

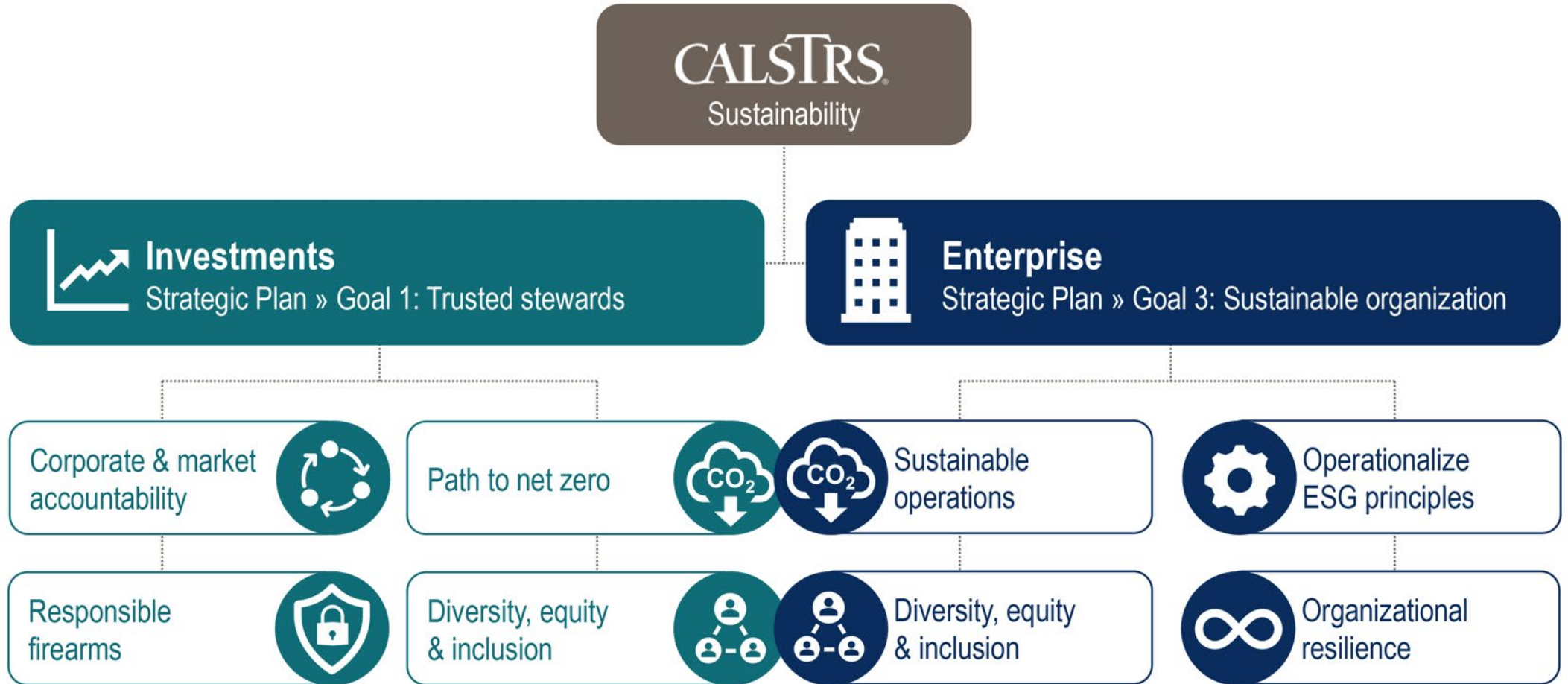
CALSTRS

Key Partnerships in Sustainability

April 2022 board offsite



Sustainability at CalSTRS



Priority partnerships aligning with Investments objectives



Corporate & market accountability

- Council of Institutional Investors (CII)
- Institutional Investors Roundtable (IIR)
- Institutional Limited Partners Association (ILPA)
- Principles for Responsible Investment (PRI)
- Sustainability Accounting Standards Board (SASB)
- Sustainable Markets Initiative (SMI)



