



Stock Proxy Voting Policy

March 15, 2018

STOCK PROXY VOTING POLICY of THE STRS OHIO BOARD

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STOCK PROXY VOTING POLICY

OF

THE STRS OHIO BOARD

BOARD POLICY

The State Teachers Retirement Board believes that publically traded common stock proxies are valuable and should be voted in the best interest of the members and retirees. To this end, the Retirement Board adopts this amended Stock Proxy Voting Policy on March 15, 2018, and directs the staff to use it as a guide in meeting the fiduciary responsibility of the State Teachers Retirement Board in voting common stock proxies.

OVERVIEW

This process is consistent with the Investment Objective and Policy statement adopted by the STRS Ohio Board. The decisions on the voting of proxies are based upon the fiduciary obligations of STRS Ohio to act in the best economic interests of the beneficiaries of the System. Votes are therefore cast based upon the best judgment of the impact of proxy proposals on the interests of the System as a shareholder in companies held in the portfolio. This Policy sets forth general guidelines on the manner in which votes are cast on common proxy issues, although these guidelines recognize that special circumstances may prevail with respect to votes cast on specific proxy proposals.

PROXY VOTING PROCESS

Company proxies and proxy ballots are delivered by the custodian banks or by Broadridge Financial Solutions, Inc. on behalf of the custodian banks, to Institutional Shareholder Services (“ISS”) who will act as STRS Ohio’s proxy voting agent. The number of eligible shares for voting comes from our bank custodian trustees. ISS keeps track of the company meeting dates for all of STRS Ohio common stock holdings and ensures that the proxy has been voted.

ISS assigns an account manager who will vote the ballots in accordance with the board policy. However, ISS will be required to consult directly with STRS Ohio on a case-by-case basis prior to voting certain proposals, which will include: 1) proposals seeking approval of prospective mergers, acquisitions, the sale of company assets, or tracking stock proposals; 2) proposals related to a proxy contest by a dissident slate of directors or a campaign to withhold votes from incumbent directors; 3) proposals that are not clearly covered by the board’s policy; or 4) proposals that STRS Ohio has identified that should not be voted in accordance with board policy. After reviewing the proxy materials and the ISS analysis of each proposal to be voted on a case-by-case basis, the senior officer, investment policies; or the director of alternative investments will determine how STRS should vote on each proposal. If any questions arise from this review, the senior officer, investment policies; or the director of alternative investments will discuss the issues with the analyst responsible for coverage and/or the portfolio managers who hold the company's stock in their portfolios, especially regarding merger/acquisition, tracking stock proposals, or proxy contests. Outside sources can be utilized as well. These sources may include ISS, the Council of Institutional Investors, and Wall Street analysts. Once the senior officer, investment policies, or the director of alternative investments is satisfied with the review of the issues, the senior officer, investment policies; or the director of alternative investments will determine how each case-by-case proposal should be voted. At any time, the responsible individual may seek additional information should questions arise regarding the vote. Case-by-case proposals involving companies that are held in either a passive or quantitative portfolio and do not have an assigned analyst may be voted by the senior officer, investment policies, or the director of alternative investments relying solely on the analysis provided by ISS.

This Policy is intended to be a guideline. However, there may be times that voting according to the Policy may have the unintended consequence of supporting a particular company’s management in which STRS Ohio has lost confidence or casting a vote that would be contrary to the current opinion of the board. In such cases, if a vote contrary to Policy is determined to be necessary, a written analysis of the proxy issue is undertaken and submitted to the executive director. The deputy executive director—Investments, and the executive director will then discuss and resolve the issue consistent with the philosophy broadly defined herein. The written analysis and recommendation is then authorized in writing by both the deputy executive director—Investments, and the executive director. The authorized written analysis outlining exceptions to the STRS Ohio Stock Proxy Voting Policy is then forwarded to the STRS Ohio Board for consideration and approval prior to the voting deadline. Proxy issues that are not covered by the Policy will be voted according to the spirit of the Policy. If the issues are considered to be significant, they will be brought to the attention of the executive director and the board chair and vice chair and will be considered for future revisions of the Policy.

The senior officer, investment policies; the director, alternative investments; or a designated administrative assistant will communicate the vote to be cast on all case-by-case proposals to ISS and periodically review votes cast by ISS, as our proxy voting agent, for compliance with the board's policy through software provided by ISS for those purposes. Once each proposal on a proxy is voted, the proxy is posted as voted and our vote on each proposal is recorded by ISS directly through Broadridge Financial Solutions. Throughout the voting process, copies of case-by-case analyses and votes are kept and information is stored on the computer so that we may review it at any time.

In situations where a particular shareholder proposal is more restrictive than the board's policy, but the company's management ultimately decides to support the proposal, STRS Ohio will vote in favor of the shareholder proposal.

PROXY VOTING WHEN PHYSICAL ATTENDANCE IS REQUIRED

In the event physical attendance is required to vote on proxy issues for a given company, the deputy executive director—Investments and the senior officer, investment policies, will utilize a cost/benefit analysis to determine if physical attendance by the senior officer, investment policies is warranted.

GOALS OF PROXY VOTING POLICY

The goal of this Policy is to enhance the long-term value of our equity investments by: 1) encouraging management to act in the shareholders' best interest; 2) protecting/increasing our voting power; and 3) not overburdening management with issues unrelated to the company's long-term performance.

DIRECT INVOLVEMENT IN PROXY ISSUES

STRS Ohio will initiate and/or actively support a proxy issue under the following circumstances:

- A. The expected benefit to STRS Ohio's stock holdings is greater than the cost, in terms of time and money, of becoming more active.
- B. Adequate staff time is available.
- C. When management actions or proxy issues abuse the rights of shareholders and/or benefit management with no reasonable benefit to shareholders.

