borrower party applicant where borrower entity has yet to be formed, with additional certification from borrower once formed) to the System's Chief Risk Officer and the final executed form acceptable to the System must be submitted before or contemporaneous with the completion of business due diligence and prior to the commencement of legal due diligence and the negotiation of contract terms.

The investment fund, investment manager, or borrower (as applicable) shall be required to promptly notify the System's Chief Risk Officer upon any occurrence, change or development causing any component of the certification to become untrue, and the investment fund, investment manager, or borrower to be in noncompliance with this policy.

V. IMPLEMENTING PROCEDURES

- System investment staff shall be responsible for furnishing the investment funds, external investment manager candidates, and prospective borrowers with a copy of this policy. Additionally, System investment staff, as part of their due diligence, shall ascertain whether the investment fund, external investment manager candidate, or prospective borrower is ready, willing, and able to comply with the requirements of this policy and thereafter obtain the requisite certification.



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- Outside counsel representing the System in any applicable transaction or agreement shall be furnished with a copy of this policy.
- The agreement of the investment fund, external investment manager candidate, or prospective borrower to comply with applicable AML and OFAC laws and regulations, provide the contract provisions set forth in Appendix A and submission of an executed certification as per Appendix B or C (as applicable) and acceptable to the System shall be conditions precedent for the System's investment and engagement.

VI. APPLICABILITY

This policy applies to all private equity/private debt and real estate fund investment commitments, external investment manager agreements, and real estate mortgages authorized by the System. Nothing herein, however, is intended to suggest or imply that any statute, regulation, or policy applicable to the System and/or referred to herein were not in full force at any time prior to introduction of this policy.



AML/OFAC COMPLIANCE POLICY

VII. RESPONSIBILITIES AND CONTROLS

Responsible Party	Action
Managing Directors of Each Asset Class	<ol style="list-style-type: none">1. Ensure funds, investment managers, prospective borrowers, and outside counsels are made aware of System policy regarding AML and OFAC compliance.2. Verify during due diligence that funds, investment managers, prospective borrowers, and their respective principals and 20% or more owners do not appear on the OFAC list of Specially Designated Nationals (“SDN”).3. In concert with the Office of the General Counsel, ensure applicable side letter provisions set forth in Appendix A are included in each contract with newly engaged funds, investment managers, or borrowers.4. Maintain an official copy of executed mortgages, loans, contracts, side letters, and subscription agreements with applicable AML and OFAC provisions and certifications.
Funds, External Managers, and Borrowers	<ol style="list-style-type: none">5. Comply with applicable AML and OFAC laws, regulations and requirements.6. Provide certification/s and contract provisions as required by this policy.7. Promptly notify the System’s Chief Risk Officer upon any occurrence, change, or development causing any component of the certification to become untrue and the investment fund, investment manager, and borrower to be in non-compliance with this policy.



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Office of the General Counsel	<p>8. Draft (with outside counsel/s as necessary) and approve contract/side letter provisions required of investment funds, investment managers, and borrowers as applicable.</p> <p>9. In concert with Office of the Chief Risk Officer, receive, review, and approve the sufficiency of certifications from investment funds, investment managers, and borrowers prior to commencement of legal due diligence and negotiation of contract or mortgage terms.</p>
Chief Risk Officer	<p>10. Maintain an official copy of acceptable and executed certifications.</p> <p>11. Coordinate and conduct annual risk assessments of the System's AML and OFAC exposure and susceptibility.</p> <p>12. To the extent necessary for compliance with legal or regulatory requirements or as reasonably determined necessary by the System, obtain and maintain re-certifications and/or other evidence reaffirming AML/OFAC compliance from active and on-going funds, investment managers, and borrowers with whom the System has invested or transacted.</p> <p>13. File reports with OFAC and contemporaneously notify the System's Retirement Board of any known violation of applicable AML and OFAC laws and regulations involving System funds and assets.</p> <p>14. In concert with the Office of the General Counsel, receive, review, and approve the sufficiency of certifications from investment funds, investment managers, or borrowers.</p>



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Finance Department and Investment Operations Department	15. Upon direction from the Risk Management Department and in consultation with the Office of the General Counsel, instruct the System's Custodian or depository institution to freeze, block, segregate, permit OFAC-authorized debits, report, and/or take other appropriate action with respect to the affected assets to comply with AML and OFAC laws and regulations.
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AML/OFAC COMPLIANCE POLICY

**APPENDIX A - MODEL SIDE LETTER PROVISIONS
AML/OFAC COMPLIANCE**

- a. The General Partner, external Investment Manager, or Borrower (as applicable) acknowledges that the Investor has provided it a copy of its written AML/OFAC compliance policy.
- b. The General Partner, external Investment Manager, or Borrower (as applicable), represents, warrants, and covenants that it shall conduct its duties and obligations hereunder in compliance with all applicable laws, rules, and regulations.
- c. Model Side Letter/Fund Investment and Manager Contracts: Pursuant to Investor's AML/OFAC compliance policy, the General Partner or Manager has executed and delivered a certification dated (___/___/___) acceptable to Investor, and the same is reiterated and incorporated as if fully set forth herein.
- d. Model Side Letter/Real Estate Mortgage Documents: None of Borrower, Guarantor, any other Constituent Borrower Parties, or, to their respective knowledge, any of their respective director, officer, employee, agent, or affiliate is an individual or entity ("Person") that is, or is owned or controlled by Persons that are: (i) the subject of any sanctions administered or enforced by the U.S. Department of the Treasury's Office of Foreign Asset Controls ("OFAC"), or the U.S. Department of State (collectively, "**Sanctions**"), or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions..

The Borrower, Guarantor, and any other Constituent Borrower Parties and, to their respective knowledge, their respective directors, officers, employees and agents are in compliance with all applicable Sanctions and with the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA") and any other applicable anti-corruption law, in all material respects.

The Borrower, Guarantor, and any other Constituent Borrower Parties will maintain in effect policies and procedures designed to promote compliance by them and their affiliates and their respective directors, officers, employees, and agents with applicable Sanctions and with the FCPA and any other applicable anti-corruption laws.

The Borrower, Guarantor, and any other Constituent Borrower Parties will not directly or indirectly, use the Loan proceeds, or lend, contribute, or otherwise make available such proceeds to any affiliate, partner entity, or other Person, (i) in furtherance of an offer, payment, promise to pay, or authorization of payment or giving of money, or anything else of value, to any Person in violation of any other applicable anti-



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corruption law, or (ii) (A) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions, or (B) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the transaction in any capacity, including but not limited to Lender).

The Lender to the extent subject to the PATRIOT ACT hereby notifies the Borrower, Guarantor, and any Constituent Borrower Parties that, pursuant to the requirements of the PATRIOT ACT, it may be required to obtain, verify and record information that identifies them, which information includes their name and addresses and other information that will allow such Lender to identify them in accordance with the PATRIOT Act.

Lender will not transfer any funds to, and will not accept any amounts from, a prospective Borrower, Guarantor, or any other Constituent Borrower Parties if such parties cannot make the foregoing representations and warranties or comply with the foregoing covenants or if Lender has reasonable basis for belief that any of such representations and warranties are not true or Borrower has breached any of the foregoing covenants. Borrower agrees to promptly notify Lender should Borrower become aware of any change in the information set forth in these representations and warranties. The foregoing representations and warranties must also be true and restated by Borrower as of the Closing Date and must remain true throughout the term of the Loan.

To the extent it is necessary for the Lender's compliance with any legal requirement or any other requirement of any Governmental Authority, or Lender's established compliance policy, Borrower further covenants and agrees to re-certify and deliver to Lender any such certification and/or other evidence as may be reasonably requested by Lender in Lender's reasonable discretion, reaffirming the above compliance.

e. The certification shall be addressed to:

[Name]
Chief Risk Officer
New York State Teachers' Retirement System
10 Corporate Woods Drive
Albany, NY 12211-2395
E-mail:



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APPENDIX B – SAMPLE CERTIFICATION

AML/OFAC Compliance Certification – Fund Investment and Management Contracts

[Investment Company Name and Fund]

[Investment Company Address]

Chief Risk Officer
New York State Teachers' Retirement System
10 Corporate Woods Drive
Albany, NY 12211-2395
E-mail: nystsrcompliance@nystsr.org

- (a) The undersigned General Partner or external Investment Manager, as applicable, acknowledges the Investor has an established policy requiring AML/OFAC compliance and for General Partner or external Investment Manager, as applicable, to provide this certification of compliance. For purposes hereof, “General Partner/Investment Manager” shall mean and include the General Partner/external Investment Manager, their control persons and executive officers, and each affiliate, director, partner, member, officer, agent, employee, and shareholder who possesses or exercises management or investment authority and discretion with respect to the Fund/Account to which Investor may make a commitment of its funds or assets.
- (b) The General Partner/Investment Manager, as applicable, represents, warrants, covenants that it shall conduct its duties and obligations in compliance with applicable law, rules, and regulations, and further certifies that it shall cause the Partnership/Account to avoid transactions, including investments in the Fund/Account, that are:
- 1) in violation of any applicable sanctions or anti-money laundering legislation, rule, regulation, or order administered by the US Department of the Treasury, including through the Office of Foreign Assets Control (“OFAC”), Office of Investment Security, or the Financial Crimes Enforcement Network, including Subtitle B, Chapters V and X of Title 31 of the U.S. Code of Federal Regulations, in each case as amended from time to time, or
 - 2) (i) with any person or entity appearing on the Specially Designated Nationals and Blocked Persons List of the OFAC as amended from time to time, (ii) with any person or entity known by the Partnership/Manager (after reasonable inquiry) to



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be owned or controlled by any person or entity described in the foregoing item (i) with ownership of 20% or more of outstanding voting securities being presumptively a control position, or (iii) directly or indirectly with a country or region against which the U.S. maintains comprehensive economic sanctions, or with any person or entity having its principal place of business located in said country or region. For purposes of the foregoing, the Partnership/Manager's reliance on a representation or warranty made by a counterparty at or prior to the time of the investment or transaction and compliance with the General Partner's/Manager's internal AML and OFAC compliance policy will constitute reasonable inquiry.

- (c) The General Partner/external Investment Manager confirms the term "person or entity" includes governments, territories, and other political entities.
- (d) To the extent necessary for compliance with any legal requirement or any other requirement of any Governmental Authority or regulators, or NYSTRS'/Investor's established compliance policy, General Partner/Manager covenants and agrees to re-certify and deliver to NYSTRS/Investor any such certification and/or other evidence as may be reasonably requested reaffirming the above compliance.
- (e) General Partner/Manager further covenants and agrees to promptly notify NYSTRS'/Investor's Chief Risk Officer upon any occurrence, change, or development causing any component of this certification or any other certification referred to in clause (d) above to become untrue.
- (f) Pursuant to Investor's AML/OFAC compliance policy, this certificate shall be attached to Investor's side letter/agreement relating to the Fund/Account, and all of the provisions of this certificate shall be incorporated by reference into such side letter/agreement as if fully set forth therein.



NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
INVESTMENT POLICY MANUAL

AML/OFAC COMPLIANCE POLICY

Fund:

General Partner:

By: _____

Name:

Title:

Date:

Investment Manager to Fund:

By: _____

Name:

Title:

Date:



AML/OFAC COMPLIANCE POLICY

APPENDIX C – SAMPLE CERTIFICATION

OFAC Compliance Certification – Real Estate Mortgages

Chief Risk Officer
New York State Teachers' Retirement System
10 Corporate Woods Drive
Albany, NY 12211-2395
E-mail: nystsrcompliance@nystsr.org

(a) The undersigned Borrower/Applicant acknowledges the New York State Teachers' Retirement System ("NYSTRS") has an established policy requiring AML/OFAC compliance and for Borrower/Applicant to provide this certification of compliance with respect to Borrower, Guarantor, any other Constituent Borrower Parties, or any of their respective Affiliates. As used herein, "Constituent Borrower Parties" means (i) any person or entity who has a twenty percent (20%) greater direct or indirect legal, beneficial, or other ownership interest in Borrower, or the direct or indirect control or power to vote twenty percent (20%) or more of the outstanding shares or voting interests of the Borrower, (ii) any general partner, manager, managing member, trustee or person or entity exercising similar functions with respect to the Borrower, and (iii) any officer, director, executive employees, or other person or entity with the power to exercise, directly or indirectly, control over the management, policy, or activities of Borrower or major decisions regarding the operations and management of Borrower.

(b) The Borrower/Applicant represents and further certifies that none of Borrower, Guarantor, the Constituent Borrower Parties, or to their respective knowledge, any director, officer, employee, agent, or affiliate of the Borrower/Applicant is an individual or entity ("Person") that is, or is owned or controlled by Persons that are: (i) the subject of any sanctions administered or enforced by the United States Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") , or the U.S. (collectively "**Sanctions**"); or (ii) located, organized or resident in a country or territory that is, or whose government is the subject of Sanctions.

The Borrower/Applicant, the Constituent Borrower Parties and their respective directors, officers, and employees and, to their respective knowledge, their agents are in compliance with all applicable Sanctions and with the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA") and any other applicable anti-corruption law, in all material respects. The Borrower/Applicant will maintain in effect policies and procedures designed to promote compliance by them and their respective directors, officers, employees, and agents with applicable Sanctions and with the FCPA and any other anti-corruption laws. The Borrower/Applicant will not, directly or indirectly, use the investment or loan proceeds,



NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
INVESTMENT POLICY MANUAL

AML/OFAC COMPLIANCE POLICY

or lend, contribute, or otherwise make available such proceeds or other amounts advanced under any of the Loan Documents to any affiliate, joint venture partner, or other Person (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of the FCRA or any other applicable anti-corruption law, or (ii) (A) fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions, or (B) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the transaction in any capacity, including but not limited to Lender.)

The Lender to the extent subject to the PATRIOT ACT hereby notifies the Borrower/Applicant that, pursuant to the requirements of the PATRIOT Act, it may be required to obtain, verify and record information that identifies them, which information includes their name and address and other information that will allow such Lender to identify them in accordance with the PATRIOT ACT.

(c) The undersigned [Borrower/Applicant] further covenants and agrees to promptly notify NYSTRS' Chief Risk Officer upon any occurrence, change, or development causing any component of this certification or any other certification referred to clause (b) above to become untrue.

Pursuant to Investor's AML/OFAC compliance policy, this certificate shall, in Investor's sole discretion, be attached to the loan agreement, and all of the provisions of this certificate shall be incorporated by reference into such loan agreement as if fully set forth therein.

Borrowing Entity (please print)

Borrower/Applicant (please print)

Signature of Borrower/Applicant

Print Name

Date



New York State
Teachers'
Retirement
System

Investment Risk Update

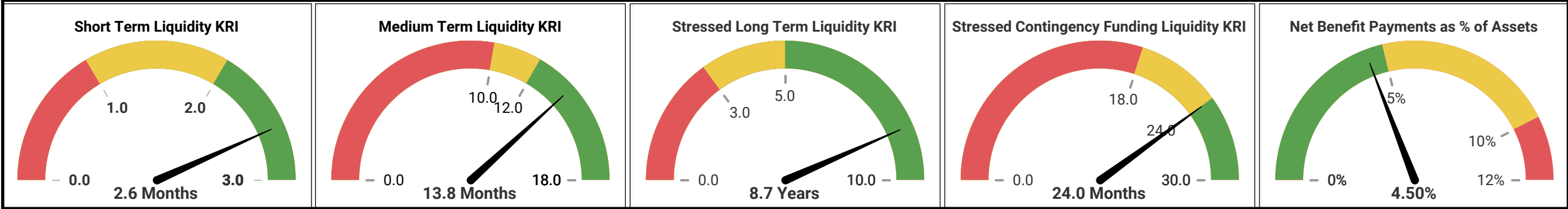
Risk Management

Risk Committee: January 29, 2025

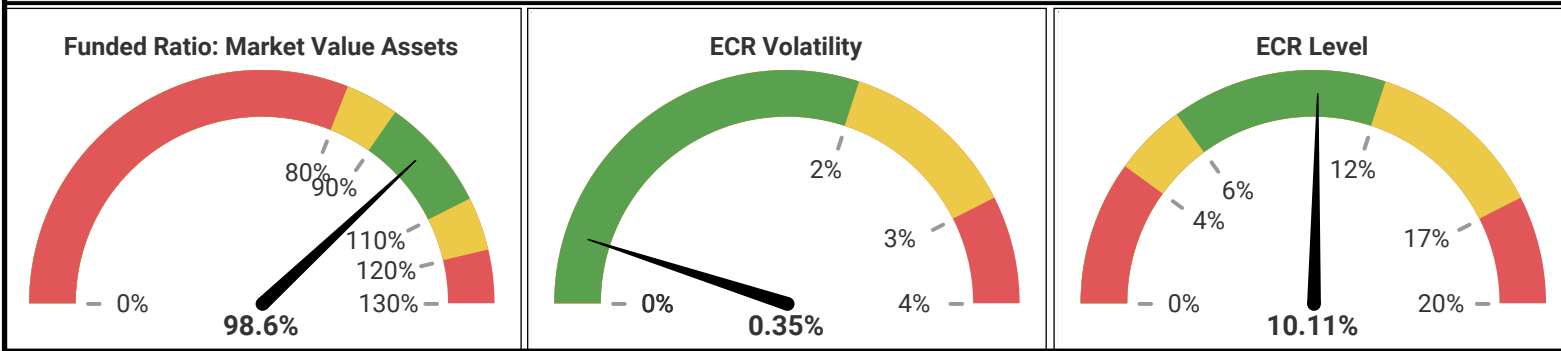
Matthew Albano, CFA, Chief Risk Officer

Ryan Ranado, CFA, Assistant Director of Investment Risk Management

Liquidity Key Risk Indicators



Unfunded Liability Key Risk Indicators



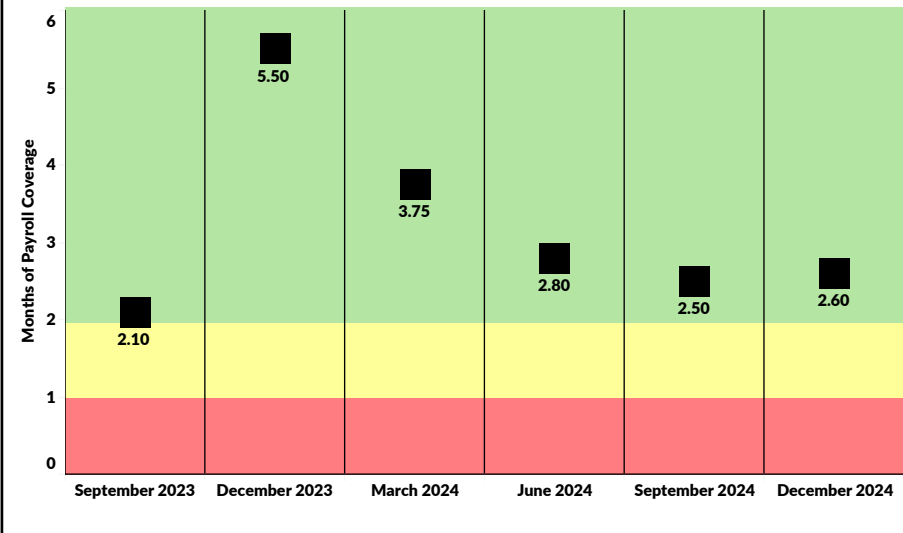
Investment Risk - Key Risk Indicators Summary

- All KRI's remain within our "Risk Appetite".
- All asset classes were within 1% of the target asset allocation level as of quarter-end.
- Total Plan Risk continues on a downward trajectory towards pre-covid levels

Key Risk Indicator	Outside Tolerance	Risk Tolerance	Risk Appetite	Current Assessment
Actuarial Valuation: Annual Independent Review (Valuation Process)	Adverse Opinion	Modified Opinion	Unmodified Opinion	Unmodified Opinion (10/31/2024)
Actuarial Valuation: Periodic Full Scope Audit (Valuation Process)	Replicated Liabilities >4% of NYSTRS' Calculation	Replicated Liabilities 1 - 4% of NYSTRS' Calculation	Replicated Liabilities <=1% of NYSTRS' Calculation	0.04% (4/16/2019)
Asset Allocation (Market Risk Management)	One or More Asset Classes Out of Bounds	One or More Asset Classes Outside of Policy During Transition Period	All Asset Classes within Policy Range	All Asset Classes within Policy Range

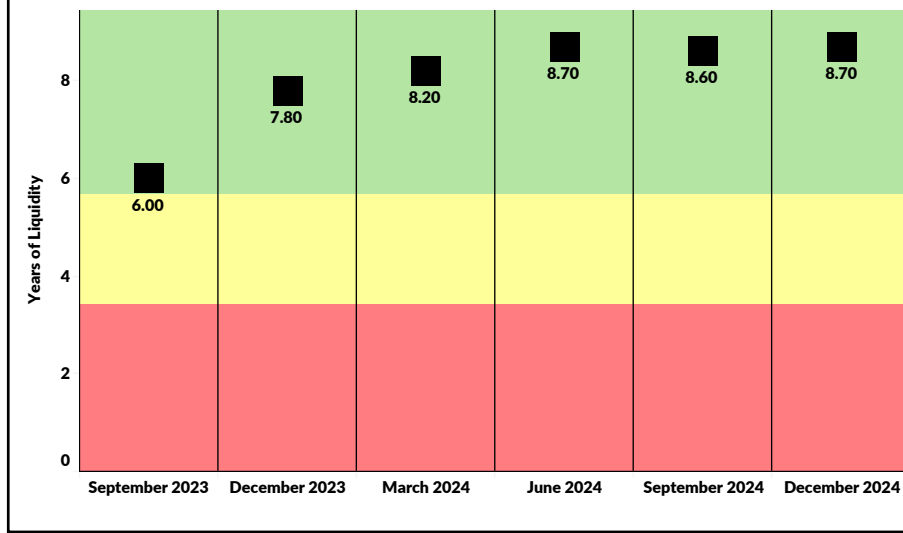
Liquidity Key Risk Indicators

Funding Liquidity - Short Term Payroll Coverage



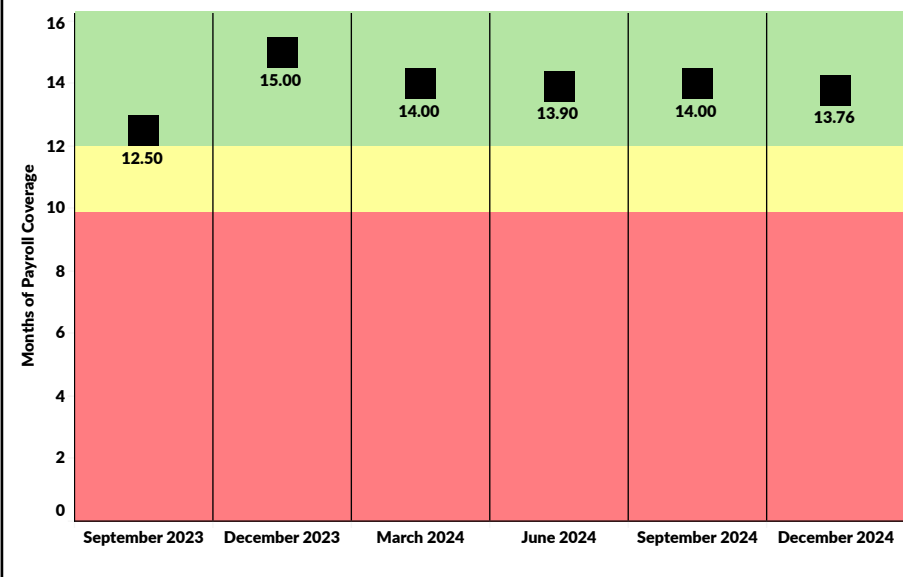
Short Term Payroll coverage calculates how many months of payroll we are carrying in cash.

Stressed Long Term Funding Liquidity - Allocation to Liquid Assets



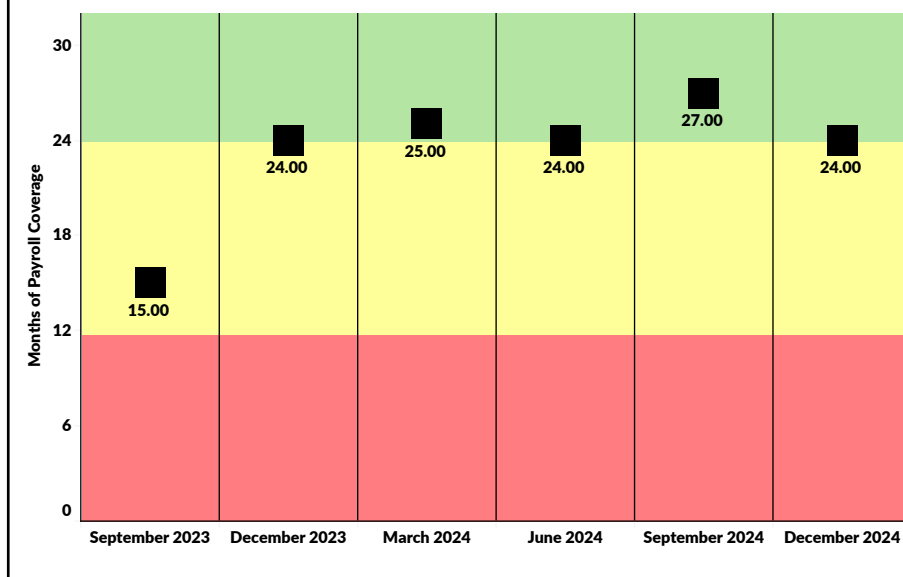
The Stressed Long Term Liquidity KRI assumes a hypothetical 40% portfolio loss then calculates years of required cash flow coverage from remaining public market assets and 12 months *estimated net cash flows (*includes stressed projections for: portfolio income, employer contributions and unfunded capital cal..

Funding Liquidity - Medium Term Payroll Coverage



Domestic Fixed Income included in payroll coverage observe the minimum allocation bound. Capital calls of 25% are indicative of a "non-stressed" market environment. Income and employer contributions are 12 month projections from the most recent quarter date depicted.

Stressed Funding Liquidity - Contingency Funding Plan



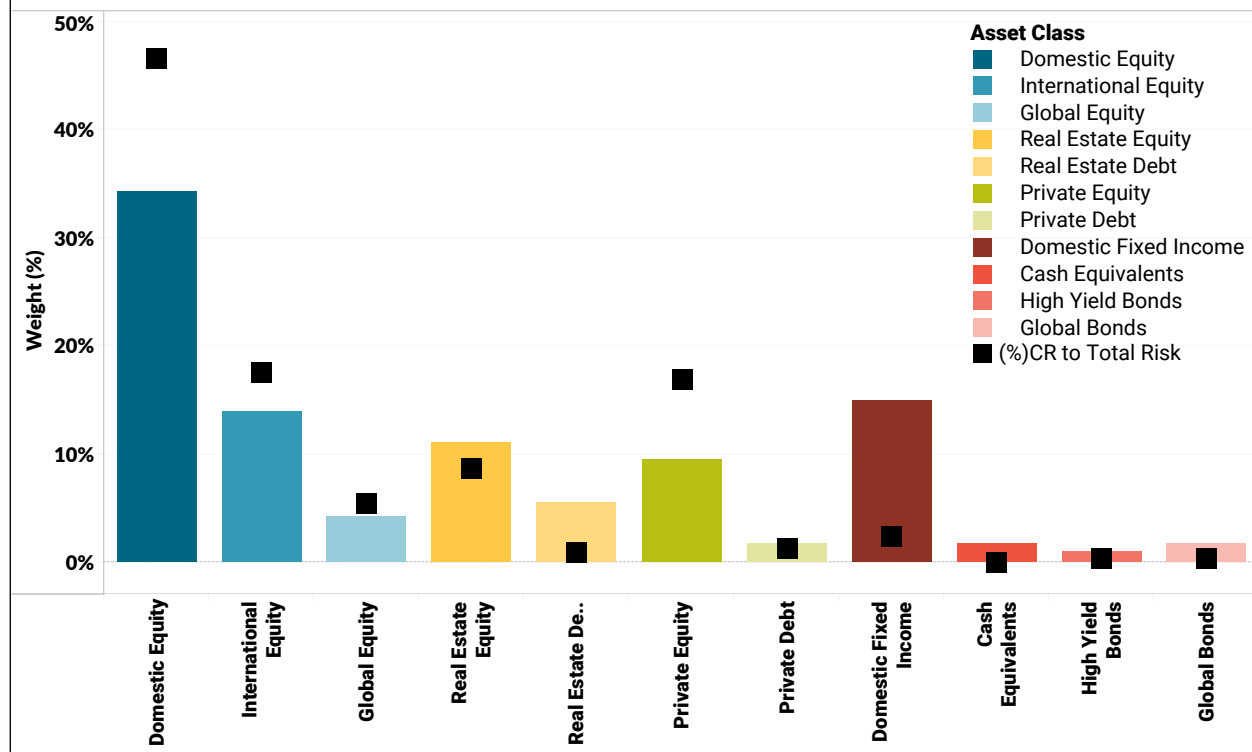
The Stressed Contingency Funding Liquidity KRI seeks to evaluate how many months of payroll can be made during a GFC like scenario before NYSTRS' CFP is triggered. GFC loss is experienced over 12 months with asset classes returning capital market assumptions years 2-5. Employer contributions are capped..

Investment Risk Board Report January 2025

Observations:

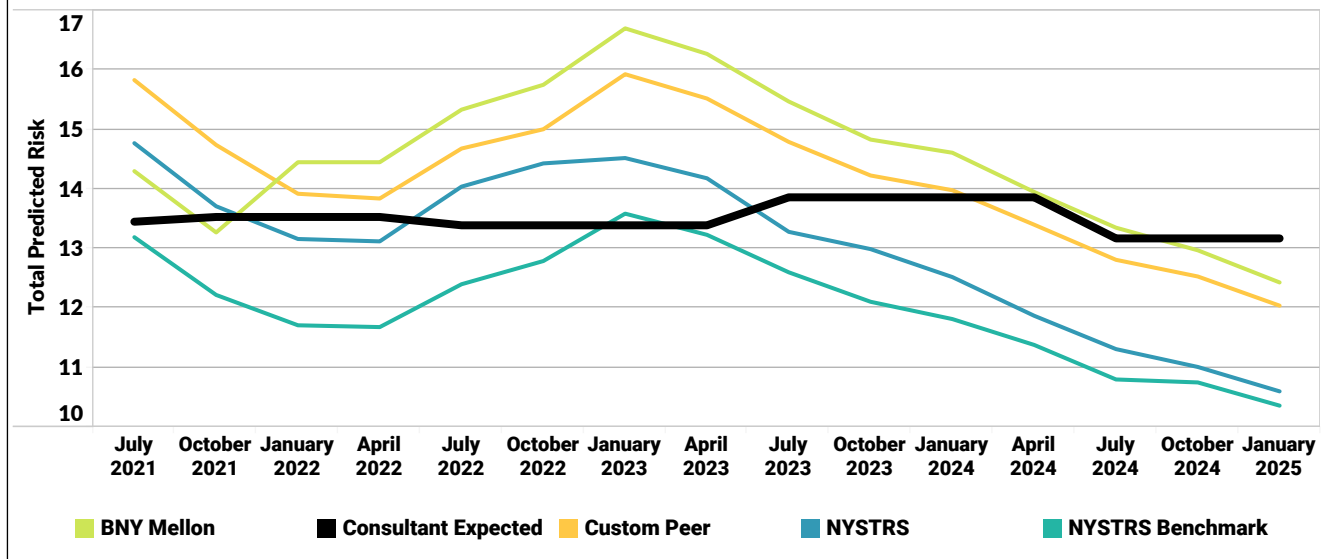
Total plan risk continued lower as it dropped to 10.60 from 11.31 last quarter. As the heightened volatility experienced during covid gets further behind us, it is weighted exponentially lower in the risk models, driving the predicted risk levels lower. As expected, equity investments continue to contribute the majority of total plan risk.