Path to net zero

- Ceres
- Climate Action 100+ (CA100+)
- GRESB (Global Real Estate Sustainability B-mark)
- Taskforce on Climate-Related Financial Disclosures (TCFD)
- Transition Pathway Initiative (TPI)



Responsible firearms

- Principles for a Responsible Civilian Firearms Industry



Diversity, equity & inclusion

- California Investors for Effective Board Diversity
- Girls Who Invest
- Human Capital Management Coalition (HCMC)
- Thirty Percent Coalition
- Toigo Foundation



Organization's focus

CII is an investor organization whose members are long-term shareholders with a duty to protect the retirement savings of millions of workers and their families. CII advocates for effective corporate governance, strong shareholder rights and sensible financial regulation that foster fair, vibrant capital markets.

Goals shared with CalSTRS

- Investor rights and protections, including voting rights in proportion to equity.
- Corporate disclosure, including climate change risks, key workforce metrics, and transparency of executive compensation.
- Market systems and structures, including end-to-end vote confirmation and stock exchange operations and governance.

Our partnership with organization

- Education – member resources, weekly newsletters, webinars, and proxy voting guidelines.
- Engagement – access to CII's vast membership.
- Advocacy – leverage CII's participation and influence at the SEC, regulators, legislators, and other policy makers.



Organization's focus

The IIR is a not-for-profit, independent, apolitical and invitation-only platform for the world's leading asset owners (global pension funds, sovereign wealth funds, government reserve funds and endowments) to collaborate around private market investment opportunities and challenges of long-term strategic importance.

Goals shared with CalSTRS

Participate in IIR's Deep Dive on Climate Change with two workstreams aligned with CalSTRS' goals:

- Enhanced climate risk disclosure and reporting.
- Capital deployment with IIR's initial focus on sustainable mobility.

Our partnership with organization

- Leverage IIR's convening power to share knowledge and ideas with fellow global asset owners on net zero strategies.
- Benefit from insights of IIR thought partners McKinsey and World Economic Forum (WEF), as well as global policymakers.

Website: unpri.org **Video:** [PRI 2021-24 Strategy](#)

<p>Organization's focus</p>	<p>The PRI is the world's leading proponent of responsible investment. It works to understand the investment implications of environmental, social and governance factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.</p>
<p>Goals shared with CalSTRS</p>	<ul style="list-style-type: none"> • Support investors incorporating ESG into their investment processes. • Empower asset owners to hold all market participants accountable for managing long-term risks. • Helping investors build a bridge between financial risk, opportunities and real-world outcomes.
<p>Our partnership with organization</p>	<ul style="list-style-type: none"> • Foster a community of active owners to support engagement that leads to real results. • Opportunities for leadership and holding all signatories accountable for the commitments made when signing up to the Principles. • Convene and educate responsible investors to scale activities that have a broader impact.



Human Capital Management Coalition

Website: hcmcoalition.org



Organization's focus

The Human Capital Management Coalition (HCMC or the Coalition) is a cooperative effort among a diverse group of asset owners to further elevate human capital management as a critical component in company performance.

Goals shared with CalSTRS

The Coalition engages companies and other market participants with the aim of understanding and improving how human capital management contributes to the creation of long-term shareholder value.

Our partnership with organization

- Educate members and stakeholders about the role of HCM in company performance.
- Collectively engage companies about their HCM performance.
- Advocate for improved disclosure of human capital management practices that is consistent, comparable and complete.



Organization's focus

The Thirty Percent Coalition is a group of international members working to increase diversity in corporate boardrooms across the U.S.

Goals shared with CalSTRS

- Senior leadership and boards of directors should reflect the gender, racial, and ethnic diversity of the United States workforce.
- Advocate for diversity on corporate boards and in senior leadership, promoting women and people of color.

Our partnership with organization

- Collaborate with members at events to share initiatives, strategies and achievements.
- Tap into member resources for training, education, databases for board candidates, and exchange ideas.
- Contribute and publicize thought leadership through articles, blogs and other publications.