GLOBAL PROXY VOTING GUIDELINES

SOCIAL/POLITICAL/ENVIRONMENTAL ISSUES

Objectives

- Ensure that management is not placed in the role of establishing social policy;
- Ensure compliance with all applicable laws and regulations;
- Ensure that companies act as "good corporate citizens" to the benefit of their long-term interest;
- Ensure that paperwork and reporting are kept to a reasonable minimum.

Alcohol/Tobacco/Gaming

STRS Ohio will vote against resolutions requiring reports on alcohol or gaming.

STRS Ohio will vote for resolutions requiring reports on tobacco concerning any topic that a reasonable person would perceive as beneficial to society as a whole.

STRS Ohio will vote against resolutions that require a company to leave the alcohol, tobacco, or gaming businesses.

STRS Ohio will vote against resolutions banning tobacco investments from company investment portfolios.

STRS Ohio will vote against resolutions requiring a company to cease or restrict its advertising of alcohol and tobacco to lawful consumers.

STRS Ohio will vote for resolutions that urge efforts to protect children from advertising that a reasonable person would perceive as an inducement to use tobacco.

STRS Ohio will vote for resolutions that establish a reasonable formula for executive compensation packages that is tied to federally regulated efforts to curb teen smoking.

Animal Rights

STRS Ohio will vote against resolutions to restrict or alter animal testing provided the company has a written policy on animal rights, and the company follows all laws regarding animal testing.

Business Operations

STRS Ohio will not vote for proposals that seek to reduce, eliminate, or divest any legal business operations or holdings, domestically or internationally if the proposal would result in the violation of corporate duties.

Charitable/Political Contributions

STRS Ohio will vote for shareholder resolutions that require a company to publish lists of charitable and/or political contributions.

STRS Ohio will vote against resolutions requiring a company to give contributions to only organizations that provide some direct economic benefit back to the company.

STRS Ohio will not vote to either encourage or discourage charitable contributions to a specific charitable organization.

STRS Ohio will vote against resolutions requiring a company to withhold contributions to schools because of their staff's political philosophy.

STRS Ohio will vote for resolutions requiring that corporations have procedures in place to avoid actual and/or the appearance of coercion in encouraging political contributions by employees.

STRS Ohio will vote for resolutions seeking that companies that make political "Soft Money" contributions establish a political "Soft Money" contribution program that includes defining the issues and interests that the company is seeking to promote through such contributions.

STRS Ohio will vote against proposals requiring a company to affirm their political non-partisanship, but will support proposals requiring a company to report on their political contributions or activities.

Defense

STRS Ohio will vote against burdensome reporting on a company's defense operations.

STRS Ohio will vote against issues related to moving out of the defense business category, or specific aspects of it.

STRS Ohio will vote against issues prohibiting/limiting the testing of weapons/defense systems.

Discrimination

STRS Ohio will vote for resolutions that provide for anti-discrimination policies unless the company already has an effective policy on nondiscrimination and does not exhibit a pattern of violating anti-discrimination laws.

STRS Ohio will vote for resolutions that companies adopt policies providing for equal pay and benefits for equal work, including, but not limited to, barring discrimination based on age, race, sex, sexual orientation or marital status.

Employment History

STRS Ohio will vote against the requirement to issue a report that will publicly disclose an employee's previous employment.

Environmental Issues

STRS Ohio will vote against resolutions requiring a report on environmental issues provided the company complies with all laws regarding environmental reporting. The company should have made an evaluation of its hazardous and toxic risks, and follow a course of action that is environmentally sound because of the belief that it enhances the long-term value of the company.

STRS Ohio will vote for resolutions requiring a company to follow the Ceres Principles.

STRS Ohio will vote against resolutions prohibiting a product's use or sale, provided the product and its use are legal.

STRS Ohio will vote against a resolution requiring an ombudsman or environmental director for the board unless supported by management.

STRS Ohio will vote for resolutions urging the company to seek ways to swap environmental or emission permits that have a net beneficial impact on heavily populated areas.

Infant Formula

STRS Ohio will generally vote against proposals limiting a manufacturer's ability to sell and market infant formula. However, STRS Ohio will vote for proposals requiring a manufacturer to endorse and implement the World Health Organization guidelines in Third World countries.

Lending Practices

STRS Ohio will vote against a resolution restricting or directing a company's lending practices.

STRS Ohio will vote against a resolution that attempts to have a lender influence its borrower on social, political, or environmental issues.

Mexico/NAFTA

STRS Ohio will vote against proposals asking for reports regarding NAFTA and its impact, unless a company's prior or planned activities appear to work to the detriment of shareholder value.

STRS Ohio will vote against proposals asking for reports on maquiladora (Mexican assembly) plants or withdrawal from Mexico, unless the company has a history of violating employment or environmental standards.

Northern Ireland

(The MacBride Principles are a set of nine equal opportunity/affirmative action principles aimed at fighting religious discrimination in employment of Catholics in Northern Ireland.)

STRS Ohio will vote for resolutions asking companies to follow or improve upon the MacBride Principles to the extent legal and reasonable.

STRS Ohio will vote against resolutions requiring a company's full implementation of the MacBride Principles because of illegality and impracticality.

STRS Ohio will vote for shareholder resolutions requiring a company to publish a report detailing the company's implementation of the MacBride Principles.

Nuclear Utilities

STRS Ohio will vote against resolutions to study, convert, or shut down nuclear plants except where companies have had serious or frequent safety violations.

Occupational Health and Safety

STRS Ohio will vote against resolutions asking for the development of health and safety policies unless the company has a history of plant accidents, etc. and does not already have a comprehensive policy regarding occupational health and safety.

Operations in High Risk Markets

STRS Ohio will vote for shareholder proposals requesting for the company to review and report on the financial and reputation risks associated with operations in "high risk" markets, as defined by the STRS Ohio Proxy Voting Agent.

