



2025

SUSTAINABILITY REPORT

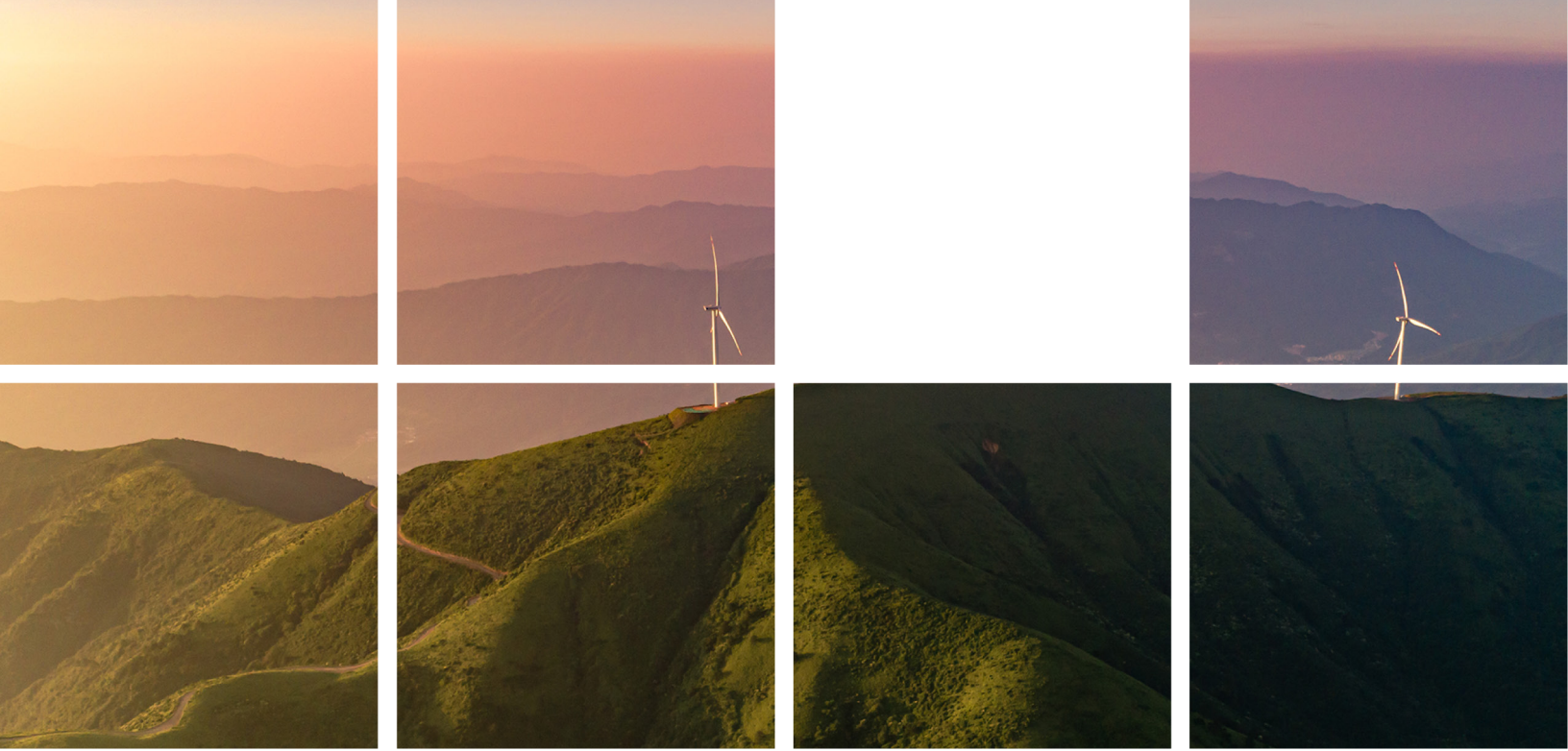


TABLE OF CONTENTS

- A MESSAGE FROM THE CEO (3)
- INTRODUCTION (4)
- WSIB SUSTAINABILITY PROGRAM (6)
- BLUEPRINT FRAMEWORKS (7)
 - DIVERSITY, EQUITY, AND INCLUSION (DEI) BLUEPRINT (9)
 - CLIMATE BLUEPRINT (10)
- TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORTING (12)
- WSIB STAFF RESEARCH: LOW CARBON EQUITY INDICES (21)
- ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) INTEGRATION (23)
- CASE STUDIES (24)
- ASSET STEWARDSHIP (29)
- ADVOCACY (34)
- LOOKING FORWARD (37)

A MESSAGE FROM THE CEO

I am pleased to present the Washington State Investment Board's (WSIB) 2025 Sustainability Report. For over 44 years, the WSIB has generated excellent investment returns, handily outpacing our statutory return expectations. Sustaining that level of excellence may become more challenging in the years ahead. The WSIB has a long investment horizon and is subject to complex and systemic global dynamics that unfold over time—from the far-reaching impacts of climate change and artificial intelligence (AI) to rising sociopolitical pressures. The investment risks and opportunities tied to these evolving global challenges are inseparable from long-term investment strategy and performance.

The investment impacts of climate change continue to increase in both scope and scale. As a universal owner, the WSIB owns a representative slice of the entire global economy, and our portfolio of investments largely mirrors the broader market. Over the coming decades, the funds we manage will reflect the global transition from greenhouse gas-intensive fuel sources to renewable energy. We have focused our efforts on gaining a better understanding of this energy transition and the impact it will have on our investments. In last year's Sustainability Report, we aligned the WSIB's climate reporting framework with the widely recognized Task Force on Climate-Related Financial Disclosures (TCFD). This year's report includes the estimated carbon footprints of both our public equity and corporate fixed income portfolios. We also highlight investments in funds and companies that are making meaningful contributions to creating a more sustainable world.

In 2018, when the WSIB published its first report focused on sustainability, AI was a novel concept that held great promise. Today, AI, which has infiltrated virtually every corner of the global economy, is poised to become one of the predominant investment themes in markets around the world. Companies will increasingly use AI to drive efficiency, reshaping job markets and employee skillsets. At the same time, AI is inextricably linked to the energy transition as generative AI, in its current form, requires a significant amount of electricity. We are working hard to understand the material impacts AI will have on the companies in which we invest. This work is essential, as it will help us take advantage of investment opportunities while mitigating the risks associated with a rapidly changing AI landscape.

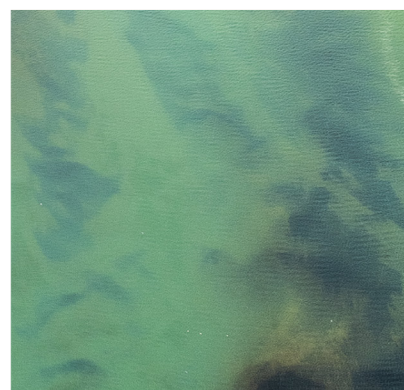
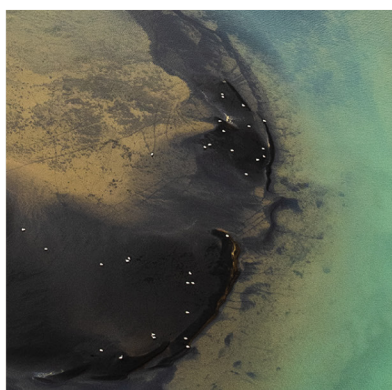
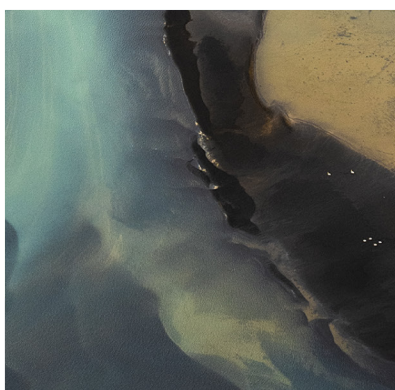
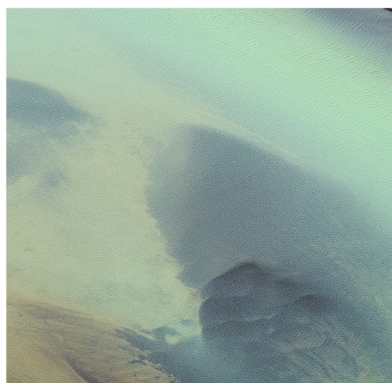
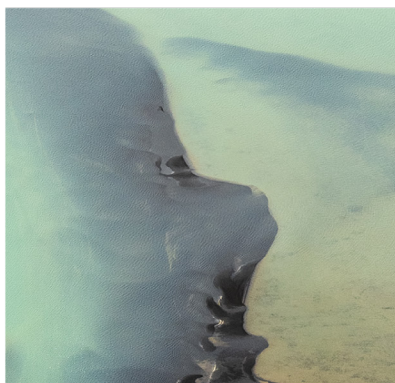
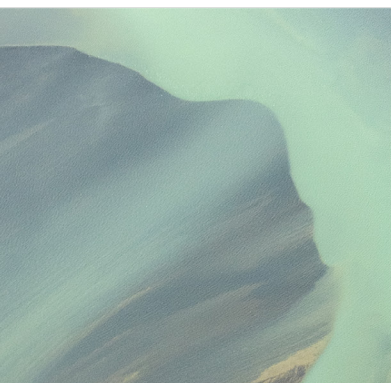
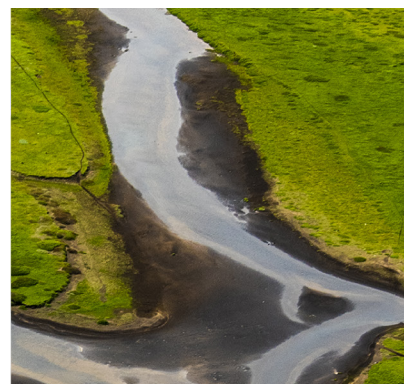
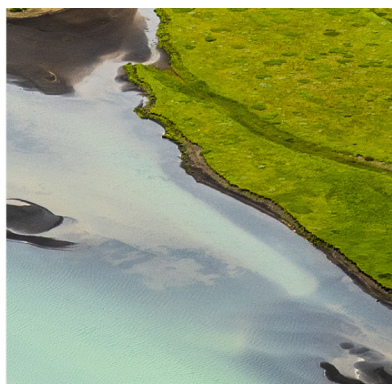
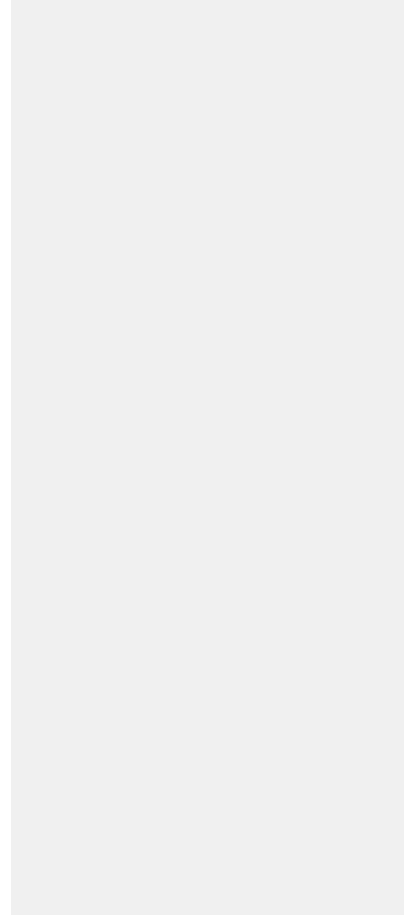
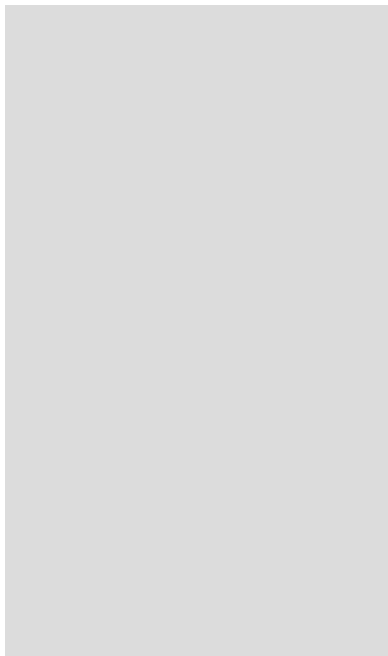
Although we will face many challenges in the coming years, I'm excited about the opportunities that lie ahead. As a fiduciary tasked with managing hundreds of billions of dollars for the exclusive benefit of beneficiaries, we will not waver from our mission to maximize return at a prudent level of risk. One of our core investment beliefs is centered on the long-term sustainability of the portfolios we manage and the returns that they generate. As we continue to prudently integrate sustainable investment considerations and practices into our investment approach, we will promote transparency around these efforts, both in annual reports such as this one, and in open public forums, such as our Board and Committee meetings. I sincerely hope the 2025 Sustainability Report will contribute to your understanding of the important work we are doing in this space.

