

Board Governance Operative Principles (*Redlined Fiduciary Review and Second Reading Proposed Revisions to the Board Operative Principles*)

The CalSTRS¹ board is committed to maintaining its role as a leader in governance for the benefit of its members ~~(active, retirees, and beneficiaries)~~. To accomplish this objective, the board has developed the following Governance Operative Principles. ~~They are equally important and, as such, appear in no specific order of priority.~~

- **Fiduciary ~~Primacy and Systemwide Responsibility~~ Duty**
 - ▶ The board's fiduciary duty is in the sole and exclusive interest ~~solely~~ to the System and ~~to~~ its members. The board does not act in the interest of any individual, subgroup of membership, or other entity.
 - ▶ The board strives to conduct its business ~~as~~ efficiently and effectively, ~~as possible,~~ consistent with applicable law.
- **Excellence in Governance, Oversight, and Long-term Focus**
 - ▶ The board maintains a policy-level focus and ~~board~~ leadership mindset in carrying out its governance and oversight responsibilities.
 - ▶ Continuous improvement, adaptation, and innovation are important values for both the System of the organization as a whole and ~~of~~ the board to remain viable and resilient.
 - ▶ The board approaches its work and stewardship of the System through a long-term, systemwide lens that prioritizes the financial health, institutional integrity, and sustained credibility of CalSTRS over outside pressures or individual interests that may seek to impact the board's judgement in the exercise of its fiduciary responsibilities.
- **Engaged Participation of all Trustees**
 - ▶ Trustees contribute to the board's work by providing their individual insights and thoughts on strategy and risk within the context of collective deliberation and decision-making.
 - ▶ Trustees value the board's consensus-oriented and productive culture.
- **Transparency to and Engagement of its Members and the Public**
 - ▶ The board values productive relationships with ~~CalSTRS~~ ~~its~~ members and the public as essential to achieving ~~its~~ ~~the CalSTRS~~ mission, including sustaining trust.
 - ▶ The board welcomes and listens to its members and the public as a part of the ~~total~~ input to its deliberations. These perspectives inform board decisions, but do not determine them or create an obligation to respond to or act on behalf of particular interests.
 - ▶ The board seeks to ensure fair and equitable treatment of all members and ~~avoid~~ communications or actions that could create real or perceived preferential access, endorsement, or undue influence.
 - ▶ The board speaks with a ~~unified~~ single institutional voice. Individual trustees communicate on behalf of CalSTRS only in policy-authorized circumstances, as permissible by Bagley-Keene Open Meeting Act and consistent with ~~collective~~ board direction, to maintain clarity, ~~and institutional~~ credibility, and alignment in communications regarding board positions.

Commented [SH1]: This was added to address Committee's May feedback.