The STRS Ohio Proxy Voting Agent definition will include, but not be limited to, the following factors:

- a) potential for social and political disruption
- b) compliance with US and International Law

- c) potential impact of international sanctions
- d) designation as a state sponsor of terror

Other Countries

STRS Ohio will vote against proposals asking for reports regarding business relationships, or withdrawal from Burma, China, Russia and similar countries (excluding South Africa, Ireland, and Mexico), unless the company has a history of violating local labor laws and/or internal company policies regarding employment.

STRS Ohio will vote for proposals directing companies to establish internal procurement procedures intended to assure that they do not benefit from pricing or availability enhanced through human rights abuse or labor law violations.

Political Action Committees

STRS Ohio will vote for proposals that seek to abolish political action committees if the company does not have each of the following:

- 1) Procedures in place to ensure that employee contributions to company sponsored political action committees (PACs) are strictly voluntary and prohibit coercion, and
- 2) There are no recent, significant controversies, fines or litigation regarding the company's political contributions, and
- 3) Procedures in place that require the company, upon receiving a written request from a current shareholder, to provide a list of political and charitable contributions made during the prior fiscal year.

Rogue States

STRS Ohio will vote for proposals that call on a company to review and justify any ties to rogue states. (A rogue state is generally defined as a country that ignores international law or is considered to support terrorism.)

Sales/Purchasing Limitations

STRS Ohio will vote against resolutions prohibiting companies from buying or selling goods to foreign countries (unless South Africa guidelines apply) if the proposal would result in the violation of corporate duties.

Social Issues

STRS Ohio believes that companies should act as good corporate citizens to the benefit of their long-term interest and, therefore, investment results. Companies should endeavor to utilize practices and technology that are environmentally sound, to the benefit of the conditions of work and life. It is not the intention of STRS Ohio to place management in the role of establishing new social policy, rather to ensure that there is compliance with all appropriate

laws and regulations. STRS Ohio expects management to employ the means necessary to:

- A. Institute fair and equal employment opportunities and practices encompassing all employees;
- B. Establish a wage/salary structure appropriate for the local minimum economic level that takes into account the needs of employees and their families;
- C. Prohibit the use of forced labor; and
- D. Prohibit employment of children under the age of 12.

South Africa

STRS Ohio will vote for proposals asking companies to endorse a code of conduct for businesses operating in South Africa provided the code is reasonable and does not violate any existing laws.

STRS Ohio will vote against proposals requiring a mandatory rollover of outstanding loans and credits by lending institutions.

DIRECTORS

Objectives

- Support management that is shareholder oriented;
- Focus management on maximizing long-term shareholder return;
- Enhance and/or avoid limiting shareholder voting power;
- Reasonably compensate and attract good management;
- Give management proper incentives.

Age Restrictions

STRS Ohio will vote against any age restriction on board members.

Board Representation

STRS Ohio will vote against requiring a reserved seat on the board for any special interest group.

STRS Ohio will vote for resolutions asking for a company to make a greater effort to review women and minority candidates for nomination to the board of directors.

Classified (Staggered) Board

STRS Ohio will vote for a resolution requiring annual elections of all board members.

Committees

STRS Ohio will vote for resolutions requiring that the audit and/or compensation and/or nominating committees be composed entirely of independent directors and that the board should select committee chairs.

STRS Ohio will vote for resolutions to allow audit and compensation committees to hire outside consultants at the company's expense and to meet in executive session with their consultants.

STRS Ohio will vote for resolutions to require the independent directors to meet in executive session with the company's outside auditing firm on a regularly scheduled basis.

Compensation

STRS Ohio will vote for reasonable compensation. The determination of “reasonable” will be based upon, but not limited to, research and analysis provided by the STRS Ohio Proxy Voting Agent, and will include, but not be limited to the following:

- 1) Design of the Compensation Plan – level of salary, options, bonus, etc. and the performance levels required to earn incentives
- 2) Relativity – A determination of the consistency of the plan with other compensation plans at similar firms in the same industry
- 3) Disclosure – The company must provide enough detail on the compensation plan to allow for a comprehensive review.

STRS Ohio will vote for limited stock options for outside directors, which generally should require that a majority of the shares be held continuously during the directors’ tenure on the board.

STRS Ohio will vote against proposals for directors to be compensated exclusively with stock.

STRS Ohio will vote against retirement pay for non-employee directors.

STRS Ohio will vote for proposals which call for the public disclosure of Director compensation packages.

STRS Ohio will vote against bonuses paid to former or retiring non-employee directors.

Director Tenure

STRS Ohio will vote against proposals seeking to limit the tenure of directors to any specific length.

Independent Chairman

STRS Ohio will vote for proposals that require a board’s chairperson to be an independent director.

Independent Directors

STRS Ohio will vote for a resolution requiring that at least two-thirds of a corporation’s directors be independent.

STRS Ohio will vote for proposals asking for an independent lead director to be elected by the board’s independent directors for the purpose of evaluating the effectiveness of the board.

STRS Ohio will vote for proposals that define independent directors to be those individuals who have never been an employee, or a relative of an employee, of a) the company; b) any firm providing major services to the company; or c) a tax-exempt entity that received significant contributions from the company; and who do not have significant personal services contracts with the company or its subsidiaries.

Liability Protection and Indemnification

STRS Ohio will vote for reasonable limits on liability and indemnification of directors. The determination of “reasonable” will be based upon, but not limited to, research and analysis provided by the STRS Ohio Proxy Voting Agent.

Loans to Members of the Board

STRS Ohio will vote for resolutions authorizing reasonable loans to a member of the board of directors. The determination of “reasonable” will be based upon, but not limited to, research and analysis provided by the STRS Ohio Proxy Voting Agent.