Allyson Tucker, CFA, CAIA
Chief Executive Officer



INTRODUCTION

The WSIB invests the funds entrusted to it with integrity, care, and skill to maximize return over the long term at a prudent level of risk for the exclusive benefit of beneficiaries.



INTRODUCTION

As a long-term investor, the WSIB's ability to generate sustainable returns is influenced by the performance of the markets and economies in which it invests. Since sustainability factors like climate change and biodiversity loss pose market and economic risks, asset owners have a duty to assess whether these risks might impact their ability to protect long-term value for their members and beneficiaries. Consequently, the WSIB aims to mitigate these risks while also pursuing sustainability-related opportunities through its investment decisions, asset stewardship activities, and advocacy efforts.

As of June 30, 2025, the WSIB managed \$222.5 billion across 39 funds and over 18,000 investment holdings, with investments in 90 countries and 50 currencies. The WSIB manages pension funds for public employees, teachers, law enforcement officers, and other public workers, as well as other Washington State funds. The largest of these funds is the Commingled Trust Fund (CTF), which is the investment vehicle for aggregated pension plans in Washington State. Washington State's pension benefit obligations to beneficiaries are projected to increase for the foreseeable future, underscoring the importance of the WSIB's mission to maximize return at a prudent level of risk.

For decades, this mission has served the state of Washington well. For the year ending June 30, 2025, the CTF returned 9.0 percent. For the 10-year period ending June 30, 2025, the CTF returned 9.3 percent, outperforming all its policy benchmarks for the period. The WSIB explicitly invests over a long-term horizon and believes that integrating financially material sustainability considerations into its investment process will lead to superior long-term results.

ASSET CLASS	1 YEAR	3 YEAR	5 YEAR	10 YEAR
TOTAL FUND	9.0%	7.6%	11.0%	9.3%
FIXED INCOME	7.0%	4.6%	0.8%	2.9%
TANGIBLE ASSETS	6.6%	8.2%	10.3%	7.3%
REAL ESTATE	2.9%	2.0%	11.1%	10.7%
PUBLIC EQUITY	15.1%	17.2%	13.8%	10.1%
PRIVATE EQUITY	9.6%	4.9%	16.6%	13.2%
INNOVATION	6.3%	6.8%	13.8%	-0.4%
CASH	4.9%	4.9%	3.0%	2.1%

Additional information on the WSIB's performance can be found at <https://www.sib.wa.gov/reports.html>.





ESG INTEGRATION

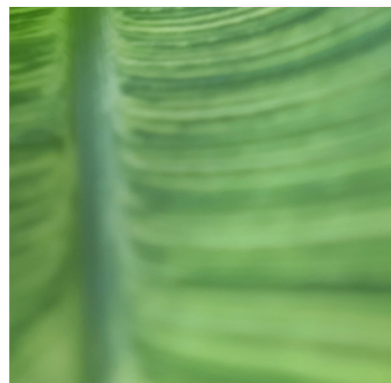
- Assess material ESG risks and opportunities across investments
- Educate and train investment staff on sustainable investing best practices
- Identify investment partners and products where sustainability factors are key drivers of investment returns
- Develop total portfolio perspectives on key sustainability topics, such as climate change and DEI

ASSET STEWARDSHIP

- Proxy voting
- Public company engagement
- Oversight of investment manager asset stewardship

ADVOCACY

- Collaborate and engage with partners, peers, industry groups, regulators, and other stakeholders on material sustainability issues
- Provide feedback on sustainability frameworks that increase transparency, support value creation, and enhance the functioning of capital markets over the long run



WSIB SUSTAINABILITY PROGRAM

The WSIB's sustainability program comprises three complementary components: ESG Integration, Asset Stewardship, and Advocacy. These are described in greater detail on the following pages.



BLUEPRINT FRAMEWORKS

In 2022, the WSIB introduced DEI and Climate Blueprints as two of the agency's key long-term strategic initiatives. These Blueprints are strategic tools that help define and advance the WSIB's ability to address systemic issues like DEI and climate change as integral factors within our investment discipline and organizational mission. The Blueprints are dynamic project plans that will evolve based on WSIB needs, prioritizing progress and consistency across agency, portfolio, and industry activities.

BLUEPRINT FRAMEWORKS

The DEI and Climate Blueprints create a governance structure and establish a consistent direction and prioritization for their respective focus areas.

The CEO is responsible for championing the Blueprints both within the agency and externally, providing executive leadership and guidance. The CEO also provides updates to the Board as part of the annual strategic planning process. The Board reviews and approves the priorities in the strategic plan on a yearly basis. A cross-functional team of staff members, including a project lead and a project manager, are responsible for implementing the Blueprints.

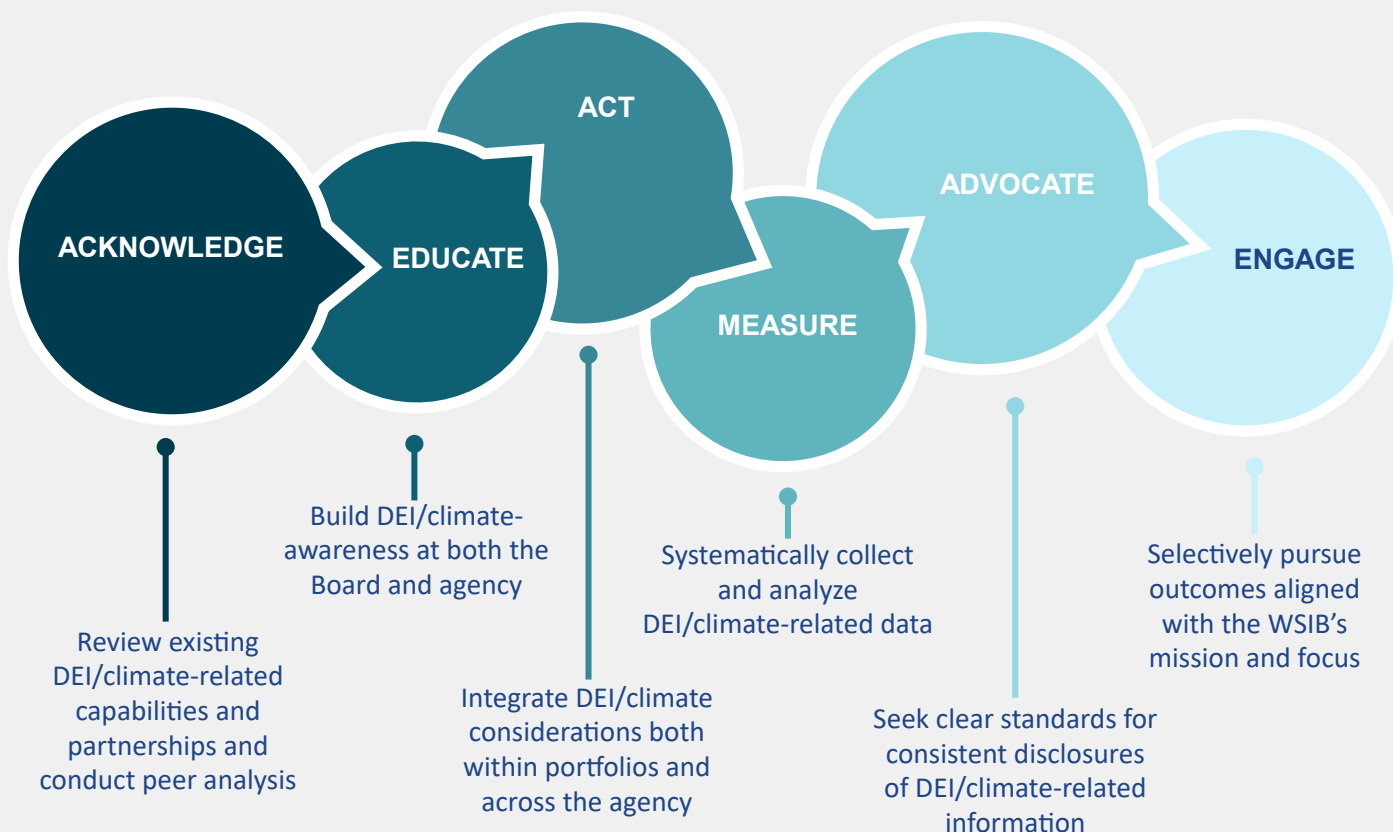
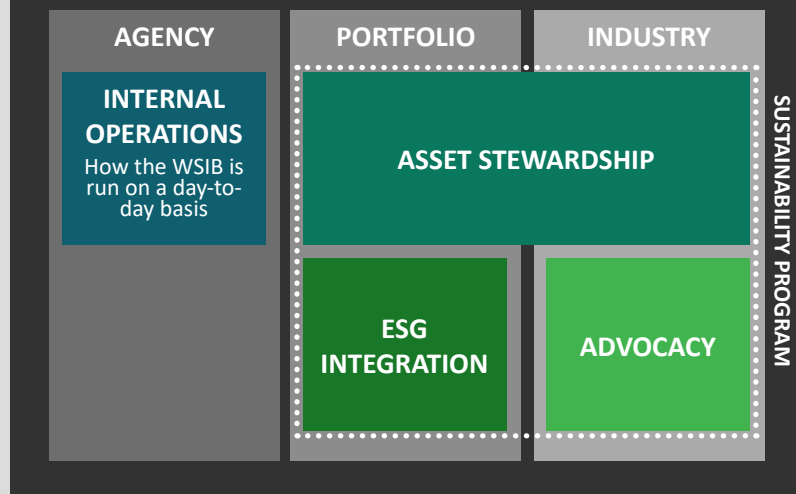
THE BLUEPRINT FRAMEWORK

The Climate and DEI Blueprint frameworks continue to provide the WSIB with the governance, structure, and focus to make meaningful progress on systemic issues that are core to the WSIB's mission. As the work has progressed over the last four years, staff has shifted from focusing on the acknowledgement and education components of the frameworks to also including action and measurement. Advocacy and engagement have long been critical to the WSIB's sustainability approach and will mature and adapt as the industry evolves.

