

Kentucky Retirement Systems
Securities Litigation Policy
Approved March 2, 2022

A. Statement of Intent

This Securities Litigation Policy (Policy) is issued by the Investment Committee of the Board of Trustees of the Kentucky Retirement Systems (KRS) in connection with monitoring pending actions in which KRS is a named party or otherwise directly impacted.

KRS acknowledges that it has a duty to monitor and evaluate actions in which it may potentially be a member or participant. While KRS will take reasonable steps to monitor and evaluate the actions, it is also cognizant that most, if not all, of these claims will be prosecuted by securities lawyers specializing in representing investors, regardless of whether or not KRS takes an active role. Therefore, the decision regarding the degree of KRS direct involvement in a claim requires evaluating the potential of KRS to add value.

B. Identifying and Evaluating Potential Claims

Periodically, the Kentucky Public Pensions Authority (KPPA) Executive Director of the Office of Investments or other staff will identify actions that are filed in which KRS is a named party or otherwise directly impacted. A variety of sources may be used to identify the actions including, without limitation, a retained third party securities class action monitoring service, portfolio managers, the Internet, and the class action bar.

Upon identification of a potential claim, KRS trading activity will be examined by the retained securities class action monitoring firm to estimate the potential damages utilizing the average results of the two damage calculation methodologies recommended by the National Association of Public Pension Attorneys (NAPPA) in their working document *Calculation of Securities Litigation Damages* dated June 16, 2005, which is hereby incorporated by reference, or such other references and methods which may have particular application to a particular security and/or transaction.

If the potential damages are less than \$10 million, the KPPA Executive Director of the Office of Investments, or designee, shall monitor the class action suit and file a claim upon its conclusion to participate in the class settlement, unless unique circumstances warrant consideration of alternative approaches. If the potential damages exceed \$10 million, then the claim will be screened for more in-depth evaluation.

If further evaluation is warranted, the Executive Director of the Office of Investments shall, in conjunction with the Executive Director of Office of Legal Services and an external legal firm ("evaluation counsel") that has a demonstrated expertise in securities class action legal matters, perform additional due diligence on the claim. The Executive Director of the Office of Investments

shall confer with the General Counsel and may utilize internal legal resources, along with the evaluation counsel, when appropriate. Additional due diligence may include, without limitation: assessment of the complaint; SEC filings and company disclosures; contacts with other investors; consideration of non-litigation alternatives; staffing, resources and other issues; impact of active claim management and; potential conflicts with other class members. If, based upon this additional due diligence it appears that KRS may add significant value by more active participation, then the Executive Director of the Office of Investments shall present this recommendation to the Investment Committee. Any firm, or its partners, that has been selected as evaluation counsel for a particular case is precluded, by this policy, from representing the Systems in any securities litigation matter for a period of three years upon completion of their assignment.

Recommendations to the Investment Committee shall take one of the three following forms:

1. Monitor the course of the class action suit and file a claim upon its conclusion to participate in the class settlement, giving appropriate consideration to objecting to one or more terms of the settlement including, but not limited to, the amount of attorneys' fees to be paid.
2. Seek to control a class action by seeking designation as lead plaintiff, either singly or with others.
3. Opting out of a class action suit and filing a separate suit, either singly or with others.

Based on the review of the potential claim, the Investment Committee will determine whether active involvement is warranted by KRS and the nature of such involvement, if any. If active involvement is deemed to be warranted, appropriate outside counsel will be sought at that time by the Investment Committee.

Notwithstanding the foregoing, managers delegated monitoring responsibilities may utilize their existing monitoring system. The manager shall prepare records, and from time to time, shall furnish information KRS may require in the discharge of its duties. KRS shall continue to monitor the claim notwithstanding the nature of its involvement.


C. Monitoring Claims

The KPPA Executive Director of the Office of Investments shall recommend the retention of an independent third-party securities class action monitoring firm to assist in the monitoring, filing and claims collection processes. The services of the retained firm shall be evaluated on a periodic basis and the results of the evaluation communicated to the Investment Committee. Any firm providing such monitoring services shall be precluded from representing the Systems in any litigation efforts undertaken by the Investment Committee.

Signatories

As Adopted by the Investment Committee

Date: 5/23/22

Signature: 
Mr. Prewitt Lane
Chair, Investment Committee

As Adopted by the Board of Trustees

Date: 3/14/22

Signature: 
Mr. Keith Percy
Chair, Board of Trustees