Majority Voting for Directors

STRS Ohio will vote for proposals that require companies to amend their bylaws and/or charter to require that nominees for the board be elected by a majority of the votes cast.

STRS Ohio will support resolutions that require the board of directors to solicit and accept the resignation of an incumbent director who receives support from less than a majority of the votes cast in an uncontested election.

Size of Board

STRS Ohio will vote for proposals that fix the size of the board of directors at a set number or within a reasonable range, generally five to fifteen.

STRS Ohio will vote against proposals that give management the ability to alter the size of the board of directors without shareholder approval.

Stock Ownership

STRS Ohio will vote for minimum stock ownership for board members.

Uninstructed Broker Voting in Director Elections

STRS Ohio will vote for proposals that oppose the inclusion of uninstructed broker votes in Director Elections.

Voting For Nominees

STRS Ohio will vote all contested elections on a case by case basis.

STRS Ohio will vote for the corporate nominees to the board of directors in uncontested elections, subject to the following guidelines:

- 1) Directors with full time jobs should not serve on more than 3 boards and CEO directors should not serve on more than two boards. Insufficient disclosure of board positions by nominees will result in STRS Ohio withholding support.
- 2) STRS Ohio will withhold votes from any director that serves on the board at more than 5 “for-profit” organizations.
- 3) STRS Ohio will withhold votes from incumbent director nominees who the STRS Ohio Proxy Voting Agent has identified as attending less than 75% of previous year’s meetings without a proper excuse.
- 4) STRS Ohio will withhold votes from incumbent director nominees who either failed to respond in accordance with shareholder proposals winning a majority of the outstanding shares the prior year, or twice failed to respond in accordance with shareholder proposals winning a majority of the votes cast during the previous two years.
- 5) STRS Ohio will withhold votes from incumbent director nominees who adopt or renew dead-hand poison pills or their variants.
- 6) STRS Ohio will withhold votes from director nominees if the company has a classified board structure.
- 7) STRS Ohio will withhold votes from director nominees if the board lacks an audit, compensation, or nominating committee.
- 8) STRS Ohio will withhold votes from any non-independent director nominee who serves on the audit, compensation, or nominating committee.

Independent Directors are defined as individuals who have never been an employee, or a relative of an employee, of a) the company; b) any firm providing major services to the company; or c) a tax-exempt entity that received significant contributions from the company; and who do not have significant personal services contracts with the company or its subsidiaries.

- 9) STRS Ohio will withhold votes from any non-independent director nominee (excluding the CEO) if less than two-thirds of the directors are independent.
- 10) STRS Ohio will withhold votes from director nominees who serve on the audit committee if the fees paid to the company’s outside auditor for non-audit services exceed 50% of the aggregate fees paid.

- 11) STRS Ohio will withhold votes from Director Nominees if the company, based on the ISS Governance QualityScore System, receives a "high concern" ranking in 2 or more of the 4 corporate governance categories reviewed by the STRS Ohio Proxy Service Provider.
- 12) STRS Ohio will withhold votes from director nominees who serve on the compensation committee if the company is deemed to have "poor compensation practices" by the STRS Ohio Proxy Voting Agent.

The determination will be based on, but not be limited to, the following factors:

 - a) multi-year base salary increases that are guaranteed as part of the employment contract
 - b) perquisites for former executives, such as car allowances, personal use of corporate aircraft or other inappropriate arrangements
 - c) existence of "Golden Coffin" packages for executives
- 13) STRS Ohio will withhold votes from incumbent director nominees, and the board as a whole, if, in the opinion of the STRS Ohio Investment Department Staff, the actions of the incumbent director have been contradictory to the benefit of shareholders.

STRS Ohio will generally vote for resolutions that enable shareholders to propose additional nominees for director positions and that will appear on the company's official ballot if the nominations are qualified by means of support represented by a minimum of either 1% of the outstanding shares of common stock or shares of capital stock with a market value in excess of \$1 million held by the sponsor at the time of the nomination.

STRS Ohio will generally vote for proposals that require a greater number of nominees than board seats available to be filled.

STRS Ohio will support resolutions that seek to limit the number of boards of "for-profit" organizations on which a director (without full-time employment) can sit to five.

CORPORATE GOVERNANCE

Objectives

- Ensure that all shareholders are treated equally;
- Ensure that all management acts in the best interest of shareholders by not attempting to block takeover attempts;
- Enhance/protect shareholder voting rights.

Adopt, Amend or Repeal Corporate By-Laws

STRS Ohio will vote against proposals that authorize the board of directors to adopt, amend or repeal corporate by-laws without shareholder approval.

Annual Meetings

STRS Ohio will vote against shareholder proposals to move the location of a company's annual meeting.

Auditors

STRS Ohio will vote for auditors recommended by the board unless there is reason to believe that the independent auditor has rendered an opinion that is either inaccurate, or not indicative of the company's financial position.

STRS Ohio will vote for annual election of auditors by shareholders.

STRS Ohio will vote against auditors that have significant professional or personal relationships with the company that compromise their independence.

STRS Ohio will vote against auditors if the fees they were paid for non-audit services in the prior fiscal year exceeded 50% of the aggregate fees they received.

STRS Ohio will vote for proposals requiring that the ratification of auditors be put to a shareholder vote.

STRS Ohio will vote for special auditors or appraisers, unless they are the same as the regular auditor.

Business Issues

STRS Ohio will vote on business issues, such as mergers and spin-offs, in a manner consistent with our fiduciary responsibilities. STRS Ohio will also vote against proposals asking for a shareholder vote on business practices or decisions such as product pricing, plant location, and marketing issues.

CEO Succession Planning

STRS Ohio will vote for resolutions that call for a company to develop a formal plan to replace the CEO upon termination of employment for any reason.

Confidential Voting

STRS Ohio will vote to require secret voting on proxy issues.