Total Predicted Risk by Asset Class

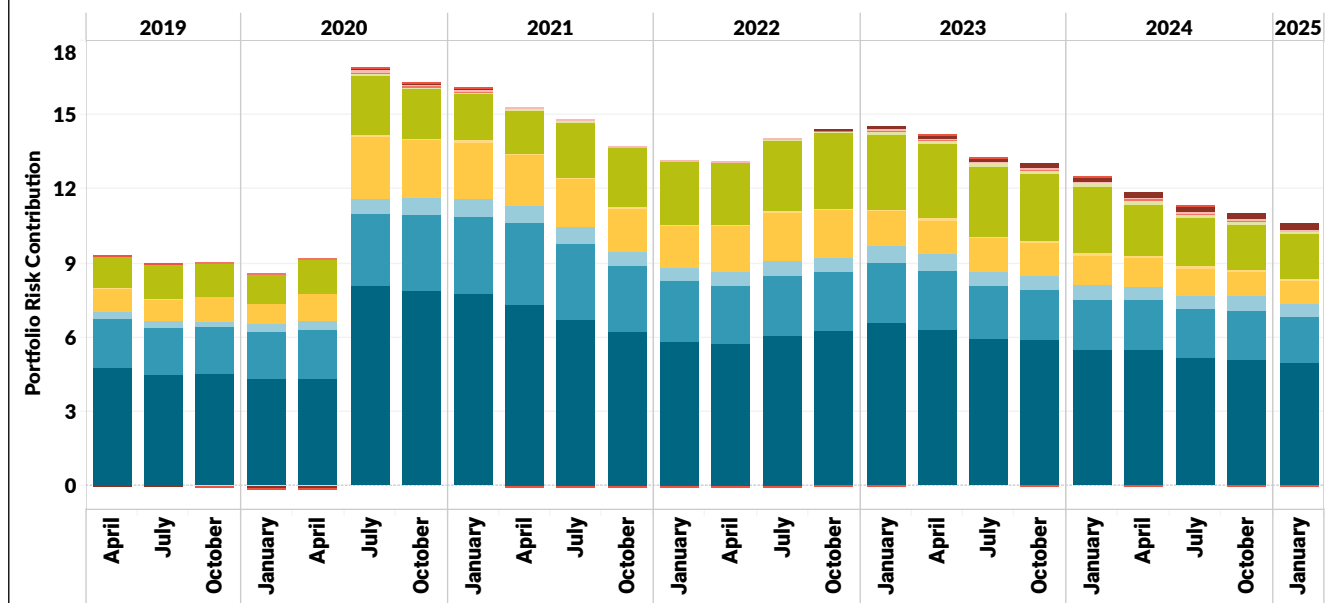


Asset Class	Market Value(\$M)	Weight(%)	(%)CR to Total Risk	Portfolio Risk Contribution	Total Risk
Total Plan	\$150,199	100.00%	100.00%	10.60	10.60
Domestic Equity	\$51,571	34.34%	46.58%	4.94	15.05
International Equity	\$21,025	14.00%	17.52%	1.86	14.92
Global Equity	\$6,328	4.21%	5.39%	0.57	14.01
Real Estate Equity	\$16,673	11.10%	8.67%	0.92	11.19
Real Estate Debt	\$8,212	5.47%	0.84%	0.09	3.61
Private Debt	\$2,699	1.80%	1.22%	0.13	8.43
Private Equity	\$14,317	9.53%	16.82%	1.78	23.25
Domestic Fixed Income	\$22,445	14.94%	2.32%	0.25	6.13
Cash Equivalents	\$2,697	1.80%	0.00%	0.00	0.06
High Yield Bonds	\$1,522	1.01%	0.31%	0.03	4.49
Global Bonds	\$2,711	1.80%	0.34%	0.04	5.16

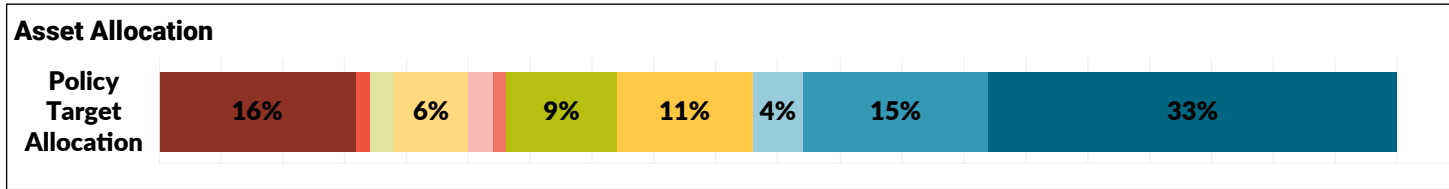
Peer Comparison



Historical Predicted Risk



Investment Risk Board Report January 2025

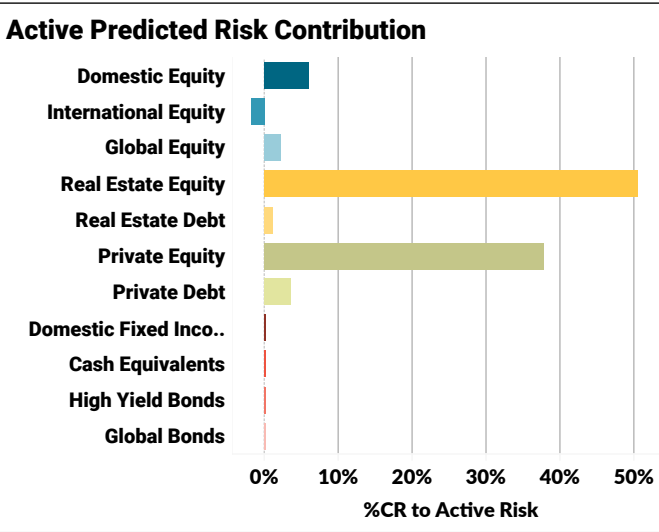
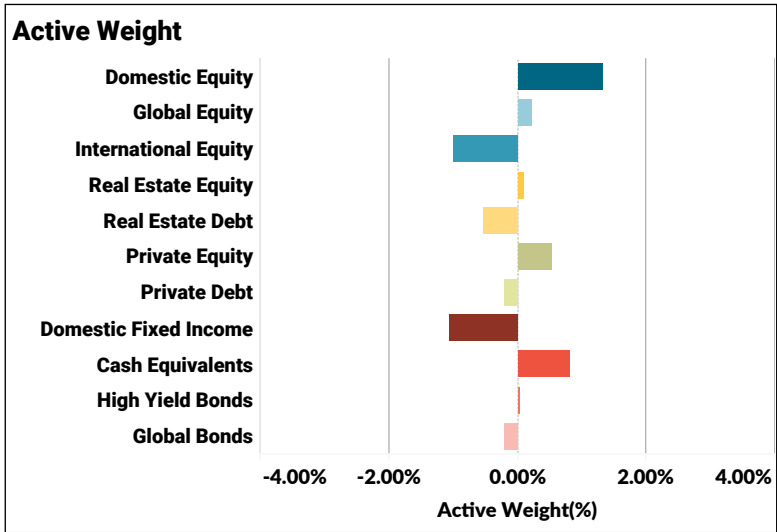


Active Predicted Risk:

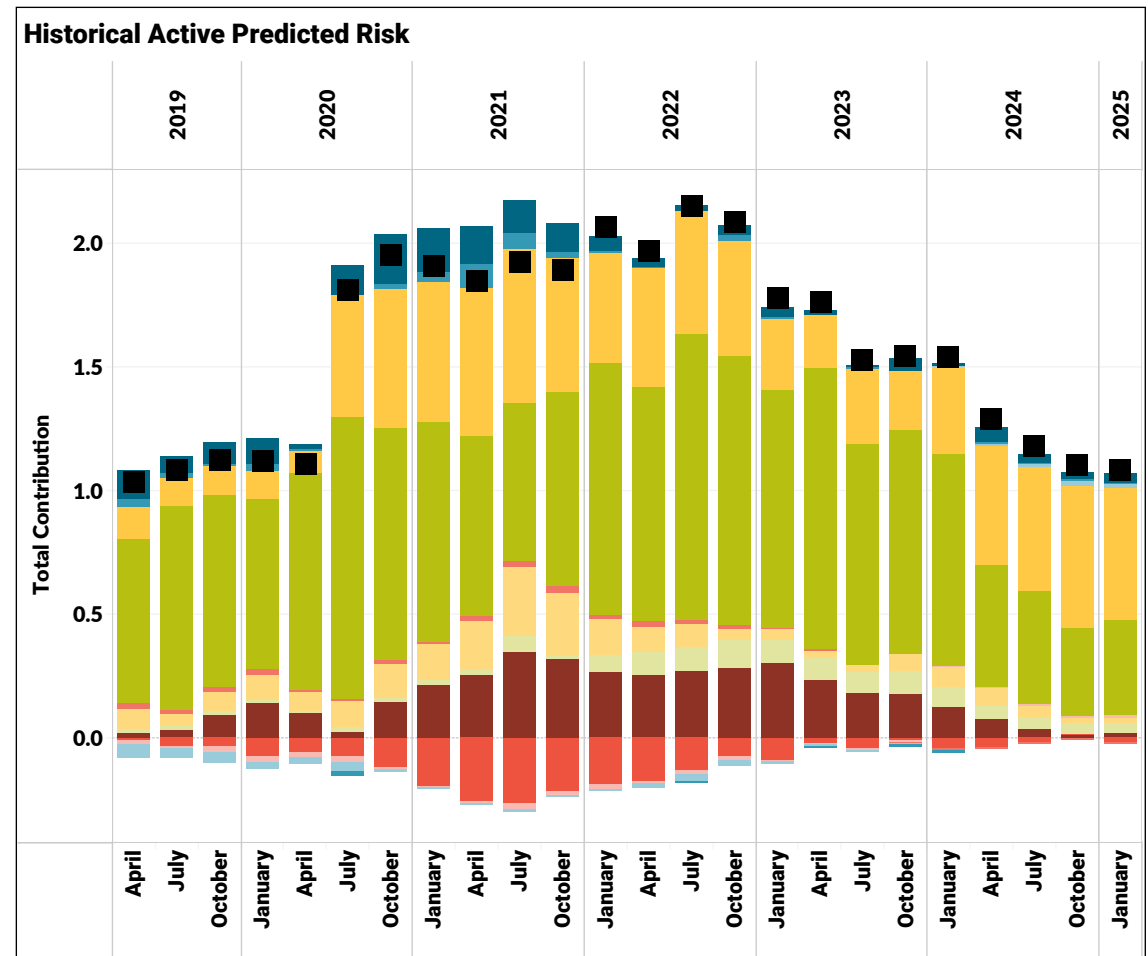
Active Predicted Risk is defined as the expected volatility of excess returns, and results from differences between actual portfolio weights and holdings vs. policy weights and holdings. Excess returns may be positive or negative.

Active Risk for the Fund is largely controlled by limiting the difference between the actual and policy benchmark (target) weights for each asset class.

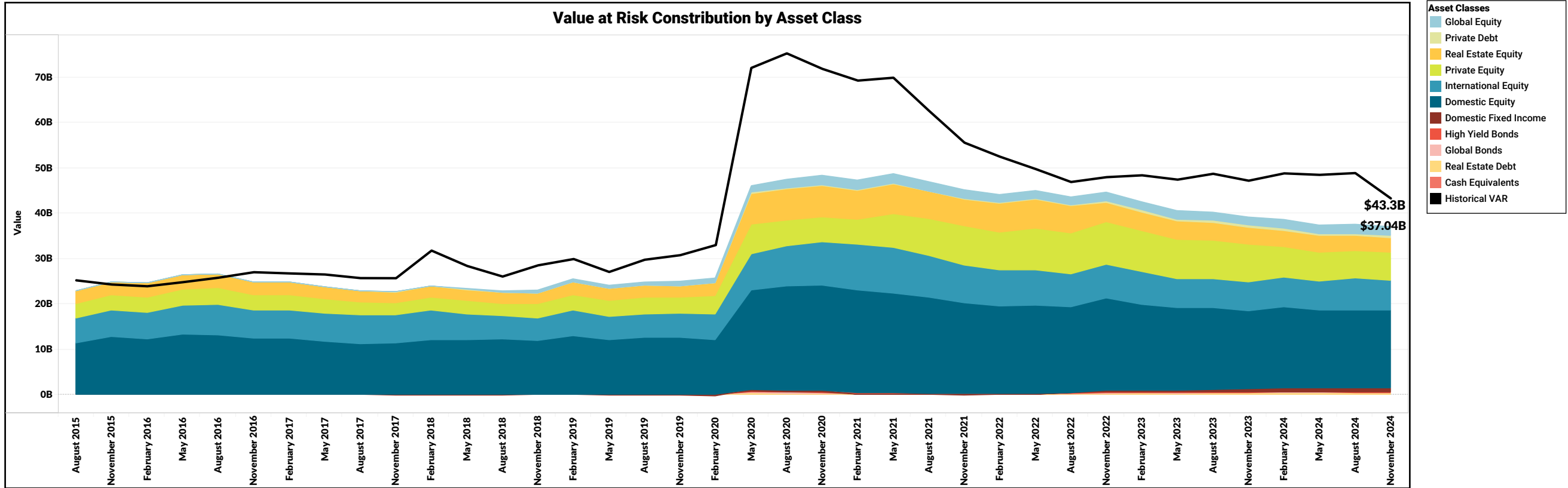
Benchmarking issues associated with private market portfolios also affect the measurement of 'active' risk. We see this most significantly with NYSTRS' private equity portfolio.



Asset Class	Weight(%)	Benchmark Weight(%)	Active Weight(%)	(%)CR to Active Risk	Total Contribution	Active Risk
Total Risk	100.00%	100.00%	0.00%	100.00%	1.05	1.05
Domestic Equity	34.34%	33.00%	1.34%	5.95%	0.04	0.11
International Equity	14.00%	15.00%	-1.00%	-1.74%	0.00	0.42
Global Equity	4.21%	4.00%	0.21%	2.26%	0.02	2.08
Real Estate Equity	11.10%	11.00%	0.10%	50.72%	0.53	7.34
Real Estate Debt	5.47%	6.00%	-0.53%	1.09%	0.02	0.96
Private Equity	9.53%	9.00%	0.53%	37.85%	0.39	5.85
Private Debt	1.80%	2.00%	-0.20%	3.66%	0.04	4.62
Domestic Fixed Income	14.94%	16.00%	-1.06%	0.01%	0.02	0.30
Cash Equivalents	1.80%	1.00%	0.80%	-0.01%	-0.02	0.06
High Yield Bonds	1.01%	1.00%	0.01%	-0.01%	0.00	0.41
Global Bonds	1.80%	2.00%	-0.20%	0.22%	0.01	0.45



Investment Risk Board Report January 2025



Asset Class	Total Portfolio VaR (\$M)	Diversification Benefit	\$ Contribution to VaR (\$M)	(%)Contribution to VaR
Total Portfolio	\$44,403	(\$7,358)	\$37,045	100.00%
Domestic Equity	\$18,051		\$17,257	46.58%
Private Equity	\$7,743		\$6,233	16.82%
International Equity	\$7,296		\$6,489	17.52%
Real Estate Equity	\$4,341		\$3,210	8.67%
Domestic Fixed Income	\$3,202		\$858	2.32%
Global Equity	\$2,062		\$1,996	5.39%
Real Estate Debt	\$690		\$313	0.84%
Private Debt	\$529		\$451	1.22%
High Yield Bonds	\$159		\$114	0.31%
Global Bonds	\$326		\$125	0.34%
Cash Equivalents	\$4		\$0	0.00%

Value at Risk:

Value at Risk (VaR) is an estimate of the maximum portfolio loss over a specified time period and confidence interval given normal market conditions. VaR can be expressed in % loss or dollar terms. In this analysis, we use a 1 year time horizon and a 99% confidence interval. VaR can also be stated as: There is a 99% chance that the portfolio's market value will not lose more than [VaR amount] over the next year.

Methods Used:

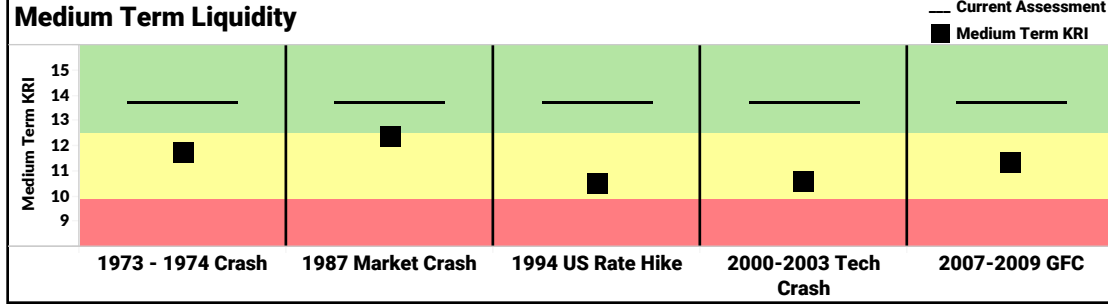
- Parametric VaR: $99\%VaR(\$) = 2.33\sigma * \text{Portfolio Market Value}$
- Historical Simulation VaR: $99\%VaR(\$) = \text{Simulated P\&L of portfolio utilizing empirical daily risk factor/price changes. 3 year lookback period (756 trading days) observed.}$

Drawbacks:

Parametric VaR assumes asset returns are normally distributed which may not be realistic. This could underestimate the VaR due to unfavorable asset returns having a higher chance of occurring in real life.

Historical Simulation VaR assumes past returns are indicative of future returns which may not be realistic. The specific return period analyzed directly impacts results which may or may not capture typical volatility, market extremes, or cyclicity.

Historical Scenario Analysis - Liquidity KRI



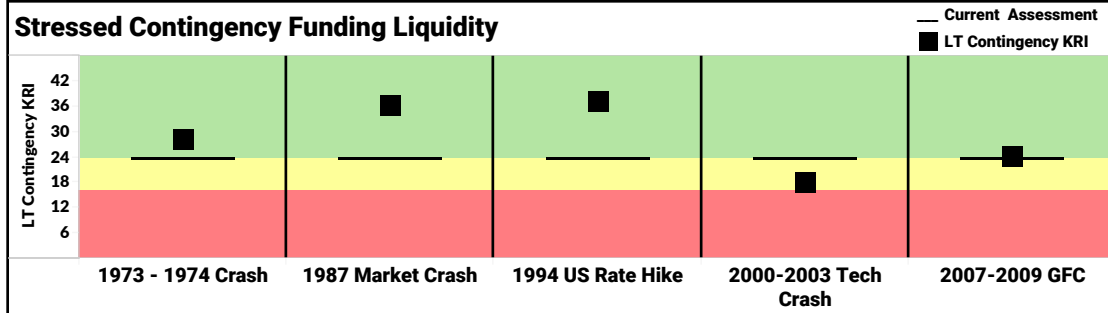
Scenario Analysis:

A scenario analysis seeks to determine how a portfolio may be affected by subjecting it to various historical or hypothetical market conditions. The charts to the left estimate how some of our liquidity KRI's would be impacted by the various historical scenarios.

Historical Scenarios:

The following historical scenarios apply market conditions experienced during their respective timeframes to NYSTRS' current portfolio over the course of a 1-year period. High level scenario inputs are provided below for context:

Historical Scenario	Date	Domestic Equity	UST Yields: 2y5y10y (bps)	Credit Spreads: AA/BB/CCC (bps)	Total Plan Loss
1973-1974 Stagflation & Rate Hikes	1/1/73 - 8/31/74	-35%	347	LIBOR 334	-23.45%
1987 Stock Market Crash	8/3/87 - 11/30/87	-27%	Unchanged	Unchanged	-12.98%
1994 US Rate Hike	1/31/94 - 12/13/94	-6%	162/152/131	2/36/0	-4.07%
Tech Crash & Recession	1/9/00 - 3/12/03	-47%	-488/-387/-281	-13/244/1151	-24.70%
Global Financial Crisis	9/30/07 - 3/4/09	-54%	-308/-226/-115	234/849/3779	-36.96%

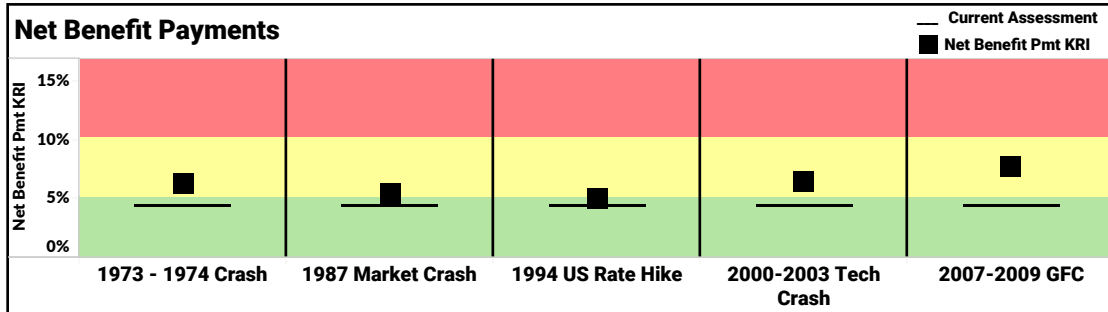


Medium Term Liquidity KRI:

The top chart depicts how each historical scenario would impact funding liquidity after a one-time rebalance to target policy weights. Cash and Domestic Fixed Income coverage represents how much of each asset class could be used to make payroll before lower asset allocation bounds were breached and additional rebalancing was required.

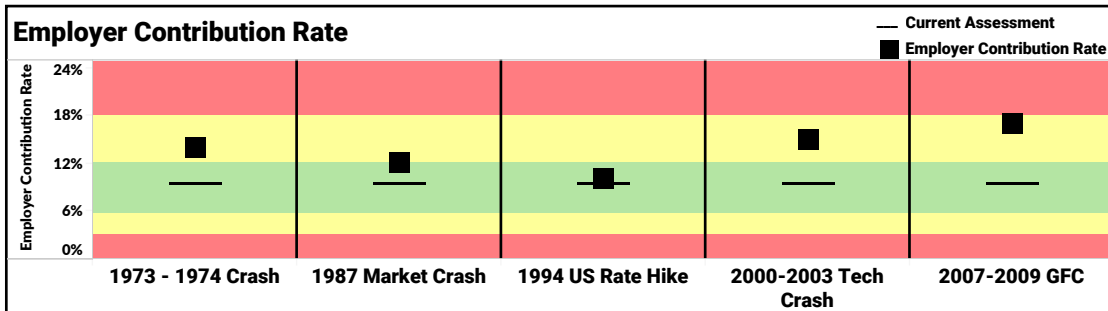
Stressed Contingency Funding Liquidity KRI :

The second chart depicts how each historical scenario would impact the Stressed Contingency Funding Liquidity KRI. This KRI is a measure which seeks to evaluate how many months of payroll can be made during one of these scenarios before NYSTRS' Contingency Funding Plan is triggered.



Net Benefit Payments as % of Assets:

The third chart depicts how each historical scenario would impact net benefit payments as a percentage of assets. Figures are representative of each scenarios market bottom and do not incorporate expected cash flows or market recovery. (*Net Benefit Payments=Annual Benefit Payments-Employer & Employee Contributions)

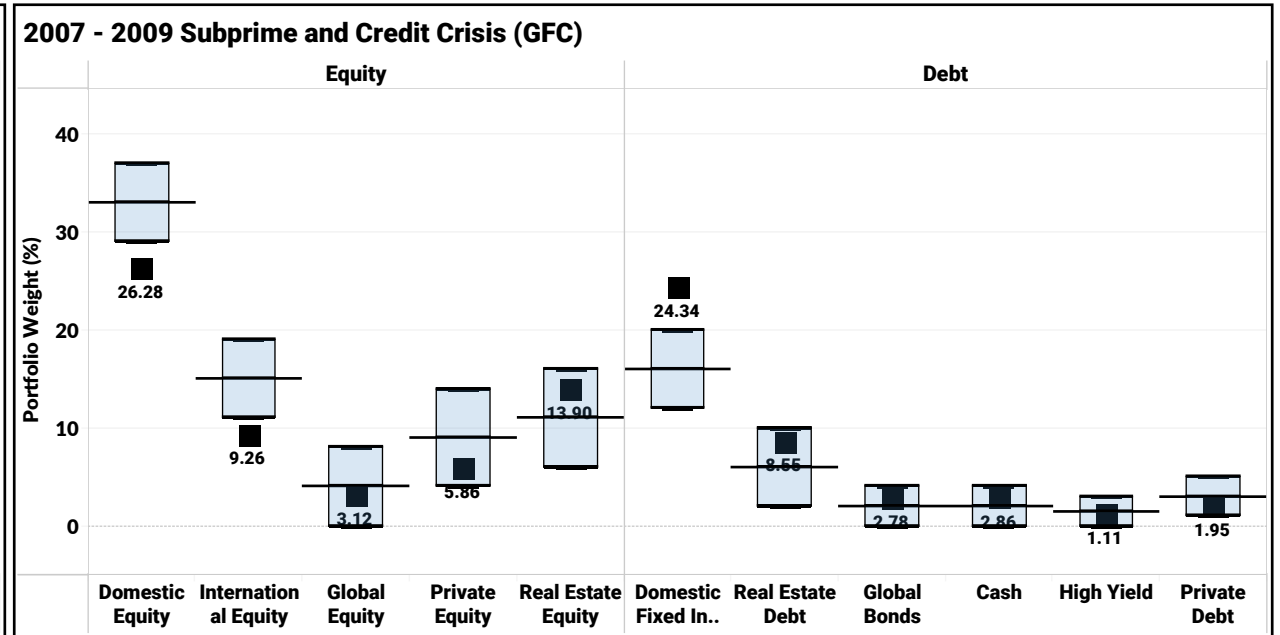
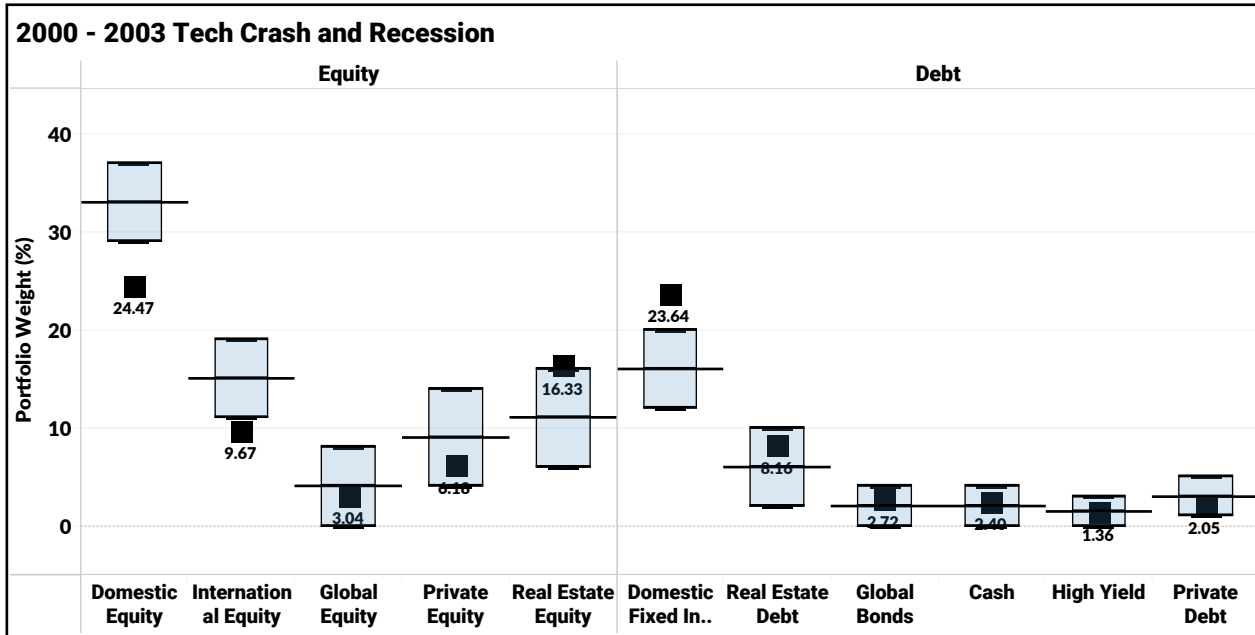
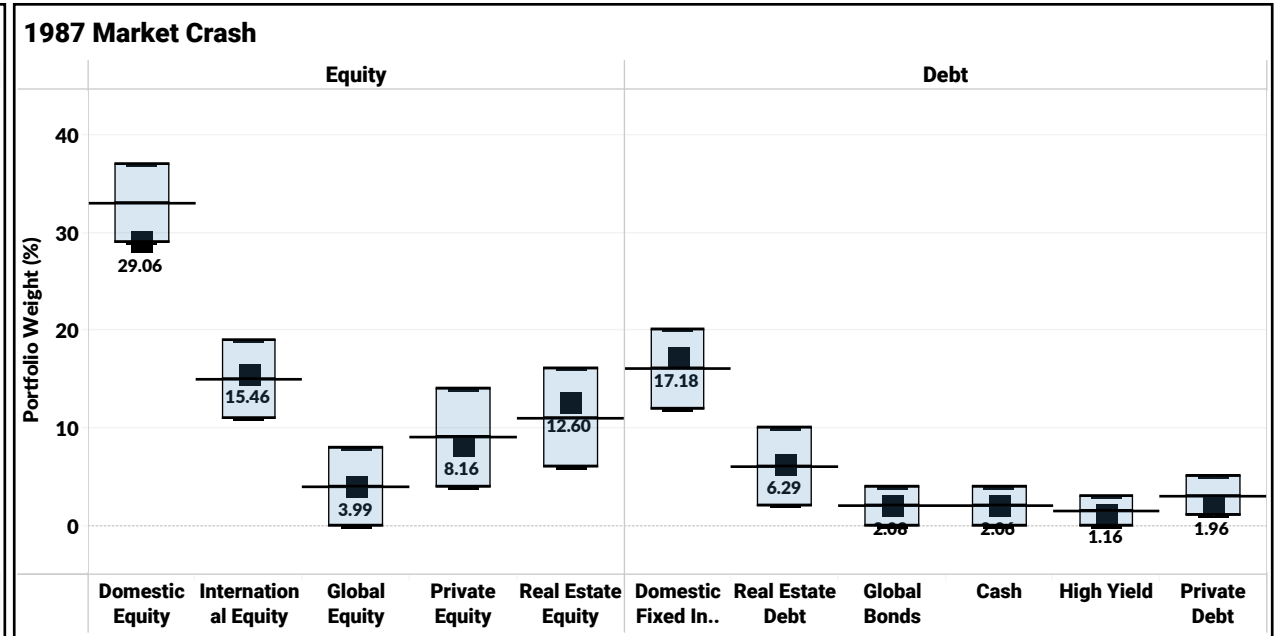
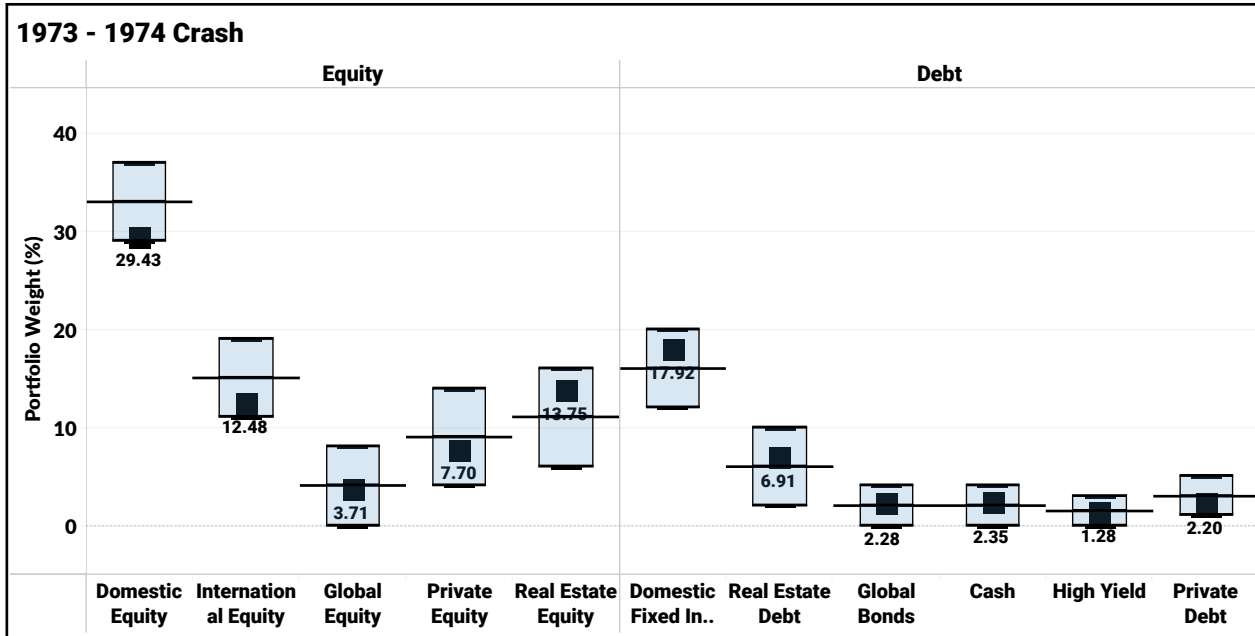


Employer Contribution Rate:

The bottom chart depicts how each historical scenario would immediately impact the Employer Contribution Rate (ECR) as a percentage of pay. Figures are representative of each scenario's market bottom and do not incorporate a market recovery. Note that absent a market recovery, the ECR would continue to increase in future years as the major asset loss continues to be smoothed in over the remainder of the five year smoothing period.

