

**BOARD OF TRUSTEES OF THE
EMPLOYEES' RETIREMENT SYSTEM OF THE
CITY OF BALTIMORE**

SECURITIES LITIGATION POLICY

Adopted by the Board of Trustees on May 21, 2026

I. SUMMARY

The Baltimore City Employees' Retirement System (BCERS) Board of Trustees (the Board), in carrying out its fiduciary obligations and acting solely in the interest of BCERS' members and beneficiaries, adopts this policy to prudently monitor portfolio losses that may give rise to potential securities litigation, whether pursued individually or as part of a class action.

The Board recognizes that securities litigation is a discretionary, infrequently used tool and should be pursued only when consistent with the Board's fiduciary duties and the long-term interests of the System. Accordingly, BCERS' objectives in pursuing securities litigation are to recover investment losses in a cost-effective manner, maximize net recoveries after expenses, and, where appropriate, support improvements in corporate governance that may enhance shareholder protections and market integrity.

II. GOALS

- Fulfill **BCERS'** fiduciary duty to protect the trust by monitoring its investments and effectively managing securities litigation claims as assets of the trust fund.
- Recover losses of investment value through individual actions, opt-outs, or class actions.
- Reduce fees paid to obtain recoveries by negotiating favorable contingency fee arrangements and utilizing free securities monitoring services.
- Deter and reduce future fraud on the market and promote improvements in corporate governance.

III. SECURITIES CLASS ACTIONS AND MONITORING RECOVERY STRATEGIES

A. **BCERS** may utilize the services of **BCERS'** custodial bank as well as the services of any expert in the area of securities monitoring and asset recovery to evaluate a potential securities claim, file a valid proof of claim, or collect any settlement that results from the claim.

B. **BCERS** may retain a law firm that specializes in securities class actions and asset recovery.

C. If **BCERS** does not serve as lead plaintiff, **BCERS** may:

1. Participate as a co-lead plaintiff with other institutional investors;
2. Opt out of a class and file a separate securities action in state or federal court;
3. File a shareholder derivative claim in state or federal court;
4. Formally intervene in pending litigation; and
5. Participate in actions before the Securities and Exchange Commission (SEC), including SEC rulemaking.

D. **BCERS** will evaluate alternatives to litigation that may be as effective as litigation to rectify the underlying cause of the fraud.

IV. EVALUATION OF POTENTIAL CLAIMS

Considerations in weighing the merit of each claim to determine the level of participation, if any, may include, but are not limited to, the following:

- The significance of the holding or size of the claim for the investment activity.
- The projected use of **BCERS'** staff time and resources.
- The legal rationale and justification for the claim.
- The increased recovery amounts for **BCERS** and the class by serving as lead plaintiff.
- The availability of other appropriate lead plaintiffs.
- The actual or potential costs (if any) or other burdens associated with different strategies and outcomes.
- Whether the potential benefits justify the allocation of **BCERS'** resources to case management, discovery, or other associated demands of the case.
- The effects upon **BCERS'** investments, business dealings, or other interests.
- The potential reputational risks to **BCERS** in pursuing an action.

- Whether the action could lead to corporate governance change to address the cause of the wrongful conduct or deter misconduct, foster market integrity, or improve company practices.
- The likelihood of success and successful recovery.

V. LOSS THRESHOLD

A. In order for **BCERS** to seek lead or co-lead plaintiff status in a securities class action lawsuit, a loss threshold is established of at least two basis points (0.02%), or five hundred thousand dollars (\$500,000), of **BCERS'** total fiduciary net positions as reflected in the most recent Comprehensive Financial Annual Report.

B. A loss threshold may be modified downward in instances where **BCERS** believes there are important policy reasons for commencing a particular action even though the threshold amount has not been met.

VI. DELEGATION OF AUTHORITY

A. Prior to seeking lead plaintiff status or initiating securities litigation, the Executive Director, after consultation with the General Counsel, will provide a recommendation for a securities litigation claim to the Board for consideration and approval.

B. The Board delegates to the Executive Director, in consultation with the General Counsel, the authority to review and evaluate potential securities litigation, and to authorize securities litigation appropriate for **BCERS**, including the authority to make all administrative, procedural, or strategic decisions necessary to meet the goals and objectives of the Board.

VII. REPORTS

The Executive Director or his or her designee shall regularly report to the Board any participation in a securities litigation case as a lead or co-lead plaintiff and update the case status, including the final resolution of the case and any settlements of record.

VIII. SELECTION OF SECURITIES MONITORING & ASSET RECOVERY LAW FIRMS

A. The Board delegates to the Executive Director and **BCERS** staff the authority and responsibility to procure securities litigation and monitoring counsel.

B. **BCERS** may select at least one but no more than three qualified securities monitoring and litigation firms to monitor **BCERS** securities, evaluate potential securities litigation claims, file and litigate claims on behalf of **BCERS** as requested, and collect any settlements that result from the claims.

C. **BCERS** staff shall present their selections to the Board for approval by Board resolution.

D. A selected firm shall provide services to **BCERS** on a contingency fee basis.

IX. SELECTION OF SECURITIES LITIGATION FIRM TO PROSECUTE CASE

The Executive Director with consultation from the General Counsel shall provide a recommendation to the Board regarding the selection of securities litigation counsel most appropriate for **BCERS'** interests on a case-by-case basis, using his or her discretion. If several appropriate counsels are interested in representing **BCERS** for a single case, considerations for recommending the most appropriate counsel include, but are not limited to:

- First to file or develop the theory for the case
- Expertise best suited to the nature of the claim
- Willingness to negotiate contingency fees and charge only reasonable and necessary costs (i.e., the American Bar Association Model Rules of Professional Conduct, Rule 1.5)
- Transparent billing practices and lodestar reporting, and willingness to maintain contemporaneous time records available at **BCERS'** request
- Demonstrated reputation for ethical behavior and adherence to the spirit and letter of the PLSRA
- Willingness to abide by ABA Formal Ethics Opinion 08-451 (regarding outsourced attorney relationships)
- Public policy considerations in prosecuting cases
- Alignment with the interests and goals of **BCERS**
- Strength of communication and cooperation with **BCERS**
- Resources necessary to successfully prosecute the case
- Joining with other securities litigation counsel if doing so increases the likelihood of success
- Successful prosecution of prior cases for **BCERS**
- Rotation of interested firms

X. REVIEW OF POLICY

The Board may periodically review and make appropriate changes to this policy in keeping with its fiduciary standards and policy goals.