STRATEGIC LEVEL

Board and Senior Management Oversight

The Blueprint seeks progress and consistency across agency, portfolio, and industry activities where feasible



DEI BLUEPRINT

The DEI Blueprint is used in shaping the organization's approach to understanding where thoughtful opportunities exist within the agency to implement best practices for inclusion and belonging. The DEI Blueprint is meant to align our internal DEI values with external sustainability efforts. External efforts encompass engagement with public companies and our investment partners, incorporation of DEI considerations into investment decision-making, and public advocacy efforts. The Blueprint is aligned with our fiduciary duties, as DEI considerations can be material to investment outcomes and organizational best practices.

The WSIB is a diverse workplace, and to measure that diversity, the organization created a diversity metrics dashboard. The dashboard is updated annually based on voluntary employee reporting through Washington State's employee self-service platform. This dashboard helps staff understand the impact of its inclusion and belonging efforts on employee engagement, retention, and career development over the long run.

Given the shifting federal landscape around DEI initiatives and the assumptive impacts, the WSIB is reviewing the DEI Blueprint and associated DEI-related activities. The organization has convened a cross-functional working group to provide insights into the implications of the environment surrounding DEI initiatives as we carefully execute our DEI Blueprint. One component of this work is a review of industry and peer approaches in order to provide guidance to support the WSIB's long-term strategic direction.

The WSIB currently has a DEI Committee, executive leadership sponsorship, an established DEI policy, and an ESG investment framework that includes DEI considerations. In 2025, the WSIB made progress on both internal and external DEI-related initiatives.

PROGRESS TO DATE

2022

- DEI Blueprint established
- Created DEI framework and governance structure
- Joined ESG Data Convergence Initiative

2023

- Identified DEI values through workforce, Vision, Mission, Values project
- Established an outreach program for building talent pipeline
- Provided DEI-related education session for the Board
- Collected workforce equity data and developed a dashboard

2024

- Incorporated DEI objectives into staff performance evaluations and Individual Development Plans
- Head of Sustainability appointed to Institutional Limited Partners Association (ILPA) Diversity in Action Steering Committee
- Provided staff training on implicit bias, cultural competence, and allyship in the workplace
- Developed early learning content leveraging LinkedIn Learning platform

2025

- Initiated pulse surveys on inclusion and belonging
- Led collaborative DEI early (journey) learning sessions
- Launched DEI Book Club for staff
- Reviewed DEI-related proxy voting policies, as needed
- Deepened DEI engagement with investment partners

CLIMATE BLUEPRINT

Climate change continues to be one of the most significant systemic risks facing our investment portfolios. Our 2025 Sustainability Report arrives amid another year of intensifying global heat waves, wildfires, and environmental disruptions, reinforcing the urgency of addressing financially-material climate-related risks and opportunities across all aspects of our investment approach.

EXAMPLES OF ESCALATING CLIMATE IMPACTS

- 2024 was the hottest year in recorded history, with the average global temperature exceeding 1.5 degrees Celsius above pre-industrial levels.¹ This is the first time that the average annual temperature has exceeded the 1.5-degree target set by the Paris Agreement. Debate exists in the scientific community as to whether this is an anomaly or a permanent state.
- Over 4 billion people experienced at least 30 additional days of extreme heat due to human-caused climate change.²
- Wildfires in California (January 2025) caused up to \$131 billion in property and capital losses, leading to a 0.48 percent decline in county-level GDP.³
- Catastrophic floods in Spain (November 2024) killed over 200 people and caused significant damage to the region's agriculture and tourism industry.⁴

INVESTMENT OPPORTUNITIES IN CLIMATE ADAPTATION & RESILIENCE

Economies globally need to adapt to minimize future impacts of climate change, through a combination of transitioning away from existing carbon-intensive processes where possible and building resilient systems that can adapt to the emerging threats associated with higher temperatures and a less stable environment. As a global investor, the WSIB seeks opportunities to support the transition to a lower carbon economy through its investments and encourages its investment partners to do so as well. Key investment trends include:

- Renewable energy is projected to surpass coal as the leading electricity source by 2026.⁵
- Clean energy technologies are becoming more affordable and scalable, especially in developing economies.⁶
- AI and datacenters are creating increased demand for renewable energy and clean technologies, with an estimated 44 gigawatts of new electricity demand by 2030 for data centers alone.⁷

As climate change accelerates, the risks to global economies and investment portfolios are becoming more systemic and severe, while the opportunities to invest in scalable solutions are more abundant than ever.

The Climate Blueprint aids in the WSIB's mission by:

MITIGATING RISK

It helps identify and manage climate-related financial risks that could undermine long-term portfolio performance.

BUILDING RESILIENCE

It ensures our portfolio is prepared for both the physical impacts of climate change and the economic shifts driven by the energy transition.

SEIZING OPPORTUNITY

It positions us to invest in emerging and profitable sectors, like clean energy, climate-resilient infrastructure, and sustainable agriculture, that are benefiting from the global shift toward a low-carbon economy.

GUIDING STRATEGIC ACTION

It provides a structured framework to align our investments with evolving regulations, market trends, and sustainability goals.

¹ Copernicus: 2024 is the first year to exceed 1.5°C above pre-industrial level | Copernicus

² Report: Climate Change and the Escalation of Global Extreme Heat (Heat Action Day 2025)

³ Economic Impact of the Los Angeles Wildfires | UCLA Anderson School of Management

⁴ Spain's Worst Flooding in Years: Causes, Impacts, and the Road to Recovery - Weather Blog

⁵ Supply: Renewables grow the most, followed by gas and nuclear – Electricity Mid-Year Update 2025 – Analysis - IEA

⁶ Rapid rollout of clean technologies makes energy cheaper, not more costly - News - IEA

⁷ 2025 Renewable Energy Industry Outlook | Deloitte Insights

CLIMATE BLUEPRINT

Now in its fourth year of implementation, the Climate Blueprint is proving to be effective and resilient in a variety of policy and market environments. The Blueprint's focus on fiduciary duties and financial materiality has allowed staff to implement its objectives at a measured pace, even as ESG and sustainability have faced political pressures in certain markets.

PROGRESS TO DATE

2022

- Established Climate Blueprint
- Developed Partner ESG Assessments
- Joined ESG Data Convergence Initiative

2023

- Board education sessions on peer approaches to sustainability and the evolution of shareholder resolutions
- Increased disclosure of climate risk-related metrics
- Launched *ESG Curriculum* series and *ESG Learning Library*
- Enhanced climate-related proxy voting policy and guidelines
- Evaluate the inclusion of climate scenarios into Capital Market Assumptions

2024

- Enhanced climate reporting framework in line with Task Force on Climate-Related Financial Disclosures
- Assessed availability of greenhouse gas emissions data across WSIB portfolios
- Board education session on emissions data reporting
- Researched total portfolio climate risk management solutions
- Added a consultant with climate scenario capabilities

2025

- Evaluated the inclusion of climate scenarios into Capital Market Assumptions
- Developed an onboarding process to train new investment staff on ESG integration to complement the ESG Curriculum
- Calculated WSIB's corporate fixed income carbon footprint and gather private markets emissions data
- Updating WSIB's Changing Energy Complex paper (to be published in 2026)
- Board education on current state of the energy transition





TCFD REPORTING



TCFD has become the preeminent framework for the disclosure of climate-related risks and opportunities that will likely impact a company's long-term success. The TCFD framework has been incorporated into regulations that govern many countries and states, as well as the International Sustainability Standards Board (ISSB) standards, which are the leading voluntary sustainability accounting standards globally. In 2023, the oversight of TCFD was transitioned to the International Financial Reporting Standards (IFRS), which also oversees ISSB.

As the WSIB has evolved its sustainability program, we have increased the agency's alignment with the TCFD's recommendations, which are structured around four thematic areas, or pillars, representing how organizations operate: (1) governance, (2) strategy, (3) risk management, and (4) metrics and targets. The WSIB is disclosing this information voluntarily; it is not required by law or statute. We are doing this because we believe that aligning with this industry standard supports the disclosure of consistent, comparable, and decision-useful sustainability-related information, for which we have long advocated. We also believe that our own disclosure adds credibility to our engagements with companies and investment partners on the benefits of disclosure using TCFD standards.

This report broadly describes the four core TCFD pillars, adding context that we believe is relevant to our stakeholders. As we are in the early stages of implementing TCFD reporting standards, there are areas of this report where we do not adhere strictly to each specific TCFD recommendation.⁸

GOVERNANCE

TCFD Recommendation: Disclose the organization’s governance around climate-related risks and opportunities.

BOARD OVERSIGHT

The Climate Blueprint lays out the WSIB’s approach to addressing climate change as a systemic risk that impacts not only our investment portfolios, but how we operate as an agency and engage with outside organizations. The Board oversees the Climate Blueprint. It is fully integrated into the WSIB’s overall strategy, which is reviewed and approved by the Board annually. Progress updates are provided to the Board mid-year. Staff also regularly updates the Board on specific elements of the Blueprint throughout the year and provides periodic training sessions on climate-related topics.

The CEO sponsors the Climate Blueprint and has decision-making authority over actions that require significant staff time commitment or monetary cost. The Head of Sustainability is responsible for implementing the Blueprint, seeking consensus where possible from all relevant staff members, including the Sustainability Working Group and Senior Investment Officers.

INTERNAL INVESTMENT COMMITTEE INVOLVEMENT

Climate-related risks and opportunities are considered for all new investments. Investment staff analysis of climate-related risks and opportunities are provided to the Investment Committee, which meet regularly to review and discuss investment strategy, important projects, and individual investment opportunities. The Investment Committee is an advisory committee to the Chief Investment Officer (CIO). The Investment Committee is comprised of senior investment staff and the CEO.

SUSTAINABILITY WORKING GROUP INPUT

The Sustainability Working Group reviews, supports, and consults on the WSIB’s ESG-related activities, including asset stewardship, ESG integration within the investment process, and Climate and DEI Blueprint project management. The WSIB’s Sustainability Working Group includes representatives from Institutional Relations, Human Resources, Investments (Public Equity, Fixed Income, Private Equity, Real Estate, Tangible Assets), Risk Management and Asset Allocation, and Legal, Risk, and Compliance.

GOVERNANCE AND PROJECT OVERSIGHT

PROJECT OVERSIGHT

WSIB BOARD

WSIB CEO

PROJECT
SPONSOR

WSIB MANAGEMENT TEAM

HEAD OF SUSTAINABILITY

PROJECT
LEAD

TECHNICAL PROJECT SUPPORT

SUSTAINABILITY WORKING GROUP

PROJECT
TEAM

STAFF

TCFD REPORTING

STRATEGY

TCFD Recommendation: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material.

