

CORPORATE GOVERNANCE POLICY

Revised as of

August 28, 2018

I. PURPOSE

The State of Wisconsin Investment Board (SWIB) corporate governance policy serves to guide its corporate governance program and is approved by the Board of Trustees for staff implementation.

II. STRATEGIC OBJECTIVES

1. SWIB seeks to mitigate risks of its investments in a manner that responsibly promotes and protects its long-term economic interests.
2. SWIB seeks to exercise its right as an owner to appropriately fulfill its fiduciary duty.
3. SWIB seeks dialogue and strategic engagement to build long-term relationships.

III. GOVERNING PRINCIPLES

As a long-term asset owner, SWIB focuses its corporate governance principles on accountability, transparency, and disclosure. SWIB generally follows the recommendation of its proxy advisor unless it has developed custom proxy guidelines that address the principles described below.

Board of Directors

The election of the Board of Directors is the most significant, exercisable shareholder right. Directors are elected to represent shareholder interests. SWIB believes directors should be independent and free from conflicts or direct relationships with the company. Directors serve as fiduciaries, and as such SWIB believes director accountability aligns with long-term shareholders' interests and mitigates potential risks.

Executive Compensation

SWIB supports compensation plans that are aligned with business strategy, long-term shareholder interests and the performance of the company. SWIB further believes that disclosure on compensation plans should be clear and transparent.

Audit

The Audit Committee plays a key role in ensuring a good governance structure within the company. SWIB believes the Audit Committee should have the authority to select and retain external auditors, determine the scope of their duties, and hold them accountable for their actions. To limit the potential for conflicts of interest, SWIB prefers external auditors perform primarily audit activities and not serve in the capacity of tax advisor or other roles.

ESG

SWIB incorporates ESG factors into its investment process to optimize understanding of companies' long-term growth and risk. ESG factors can offer additional insight into the quality of a company's management, value, and risk profile. SWIB encourages standardized reporting on ESG issues and their impact on performance.

Shareholder Engagement

SWIB believes in the importance of building relationships through dialogue. Ongoing discussions provides insight and deepens mutual understanding on a company's long-term business strategy and corporate governance practices. The engagements are also beneficial for better-informed decision making regarding investments.