Scenario Analysis – Impact to Asset Allocation KRI

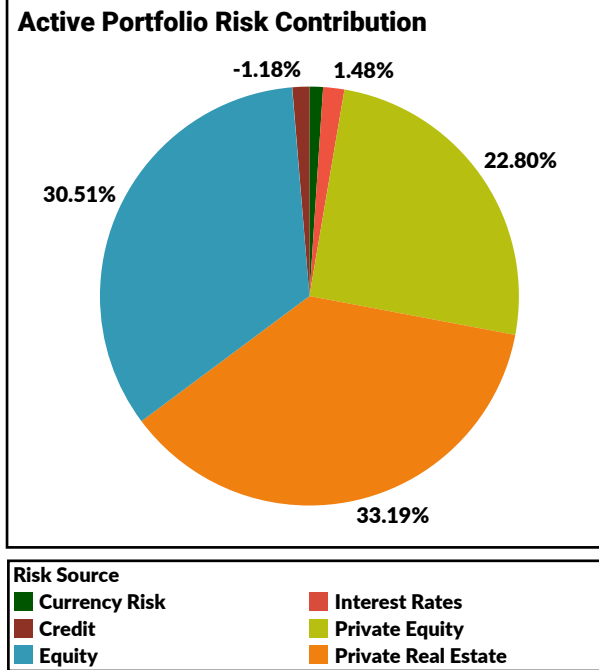
Data as of 11/29/2024



Investment Risk Board Report January 2025

Predicted Risk by Risk Factor

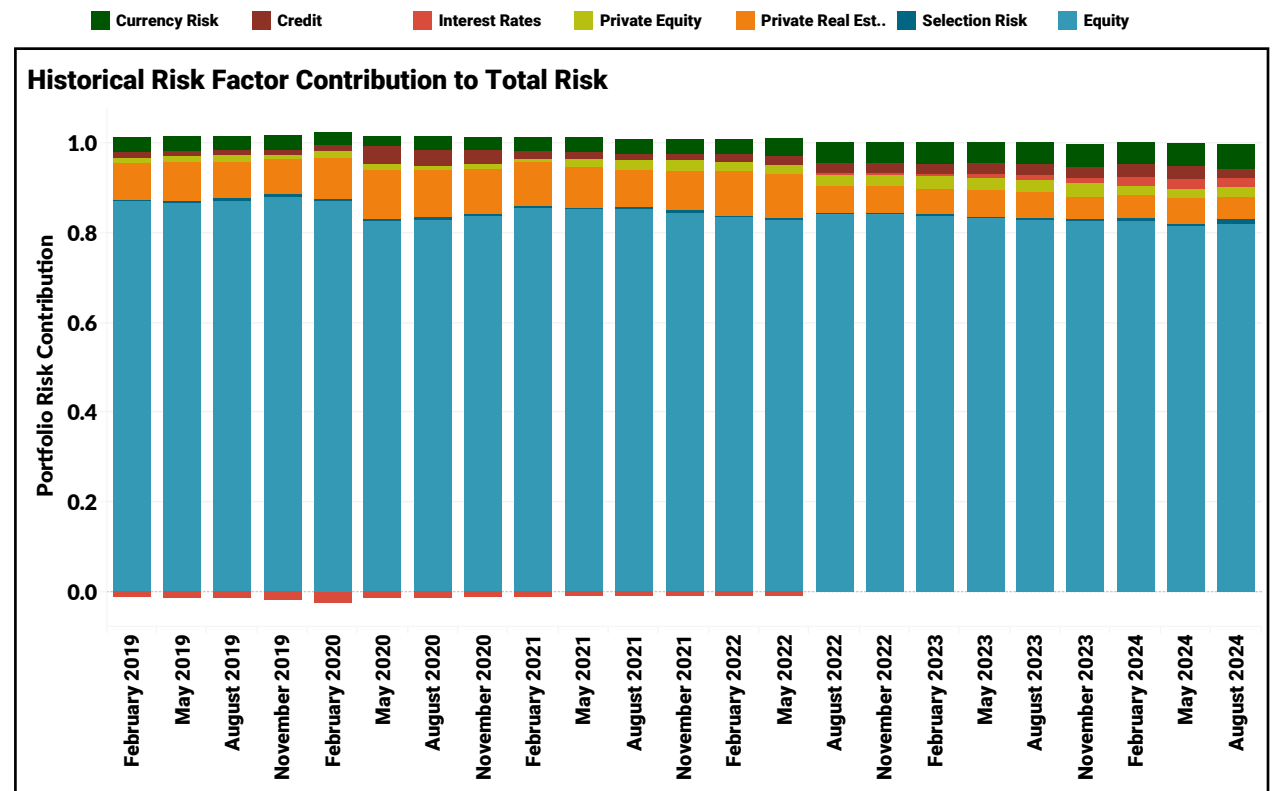
Top 10 - Currency Total Exposure	
US Dollar	80.71
Euro	4.03
British Pound Sterling	2.51
Japanese Yen	2.41
Canadian Dollar	1.49
Hong Kong Dollar	1.25
Indian Rupee	1.01
Swiss Franc	0.98
Australian Dollar	0.88
New Taiwan Dollar	0.87



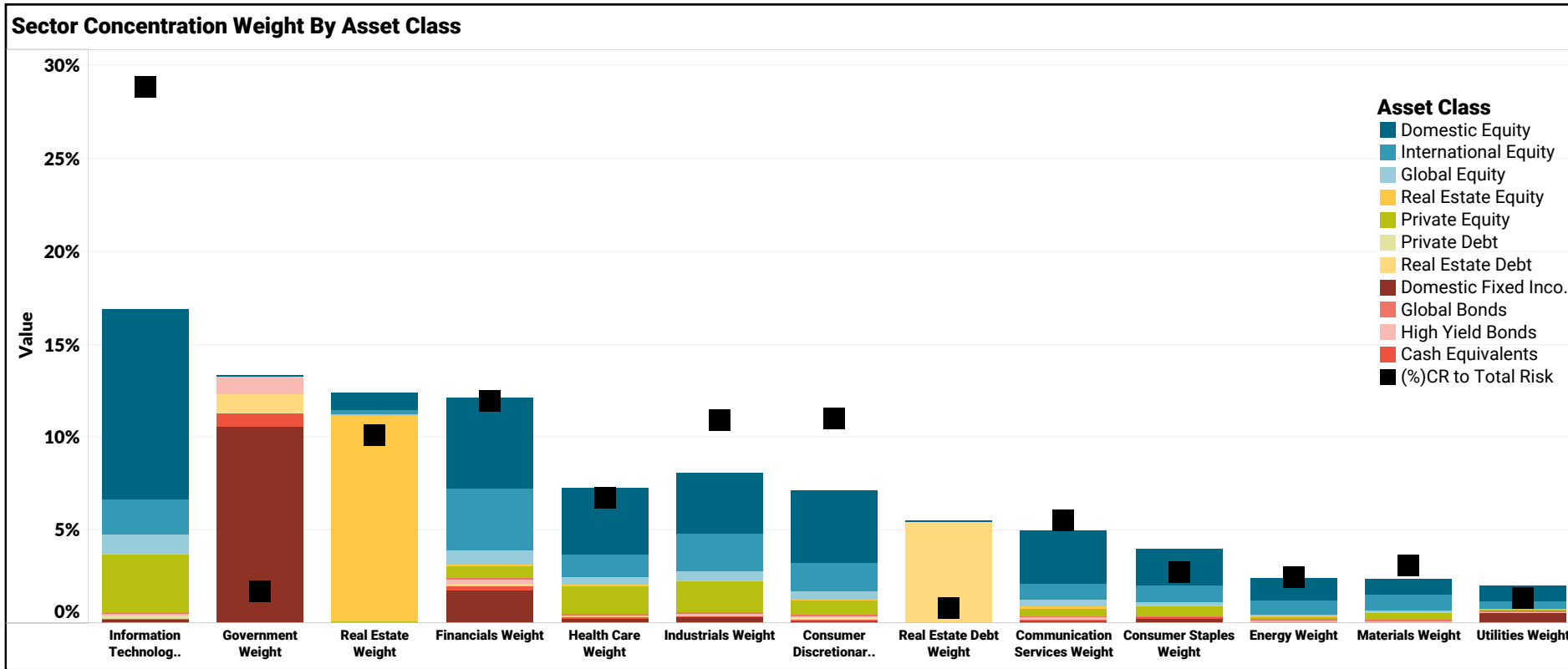
Risk Factors:
Risk factors are characteristics shared by a group of securities that influence their risk and return as well as their correlations. The five risk factor groups used for this analysis (equity, interest rates, credit, private equity, and private real estate) can be further decomposed into underlying factors such as industry, style, interest rate term structure, and geography. Each factor has an expected volatility and correlation with the other risk factors. All of NYSTRS holdings are modeled according to their exposures to individual risk factors.

Observations:
As expected, Total Risk and Active Risk for the portfolio are both driven primarily by equity risk factors.

Risk Source	Portfolio Risk Contribution	Portfolio Risk Contribution (%)	Benchmark Risk Contribution	Benchmark Portfolio Risk Contribution (%)	Active Portfolio Risk Contribution (%)
Total Risk	10.60	100.00%	10.36	100.00%	100.00%
Local Market Risk	10.07	94.94%	9.85	95.09%	99.08%
Common Factor Risk	9.98	94.08%	9.75	94.14%	87.52%
Equity	8.66	81.70%	7.87	75.98%	30.51%
Interest Rates	0.23	2.16%	0.27	2.64%	1.48%
Credit	0.22	2.10%	0.27	2.58%	-1.18%
Private Equity	0.23	2.15%	0.11	1.07%	22.80%
Private Real Estate	0.58	5.45%	1.19	11.53%	33.19%
Selection Risk	0.09	0.86%	0.10	0.95%	11.55%
Currency Risk	0.54	5.06%	0.51	4.91%	0.92%



Investment Risk Board Report January 2025



NYSTRS Sector	Market Value(\$M)	Weight (%)	Portfolio Risk Contributi..	(%)CR to Total Risk	Total Risk
Total Plan	\$150,199	100.00%	10.60	100.00%	10.60
Information Technology	\$25,484	16.97%	3.06	28.85%	20.45
Real Estate Equity	\$18,586	12.37%	1.07	10.14%	11.33
Government	\$18,619	12.40%	0.18	1.71%	5.74
Financials	\$18,367	12.23%	1.27	11.95%	11.82
Industrials	\$12,424	8.27%	1.16	10.90%	14.92
Health Care	\$11,206	7.46%	0.72	6.74%	12.35
Consumer Discretionary	\$11,001	7.32%	1.17	11.05%	17.55
Real Estate Debt	\$8,212	5.47%	0.09	0.84%	3.61
Communication Services	\$7,340	4.92%	0.59	5.56%	14.76
Consumer Staples	\$6,169	4.11%	0.29	2.76%	9.64
Energy	\$3,946	2.63%	0.26	2.46%	17.33
Materials	\$3,627	2.41%	0.33	3.12%	15.62
Utilities	\$3,063	2.04%	0.15	1.37%	10.90

Observations:
Sector contribution to risk is in line with expectations. Information Technology continues to drive an outsized contribution to total risk relative to its weight in the portfolio.

Sectors:
In developing the sector schedule, NYSTRS began with industry recognized sectors used by MSCI and S&P. Five custom sectors were added to this base to accommodate the Fund’s allocation to Government, Real Estate Debt, Real Estate Equity, Cash and “Other” investments.

The bar chart representing weight for each sector was then further divided by asset class; with shades of blue denoting public equity asset classes, red denoting public fixed income asset classes, green denoting private equity and debt, and orange denoting real estate equity and debt.

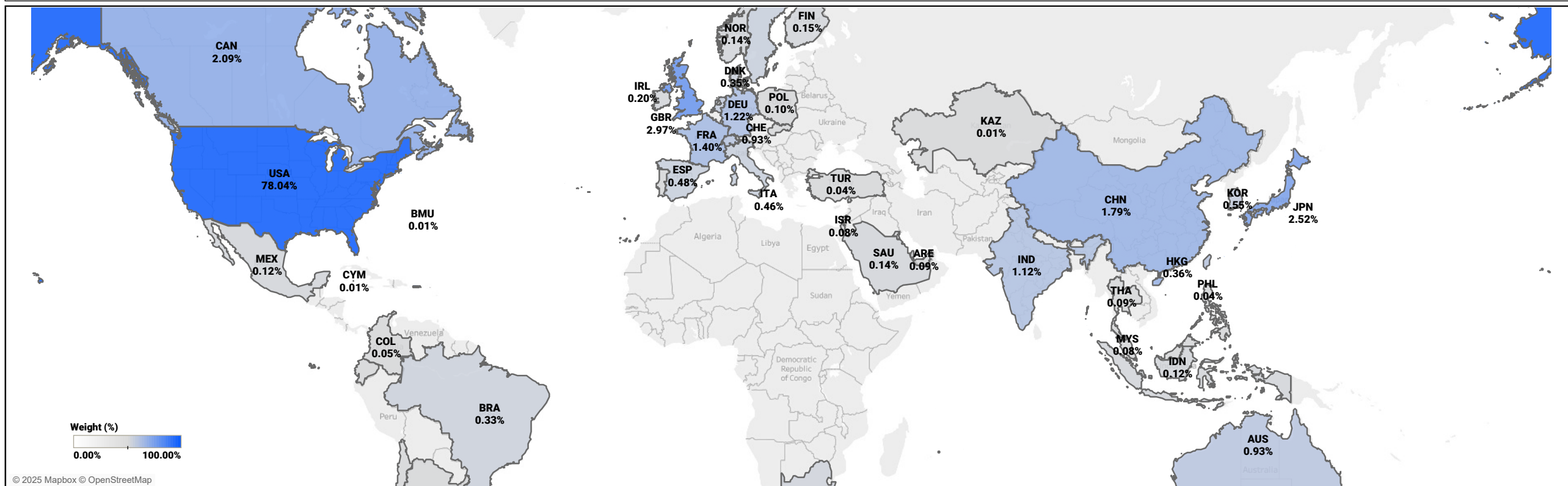
Defensive sectors such as Utilities, and Consumer Staples tend to be more stable and less volatile regardless of the condition of the overall financial markets. Because these sectors are not highly correlated with the business cycle, they are also known as "non-cyclical". Cyclical sectors such as Consumer Discretionary and Materials tend to be correlated with the business cycle and can be more volatile than defensive sectors.

These characteristics can be seen in the chart. The risk contribution by the defensive sectors is less than their market value allocation and the risk contribution by the cyclical sectors is higher than their market value allocation.

Investment Risk Board Report January 2025

Observations:

Total Developed and Emerging market regions remain within 1% of the benchmark. Note: Country of exposure is generally determined by the country of incorporation of the issuing company.



Geographic Region	Market Value(\$M)	Weight (%)	Bmk Weight (%)	Active Weight (%)	Portfolio Risk Contribution	(%)CR to Total Risk	Total Risk
Total Plan	\$150,199	100.00%	100.00%	0.00%	10.60	100.00%	10.60
Total Developed	\$140,872	93.79%	93.53%	0.26%	9.90	93.36%	10.57
United States	\$117,221	78.04%	79.28%	-1.23%	7.78	73.41%	10.15
Europe and Middle East	\$14,449	9.62%	8.66%	0.96%	1.30	12.22%	15.56
Japan	\$3,790	2.52%	2.51%	0.01%	0.33	3.09%	20.60
Pacific ex Japan	\$2,275	1.51%	1.38%	0.13%	0.25	2.38%	20.41
Canada	\$3,137	2.09%	1.70%	0.39%	0.24	2.25%	13.22
Total Emerging	\$8,555	5.70%	5.87%	-0.17%	0.68	6.45%	15.69
Asia	\$7,002	4.66%	4.99%	-0.33%	0.53	5.01%	15.98
EMEA	\$724	0.48%	0.47%	0.01%	0.07	0.67%	20.87
Latin America	\$829	0.55%	0.40%	0.15%	0.08	0.77%	22.94
Total Other	\$771	0.51%	0.60%	-0.09%	0.02	0.18%	6.18
Rest of the World	\$528	0.35%	0.34%	0.01%	0.00	0.04%	3.32
Frontier	\$243	0.16%	0.26%	-0.10%	0.01	0.14%	17.07

Investment Risk Board Report January 2025

Appendix:

MSCI ACWI & FRONTIER MARKETS INDEX									
MSCI ACWI INDEX					MSCI EMERGING & FRONTIER MARKETS INDEX				
MSCI WORLD INDEX			MSCI EMERGING MARKETS INDEX			MSCI FRONTIER MARKETS INDEX			
DEVELOPED MARKETS			EMERGING MARKETS			FRONTIER MARKETS			
Americas	Europe & Middle East	Pacific	Americas	Europe, Middle East & Africa	Asia	Europe	Africa	Middle East	Asia
Canada	Austria	Australia	Brazil	Czech Republic	China	Croatia	Kenya	Bahrain	Bangladesh
United States	Belgium	Hong Kong	Chile	Egypt	India	Estonia	Mauritius	Jordan	Pakistan
	Denmark	Japan	Colombia	Greece	Indonesia	Iceland	Morocco	Oman	Sri Lanka
	Finland	New Zealand	Mexico	Hungary	Korea	Lithuania	Nigeria		Vietnam
	France	Singapore	Peru	Kuwait	Malaysia	Kazakhstan	Tunisia		
	Germany			Poland	Philippines	Romania	WAEMU ²		
	Ireland			Qatar	Taiwan	Serbia			
	Israel			Saudi Arabia	Thailand	Slovenia			
	Italy			South Africa					
	Netherlands			Turkey					
	Norway			United Arab Emirates					
	Portugal								
	Spain								
	Sweden								
	Switzerland								
	United Kingdom								
MSCI STANDALONE MARKET INDEXES ¹									
						Americas	Europe	Africa	Middle East
						Argentina	Bosnia Herzegovina	Botswana	Lebanon
						Jamaica	Bulgaria	Zimbabwe	Palestine
						Panama	Malta		
						Trinidad & Tobago	Ukraine		

*MSCI.com/market-classification



Investment Committee Meeting – Agenda pp. 83-84

January 29, 2025

COMMITTEE MEMBERS

Nicholas Smirensky, Chair
Juliet Benaquisto, Eric Iberger, David Keefe, Jennifer Longtin, Ruth Mahoney

MINUTES

- A. Approval of Minutes of October 30, 2024 Meeting pp. 85-93

PRESENTATIONS

1. General Investment Consultant Recommendation (motion for **Executive Session** pursuant to Open Meetings Law section 105(1)(f) to discuss matters leading to the appointment or employment of a particular person or corporation) pp. 94-152

UPDATES

- A. Investment Comm Exec Summary – M. Andriola pp. 153-159
1. Proposed Updates to NYSTRS' Responsible Stewardship Policy—Appendix A: Stock Proxy Voting pp. 160-224
- B. Public Equities Update – B. Unni pp. 225-226
- C. Fixed Income Update – M. Federici p. 227
- D. Real Estate Update – D. Gillan pp. 228-231
- E. Private Equity/Debt Update – G. Yahoudy p. 232-233

INVESTMENT COMMITTEE ACTION REQUIRED

- A. **Consent Agenda Recommendation Items A-1** pp. 234-245
1. Renew Managers:
- a. AEW Capital Management p. 234
 - b. Ariel Investments (Active Int'l Equity) LLC p. 235
 - c. Arrowstreet (Active Int'l Equity) p. 236
 - d. Bank of New York Mellon (Securities Lending) p. 237
 - e. BlackRock Financial Management, Inc (CMBS) p. 238
 - f. Cohen & Steers Capital Mgt-Multi Strategy p. 239
 - g. PGIM (High Yield) p. 240
 - h. J.P. Morgan Investment Management Inc p. 241
 - i. Principal Real Estate Investors p. 242
 - j. Raith Capital Partners p. 243
 - k. RhumbLine Advisors LP (Passive Int'l Equity) p. 244
 - l. Xponance (f/k/a FIS Group) (Active Int'l Equity) p. 245

2. New Agreements
 - a. Resolution on General Investment Consultant p. 246
3. Appointment to Investment Advisory Committee
 - a. Dhvani Shah pp. 247-250
4. Updates to Investment Policy Manual
 - a. Resolution on Updates to NYSTRS' Responsible Stewardship Policy—Appendix A: Stock Proxy Voting p. 251
 - b. Resolution on Update to the AML/OFAC Compliance Policy p.252

Informational Reports

1. EDCIO Investment Discretion Report pp. 253-255
2. Mail Vote Quarterly Board Report p. 256
3. REAC Quarterly Transactions Board Report p. 257

**NEW YORK STATE
TEACHERS' RETIREMENT SYSTEM**

**INVESTMENT COMMITTEE MEETING
October 30, 2024**

INVESTMENT COMMITTEE MEETING
NEW YORK STATE TEACHERS' RETIREMENT SYSTEM

A meeting of the Investment Committee of the Retirement Board of the New York State Teachers' Retirement System was held at the System on October 30, 2024. Nicholas Smirensky, Chair, called the meeting to order at 9:06 a.m.

The following individuals were in attendance:

Investment Committee Members

Juliet Benaquisto, Eric Iberger, David Keefe, Nicholas Smirensky

Board Members

Paul Farfaglia, Donald A. Little III, Oliver Robinson

NYSTRS' Staff

Thomas Lee, Beth Dellea, Vijay Madala, Kathy Ebert, Gerald Yahoudy, Michael Federici, Don Ampansiri, Matt Albano, Miriam Dixon, Binoop Unni, Dave Gillan, Richard Young, Danny Malavé, Margaret Andriola, Han Yik, Emily Ekland, Heidi Brennan, Heidi Travis, Brad Woolworth, Ben Lee, Melody Prangle, Aaron Vanderwiell, Matt Pinchinat, Kevin Maloney, Sarah Garrand, Rebecca Kannan, Christopher Brown, Justin Milanese, Jeffrey Shubert, Sheilish Hylton, Shelby McCaffrey, Stacey Lesser Meehan

System Consultants

Callan Associates Inc. – Tom Shingler, Carlo Stadlinger, Angel Haddad (via WebEx)
StepStone – Dev Subhash, Lee Singer, Scott Schwind

Visitors- via WebEx: Kevin Balaod – WithIntelligence; Peter Cosgrove – NYSTRS
Risk Committee Advisor

Approval of Minutes

A. Approval of Minutes of July 31, 2024 Investment Committee Meeting

Upon motion of J. Benaquisto, seconded by E. Iberger and unanimously carried, the minutes of the July 31, 2024 Investment Committee meeting were approved.

The Investment Committee heard presentations on and reviewed the following information regarding the System's investments and performance.

Presentations

A. Update on U.S. Treasury Restricted Investments

D. Ampansiri and B. Lee reviewed and provided an update on the final rules issued on October 28, 2024 by the U.S. Department of the Treasury setting forth the regulations to implement Executive Order 14105 of August 9, 2023, the "Outbound Order", addressing "United States Investments in Certain National Security Technologies and Products or Countries of Concern".

B. Real Estate Strategic Plan

D. Subhash from StepStone reviewed the 2024-2025 Real Estate strategic plan (Appendix A, pp. 9-43).

C. Digital Infrastructure

D. Subhash from StepStone gave a presentation on investing in digital infrastructure.

Review of Investments

1. Investment Committee Executive Summary (Appendix B, pp. 44-52)
2. Public Equities Update (Appendix C, pp. 53-56)

3. Fixed Income Update (Appendix D, p. 57)
4. Real Estate Update (Appendix E, pp. 58-61)
5. Private Equity/Debt Update (Appendix F, p. 62-)
6. Callan

T. Shingler gave a performance update and a report on peer review rankings (Appendix G, pp. 64-91).

Upon motion of O. Robinson, seconded by J. Benaquisto and unanimously carried, the Committee went into Executive Session at 11:16 a.m. to hear an update on Stewardship investment from H. Yik.

Upon motion of J. Benaquisto, seconded by O. Robinson and unanimously carried, the Committee came out of Executive Session at 11:32 a.m. and continued in open session.

Investment Committee Actions

A. Consent Agenda Recommendation items #1-5 (see Appendix H, pp. 92-93)

N. Smirensky asked the committee members if any of the consent agenda items should be moved to regular discussion items. Hearing no objections, the Committee proceeded to move the Consent Agenda Recommendation items together with one motion.

Upon motion of J. Benaquisto, seconded by D. Keefe, the members of the Investment Committee voted unanimously to recommend the following consent agenda items (#1-5) to the Retirement Board:

1. Renew Consultants

- StepStone – Private Equity/Debt Consultant

RESOLVED, That the Executive Director and Chief Investment Officer is authorized to renew the System's contract with StepStone Group LP to serve as the System's private equity and private debt consultant and to perform such assignments as may be determined by the Executive Director and Chief Investment Officer or his designees in connection therewith, for a period of one year, commencing February 1, 2025 for all fixed services at an annual retainer not to exceed the current term's fee of \$1,485,000 (subject to an inflation price adjustment not to exceed the lesser of 3% and the change in the ECI Index) and for all optional services at fees (1) for research on market trends or on private equity or private debt partnerships not in our portfolio not to exceed \$40,000 per report; (2) for special research assignments to better define goals and objectives or monitor portfolio risk not to exceed \$40,000 per report; (3) for negotiating final investment agreements and work with the System's legal counsel and staff in drafting, reviewing and/or revising partnership agreements, subscription agreements and other required documents for an additional fee not to exceed \$15,000 per agreement; (4) for providing professional training not to exceed \$20,000 per training; (5) for attending annual meetings and providing meeting notes not to exceed \$8,000 per meeting; (6) for monitoring and reporting on legacy partnerships not to exceed \$4,500 per partnership.

- StepStone – Real Estate Consultant

RESOLVED, That the Executive Director and Chief Investment Officer is authorized to renew the agreement with StepStone Group Real Estate LP to serve as the System's real estate consultant and to perform such assignments and optional services as may be determined by the Executive Director and Chief Investment Officer or his designee in connection therewith, for the one year period commencing February 1, 2025 at an annual retainer not to exceed \$450,000 plus the agreed upon price escalation based on the percent change in the Employment Cost Index.

- Meketa – Real Estate Consultant

RESOLVED, That the Executive Director and Chief Investment Officer is authorized to renew the agreement with Meketa Investment Group, Inc. to serve as the System's secondary real estate consultant and to perform such assignments and optional services as may be determined by the Executive Director and Chief Investment Officer or his designee in connection therewith, for the one year period commencing February 1, 2025.

2. Renew Managers

- AQR Capital Management LLC

RESOLVED, That the Executive Director and Chief Investment Officer is authorized to renew the agreement with AQR Capital Management, LLC

to manage a portion of the System's assets as an active MSCI ACWI Ex-US international equity manager for a period of one-year, effective January 6, 2025.

- BlackRock Institutional Trust Company

RESOLVED, That the Executive Director and Chief Investment Officer is authorized to renew the agreement with BlackRock Institutional Trust Company, N.A. to manage a portion of the System's assets as a passive ACWI ex-US international equity manager for a period of one-year, effective December 12, 2024.

- Dimensional Fund Advisors

RESOLVED, That the Executive Director and Chief Investment Officer is authorized to renew the agreement with Dimensional Fund Advisors to manage a portion of the System's assets as an active emerging markets manager benchmarked to the MSCI Emerging Markets Index for a period of one-year commencing February 19, 2025.

- Goldman Sachs Asset Management

RESOLVED, That the Executive Director and Chief Investment Officer is authorized to renew the agreement with Goldman Sachs Asset Management, L.P. to manage a portion of the System's assets as an active global bond manager benchmarked to the Bloomberg Global Aggregate Float Adjusted ex-CNY Bond Index Hedged to USD for a period of one year, effective November 12, 2024.

- Harding Loevner Management

RESOLVED, That the Executive Director and Chief Investment Officer is authorized to renew the agreement with Harding Loevner LP to manage a portion of the System's assets as an active global equity manager benchmarked to the MSCI ACWI index for a period of one-year, effective February 27, 2025.

- Loomis Sayles & Co.

RESOLVED, That the Executive Director and Chief Investment Officer is authorized to renew the agreement with Loomis Sayles & Co., L.P., to manage a portion of the System's assets as an active global bond manager benchmarked to the Bloomberg Global Aggregate Float Adjusted ex-CNY Bond Index Hedged to USD for a period of one year, effective November 8, 2024.

- Marathon Asset Management Limited, As Successor in Interest to Marathon Asset Management LLP

RESOLVED, That the Executive Director and Chief Investment Officer is authorized to renew the agreement with Marathon Asset Management Limited, as successor in interest to Marathon Asset Management, LLP, to manage a portion of the System's assets as an active EAFE international equity manager for a period of one year, effective January 24, 2025.

- Nomura Corporate Research & Asset Management

RESOLVED, That the Executive Director and Chief Investment Officer is authorized to renew the agreement with Nomura Corporate Research and Asset Management Inc. for a period of one year, effective November 28th, 2024, to manage a portion of the System's assets as an active U.S. high yield manager in an account benchmarked to the ICE BofAML US High Yield Constrained Index (HUC0).

- State Street Global Advisors

RESOLVED, That the Executive Director and Chief Investment Officer is authorized to renew the agreement with State Street Global Advisors Trust Company (successor-in-interest by assignment from State Street Bank and Trust Company) to manage a portion of the System's assets as a passive ACWI ex US international equity manager, for a period of one year, effective February 18, 2025.

3. Reappointments to the Investment Advisory Committee

- Robert Levine

WHEREAS, The term of Mr. Robert Levine as a member of the Investment Advisory Committee expires on December 31, 2024; be it

RESOLVED, That the Retirement Board hereby reappoints Mr. Robert Levine to a three-year term as a member of the Investment Advisory Committee, effective January 1, 2025.

- June Yearwood

WHEREAS, The term of Ms. June Yearwood as a member of the Investment Advisory Committee expires on December 31, 2024; be it

RESOLVED, That the Retirement Board hereby reappoints Ms. June Yearwood to a three-year term as a member of the Investment Advisory Committee, effective January 1, 2025.

4. Reappointments to the Real Estate Advisory Committee

- Maureen Ehrenberg

WHEREAS, The term of Ms. Maureen A. Ehrenberg as a member of the Real Estate Advisory Committee expires on December 31, 2024; be it

RESOLVED, That the Retirement Board hereby reappoints Ms. Maureen A. Ehrenberg to a three-year term as a member of the Real Estate Advisory Committee, effective January 1, 2025.

- James O'Keefe

WHEREAS, The term of Mr. James W. O'Keefe as a member of the Real Estate Advisory Committee expires on December 31, 2024; be it

RESOLVED, That the Retirement Board hereby reappoints Mr. James W. O'Keefe to a three-year term as a member of the Real Estate Advisory Committee, effective January 1, 2025.

5. Resolution on Investment Policy Manual

RESOLVED, That the Investment Policy Manual, as presented to the Retirement Board reflecting significant changes through October 2024, as summarized in the grid below, is approved and accepted.

POLICY	SUMMARY OF SIGNIFICANT CHANGES 2024
Delegation of Investment Authority	<ul style="list-style-type: none">• Added language to distinguish the processes to terminate a manager under exigent and non-exigent circumstances.
Global Bonds	<ul style="list-style-type: none">• New Global Bonds-Internal section added as a result of Board approved internally managed emerging market debt portfolio.

6. Resolution on Internally Managed International Equity Strategy

Upon motion of D. Keefe, seconded by J. Benaquisto, the members of the Investment Committee voted unanimously to recommend the following resolution to the Retirement Board:

WHEREAS, Staff has proposed a multi-year timeline, commencing in 2024 and ending in or about 2028, for creating an up to \$1 billion internally managed

passive international public equities strategy, to be implemented in a series of steps (the “Internally Managed International Strategy”); and

WHEREAS, the Retirement Board has reviewed the proposal, and it is in the best interests of the System’s members and beneficiaries for the System to pursue and implement the Internally Managed International Strategy; and

NOW, THEREFORE, BE IT RESOLVED, That the System is hereby authorized to implement the Internally Managed International Strategy, up to an aggregate amount of \$1 billion (based on capital contributions into the strategy), in multiple stages based on countries or regions, in such amounts and at such times as may be determined by the Executive Director and Chief Investment Officer; and be it further

RESOLVED, That the Executive Director and Chief Investment Officer, or designees, is authorized to take all steps and execute all documents necessary to implement the Internally Managed International Strategy, and be it further

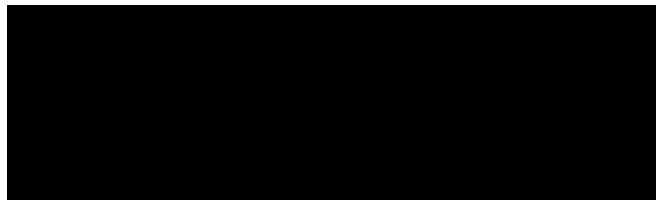
RESOLVED, That the Executive Director and Chief Investment Officer, or designees, shall provide periodic updates, at least annually, to the Retirement Board on the progress and status of the implementation of the Internally Managed International Strategy.

Informational reports

- The Committee reviewed the following informational reports: EDCIO Investment Discretion Report (Appendix I, pp. 94-96), Mail Vote Quarterly Board Report (Appendix J, p. 97) and REAC Quarterly Transactions Board Report (Appendix K, p. 98).

There being no other business and upon unanimous motion, the meeting adjourned at 11:34 a.m.