The investment strategy for the CTF is explicitly long-term in focus (i.e. 15+ years). The WSIB's investment program results are critical for meeting the state's promise to provide a secure retirement for current workers and retirees, as well as generations of Washingtonians who have yet to enter the state workforce. Because of this, managing the long-term risks and opportunities related to climate change is paramount. We consider both physical and transition risks. Physical risks include both acute (shorter-term) and chronic (longer-term) risks associated with climate change. Transition risks include policy, legal, technology, market, and reputation. Our strategies for addressing these risks are as follows:

DEVELOPMENT AND IMPLEMENTATION OF CLIMATE BLUEPRINT

Our Climate Blueprint is a strategic framework for integrating climate considerations into our investment discipline and overall organizational mission. It aims to harmonize agency climate goals, investment portfolio activities, and industry engagement with long-term sustainability objectives. The Blueprint is dynamic and evolves based on WSIB's priorities, ensuring that climate-related risks and opportunities are consistently incorporated into strategic planning and investment decisions. This includes implementing tools to measure portfolio GHG emissions and using scenario analysis to evaluate the potential impacts of climate change on long-term investment returns.

INVESTMENT IN RENEWABLE ENERGY AND TRANSITION-RELATED FUNDS

We have made several investments in renewable energy and transition-related funds, recognizing the long-term financial benefits of transitioning to a sustainable economy. For instance, the WSIB has invested in the TPG Rise Climate II fund, which focuses on climate-related investments that offer financial returns and positive environmental impacts. These investments are part of WSIB's broader strategy to capitalize on opportunities that arise from the global shift towards decarbonization and sustainable development.

ENGAGEMENT WITH EXTERNAL STAKEHOLDERS AND REGULATORY BODIES

The WSIB engages with external stakeholders, including regulatory bodies such as the Securities and Exchange Commission (SEC) and global sustainability organizations, to provide our perspective on best practices and stay up to date on potential regulatory requirements. We believe required disclosure of consistent, comparable climate-related information by companies will help the WSIB assess its portfolios' climate-related risks and opportunities over the long run. In support of these efforts, the WSIB previously submitted two comment letters to the SEC supporting mandatory disclosure of financially material climate-related information by public companies.

ACTIVE ENGAGEMENT AND PROXY VOTING ON CLIMATE-RELATED ISSUES FOR PUBLIC COMPANIES

The WSIB utilizes active engagement and proxy voting as tools to maximize return at a prudent level of risk consistent with our fiduciary duty. Because of its potential impact on our investment portfolios, climate change is a key area of focus in our engagement and proxy voting activities. For example, in recent years, the WSIB has strengthened its proxy voting policy to hold board directors at companies that are systemic to the energy transition accountable for not taking sufficient steps to manage their climate-related risks. More information on the WSIB's climate-related proxy voting and engagement activities can be found on page 29 of this report.

RISK MANAGEMENT

TCFD Recommendation: Disclose how the organization identifies, assesses, and manages climate-related risks.

The WSIB attempts to ensure that climate-related risks and opportunities are thoroughly evaluated across all aspects of the investment process. This approach is integrated into the organization's broader risk management framework, which allows the WSIB to consider climate-related risks in the context of other financial and operational risks.

UTILIZATION OF PARTNER ESG ASSESSMENT FRAMEWORK

The WSIB systematically assesses climate-related risks through its partner ESG assessment framework. This framework is applied across all investment decisions to aid investment officers in thoroughly evaluating climate risks before making any investment. It includes criteria for assessing the long-term climate-related risks facing portfolio investments, always considering the investment time horizon of the strategy.

TRAINING AND EDUCATION PROGRAMS FOR INVESTMENT STAFF AND BOARD

The WSIB has implemented a formal ESG education curriculum that incorporates climate-related risks and opportunities. This curriculum assists investment staff and the Board in gaining the knowledge and tools required to assess and manage climate risks effectively.

QUARTERLY RISK REPORTS INCLUDING EXPOSURE TO HIGH-RISK INDUSTRIES

The WSIB produces quarterly risk reports that incorporate the State's defined benefit investments' exposure to industries identified by TCFD as having a high likelihood of climate-related impacts.

ONGOING MONITORING OF PUBLIC EQUITY AND CORPORATE FIXED INCOME PORTFOLIO EMISSIONS

The WSIB has access to emissions data of its public companies through Bloomberg, MSCI, and S&P TruCost, which offer insights into GHG emissions intensity relative to our benchmarks and other climate-related data. This information, which continues to improve year after year, is reviewed by the relevant investment teams on a regular basis, including when considering new investments. It is reported annually in the Sustainability Report in the Metrics and Targets section.

METRICS AND TARGETS

TCFD Recommendation: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

The WSIB uses various metrics to assess its climate-related risks and opportunities. Each has its strengths and limitations. A lack of standardized climate-related data, particularly in private markets, and significant disparities in the data of off-the-shelf climate solutions make it difficult for the WSIB to identify and share metrics that capture the agency's exposure to the physical and transition risks associated with climate change. This report focuses on three methods for approximating the WSIB's climate risk metrics: exposure to high-risk industries, exposure to renewable energy and transition investments, and GHG emissions.

We are actively researching additional methods of measuring and monitoring the WSIB's climate-related risks. These methods include scenario analysis, climate value-at-risk,⁹ and implied temperature rise.¹⁰

The WSIB does not set climate-related targets, as our focus is on maximizing return at a prudent level of risk. However, we believe that gathering certain climate-related metrics and data is critical in helping us manage risks and opportunities in our investment portfolios over the long term.

⁹ MSCI Climate Value-at-Risk

¹⁰ Implied Temperature Rise | MSCI

TCFD REPORTING

EXPOSURE TO HIGH-RISK INDUSTRIES

Beginning in 2022, the WSIB began calculating its exposure to industries in the investment program that the TCFD has identified as “having a high likelihood of climate-related financial impacts.” The TCFD considers these industries to be those most likely to be affected by either transition risk (policy and legal, technology, market, or reputation), physical risk (acute and chronic), or future restrictions on GHG emissions and energy and water usage.

The WSIB’s primary method for managing its exposure to these sectors is focused on investment staff education to ensure that our investment partners thoroughly consider company- and industry-specific climate risks and opportunities. This bottom-up approach requires nuance and a deep understanding of each investment partner’s process of accounting for and managing these risks.

The largest TCFD category the WSIB has exposure to is Materials and Buildings, most of which is in the real estate asset class. Given the long-term nature of our real estate holdings, the team is acutely aware of both the physical and transition risks facing its portfolio, and the WSIB’s partners are actively reviewing these risks on a property-by-property basis.

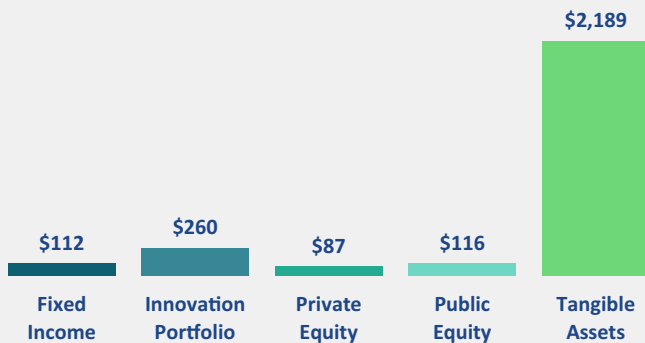
EXPOSURE TO RENEWABLE ENERGY AND TRANSITION INVESTMENTS

Leading data providers do not use a consistent definition of what is considered renewable. The WSIB takes a conservative approach to identifying renewable energy companies within our investment portfolios. We will only designate a company as renewable if nearly all its business activity comes from power generation via renewable energy sources (wind, solar, hydroelectric, or biofuel), the production of biofuels, or the production of power generation equipment that supports one of the above sources. For example, a car manufacturer with significant and growing revenue from electric vehicle sales would not be included in this calculation, even though the company is taking clear action to support the transition.

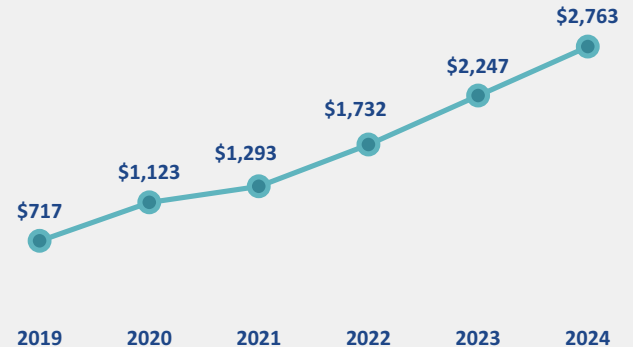
TCFD Sector and Industry (as of December 31, 2024)	Total Value (\$ Millions)	Percent of CTF
Agriculture, Food, and Forest Products	\$6,878	4.0%
Agriculture	\$2,656	1.5%
Beverages	\$961	0.6%
Packaged Foods and Meats	\$2,242	1.3%
Paper and Forest Products	\$1,018	0.6%
Energy	\$7,361	4.3%
Coal	\$71	0.0%
Electric Utilities	\$2,427	1.4%
Oil and Gas	\$4,862	2.8%
Materials and Buildings	\$47,546	27.7%
Capital Goods	\$6,982	4.1%
Chemicals	\$1,618	0.9%
Construction Materials	\$472	0.3%
Metals and Mining	\$2,363	1.4%
Real Estate Management and Development	\$36,111	21.0%
Transportation	\$5,423	3.2%
Air Freight	\$982	0.6%
Automobiles and Components	\$2,131	1.2%
Maritime Transportation	\$571	0.3%
Passenger Air Transportation	\$730	0.4%
Rail Transportation	\$768	0.4%
Trucking Services	\$239	0.1%
Total Exposure to TCFD Sectors and Industries	\$67,207	39.1%
Total CTF	\$171,723¹¹	

¹¹ The values stated in this table differ from the values reported in other WSIB-published reports for the December 31, 2024, time period. This variance is expected, as the agency received updated private markets asset valuations after December 31, 2024.

NET ASSETS IN RENEWABLE ENERGY AS OF DECEMBER 31, 2024 (\$ MILLIONS)



EXPOSURE TO RENEWABLE ENERGY COMPANIES (\$ MILLIONS)



The WSIB's exposure to renewable energy companies has grown dramatically since 2019. Investments totaled \$2.8 billion as of December 31, 2024, representing 1.6 percent of the total CTF assets under management. The primary driver of the 23 percent year-over-year growth was the tangible assets portfolio's continued investment in upstream and midstream renewable energy companies. On a valuation basis, all other asset classes saw decreases in renewable energy exposure between December 31, 2023 to December 31, 2024, primarily because many companies faced headwinds from an uncertain regulatory and policy environment.

The WSIB has additional exposure to investments focused on climate solutions and other sustainability objectives through its investments in funds focused on having a positive environmental or social impact, building renewable energy or investing in companies to help them decarbonize. The transition to a low-carbon economy presents a multi-trillion-dollar investment opportunity. Each of the investments listed below have been made after careful analysis of their potential risk-adjusted returns. As the energy transition evolves and matures, opportunities to invest in market-return strategies focused on climate-related solutions are expected to continue to increase.