Consultant Disclosure

STRS Ohio will vote for proposals requiring consulting firms to disclose all services they provide to a company (including services provided to the board) and the compensation received.

Cumulative Voting

STRS Ohio will vote for proposals to require cumulative voting.

Exclusive Venues

STRS Ohio will vote for exclusive venue proposals if the proposing company's overall corporate governance framework sufficiently protects shareholder rights. This determination will be based upon, but not limited to, research and analysis provided by the STRS Ohio Proxy Voting Agent.

Facilities Closure

STRS Ohio will vote against proposals requiring establishment of a committee to make decisions regarding facilities closure.

Financial Reports

STRS Ohio will vote against resolutions requiring a company to send, or to reimburse brokerage firms for sending, financial reports to holders of shares held in Street name beyond the reports required by the applicable regulatory body.

Greenmail

("Greenmail" occurs when a company repurchases a large block of stock, at a premium to the open market, from one or more holders that are seeking control of the corporation.)

STRS Ohio will vote to prohibit Greenmail if:

- A. The company has paid Greenmail in the past, or;
- B. The company has a package of anti-takeover provisions in place.

Majority Votes

STRS Ohio will vote for proposals requiring a report to shareholders on how the company responded to shareholder proposals receiving a majority of the votes cast at the last shareholder meeting.

Mandatory Arbitration

STRS Ohio will vote against proposals that confirm or seek to add "mandatory arbitration" clauses to corporate by-laws.

Other Business

STRS Ohio will vote against proposals providing management the authority to vote shares of stockholders on other business issues that may come about at the meeting of shareholders.

Positions of Chairman and CEO

STRS Ohio will vote for resolutions requiring a company to separate the positions of chairman of the board and chief executive officer.

Re-incorporation

STRS Ohio will vote for re-incorporation if it does not reduce the ability of a suitor to takeover the company. However, STRS Ohio will vote against re-incorporation to offshore tax havens if the impact on the enforcement of shareholder rights outweighs the global economic benefits to the company.

Share Buyback Holding Periods

STRS Ohio will vote against shareholder proposals prohibiting executives from selling shares of company stock during periods in which the company has announced that it may or will be repurchasing shares of its own stock.

Special Meetings/Consent Solicitation

STRS Ohio will vote against any restriction on the ability of shareholders to call special meetings or take action by written consent. STRS Ohio will vote that such action taken by written consent be considered ratified if it is approved by the number of votes needed for ratification at a meeting of shareholders (as allowed by law).

State Anti-takeover Laws

STRS Ohio will vote for a company to either option out of state anti-takeover provisions or reincorporate in another state with less onerous anti-takeover laws, unless the company is currently incorporated in Ohio. STRS Ohio will vote for a company to reincorporate in Ohio.

Stock Splits

STRS Ohio will vote for stock splits proposed by management.

Voting Rights

STRS Ohio will vote against "super majority" rules for business combinations and other corporate activities. STRS Ohio will vote against unequal voting rights for different classes of stock.

NEW SECURITY ISSUANCE

Objectives

- Ensure management's reasonable access to capital markets;
- Ensure that management acts in the best interest of shareholders by not attempting to block takeover attempts.

"Blank Check" Preferred

("Blank check" preferred is a security whose voting power, convertibility, issuance, and other factors are left unspecified.)

STRS Ohio will vote against a "blank check" preferred authorization, except for the purpose of raising capital in the ordinary course of business or making acquisitions, and without a view to effecting a change in voting power.

Dual Class Stock Authorization

STRS Ohio will vote against resolutions that split common stock into two or more classes with different voting rights.

Increased Authorization for Securities

STRS Ohio will vote to increase authorized equity shares as long as the amount is reasonable. The determination of "reasonable" will be based upon, but not limited to, research and analysis provided by the STRS Ohio Proxy Voting Agent.

Preemptive Rights

STRS Ohio will vote against preemptive rights.

Shareholders Rights Plans "Poison Pills"

("Poison Pills" are typically rights or warrants issued to shareholders that are activated by a hostile acquisition attempt. They generally allow their holders to buy or sell shares of the target company at unrealistic prices, harming the acquiring company.)

STRS Ohio generally will vote against shareholder rights plans. However, we may vote for a poison pill if management outlines particular circumstances at the company that warrant the protection of a pill, there are sensible restraints on the board's use of the pill, or a fixed, reasonable period during which the poison pill will remain in effect is defined.

STRS Ohio will vote for proposals that seek to redeem the shareholder rights plan or submit the plan to a vote of shareholders for ratification.

Special Share Placements "White Squire"

("White Squire" placements allow companies to put large amounts of stock or convertible securities into "friendly" hands with rates of return above the rates available to other investors.)

STRS Ohio will vote for resolutions limiting "white squire" placements.

Stock Issuance

STRS Ohio will vote for the issuance of stock unless 1) the dilution is excessive or undisclosed, 2) the express purpose is to strengthen takeover defenses. The determination of "excessive" will be based upon, but not limited to, research and analysis provided by the STRS Ohio Proxy Voting Agent.

Tracking Stocks

While the outright sale of a subsidiary is generally preferred to the issuance of a tracking stock, valid reasons may exist for maintaining control of the subsidiary. Therefore, tracking stock proposals will be considered on a case-by-case basis.

EMPLOYEE COMPENSATION

Objectives

- Ensure that employees are reasonably compensated and given the proper incentives;
- Ensure that compensation plans are not used as a tool to prevent a takeover.

Bonus Recapture

STRS Ohio will vote for proposals requiring executives to return any portion of bonuses or incentive compensation received that, based on a significant financial restatement, would not have been earned.

STRS Ohio will vote for proposals that require annual disclosure of any bonus recapture initiatives undertaken.

Compensation Reporting

STRS Ohio will vote against the requirement that a company must disclose in a report the salary information on most employees beyond that required by SEC guidelines. (Top management compensation disclosure will be reviewed on a case-by-case basis.)

