

State of Wisconsin Investment Board Corporate Governance Policy

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.

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.

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's fiduciary duty, dictated by state statute, drives SWIB to maximize long-term investment returns with a prudent level of risk. SWIB views companies through an economic lens, as considerations not driven by pecuniary interests can be inconsistent with this duty. When consideration of ESG factors can lead to improved risk-adjusted returns, SWIB's fiduciary duty allows for such consideration. SWIB incorporates material ESG factors into its investment process at the individual security level to enhance its understanding of a company's long-term growth, value, and risk profile, including the quality of its management. SWIB encourages standardized reporting on material ESG issues and their impact on company performance to help inform its investment process, as relevant factors vary across companies, sectors, geographies, and asset classes.

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.

Last Amended: June 15, 2022