Year of Approval	Fund	Asset Class	Amount (\$ Millions)
2017	The Rise Fund	Innovation	\$200
2017	Jade Wind	Tangible Assets	\$156
2017	Emerald Energy Ventures	Tangible Assets	\$1,140
2019	The Rise Fund II	Innovation	\$250
2019	Ecosystem Investment Partners	Tangible Assets	\$200
2021	TPG Rise Climate	Innovation	\$325
2022	The Rise Fund III	Private Equity	\$250
2023	KKR Global Impact Fund II	Private Equity	\$150
2023	Ara Fund III	Private Equity	\$200
2023	Schroders Greencoat	Tangible Assets	\$300
2023	Towerbrook Delta	Private Equity	\$100
2024	TPG Rise Climate II	Private Equity	\$400
			\$3,671

GHG EMISSIONS

The WSIB continues to advocate for disclosure of scope 1 and scope 2 emissions by companies in both public and private markets. We believe GHG emissions measurement, combined with measuring our exposure to high-risk industries, can provide a more complete view of the climate-related risks in our portfolios. However, emissions disclosure by companies is still in its infancy, particularly in the private markets. This lack of data makes it extremely difficult for the WSIB to calculate a total portfolio carbon footprint or analyze our portfolio company emissions in a decision-useful way.

The WSIB has been monitoring its public equity portfolio carbon footprint using both S&P TruCost and MSCI for several years. However, obtaining a carbon footprint for the private markets portfolios has been challenging due to a lack of publicly available emissions data from private companies. To address this, the WSIB joined the ESG Data Convergence Initiative in 2023 to promote the reporting of consistent ESG data in private markets, including GHG emissions. Additionally, in 2024, the WSIB surveyed its private markets partners on the current state of emissions measurement in their portfolios. In our 2025 Sustainability Report, we have expanded our disclosure of emissions to include the CTF's Corporate Global Fixed Income portfolio. In later reports, as emissions coverage grows, we should be able to report a full carbon footprint of the CTF to our stakeholders.

PUBLIC EQUITY PORTFOLIO CARBON FOOTPRINT

In our 2025 Sustainability Report, we have transitioned from utilizing S&P TruCost to MSCI as our primary data provider. We did this to align with the fixed income portfolio emissions analysis undertaken earlier this year and to ensure consistent source data across both public equity and fixed income portfolios. It also aligns with our use of the MSCI benchmarks across the public equity portfolio. Because the two data sources utilize different methodologies for calculating GHG emissions, attempts to compare prior year S&P TruCost data to the MSCI data below would not be useful. While this year's disclosure is for a single point in time, in future years we will be able to track portfolio emissions trends.

CTF Global Public Equity Portfolio as of December 31, 2024	Scope 1+2	Scope 3 Upstream	Scope 3 Downstream
WSIB Total Financed Carbon Emissions (tons CO ₂ e)	2,147,595.3	4,272,589.7	10,878,635.8
Benchmark Total Financed Carbon Emissions (tons CO ₂ e)	2,143,632.0	4,069,995.2	9,989,489.7
WSIB Financed Carbon Emissions (tons CO ₂ e / \$million invested)	46.7	92.9	236.4
Benchmark Financed Carbon Emissions (tons CO ₂ e / \$million invested)	46.6	88.5	217.1

Public Equity Benchmark is the MSCI ACWI IMI with U.S. Gross¹². Definitions can be found on page 20.

FIXED INCOME PORTFOLIO CARBON FOOTPRINT

In 2025, staff analyzed various providers of fixed income portfolio emissions data as well as peer disclosures of fixed income portfolio emissions. Staff determined that corporate fixed income emissions measurements are mature enough for inclusion in the Sustainability Report, and we are reviewing this data within our overall climate risk management practice. There is not currently a broad-based consensus in the marketplace for disclosure of non-corporate emissions, such as U.S. Treasuries. As a result, for our inaugural disclosure of fixed income emissions, we have focused on our CTF Global Corporate Fixed Income Portfolio. We are also focusing on absolute emissions rather than benchmark-relative emissions, because the WSIB fixed income investment process is generally benchmark agnostic, and the differences in emissions between the fixed income portfolio and a corporate fixed income benchmark would largely be due to differences in geography and sector versus security-specific differences.

CTF Global Fixed Income Equity Portfolio as of December 31, 2024	Scope 1+2	Scope 3 Upstream	Scope 3 Downstream
WSIB Total Financed Carbon Emissions (tons CO ₂ e)	2,502,111.8	2,025,360.2	4,913,508.0
WSIB Financed Carbon Emissions (tons CO ₂ e / \$million invested)	160.5	129.9	315.1

Definitions can be found on page 20.

PRIVATE MARKETS PORTFOLIO CARBON FOOTPRINT

In 2024, staff surveyed our private markets partners on whether they were gathering scope 1, 2, and 3 emissions data for their portfolio companies. The survey also asked whether the partner was a member of EDCI and whether they had made a public net zero commitment. Over 90 percent of our partners responded to the survey, and overall, the results were positive. More than half of our partners are currently gathering scope 1 and 2 emissions for existing funds. In private equity, disclosure is closely correlated with EDCI membership. In our tangible assets, real estate, and innovation portfolios, EDCI membership is less common, but our partners are still generally disclosing scope 1 and 2 emissions data or plan to do so in the future. Staff continues to engage with the WSIB's partners on the importance of gathering emissions data.



DEFINITIONS¹³

TOTAL FINANCED CARBON EMISSIONS (TONS CO₂E)

Total Financed Carbon Emissions are the emissions allocated to all financiers based on ownership. This metric measures the total carbon emissions attributable to an investor according to their share in the enterprise value including cash (EVIC) of an entity. EVIC represents the total value of an entity inclusive of equity value (market capitalization), debt, cash, and cash equivalents.

FINANCED CARBON EMISSIONS (TONS CO₂E / \$MILLION INVESTED)

Financed Carbon Emissions refers to the emissions allocated to all financiers (EVIC) normalized by \$million invested. This metric measures the carbon emissions attributable to an investor per USD million invested, based on their equity ownership percentage in the market capitalization.

SCOPE 1 EMISSIONS

Scope 1 emissions are direct GHG emissions that occur from sources that are controlled or owned by an organization. Examples include emissions from company-owned vehicles, on-site manufacturing processes, and the burning of fossil fuels for heat or electricity generation within the organization's facilities.

SCOPE 2 EMISSIONS

Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. These emissions occur at the facility where the electricity or other energy is produced but are attributed to the organization that consumes the energy. For example, if a company purchases electricity from a utility provider, the emissions produced by the utility's power plants are categorized as the company's Scope 2 emissions.

SCOPE 3 EMISSIONS

Scope 3 emissions are all indirect GHG emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. These are the hardest to measure and manage since they involve emissions that are not under the direct control of the company.

SCOPE 3 – UPSTREAM

Upstream Scope 3 emissions are those that result from activities in the supply chain prior to the company's direct operations.

This includes emissions from:

- Purchased goods and services
- Capital goods
- Fuel- and energy-related activities (not included in Scope 1 or 2)
- Transportation and distribution (upstream logistics)
- Waste generated in operations
- Business travel
- Employee commuting
- Upstream leased assets

SCOPE 3 – DOWNSTREAM

Downstream Scope 3 emissions are those that result from activities related to the products and services provided by the company after leaving the company's direct operations.

This includes emissions from:

- Transportation and distribution (downstream logistics)
- Processing of sold products
- Use of sold products
- End-of-life treatment of sold products
- Downstream leased assets
- Franchises
- Investments

WSIB STAFF RESEARCH: LOW CARBON EQUITY INDICES

In 2025, Public Equity investment staff researched readily available lower carbon equity indices.

The findings of this analysis were presented at the WSIB's September 2025 Public Markets Committee meeting and are highlighted on the following page.



LOW CARBON EQUITY INDICES

This research was conducted through the lens of the WSIB’s mission to maximize return over the long term at a prudent level of risk and the Board-adopted CTF Investment Beliefs.

The research included MSCI portfolio simulations (Nov 30, 2010—March 31, 2025) of the following indices:

- Exclusion: MSCI ACWI IMI ex Fossil Fuels Index
- Optimized to minimize Scope 1 and 2 emissions intensity: MSCI ACWI IMI Low Carbon Target Core Index (LCT Core)
- Optimized to minimize Scope 1, 2, and 3 emissions intensity: MSCI ACWI IMI Low Carbon Target Index (LCT)

All three indices were compared to the CTF’s public equity benchmark, the MSCI ACWI IMI with U.S. Gross. While all simulations are imperfect, some key observations include that these indices have: a reduced exposure to fossil fuel and coal reserves; lower carbon intensity; reduced exposure to renewable energy; less diversification, leading to increased concentration risk; fewer holdings; higher active risk; and higher turnover resulting in higher costs.

EX FOSSIL FUELS

- May have some modest long-term outperformance, but has underperformed the past 5 years, which is the period that utilizes the current methodology
- Lower reduction of total carbon intensity than LCT Core and LCT
- Higher tracking error with more variation

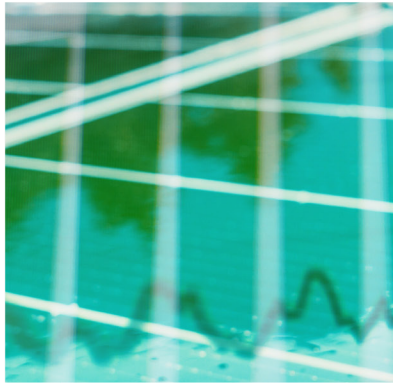
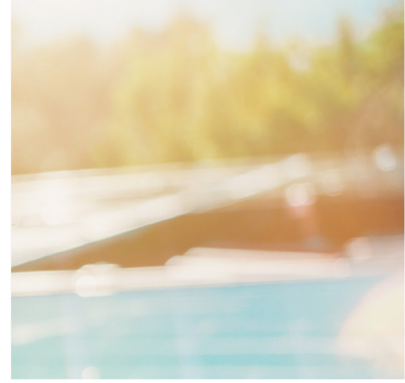
LOW CARBON TARGET CORE

- Tightest predicted tracking error versus the program benchmark
- Retains some coal exposure
- Significantly higher turnover and transaction costs
- Net underperformance compared to the program benchmark

LOW CARBON TARGET

- Largest reduction in emissions intensity
- Largest methodology change with concurrent changes in profile of the index (tracking error, number of stocks, etc.)
- Significantly higher turnover and transaction costs
- Net underperformance compared to the program benchmark

Staff concluded that there is no compelling evidence, at this time, that the net returns of these low carbon indices offer adequate compensation for the additional active, valuation, and concentration risks. The strategies reviewed have higher costs than the current benchmark, which reduce net returns. Active management may be better suited to assess the complexity of risks and opportunities associated with climate change than index construction, largely based on any single backward-looking metric.



ESG INTEGRATION

The WSIB invests most of its beneficiaries' assets through external trusted partners and carefully researched investment managers. The exception is the WSIB's highly experienced Fixed Income investment unit, which manages assets in house. Our ESG integration objective is for all investment staff to have the necessary tools to appropriately incorporate the agency's ESG framework into their investment due diligence and monitoring processes.