ESOPS

STRS Ohio will vote for an employee stock ownership plan unless it is determined to be an anti-takeover device.

Executive Compensation Packages (Say on Pay/Say When on Pay)

STRS Ohio will vote for resolutions allowing shareholders to provide feedback on executive compensation and severance agreements, provided these resolutions are non-binding in nature.

STRS Ohio will vote for annual advisory votes on executive compensation.

Golden Coffin

(The term Golden Coffin is used to describe compensation and benefits packages that are paid by a firm to executives upon and after his/her death).

STRS Ohio will vote against any resolutions authorizing death benefits (Golden Coffin benefits) that are deemed excessive. The determination of “excessive” will be based upon, but not limited to, research and analysis provided by the STRS Ohio Proxy Voting Agent, and will

include, but not be limited to the following:

- 1) Automatic vesting of options upon death,
- 2) Bonuses paid upon death,
- 3) Posthumous severance payments

Golden Parachutes

STRS Ohio generally will support management's right to enter into compensation plans that are triggered by a takeover and the subject employee being terminated unless:

- A. The company's current compensation plan or previous plans exceeded three years of annual salary.
- B. The overall compensation package presents an attempt to discourage a takeover (i.e. large scale compensation plan "Tin Parachute").

Loans to Members of Executive Management

STRS Ohio will vote for resolutions authorizing reasonable loans to a member of Executive Management. The determination of "reasonable" will be based upon, but not limited to, research and analysis provided by the STRS Ohio Proxy Voting Agent.

Management Compensation

STRS Ohio will vote for reasonable compensation. The determination of "reasonable" will be based upon, but not limited to, research and analysis provided by the STRS Ohio Proxy Voting Agent, and will include, but not be limited to the following:

- 1) Design of the Compensation Plan – level of salary, options, bonus, etc. and the performance level required to earn incentives
- 2) Relativity – A determination of the consistency of the plan with other compensation plans at similar firms in the same industry
- 3) Disclosure – The company must provide enough detail on the compensation plan to allow for a comprehensive review.

STRS Ohio will vote for proxy resolutions to link executive compensation to company performance.

Options/Stock

STRS Ohio will vote against resolutions to re-price, replace, or cancel "underwater" options. ("Underwater" options are options that have little or no value due to poor stock performance.)

STRS Ohio will vote for resolutions granting (non-excessive) stock options and other

incentives, unless the resolution involves stock option plans that allow the administering committee to re-price or replace underwater options or amend outstanding awards, or if the company has re-priced or replaced underwater options within the last fiscal year. The re-pricing of underwater options is further defined to include: 1) buy-backs of outstanding underwater options and subsequent issuance of new options; 2) six-months-and-one-day option exchange programs; or 3) one-time swaps of restricted stock for underwater options.

STRS Ohio will vote for proposals which seek to eliminate or restrict the ability of companies to re-price "underwater" stock options without prior shareholder approval.

STRS Ohio will vote for proposals requiring the expensing of all future option grants.

STRS Ohio will vote for proposals requiring that employee benefit plans and executive option plans be treated the same with respect to imposing restrictions on the sale or purchase of company shares.

STRS Ohio will vote for proposals requiring shareholders to vote on all equity-based compensation plans.

STRS Ohio will vote for proposals promoting the use of indexed, premium-priced, or performance vesting options.

STRS Ohio will vote for proposals promoting the use of reasonable mandatory holding periods for executives receiving shares via equity awards.

STRS Ohio will vote for proposals requiring all options to be priced at 100% of fair market value.

Pensions

STRS Ohio will vote for (non-excessive) pension and benefit packages.

Restricted Shares

STRS Ohio will vote for proposals to require that a majority of any restricted stock awards will incorporate performance-based vesting measures.

Salaries

STRS Ohio will vote against proxy resolutions calling for threshold limits on management salaries. However, if compensation exceeds a 25 to 1 ratio (top executive pay exceeds 25 times the average non-executive employee compensation) of threshold limits:

- A. Compensation committee must be made up of nonaffiliated directors who are not also CEOs.

B. Salaries shall be reviewed by an independent consultant who is an expert in management compensation.

STRS Ohio will vote for proxy resolutions to link executive compensation to company performance relative to their peers.

STRS Ohio will vote for proposals requiring that pension income be excluded from calculations of performance-based executive compensation.

TARP Executive Compensation Reform

STRS Ohio will vote for reasonable expanded executive compensation restrictions that go beyond the restrictions contained in the TARP program, if, the additional restrictions are in the best interests of shareholders. The determination of “reasonable” will be based upon, but not limited to, research and analysis provided by the STRS Ohio Proxy Voting Agent.

PROXY VOTING ISSUES

Objectives

- Enhance/protect shareholder voting rights;
- Ensure accuracy and confidentiality of the vote.

Ballot Counting

STRS Ohio will vote to require an independent inspection of the ballot count.

STRS Ohio will vote to require that nonvoting proxies are not counted.

STRS Ohio will vote to require that a simple majority of for and against will approve a proxy resolution with abstentions excluded from the vote tally provided it does not conflict with applicable state law.

STRS Ohio will vote for proposals that allow properly signed, but unmarked, proxies to be voted with management's recommendations provided that the proxy clearly states this method as a process of voting.

Bundled Proposals

STRS Ohio is against the practice of bundling various proxy proposals together and will vote for a bundled proposal only if it would vote for all of the individual proposals.

Issuing Reports

STRS Ohio will vote against shareholder proposals to issue unnecessary reports on various topics.

Shareholder Statements on Proxy Material

STRS Ohio will vote against resolutions allowing a shareholder to make a general statement about the company in the proxy material.