Respectfully submitted,



Thomas K. Lee



New York State
Teachers'
Retirement
System

Investment Committee Executive Summary

Investment Committee January 29, 2025

*Margaret Andriola, CIPM, CPA
Chief Financial Officer*

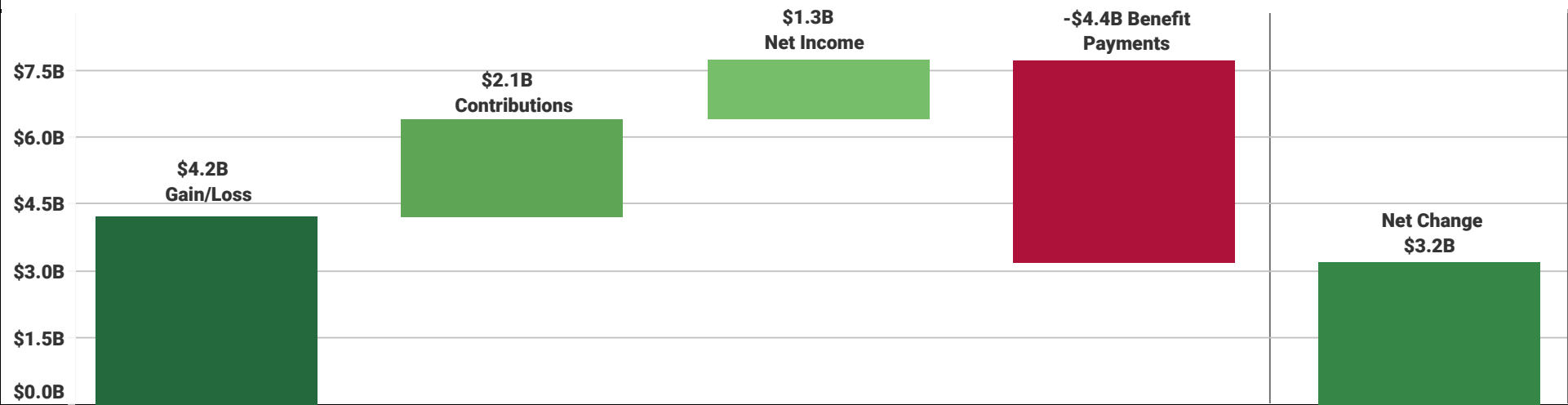
Investment Committee Executive Summary

Market Value Summary ('000s)

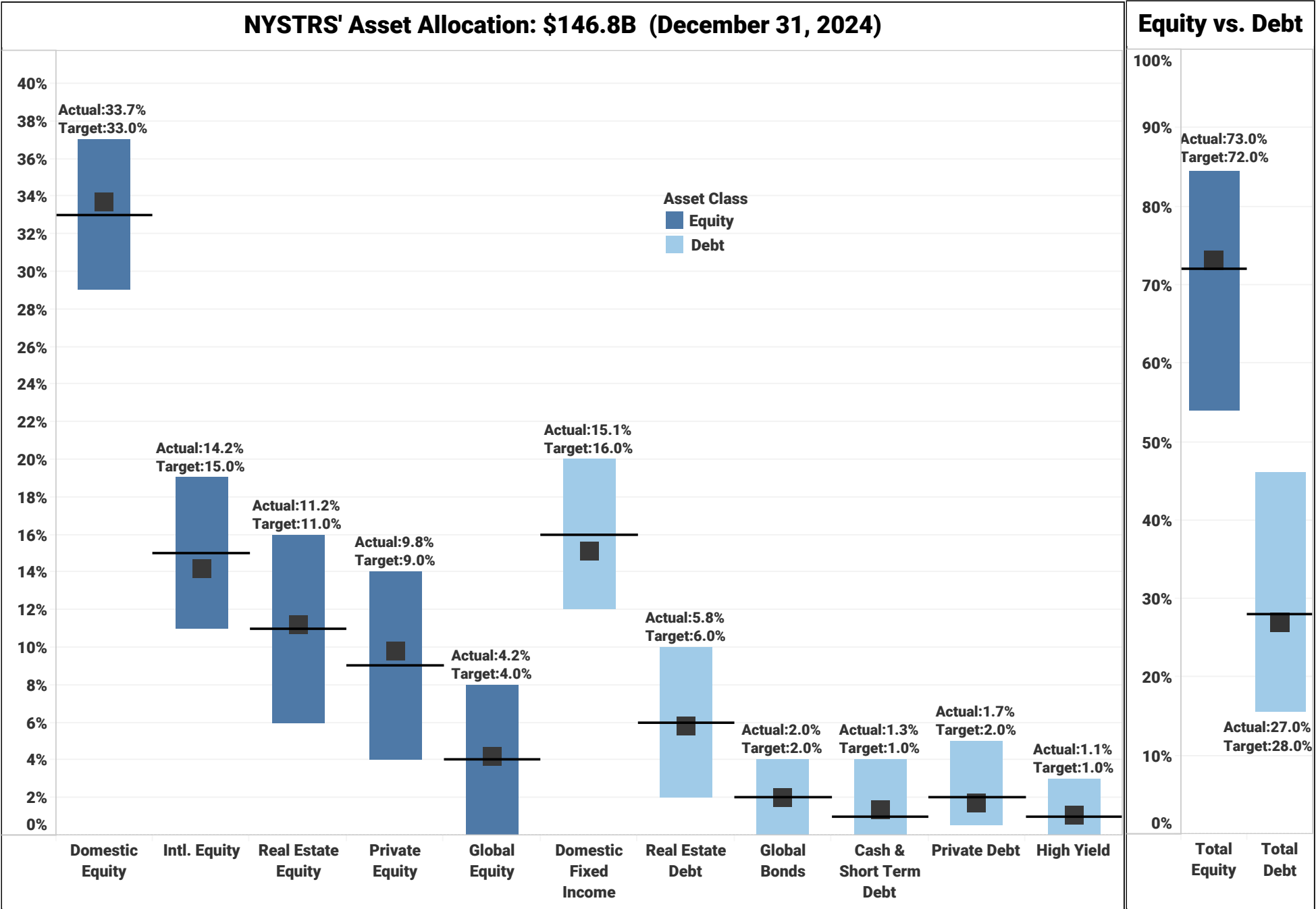
Asset Category	Asset Class	December 31, 2024		September 30, 2024		December 31, 2023	
		Net Asset Value	% Net Asset Value	Net Asset Value	% Net Asset Value	Net Asset Value	% Net Asset Value
Equity	Domestic Equity	\$49,463,616	33.7%	\$50,389,930	33.9%	\$46,352,658	33.5%
	International Equity	\$20,789,187	14.2%	\$22,385,442	15.0%	\$19,422,325	14.0%
	Global Equity	\$6,171,432	4.2%	\$6,250,440	4.2%	\$5,301,686	3.8%
	Real Estate Equity	\$16,468,362	11.2%	\$16,176,665	10.9%	\$16,782,617	12.1%
	Private Equity	\$14,335,588	9.8%	\$14,267,749	9.6%	\$13,166,925	9.5%
	Asset Category Subtotal	\$107,228,185	73.0%	\$109,470,226	73.6%	\$101,026,211	72.9%
Debt	Domestic Fixed Income	\$22,120,623	15.1%	\$22,712,316	15.3%	\$19,462,470	14.1%
	Global Bonds	\$2,887,884	2.0%	\$2,692,585	1.8%	\$2,814,976	2.0%
	High Yield	\$1,594,531	1.1%	\$1,594,076	1.1%	\$1,482,376	1.1%
	Real Estate Debt	\$8,511,505	5.8%	\$8,016,895	5.4%	\$7,443,472	5.4%
	Private Debt	\$2,557,413	1.7%	\$2,388,018	1.6%	\$2,189,990	1.6%
	Cash & Short Term Debt	\$1,947,249	1.3%	\$1,929,147	1.3%	\$4,079,787	2.9%
Asset Category Subtotal	\$39,619,205	27.0%	\$39,333,037	26.4%	\$37,473,070	27.1%	
Total Plan		\$146,847,391	100.0%	\$148,803,264	100.0%	\$138,499,280	100.0%

Due to rounding, numbers may not sum to 100%

Components of Change in Total Investments FYTD: 7/1/2024 to 12/31/2024 \$143.6B to \$146.8B



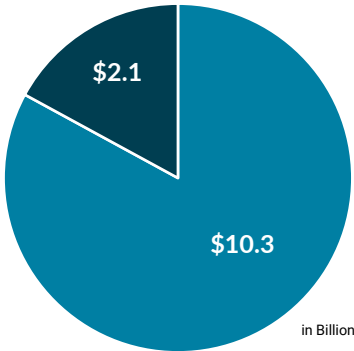
Investment Committee Executive Summary



Investment Committee Executive Summary

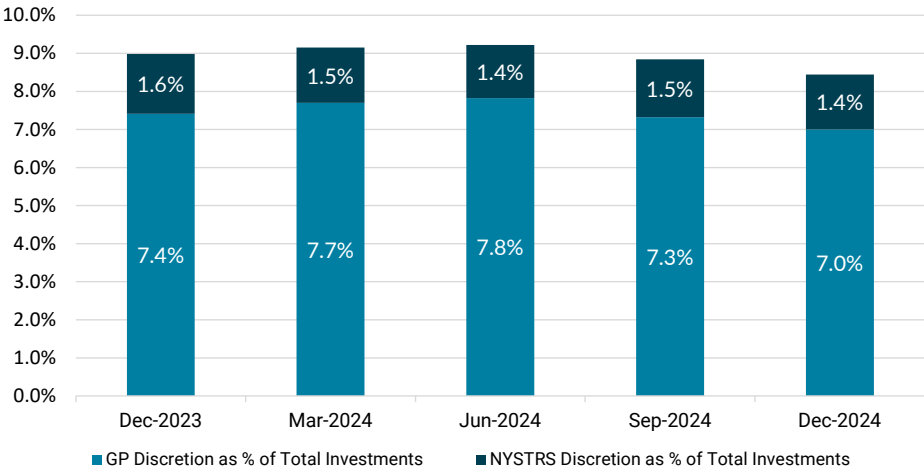
Unfunded Commitments - Private Assets

Total Unfunded Commitments at 12/31/2024 \$12.4B

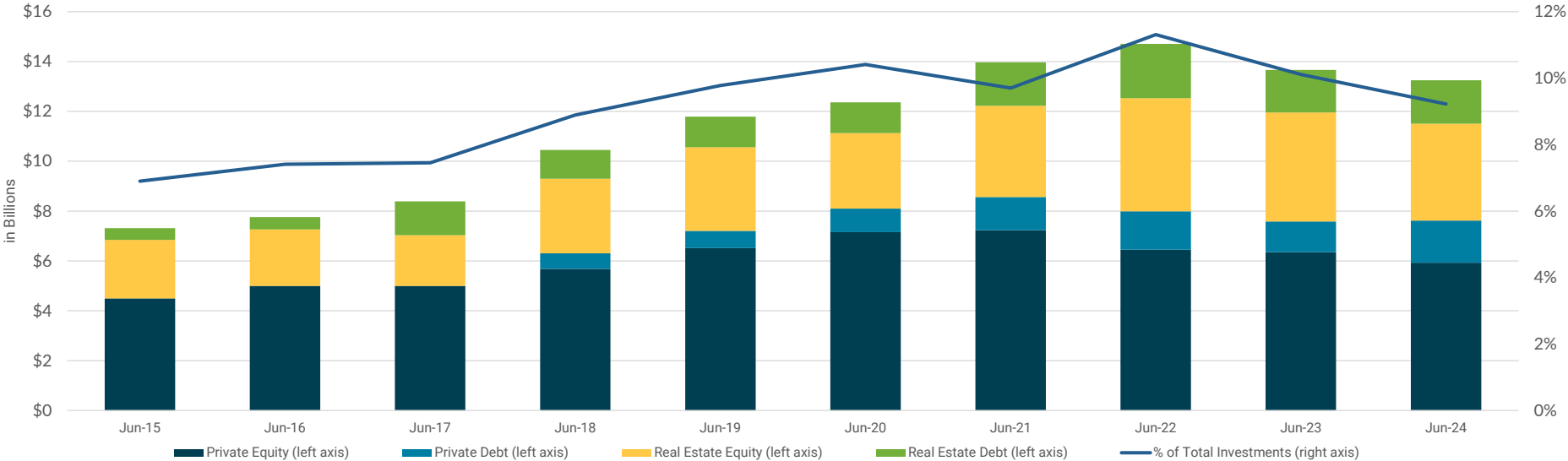


■ GP Discretion ■ NYSTRS Discretion

Unfunded Commitments - GP vs. NYSTRS Discretion

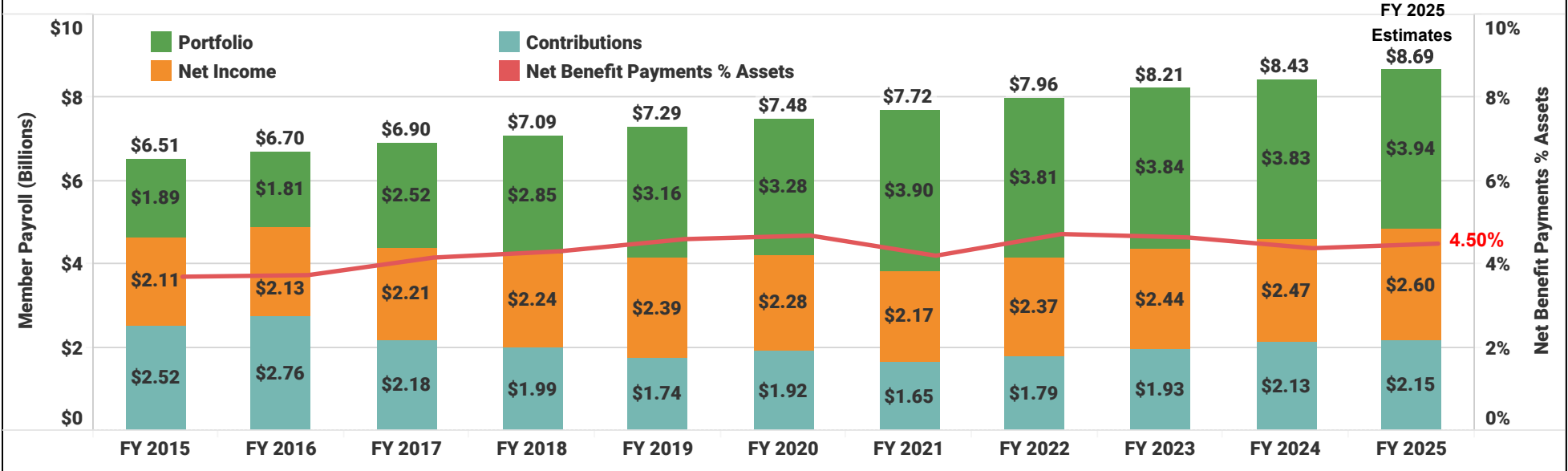


Unfunded Commitments - by Asset Class and % of Total Investments

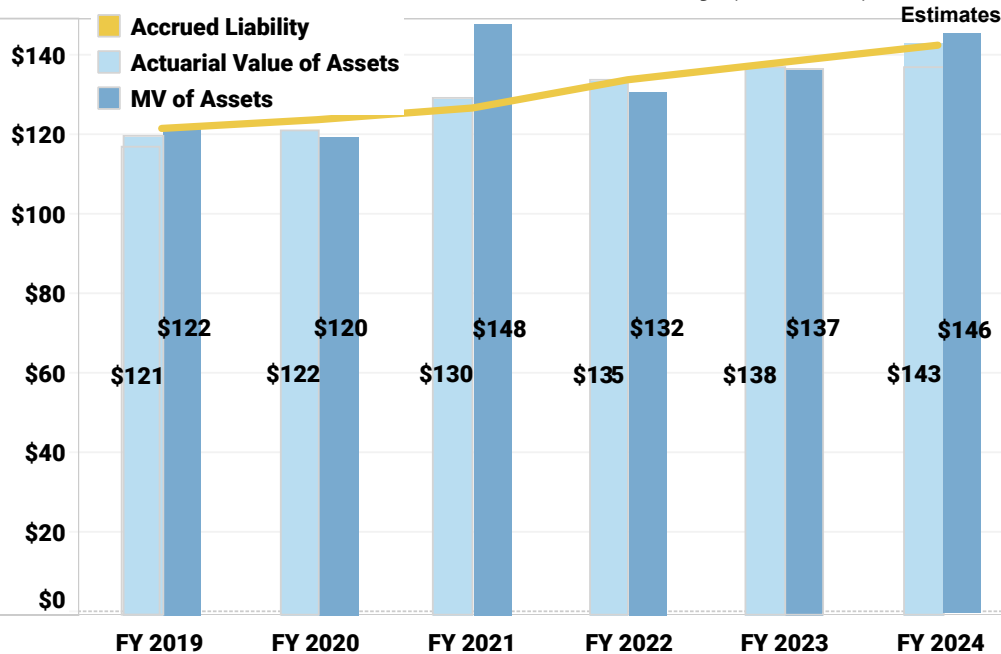


Investment Committee Executive Summary

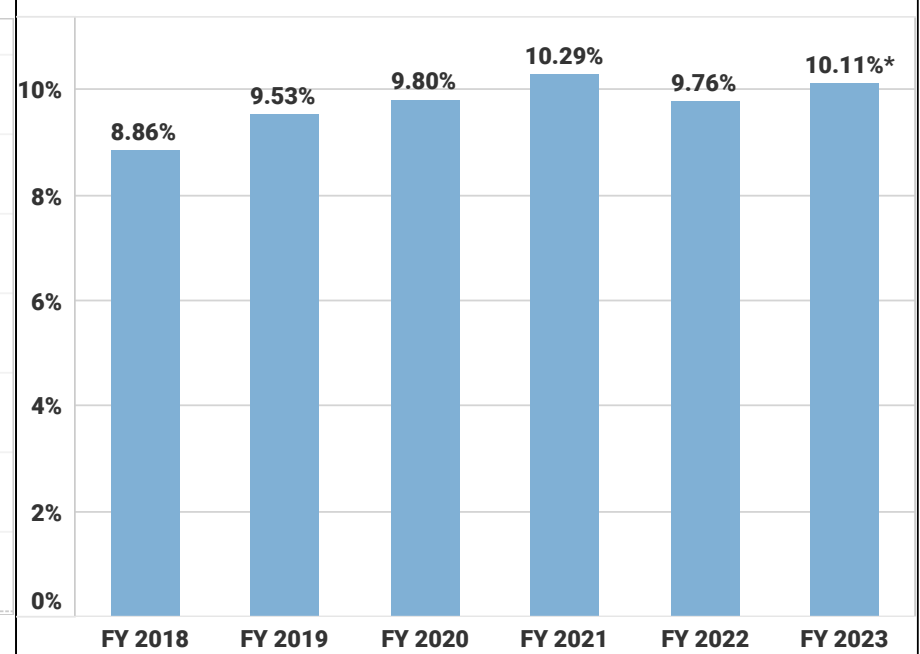
Member Payroll Funding Sources



Assets & Actuarial Accrued Liability (Billions)



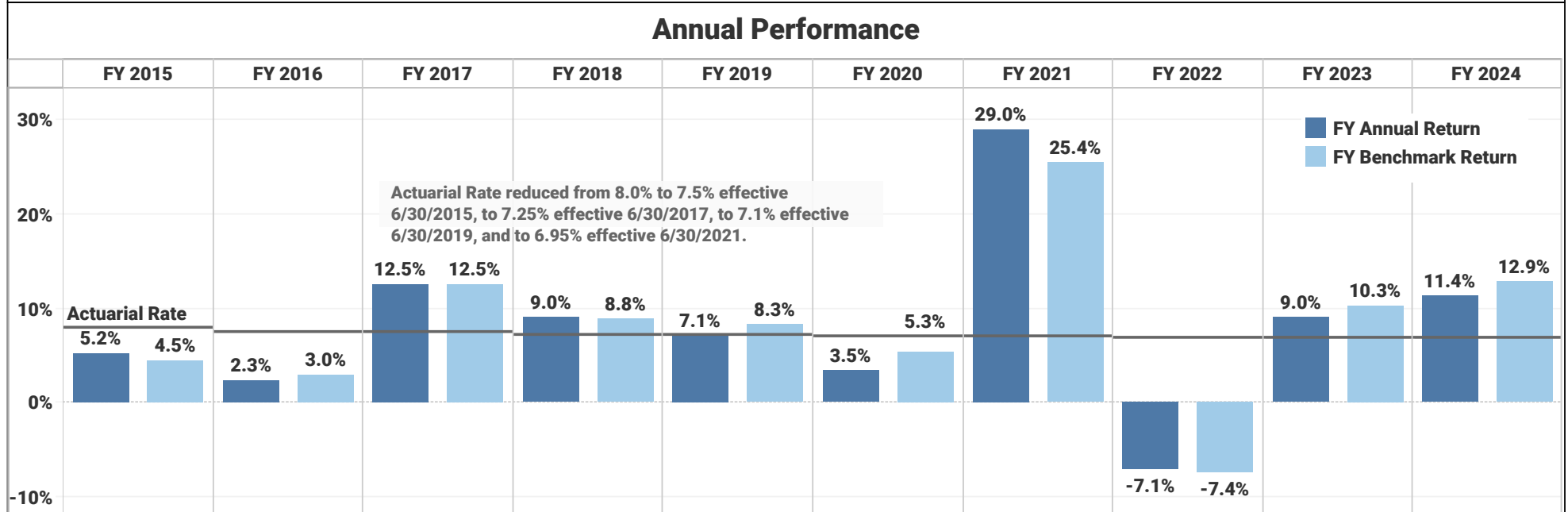
Employer Contribution Rate



Investment Committee Executive Summary

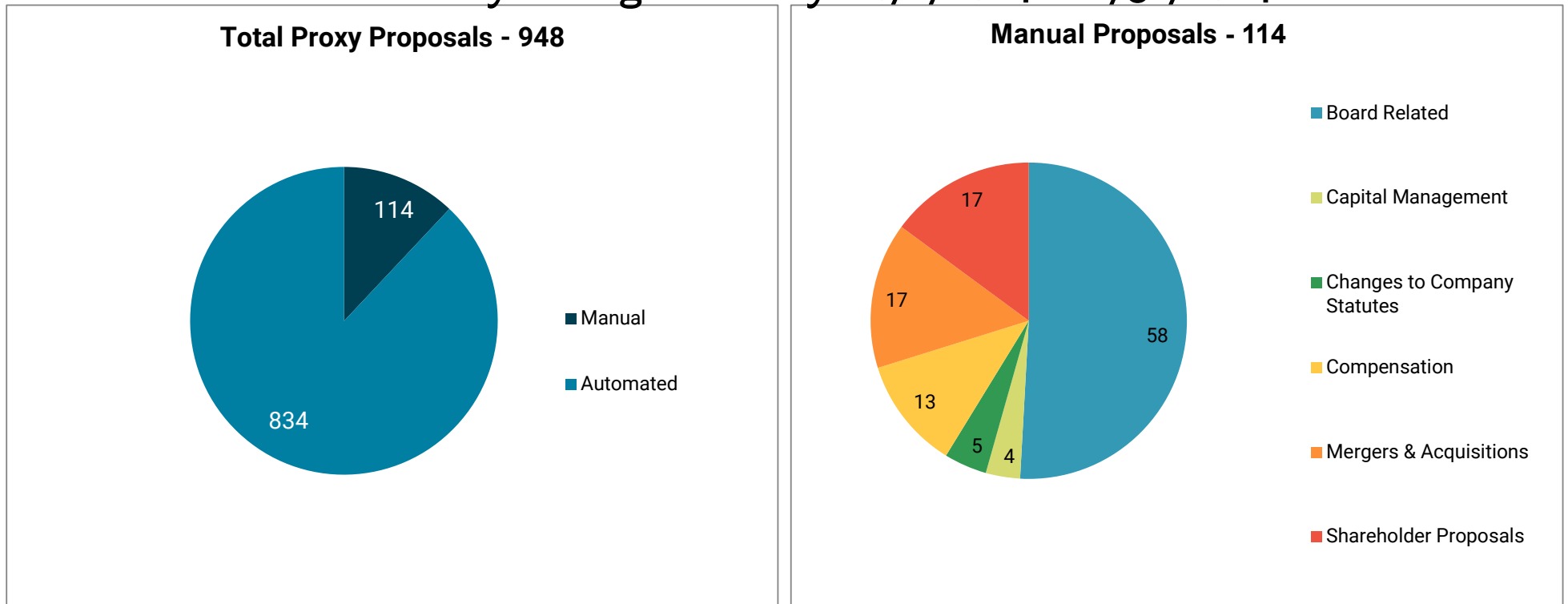
Public Market Performance as of December 31, 2024			Total Fund Performance as of September 30, 2024					
Asset Class	Current QTR		QTR		FYTD		10YR	
	Net Return	Excess Return	Net Return	Excess Return	Net Return	Excess Return	Net Return	Excess Return
Domestic Equity	2.3%	0.0%	6.0%	-0.1%	6.0%	-0.1%	13.0%	-0.1%
International Equity	-7.2%	0.4%	7.5%	-0.6%	7.5%	-0.6%	5.7%	0.5%
Global Equity	-1.4%	-0.4%	5.6%	-1.0%	5.6%	-1.0%	N/A	N/A
Private Equity	N/A	N/A	1.9%	-5.2%	1.9%	-5.2%	14.1%	-4.3%
Real Estate Equity	-6.5%	-0.3%	1.9%	1.8%	1.9%	1.8%	7.0%	1.7%
Domestic Fixed Income	-3.1%	-0.1%	5.2%	0.1%	5.2%	0.1%	1.9%	0.0%
Global Bonds	-1.9%	-0.5%	4.8%	0.2%	4.8%	0.2%	2.5%	0.3%
High Yield Bonds	0.0%	0.1%	4.6%	0.3%	4.6%	0.3%	N/A	N/A
Private Debt	N/A	N/A	2.1%	-0.7%	2.1%	-0.7%	N/A	N/A
Real Estate Debt	0.6%	1.3%	2.9%	-1.8%	2.9%	-1.8%	3.8%	0.4%
Short Term	1.2%	0.1%	1.4%	0.1%	1.4%	0.1%	1.8%	0.4%
Total Public Markets	-1.3%	0.1%	4.9%	-0.5%	4.9%	-0.5%	8.4%	-0.3%

RE Equity is REITs only and RE Debt is CMBS only.
For additional performance information see Supplemental Materials.



Investment Committee Executive Summary

Proxy Voting Summary: 10/1/2024 - 12/31/2024



The System has implemented automated voting for those issues that can reliably be voted according to NYSTRS' Stock Proxy Voting policy without review. Those requiring review are voted manually utilizing research provided by our proxy advisory service to support the decision. In general, the System supports corporate management if management's position appears reasonable, is not detrimental to the long range economic prospects of the company, and does not tend to diminish shareholder rights. Should a complex issue arise which is not included in the Stock Proxy Voting policy, the Executive Director and Chief Investment Officer or his designee is authorized to exercise best judgment in voting such issue.

Board Related - The System supports independent and diverse directors.

Capital Management - The System generally supports proposals that provide the company with flexibility provided they do not limit shareholder rights.

Changes to Company Statutes - The System generally supports proposals relating to bylaw or organizational changes provided they do not limit shareholder rights.

Compensation - The System generally supports reasonable compensation plans which are tied to objective performance measures. Stock option plans should be used to motivate corporate personnel.

Mergers & Acquisitions - Proposals are reviewed on a case by case basis.

Shareholder Proposals (type & number) - Compensation: 1, Environment: 2, Governance: 5, and Social: 9.



Responsible Stewardship Policy

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VI.	Ongoing Monitoring.....	6
VII.	Responsibilities and Controls.....	7
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Responsible Stewardship Policy

I. Introduction

NYSTRS' Retirement Board developed Investment Beliefs to provide a consistent and transparent framework to guide NYSTRS' investment decision-making processes.

As fiduciaries, NYSTRS must be responsible and thoughtful stewards of the Fund, acting for the exclusive benefit of NYSTRS' members and beneficiaries.

This document serves as an outline of the priorities and process for effective stewardship of the fund. It articulates NYSTRS' belief on stewardship, the character of the fund, and offers guidelines for assessing and responding to risk in the fund.

II. Stewardship Belief

Responsible stewardship includes:

- Making prudent investment choices, consistent with our fiduciary duties under a disciplined risk-controlled strategy.
- Promoting responsible corporate governance, consistent with our Duty of Loyalty to act for the exclusive benefit of NYSTRS' members and beneficiaries.
- Being active owners of public and private companies, including but not limited to:
 - Voting proxies.
 - Participating on Limited Partner Advisory Committees.
 - Capitalizing on the System's assets to achieve investment goals and objectives in a responsible manner.
- Collaborating with other institutional investors to harness collective influence in engagement efforts.
- Actively participating with external organizations to help shape future rules and regulations related to sustainable investing. (e.g., The International Financial Reporting Standards Foundation efforts to advocate for uniform reporting and disclosure templates)

NYSTRS also believes that the most significant contributor to a fund's long-term investment performance is asset allocation. As part of the asset allocation decision, NYSTRS is a universal owner of the global public markets, with a highly diversified, long-term portfolio. NYSTRS holds the following convictions about the capital markets:



Responsible Stewardship Policy

- Markets are generally efficient.
- Passive management provides broad, diversified exposure, while active management can yield benefits when the investment manager has an informational, technical or operational advantage.
- Alternative investments allow the System to expand the opportunity set beyond public markets and can be used as a return enhancer and risk diversifier.

III. Stewardship Policy

This policy sets forth the guidelines for identifying, assessing and addressing material risks through proxy voting and engagement with the companies, and, when all other reasonable options have been exhausted, divestment. These guidelines are consistent with NYSTRS' Investment Beliefs and memorialized in NYSTRS' Board Governance Manual.

The scope of this policy applies to the following categories:

- Public market investments where NYSTRS assets are internally managed, or held in a separately managed account and NYSTRS controls the investment guidelines
- Private market investments held in a separate account or partnership fund structure for which NYSTRS may exercise any negotiated opt-out rights for future relevant investments to protect against the types of financial risks identified in this policy

This policy generally excludes public market securities held in a commingled structure where NYSTRS does not control investment guidelines, or private market partnership fund structures where NYSTRS does not have opt-out rights.

a. Risk Identification

From time to time, the NYSTRS Board of Trustees will be asked to assess whether there are risks to the portfolio that should be addressed through engagement or potential divestment action, with a particular focus on risks for which NYSTRS does not reasonably expect to be compensated over the long term. In order for a risk to be considered at the Board level, NYSTRS' staff must have determined that the risk has quantifiable and material current and/or long-term financial impact on the Fund. Stakeholder issues brought to NYSTRS' attention also may be considered through this lens.

b. Analysis and Recommendation

NYSTRS' staff shall provide a comprehensive and balanced analysis of the risks for consideration by the Board's Investment Committee along with a recommendation regarding engagement and/or divestment. The analysis should evaluate the impact of any action on the System's investment portfolio, including transaction costs and potential for increased tracking error, consistent with fiduciary duty and NYSTRS' investment policies and objectives. The parameters of the analysis will include identifying the companies that may be subject to action, based on clearly established criteria.



Responsible Stewardship Policy

Recommendations approved by the Investment Committee shall be submitted to the Retirement Board for consideration and appropriate action.

c. Proxy Voting, Engagement and Divestment Process

NYSTRS staff will establish key performance indicators (KPI) that characterize an asset's risk exposure to the Fund. These KPIs will form the basis for evaluation of company performance to address and mitigate the risk. NYSTRS may address this risk in the following ways:

1. NYSTRS may restrict further investment in any company identified as having material exposure to the risk.
2. NYSTRS will vote proxies to promote responsible corporate policies and activities which enhance a corporation's financial prospects and to address the risks identified through the KPIs, and in accordance with Appendix A: Stock Proxy Voting.
3. NYSTRS may seek to directly engage with the company and/or file a shareholder proposal, including taking the following actions:
 - a. NYSTRS may send a letter to the senior management and/or the Board of Directors of the identified company that outlines NYSTRS' concerns regarding the risk and related KPIs, and which seeks a written response outlining the company's strategy to address the risk.
 - b. NYSTRS may request a meeting with corporate senior management to address and more fully understand the corporate strategy to address the risk.
 - c. NYSTRS may file a shareholder proposal with the company, seeking action by the company to address the risk in a timely manner.
 - d. NYSTRS may collaborate with other institutional investors in engagement efforts. This may include participation in sign-on statements, letter writing campaigns, dialogue with companies, co-filing shareholder proposals and building votes for proposals that support NYSTRS' stewardship objectives.
4. NYSTRS may consider for divestment any company that continues to fail to address the identified risk after engagement steps have been taken, or when engagement has not resulted in a meaningful risk mitigation plan.
5. NYSTRS may consider for divestment any company that it determines, based on thorough due diligence, has a quantifiable and material current and/or potential negative financial impact on the Fund that cannot be resolved through engagement.



Responsible Stewardship Policy

IV. Divestment

A decision to divest is at the discretion of the Board, consistent with applicable fiduciary standards and statutory and regulatory requirements. In general, any company considered for divestment will be evaluated on the basis of the Board's overriding fiduciary responsibilities and with consideration for the economic risks presented to the System. If the Board determines engagement would be futile or the Board believes it has exhausted all practicable engagement options without achieving satisfactory progress or resolution, the Board may consider divestment. Evaluation of a divestment decision will be based on information provided by Staff, investment consultants, investment managers and/or other third parties such as market research services. The Board shall also obtain advice from outside fiduciary counsel and/or its general counsel on whether a divestment initiative is consistent with fiduciary standards.

Analysis may include:

- The investment impact of divestment on characteristics such as return and risk, including portfolio standard deviation and tracking error;
- The investment impact of divestment on portfolio characteristics using holdings-based analysis, including security-level diversification, sector-level diversification, investment style exposures, and factor exposures;
- The anticipated transaction costs and timeline required for prudent divestment;
- The ability to maintain sufficient diversification on an ex-post basis, including where the proceeds of divested securities may be invested to maintain comparable or equivalent risk-return characteristics;
- Whether divestment is consistent with the System's investment policy and objectives.

NYSTRS Staff, in consultation with System investment managers and investment consultants, will evaluate whether custom or substitute benchmarks should be instituted at the total fund, asset class, sub-asset class, and/or manager level to reflect the reduced opportunity set resulting from the divestment. Any use of custom or substitute benchmarks shall require Board approval.

V. Divestment Execution

A final Board resolution approving a divestment initiative shall describe the scope and conditions of the divestment, including the investment criteria upon which the divestment decision was made, and may include specifications regarding the projected divestment timeline, the duration of the divestment period, the asset class(es) and investment strategies impacted, and where assets may be reinvested in the near and long-term, depending on the scope of the divestment.

Staff will communicate restrictions and/or divestment decisions to external managers and monitor the investment managers' compliance.



Responsible Stewardship Policy

Staff will report back to the Board once divestment has been completed.

VI. Ongoing Monitoring

Staff will provide a status update regarding engagement efforts and a current list of approved divestments to the Board annually, which may include relevant risk and return performance impacts resulting from the divestment and any developments indicating that such risks have been or are being mitigated.

Staff may provide interim updates more frequently, upon request from the Board. Staff also may recommend to the Board changes in any divestment action to reflect a change in circumstances affecting the divested company.