In 2022, a project team, which included a member of every asset class, along with staff from other key areas of the agency, identified a list of six critical ESG considerations we believe are material across all asset classes and strategies. This became the WSIB's ESG framework.

In 2023, building upon this framework along with years of experience integrating material ESG factors into the investment due diligence process, the WSIB began to develop an ESG curriculum and Learning Library. The curriculum consists of live learning sessions, videos, reading materials, and assignments. The Learning Library provides additional research that supports the financial materiality of these topics.

The WSIB believes this fully integrated approach is superior to one in which a separate team performs ESG analysis independent of the overall investment analysis. It helps ensure that the agency's focus on ESG topics is right-sized relative to other material investment factors. It also reduces the risk that ESG integration becomes a "box-checking" exercise.

WSIB ESG FRAMEWORK

FIDUCIARY DUTY/ALIGNMENT WITH WSIB INTERESTS

DEI

CLIMATE RISK MANAGEMENT

ESG POLICY, PRACTICES, PROCEDURES

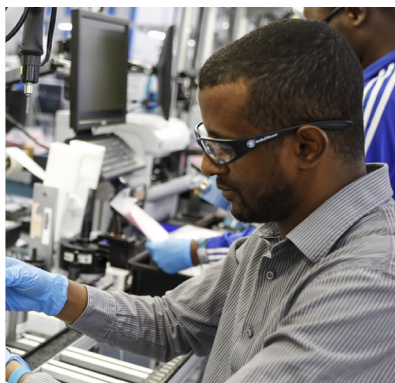
INTEGRATION WITHIN INVESTMENT PROCESS

CULTURE

CASE STUDIES

The WSIB invests in many companies that are at the forefront of sustainability, in both dedicated impact and transition funds and more traditional investment funds focused on integrating financially material ESG risks and opportunities. We have highlighted a cross section of such companies.





LOWERING EMISSIONS THROUGH AUTOMATION

COMPANY: EMERSON ELECTRIC
FUND: AB GLOBAL THEMATIC EQUITY

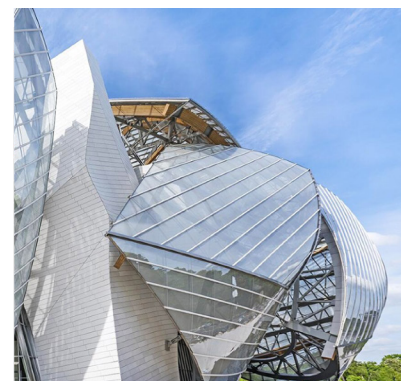
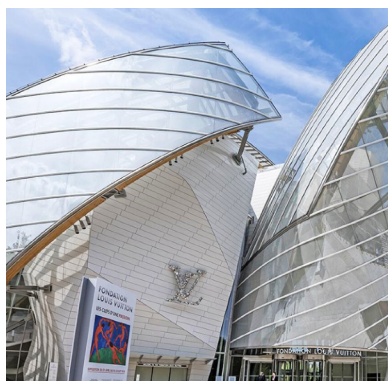


Through the AB Global Thematic Sustainable Equity CIT, participants in the Defined Contribution Programs who invest in this option have exposure to Emerson Electric, a leader in industrial technology and automation that aids customers in reducing energy use, integrating renewables, and cutting emissions. Automation and smart analytics are among the quickest and most cost-effective ways to lower emissions. Emerson's tools deliver these benefits at scale—optimizing grids, improving plant efficiency, and reducing waste across critical sectors like liquefied natural gas (LNG) and semiconductors. Emerson systems control about 65,000 wind turbines, automate roughly half of North America's power generation, and support 70 percent of global LNG flows. Emerson's automation and control technologies are also widely used across the semiconductor industry.

Learn more: <https://ir.emerson.com/sustainability>

CREATING SUSTAINABLE SUPPLY CHAINS

COMPANY: LVMH
FUND: BLS CAPITAL



Through BLS Capital's active global equity strategy, which BLS manages for the WSIB, the CTF has a stake in LVMH, one of the world's largest luxury consumer brand families. In 2024, LVMH launched its LIFE 360 Business, which aims to reduce its Scope 3 emissions, which represent 96 percent of the company's carbon footprint. This initiative aims to create a comprehensive supplier ecosystem focused on decarbonization and water conservation, while reducing biodiversity impacts. LVMH has achieved a 55 percent absolute reduction in Scope 1 and 2 emissions since 2019 while simultaneously reducing Scope 3 emissions by 33 percent. Roughly one-third of the company's products and packaging now utilize recycled materials, and LVMH recycled over 290,000 meters of materials in 2024.

Learn more: <https://www.lvmh.com/en/investors/esg>



CASE STUDIES



TURNING WASTE INTO CLEAN WATER AND ENERGY

COMPANY: SEDRON
FUND: ARA FUND III



In September 2023, the WSIB made an investment in Ara Fund III, L.P., which focuses on companies that create high-potential industrial decarbonization solutions. One of Ara's portfolio companies, Sedron Technologies, focuses on creating solutions that are both environmentally responsible and economically attractive. Its waste treatment approach converts liquid waste streams into clean water, electricity, and valuable by-products, addressing the global challenge of safe sanitation for over 2.5 billion people. Sedron's technology was initially developed with funding from the Bill & Melinda Gates Foundation.

Learn more: <https://sedron.com>

HELPING COMPANIES REDUCE EMISSIONS

COMPANY: MIRATECH
**FUNDS: TPG RISE CLIMATE/
THE RISE FUND III**



The WSIB has invested in two TPG Rise funds, that collectively hold a stake in Miratech, a leading provider in aftermarket emissions reduction solutions for distributed power generation, with a specialization in emissions control for data center backup power sources. The company engineers and manufactures catalysts, filters, silencers, monitoring systems, and related services that address and reduce engine-exhaust pollutants such as nitrous oxides (NO_x), carbon monoxide (CO), volatile organic compounds (VOC), and methane (CH₄).

Learn more: <https://miratechcorp.com>

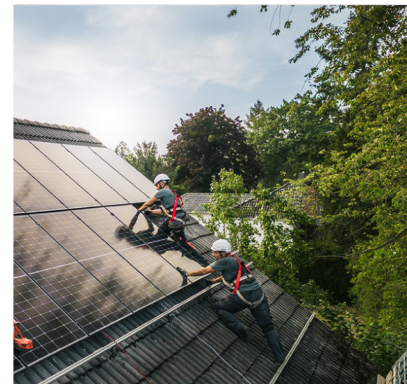


ONE-STOP SHOP FOR RESIDENTIAL DECARBONIZATION

COMPANY: ENPAL
FUNDS: TPG RISE CLIMATE/THE RISE FUND III

The WSIB has invested in two TPG Rise funds, that collectively hold a stake in Enpal, one of Europe's leading residential decarbonization platforms. Enpal, which is based in Germany, focuses on providing integrated energy solutions for consumers, including rooftop solar panels, heat pumps, battery storage, electric vehicle charging, energy supply management, and virtual power plant offerings.

Learn more: <https://www.enpal.com>



IMPROVING WATER EFFICIENCY

COMPANY: GREAT CANAL FARM
FUND: IFC CORE FARMLAND FUND LLC



The WSIB has invested in the IFC Core Farmland Fund, LLC (IFC), which has a stake in the Great Canal Farm (GCF) near Firebaugh, California. In collaboration with the Central California Irrigation District, IFC upgraded GCF's irrigation system to a high efficiency dripline system, which supports the farm's cotton, tomato, and pistachio crops. This new system improved the farm's water efficiency by an estimated 60 percent, saving about 1,600-acre feet of water annually. These savings reduce energy use, lower GHG emissions, and allow conserved water to be redirected to local communities and wildlife habitats in areas sensitive to water scarcity. The project demonstrates how modernization and partnerships can improve farm sustainability and regional water security.

Learn more: <https://internationalfarming.com/assets/StewardshipinAction2024.pdf>

CASE STUDIES

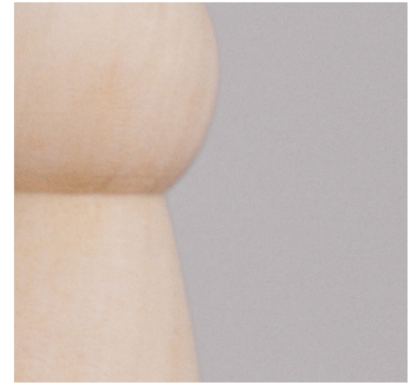
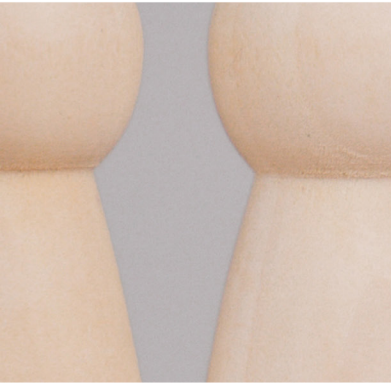


ULTRA ENERGY-EFFICIENT BUILDINGS

**INVESTMENT PARTNER:
EVERGREEN INVESTMENT PARTNERS**

Through a Real Estate Operating Company (REOC) investment with intermediary Evergreen Investment Partners, the WSIB has supported the construction of two ultra-low energy buildings in London, England. These buildings provide student housing facilities that use a fraction of the heating energy of comparable buildings in the area. These savings are attributable to construction that meets internationally recognized Passivhaus (Passive House) building standards, whose exacting criteria and higher quality insulation minimize the need for active heating and cooling year-round. The first complex is the largest Passivhaus building in the UK, while a new project under construction will be the world's largest Passivhaus student accommodation when it opens in 2026. The up-front costs of sustainable investments may be viewed as a disadvantage, but this case study shows that a long-term perspective readily reveals cost savings and better planning and financing opportunities in addition to environmental benefits.





ASSET STEWARDSHIP

The beneficiaries and stakeholders of Washington State's investment programs put their trust in the WSIB to act as a responsible steward of financial assets.

