



**SUSTAINABILITY/DIVERSITY AND INCLUSION
DUE DILIGENCE QUESTIONNAIRE**



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Investment Philosophy

The PUBLIC FUND seeks to invest all funds under its control in a manner that provides the highest risk-adjusted investment return for beneficiaries using authorized instruments. To achieve this objective, the PUBLIC FUND has a responsibility to recognize and evaluate risk and opportunity factors that may have a material and relevant financial impact on the safety and/or performance of our investments. XXIn addition to the considerations and objectives as set forth in the Investment Policy Statement, the PUBLIC FUND complies with all Illinois state laws and regulations including the Illinois Sustainable Investing Act (30 ILCS 238/1 et seq.)

Thus, consistent with achieving the investment objectives set forth herein, the PUBLIC FUND and its agents shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, due diligence and investment ownership in furtherance of the PUBLIC FUND'S investment goals to fulfill its fiduciary duty, to maximize anticipated financial returns, and minimize projected risk.

Sustainability factors shall be implemented within a framework predicated on the prudent integration of material sustainability factors, including, but not limited to (1) environmental, (2) social capital, (3) human capital, (4) business model and innovation, and (5) leadership and governance factors, as components of portfolio construction, investment decision-making, investment analysis and due diligence, prospective value proposition, risk management, and investment ownership, given that these tangible and intangible factors may have material and relevant financial impacts. Other relevant factors such as legal, regulatory, and reputational risks that contribute to an optimal risk management framework and are necessary to create long-term investment value should also be considered.

The sustainability analysis adds an additional layer of rigor to the fundamental analytical approach can be used to evaluate past performance and be used for future planning and decision-making.. Similar to financial accounting, sustainability accounting has both confirmatory and predictive value, thus, it can be used to evaluate past performance and be used for future planning and decision-making. As a complement to financial accounting, it provides a more complete view of an investment fund or portfolio company's performance on material factors likely to impact its long-term value.

Frequently Asked Questions

1. What is the purpose of this document?

The goal of the PUBLIC FUND's is to assess how investment managers integrate sustainability factors within a framework predicated on the prudent integration of material sustainability factors, including, but not limited to (1) environmental, (2) social capital, (3) human capital, (4) business model and innovation, and (5) leadership and governance factors, as components of portfolio construction, investment decision-making, investment analysis and due diligence, prospective value proposition, risk management, and investment ownership, given that these tangible and intangible factors may have material and relevant financial impacts. The sustainability analysis adds an additional layer of rigor to the fundamental analytical approach and can be used to evaluate past performance and be used for future planning and decision-making.

The PUBLIC FUND complies with all Illinois state laws and regulations including the Illinois Sustainable Investing Act (30 ILCS 238/1 et seq)

2. Are Investment Managers expected to provide answers to any “sensitive” questions in this document?

Investment managers are not required to divulge sensitive information, especially if it violates a non-disclosure agreements with other parties. It is also understood that investment managers may need to use caution in providing information to organizations they feel are not genuinely interested in committing to their fund. However, as fiduciaries, the PUBLIC FUND's does not feel restricted from asking sensitive questions. The Investment Managers' right to protect confidential information is no greater than the PUBLIC FUND's right to inquire about information they feel is relevant to the transparency and alignment of their potential/current partnership. If Investment Managers are more comfortable providing certain answers in person, in a redacted format, or at a later stage in the diligence process, they are encouraged to do so. However, Investment Managers should provide an explanation in these instances, using this document to that end, as well as seeking further direction from the PUBLIC FUND's.

3. Are Investment Managers expected to answer questions that are not applicable to their specific fund?

This questionnaire seeks to address questions specific to incorporation of sustainability factors as components of portfolio construction, investment decision-making, investment analysis and due diligence, prospective value proposition, risk management, and investment ownership, given that these tangible and intangible factors may have material and relevant financial impacts on portfolio companies. Investment Managers should use their best judgment to answer questions that are relevant to their organization. For skipped questions in the Detailed Questions section, Investment Managers should provide a brief, one sentence statement explaining their rationale for not answering. For the skipped questions in the Basic Questions section, “N/A” should be populated in the “Reference” field.

4. Will the PUBLIC FUND's use an Investment Manager's answers in the Basic Questions section (yes/no questions) as the sole criteria for their ultimate investment decision?

No, the basic questions are intended to provide the PUBLIC FUND's with a top-level checklist, and a framework to highlight issues that need further clarity. The PUBLIC FUND's will review the expanded answers in the Detailed Questions section, as well as their own follow-up questions, before making any investment decisions.