Responsible Stewardship Policy

VII. Responsibilities and Controls

Responsible Party	Action
Chief Risk Officer	<ul style="list-style-type: none">• Quantify systemwide exposure to identified risk• Maintain and periodically update internal list of companies that fall under restriction and/or divestment criteria• Contribute to analysis of potential impact of identified risk on NYSTRS' investment portfolio• Participate in engagement efforts• Monitor compliance with divestment and/or restriction criteria
System Investment Managing Directors	<ul style="list-style-type: none">• Analyze and report on potential impact of identified risk• Implement divestment and/or restriction criteria• Communicate with external managers on divestment and/or restriction criteria• Monitor compliance with divestment and/or restriction criteria• Report on performance impact from divestment and/or restriction criteria• Participate in engagement efforts
Investment Operations Department	<ul style="list-style-type: none">• Monitor compliance with divestment and/or restriction criteria• Contribute proxy voting data for engagement efforts and reporting• Ensure proxies are voted in line with the stock proxy voting policy and engagement efforts• Participate in engagement efforts



Responsible Stewardship Policy

<p>Office of the General Counsel</p>	<ul style="list-style-type: none">• Act as liaison with outside attorneys as necessary• Act as liaison with Legislative stakeholders as necessary• Participate in and provide legal advice on engagement efforts and other stewardship initiatives as necessary
<p>Senior Advisor to the Executive Director and Chief Investment Officer - Stewardship</p>	<ul style="list-style-type: none">• Develop, document and implement procedures and processes related to the Systems' Responsible Stewardship program• Contribute to development and maintenance of divestment and/or restricted criteria• Coordinate all engagement and divestment efforts• Participate in engagement efforts• Ensure proxies are voted in line with the stock proxy voting policy and engagement efforts• Periodically provide reports to the Retirement Board on the System's Responsible Stewardship program
<p>Executive Director and Chief Investment Officer</p>	<ul style="list-style-type: none">• Provide recommendation to the Board on divestment



Responsible Stewardship Policy

Appendix A: Stock Proxy Voting

I. Introduction

Proxy voting is one facet of NYSTRS' investment stewardship program.

II. Purpose

The System's Stock Proxy Voting policy has been established to protect the System's long-term investment interests and to promote responsible corporate policies and activities which enhance a corporation's financial prospects.

III. Management Structure

The Stock Proxy Voting policy is administered internally by the Investment Operations Department in accordance with these guidelines.

When voting proxies for companies in the U.S. and Canada, NYSTRS will generally vote in accordance with the Proxy Voting Guidelines in Section IV below. When voting proxies for companies in other countries, NYSTRS will generally vote in accordance with the benchmark policy recommendations of NYSTRS' independent proxy advisor. Notwithstanding the foregoing, Complex issues which require additional consideration or those which do not fall within these relevant guidelines may be submitted to the System's Executive Director and Chief Investment Officer, or designee, who is authorized to exercise best judgment in voting such issues.

NYSTRS engages an independent proxy advisor to provide vote execution services, proxy research, analysis, and recommendations, and automation of NYSTRS voting policy to the extent possible.

NYSTRS may confer with the company, other investors, or obtain additional research as needed when casting votes.

IV. Proxy Voting Guidelines/Definitions

A proxy is a written power of attorney given by a shareholder of a corporation authorizing a specific vote on its behalf at corporate meetings. A proxy will normally pertain to election of members of the corporation's board of directors or to various resolutions submitted for shareholder approval.

When voting proxies, the System generally supports corporate management if management's position appears reasonable, is not detrimental to the long-range economic prospects of the company and does not tend to diminish or truncate the rights or prerogatives of shareholders.



Responsible Stewardship Policy

NYSTRS will withhold support from proposals when:

1. The underlying factors are not reasonably deemed material to the company or its operations
2. The company already substantially complies with the resolution
3. The cost outweighs the benefit, or the request is otherwise not reasonable

Proxy proposals are divided into the following general categories: management issues, executive compensation, shareholder rights, anti-takeover measures, environmental, and social issues.

A. **Management Issues:** Management issues which involve routine corporate operational and administrative issues are generally voted with management.

1. **Auditors:** Companies are not legally required to allow shareholders to ratify the selection of auditors. However, even if not required, many companies seek shareholder ratification of auditors. The most important issue relating to auditor selection is the independence of the auditing process. The auditor's independence from the firm being audited reduces the potential for abuse. The SEC has defined "independent" as an accountant's ability to exercise "objective and impartial judgment on all issues encompassed within the accountant's engagement." The System will not ratify an auditor if independence has been impaired or any of the following conditions exist:
 - a. Non-audit fees exceed audit fees
 - b. There was a previous failure to detect a material internal control weakness
 - c. The contract between the company and the auditor has provisions that would fully prevent or otherwise limit the company's ability to seek relief for damages by any means permissible by law
2. **Annual Meetings:** Issues relative to the general logistics of annual meetings such as location, time, frequency, selection of firms to count ballots, etc., are reviewed on a case-by-case basis.
3. **Corporate Contributions:** The System supports the concept of corporate philanthropy, when such philanthropy is in the best interests of the corporation and general public.
4. **Board Related Matters:**



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Boards are responsible for oversight and management of material risks faced by the company; significant risks and controversies and the company's efforts to address them should be disclosed.

Boards should respond meaningfully to shareholder concerns supported by a simple majority of shareholder votes cast and should be willing to engage with shareholders on significant issues.

Boards should oversee and disclose the company's political and charitable contributions and its lobbying activity and ensure alignment with the company's stated policies and objectives.

Requirements for Board membership are, within reason, considered a management prerogative and the System generally supports management's candidates for Board membership. The System believes an independent and diverse Board of Directors with members selected outside of management is beneficial to the overall effectiveness of corporate operations and supports proposals calling for outside directors.

The System generally votes for shareholder proposals asking that the Chairman of the Board and CEO positions be separate unless the company has a strong countervailing governance structure, such as a designated lead director elected by and from the independent Board members with clearly delineated duties that provides oversight of the CEO.

Votes should be withheld from directors that fail to adequately fulfill assigned duties, including the general responsibilities of the Board as outlined above, as well as those directors that:

- a. Attend less than seventy-five percent (75%) of the board and committee meetings without a valid excuse for the absences
- b. Implement or renew a poison pill without shareholder approval
- c. Have failed to act on takeover offers when the majority of shares have been tendered
- d. Are not independent and sit on the audit, compensation, stock option, nominating or other committee which should be comprised solely of independent directors
- e. Engage in significant related-party transactions with the company or have interlocking relationships which appear to affect their objectivity
- f. Serve on more than four (4) other public company boards or serve on two (2) other public company boards while serving as a chief executive at a public company



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- g. Serve as chair of the nominating or governance committee and:
 - i. Diversity is not considered when nominating directors
 - ii. There are no women or diverse candidates on the company's board and no timetable provided to address the issue
 - iii. Board demographic data has been requested but not disclosed
 - iv. There is no independent chair or assigned independent lead director and countervailing governance structure
 - v. Nominate directors to the audit, compensation or nominating committee that are not independent
- h. Serve as chair of the audit committee when there were material misstatements, material weaknesses or restated financials due to lack of controls
- i. Serve as chair of the compensation committee during a time of executive pay practices receiving a poor grade for performance from the System's independent advisory service

While the System does not feel ownership of stock in a corporation is necessary for Board membership, the System does support reasonable stock ownership plans for directors.

- 5. Stakeholder Proposals: Stakeholder proposals permit directors, when taking action, to weigh the interest of constituencies other than shareholders in the process of corporate decision making. These proposals allow directors to consider nearly any factor they deem relevant in discharging their duties.

The System does not support "stakeholder proposals" which give corporations broad discretion when considering business propositions. "Stakeholder proposals" can easily result in the replacement of shareholder rights by the interests of other constituencies and the System believes the interests of the shareholder should retain primacy.

- 6. Preemptive Rights: The System generally does not favor the maintenance or restoration of preemptive rights. Preemptive rights require a corporation to offer rights to existing shareholders when new shares are issued, allowing these shareholders to retain the same ownership percentage. The System feels, in an era of high capitalization, little purpose is served by preemptive rights and providing such rights is costly to the companies.



Responsible Stewardship Policy

7. Linked or Bundled Proposals: The System does not support proposals which link unrelated issues or bundle multiple issues in one proposal. These proposals often link or bundle proposals that benefit the shareholder with proposals that do not.
 8. Limiting of Liability and Increasing Indemnification: The System favors management's right to limit the liability of, and to increase indemnification for, its directors.
 9. Increased Authorized Common Stock: The System will support authorization for additional common stock when required for financing or other legitimate corporate purposes. Generally, the System opposes increases of more than one hundred percent (100%) of the authorized shares.
- B. Executive Compensation: The System generally supports management's right to provide compensation plans intended to motivate management unless a shareholder resolution is submitted to correct an obvious abuse in executive compensation.

Under provisions of Dodd-Frank implemented in 2011, shareholders now have non-binding advisory votes related to both the amount of executive compensation (Say-On-Pay) and the frequency of intervals of such voting (Say-On-Frequency). The System supports Say-On-Pay votes which occur at one-year intervals.

1. Performance Measures: The System supports reasonable compensation programs which are tied to objective performance measures.
 - a. To be considered reasonable, the compensation package must not be excessive in terms of incentives for superior performance on an absolute basis or relative to industry peers.
 - b. The measure should include relevant sustainability performance objectives; these objectives and the rationale for selecting them should be disclosed.
 - c. The System will vote against executive pay proposals that are given a poor grade for performance by the System's independent advisory service.
2. Stock Option Plans: The System believes stock option plans should be used solely for the purpose of motivating corporate personnel. The following are various types of stock option plans and the System's position on each.
 - a. The System generally supports reasonable incentive stock option plans predicated on individual performance.
 - b. The System supports reasonable stock options to outside directors.

**Responsible Stewardship Policy**

- c. The System generally supports employee stock option plans available to all employees offered at no less than eighty-five percent (85%) of market price.
 - d. A plan with a four percent (4%) shareholder dilution, or less, is usually supported. Shareholder dilution in excess of 4% is not supported except in cases where dilution is capped and consideration given to extenuating factors such as company size, performance and executives' compensation.
 - e. The System does not support option plans to key personnel offered at below market price.
 - f. The System does not support corporate loans to key personnel to purchase stock options.
 - g. The System does not support providing broad authority to a company's Compensation Committee to grant incentive programs. This broad authority usually bypasses shareholder approval.
 - h. The System supports certain stock option plans which offer stock appreciation rights. Those plans allow individuals to receive the difference between the option and the market price without acquiring ownership of the stock.
 - i. The System does not support stock options which allow pyramiding. Pyramiding is a form of cashless exercise, similar to stock appreciation rights. It involves repeated simultaneous exchanges of an individual's existing appreciated shares for a larger number of new shares under the option plan.
 - j. The System does not support a compensation plan that permits the repricing of underwater stock options without seeking shareholder approval.
3. Change of Control Payments (Golden Parachutes): Change of Control Payments are compensation arrangements that pay corporate managers after they leave their positions. The System opposes unusually favorable compensation structures established in advance of the sale of a company.
4. Golden Coffins: A Golden Coffin is a death-benefit package awarded to the heirs of high-ranking executives who die while still employed with a company. The System opposes Golden Coffins and other payment structures not tied to actual service to the Company.
- C. Shareholder Rights: The System does not support management proposals which tend to limit or diminish the System's rights as a shareholder.
- 1. Confidential Voting: The System supports shareholder resolutions calling for secret ballots.



Responsible Stewardship Policy

2. Cumulative Voting: The System votes for shareholder resolutions to establish cumulative voting for directors and against management proposals to end existing cumulative voting plans. Most corporations provide that shareholders are entitled to cast one (1) vote for each director for each share owned, the so-called “one share, one vote” standard. Cumulative voting for directors permits shareholders to distribute the total number of votes in any manner when electing directors.
 3. Unequal Voting Rights Plan: The System opposes any proposal to establish unequal voting rights plans since they tend to reduce the voting power of public shareholders and enhance the control of management.
 4. Bylaw Amendments: Generally, shareholders have the right to propose amendments to a company’s bylaws unless prohibited by the charter. Some companies have adopted provisions to limit or eliminate the right of shareholders to propose bylaw amendments. The System opposes any proposal to limit or eliminate shareholder rights to propose bylaw amendments.
 5. Charter/Certificate of Incorporation: The System does not support proposals by management to change the state of incorporation in order to take advantage of laws more favorable to management interests as opposed to shareholder interests.
 6. Access to Management’s Proxy: The System generally supports proposals which ask management to allow large shareholders equal access to management’s proxy in order to discuss and evaluate management’s director nominees and/or nominate and discuss shareholders nominees to the board. The System is generally in favor of resolutions that reform access, provide disclosures to identify sponsors of shareholder resolutions and especially efforts on behalf of shareholders with the SEC to achieve access to management proxies.
 7. Special Meetings and Written Consent: Shareholders should be able to call special meetings or act by written consent.
- D. Anti-Takeover Measures:
1. Classified Boards: A classified board is one in which the directors are divided into separate classes, with one class of directors elected each year, thus providing for staggered terms. The only real motive for board classification is to make it more difficult to change control of the board.

The System opposes the creation of staggered or classified boards and votes against management efforts to create them and in favor of shareholder proposals to abolish them.



Responsible Stewardship Policy

2. Fair Price Provisions: Fair price provisions prevent two-tier offers in which a buyer offers a premium price for only enough shares to obtain a controlling interest of a company. The common requirement of a “fair price” is to pay minority shareholders at least as much per share as the offeror paid to gain a controlling position of the company.

The System supports fair price provisions provided no other anti-takeover provision is included. Quite often, fair price provisions require a supermajority vote to circumvent the pricing guidelines. The System will vote against the provisions with supermajorities proposed by management and for shareholder resolutions to reduce supermajority percentages.

3. Greenmail: When a company’s management buys back a block of the company’s stock held by a shareholder deemed to be a “threat” to the company (or to management’s tenure), the transaction is often called the payment of greenmail. The System opposes the payment of greenmail and supports shareholder resolutions to end this practice.
4. Poison Pills (Shareholder Rights Plans): Poison pills are a wide variety of provisions adopted by boards, without shareholder approval, to make it financially unattractive for a shareholder to purchase more than a small percentage of the company’s stock. The System:
 - a. Supports shareholder resolutions calling for corporations to submit Poison Pills to shareholder votes
 - b. Generally supports shareholder resolutions calling for corporations to rescind Poison Pills
 - c. Opposes management proposals to create Poison Pills when submitted to a vote
 - d. Will review company proposals to determine if they might benefit shareholders over the long run, especially for chewable pills. A chewable pill is a poison pill defense clause that gives common stock shareholders the right to revoke the pill in the face of a bona fide takeover offer, or which automatically nullifies the pill if the offer meets certain predefined criteria.
5. Stock Authorization Increasing Authorized Common or Preferred Shares: The System does not support such increases when the increased stock is issued in a private placement as an anti-takeover measure. The System also opposes any type of increase in blank check preferred stock.

E. Environmental Issues:

1. Companies should disclose the environmental sustainability policies and practices most closely tied to the company’s ability to create long-term value for investors.



Responsible Stewardship Policy

2. Significant risks and opportunities related to climate change and other environmental factors should be disclosed, as well as how the company identifies, measures and manages these risks and opportunities. These risks should include relevant physical and transition risks and opportunities.
3. Companies with significant GHG emissions or other negative environmental impacts should disclose plans for transitioning to a more sustainable business model, including GHG emissions and explicit reduction targets where such emissions are material.

F. Social Issues:

1. Animal Testing: The System votes on a case-by-case basis on proposals to restrict the use of animals in product testing.
2. Economic Conversion: The System does not support shareholder resolutions asking companies to report on plans to diversify or convert to the production of civilian goods and services in lieu of military production. We believe this should be a management decision.
3. Human Rights and Human Capital Management:
 - a. The System supports reasonable requests for corporate accountability related to human rights and human capital management.
 - b. Companies should disclose their diversity, equity and inclusion policies, efforts to promote a diverse, equitable and inclusive culture, and workforce demographics.
 - c. Significant risks and opportunities related to human capital management and human rights factors, and the impact on its operations and products should be disclosed, as well as how the company identifies, measures and manages these risks and opportunities.

V. Risk Management

NYSTRS engages an external proxy advisor to provide, among other things, analysis and recommendations on proxy matters and automation of the policy to ensure votes are cast consistently with these guidelines.

VI. Communications

The Investment Operations Department will provide a report to the Retirement Board annually showing the number of proxies voted by category and how the System voted (for or against).



NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
INVESTMENT POLICY MANUAL

Responsible Stewardship Policy



Responsible Stewardship Policy

VII. Responsibilities & Controls

Responsible Party	Action
Investment Operations Department	<ol style="list-style-type: none">1. Receive Proxy Statement from company and proxy materials from proxy advisory service2. Review proxy materials3. Request guidance from the System's Executive Director and Chief Investment Officer or designee, for complex issues which require additional consideration or those which do not fall within these guidelines4. Vote proxies according to guidelines5. Prepare proxy report for the Board annually6. Semi-annually, disclose the System's proxy voting record for domestic and Canadian portfolios.
Retirement Board	<ol style="list-style-type: none">7. Review proxy voting guidelines annually8. Review annual proxy report received from the Investment Operations Department9. Provide oversight to ensure alignment of proxy voting policy with NYSTRS' investment beliefs
Executive Director and Chief Investment Officer or designee	<ol style="list-style-type: none">10. Provide guidance to the Investment Operations Department on complex issues that require additional consideration or are not clearly defined in the proxy guidelines



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Responsible Stewardship Policy

I. Introduction

NYSTRS' Retirement Board developed Investment Beliefs to provide a consistent and transparent framework to guide NYSTRS' investment decision-making processes.

As fiduciaries, NYSTRS must be responsible and thoughtful stewards of the Fund, acting for the exclusive benefit of NYSTRS' members and beneficiaries.

This document serves as an outline of the priorities and process for effective stewardship of the fund. It articulates NYSTRS' belief on stewardship, the character of the fund, and offers guidelines for assessing and responding to risk in the fund.

II. Stewardship Belief

Responsible stewardship includes:

- Making prudent investment choices, consistent with our fiduciary duties under a disciplined risk-controlled strategy.
- Promoting responsible corporate governance, consistent with our Duty of Loyalty to act for the exclusive benefit of NYSTRS' members and beneficiaries.
- Being active owners of public and private companies, including but not limited to:
 - Voting proxies.
 - Participating on Limited Partner Advisory Committees.
 - Capitalizing on the System's assets to achieve investment goals and objectives in a responsible manner.
- Collaborating with other institutional investors to harness collective influence in engagement efforts.
- Actively participating with external organizations to help shape future rules and regulations related to sustainable investing. (e.g., The International Financial Reporting Standards Foundation efforts to advocate for uniform reporting and disclosure templates)

NYSTRS also believes that the most significant contributor to a fund's long-term investment performance is asset allocation. As part of the asset allocation decision, NYSTRS is a universal owner of the global public markets, with a highly diversified, long-term portfolio. NYSTRS holds the following convictions about the capital markets:



Responsible Stewardship Policy

- Markets are generally efficient.
- Passive management provides broad, diversified exposure, while active management can yield benefits when the investment manager has an informational, technical or operational advantage.
- Alternative investments allow the System to expand the opportunity set beyond public markets and can be used as a return enhancer and risk diversifier.

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This policy sets forth the guidelines for identifying, assessing and addressing material risks through proxy voting and engagement with the companies, and, when all other reasonable options have been exhausted, divestment. These guidelines are consistent with NYSTRS' Investment Beliefs and memorialized in NYSTRS' Board Governance Manual.

The scope of this policy applies to the following categories:

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This policy generally excludes public market securities held in a commingled structure where NYSTRS does not control investment guidelines, or private market partnership fund structures where NYSTRS does not have opt-out rights.

a. Risk Identification

From time to time, the NYSTRS Board of Trustees will be asked to assess whether there are risks to the portfolio that should be addressed through engagement or potential divestment action, with a particular focus on risks for which NYSTRS does not reasonably expect to be compensated over the long term. In order for a risk to be considered at the Board level, NYSTRS' staff must have determined that the risk has quantifiable and material current and/or long-term financial impact on the Fund. Stakeholder issues brought to NYSTRS' attention also may be considered through this lens.

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NYSTRS' staff shall provide a comprehensive and balanced analysis of the risks for consideration by the Board's Investment Committee along with a recommendation regarding engagement and/or divestment. The analysis should evaluate the impact of any action on the System's investment portfolio, including transaction costs and potential for increased tracking error, consistent with fiduciary duty and NYSTRS' investment policies and objectives. The parameters of the analysis will include identifying the companies that may be subject to action, based on clearly established criteria.



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Recommendations approved by the Investment Committee shall be submitted to the Retirement Board for consideration and appropriate action.

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NYSTRS staff will establish key performance indicators (KPI) that characterize an asset's risk exposure to the Fund. These KPIs will form the basis for evaluation of company performance to address and mitigate the risk. NYSTRS may address this risk in the following ways:

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 - a. NYSTRS may send a letter to the senior management and/or the Board of Directors of the identified company that outlines NYSTRS' concerns regarding the risk and related KPIs, and which seeks a written response outlining the company's strategy to address the risk.
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4. NYSTRS may consider for divestment any company that continues to fail to address the identified risk after engagement steps have been taken, or when engagement has not resulted in a meaningful risk mitigation plan.
5. NYSTRS may consider for divestment any company that it determines, based on thorough due diligence, has a quantifiable and material current and/or potential negative financial impact on the Fund that cannot be resolved through engagement.



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IV. Divestment

A decision to divest is at the discretion of the Board, consistent with applicable fiduciary standards and statutory and regulatory requirements. In general, any company considered for divestment will be evaluated on the basis of the Board's overriding fiduciary responsibilities and with consideration for the economic risks presented to the System. If the Board determines engagement would be futile or the Board believes it has exhausted all practicable engagement options without achieving satisfactory progress or resolution, the Board may consider divestment. Evaluation of a divestment decision will be based on information provided by Staff, investment consultants, investment managers and/or other third parties such as market research services. The Board shall also obtain advice from outside fiduciary counsel and/or its general counsel on whether a divestment initiative is consistent with fiduciary standards.

Analysis may include:

- The investment impact of divestment on characteristics such as return and risk, including portfolio standard deviation and tracking error;
- The investment impact of divestment on portfolio characteristics using holdings-based analysis, including security-level diversification, sector-level diversification, investment style exposures, and factor exposures;
- The anticipated transaction costs and timeline required for prudent divestment;
- The ability to maintain sufficient diversification on an ex-post basis, including where the proceeds of divested securities may be invested to maintain comparable or equivalent risk-return characteristics;
- Whether divestment is consistent with the System's investment policy and objectives.

NYSTRS Staff, in consultation with System investment managers and investment consultants, will evaluate whether custom or substitute benchmarks should be instituted at the total fund, asset class, sub-asset class, and/or manager level to reflect the reduced opportunity set resulting from the divestment. Any use of custom or substitute benchmarks shall require Board approval.

V. Divestment Execution

A final Board resolution approving a divestment initiative shall describe the scope and conditions of the divestment, including the investment criteria upon which the divestment decision was made, and may include specifications regarding the projected divestment timeline, the duration of the divestment period, the asset class(es) and investment strategies impacted, and where assets may be reinvested in the near and long-term, depending on the scope of the divestment.

Staff will communicate restrictions and/or divestment decisions to external managers and monitor the investment managers' compliance.



Responsible Stewardship Policy

Staff will report back to the Board once divestment has been completed.

VI. Ongoing Monitoring

Staff will provide a status update regarding engagement efforts and a current list of approved divestments to the Board annually, which may include relevant risk and return performance impacts resulting from the divestment and any developments indicating that such risks have been or are being mitigated.

Staff may provide interim updates more frequently, upon request from the Board. Staff also may recommend to the Board changes in any divestment action to reflect a change in circumstances affecting the divested company.



Responsible Stewardship Policy

VII. Responsibilities and Controls

Responsible Party	Action
Chief Risk Officer	<ul style="list-style-type: none">• Quantify systemwide exposure to identified risk• Maintain and periodically update internal list of companies that fall under restriction and/or divestment criteria• Contribute to analysis of potential impact of identified risk on NYSTRS' investment portfolio• Participate in engagement efforts• Monitor compliance with divestment and/or restriction criteria
System Investment Managing Directors	<ul style="list-style-type: none">• Analyze and report on potential impact of identified risk• Implement divestment and/or restriction criteria• Communicate with external managers on divestment and/or restriction criteria• Monitor compliance with divestment and/or restriction criteria• Report on performance impact from divestment and/or restriction criteria• Participate in engagement efforts
Investment Operations Department	<ul style="list-style-type: none">• Monitor compliance with divestment and/or restriction criteria• Contribute proxy voting data for engagement efforts and reporting• Ensure proxies are voted in line with the stock proxy voting policy and engagement efforts• Participate in engagement efforts



Responsible Stewardship Policy

<p>Office of the General Counsel</p>	<ul style="list-style-type: none">• Act as liaison with outside attorneys as necessary• Act as liaison with Legislative stakeholders as necessary• Participate in and provide legal advice on engagement efforts and other stewardship initiatives as necessary
<p>Senior Advisor to the Executive Director and Chief Investment Officer - Stewardship</p>	<ul style="list-style-type: none">• Develop, document and implement procedures and processes related to the Systems' Responsible Stewardship program• Contribute to development and maintenance of divestment and/or restricted criteria• Coordinate all engagement and divestment efforts• Participate in engagement efforts• Ensure proxies are voted in line with the stock proxy voting policy and engagement efforts• Periodically provide reports to the Retirement Board on the System's Responsible Stewardship program
<p>Executive Director and Chief Investment Officer</p>	<ul style="list-style-type: none">• Provide recommendation to the Board on divestment



Responsible Stewardship Policy

Appendix A: Stock Proxy Voting

I. Introduction

Proxy voting is one facet of NYSTRS' investment stewardship program.

II. Purpose

The System's Stock Proxy Voting policy has been established to protect the System's long-term investment interests and to promote responsible corporate policies and activities which enhance a corporation's financial prospects.

III. Management Structure

The Stock Proxy Voting policy is administered internally by the Investment Operations Department in accordance with these guidelines.

When voting proxies for companies in the U.S. and Canada, NYSTRS will generally vote in accordance with the Proxy Voting Guidelines in Section IV below. When voting proxies for companies in other countries, NYSTRS will generally vote in accordance with the benchmark policy recommendations of NYSTRS' independent proxy advisor. Notwithstanding the foregoing, complex issues which require additional consideration or those which do not fall within the relevant guidelines may be submitted to the System's Executive Director and Chief Investment Officer, or designee, who is authorized to exercise best judgment in voting such issues.

NYSTRS engages an independent proxy advisor to provide vote execution services, proxy research, analysis, and recommendations, and automation of NYSTRS voting policy to the extent possible.

NYSTRS may confer with the company, other investors, or obtain additional research as needed when casting votes.

IV. Proxy Voting Guidelines/Definitions

A proxy is a written power of attorney given by a shareholder of a corporation authorizing a specific vote on its behalf at corporate meetings. A proxy will normally pertain to election of members of the corporation's board of directors or to various resolutions submitted for shareholder approval.

When voting proxies, the System generally supports corporate management if management's position appears reasonable, is not detrimental to the long-range economic prospects of the company and does not tend to diminish or truncate the rights or prerogatives of shareholders.



Responsible Stewardship Policy

NYSTRS will withhold support from proposals when:

1. The underlying factors are not reasonably deemed material to the company or its operations
2. The company already substantially complies with the resolution
3. The cost outweighs the benefit, or the request is otherwise not reasonable

Proxy proposals are divided into the following general categories: management issues, executive compensation, shareholder rights, anti-takeover measures, environmental, and social issues.

A. **Management Issues:** Management issues which involve routine corporate operational and administrative issues are generally voted with management.

1. **Auditors:** Companies are not legally required to allow shareholders to ratify the selection of auditors. However, even if not required, many companies seek shareholder ratification of auditors. The most important issue relating to auditor selection is the independence of the auditing process. The auditor's independence from the firm being audited reduces the potential for abuse. The SEC has defined "independent" as an accountant's ability to exercise "objective and impartial judgment on all issues encompassed within the accountant's engagement." The System will not ratify an auditor if independence has been impaired or any of the following conditions exist:
 - a. Non-audit fees exceed audit fees
 - b. There was a previous failure to detect a material internal control weakness
 - c. The contract between the company and the auditor has provisions that would fully prevent or otherwise limit the company's ability to seek relief for damages by any means permissible by law
2. **Annual Meetings:** Issues relative to the general logistics of annual meetings such as location, time, frequency, selection of firms to count ballots, etc., are reviewed on a case-by-case basis.
3. **Corporate Contributions:** The System supports the concept of corporate philanthropy, when such philanthropy is in the best interests of the corporation and general public.
4. **Board Related Matters:**



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Boards are responsible for oversight and management of material risks faced by the company; significant risks and controversies and the company's efforts to address them should be disclosed.

Boards should respond meaningfully to shareholder concerns supported by a simple majority of shareholder votes cast and should be willing to engage with shareholders on significant issues.

Boards should oversee and disclose the company's political and charitable contributions and its lobbying activity and ensure alignment with the company's stated policies and objectives.

Requirements for Board membership are, within reason, considered a management prerogative and the System generally supports management's candidates for Board membership. The System believes an independent and diverse Board of Directors with members selected outside of management is beneficial to the overall effectiveness of corporate operations and supports proposals calling for outside directors.

The System generally votes for shareholder proposals asking that the Chairman of the Board and CEO positions be separate unless the company has a strong countervailing governance structure, such as a designated lead director elected by and from the independent Board members with clearly delineated duties that provides oversight of the CEO.

Votes should be withheld from directors that fail to adequately fulfill assigned duties, including the general responsibilities of the Board as outlined above, as well as those directors that:

- a. Attend less than seventy-five percent (75%) of the board and committee meetings without a valid excuse for the absences
- b. Implement or renew a poison pill without shareholder approval
- c. Have failed to act on takeover offers when the majority of shares have been tendered
- d. Are not independent and sit on the audit, compensation, stock option, nominating or other committee which should be comprised solely of independent directors
- e. Engage in significant related-party transactions with the company or have interlocking relationships which appear to affect their objectivity
- f. Serve on more than four (4) other public company boards or serve on two (2) other public company boards while serving as a chief executive at a public company



Responsible Stewardship Policy

- g. Serve as chair of the nominating or governance committee and:
 - i. Diversity is not considered when nominating directors
 - ii. There are no women or diverse candidates on the company's board and no timetable provided to address the issue
 - iii. Board demographic data has been requested but not disclosed
 - iv. There is no independent chair or assigned independent lead director and countervailing governance structure
 - v. Nominate directors to the audit, compensation or nominating committee that are not independent
- h. Serve as chair of the audit committee when there were material misstatements, material weaknesses or restated financials due to lack of controls
- i. Serve as chair of the compensation committee during a time of executive pay practices receiving a poor grade for performance from the System's independent advisory service

While the System does not feel ownership of stock in a corporation is necessary for Board membership, the System does support reasonable stock ownership plans for directors.

- 5. Stakeholder Proposals: Stakeholder proposals permit directors, when taking action, to weigh the interest of constituencies other than shareholders in the process of corporate decision making. These proposals allow directors to consider nearly any factor they deem relevant in discharging their duties.

The System does not support "stakeholder proposals" which give corporations broad discretion when considering business propositions. "Stakeholder proposals" can easily result in the replacement of shareholder rights by the interests of other constituencies and the System believes the interests of the shareholder should retain primacy.

- 6. Preemptive Rights: The System generally does not favor the maintenance or restoration of preemptive rights. Preemptive rights require a corporation to offer rights to existing shareholders when new shares are issued, allowing these shareholders to retain the same ownership percentage. The System feels, in an era of high capitalization, little purpose is served by preemptive rights and providing such rights is costly to the companies.



Responsible Stewardship Policy

7. Linked or Bundled Proposals: The System does not support proposals which link unrelated issues or bundle multiple issues in one proposal. These proposals often link or bundle proposals that benefit the shareholder with proposals that do not.
 8. Limiting of Liability and Increasing Indemnification: The System favors management's right to limit the liability of, and to increase indemnification for, its directors.
 9. Increased Authorized Common Stock: The System will support authorization for additional common stock when required for financing or other legitimate corporate purposes. Generally, the System opposes increases of more than one hundred percent (100%) of the authorized shares.
- B. Executive Compensation: The System generally supports management's right to provide compensation plans intended to motivate management unless a shareholder resolution is submitted to correct an obvious abuse in executive compensation.

Under provisions of Dodd-Frank implemented in 2011, shareholders now have non-binding advisory votes related to both the amount of executive compensation (Say-On-Pay) and the frequency of intervals of such voting (Say-On-Frequency). The System supports Say-On-Pay votes which occur at one-year intervals.

1. Performance Measures: The System supports reasonable compensation programs which are tied to objective performance measures.
 - a. To be considered reasonable, the compensation package must not be excessive in terms of incentives for superior performance on an absolute basis or relative to industry peers.
 - b. The measure should include relevant sustainability performance objectives; these objectives and the rationale for selecting them should be disclosed.
 - c. The System will vote against executive pay proposals that are given a poor grade for performance by the System's independent advisory service.
2. Stock Option Plans: The System believes stock option plans should be used solely for the purpose of motivating corporate personnel. The following are various types of stock option plans and the System's position on each.
 - a. The System generally supports reasonable incentive stock option plans predicated on individual performance.
 - b. The System supports reasonable stock options to outside directors.

**Responsible Stewardship Policy**

- c. The System generally supports employee stock option plans available to all employees offered at no less than eighty-five percent (85%) of market price.
 - d. A plan with a four percent (4%) shareholder dilution, or less, is usually supported. Shareholder dilution in excess of 4% is not supported except in cases where dilution is capped and consideration given to extenuating factors such as company size, performance and executives' compensation.
 - e. The System does not support option plans to key personnel offered at below market price.
 - f. The System does not support corporate loans to key personnel to purchase stock options.
 - g. The System does not support providing broad authority to a company's Compensation Committee to grant incentive programs. This broad authority usually bypasses shareholder approval.
 - h. The System supports certain stock option plans which offer stock appreciation rights. Those plans allow individuals to receive the difference between the option and the market price without acquiring ownership of the stock.
 - i. The System does not support stock options which allow pyramiding. Pyramiding is a form of cashless exercise, similar to stock appreciation rights. It involves repeated simultaneous exchanges of an individual's existing appreciated shares for a larger number of new shares under the option plan.
 - j. The System does not support a compensation plan that permits the repricing of underwater stock options without seeking shareholder approval.
3. Change of Control Payments (Golden Parachutes): Change of Control Payments are compensation arrangements that pay corporate managers after they leave their positions. The System opposes unusually favorable compensation structures established in advance of the sale of a company.
4. Golden Coffins: A Golden Coffin is a death-benefit package awarded to the heirs of high-ranking executives who die while still employed with a company. The System opposes Golden Coffins and other payment structures not tied to actual service to the Company.
- C. Shareholder Rights: The System does not support management proposals which tend to limit or diminish the System's rights as a shareholder.
- 1. Confidential Voting: The System supports shareholder resolutions calling for secret ballots.



