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March 14, 2025

Re: *U.S. Securities Class Action Litigation Against Target Corporation*

Dear Members of the Retirement Board of the State Teachers Retirement System of Ohio ("STRS"),

I write today because of your unwillingness to entertain the opportunity to seek lead-plaintiff status in the securities class action brought against Target Corporation. STRS has sustained $5MM in losses as a result of Target's actions. As fiduciaries of STRS you are not in a position to reject the opportunity to recover this money on behalf of retired teachers.

Through STRS staff, I recommended STRS join the Class Action Complaint for Violations of Federal Securities Laws filed by State Board of Administration of Florida against Target Corporation and certain of its senior executive officers (collectively "Target"), in the U.S. District Court for the Middle District of Florida. I also recommended that STRS move for lead-plaintiff status by the impending April 1, 2025, deadline.

The Complaint asserts various causes of actions arising under the Securities Exchange Act of 1934, alleging, *inter alia*, that Target committed fraud and misled investors by making false and misleading statements about its Environmental, Social and Governance ("ESG") and Diversity, Equity, and Inclusion ("DEI") mandates. Target's regulatory filings with the SEC, as well as its press releases, media reports, and other publicly available information, show that between August 26, 2022, and November 19, 2024 (the relevant class period), Target promoted and engaged in several DEI and LGBTQ+ initiatives that resulted in a disastrous "Pride Month" marketing and sales campaign, which led to widespread customer boycotts that severely impacted the business and in turn led to the massive decline of Target's stock price, wiping out an estimated $25 billion in its market capitalization. Target knowingly downplayed market concerns over DEI, ESG and LGBTQ+ initiatives, while falsely assuring investors that they were working to maximize shareholder value rather than promoting social goals.

Of note, the underlying holdings and trading data for Target Corporation show STRS suffered over **$5MM** in losses during the class period, with 301,897 shares purchased and 70,301 shares sold (net 231,596 shares purchased, and $35,591,581 net funds expended).

I have been informed that you have declined to join the lawsuit for two reasons. First, because STRS's estimated losses of $5MM are too small and not worth pursuing, and, second, because you either agree with Target's stated DEI, ESG and LGBTQ+ initiatives and/or do not believe that such initiatives should be actionable.

While discharging your fiduciary duties of care and loyalty, you are obliged to act on STRS's best interests. In doing so, you must avail yourselves of all legitimate tools at your disposal. There is no doubt that the possibility of recouping losses improperly sustained due to corporate fraud and malfeasance through a securities class action is one of these tools, regardless of the amount to be recovered. For STRS's members and retirees, every dollar counts. Albeit not as significant relative to the system's overall multibillion dollar net worth, there is nothing small about a $5MM loss, let alone considering that STRS will not incur out-of-pocket costs to join and lead the class, as the proposed engagement is premised on a contingency fee agreement.

Moreover, and perhaps more concerning, deciding not to join the class action because of your position towards the underlying facts supporting the lawsuit is a violation of your fiduciary duties. Specially in this case where Target's DEI, ESG and LGBTQ+ initiatives is the alleged conduct that gave rise to the violations of the Securities Exchange Act. The situation is akin to ESG driven investment strategies, which are barred by statute.

By law, when discharging your duties as fiduciaries of STRS, you *must* make your investment decisions "with the sole purpose of maximizing the return on its investments," and you are *prohibited* from making "an investment decision with the primary purpose of influencing any social or environmental policy or attempting to influence the governance of any corporation." RC 3307.15(A), effective March 20,

2025. The same is true here. As fiduciaries, you must objectively assess the possibility of recovering STRS's improperly sustained losses through a class action with the sole purpose of maintaining the system's financial wellbeing, while remaining neutral to the underlying facts related to the alleged corporate behavior. The Retirement Board is not at liberty to be selective towards class actions based on its stance vis-a-vis the alleged conduct or the identity of the defendant—for example, the Retirement Board would not be at liberty to agree to join an action against BP to recover losses resulting from an oil spill tied to BP's corporate policies, while declining to join the underlying action against Target for the losses tied to its DEI, ESG and LGBTQ+ initiatives.

As fiduciaries, the STRS Board has the duty to recover $5MM in losses improperly sustained by STRS, while remaining neutral to the underlying facts alleged in the Complaint and focused solely and truly on the financial health of the fund.

I kindly urge you to please reconsider your decision and accept my recommendation. Thank you again for your attention to this matter. Please feel free to reach out to my office if you have any questions.

Yours,

Dave Yost

Dave Yost
Ohio Attorney General