5. Will the PUBLIC FUND's only use this document? In what format should additional questions be sent to the Investment Manager?

One of the goals of this document is to minimize, not eliminate, the variations in the diligence processes administered by the PUBLIC FUND's. While the PUBLIC FUND's believes that this is a comprehensive document that covers the central questions institutional investors should ask Investment Managers pertaining to the incorporation of sustainability factors, as well as equity diversity and inclusion, it may be necessary to supplement this document with additional questions.

Fund Information

Firm: General Information

Date of Completion: MM/DD/YYYY

Firm Name or Business Unit that is Fundraising (the "Firm"): _____

Address: Street: _____

City: _____

State/Country: _____

Postal Code: _____

Phone Number: _____

Fund Name(s): _____

Regulatory Body(s) that Supervises Firm: _____

Firm Contact (for requesting additional information): _____

Name: _____

Title: _____

Phone Number: _____

Email Address: _____

Basic Questions

1.0 Firm Governance / Risk Management / Compliance	Yes	No	Reference*
1.1 Has the Firm adopted the CFA Institute's most recent Code of Ethics and Standards of Professional Conduct or a substantive equivalent?	<input type="checkbox"/>	<input type="checkbox"/>	
2.0 Sustainability Integration	Yes	No	Reference*
2.1 Does the Firm have a Sustainability Policy (or equivalent ESG/SRI policy)?	<input type="checkbox"/>	<input type="checkbox"/>	
2.2 Does the Firm have a Corporate Social Responsibility Policy?	<input type="checkbox"/>	<input type="checkbox"/>	
2.3 Is the Firm a signatory to the United Nations Principles for Responsible Investing (UNPRI) ?	<input type="checkbox"/>	<input type="checkbox"/>	
2.4 Does the Firm have policies that encourage portfolio companies to adopt external standards and codes (such as the United Nations Global Compact)?	<input type="checkbox"/>	<input type="checkbox"/>	
3.0 Equity, Diversity and Inclusion	Yes	No	Reference*
3.1 Does the Firm have a formal Equity, Diversity and Inclusion policy or initiative? If 'yes', provide a copy of the policy (as referenced in Appendix A).	<input type="checkbox"/>	<input type="checkbox"/>	
3.2 Does the Firm have a Code of Conduct that covers harassment, discrimination and/or workplace violence? If 'yes', provide a copy of the Code (as referenced in Appendix A).	<input type="checkbox"/>	<input type="checkbox"/>	
3.3 Has the Firm put procedures in place for the reporting and investigation of harassment and/or discrimination? If 'yes', provide these procedures (as referenced in Appendix A).	<input type="checkbox"/>	<input type="checkbox"/>	
3.4 Have there been any claims of sexual or general harassment, misconduct or discrimination against any current or former Firm employees (while employed by the Firm) within the last 5 years?	<input type="checkbox"/>	<input type="checkbox"/>	

Detailed Questions

1.0 General

- 1.1. Does the product being reviewed integrate material sustainability factors, including, but not limited to, (1) environmental factors, (2) social capital factors, (3) human capital factors, (4) business model and innovation factors, and (5) leadership and governance factors, as components of portfolio construction, investment decision-making, investment analysis and due diligence, prospective value proposition, risk management, and investment ownership given that these tangible and intangible factors may have material and relevant financial impacts? If not, is there a version of this strategy that incorporates sustainability factors?
- 1.2. How does the Firm define the materiality of sustainability factors? Give 2-3 examples of sustainability factors that have been identified as material to portfolio companies in the most recent fund.
- 1.3. Once identified, how might (i) potentially material sustainability risks, and (ii) sustainability-related opportunities impact the investment decision? Please provide 2-3 examples.
- 1.4. Please provide one emerging ESG issue or trend that you believe will increasingly become material to the proposed investments over the next 3-4 years, and how is your firm addressing it in your policies and practices.

