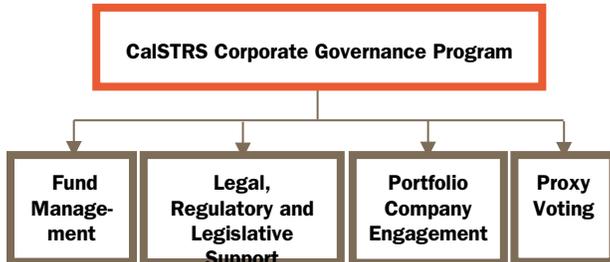


CalSTRS Corporate Governance at a Glance

Program Description



- Established in 1978 to protect assets through good governance and operational accountability. The Corporate Governance Program includes proxy voting, portfolio company engagements, filing of shareholder proposal initiatives and portfolio management.
- Program benchmark: Russell 3000 Index ex-Tobacco ex-Firearms (U.S. Equity), MSCI World Index/MSCI ACWI ex-U.S. Index ex-Tobacco ex-Firearms (Non-U.S. Equity).
- Nine Corporate Governance external managers, two Sustainability Managers and multiple side-by-side co-investments. Selection is biased toward firms with experienced and stable management teams with a strong track record of engaging boards and management to undertake changes to increase long-term shareholder value.

Activist Fund Managers

	Country-based	Inception Date	Committed Amount	Market Cap Focus
Blue Harbour Group	US	11/1/11	\$500 million	Small
Starboard Value	US	3/1/13	\$100 million	Small
Legion Partners	US	1/1/14	\$200 million	Small
Red Mountain	US	2/1/15	\$100 million	Small
New Mountain	US	1/1/09	\$1.0 billion	Mid/Large
Triam Partners	US	4/1/11	\$800 million	Mid/Large
Cartica Investors	Non-US	11/1/13	\$300 million	Small
Governance for Owners LLP	Non-US	6/1/08	\$350 million	Small/Mid
Knight Vinke	Non-US	3/1/10	\$162 million	Large

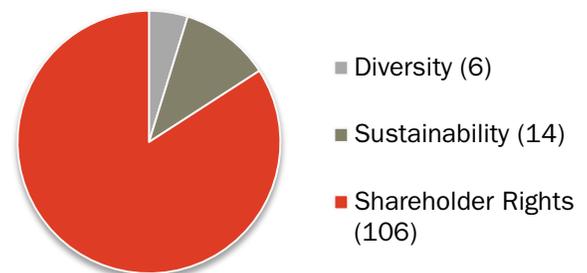
Corporate Governance Coalitions

- Council of Institutional Investors
- International Corporate Governance Network
- Asian Corporate Governance Association
- Diversity partners – Thirty Percent Coalition, NACD & NASP

Portfolio Engagement Efforts

CalSTRS engaged 106 companies on shareholder rights, 14 companies on sustainability and 6 companies on diversity. Additionally, 12 shareholder rights proposals and 4 sustainability proposals filed by CalSTRS went to a vote. The following chart shows CalSTRS success in 2015-16 by objectives.

Success in 2015-2016 by Objectives



Sustainability Risk Management

Corporate Governance also directs the CalSTRS sustainability risk management program. This initiative seeks to identify environmental and social risks that could affect the value of CalSTRS portfolio holdings and then to develop and implement action plans to mitigate these risks.

- Specific areas of focus include air emissions, water use and disposal, land use, mineral extraction, safety practices and labor policies.
- CalSTRS works collaboratively with other investors, government representatives and regulatory officials.
- CalSTRS supports organizations, such as the CDP, the PRI and CERES, that facilitate investor communication and action on the various sustainability issues on which CalSTRS is focused.
- Corporate Governance manages the Public Equity sustainable manager portfolio. The goals of this portfolio are financial and sustainable outperformance. Currently there are two managers in the portfolio.

Sustainable Fund Managers

	Country-based	Inception Date	Assets Under Management	Market Cap Focus
Generation	Non-US	6/1/07	\$577 million	Large
AGF Investments	Non-US	8/1/07	\$244 million	Small / Mid

Diversity

Corporate Governance continues to lead efforts to diversity corporate boards.