STRS Ohio will vote to allow management the discretion to be less restrictive than The Securities and Exchange Commission's guidelines regarding the content of shareholder proposals.

Undisclosed Article Amendments

STRS Ohio will vote against undisclosed article amendments.

PROXY VOTING GLOSSARY

Articles of Association – the regulations governing the relationships between the shareholders and directors of the company. Articles of association typically cover the issuing of shares (also called stock), the different voting and dividend rights attached to different classes of shares, restrictions on the transfer of shares, the rules of board meetings and shareholder meetings, and other similar issues.

Blank Check Preferred Stock – a method companies use to simplify the process of creating new classes of preferred stock to raise additional funds from sophisticated investors without obtaining separate shareholder approval. To do this a company must amend its articles of incorporation to create a class of un-issued shares of preferred stock whose terms and conditions may be expressly determined by the company's board of directors. This kind of stock can also be created by a public company as a takeover defense in the event of a hostile bid for the company (poison pill).

Ceres Principles – a ten-point code of corporate environmental conduct to be publicly endorsed by companies as an environmental mission statement or ethic.

The Ceres Principles are:

Protection of the Biosphere – We will reduce and make continual progress toward eliminating the release of any substance that may cause environmental damage to the air, water, or the earth or its inhabitants. We will safeguard all habitats affected by our operations and will protect open spaces and wilderness, while preserving biodiversity.

Sustainable Use of Natural Resources – We will make sustainable use of renewable natural resources, such as water, soils and forests. We will conserve non-renewable natural resources through efficient use and careful planning.

Reduction and Disposal of Wastes – We will reduce and where possible eliminate waste through source reduction and recycling. All waste will be handled and disposed of through safe and responsible methods.

Energy Conservation – We will conserve energy and improve the energy efficiency of our internal operations and of the goods and services we sell. We will make every effort to use environmentally safe and sustainable energy sources.

Risk Reduction – We will strive to minimize the environmental, health and safety risks to our employees and the communities in which we operate through safe technologies, facilities and operating procedures, and by being prepared for emergencies.

Safe Products and Services – We will reduce and where possible eliminate the use, manufacture or sale of products and services that cause environmental damage or health or safety hazards. We will inform our customers of the environmental impacts of our products or services and try to correct unsafe use.

Environmental Restoration – We will promptly and responsibly correct conditions we have caused that endanger health, safety or the environment. To the extent feasible, we will redress injuries we have caused to persons or damage we have caused to the environment and will restore the environment.

Informing the Public – We will inform in a timely manner everyone who may be affected by conditions caused by our company that might endanger health, safety or the environment. We will regularly seek advice and counsel through dialogue with persons in communities near our facilities. We will not take any action against employees for reporting dangerous incidents or conditions to management or to appropriate authorities.

Management Commitment – We will implement these Principles and sustain a process that ensures that the board of directors and chief executive officer are fully informed about pertinent environmental issues and are fully responsible for environmental policy. In selecting our board of directors, we will consider demonstrated environmental commitment as a factor.

Audits and Reports – We will conduct an annual self-evaluation of our progress in implementing these Principles. We will support the timely creation of generally accepted environmental audit procedures. We will annually complete the Ceres Report, which will be made available to the public.

Classified (staggered) Board – a structure for a board of directors in which a portion of the directors serve for different term lengths, depending on their particular classification. Under a classified system, directors serve terms usually lasting between one and eight years; longer terms are often awarded to more senior board positions (i.e. chairman of the corporate governance committee).

The classified board structure features continuity of direction and preservation of skill, but has come under harsh criticism from shareholder advocacy groups for a number of reasons. Opponents to the classified structure argue that the system breeds board member complacency and forces directors to develop close relations with management.

Classified boards also serve as a powerful anti-takeover measure.

Convertible Bonds – a **convertible bond** (or convertible debenture) is a type of bond that can be converted into shares of stock in the issuing company, usually at some pre-announced ratio. It is a hybrid security with debt- and equity-like features. Although it typically has a low coupon rate, the holder is compensated with the ability to convert the bond to common stock, usually at a substantial premium to the stock's market value.

Cumulative Voting – a cumulative voting election elects the top vote-getters, just as with a simple plurality election. However, voters are allowed to concentrate their full share of votes on fewer candidates than seats -- unlike bloc voting, where a voter can only award one vote per candidate, up to the number of candidates as seats. With cumulative voting, voters are permitted not to split their votes and instead concentrate them on a single candidate at full value.

Dead Hand Poison Pill – an anti-takeover device designed to prevent the acquisition of a company even if a majority of shareholders favor the acquisition. Dead hand poison pills can only be removed by incumbent directors or their chosen successors.

A technique used to fight unwanted takeover attempts that dilutes the stock holdings of an unwanted acquirer. The dead-hand poison pill allows only members of the board of directors who were on the board of directors when the poison pill provision was enacted, or their successors, to redeem the poison pill rights, which gives them the rights to additional shares of stock and makes it that much harder for the unwanted acquirer to gain control of the company.

Golden Parachute – a clause (or several) in an executive's employment contract specifying that they will receive certain significant benefits if their employment is terminated. Sometimes, but not always, these clauses apply only in the event that the company is acquired and the executive's employment is terminated as a result of that acquisition. These benefits may include severance pay, cash bonuses, stock options or a combination of the items.

Golden Coffin – the term used to describe compensation and benefits packages that are paid by the firm to executives upon and after his/her death.

ILO (International Labor Organization) Standards – the ILO is dedicated to bringing decent work and livelihoods, job-related security and better living standards to the people of both poor and rich countries. It helps to attain those goals by promoting rights at work, encouraging opportunities for decent employment, enhancing social protection and strengthening dialogue on work-related issues.

The ILO formulates international labor standards in the form of Conventions and Recommendations setting minimum standards of basic labor rights: freedom of association, the right to organize, collective bargaining, abolition of forced labor, equality of opportunity and treatment and other standards addressing conditions across the entire spectrum of work-related issues.