Responsible Stewardship Policy

2. Cumulative Voting: The System votes for shareholder resolutions to establish cumulative voting for directors and against management proposals to end existing cumulative voting plans. Most corporations provide that shareholders are entitled to cast one (1) vote for each director for each share owned, the so-called "one share, one vote" standard. Cumulative voting for directors permits shareholders to distribute the total number of votes in any manner when electing directors.
3. Unequal Voting Rights Plan: The System opposes any proposal to establish unequal voting rights plans since they tend to reduce the voting power of public shareholders and enhance the control of management.
4. Bylaw Amendments: Generally, shareholders have the right to propose amendments to a company's bylaws unless prohibited by the charter. Some companies have adopted provisions to limit or eliminate the right of shareholders to propose bylaw amendments. The System opposes any proposal to limit or eliminate shareholder rights to propose bylaw amendments.
5. Charter/Certificate of Incorporation: The System does not support proposals by management to change the state of incorporation in order to take advantage of laws more favorable to management interests as opposed to shareholder interests.
6. Access to Management's Proxy: The System generally supports proposals which ask management to allow large shareholders equal access to management's proxy in order to discuss and evaluate management's director nominees and/or nominate and discuss shareholders nominees to the board. The System is generally in favor of resolutions that reform access, provide disclosures to identify sponsors of shareholder resolutions and especially efforts on behalf of shareholders with the SEC to achieve access to management proxies.
7. Special Meetings and Written Consent: Shareholders should be able to call special meetings or act by written consent.

D. Anti-Takeover Measures:

1. Classified Boards: A classified board is one in which the directors are divided into separate classes, with one class of directors elected each year, thus providing for staggered terms. The only real motive for board classification is to make it more difficult to change control of the board.

The System opposes the creation of staggered or classified boards and votes against management efforts to create them and in favor of shareholder proposals to abolish them.



Responsible Stewardship Policy

2. Fair Price Provisions: Fair price provisions prevent two-tier offers in which a buyer offers a premium price for only enough shares to obtain a controlling interest of a company. The common requirement of a “fair price” is to pay minority shareholders at least as much per share as the offeror paid to gain a controlling position of the company.

The System supports fair price provisions provided no other anti-takeover provision is included. Quite often, fair price provisions require a supermajority vote to circumvent the pricing guidelines. The System will vote against the provisions with supermajorities proposed by management and for shareholder resolutions to reduce supermajority percentages.

3. Greenmail: When a company’s management buys back a block of the company’s stock held by a shareholder deemed to be a “threat” to the company (or to management’s tenure), the transaction is often called the payment of greenmail. The System opposes the payment of greenmail and supports shareholder resolutions to end this practice.
4. Poison Pills (Shareholder Rights Plans): Poison pills are a wide variety of provisions adopted by boards, without shareholder approval, to make it financially unattractive for a shareholder to purchase more than a small percentage of the company’s stock. The System:
 - a. Supports shareholder resolutions calling for corporations to submit Poison Pills to shareholder votes
 - b. Generally supports shareholder resolutions calling for corporations to rescind Poison Pills
 - c. Opposes management proposals to create Poison Pills when submitted to a vote
 - d. Will review company proposals to determine if they might benefit shareholders over the long run, especially for chewable pills. A chewable pill is a poison pill defense clause that gives common stock shareholders the right to revoke the pill in the face of a bona fide takeover offer, or which automatically nullifies the pill if the offer meets certain predefined criteria.
5. Stock Authorization Increasing Authorized Common or Preferred Shares: The System does not support such increases when the increased stock is issued in a private placement as an anti-takeover measure. The System also opposes any type of increase in blank check preferred stock.

E. Environmental Issues:

1. Companies should disclose the environmental sustainability policies and practices most closely tied to the company’s ability to create long-term value for investors.



Responsible Stewardship Policy

2. Significant risks and opportunities related to climate change and other environmental factors should be disclosed, as well as how the company identifies, measures and manages these risks and opportunities. These risks should include relevant physical and transition risks and opportunities.
3. Companies with significant GHG emissions or other negative environmental impacts should disclose plans for transitioning to a more sustainable business model, including GHG emissions and explicit reduction targets where such emissions are material.

F. Social Issues:

1. Animal Testing: The System votes on a case-by-case basis on proposals to restrict the use of animals in product testing.
2. Economic Conversion: The System does not support shareholder resolutions asking companies to report on plans to diversify or convert to the production of civilian goods and services in lieu of military production. We believe this should be a management decision.
3. Human Rights and Human Capital Management:
 - a. The System supports reasonable requests for corporate accountability related to human rights and human capital management.
 - b. Companies should disclose their diversity, equity and inclusion policies, efforts to promote a diverse, equitable and inclusive culture, and workforce demographics.
 - c. Significant risks and opportunities related to human capital management and human rights factors, and the impact on its operations and products should be disclosed, as well as how the company identifies, measures and manages these risks and opportunities.

V. Risk Management

NYSTRS engages an external proxy advisor to provide, among other things, analysis and recommendations on proxy matters and automation of the policy to ensure votes are cast consistently with these guidelines.

VI. Communications

The Investment Operations Department will provide a report to the Retirement Board annually showing the number of proxies voted by category and how the System voted (for or against).



Responsible Stewardship Policy

VII. Responsibilities & Controls

Responsible Party	Action
Investment Operations Department	<ol style="list-style-type: none">1. Receive Proxy Statement from company and proxy materials from proxy advisory service2. Review proxy materials3. Request guidance from the System's Executive Director and Chief Investment Officer or designee, for complex issues which require additional consideration or those which do not fall within these guidelines4. Vote proxies according to guidelines5. Prepare proxy report for the Board annually6. Semi-annually, disclose the System's proxy voting record for domestic and Canadian portfolios.
Retirement Board	<ol style="list-style-type: none">7. Review proxy voting guidelines annually8. Review annual proxy report received from the Investment Operations Department9. Provide oversight to ensure alignment of proxy voting policy with NYSTRS' investment beliefs
Executive Director and Chief Investment Officer or designee	<ol style="list-style-type: none">10. Provide guidance to the Investment Operations Department on complex issues that require additional consideration or are not clearly defined in the proxy guidelines



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Global Equity Securities

I. Introduction

The System's global equity portfolio consists of actively managed strategies that may be structured as separate or commingled accounts, or a combination of the two.

II. Purpose

To maximize long-term total return within acceptable risk parameters while diversifying the overall System portfolio.

III. Performance Objective

A. Externally managed portfolios

The System's externally managed global equity portfolios are measured against the un-hedged MSCI All Country World Index ("MSCI ACWI") and are expected to exceed the return of the benchmark over a full market cycle.

B. Internally managed portfolios

The System currently has no internally managed global equity portfolios.

IV. Management Structure

The Executive Director and Chief Investment Officer or his designee is authorized to take certain actions as described in the "Delegation of Investment Authority" section of the Investment Policy Manual, which, among other things, sets forth the investment discretion duly delegated by the Retirement Board to the Executive Director and Chief Investment Officer or his designees.

The Managing Director of Public Equities, with the assistance of investment consultants as the Managing Director deems necessary, shall oversee the System's global public equity portfolios.

Pursuant to the Retirement Board's direction (based upon the investment consultant's recommendation) the allocation to global equities is intended to be 100% active.

1. Active managers actively manage country, currency, industry and security selection. If permitted by their investment guidelines, managers may use currency forwards, index futures, and exchange traded funds to actively manage country and currency exposures.
2. External investment managers may be engaged to operate as a manager of managers, hiring other external investment managers.



Global Equity Securities

3. The System's externally managed global equity portfolios may be managed in separate or commingled vehicles.
4. The System may engage in securities lending or invest in commingled funds that lend securities.
5. Commingled vehicles are maintained in the custody and safekeeping of the commingled funds' custodian banks, which may appoint one or more foreign entities as their agent to hold and register foreign securities.
6. Separate accounts are maintained in the custody and safekeeping of NYSTRS' custodian.

V. Legally Permissible Investments

The System's global equity portfolios may invest in both domestic and international securities and are, therefore, generally subject to the same legal criteria described in this Investment Policy Manual for domestic and international securities: See "Domestic Equity Securities-Legally Permissible Investments" and "International Equity Securities-Legally Permissible Investments."

VI. Risk Management

A. Market Risk:

1. Diversification: The System's global equity strategies contribute to the diversification of the overall System portfolio. The asset allocation target is 4% with an allowable range of 0 to 8%. Investing relative to the global equity policy benchmark (MSCI ACWI) helps diversify among a large universe of countries, currencies, stocks and industries. In addition, the System may invest in funds, or other approved investment vehicles, that use derivatives such as currency forwards and index futures to manage currency and country exposures, in accordance with their respective investment guidelines.
2. Careful selection of external investment managers, including consultation with an investment consultant as necessary to provide advice regarding the impact of various changes at the global equity manager's firm. (See Selection, Monitoring and Termination of External Investment Managers for Publicly Traded Securities.)

B. Political Risk: The System is exposed to the risk of nationalization or other unfavorable government action in the foreign countries in which it invests. This risk is mitigated to the extent possible by maintaining a well-diversified country exposure.



Global Equity Securities

- C. Operational Risk: The Communications and Responsibilities & Controls sections will delineate the measures implemented to control operational risks.

VII. Communications

A. Retirement Board Reporting:

1. The Investment Operations Department and master custodian (currently State Street Bank) provides a summary of performance.
2. The Public Equities investment team shall take such steps as are necessary to monitor investment performance.

B. External Investment Manager Reporting:

1. External investment managers shall provide monthly reports about the System's holdings/participation units, market values, income and performance.
2. External investment managers will report to the Investment Advisory Committee and/or the Retirement Board upon request.



Global Equity Securities

VIII. Responsibilities & Controls

Responsible Party	Action
<p><u>PROGRAM FUNDING:</u> Investment Operations Department</p>	<p>1. Prepare a twelve (12) month cash flow forecast for the Internal Investment Committee on a monthly basis. This forecast brings together cash available to invest with planned program investments and targeted asset allocations while contemplating the benefit payment and operational cash needs of the System. By focusing on significant sources or uses of cash, the Internal Investment Committee assures coordination of investment strategies, funding of annuitant benefits and adherence to asset allocation ranges and targets.</p>
<p>Managing Director of Public Equities or designee</p>	<p>2. Review the cash flow forecast and coordinate with asset allocation analysis to determine whether the rebalancing program will incorporate further funding, status quo, or a sell program. This analysis is coordinated with the Executive Director and Chief Investment Officer.</p> <p>3. Instruct the Investment Operations Department via warrant to disburse funds to external investment managers as authorized. Warrants are automatically posted to the General Ledger and retained electronically.</p>
<p>Authorized Signatory</p>	<p>4. Authorize warrants to disburse funds.</p>
<p><u>INVESTMENT PROCESS:</u> <u>(External Management)</u> External Investment Managers</p>	<p>5. As fiduciaries for the System and in compliance with System policies and governing agreements, manage the global equity portfolios on a day-to-day basis according to the terms of the investment management agreement. This includes, but is not limited to, selecting securities, executing trades with brokers, and trading currencies. Global equity external managers will be responsible to vote proxy ballots on behalf of the System in accordance with the terms of their investment management agreements with the System.</p>
<p>Managing Director of Public Equities or designee</p>	<p>6. Act as a liaison between global equity managers and the System.</p>
<p><u>MONITORING:</u> Managing Director of Public Equities or designee</p>	<p>7. Oversee qualitative aspects of the program such as strategy and process. (See Selection, Monitoring and Termination of External Investment Managers for Publicly Traded Securities)</p>



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Responsible Party	Action
	8. Maintain reports and correspondence files.
Investment Operations Department <i>(External Management)</i>	9. Receive commingled fund audited financial statements annually and ensure audited statements reconcile to external manager financial reports used to record the System's portion of investment holdings. 10. Determine that portfolio holdings comply with statutory limitations. 11. Maintain reports, reconciliations and related correspondence. 12. Perform all investment related accounting and reporting, applying appropriate accounting controls. In conjunction with custodian bank, ensure all required documentation is completed and filed to reduce or eliminate the amount of foreign taxes withheld and to enable the System to reclaim the maximum allowable when taxes are withheld.
Custodian	13. Perform all investment accounting and reporting, applying appropriate accounting controls required to maintain the official Accounting Book of Record (ABOR) for each investment portfolio. 14. Calculate investment rates of return, monthly.
Investment Operations Department	15. Reviews investment rates of return summary for reasonableness and determines and resolves any differences. Publishes investment rates of return monthly for NYSTRS management and quarterly for NYSTRS Board.
Legal Department	16. With the assistance of outside counsel as needed, review and negotiate contracts with external managers and advisors. Review derivatives trading agreements as needed. 17. Render advice on various legal questions and engage outside legal counsel, as needed.



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Global Equity Securities

I. Introduction

The System's global equity portfolio consists of actively managed strategies that may be structured as separate or commingled accounts, or a combination of the two.

II. Purpose

To maximize long-term total return within acceptable risk parameters while diversifying the overall System portfolio.

III. Performance Objective

A. Externally managed portfolios

The System's externally managed global equity portfolios are measured against the un-hedged MSCI All Country World Index ("MSCI ACWI") and are expected to exceed the return of the benchmark over a full market cycle.

B. Internally managed portfolios

The System currently has no internally managed global equity portfolios.

IV. Management Structure

The Executive Director and Chief Investment Officer or his designee is authorized to take certain actions as described in the "Delegation of Investment Authority" section of the Investment Policy Manual, which, among other things, sets forth the investment discretion duly delegated by the Retirement Board to the Executive Director and Chief Investment Officer or his designees.

The Managing Director of Public Equities, with the assistance of investment consultants as the Managing Director deems necessary, shall oversee the System's global public equity portfolios.

Pursuant to the Retirement Board's direction (based upon the investment consultant's recommendation) the allocation to global equities is intended to be 100% active.

1. Active managers actively manage country, currency, industry and security selection. If permitted by their investment guidelines, managers may use currency forwards, index futures, and exchange traded funds to actively manage country and currency exposures.
2. External investment managers may be engaged to operate as a manager of managers, hiring other external investment managers.



Global Equity Securities

3. The System's externally managed global equity portfolios may be managed in separate or commingled vehicles.
4. The System may engage in securities lending or invest in commingled funds that lend securities.
5. Commingled vehicles are maintained in the custody and safekeeping of the commingled funds' custodian banks, which may appoint one or more foreign entities as their agent to hold and register foreign securities.
6. Separate accounts are maintained in the custody and safekeeping of NYSTRS' custodian.

V. Legally Permissible Investments

The System's global equity portfolios may invest in both domestic and international securities and are, therefore, generally subject to the same legal criteria described in this Investment Policy Manual for domestic and international securities: See "Domestic Equity Securities-Legally Permissible Investments" and "International Equity Securities-Legally Permissible Investments."

VI. Risk Management

A. Market Risk:

1. Diversification: The System's global equity strategies contribute to the diversification of the overall System portfolio. The asset allocation target is 4% with an allowable range of 0 to 8%. Investing relative to the global equity policy benchmark (MSCI ACWI) helps diversify among a large universe of countries, currencies, stocks and industries. In addition, the System may invest in funds, or other approved investment vehicles, that use derivatives such as currency forwards and index futures to manage currency and country exposures, in accordance with their respective investment guidelines.
2. Careful selection of external investment managers, including consultation with an investment consultant as necessary to provide advice regarding the impact of various changes at the global equity manager's firm. (See Selection, Monitoring and Termination of External Investment Managers for Publicly Traded Securities.)

- B. Political Risk: The System is exposed to the risk of nationalization or other unfavorable government action in the foreign countries in which it invests. This risk is mitigated to the extent possible by maintaining a well-diversified country exposure.



Global Equity Securities

- C. Operational Risk: The Communications and Responsibilities & Controls sections will delineate the measures implemented to control operational risks.

VII. Communications

A. Retirement Board Reporting:

1. The Investment Operations Department and master custodian (currently State Street Bank) provides a summary of performance.
2. The Public Equities investment team shall take such steps as are necessary to monitor investment performance.

B. External Investment Manager Reporting:

1. External investment managers shall provide monthly reports about the System's holdings/participation units, market values, income and performance.
2. External investment managers will report to the Investment Advisory Committee and/or the Retirement Board upon request.



Global Equity Securities

VIII. Responsibilities & Controls

Responsible Party	Action
<p><u>PROGRAM FUNDING:</u> Investment Operations Department</p>	<p>1. Prepare a twelve (12) month cash flow forecast for the Internal Investment Committee on a monthly basis. This forecast brings together cash available to invest with planned program investments and targeted asset allocations while contemplating the benefit payment and operational cash needs of the System. By focusing on significant sources or uses of cash, the Internal Investment Committee assures coordination of investment strategies, funding of annuitant benefits and adherence to asset allocation ranges and targets.</p>
<p>Managing Director of Public Equities or designee</p>	<p>2. Review the cash flow forecast and coordinate with asset allocation analysis to determine whether the rebalancing program will incorporate further funding, status quo, or a sell program. This analysis is coordinated with the Executive Director and Chief Investment Officer.</p> <p>3. Instruct the Investment Operations Department via warrant to disburse funds to external investment managers as authorized. Warrants are automatically posted to the General Ledger and retained electronically.</p>
<p>Authorized Signatory</p>	<p>4. Authorize warrants to disburse funds.</p>
<p><u>INVESTMENT PROCESS:</u> <i>(External Management)</i> External Investment Managers</p>	<p>5. As fiduciaries for the System and in compliance with System policies and governing agreements, manage the global equity portfolios on a day-to-day basis according to the terms of the investment management agreement. This includes, but is not limited to, selecting securities, executing trades with brokers, and trading currencies.</p>
<p>Managing Director of Public Equities or designee</p>	<p>6. Act as a liaison between global equity managers and the System.</p>
<p><u>MONITORING:</u> Managing Director of Public Equities or designee</p>	<p>7. Oversee qualitative aspects of the program such as strategy and process. (See Selection, Monitoring and Termination of External Investment Managers for Publicly Traded Securities)</p> <p>8. Maintain reports and correspondence files.</p>



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Global Equity Securities

Responsible Party	Action
Investment Operations Department <i>(External Management)</i>	<p>9. Receive commingled fund audited financial statements annually and ensure audited statements reconcile to external manager financial reports used to record the System's portion of investment holdings.</p> <p>10. Determine that portfolio holdings comply with statutory limitations.</p> <p>11. Maintain reports, reconciliations and related correspondence.</p> <p>12. Perform all investment related accounting and reporting, applying appropriate accounting controls. In conjunction with custodian bank, ensure all required documentation is completed and filed to reduce or eliminate the amount of foreign taxes withheld and to enable the System to reclaim the maximum allowable when taxes are withheld.</p>
Custodian	<p>13. Perform all investment accounting and reporting, applying appropriate accounting controls required to maintain the official Accounting Book of Record (ABOR) for each investment portfolio.</p> <p>14. Calculate investment rates of return, monthly.</p>
Investment Operations Department	<p>15. Reviews investment rates of return summary for reasonableness and determines and resolves any differences. Publishes investment rates of return monthly for NYSTRS management and quarterly for NYSTRS Board.</p>
Legal Department	<p>16. With the assistance of outside counsel as needed, review and negotiate contracts with external managers and advisors. Review derivatives trading agreements as needed.</p> <p>17. Render advice on various legal questions and engage outside legal counsel, as needed.</p>



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International Equity Securities

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International Equity Securities

I. Introduction

The System's international equity portfolio consists of passively and actively managed strategies that may be structured as separate or commingled accounts or a combination of the two and may be managed internally or externally.

II. Purpose

To maximize long-term total return within acceptable risk parameters while diversifying the overall System portfolio.

III. Performance Objective

A. Externally managed portfolios

The System's externally managed international equity portfolios are measured against the un-hedged MSCI ACWI (All Country World Index) Ex-U.S., MSCI EAFE (Europe, Australasia and the Far East) Stock Index and the MSCI EM (Emerging Markets) Index. New actively managed portfolios will be measured against the MSCI ACWI Ex-U.S., EAFE, EM, India IMI or another international equity benchmark as appropriate. Passive portfolios are expected to achieve minimal tracking error against the benchmark and active portfolios are expected to exceed the return of the benchmark over a full market cycle.

B. Internally managed portfolios

The System currently manages one international equity portfolio internally. The Canadian Equity portfolio is passively managed and is therefore expected to perform with minimal tracking error relative to its benchmark, the MSCI Canada Index.

IV. Management Structure

The Executive Director and Chief Investment Officer or his designee is authorized to take certain actions as described in the "Delegation of Investment Authority" section of the Investment Policy Manual, which, among other things, sets forth the investment discretion duly delegated by the Retirement Board to the Executive Director and Chief Investment Officer or his designees.

The Managing Director of Public Equities, with the assistance of investment consultants as the Managing Director deems necessary, shall oversee the System's internally and externally managed international public equity portfolios.

Pursuant to the Retirement Board's direction (based upon the investment consultant's recommendation) the target allocations for international equities are: Passive 75%, Active 25%.



International Equity Securities

1. Passive: Managers passively manage country, currency, industry and security selection. If permitted by their guidelines, they may use currency forwards, index futures and exchange traded funds.
2. Active: Managers actively manage country, currency, industry and security selection. If permitted by their guidelines, external managers may also use currency forwards, index futures, and exchange traded funds to actively manage country and currency exposures.
3. External investment managers may be engaged to operate as a manager of managers, hiring other external investment managers.
4. The System's externally managed international equity portfolios may be managed in separate or commingled vehicles.
5. The System may engage in securities lending or invest in commingled funds that lend securities.
6. Commingled vehicles are maintained in the custody and safekeeping of the commingled funds' custodian banks, which may appoint one or more foreign entities as their agent to hold and register foreign securities.
7. Separate accounts are maintained in the custody and safekeeping of NYSTRS' custodian.

V. Legally Permissible Investments

Investment in international equity securities is permitted under Retirement and Social Security Law (RSSL) §177(8).

- A. Pursuant to RSSL §177(8), no more than ten percent (10%) of the System's assets may be invested in international equity securities, including emerging market equity securities. Investments in international equities must be included with the System's domestic equities for the purpose of the seventy percent (70%) overall limitation and the fifteen percent (15%) per year limitation contained in RSSL §177(2). In addition, under RSSL §177(8), an international equity may only be acquired if:

1. The security is registered:
 - a. On a national exchange under the Securities and Exchange Act of 1934 or otherwise registered pursuant to said act, and, if the security is so otherwise registered, price quotations must be furnished through a nationwide quotation system (see RSSL s. 177(8)(a) for legal requirements); or



International Equity Securities

- b. On a foreign exchange organized and regulated under the jurisdiction of such exchange
- B. The issuing corporation shall have (a) averaged at least \$1 billion in annual sales for the three consecutive years preceding the year in which the investment is made, or (b) a market capitalization of at least \$1 billion at the time of investment.
- C. Otherwise, the security may be acquired under the Leeway Clause (RSSL §177(9)) if prudent.

VI. Risk Management

A. Market Risk:

- 1. Diversification: The international equity portfolios contribute to the diversification of the overall portfolio. The asset allocation target is 15% with an allowable range of 11 to 19%. Within the international equity sector, diversification is achieved by:
 - a. Investing in broad market indices such as the MSCI ACWI Ex-U.S., MSCI EAFE and the MSCI EM helps diversify among a large universe of countries, currencies, stocks and industries.
 - b. The System may invest in funds or other approved investment vehicles that use derivatives like currency forwards and index futures to manage currency and country exposures in accordance with their respective investment guidelines.
 - c. Use of internally managed portfolios.
- 2. Careful selection of external investment managers, including consultation with an investment consultant as necessary to provide advice regarding the impact of various changes at the external international equity manager's firm. (See Selection, Monitoring and Termination of External Investment Managers for Publicly Traded Securities.)
- B. Political Risk: The System is exposed to the risk of nationalization or other unfavorable government action in the foreign countries in which it invests. This risk is mitigated to the extent possible by maintaining a well-diversified country exposure.
- C. Operational Risk: The Communications and Responsibilities & Controls sections will delineate the measures implemented to control operational risks.



International Equity Securities

VII. Communications

A. Retirement Board Reporting:

1. The Investment Operations Department and master custodian (currently State Street Bank) provides a summary of performance.
2. The Public Equities investment team shall take such steps as are necessary to monitor investment performance.

B. External Investment Manager Reporting:

1. External investment managers shall provide monthly reports about the System's holdings/participation units, market values, income and performance.
2. External investment managers will report to the Investment Advisory Committee and/or the Retirement Board upon request.



International Equity Securities

VIII. Responsibilities & Controls

Responsible Party	Action
<p><u>PROGRAM FUNDING:</u></p> <p>Investment Operations Department</p>	<p>1. Prepare a twelve (12) month cash flow forecast for the Internal Investment Committee on a monthly basis. This forecast brings together cash available to invest with planned program investments and targeted asset allocations while contemplating the benefit payment and operational cash needs of the System. By focusing on significant sources or uses of cash, the Internal Investment Committee assures coordination of investment strategies, funding of annuitant benefits and adherence to asset allocation ranges and targets.</p>
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<p>Authorized Signatory</p>	<p>4. Authorize warrants to disburse funds.</p>
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<p>Managing Director of Public Equities or designee</p>	<p>6. Act as a liaison between international equity managers and the System.</p>



International Equity Securities

Responsible Party	Action
<p><u>INVESTMENT PROCESS:</u> <i>(Internal Management)</i></p> <p>Managing Director of Public Equities or designee</p>	<p>7. Develop the optimal rebalancing program. The result of this process is a recommended buy and sell list.</p> <p>8. Review overall trade recommendations.</p> <p>9. Place buy and sell orders with brokers.</p> <p>10. Communicate trade details to the Investment Operations Department</p> <p>11. Oversee qualitative aspects of the program such as strategy and process.</p> <p>12. Manage cash balances and execute foreign exchange transactions to facilitate settlement of equity trades for internally managed equity portfolios.</p>
<p>Investment Operations Department</p>	<p>13. For internally managed portfolios, communicate trade information to securities clearing house and/or custodian bank. Prepare warrants and assure settlement and funding of trades. Warrants are posted to the General Ledger and retained electronically.</p> <p>14. Verify internally managed trades have been settled correctly and resolve any discrepancies.</p> <p>15. Ensure accurate holdings for the internally managed Canadian Equity portfolio and resolve discrepancies with the Custodian.</p>
<p>Custodian Bank</p>	<p>16. Settle equity and foreign exchange trades and pay or receive funds in accordance with the customary or established securities trading or securities processing practices and procedures in the jurisdiction or market in which the trade occurs.</p>
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International Equity Securities

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VIII. Responsibilities & Controls

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International Equity Securities

Responsible Party	Action
Managing Director of Public Equities or designee	<ul style="list-style-type: none">9. Place buy and sell orders with brokers.10. Communicate trade details to the Investment Operations Department11. Oversee qualitative aspects of the program such as strategy and process.12. Manage cash balances and execute foreign exchange transactions to facilitate settlement of equity trades for internally managed equity portfolios.
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Custodian Bank	<ul style="list-style-type: none">16. Settle equity and foreign exchange trades and pay or receive funds in accordance with the customary or established securities trading or securities processing practices and procedures in the jurisdiction or market in which the trade occurs.
<u>MONITORING:</u> Managing Director of Public Equities or designee	<ul style="list-style-type: none">17. Oversee qualitative aspects of the program such as strategy and process. (See Selection, Monitoring and Termination of External Investment Managers for Publicly Traded Securities)18. Maintain reports and correspondence files.



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Responsible Party	Action
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New York State
Teachers'
Retirement
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Public Equities Managing Director Update

Investment Committee January 29, 2025

Binoop Unni, CFA, CAIA
Public Equities

Public Equity MD Update

	Mkt Val	Asset Allocation %			Portfolio Net Returns %					Excess Returns %				
	\$B*	Actual	Target	Range	Qtr	FYTD	1Y	3Y Ann	5Y Ann	Qtr	FYTD	1Y	3Y Ann	5Y Ann
Public Equities	\$ 76.4				-0.71	5.62	18.32	6.32	11.12	0.18	-0.09	0.36	0.20	0.25
Domestic Equities	\$ 49.5	33.7	33	29-37	2.27	8.40	24.19	8.68	14.21	0.05	0.00	0.24	0.14	0.08
<i>Domestic Passive</i>	\$ 42.6				2.25	8.42	24.03	8.58	14.19	0.02	0.02	0.08	0.04	0.06
<i>Domestic Active</i>	\$ 6.8				2.43	8.24	25.39	9.39	14.39	0.21	-0.16	1.44	0.85	0.25
International Equities	\$ 20.8	14.2	15	11-19	-7.17	-0.23	6.12	1.27	4.74	0.43	-0.08	0.58	0.45	0.63
<i>International Passive</i>	\$ 13.9				-7.57	-0.12	5.70	1.03	4.32	0.03	0.02	0.16	0.20	0.21
<i>International Active</i>	\$ 6.9				-6.34	-0.45	6.99	1.69	5.79	1.26	-0.31	1.46	0.87	1.69
Global Equities	\$ 6.2	4.2	4	0-8	-1.36	4.19	15.95	5.02	10.39	-0.37	-1.37	-1.54	-0.41	0.33

* Due to rounding, market values may not sum.

Market Commentary:

- Key themes during the quarter included Fed rate cuts and US elections.
- Global equity markets experienced a challenging quarter, posting a return of -1%.
- US equities posted a 2.2% return for the quarter, with growth stocks outperforming value, marking a reversal from the prior quarter. Strong performance over the past two years.
- International markets dropped -7.6%, with weakness across all major regions.

Portfolio Activity & Asset Allocation:

- The portfolio ended the quarter at \$76.4B, an increase of \$5.4B from a year prior.
- The public equity asset classes remain close to their respective targets and well within their asset allocation ranges.
- Rebalanced \$140M to GSAM India strategy from AQR International strategy.
- \$1.6B was raised from domestic equities during the quarter.

Portfolio Performance & Positioning:

- The portfolio posted a negative return for the quarter, though it outperformed the benchmark and delivered positive results over longer time frames.
- The portfolio's passive strategies continue to perform in-line with expectations. Active strategies performed well in the US but were challenged in our Global strategies.
- Staff visited Ariel, BlackRock, Leading Edge, LSV, Baillie Gifford and William Blair.

Fixed Income MD Update

	Mkt Val	Asset Allocation %			Portfolio Net Returns %					Excess Returns %				
	\$B	Actual	Target	Range	Qtr	FYTD	1Y	3Y Ann	5Y Ann	Qtr	FYTD	1Y	3Y Ann	5Y Ann
Internally Managed	\$ 24.1	16.4	17											
<i>Domestic Fixed Income</i>	\$ 22.1	15.1	16	12-20	-3.09	1.95	1.71	-1.10	0.28	-0.09	-0.03	0.38	1.28	0.56
<i>Short-Term Bond</i>	\$ 1.9	1.3	1	0-4	1.20	2.57	5.34	4.09	2.59	0.09	0.21	0.40	0.39	0.33
Externally Managed	\$ 4.5	3.1	3											
<i>Global Bonds</i>	\$ 2.9	2.0	2	0-4	-1.91	2.77	2.41	-1.32	0.44	-0.47	-0.26	-0.19	0.12	0.45
<i>High Yield</i>	\$ 1.6	1.1	1	0-3	-0.04	4.60	7.23	2.86	3.64	0.13	0.38	0.39	0.40	0.01

Note: Global Bonds includes externally managed Global Aggregate & Carbon Transition portfolio and internally managed Emerging Market Debt

Qtr. Market Commentary:

- **US inv. grade:** negative as macro data signal fewer rate cuts/higher yields; spreads to record lows
- **Short-term:** annualized yield should remain near 5% over the current quarter
- **Global bond** returns led by stronger Asia/Euro markets vs. US; hedging added 3.6% to returns
- **High yield:** flat returns as income outpaced price declines; spreads hit 17-year lows

Asset Allocation & Positioning:

- All within asset allocation ranges
- Added net \$278 million to Domestic towards 16% target
- Continue to tilt Domestic portfolio away from corporate bonds due to relative value
- Started new EM debt portfolio with net \$251 million (of \$500 target)
- Funded new high yield manager (Advent)

Excess Performance in Qtr.:

- **Domestic:** -9bp mostly from yield curve positioning
- **Short-term:** +21bp from allocation to high quality credit versus US govt.
- **Global:** -47bp excess returns from mix of rate and credit positioning and trading costs for new EM debt portfolio set-up
- **High Yield:** +13bp excess from security selection that outweighed duration positioning

Macro and Team Updates:

- **Policy:** After 100bps of Fed cuts, a pause is likely. Headlines on tariff, immigration, and tax will drive markets & US debt outlook
- **Credit:** spreads near record lows signal risk of reversal
- “Bond vigilantes”—major markets (UK/France/US) coming under some stress from budget deficits and spiraling debt levels
- New Investment Officer



New York State
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Commercial Real Estate (CRE) Equity and Debt Investments Managing Director Update

Investment Committee January 29, 2025

David C. Gillan, CPA
Managing Director of Real Estate

CRE Equity Portfolio	12/31/24 Value	Target	Range	Actual	w/Commitments	
	\$16,468	11%	6%-16%	11.2%	13.2%	
Performance for Periods Ended September 30, 2024						
Strategy (Inception Date)	Net Asset Value	Current Quarter	1 Year	5 Year	10 Year	Since Inception
Direct Properties (2/90)	\$6,047	-2.3%	-7.5%	3.4%	6.7%	8.8%
Core Funds (7/85)	\$1,436	-1.0%	-9.0%	-1.5%	2.0%	5.8%
Value Added (12/89)	\$1,769	0.2%	-4.4%	10.1%	14.0%	11.4%
Opportunistic (3/99)	\$3,374	1.1%	-0.1%	6.8%	8.2%	10.4%
U.S. RE Securities (7/95)	\$2,315	14.2%	31.6%	6.4%	8.5%	11.2%
Global RE Securities (9/17)	\$835	16.6%	30.0%	2.8%	-	4.3%
Timber (12/98)	\$241	0.6%	27.6%	11.8%	7.8%	5.5%
Total CRE Equity Portfolio	\$16,017	1.9%	1.0%	4.2%	7.0%	7.9%
NCREIF-ODCE (Spliced)	-	0.0%	-8.0%	2.0%	5.4%	6.0%

Market Commentary:

- Green Street's CPPI (unlevered US commercial property values) reflected a 4.8% increase over the prior twelve months. The CPPI now sits 17.8% below the 2022 peak. Office valuations may have bottomed, reflecting an increase of 1.4% over the prior quarter and ending the calendar year with a 1% decline.
- Public markets are generally in line with private market pricing with REITS trading at a 1% premium to underlying real estate values on average. At the sector level, there is wide dispersion. According to Green Street, data center REITS are trading at a 24% premium to asset values while cold storage REITS are trading at a 25% discount.
- While CRE prices overall appear to be on firm footing, the recent rise in rates is a concern and point to a relatively flat growth environment over the next year, making cash-yielding opportunities more attractive.