Three key components make up the WSIB's asset stewardship program:

- Proxy voting policy development and implementation
- Engagement with publicly listed companies on priority issues
- Oversight of investment manager proxy voting and engagement policies and practices

PROXY VOTING

Through our ownership of publicly traded stocks, the WSIB is a shareholder in thousands of companies and has the right and responsibility to vote ballots at annual and special meetings. The WSIB’s shareholder proxy voting practices attempt to focus those companies on long-term sustainability. To maximize the impact of the WSIB’s resources and influence, the Board has approved several priorities that guide the WSIB’s proxy voting and engagement practices:

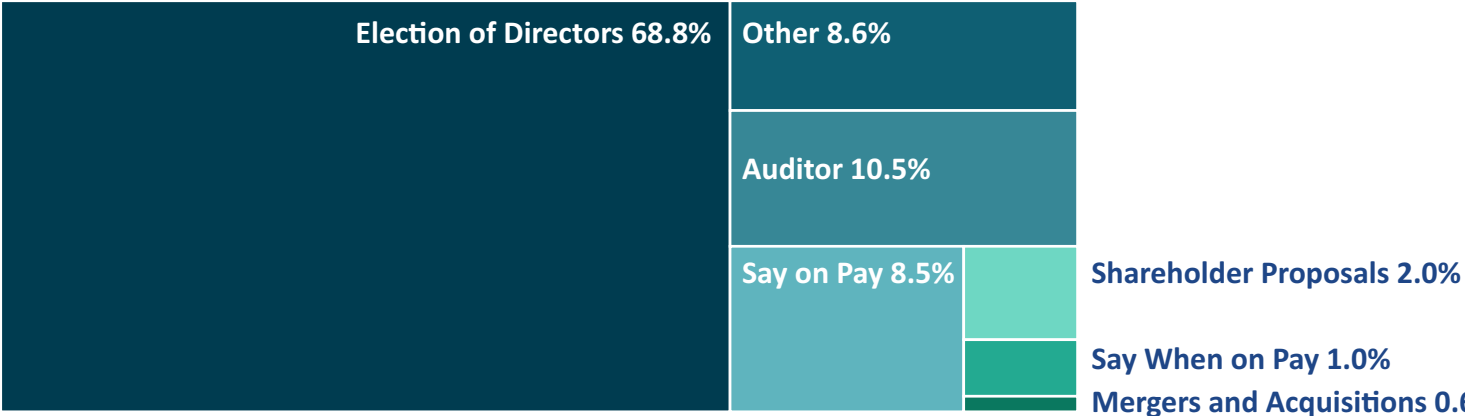
- Shareholder rights and long-termism. The WSIB supports proposals that provide an avenue for constructive shareholder input to companies, especially input that encourages company management teams to focus on long-term value creation rather than short-term considerations.
- Diversity of boards and company management. The WSIB maintains and implements voting policies aligned with its belief that diverse boards and management teams benefit companies by providing a broad range of perspectives and insights.
- Climate issues. The WSIB often supports proposals that seek improved disclosure and reporting of the risks associated with climate change. These issues are assessed on a case-by-case basis, evaluating a company’s existing reporting and progress, the relevance of climate issues within different industries, and emerging standards for climate impact.

In Fiscal Year (FY) 2025, the WSIB highlighted greater attention toward interstate reincorporations — a type of management proposal that fits under the shareholder rights category above. We voted on 20 such proposals in FY 2025. Although this was a small number of companies, it represented a significant change in the governance of those entities. We opposed three-quarters of those proposals based on weaker shareholder protections resulting from the proposed move.

In line with our focus on climate-related issues, we also added a reference to systemic climate-related risks and opportunities to the Globa Proxy Voting Policy during the period, clarifying the direct link between our investment beliefs and the policy.

The WSIB’s Global Proxy Voting Policy and Guidelines and historical proxy voting records are available at <https://www.sib.wa.gov/sustainability.html>.

The WSIB directly voted on 3,030 meetings between July 1, 2024, and June 30, 2025, versus 2,970 in FY 2024. The agency cast proxy votes for 28,025 individual proxy proposals (FY 2024: 27,773) primarily related to the election of directors (EoD), ratification of auditor, and advisory votes on executive compensation (Say on Pay (SoP)).



The WSIB supported 90.6 percent of the 19,286 director votes cast in FY 2025. These votes were in line with the WSIB’s Global Proxy Voting Policy.

THE CURRENT SHAREHOLDER PROPOSAL LANDSCAPE

Most resolutions that appear on a proxy voting ballot, such as the election of directors and ratification of the auditor, are put forward by company management. However, the shareholder proposal (SHP) process allows investors to submit resolutions for inclusion on the ballot upon meeting certain criteria. Although the number of SHPs has trended upwards in recent years, an abrupt shift in the U.S. SEC's guidance on SHPs earlier this year resulted in a significant decrease in the number of SHPs that ultimately appeared on ballots in 2025. The WSIB voted on 563 SHPs over the past year, representing a nearly 19 percent decrease from the prior year. While there were fewer proposals on which to vote, the WSIB's support rate increased notably in the aggregate and was flat or higher in almost all categories as noted in the chart below.

Our higher support rate of SHPs for the year is best attributed to a changing overall mix of proposals on ballots rather than a change in WSIB policy on SHPs.

		2025	WSIB Support Rate	2024	WSIB Support Rate
Shareholder Proposals		563	54.7%	692	46.4%
Environmental (E)		87	41.4%	116	39.7%
Social (S)		162	41.4%	258	42.6%
Governance (G)	Traditional Resolutions	189	86.2%	188	71.8%
	Dissident Directors	51	49.0%	26	30.8%
Compensation		56	25.0%	85	14.1%
Miscellaneous		18	16.7%	19	31.6%

Data reflects number of proposals and WSIB support rate for those proposals

ASSET STEWARDSHIP

ENGAGEMENT WITH PUBLICLY LISTED COMPANIES

The WSIB engages with a select number of publicly-listed companies, with a focus on those based in the state of Washington. These engagements center on the WSIB's asset stewardship priorities of shareholder rights, board diversity, and climate-related risks. Further, to have optimal impact, the WSIB has – to date – worked on these priority issues with investor coalitions, including the Climate Action 100+, the CDP (formerly the Carbon Disclosure Project), Invest Ahead (formerly the Thirty Percent Coalition), and the Investor Coalition for Equal Votes (ICEV). In the coming years, the WSIB plans to responsibly increase the number of strategic engagements with large publicly-listed companies in line with Board priorities. Highlights from each of these campaigns are included below (for the calendar year ending December 31, 2024).

THE CLIMATE ACTION 100+

The Climate Action 100+ was launched in 2018 as a 5-year campaign, and the WSIB has been a member since its inception. The three stated aims of the coalition at that time were to improve climate-related governance, reduce emissions, and promote alignment with the TCFD. The coalition put forward a renewed 7-year vision in 2023, including a greater focus on net zero benchmarking, more rigorous reporting requirements for lead investors, and a new focus on the Just Transition. Per the International Panel on Climate Change (IPCC), the Just Transition is a set of principles, processes, and practices that aim to ensure that no people, workers, places, sectors, countries, or regions are left behind in the transition from a high-carbon to a low-carbon economy. In June 2023, the WSIB renewed its participation in Climate Action 100+ for an additional 7 years.

For phase one, the WSIB was the co-lead for two campaigns for large Washington-based companies within the coalition's target list of companies structurally significant to the climate transition. During the transition to the second phase, the WSIB stepped down as lead for one of these companies but remains a supporting investor. In addition, the Climate Action 100+ reassessed its focus companies and determined that one of the WSIB's two focus companies would be removed from the list as the goals of phase one had largely been achieved, bringing that campaign to a close. During calendar year 2024, the WSIB joined a new phase 2 campaign as a supporting investor for a Washington-based company.

CDP

The CDP is a not-for-profit organization that runs a global disclosure system for companies, capital markets, cities, states, and regions to manage their environmental impacts. The WSIB continues to participate in the CDP Non-Disclosure Campaign. In 2024, 276 investors with nearly \$21 trillion in assets requested information on climate change, water security, and/or forests from targeted publicly listed companies. The WSIB was the lead outreach participant for 20 Washington-based companies, with four of those responding to the request. Questionnaires contain metrics aligned with the TCFD, as well as other areas such as a company's climate lobbying practices. In 2023, the CDP added a new section to the water questionnaire focused on plastics.

INVEST AHEAD

Invest Ahead is a group of investors and related parties who believe that highly competent and well-composed boards are essential to corporate performance and American competitiveness. Invest Ahead has recently changed its name (formerly the Thirty Percent Coalition) to reflect a change in focus and continues to assess its strategy for 2025 and beyond.

INVESTOR COALITION FOR EQUAL VOTES

The WSIB joined the ICEV in 2022 as a founding member alongside other select U.S. and UK-based pension peers. Currently, Railpen (UK-based) chairs the ICEV and the Council of Institutional Investors (CII) serves as vice-chair, and the aggregate membership represents U.S.\$4.5 trillion in assets under management. The ICEV engages with key market participants and policymakers in the U.S. and the UK, as well as some individual companies, emphasizing the importance of the proportionate shareholder voice to effective stewardship and to ensure that the board of directors is accountable to all shareholders. The end objective is to prevent the further enabling of dual-class share structures without time-based sunset clauses.

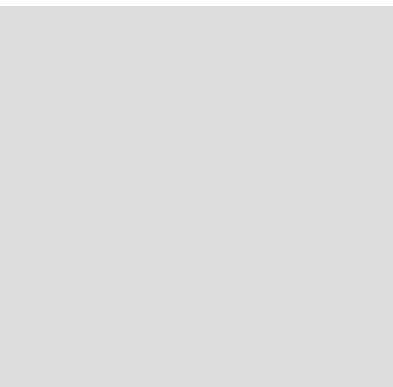
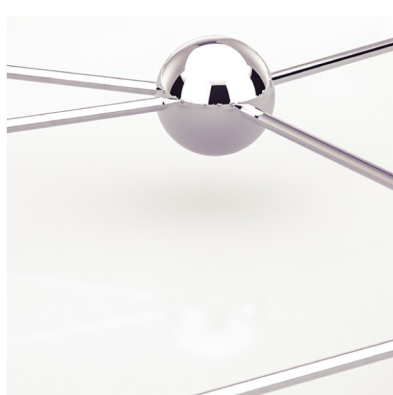
OVERSIGHT OF INVESTMENT MANAGER PROXY VOTING AND ENGAGEMENT POLICIES

WSIB staff votes nearly all proxies for U.S.-based publicly traded company shares held in WSIB portfolios. Proxy voting for companies outside of the U.S. is complicated by factors such as requirements for powers of attorney, share blocking, the translation of proxy voting materials, and, in some markets, a need to have a representative present at meetings. Proxy voting for non-U.S. holdings is typically executed by the WSIB's external public equity managers, who act as fiduciaries on the WSIB's behalf, to support the agency in adequately and cost-effectively managing these considerations.

Oversight of investment manager proxy voting and engagement activities is integrated into the manager selection and monitoring processes. The WSIB uses the following approach to monitor the public equity managers' stewardship-related responsibilities:

- All potential managers must share their proxy voting policy with the WSIB as part of the final due diligence in the selection process, which is reviewed by the WSIB's corporate governance staff.
- Discussion of existing managers' approaches to proxy voting, engagement, and their assessment of ESG risks is included in ongoing due diligence and monitoring meetings.
- Managers are required to provide the WSIB with records of all delegated proxy votes, which are analyzed by our third-party proxy advisors, reviewed by WSIB staff, and presented in summary to the Board annually. The most recent analysis confirmed that these external managers were voting their proxies in line with their fiduciary duty.





ADVOCACY

At the WSIB, our collective engagement with like-minded owners enhances our influence as a long-term, responsible investor. We rely heavily on partnerships with pension fund peers, investment managers, and industry coalitions to amplify our voice. For example, from January through September 2025, the Head of Sustainability met with 45 current or potential investment managers to discuss sustainability topics.

In line with our fiduciary duty, we frequently advocate for proposed rules, frameworks, and practices that promote fair and functioning markets and encourage long-term sustainable investment disciplines. The WSIB participates in numerous coalitions and forums on a wide range of issues, including climate change, DEI, and corporate governance.