- Engage companies on their efforts to build diverse pipelines of its most valuable resource, its human capital through our Enhanced Diversity Initiative.
- Petitioned the SEC through regulatory efforts to require improved proxy disclosures to include board nominees' gender, racial and ethnic diversity along with company specific skill-sets.
- Filed 47 shareholder proposals since 2009, with 29 women appointed to 25 company boards.
- Engaged 131 Calif. Companies since 2014, with 32 women appointed to 25 companies.

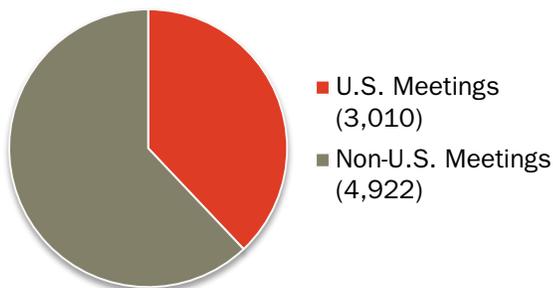
Executive Compensation Issues

Corporate Governance is very active in monitoring and engaging companies on their executive compensation practices. Given the complex nature of executive compensation, CalSTRS continues to engage portfolio companies on compensation issues related to disclosure, structure, and magnitude.

Proxy Voting

Corporate Governance staff fulfills the CalSTRS fiduciary duty to manage its corporate actions, including proxy voting, in the same manner it manages its other plan assets. Proxy votes are posted up to two weeks prior to a meeting at CalSTRS.com.

Total Meetings Voted in 2015-16 (7,932)



Geo-Political Issues

Corporate Governance is responsible for the implementation of the state of California's Iran and Sudan Divestment Laws (AB

221-Anderson and AB 2491-Koretz). CalSTRS applies the Teachers' Retirement Board's 21 Risk Factors Geo-Political Risk Policy as a guide to address the legislation. CalSTRS maintains multiple data vendors relating to geo-political risk issues, monitors CalSTRS holdings, engages companies, and collaborates with other institutional investors, the UNPRI, and NGO's such as the Genocide Intervention Network.

Corporate Governance Investment Team

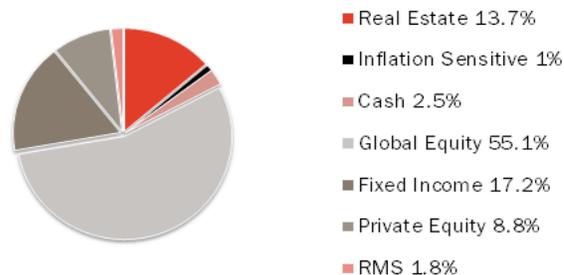
Name	Title	Areas of Focus	Joined CalSTRS
Anne Sheehan	Director	Director	2008
Brian Rice	Portfolio Manager	Sustainable Mgrs. & Sustainability	2003
Aeisha Mastagni	Portfolio Manager	Activist Mgrs. & Executive Compensation	2009
Philip Larrieu	Associate Portfolio Manager	Activist Mgrs. & Geo-Political Issues	2005
Eric Kwong	Investment Officer	Operations & Contracts	1989
Ly Van	Investment Officer	Proxy Voting	2007
Travis Antoniono	Investment Officer	Sustainability	2011
Mary Morris	Investment Officer	Diversity	2016
Douglas Chen	Investment Officer	Executive Compensation	2016
Daniel Bain	Investment Officer	Proxy Voting	2016
Kathleen Hawkins	Executive Assistant	Director Support	2009
Laurie Winston	Executive Assistant	Director Support	1998

Transparency and Public Information Requests

CalSTRS strives to be a leader in corporate governance best practices, including transparency. For more information on the Corporate Governance program and its managers, visit CalSTRS.com.

CalSTRS Portfolio*

Total Value as of June 30, 2016: **\$188.3 billion**



*See *Investments, Current Investment Portfolio* on calstrs.com.

Revised 8-2016