Portfolio Activity:

- Staff screen for opportunities that offer resilient cash flow in locations with durable long term demand profiles and focus on partnering with managers experienced in strategies with robust demand drivers such as data centers and digital infrastructure.
- Staff continue to monitor financing rates and pay off or forego leverage when not accretive.
- Insurance costs remain a concern. Asset management staff regularly monitor coverage to ensure adequacy and cost. Acquisitions maintains a conservative view in forecasting insurance expense increases in underwriting.
- Closed on the \$168 million acquisition of a core multifamily property in the Washington, DC MSA, a \$42 million industrial property in the Atlanta MSA and an additional \$300 million commitment to a grocery anchored shopping center company.

Portfolio Performance & Positioning:

- Over the last 12 months, the CRE Equity portfolio produced a total net return of 1.0%, which outperformed the NCREIF ODCE policy benchmark.
- Drivers of the lower nominal performance have primarily been the continued valuation declines in urban office properties and cold storage.
- Drivers of the positive relative performance to the benchmark include opportunistic timber sales and the performance of our public security portfolios driven by residential and retail strategies.

CRE Debt Portfolio	12/31/24 Value	Target	Range	Actual	w/Commitments	
	\$8,512	6%	2%-10%	5.8%	6.9%	
Performance for Periods Ended September 30, 2024						
Strategy (Inception Date)	Net Asset Value	Current Quarter	1 Year	5 Years	10 Years	Since Inception
First Mortgages (7/85)	\$2,076	3.7%	9.3%	3.0%	3.7%	7.7%
Commercial MBS (4/01)	\$3,341	3.9%	12.7%	1.6%	3.1%	4.5%
Core Plus Strategies (8/04)	\$1,998	1.5%	5.9%	2.8%	4.7%	3.7%
Opportunistic Debt (9/01)	\$679	-0.1%	3.8%	4.7%	6.6%	1.3%
Total CRE Debt Portfolio	\$8,094	2.9%	9.0%	2.8%	3.8%	7.6%
GL Custom Index (Spliced)	-	4.7%	11.1%	2.1%	3.4%	7.7%

Market Commentary:

- Interest rates continue to be volatile.
 - The 10-year Treasury yield is currently 4.6%. U.S. Treasury yields significantly increased (approximately 80 bps) since the end of the third quarter 2024.
 - The expectation is that the Federal Reserve Board will pause any rate cuts at the next meeting.
- The Basel III re-proposal that goes into effect in July 2025 has eased bank reserve requirements allowing the banks to increase commercial lending allocations.
- The new Administration proposals on tariffs and deportations creates uncertainty regarding inflation, interest rates, and construction labor costs.

Portfolio Activity:

- Staff will continue to focus on the most attractive opportunities based on yield, credit and duration.
- Real estate debt investments continue to provide relatively strong risk adjusted returns.
 - Five-to-seven-year mortgage loans on stabilized assets provide yields in the 5.75%-6.00% range.
 - Investment grade CMBS securities provide yields in the 5.75%-7.75% range.
 - Senior mezzanine and bridge loans provide net yields in excess of 7.00%.
- During the 4th quarter, the System closed on a \$125 million first mortgage on a stabilized industrial asset in Riverside, California, and a \$200 million first mortgage on a stabilized industrial asset in Fontana, California.

Portfolio Performance & Positioning:

- Over the last 12 months, the CRE Debt Portfolio produced a total net return of 9.0% which underperformed the Giliberto-Levy benchmark.
- CMBS and first mortgages were the main drivers of positive portfolio performance. CMBS performance was driven by I.G. spread compression while mortgage performance benefitted from Treasury declines through Sept 2024 (e.g. 5-year Treasury yields declined 100 bps over this period).
- The existing first mortgage portfolio continues to have a large concentration of office loans that were originated between 2014 and 2017. We continue to work with our existing borrowers to address these loans through short-term extensions, focused on principal paydowns, reserves and cash sweeps.

Commercial Real Estate (CRE) Investments – MD Update

Equity Real Estate Performance for Periods Ended September 30, 2024						
Strategy (Inception Date)	Net Asset Value	Current Quarter	1 Year	5 Year	10 Year	Since Inception
Direct Properties (2/90)	\$6,047	-2.3%	-7.5%	3.4%	6.7%	8.8%
Core Funds (7/85)	\$1,436	-1.0%	-9.0%	-1.5%	2.0%	5.8%
Value Added (12/89)	\$1,769	0.2%	-4.4%	10.1%	14.0%	11.4%
Opportunistic (3/99)	\$3,374	1.1%	-0.1%	6.8%	8.2%	10.4%
U.S. RE Securities (7/95)	\$2,315	14.2%	31.6%	6.4%	8.5%	11.2%
Global RE Securities (9/17)	\$835	16.6%	30.0%	2.8%	-	4.3%
Timber (12/98)	\$241	0.6%	27.6%	11.8%	7.8%	5.5%
Total CRE Equity Portfolio	\$16,017	1.9%	1.0%	4.2%	7.0%	7.9%
Blended Benchmark*	-	2.9%	-0.3%	1.5%	5.1%	6.0%

Debt Real Estate Performance for Periods Ended September 30, 2024						
Strategy (Inception Date)	Net Asset Value	Current Quarter	1 Year	5 Years	10 Years	Since Inception
First Mortgages (7/85)	\$2,076	3.7%	9.3%	3.0%	3.7%	7.7%
Commercial MBS (4/01)	\$3,341	3.9%	12.7%	1.6%	3.1%	4.5%
Core Plus Strategies (8/04)	\$1,998	1.5%	5.9%	2.8%	4.7%	3.7%
Opportunistic Debt (9/01)	\$679	-0.1%	3.8%	4.7%	6.6%	1.3%
Total CRE Debt Portfolio	\$8,094	2.9%	9.0%	2.8%	3.8%	7.6%
Blended Benchmark*	-	4.8%	11.7%	1.9%	3.3%	7.7%

* The Blended Benchmarks used here represent the market-value weighted average of the underlying benchmarks for all of the public/private strategies. The System's Real Estate Policy benchmark is the NCREIF-ODCE for the Real Estate Equity Portfolio, and the Giliberto-Levy Custom Index for the Real Estate Debt Portfolio.



New York State
Teachers'
Retirement
System

Private Equity & Private Debt Managing Director Update

Investment Committee January 29, 2025

*Gerald J. Yahoudy II, CAIA, FDP
Private Equity & Private Debt*

Private Equity & Private Debt MD Update

	Mkt Val	Asset Allocation %			Benchmark	Net Returns % (as of 9/30/24)						Excess Returns %					
	\$B	Actual	Target	Range		1Y	3Y	5Y	10Y	20Y	30Y	1Y	3Y	5Y	10Y	20Y	30Y
Private Equity	\$ 14.30	9.6	9	4-14	S&P 500 + 5%	7.1	3.1	14.2	14.1	14.1	13.5	-34.3	-13.8	-6.8	-4.3	-1.6	-2.3
Private Debt	\$ 2.40	1.6	2	0.5-5	Morningstar LSTA + 3%	9.5	8.4	9.6	-	-	-	-3.1	-1.1	0.9	-	-	-

Note: Market Values and Asset Allocation %'s as of 12/31/24

Market Commentary:

- Market activity remains below long-term averages, but there has been a slight year over year pickup in activity as expectations normalize.
- Private credit continues to be the dominate source for buyouts and M&A. However, recent bank lending activity has increased competition slightly impacting ending terms in favor of the borrowers.

Portfolio Activity & Asset Allocation:

- Quarterly valuations for both private equity and private debt increased 1.9% and 2.1% respectively from 6/30/24.
- During the quarter, three new commitments were made in PD; one new relationship and two with existing relationships.
- Cash flows for the second quarter of the fiscal year was positive for PE and negative for PD but overall, positive for both asset classes combined.

Portfolio Performance & Positioning:

- Overall, returns are positive. PE has outperformed the public markets over the long run but underperformed in the shorter term. PD outperformed the benchmark over the five-year period.
- We started to implement the addition of new PD relationships focused on opportunistic credit for diversification purposes as previously reported.

Other Updates:

- Nothing to report.

Investment Committee Meeting January 29, 2025

RESOLUTION RENEWING AEW CAPITAL MANAGEMENT

RESOLVED, That the System's Executive Director and Chief Investment Officer is authorized to renew the agreement with AEW Capital Management, LP to manage a portion of the System's portfolio to be actively invested in the securities of real estate investment trusts ("REITs") and real estate operating companies ("REOCs") for a period of one year, effective April 15, 2025.

Investment Committee Meeting January 29, 2025

RESOLUTION ON ARIEL INVESTMENTS LLC

RESOLVED, That the Executive Director and Chief Investment Officer is authorized to renew the agreement with Ariel Investments LLC to manage a portion of the System's assets as an MSCI ACWI ex-US international equity manager for a period of one-year, effective April 10, 2025.

Investment Committee Meeting January 29, 2025

RESOLUTION ON ARROWSTREET CAPITAL LP

WHEREAS, Arrowstreet Capital LP was hired as an international equity manager on July 18, 2017 and as a global equity manager on March 26, 2019; now be it therefore:

RESOLVED, That, the Executive Director and Chief Investment Officer is authorized to renew the agreement with Arrowstreet Capital LP for a period of one year, effective March 26, 2025, to manage (i) a portion of the System's assets as an international equity manager benchmarked to the MSCI ACWI ex-US index, and (ii) a portion of the System's assets as a global equity manager benchmarked to the MSCI ACWI index.

Investment Committee Meeting January 29, 2025

Resolution Renewing The Bank of New York Mellon

RESOLVED, the Executive Director and Chief Investment Officer is authorized to renew the agreement with The Bank of New York Mellon to act as an agency securities lender for a portion of the System's public securities assets for a period of one year, effective March 17, 2025.

Investment Committee Meeting January 29, 2025

RESOLUTION RENEWING BLACK ROCK FINANCIAL MANAGEMENT

RESOLVED, That the Executive Director and Chief Investment Officer is authorized to renew the agreement with Black Rock Financial Management, Inc. to manage a portion of the System's assets in Commercial Mortgage Backed Securities ("CMBS"), for a period of one-year, effective April 3, 2025.

Investment Committee Meeting January 29, 2025

RESOLUTION RENEWING COHEN & STEERS CAPITAL MANAGEMENT

RESOLVED, That the System's Executive Director and Chief Investment Officer is authorized to renew the agreement with Cohen & Steers Capital Management, Inc. to manage a portion of the System's portfolio to be actively invested in the securities of real estate investment trusts ("REITs") and real estate operating companies ("REOCs") for a period of one year, effective February 12, 2025.

Investment Committee Meeting January 29, 2025

RESOLUTION RENEWING PGIM, INC.

RESOLVED, That the Executive Director and Chief Investment Officer is authorized to renew the agreement with PGIM, INC. to manage a portion of the System's assets as an active U.S. high yield manager benchmarked to the Bloomberg US High Yield 1% Issuer Capped Index (I09038US) for a period of one year, effective February 21, 2025.

Investment Committee Meeting January 29, 2025

RESOLUTION RENEWING J.P. MORGAN INVESTMENT MANAGEMENT INC.

RESOLVED, That the Executive Director and Chief Investment Officer is authorized to renew the agreement with J.P. Morgan Investment Management Inc. to manage a portion of the System's assets as an active U.S. high yield manager benchmarked to the ICE BofAML BB-B US High Yield Constrained Index (HUC4) (f/k/a Bank of America Merrill Lynch BB-B U.S. High Yield Constrained Index) for a period of one year, effective March 5, 2025.

Investment Committee Meeting January 29, 2025

RESOLUTION RENEWING PRINCIPAL REAL ESTATE INVESTORS

RESOLVED, That the System's Executive Director and Chief Investment Officer is authorized to renew the agreement with Principal Real Estate Investors, LLC to manage a portion of the System's portfolio to be actively invested in the securities of real estate investment trusts ("REITs") and real estate operating companies ("REOCs") for a period of one year, effective February 11, 2025.

Investment Committee Meeting January 29, 2025

RESOLUTION RENEWING RAITH CAPITAL PARTNERS, LLC

RESOLVED, That the System's Executive Director and Chief Investment Officer is authorized to renew the agreement with Raith Capital Partners, LLC to act as a Debt separate account advisor and in such role to advise on the acquisition, management and exit of public and private opportunistic commercial real estate debt opportunities for a period of one year, effective February 7, 2025.

Investment Committee Meeting January 29, 2025

Resolution Renewing RhumbLine Advisors LP

RESOLVED, That the Executive Director and Chief Investment Officer is authorized to renew the agreement with RhumbLine Advisors LP to manage a portion of the System's assets as a passive international equity manager, benchmarked to the MSCI ACWI ex-US Index, for a period of one year commencing March 30, 2025.

Investment Committee Meeting January 29, 2025

Resolution Renewing Xponance

RESOLVED, That the Executive Director and Chief Investment Officer is authorized to renew the agreement with Xponance (formerly known as FIS Group, Inc. with a name change to Xponance effective 4/1/20) to manage a portion of the System's assets as a manager of international equity managers, benchmarked to the ACWI ex-US Index, for a period of one year commencing April 25, 2025.

Investment Committee Meeting January 29, 2025

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Investment Committee Meeting January 29, 2025

**RESOLUTION APPOINTING DHVANI SHAH
TO THE INVESTMENT ADVISORY COMMITTEE**

WHEREAS, Dhvani Shah has appropriate experience and background to serve as a member of the Investment Advisory Committee; be it

RESOLVED, That the Retirement Board hereby appoints Ms. Shah as a member of the Investment Advisory Committee, effective immediately and ending December 31, 2028.

Investment Committee Meeting January 29, 2025

**RESOLUTION ACCEPTING UPDATES TO NYSTRS' RESPONSIBLE STEWARDSHIP
POLICY—APPENDIX A: STOCK PROXY VOTING**

RESOLVED, That the updated Responsible Stewardship Policy—Appendix A: Stock Proxy Voting, as presented to the Retirement Board, reflecting clarifications to the stock proxy voting guidelines for U.S., Canada and other markets, is approved and accepted; and be it further

RESOLVED, That the updated sections of the Investment Policy Manual, under “International Equity Securities—VIII. Responsibilities & Controls” and “Global Equity Securities—VIII. Responsibilities & Controls,” as presented to the Retirement Board, removing the responsibility of external public equities managers to vote proxies on NYSTRS’ behalf for directly held securities, is approved and accepted.

Investment Committee Meeting January 29, 2025

**RESOLUTION ACCEPTING UPDATES TO NYSTRS' AML/OFAC COMPLIANCE
POLICY AND APPENDIX B: AML/OFAC COMPLIANCE CERTIFICATION**

RESOLVED, That the AML/OFAC Compliance Policy and Appendix B: AML/OFAC Compliance Certification, as presented to the Investment Committee, reflecting the clarification and inclusion of the Office of Investment Security of the US Department of the Treasury, is approved and accepted.



TO: Retirement Board
FROM: T. Lee
SUBJECT: Quarterly Report of Executive Director and Chief Investment Officer Investment Discretion Exercised October - December 2024

Fixed Income

Period	Action Taken	Amount
Q/E 12/31/24	Net cash and securities reallocated into internally managed Long-Term Bonds	\$278.1 M
Q/E 12/31/24	Net cash and securities reallocated into internally managed Emerging Market Debt	\$251.5 M
Q/E 12/31/24	Net cash reallocated out of an externally managed High Yield account (CMIA)	\$75.0 M
Q/E 12/31/24	Net cash reallocated into an externally managed High Yield account (Advent)	\$75.0 M

Public Equities

Period	Action Taken	Amount
Q/E 12/31/2024	Net cash reallocated out of internally managed domestic equity portfolios	\$1.6B
Q/E 12/31/2024	Cash reallocated out of externally managed international equity portfolios (AQR, International strategy)	\$140M
Q/E 12/31/2024	Cash reallocated into externally managed international equity portfolios (Goldman Sachs Asset Management, India strategy)	\$140M



TO: Retirement Board
FROM: T. Lee
SUBJECT: Quarterly Report of Executive Director and Chief Investment Officer Investment Discretion Exercised October - December 2024

Real Estate - New Commitments

Date of Internal Inv. Comm. Approval	Investment Name	Amount	New or Renew
October 4 2024	Gables Palma Vista	\$19M	JV Partner Loan
October 18 2024	Brentford at the Mile	\$168.4M	Direct Equity Acquisition
November 14 2024	1250 Terminus Dr	\$43.4M	Direct Equity Acquisition
November 14 2024	I-15 Logistics	\$200M	Mortgage

Real Estate

Period	Action Taken	Amount
Q/E 12/31/2024	Net cash reallocated into externally managed CMBS portfolio (Blackrock)	\$50M



TO: Retirement Board
FROM: T. Lee
SUBJECT: Quarterly Report of Executive Director and Chief Investment Officer Investment Discretion Exercised October – December 2024

Private Equity/Debt – New Commitments

Date of Internal Inv. Comm. Approval	Investment Name	Amount	New or Renew
Oct 10 2024	Turning Rock Partners Fund III	\$120M	New
Dec 10 2024	Monomoy Credit Opportunities Fund III	\$200M	Renew



TO: Retirement Board
FROM: T. Lee
SUBJECT: Quarterly Board Report of Mail Votesⁱ for the period October – December 2024

Date	Type (Full Board Vote or Investment Committee Vote)	Transaction
December 12, 2024	Investment Committee	Edens Investment Trust

ⁱ "...The Board may act by a unanimous vote of its members taken by mail and/or e-mail and other electronic means approved by the System, or by telephone confirmed by mail and/or other electronic means approved by the System, on occasional matters determined by the President to be non-controversial in nature so as not to require a special meeting of the Board but having circumstances which make it impractical to delay action until the next annual or stated meeting of the Board..." from NYSTRS' Bylaws



TO: Retirement Board
FROM: T. Lee
SUBJECT: REAC Quarterly Transactions Board Report of for the period October – December 2024

Transaction	Approved by REAC	ED/CIO Discretion Exercised
Veterans Industrial Park 215 – Direct Mortgage	Yes – 9/4/24	\$125M
Gables Palma Vista JV Partner Loan – Debt Investment	Yes – 10/8/24	\$19M
Brentford at the Mile – Direct Equity	Yes – 10/16/24	\$168.4M
1250 Terminus Drive – Direct Equity	Yes – 11/12/24	\$43.4M
I-15 Logistics Center – Direct Mortgage	Yes – 11/12/24	\$200M
Edens Investment Upsize – Direct Equity	Yes – 12/12/24	\$300M



Disability Review Committee Meeting

January 29, 2025

COMMITTEE MEMBERS

Eric Iberger, Chair

Juliet Benaquisto, Paul Farfaglia, David Keefe, Donald A. Little III, Ruth Mahoney, Oliver Robinson

AGENDA p. 258

Call to Order by Chair

- A. Approval of Minutes from October 30, 2024 Disability Committee meetings p. 259
- B. Committee recommendations to the Board at the January 30, 2025 Board meeting:
 - A Disability Denial Resolution, a Disability Rescission Tier 1 Resolution and a Disability Rescission Tier 3 Resolution will be brought before the Board

NEW YORK STATE
TEACHERS' RETIREMENT SYSTEM
10 CORPORATE WOODS DRIVE, ALBANY NY

Disability Review Committee Meeting

A meeting of the Disability Review Committee of the Retirement Board was held at the System on October 30, 2024. The meeting was called to order at 12:31 p.m. by Eric Iberger, Chair.

The following individuals were in attendance:

Committee Members: Juliet Benaquisto, Paul Farfaglia, Eric Iberger, David Keefe, Oliver Robinson

Board Members: Phyllis Harrington (via WebEx) Donald A. Little III, Nicholas Smirensky

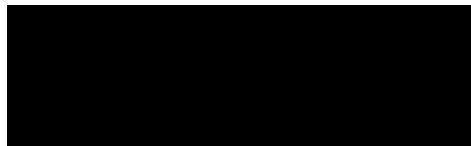
Visitor: Kevin Balaod, WithIntelligence (via WebEx)

Upon motion of P. Farfaglia, seconded by D. Keefe and unanimously carried, the meeting minutes of July 31, 2024 were approved.

E. Iberger, Chair, reported that the System's Medical Board had met monthly over the prior three months and that a disability rescission resolution would be brought to the Board at the Board meeting on October 31, 2024.

There being no further business, the Committee unanimously adjourned at 12:34 p.m.

Respectfully submitted,

A large black rectangular redaction box covering the signature of the person submitting the minutes.

Thomas K. Lee



Ethics Committee Meeting

January 29, 2025

COMMITTEE MEMBERS

Paul Farfaglia, Chair

Oliver Robinson, Juliet Benaquisto, Thomas Lee, Don Ampansiri

AGENDA p. 260

Call to Order by Chair

- A. Approval of minutes from October 31, 2024 Ethics Committee meetings p. 261
- B. Review of Annual Disclosure Statements and Update on EDCIO Quarterly Disclosures (Motion to go into **Executive Session** pursuant to Open Meetings Law §105 (1)(f) as it relates to the discussion of the financial history of an individual)

NEW YORK STATE
TEACHERS' RETIREMENT SYSTEM
10 Corporate Woods Drive, Albany NY

Ethics Committee Meeting

A meeting of the Ethics Committee of the Retirement Board was held at the System on October 31, 2024. The meeting was called to order by Eric Iberger, acting Chair, at 9:01 a.m.

The following individuals were in attendance:

Committee Members: Phyllis Harrington (via WebEx), Eric Iberger, Thomas Lee, Don Ampansiri

Board Members: Juliet Benaquisto, Paul Farfaglia, David Keefe, Donald A. Little III, Oliver Robinson, Nicholas Smirensky

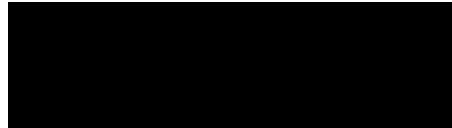
NYSTRS Staff: Matt Albano, Matt Tice

Visitors: Cyril Espanol, WithIntelligence (via WebEx)

Upon motion of P. Harrington (via WebEx), seconded by E. Iberger and unanimously carried, the minutes from the July 31, 2024 meeting were approved.

There being no further business, and with unanimous consent, the meeting adjourned at 9:01 a.m.

Respectfully submitted,

A large black rectangular redaction box covering the signature of the official.

Thomas K. Lee



Executive Committee Meeting

January 29, 2025

COMMITTEE MEMBERS

David Keefe, Chair
Phyllis Harrington, Oliver Robinson, Nicholas Smirensky

AGENDA p. 262

Call to Order by Chair

- A. Approval of minutes from October 30, 2024 Executive Committee meeting pp. 263-264
- B. Legislative Update – D. Ampansiri pp. 265-275
- C. Financial/Accounting Data pp. 276-280
- D. Quarterly Signatory Additions & Deletions p. 281
- E. Business Continuity Plan Update and Disaster Response (motion for **Executive Session** pursuant to Open Meetings Law Sections 105(1)(a) and (f), and Section 108 (3) Exemptions) - V. Madala, M. Dixon pp. 282-291
 - 1. Resolution Accepting Changes to Business Continuity Plan p. 292

NEW YORK STATE
TEACHERS' RETIREMENT SYSTEM
10 CORPORATE WOODS DRIVE, ALBANY NY

Executive Committee Meeting

A meeting of the Executive Committee of the Retirement Board of the New York State Teachers' Retirement System was held at the System on October 30, 2024.

Committee Members: Phyllis Harrington (via WebEx), David Keefe, Oliver Robinson, Nicholas Smirensky

Board Members: Juliet Benaquisto, Paul Farfaglia, Eric Iberger, Donald A. Little III

NYSTRS' Staff: Thomas K. Lee, Don Ampansiri

Visitor: Kevin Balaod, WithIntelligence (via WebEx)

With unanimous consent, the meeting was called to order by D. Keefe, Chair, at 12:34 p.m.

The following items were discussed:

1. Approval of minutes from July 31, 2024 meeting

Upon motion of O. Robinson, seconded by N. Smirensky and unanimously carried, the minutes of the July 31, 2024 meeting were approved.

2. 2025 Legislative Program

D. Ampansiri provided an overview of the recommendation from staff for the 2025 Legislative Program and an update on the 2024 Legislative Program (Appendix A, pp. 3-21).

- A. Resolution on 2025 Legislative Program

Upon motion of P. Harrington, seconded by N. Smirensky and unanimously carried, the Committee voted to recommend the following resolution to the Board:

RESOLVED, That the 2025 Legislative Program, as presented to the Retirement Board by System staff, is approved and the Executive Director and Chief Investment Officer, or his designees, is authorized to seek introduction and enactment of the bill contained therein.

3. Board Member Salary Reimbursement Annual Report

The Committee reviewed the annual board member salary reimbursement report (Appendix B, p. 22).

4. Finance Reports

The Committee members reviewed quarterly financial statements (Appendix C, pp. 23-27)

5. Quarterly Signatory Additions & Deletions

The Committee reviewed the quarterly report (Appendix D, p. 28)

With no further business and unanimous consent, the meeting adjourned at 12:41 p.m.

Respectfully submitted,



Thomas K. Lee



**New York State
Teachers'
Retirement
System**

To: Retirement Board
From: D. Ampansiri, Jr./ K. Vrbanac
CC: T. Lee
Date: January 21, 2025
Re: NYSTRS 2025 Legislative Update

At each January Board meeting, staff provides a legislative update on legislation of interest for the previous year, any program bills signed into law, the legislative program for the current year, and any pertinent legislation of interest introduced thus far in the current legislative session that may have a significant impact on the System. Attached with this memorandum, please find the 2024 Legislation of Interest chart and the 2024 Legislative Program Grid. Please note that the Legislation of Interest chart lists only bills that passed either one or both houses and special interest bills of NYSTRS' members and retirees.

2024 Legislative Program

Program Bill 24-2, (2 year benefit recalculation bill S7492B/A10529). Governor Hochul signed Program Bill 24-2 on December 13, 2024 as Chapter 578 of the Laws of 2024. Chapter 578 amends Education Law Section 503 to allow retirees of the New York State Teachers' Retirement System who suspend retirement and return to work the option of a benefit recalculation after 2 additional years of creditable service, as opposed 5 years. This Chapter takes effect on the sixtieth day after its signing (or February 11, 2025). Chapter 578 applies to any member who retires on or after February 11, 2025 as well as any member who is currently retired, suspends their retirement under 503.11 and re-retires on or after February 11, 2025.

2025 Legislative Program

The 2025 Legislative Program proposes one new bill 25-1 (MWBE Report). This bill would amend Education Law Section 508-a subdivision 2(b) to change the date in which NYSTRS is required to submit its MWBE report from 60 days after fiscal year end (June 30), or effectively on or before September 1, to on or before December 31 of the current year.

Staff is working to schedule meetings with Senator Robert Jackson, Chair of the Senate Civil Service and Pensions Committee and Assembly Member Stacey Pheffer Amato, Chair of Assembly Government Employees Committee to present and discuss our 2025 Legislative Program and seek introduction of program bill 25-1 in each respective committee.

2025 Legislation of Interest that may affect NYSTRS

For the fifth consecutive year, the commencement of the Legislative Session included the introduction of the Teachers' Fossil Fuel Divestment Act (S954/A1580). The Senate Civil Service and Pensions committee introduced the proposed bill on January 8, 2025, and the Assembly

Government Employees committee introduced a “same as” version on January 10, 2025. This proposed bill did not pass either house in any of the prior 2021, 2022, 2023, and 2024 Legislative Sessions. Staff will continue to monitor and report back to the Board with any material movement on this bill and any other legislation that may have an impact on the System.