The ILO's diverse tasks are grouped under four strategic objectives:

- Promote and realize standards and fundamental principles and rights at work
- Create greater opportunities for women and men to secure decent employment and income
- Enhance the coverage and effectiveness of social protection for all
- Strengthen tripartism (an institution that brings together labor, enterprise and government in state sponsored associations) and social dialogue

ISS Governance QualityScore – This rating system (provided by ISS) ranks a given firm on its corporate governance activities, on both an absolute and relative to its peers basis (as defined using the GICS classification system).

MacBride Principles – consisting of nine fair employment principles — are a corporate code of conduct for companies doing business in Northern Ireland and have become the Congressional standard for all US aid to, or for economic dealings with, Northern Ireland.

The principles:

- 1) Increasing the representation of individuals from under-represented religious groups in the workforce including managerial, supervisory, administrative, clerical and technical jobs.
- 2) Adequate security for the protection of minority employees both at the workplace and while traveling to and from work.
- 3) The banning of provocative religious or political emblems at the workplace.
- 4) All job openings should be publicly advertised and special recruitment efforts should be made to attract applicants from under-represented religious groups.
- 5) Lay-off, recall, and termination procedures should not in practice favor particular religious groupings.
- 6) The abolition of job reservations, apprenticeship restrictions and differential employment criteria, which discriminate on the basis of religious or ethnic origin.
- 7) The development of training programs that will prepare substantial numbers of current minority employees for skilled jobs, including the expansion of existing programs and the creation of new programs to train, upgrade, and improve the skills of minority employees.
- 8) The establishment of procedures to assess, identify, and actively recruit minority employees with the potential for further advancement.
- 9) The appointment of a senior management staff member to oversee the company's affirmative action efforts and the setting up of timetables to carry out affirmative action principles.

Merger by Absorption – a combination of two or more companies, where the amount paid over and above the acquired company's book value is carried on the books of the purchaser as goodwill.

Merger by Consolidation – the unification of two or more corporations by dissolution of existing ones and creation of a single new corporation.

NAFTA (North American Free Trade Agreement) – a 1994 agreement reached by the United States, Canada, and Mexico that instituted a schedule for the phasing out of tariffs and eliminated a variety of fees and other hindrances to encourage free trade between the three North American countries.

Poison Pill (Shareholder Rights Plans) – rights or warrants issued to shareholders that are activated by a hostile acquisition attempt. They generally allow their holders to buy or sell shares of the target company at unrealistic prices, harming the acquiring company.

Political “soft money” – political donations made in such a way as to avoid federal regulations or limits, as by donating to a party organization rather than to a particular candidate or campaign.

Political Action Committee – the name commonly given to a private group, regardless of size, organized to elect or defeat government officials or to promote legislation. Under the Federal Election Campaign Act, an organization becomes a "political committee" by receiving contributions or making expenditures in excess of \$1,000 for the purpose of influencing a federal election.

Plurality Election – a single-winner voting system often used to elect executive officers or to elect members of a legislative assembly. In a plurality election, a single winner is chosen in a given constituency by having more votes than any other individual representative.

Pre Emptive Rights – the right of certain stockholders to maintain ownership of a constant percentage of a firm's stock. Such stockholders have the first opportunity to purchase new stock in the firm proportionate to the percentage of shares already held.

Restricted Shares – company stock used for employee incentive and compensation plans. Restricted stock is usually accompanied by rules (or “restrictions”) which outline required holding period before sale, vesting procedures and voting rights.

Six Months and One Day Option Exchange Program – the only stock option re-pricing alternative that avoids compensation charges associated with "variable" accounting treatment. The Financial Accounting Standards Board (FASB) arbitrarily set the lag-time in FASB interpretation Number 44 (FIN 44). By waiting six months and one day to reissue options, companies preserve the "fixed" treatment, and with it, some earnings. This re-pricing approach is also known as the “slow motion swap”.

Slate Voting – also called “ticket voting” - a voting format that provides for, (in addition to an alphabetical list of candidates on a ballot), a group of candidates to be identified as a slate, if they choose. The ballot may also group the parties together so that voters can see quickly which candidates belong to which party and if desired, cast votes for all candidates of one party without the need to vote for each candidate individually.

Super Majority Voting – a requirement for a proposal to gain a specified level or type of support which exceeds a simple majority in order to have effect. A two-thirds majority is a common supermajority requirement in some elections, especially whenever minority rights (shareholder or otherwise) can be changed.

Warrants – a security that entitles the holder to buy stock of the company that issued it at a specified price, which is usually higher than the stock price at time of issue. Warrants are frequently attached to bonds or preferred stock as a sweetener, allowing the issuer to pay lower interest rates or dividends.

White Squire Placements – allow companies to put large amounts of stock or convertible securities into "friendly" hands with rates of return above the rates available to other investors. Similar to a "white knight", but instead of purchasing a majority interest, the squire purchases a lesser interest in the target firm. A white squire is still considered to be a friendly acquirer, they just don't require controlling interest like a "white knight" does.

World Health Organization Guidelines in Third World Countries – the World Health Organization (WHO) is the United Nations' agency for health. The organization focuses on four main areas, led by health intervention efforts, such as control and prevention of HIV/AIDS, malaria, and tuberculosis. Other WHO priorities include support for government health programs; development of health policies, products, and systems; and efforts related to determinants of health, such as food safety and nutrition.

Written Consent – A process that allows shareholders, without a formal meeting, to approve of actions taken or to be taken by the company. The actions will vary depending on the specific business of the company, but may include such things as: (i) election of directors; (ii) approval of the company's financial statements; and (iii) approval of agreements

PROXY VOTING FLOW CHART

Proxy Process Flow