ADVOCACY PARTNERSHIPS

In addition to those organizations listed previously in the Engagement section of this report, which we utilize to collectively engage with other investors on topics that impact the sustainability of the companies that we own, we also work with the organizations below to enhance our advocacy efforts. These organizations are focused on enhancing the sustainability of the overall investment industry. The WSIB also periodically contributes to research conducted by our partner organizations to help do our part to improve the function of capital markets over the long term.

CERES

WSIB Role: Member

Ceres is a nonprofit advocacy organization working to accelerate the transition to a cleaner, more just, and sustainable economy. Ceres makes the business case for action on the greatest sustainability challenges facing our world today: climate change, water scarcity and pollution, and nature and biodiversity loss. <https://www.ceres.org/>

COUNCIL FOR INSTITUTIONAL INVESTORS

WSIB Role: U.S. Asset Owners Advisory Council

CII is a leading voice for effective corporate governance, strong shareowner rights and sensible financial regulations that foster fair, vibrant capital markets. CII promotes policies that enhance long-term value for U.S. institutional asset owners and their beneficiaries. <https://www.cii.org/>

FCLT GLOBAL

WSIB Role: Board Member

FCLTGlobal's mission is to focus capital on the long term to support a sustainable and prosperous economy.

<https://www.fcltglobal.org/>

INTERNATIONAL CENTRE FOR PENSION MANAGEMENT (ICPM)

WSIB Role: Member

ICPM is a global network of pension organizations that focuses on fostering long-term investing, strengthening governance of pension investments, and improving design and governance of pension schemes.

<https://www.icpmnetwork.com/>

INSTITUTIONAL LIMITED PARTNERS ASSOCIATION (ILPA)

WSIB Role: Board Member, Driving Inclusion in Alternatives Steering Committee Member

ILPA engages, empowers and connects limited partners to maximize their performance on an individual, institutional, and collective basis. <https://www.ilpa.org/>

JP MORGAN SCOTTSDALE ACTION FORUM

WSIB Role: Participant

A gathering of CEOs, world leaders, and institutional investors to come together to discuss critical sustainability topics such as decarbonization initiatives and the energy transition.

OWNERSHIP WORKS

WSIB Role: Limited Partner Leadership Council Member

Ownership Works is a nonprofit organization that partners with companies and investors to provide all employees with the opportunity to build wealth at work.

<https://ownershipworks.org/>

SOCIETY FOR CORPORATE GOVERNANCE

WSIB Role: Member

The Society for Corporate Governance's role is to serve members by providing practitioners with the knowledge, skills, and tools to promote effective governance for the benefit of boards, management, and shareholders.

<https://societycorpgov.org/>

SUSTAINABLE MARKETS INITIATIVE

WSIB Role: Asset Manager/Asset Owner Task Force Member

The Sustainable Markets Initiative's mandate, better known as the Terra Carta, has a mission to build a coordinated global effort to enable the private sector to accelerate the achievement of global climate, biodiversity and Sustainable Development Goal targets.

<https://www.sustainable-markets.org/>

WORLD ECONOMIC FORUM

WSIB Role: Centre for Financial and Monetary Systems Advisory Council

The World Economic Forum is the International Organization for Public-Private Cooperation. It provides a global, impartial, and not-for-profit platform for meaningful connection between stakeholders to establish trust and build initiatives for cooperation and progress. <https://www.weforum.org/>

IN COLLABORATION WITH THE COLUMBIA CLIMATE SCHOOL

2025 Climate Change and Investment Academy

Charting a Course for Climate Investing in a Complex World



ALLIANCEBERNSTEIN®

 **COLUMBIA CLIMATE SCHOOL**
Climate, Earth, and Society

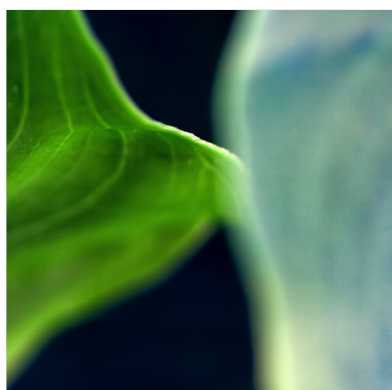
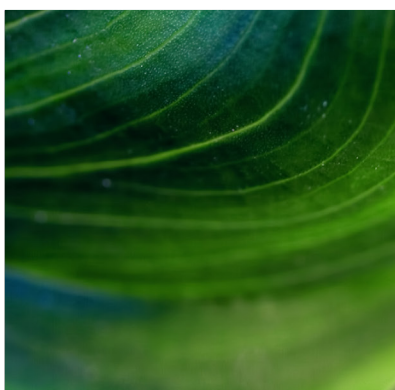
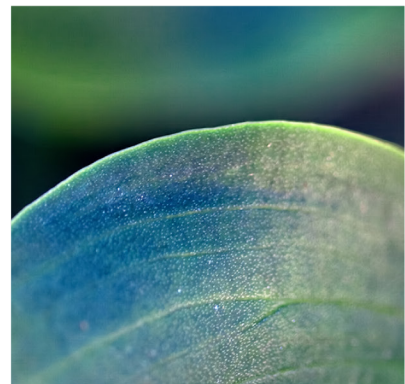
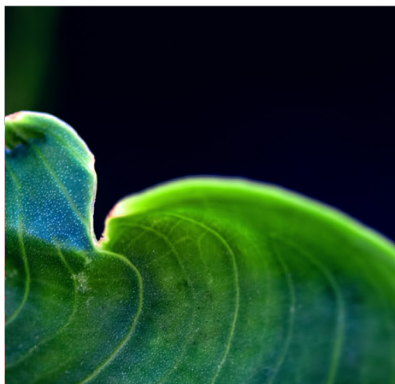
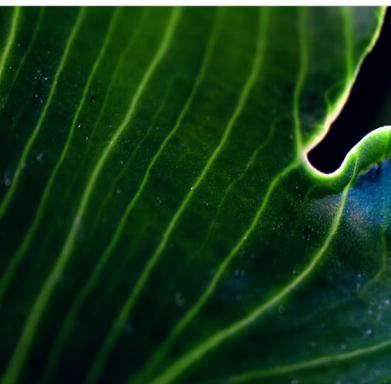
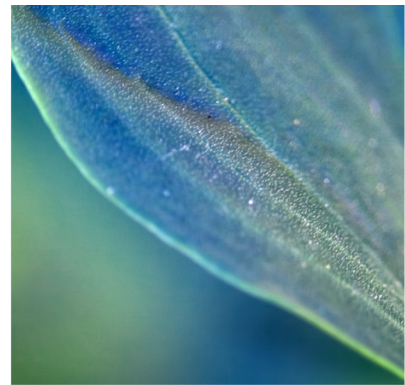
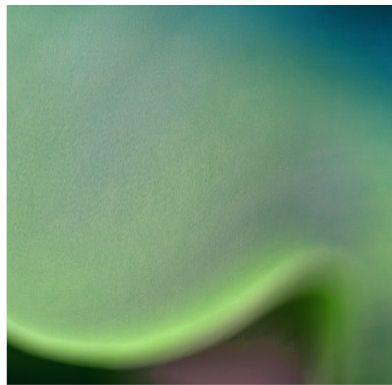
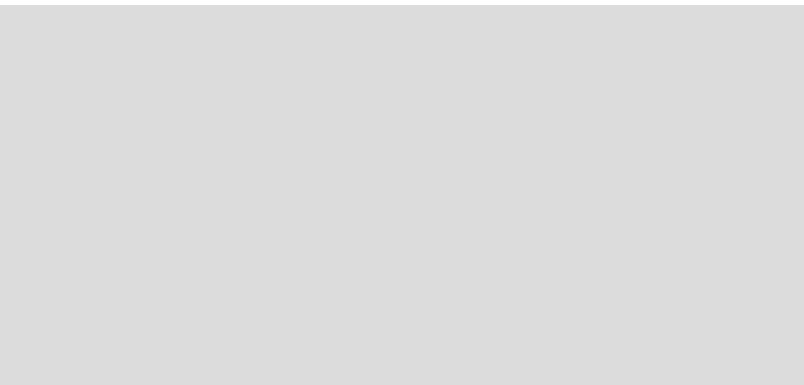
A key component of WSIB Investment Officer responsibilities is maintaining excellent relationships with the external partners that we hire to manage investments on our beneficiaries' behalf. While WSIB staff responsible for developing its own perspective on material sustainability issues, we frequently learn from our investment partners who have expertise on specific topics. We have highlighted several of our partner sustainability capabilities during our ongoing ESG education sessions for investment staff.

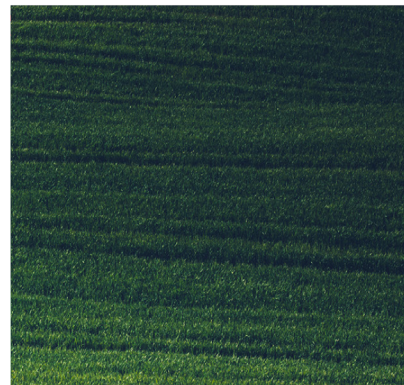
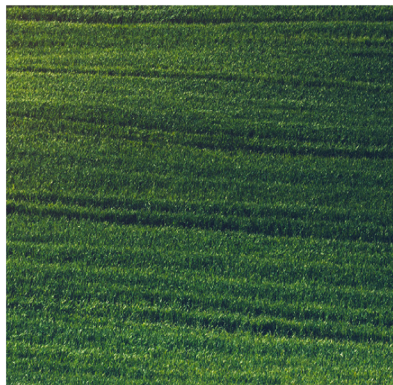
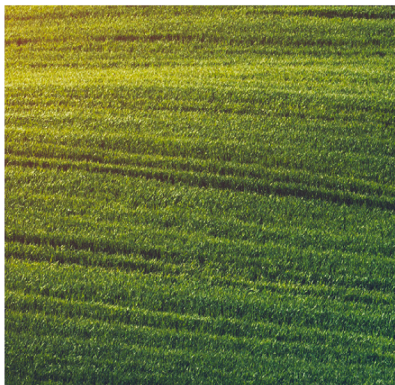
Over the last several years, WSIB staff have been invited to participate in AllianceBernstein's (AB) Climate Change and Investment Academy, which is offered to clients in conjunction with Columbia Climate School. Over 5 weeks, WSIB staff learns from and engages with Columbia faculty and AB investment professionals through a series of course modules and live Q&A sessions. Topics include physical climate risk, carbon markets, geopolitical risk, biodiversity, and AI. Staff then applies this knowledge as they conduct due diligence on investment partners going forward. It also enhances internal conversations on sustainability topics.

LOOKING FORWARD

The WSIB's fiduciary-first approach to sustainability is proving to be additive in a variety of economic and geopolitical environments. Our process is driven by our steadfast focus on maximizing return at a prudent level of risk for the exclusive benefit of our plan beneficiaries. We make every effort to be transparent in our approach, via this report as well as ongoing education sessions to the Board, as well as engagement with a variety of stakeholders. Stakeholders can expect to continue to see enhanced climate-related research and analysis as data continues to improve, as well as an increased focus on public company engagements on critical sustainability topics.

Although we have seen increased scrutiny of sustainability-related topics in recent years, we do not plan to deviate from our approach, as we believe that our focus on financial materiality and fiduciary duty will continue to serve our members well.





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