2.0 Investment Policy & Process

- 2.1. Please describe your firm's sustainable investing policy/mandate for this strategy. If possible, please attach relevant documents.
- 2.2. How frequently is the policy/mandate reviewed and updated?
- 2.3. Does your firm have a dedicated sustainable investing research team? If so, please provide (1) their bios and (2) detail the process by which they work with the portfolio managers and, if applicable, traditional research analysts. If not, how do other investment professionals/staff integrate sustainable investing factors into their responsibilities?
- 2.4. How, and to what extent, are sustainable investing factors integrated into the investment decision-making process? Please describe:
 - 2.4.1. What sustainability factors are consistently evaluated? (i.e. Is there a focus on megatrends impacting the global economy, like resource scarcity or low carbon, for example, or does your firm apply an expanded sustainability framework that recognizes, for example, environmental, social, and governance factors?)
 - 2.4.2. For the sustainable investing factors evaluated, how is materiality determined, prioritized, and addressed at the security, sector, or country level? Please describe this process using specific examples.
- 2.5. Does your firm utilize materiality standards from the Sustainability Accounting Standards Board (SASB)? If so, explain the rationale and way they are incorporated. If not utilized, please explain why.
- 2.6. How is analysis of sustainability factors integrated with traditional financial analysis for securities, sectors, and countries? Are the results of the sustainable investing factor analysis implemented in a qualitative manner (i.e. to inform a buy/sell/hold decisions) or quantitative manner (i.e. to adjust forecasted variables), or both? Please provide an example to illustrate your approach to blending sustainable and traditional analysis.

- 2.7. How can the PUBLIC FUND monitor and, where necessary, ensure that the Fund is operating consistently with agreed-upon sustainability-related policies and practices, including disclosure of sustainability-related incidents?
- 2.8. Does your firm utilize internal or external resources (or both) to acquire data, information, and analyses on sustainability factors facing portfolio companies? If third-party research providers are utilized (e.g. Sustainalytics, MSCI, SASB, ISS, etc.), please list those providers and detail how their reports/analyses/scores are utilized to assess sustainability risks and opportunities.

3.0 Equity, Diversity and Inclusion

- 3.1. Is the Firm under the control of minority persons, women, veterans, or persons with a disability (MWVD Persons)?¹ Please explain and provide supporting data detailing how the Firm is under the control of such groups within the meaning of the applicable definitions. Is the Firm owned by MWVD Persons? Please explain and provide supporting data detailing how the Firm is owned by such groups within the meaning of the applicable definitions.
- 3.2. Please provide the number and percentage of the Firm's senior executive leaders (i.e. partner, president, COO, managing director, or other senior executives) who are MWVD Persons. Please cite with supporting data.
- 3.3. Please provide the number and percentage of the Firm's staff (i.e. all full-time and part-time employees) who are MWVD Persons. Please cite with supporting data.
- 3.4. Describe the Firm's process for recruiting new employees to the investment team? Operations team? Administrative team?
- 3.5. What percentage of the Firm's female employees were promoted in the last 3 years? What percentage of the Firm's minority employees were promoted in the last 3 years? What percentage of the Firm's female employees departed in the last 3 years? What percentage of the Firm's minority employees departed in the last 3 years?

4.0 Proxy Voting and Engagement

- 4.1. Does your firm engage with the companies in which you invest on sustainability risks and opportunities?
 - 4.1.1. Please how and to what extent your firm engages companies on sustainability risks or opportunities.
 - 4.1.2. Do you have a method of evaluating your engagement with companies? If so, please describe.
 - 4.1.3. If you do not engage with companies, please explain why.

¹ Firms are owned or under the control of MWVD Persons, if the firm: (a) is at least 51% owned by one or more persons who are citizens or lawful permanent residents of the United States and are minority persons, women, veterans, or persons with a disability ("MWVD Persons") that control such company's management and daily business operations; or (b) is under the real, substantial, and continuing control (not pro forma) of MWVD Persons that have the exclusive or ultimate and sole control of the business (including, but not limited to, capital investment and all other financial matters, and comprehensive hiring) and that have the power to cause the direction of the management and policies of the business and make the day-to-day as well as major decisions in matters of policy, management, and operations. Control shall be exemplified by possessing the requisite knowledge and expertise to run the particular business and control shall not include simple majority or absentee ownership.

4.2. Please describe your firm's proxy voting policy. If possible, please attach the proxy voting guidelines that govern your voting decisions.

4.3. Is a third-party provider utilized for proxy voting? If so, please list the firm.

5.0 Firm Participation and Reporting

5.1. How, if at all, are sustainability issues incorporated into the general operation of your firm?

5.2. Are there specific sustainability issues or trends that are a primary for your firm from a near-term (three to five years) goal perspective? Please provide details about those objectives and the strategy for addressing them.

5.3. Does your firm provide sustainable investing impact and/or United Nation's Sustainable Development Goals (SDG) reporting to clients? If so, please provide an electronic copy of the most recent report(s).

Appendix A - Requested Documents (if applicable) *

1. Sustainability/ESG Policy
2. Code of Ethics/Conduct
3. Equity, Diversity and Inclusion Policy