Highlights of the Proposed Legislation:

- Within 6 months of law being enacted, it requires the Retirement Board to create an exclusion list of all coal producers and oil and gas producers whose stocks, securities, equities, fixed income, assets or other obligations the System has monies/assets directly invested.
- The completed list shall be made available to the public and copy provided to the Senate and Assembly leadership.
- Retirement Board is required to notify any corporation or company on the exclusion list and the law requiring it.
- At the Retirement Board’s discretion, but no later than 2 years after the exclusion list is completed, and no less than every 2 years thereafter, the Board shall update the exclusion list to:
 - remove those no longer considered a coal producer
 - remove those no longer considered an oil and gas producer
 - add company or corporation meeting definition

2024 LEGISLATION OF INTEREST TO NYSTRS

Senate No. Assembly No.	Subject	Introduced By
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I. BUDGET

<p>S8305C A8805C (Part M)</p>	<p>Amends Labor Law Section 196-b to require employers to provide employees twenty hours of paid prenatal personal leave for health care services related to the employee’s pregnancy during any fifty-two week calendar period which may be taken in hourly increments. Effective January 1, 2025.</p> <p>Last Action: 04/18/24 Passed Senate 04/18/24 Passed Assembly 04/19/24 Delivered to the Governor 04/20/24 Signed by the Governor [Chapter 55 of the Laws of 2024]</p>	<p>Article VII (PPGG)</p>
<p>S8305C A8805C (Part GG)</p>	<p>Amends Retirement and Social Security Law to waive the §211 and §212 income limitations allowing NYSTRS retirees to be employed in school districts and BOCES and earn compensation without suspension or diminution of their retirement allowance until June 30, 2025. Part GG is a one-year extension of Chapter 55 of the Laws of 2023 (Part V).</p> <p>Last Action: 04/18/24 Passed Senate 04/18/24 Passed Assembly 04/19/24 Delivered to the Governor 04/20/24 Signed by the Governor [Chapter 55 of the Laws of 2024]</p>	<p>Article VII (PPGG)</p>
<p>S8305C A8805C (Part KK)</p>	<p>Amends Retirement and Social Security Law to extend the period during which the calculation of the employee contribution rate for Tier 6 members is to be calculated using only a member’s annual base wages for contributions to be made during fiscal years ending June 30, 2025 and June 30, 2026. Compensation earned for extracurricular programs, or any other pensionable earnings paid in addition to the annual base wages, will not be included in the employee contribution rate determination. Implementation date: school year July 1, 2024.</p> <p>Last Action: 04/18/24 Passed Senate 04/18/24 Passed Assembly 04/19/24 Delivered to the Governor 04/20/24 Signed by the Governor [Chapter 55 of the Laws of 2024]</p>	<p>Article VII (PPGG)</p>

January 21, 2025

Committees: GE = Assembly Governmental Employees;
W&M = Ways and Means; CS = Senate Civil Service and Pensions

<p>S8308C A8808C (Part KK)</p>	<p>Amends Public Officers Law to permit a public body, in their discretion, to use videoconferencing and remote participation in public meetings, regardless of emergency. Effective immediately and shall expire and deemed repealed July 1, 2026. Part KK is a two-year extension of Part WW of Chapter 56 of the Laws of 2022.</p> <p>Last Action: 04/18/24 Passed Senate 04/18/24 Passed Assembly 04/19/24 Delivered to the Governor 04/20/24 Signed by the Governor [Chapter 58 of the Laws of 2024]</p>	<p>Article VII (Part TED)</p>
<p>S8306C A8806C (Part J)</p>	<p>Amends Labor Law Section 206-c to require employers to provide employees thirty minutes of paid break time to express breast milk for such employee's nursing child each time employee has a reasonable need for up to three years following child birth. Effective the sixtieth day after it becomes law.</p> <p>Last Action: 04/19/24 Passed Senate 04/19/24 Passed Assembly 04/20/24 Delivered to the Governor 04/20/24 Signed by the Governor [Chapter 56 of the Laws of 2024]</p>	<p>Article VII (ELFA)</p>
<p>S8306C A8806C (Part M)</p>	<p>Amends Chapter 25 of the Laws of 2020 to provide sick leave for employees when such employee is subject to a mandatory or precautionary order of quarantine or isolation due to COVID-19. Effective immediately and shall expire and be deemed repealed July 31, 2025.</p> <p>Last Action: 04/19/24 Passed Senate 04/19/24 Passed Assembly 04/20/24 Delivered to the Governor 04/20/24 Signed by the Governor [Chapter 56 of the Laws of 2024]</p>	<p>Article VII (ELFA)</p>
<p>S8306C A8806C (Part QQ)</p>	<p>Amends Retirement and Social Security Law to change the definition of the final average salary for Tier 6 members to be based on the wages earned during any three consecutive years which provide the highest average wages. It also reduces the lookback to the same as Tiers 3, 4 and 5; if the salary for any year used in the period exceeds that of the average of the prior two years by more than 10%, the amount in excess of 10% shall be excluded from the computation. Effective immediately.</p> <p>Last Action: 04/19/24 Passed Senate 04/19/24 Passed Assembly 04/20/24 Delivered to the Governor 04/20/24 Signed by the Governor [Chapter 56 of the Laws of 2024]</p>	<p>Article VII (ELFA)</p>

January 21, 2025

Committees: GE = Governmental Employees;
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II. AMENDMENTS TO THE RETIREMENT AND SOCIAL SECURITY LAW

S5131 A5629	<p>Allows a retired member of a public retirement system to change their option election or beneficiary designation where the beneficiary has been convicted of domestic violence against the retired member.</p> <p>Last Action: 01/03/24 Referred to GE (Assembly) 05/14/24 Passed Senate 05/14/24 Delivered to Assembly and Referred to GE</p>	Webb Reyes
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III. AMENDMENTS TO THE EDUCATION LAW

S6361A A556A	<p>Requires employees of a New York state public retirement system, who are employed by their district to work for a not-for-profit, to provide written acknowledgement of membership termination in the retirement system.</p> <p>Last Action: 01/03/24 Referred to GE (Assembly) 03/01/24 Amend and Recommit to GE, Print# 556A (Assembly) 05/29/24 Passed Senate 05/29/24 Delivered to Assembly and Referred to GE (Assembly)</p>	Brouk Bronson
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IV. AMENDMENTS TO THE CIVIL SERVICE LAW

S8079 A8514	<p>Clarifies that an employee's time working in a provisional title shall count towards any required probationary period when the permanent appointment immediately follows the provisional appointment.</p> <p>Last Action: 01/16/24 Passed Assembly 01/16/24 Passed Senate 01/26/24 Delivered to the Governor 01/26/24 Signed by the Governor [Chapter 5 of the Laws of 2024]</p>	Pheffer Amato Jackson
S8216A A8876	<p>Allows individuals that are within 12 months of meeting the minimum age or education requirements for a competitive class civil service position to take the exam.</p> <p>Last Action: 03/04/24 Passed Assembly 03/13/24 Passed Senate 03/13/24 Returned to Assembly 09/04/24 Delivered to the Governor 09/04/24 Signed by the Governor [Chapter 303 of the Laws of 2024]</p>	Jackson Pheffer Amato

January 21, 2025

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S8557 A9386	Requires time spent as a provisional employee count towards any required term to qualify an employee to take a competitive examination accessible in their title. Last Action: 03/13/24 Passed Senate 05/06/24 Passed Assembly 05/06/24 Returned to Senate 09/04/24 Delivered to the Governor 09/04/24 Signed by the Governor [Chapter 307 of the Laws of 2024]	Jackson Pheffer Amato
S8948 A9935	Requires employers to disclose all information to an employee relating to allegations that such employee is unable to perform their duties due to a non-work related disability. Last Action: 05/30/24 Passed Assembly 06/04/24 Passed Senate 06/04/24 Returned to Assembly 09/04/24 Delivered to the Governor 09/04/24 Signed by the Governor [Chapter 306 of the Laws of 2024]	Jackson Pheffer Amato

V. PUBLIC OFFICERS LAW

S5500B A6146B	Provides public employees notice when their personnel record has been released to the public under the Freedom of Information Law. Last Action: 06/04/24 Passed Assembly 06/05/24 Passed Senate 06/05/24 Returned to Assembly 09/04/24 Delivered to Governor 09/04/24 Signed by the Governor [Chapter 302 of the Laws of 2024]	Skoufis Buttenschon
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VI. STATE TECHNOLOGY LAW

S5007B A5736B	Establishes the "Secure Our Data Act" to ensure the New York state government is taking necessary steps to protect the personal information that it collects and maintains. Last Action: 01/03/24 Referred to GE (Assembly) 03/18/24 Passed Senate 03/18/24 Referred to Governmental Operations (Assembly)	Gonzalez Solages
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January 21, 2025

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S8090 A8549	Requires all state agencies to use gender neutral terminology for website content, including forms and documents accessible through the website. Effective the one hundred eightieth day after it becomes law. Last Action: 01/16/24 Passed Senate 01/23/24 Passed Assembly 01/26/24 Delivered to Governor 01/26/24 Signed by the Governor [Chapter 21 of the Laws of 2024]	Cleare Rosenthal
S8021 A8564	Requires state agency websites be made mobile friendly if and when changes to the form and function of such websites are being made until January 1, 2027, after which point, all state agencies should be made mobile friendly. Last Action: 01/23/24 Passed Assembly 01/30/24 Passed Senate 02/07/24 Delivered to Governor 02/07/24 Signed by the Governor [Chapter 45 of the Laws of 2024]	Fernandez Otis

VII. OTHERS

S5615 A2833	Amends State Finance Law to require all state agencies to procure all "end point devices" that meet the National Institute of Standards and Technology guidelines for computer security. Effective the ninetieth day after it becomes law. Last Action: 05/30/24 Passed Assembly 06/03/24 Passed Senate 06/03/24 Returned to Assembly 12/12/24 Delivered to Governor 12/21/24 Signed by the Governor [Chapter 608 of the Laws of 2024]	Thomas Otis
S1424A A7810A	Amends Executive Law to direct contracting state agencies to develop a three-year growth plan to increase MWBE participation. Last Action: 05/16/24 Passed Senate 05/16/24 Delivered to Assembly 05/16/24 Referred to Governmental Operations (Assembly) 05/17/24 Amend and Recommit to Governmental Operations, Print#7810A (Assembly)	Baily Cruz

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S2449 A5178	Amends Executive Law to prohibit any employer or licensing agency from requiring a prospective employee to disclose their age, date of birth or date of graduation from an educational institution on an initial employment application or during an interview, unless it is for an occupational qualification or need. Last Action: 01/03/24 Referred to Governmental Operations (Assembly) 02/12/24 Passed Senate 02/12/24 Referred to Governmental Operations (Assembly)	Krueger Kim
S99A	Amends Labor Law to provide all private and public employees access to their personnel records and notification when a negative report is filed against them. Last Action: 04/16/24 Amend and Recommit to Labor, Print# 1959A (Assembly) 05/13/24 Passed Senate 05/13/24 Delivered to Assembly and Referred to Labor (Assembly)	Gounardes Gonzalez- Rojas
S3260 A10019	Amends Estates, Powers and Trusts Law to disqualify a surviving spouse in the event a decree or judgment of annulment or nullity or dissolving of a marriage is issued after the deceased spouse died; the marriage is then deemed a nullity immediately prior to the death of such spouse. Last Action: 04/17/24 Passed Senate 04/17/24 Delivered to Assembly and Referred to Judiciary (Assembly) 05/01/24 Referred to Judiciary (Assembly)	Hoylman- Sigal Braunstein
S1860	Amends Labor Law to require employers to provide employees with information on mental health issues and resources and to destigmatize mental health in the workplace. Last Action: 05/14/24 Passed Senate 05/14/24 Delivery to Assembly and Referred to labor (Assembly)	Brouck
S9369 A9768	Amends Labor Law to extend the provisions of Chapter 301 of 2022 for an additional two years to allow an employer, with consent of employee, to deduct wages from employee's paycheck to cover specified goods and services. Last Action: 04/16/24 Passed Assembly 05/28/24 Passed Senate 06/26/24 Delivered to Governor 06/28/24 Signed by the Governor [Chapter 142 of the Laws of 2024]	Ramos Raga

January 21, 2025

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S8663 A7241A	Amends Executive Law to exclude non-electronic notarial acts from the record-keeping rules and regulations set forth by the Department of State. Last Action: 05/06/24 Passed Assembly 06/05/24 Passed Senate 06/05/24 Returned to Assembly 11/15/24 Delivered to the Governor 11/22/24 Vetoed by the Governor, Memo 36	Hoylman-Sigal Lavine
S8979 A7091	Amends Public Authorities Law to require electric charging stations and electric vehicle capable parking spaces to accommodate wheelchair accessible vehicles. Effective the sixtieth date after it becomes law. Last Action: 04/02/24 Passed Assembly 06/04/24 Passed Senate 06/04/24 Returned to Assembly 12/12/24 Delivered to Governor 12/21/24 Signed by the Governor [Chapter 618 of the Laws of 2024]	Persaud Simon
S3065B A8934A	Amends Labor Law to require all employers to develop and implement programs to prevent workplace violence and bullying. Last Action: 05/30/24 Passed Senate 06/03/24 Passed Assembly 06/03/24 Returned to Senate 12/12/24 Delivered to the Governor 12/21/24 Vetoed by the Governor, Memo 130	Ramos Bronson
S6635 A5745	Amends Workers' Compensation Law to expand the ability to all workers to receive PTSD coverage for mental injury premised upon work-related stress under NYS Workers' Compensation Coverage. Last Action: 04/04/24 Passed Senate 06/05/24 Passed Senate 06/05/24 Returned to Senate 12/05/24 Delivered to Governor 12/06/24 Signed by the Governor [Chapter 546 of the Laws of 2024]	Ramos Reyes

VIII. SPECIAL INTEREST MEMBER BILLS

S5235A	Grants James Demarco retroactive membership in NYSTRS from Tier 2 to Tier 1 based on time he was a non-member for seasonal employment in July 1969. Last Action: 01/03/24 Referred to CS (Senate) 03/11/24 Amend and Recommit to CS, Print#5235A	Gallivan
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January 21, 2025

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A9494	<p>Grants Susan Ruscitto additional service credit in NYSTRS to recalculate her retirement benefit with 20 years and 2 months, which was the original service credit reported by her employer; her actual verified service credit was 19 years and 8 months.</p> <p>Last Action: 03/14/24 Referred to GE</p>	Santabarbara
S5290A A5110A	<p>Grants Eileen Saumell service credit based on her employment for the period of August 8, 1994 to August 27, 2004 with the Nassau County Demonstration Project, a non-participating employer.</p> <p>Last Action: 01/03/24 Referred to CS 03/28/24 Amend and Recommit to CS, Print#5290A 04/02/24 Amend and Recommit to GE, Print#5110A</p>	Weik Gandolfo
S5318A A5111A	<p>Allows Carl Spatola to receive a refund of his accumulated 3% contributions paid to NYSTRS for the period in which the transfer from NYCTRS to NYSTRS was not initiated and the cessation date was not established.</p> <p>Last Action: 01/03/24 Referred to CS (Senate) 03/28/24 Amend and Recommit to CS, Print#5318A (Senate) 04/02/24 Amend and Recommit to GE, Print#5111A (Assembly)</p>	Weik Gandolfo
S5361A A5887A	<p>Allows Peter Guarino to be reclassified as a Tier 4 member with a date of membership of June 13, 2008, based on time he was a non-member but employed as a substitute teacher with the Lansing Central School District, Newfield City School District and Ithaca City School District.</p> <p>Last Action: 01/03/24 Referred to GE (Assembly) 04/29/24 Amend and Recommit not GE, Print#5887A (Assembly) 05/22/24 Passed Senate 05/22/24 Delivered to Assembly and Referred to GE (Assembly)</p>	Manion
S9129	<p>Allows Christine Hasseler, retired Tier 1 member of NYSTRS, to have her retirement benefit recalculated to include retirement incentive payments that her employer failed to pay her within the required timeframe, before the end of her retirement year.</p> <p>Last Action: 04/29/24 Referred to CS (Senate) 05/17/24 Referred to GE (Assembly)</p>	Helming
S9803 A10547	<p>Allows Jeffrey Alva Beall, who retired as a Tier 4 from NYSTRS before Chapter 41 of the Laws of 2016 was signed into law, to purchase 3 years of military service for the period of active duty service between April 17, 1984 to February 27, 1987, retroactive to his effective date of retirement.</p> <p>Last Action: 05/30/24 Referred to CS (Senate) 06/03/24 Referred to GE (Assembly)</p>	Helming

January 21, 2025

Committees: GE = Governmental Employees;
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NYSTRS 2024 LEGISLATIVE PROGRAM GRID

Subject	2024 Bill No.	Sponsor	Com. Ref.	Report 1 st /2 nd	3 RD Reading	Passed	To Gov.	Gov.'s Action
24-2 Allows retirees of the New York State Teachers' Retirement System who suspend retirement the option of a benefit recalculation after 2 years of creditable service. Cost - Negligible	S7462B	Ryan	CS 01/03/24 05/01/24 05/07/24 Finance 06/03/24 Finance 06/04/24 Rules 06/04/24	06/04/24 Ordered to Third Reading	06/04/24 CAL. 1703	06/06/24	12/02/24	Signed by the Governor on December 13, 2024 as Chapter 578 of the Laws of 2024 Effective Date: February 11, 2025
	----- A10529	----- Burke	----- GE 06/06/24 W&M	----- 06/06/24 Ordered to Third Reading	----- 06/06/24 CAL. 519	----- 06/06/24	----- 12/02/24	

January 21, 2025

Committees: GE = Assembly Governmental Employees Committee;
CS = Senate Civil Service and Pensions Committee; W&M = Assembly Ways and Means

NEW YORK STATE
TEACHERS' RETIREMENT SYSTEM

MEMORANDUM

TO: T. Lee

FROM: Office of the CFO / Finance Department

DATE: January 29, 2025

SUBJECT: Retirement Board Package

Attached are the System's quarterly financial statements and related schedules for the quarters ended December 31, 2024 and 2023.

The following is a list of the documents included:

1. Statements of Fiduciary Net Position (Unaudited)
2. Statements of Changes in Fiduciary Net Position (Unaudited)
3. Schedule of Administrative Expenses (Unaudited)



NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
Statements of Fiduciary Net Position (Unaudited)

December 31, 2024 and 2023

Assets	2024	2023
Investments at fair value:		
Domestic equity	\$ 49,431,222,593	\$ 46,308,255,702
International equity	20,693,317,003	19,327,018,990
Global equity	6,158,238,474	5,298,450,582
Real estate equity	16,453,145,721	16,765,720,409
Private equity	14,335,588,052	13,166,925,476
Domestic fixed income	21,962,730,958	19,338,897,434
High-yield bonds	1,571,793,182	1,459,168,748
Global bonds	2,889,618,413	2,739,220,723
Real estate debt	8,498,257,868	7,433,620,635
Private debt	2,557,413,107	2,189,989,787
Cash equivalents	1,946,326,933	4,381,464,256
Total investments	<u>146,497,652,304</u>	<u>138,408,732,742</u>
Receivables:		
Employer	976,961,387	912,096,004
Member	116,864,567	99,678,631
Investment income	398,790,862	357,929,208
Investment sales	68,810,249	222,397,623
Total receivables	<u>1,561,427,065</u>	<u>1,592,101,466</u>
Other assets:		
Securities lending collateral, invested	254,158,169	407,414,507
Member loans	283,064,908	266,562,870
Net investment in capital assets	23,831,188	23,004,387
Miscellaneous assets	5,752,814	5,797,027
Total other assets	<u>566,807,079</u>	<u>702,778,791</u>
Total assets	<u>148,625,886,448</u>	<u>140,703,612,999</u>
Deferred outflows of resources:		
Changes in net OPEB liability	15,718,775	15,103,133
Changes in net pension liability	12,201,645	15,366,904
Total deferred outflows of resources	<u>27,920,420</u>	<u>30,470,037</u>
Liabilities		
Securities lending collateral, due to borrowers	252,842,956	405,855,799
Investment purchases payable	110,368,537	481,264,028
Mortgage escrows and deposits, net of investments	14,035,000	2,072,379
Net OPEB liability	50,667,926	48,846,994
Other liabilities	204,212,190	157,862,038
Total liabilities	<u>632,126,609</u>	<u>1,095,901,238</u>
Deferred inflows of resources:		
Changes in net OPEB liability	1,280,285	2,249,463
Changes in net pension liability	9,080,289	1,305,207
Total deferred inflows of resources	<u>10,360,574</u>	<u>3,554,670</u>
Net position restricted for pensions	<u>\$148,011,319,685</u>	<u>\$139,634,627,128</u>



NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
Statements of Changes in Fiduciary Net Position (Unaudited)

For the six months ending December 31, 2024 and 2023

Additions:	<u>2024</u>	<u>2023</u>
Investment income:		
Net increase in fair value of investments	\$ 4,186,777,041	\$ 4,486,715,173
Interest	634,014,163	511,055,086
Dividends	614,540,763	610,953,627
Real estate, net operating income	272,504,031	243,836,287
Securities lending, gross earnings	8,550,645	11,605,257
Other (net)	(2,092,606)	2,516,271
	<u>5,714,294,037</u>	<u>5,866,681,701</u>
Less: Investment expenses	218,900,556	249,155,204
Securities lending:		
Broker rebates	7,007,563	8,998,573
Management fees	223,041	382,133
Depreciation on collateral	204,395	242,699
Net investment income	<u>5,487,958,482</u>	<u>5,607,903,092</u>
Contributions:		
Employer	971,650,033	950,085,055
Member	128,122,768	111,441,512
Transfers (to)/from other systems	5,583,293	7,920,768
Total contributions	<u>1,105,356,094</u>	<u>1,069,447,335</u>
Net additions	<u>6,593,314,576</u>	<u>6,677,350,427</u>
Deductions:		
Retirement benefit payments, periodic	4,308,484,757	4,181,378,399
Beneficiary payments	38,229,743	31,347,209
Return of contributions	10,811,406	11,859,659
Administrative expenses	45,903,765	39,674,974
Total deductions	<u>4,403,429,671</u>	<u>4,264,260,241</u>
Net increase in net position	2,189,884,905	2,413,090,186
Net position restricted for pensions, beginning of year	145,821,434,780	137,221,536,942
Net position restricted for pensions, end of period	\$148,011,319,685	\$139,634,627,128



NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
Schedule of Administrative Expenses (Unaudited)
Compared to Budget Appropriations for 2024-2025

	Budget Appropriations 2024-2025	Expenses and Encumbrances YTD 12/31/2024	Remaining Balance 12/31/2024	Actual Expenses YTD 12/31/2024
Salaries:				
Salaries	\$ 52,402,705	\$ 23,335,335	\$ 29,067,370	\$ 23,335,335
Overtime salaries	65,000	63,991	1,009	63,991
Social Security	3,675,395	1,533,725	2,141,670	1,533,725
Subtotal Salaries	<u>56,143,100</u>	<u>24,933,051</u>	<u>31,210,049</u>	<u>24,933,051</u>
Benefits				
Employees retirement	7,325,761	3,866,448	3,459,313	3,866,448
Dental insurance	380,827	167,958	212,869	167,958
Health insurance	9,509,399	3,887,550	5,621,849	3,882,515
OPEB contribution	6,804,000	3,402,000	3,402,000	3,402,000
Civil service	62,000	73,690	(11,690)	73,690
Subtotal Benefits	<u>24,081,987</u>	<u>11,397,646</u>	<u>12,684,341</u>	<u>11,392,611</u>
Total salaries and benefits	<u>80,225,087</u>	<u>36,330,697</u>	<u>43,894,390</u>	<u>36,325,662</u>
Building occupancy:				
Building security and vending	396,000	344,769	51,231	167,378
Building supplies and expenses	155,000	123,348	31,652	103,096
Heat, light and power	530,000	155,728	374,272	155,728
Insurance	483,308	452,703	30,605	452,703
Municipal assessments	199,000	67,340	131,660	67,340
Office supplies and expenses	160,350	117,133	43,217	116,354
Storage	68,880	62,000	6,880	22,020
Telephone	585,000	286,809	298,191	241,209
Total building occupancy	<u>2,577,538</u>	<u>1,609,830</u>	<u>967,708</u>	<u>1,325,828</u>
Computer:				
IT Hardware Purchases	1,222,600	245,848	976,752	125,234
IT Software Purchases	702,500	558,111	144,389	497,479
Software and support services	4,704,995	3,581,807	1,123,188	2,016,462
Project Costs - Hardware and Software	336,000	35,865	300,135	35,865
Total computer	<u>6,966,095</u>	<u>4,421,631</u>	<u>2,544,464</u>	<u>2,675,040</u>
Personnel and meeting:				
Board - meetings, travel and education	150,000	27,303	122,697	27,303
Delegates meeting	70,000	119,276	(49,276)	119,276
Dues	465,685	115,265	350,420	115,265
Employee Engagement	58,500	20,137	38,363	20,137



NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
Schedule of Administrative Expenses (Unaudited) (Continued)

Compared to Budget Appropriations for 2024-2025

	Budget Appropriations 2024-2025	Expenses and Encumbrances YTD 12/31/2024	Remaining Balance 12/31/2024	Actual Expenses YTD 12/31/2024
Personnel and meeting (continued):				
Library	\$ 52,175	\$ 11,081	\$ 41,094	\$ 10,406
Overtime meals	2,500	1,480	1,020	1,480
Personnel expenses	359,850	165,011	194,839	152,456
Pre-retirement seminars	76,000	54,477	21,523	54,477
Staff schooling	863,721	566,472	297,249	376,330
Travel and automobile expense	554,380	218,995	335,385	218,995
Tuition assistance	50,000	6,948	43,052	6,948
Wellness fund	9,250	2,887	6,363	162
Meeting Expense	10,450	5,641	4,809	5,641
Total personnel and meeting	<u>2,722,511</u>	<u>1,314,973</u>	<u>1,407,538</u>	<u>1,108,876</u>
Professional and governmental services:				
Auditors - financial	429,700	397,700	32,000	331,780
Disability medical examinations	100,000	49,517	50,483	49,517
Postage and cartage	1,020,200	572,734	447,466	507,659
Professional fees and services	2,002,984	1,173,133	829,851	614,558
Publications	234,000	119,005	114,995	81,911
Project Costs - Professional Fees	1,493,000	2,452,568	(959,568)	1,013,914
Statutory custodian charges	150,000	76,250	73,750	76,250
Total professional and governmental services	<u>5,429,884</u>	<u>4,840,907</u>	<u>588,977</u>	<u>2,675,589</u>
Capital improvement program:				
Depreciation - building and improvements	1,715,883	920,359	795,524	920,359
Depreciation - equipment	308,310	153,590	154,720	153,590
Amort./depreciation - computer micro	1,505,999	493,220	1,012,779	493,220
Building improvement expense	273,000	145,853	127,147	80,626
Building maintenance contracts	847,571	754,343	93,228	104,418
Equipment	143,000	4,429	138,571	4,429
Equipment maintenance	67,000	43,779	23,221	24,855
Fleet maintenance	40,000	11,273	28,727	11,273
Capital contingency	228,502	—	228,502	—
SBITA Asset Amortization Expense	120,736	—	120,736	—
Total capital improvement program	<u>5,250,001</u>	<u>2,526,846</u>	<u>2,723,155</u>	<u>1,792,770</u>
Total Administration Expenses	<u>\$ 103,171,116</u>	<u>\$ 51,044,884</u>	<u>\$ 52,126,232</u>	<u>\$ 45,903,765</u>



Quarterly Signatory Additions & Deletions

For Quarter Ended December 31, 2024

Division	Name	Position	Warrant Signatory	Document Signatory

No changes for the quarter ended December 31, 2024



Executive Committee Meeting January 29, 2025

RESOLUTION APPROVING THE BUSINESS CONTINUITY PLAN

RESOLVED, That the Business Continuity Plan, as presented to the Retirement Board reflecting changes through January 2025 is approved and accepted.



Audit Committee Meeting

January 29, 2025

COMMITTEE MEMBERS

Oliver Robinson, Chair

Juliet Benaquisto, Phyllis Harrington, Eric Iberger, Jennifer Longtin

AGENDA p. 293

Call to Order by Chair

- A. Approve minutes of the December 11, 2024 Meeting pp. 294-296
- B. Internal Audit Report for the year ending December 31, 2024 pp. 297-308
- C. Internal Audit Plan for the year ending December 31, 2025 pp. 309-322
- D. Resolution to approve the Internal Audit Plan p. 323
- E. Executive Session (motion for **Executive Session** pursuant to Section 105(1)(f) of the Open Meetings Law to discuss personnel matters and the financial or employment history of a particular person or corporation) pp. 324-328

NEW YORK STATE
TEACHERS' RETIREMENT SYSTEM
Audit Committee Meeting

A meeting of the Audit Committee of the New York State Teachers' Retirement System was held at the System on December 11, 2024.

Committee Members: Juliet Benaquisto, Eric Iberger, Phyllis Harrington (via WebEx), Jennifer Longtin (via WebEx), Oliver Robinson

Board Members: Dave Keefe, Nicholas Smirensky, Don Little (via WebEx)

Audit Committee Advisor: Sue Landauer (via WebEx)

NYSTRS' Staff: Thomas Lee, Kathy Ebert, Bruce Woolley, Lei Zhang, Teddi Kaczmarek, Darlene Dempsey, Nick Jansen, Matthew Horton, Maria Bruce, Scott Squadere, Matthew Albano, Matthew Tice, Beth Dellea, Margaret Andriola (via WebEx), Melody Prangle, Richard Young, Don Ampansiri, Vijay Madala, Andrew Whitney (via WebEx), Erica Mortimore (via WebEx), Colleen Laven, Shannon Bonesteel, Christopher O'Grady, Alexander Audino (via WebEx), Thomas King, John Rosenberg (via WebEx), Cristian Gherghi, Heather Marks, Benjamin Keezer, Matt Jurman Kilcup

Plante Moran: Jean Young (via WebEx), Manju Patnaik (via WebEx)

O. Robinson, Chair, called the meeting to order at 12:30 p.m.

1. Approval of the minutes of October 30, 2024

Upon motion of J. Benaquisto, seconded by E. Iberger, and unanimously carried, the Committee approved the minutes of the October 30, 2024, meeting of the Committee.

2. J. Young reviewed the Independent Auditor's Report on the Schedule of Employer Allocations and Schedule of Pension Amounts by Employer.

R. Young provided an overview of the schedule, including the required employer contributions and the net pension asset.

3. Resolution Accepting the Report

Audit Committee, December 11, 2024

Upon motion of E. Iberger, seconded by J. Benaquisto and unanimously approved, the Committee approved the following resolution:

RESOLVED, That the report of Plante Moran, PC on the Schedule of Employer Allocations and Schedule of Pension Amounts by Employer as of and for the fiscal year ended June 30, 2024, as presented to the Audit Committee, is accepted.

4. Internal Audit Update

B. Woolley discussed the status of the audit plan, Internal Audit staff presented the audit results, the Fraud, Waste or Abuse Report and open recommendations.

5. Annual Review of the Internal Audit Charter

K. Ebert presented the annual review of the Internal Audit Charter and reviewed the proposed changes.

Upon motion of E. Iberger, seconded by J. Benaquisto and unanimously approved, the Committee voted to recommend the following resolution to the Board:

RESOLVED, That the amended Internal Audit Charter, as presented to and reviewed by the Retirement Board, is hereby approved and recommended to be adopted as the charter of the Retirement System's Audit Committee.

6. Annual Review of the Audit Committee Charter

K. Ebert presented the annual review of the Audit Committee Charter and reviewed the proposed changes.

Upon motion of J. Benaquisto, seconded by E. Iberger and unanimously approved, the Committee voted to recommend the following resolution to the Board:

RESOLVED, That the amended Audit Committee Charter, as presented to and reviewed by the Retirement Board, is hereby approved and recommended to be adopted as the charter of the Retirement System's Audit Committee.

7. L. Zhang discussed required communications including the essential conditions and recognizing the mandatory guidance in the internal audit charter,

Audit Committee, December 11, 2024

independence and objectivity and having full, free and unrestricted access to information needed to complete the internal audit activity.

8. Executive Session

Upon motion of E. Iberger, seconded by J. Benaquisto, the Committee went into Executive Session at 1:08 p.m. to discuss personnel matters. With unanimous consent, the Committee came out of Executive Session at 1:28 pm.

There being no further business, upon motion of P. Harrington, seconded by J. Benaquisto and unanimously approved, the meeting was adjourned.

Respectfully submitted,

A solid black rectangular redaction box covering the signature of the person submitting the document.

Thomas K. Lee

REPORT HIGHLIGHTS

CRE External Fund Management – Public Securities

Engagement Objectives

The objective of this engagement was to provide reasonable assurance that the controls used in selecting and monitoring real estate external fund managers are in place and effective.

Risk

There is a risk that internal control weaknesses in manager selection, portfolio monitoring, and reporting to the Board could result in poor investment performance and lead to an inability of the System to meet its obligations. This risk is assessed at low.

Background

Responsible Department

- Real Estate Department

The Real Estate Department is responsible for selecting external fund managers for investments in Real Estate Investment Trusts (REITs) and Commercial Mortgage-Backed Securities (CMBS) that will add value and diversify the System’s portfolio.

Additionally, the Real Estate Department is responsible for monitoring the external fund managers for performance, financial data, valuations, and compliance with NYSTRS Investment Policy Manual (IPM), and recommending annual contract renewals or terminations to the Board.

Project Facts

Audit Period

January 01, 2022, to June 30, 2024

Numbers at a Glance as of June 30, 2024

As of June 30, 2024

Population	
3 CMBS Funds	\$ 3.001 billion
9 REIT Funds	\$ 2.757 billion
Sample	
1 CMBS Funds	\$ 1.772 billion
3 REIT Funds	\$ 1.572 billion

REPORT HIGHLIGHTS

NIST CSF – Risk Assessment

Engagement Objectives

The objective of this engagement was to evaluate the reasonableness of the controls in place to address the requirements in the NIST Cybersecurity Framework (CSF) v2.0.

Risk

There is a risk cybersecurity gaps are not identified or controls inaccurately assessed. As a result of this audit, the risk is assessed at low.

Background

Responsible Department

- Enterprise Risk Management (Risk)

The Information Security Officer (ISO) is responsible for annually evaluating the System's cybersecurity posture against the NIST CSF.

NYSTRS' applies the NYS Department of Financial Services requirements as a best practice to assess and prioritize cybersecurity risks. To accomplish this, the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF) is used.

This engagement was conducted jointly with Crowe LLP IT audit services.

Project Facts

Audit Period

October 2024 NIST CSF Risk Assessment

Numbers at a Glance

NIST CSF		
Function	Controls	Variance*
Govern	31	1
Identify	21	1
Protect	22	
Detect	11	
Respond	13	2
Recover	8	

* Differences between ISO and Crowe LLP assessment

REPORT HIGHLIGHTS

Quality Assurance and Improvement Report – Post-Audit Workpaper Review

Internal Assessment Activities

Some of the Internal Audit Activities include:

- Engagement supervision
- Checklists in audit software, TeamMate
- Tracking of project hours
- Post-engagement satisfaction surveys
- Audit status tracking
- Audit plan completion
- Progress toward completing agreed-upon actions
- Post-audit workpaper review

Annually, senior Internal Audit staff will review workpapers for a completed engagement in which they were not involved. The reviewer will use a set worksheet to review the workpapers for compliance with the *Standards* and department policy and procedure. The reviewer will provide constructive feedback on how the engagement was conducted and suggest opportunities, for improvement in the future. This internal assessment, or peer review, assists in continuously improving the way audit engagements are conducted.

Applicable Standards from the Global Internal Audit Standards

Standard 8.3 Quality

The chief audit executive must develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function.

At least annually, the chief audit executive must communicate the results of the internal quality assessment to the board and senior management.

Standard 12.1 Internal Quality Assessment

The chief audit executive must develop and conduct internal assessments of the internal audit function's conformance with the Global internal Audit Standards and progress toward performance objectives.

Project Facts

Reporting Period

January to December 2024

REPORT HIGHLIGHTS

Fraud, Waste or Abuse Report

Engagement Objectives

The Government Finance Officers Association (GFOA) recommends that every government establish policies and procedures to encourage and facilitate the reporting of fraud or abuse and questionable accounting or auditing practices. As such, Internal Audit maintains 3 mechanisms for reporting allegations of Fraud, Waste or Abuse.

To conform to industry best practices, the Internal Audit Department maintains a Fraud, Waste or Abuse “Hotline” to facilitate the capture, investigation, and reporting of fraud complaints. The “Hotline” is maintained on the System’s Internet site and is available to internal and external parties.

Risk

Fraud, waste or abuse has a risk of financial loss and reputational harm if allegations are not properly investigated.

Background

Responsible Departments

Investigation and Reporting

- Internal Audit

Allegation notification

- NYSTRS’ management and staff
- Members
- External parties

Internal Audit works with Member Relations, Legal, Finance and other staff to investigate and address each complaint. At each Audit Committee meeting, the Internal Audit Department presents the status of open cases.

Project Facts

Reporting Period

January to December 2024

Numbers at a Glance

During the period:

There were 14 open cases from the prior reporting period. 31 new allegations were received during the year.

Allegation Type	New	Closed
Deceased Payee	5	4
Fraudulent Loan	2	2
MyNYSTRS account	1	1
Retirement Benefit	2	4
School District Issue	1	1
Unqualified Contractor	1	1
Extraneous	19	19
Total	31	32

Audit Committee Meeting – January 29, 2025

INTERNAL AUDIT PLAN FOR THE YEAR ENDING DECEMBER 31, 2025

WHEREAS, System staff has presented to the Audit Committee of the Retirement Board a proposed internal audit plan for the year ending December 31, 2025, a copy of which is annexed hereto and made a part hereof as Appendix; be it

RESOLVED, That the Internal Audit Plan for the year ending December 31, 2025 is approved as presented.