Succession Planning Policy *(Redlined Second Reading Proposed Revisions)*

Purpose

Succession planning is a critical element of enterprise risk management and strategic governance readiness that supports organizational readiness, recruitment and retention of talent, and resilience in the face of planned and unplanned leadership transitions. It helps ensure continuity of performance, while also supporting long-term system sustainability, institutional credibility, and effective governance and addressing both current and long-term strategic needs.

CalSTRS maintains succession planning for the organization as a whole and values developing internal talent and preparing staff for future promotional opportunities. This policy addresses the board's responsibilities for succession planning within its governance scope. The board may engage external expertise or other resources, as appropriate, to inform its deliberations in fulfilling its responsibilities under this policy, while retaining collective decision-making authority.

Board

Board-level succession planning focuses on sustaining effective governance and continuity of oversight, enabling the board to function effectively despite trustee or designee turnover and to remain prepared to govern emerging risks, complexity, and strategic demands over time.

Board composition and selection are established by law. The board is responsible for reinforcing a strong governance culture through its collective leadership behaviors, norms, and expectations and ensuring that, as a collective body, it maintains the knowledge, skills, and experience necessary to fulfill its fiduciary responsibilities. This responsibility is supported through clear and current definition of board and individual trustee roles and responsibilities, which supports board candidates having better familiarity of the board's mandate and ways of working. The board also has a sustained commitment to effective onboarding and ongoing trustee education, which supports developing and retaining talent and strengthening governance fluency.

The board periodically reviews and assesses its approach to board-level succession planning to ensure continued effectiveness, readiness, and alignment with governance expectations and to identify insights regarding collective strengths, gaps, and future governance capability needs.

CEO & CIO

The board, acting as a body, is responsible for selection, oversight, and succession planning of the CalSTRS CEO and CIO. The board ensures a prudent succession planning framework as part of its ongoing strategic and risk oversight responsibilities through ongoing assessment of the organization's current and long-term strategic needs and maintaining and aligning the position descriptions to those needs.

As part of its anticipatory leadership and transition-risk oversight, the board engages the CEO and CIO in dialogue regarding leadership time horizons as an ongoing governance conversation and maintains awareness of internal and external talent readiness at a level sufficient to discharge its fiduciary and oversight responsibilities.

Organization-Wide

The CEO and CIO are responsible for ensuring appropriate succession planning practices for the organization within board established priorities. Such priorities are strategic and principle-based, rather than operational. The board oversees their activities through reports and periodic discussions with the CEO and CIO.

External Support/Board Consultants

As appropriate, staff reviews succession planning for board consultants during vendor selection and assessment. The board is provided information as needed, including information regarding material succession-related dependencies or risks that could affect continuity or performance and are relevant to the board’s governance, oversight, or fiduciary responsibilities.

History: Adopted January 31, 2020; Updated Month 2026.