Website: climateaction100.org



Organization's focus

An investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change to cut emissions and help accelerate the transition to net zero by 2050 or sooner.

Goals shared with CalSTRS

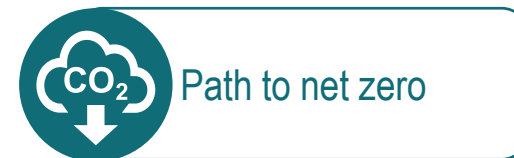
Climate Action 100+ investors use their influence and scale to ask companies to achieve clear commitments to cut emissions, improve governance, and strengthen climate-related financial disclosures.

Our partnership with organization

- Engagements are supported by regionally-focused working groups who provide resources and guidance.
- Provides education for participating investors.
- Developed a benchmark to assess the world's largest emitters and their progress to meeting net zero goals.



Website: [gresb.com](https://www.gresb.com) Video: [About GRESB](#)



Organization's focus	GRESB is an investor-driven organization that helps investors benchmark the sustainability performance of physical or real assets, including real estate and infrastructure.
Goals shared with CaSTRS	<ul style="list-style-type: none">• Standardizes and validates sustainability information from asset managers.• Scores and benchmarks funds and asset performance for comparison.• Facilitates collection of key data such as greenhouse gas emissions, which supports our net zero measurement goals.• Benefits the industry with a standard approach for measuring and estimating greenhouse gas emissions and other sustainability performance areas.
Our partnership with organization	Encourage all Real Estate partners to report to GRESB for benchmarking.

Principles for a Responsible Civilian Firearms Industry



Website: firearmsprinciples.com



Organization's focus	CalSTRS-led investor coalition dedicated to developing a framework to advance a responsible civilian firearms industry in the United States.
Goals shared with CalSTRS	The five principles are intended to provide guidance for investors during engagement with public and private companies involved in the manufacturing, distributing, selling or regulating products within the civilian firearms industry.
Our partnership with organization	The group includes asset owners and asset managers that use their collective influence to engage companies with a goal of reducing risks associated with holding a financial interest in firearm-related companies.



Website: ceres.org **Video:** [Will You Help Us Get There?](#)

Sustainable operations   Path to net zero

Operationalize ESG principles  Diversity, equity & inclusion 

<p>Organization's focus</p>	<p>A sustainability organization working with investors, networks, advocacy and companies to transform the economy to build a just and sustainable future for people and the planet.</p>
<p>Goals shared with CalSTRS</p>	<p>Ceres encourages individual and collective actions to:</p> <ul style="list-style-type: none"> • Stabilize climate • Protect water and natural resources • Build a just and inclusive economy • Accelerate sustainable capital markets
<p>Our partnership with organization</p>	<ul style="list-style-type: none"> • CalSTRS staff and a TRB member participate on the Ceres board and are members of multiple policy and investor-focused working groups. • Ceres Roadmap guides our enterprise actions. • Delivers science-based research and innovative tools that inspire best practices.

Groups helping us align our Enterprise objectives



Sustainable operations

- Ceres
- U.S. Green Building Council (LEED—Leadership in Energy and Environmental Design)
- International WELL Building Institute



Operationalize ESG principles

- Ceres
- Council for Inclusive Capitalism
- Global Reporting Initiative (GRI)



Diversity, equity & inclusion

- Ceres
- Council for Inclusive Capitalism
- Human Capital Management Coalition (HCMC)



Organizational resilience

- Amazon (Amazon Web Services)
- The Centre for Organization Effectiveness
- Equinix
- Microsoft (Microsoft Cloud)



Organization's focus

The Centre focuses on public service clients providing them with learning and development and consulting services focused on organization development, team performance and personal development.

Goals shared with CalSTRS

Advancing the public good by enhancing team performance, managing critical changes and supporting strategic objectives.

How we benefit

- Consultant and advisor for:
- Executive coaching and mentorship
 - Leadership training and forums
 - Innovative thought-leadership and best practices

Website: themicrosoftcloud.com **Video:** [Microsoft for Government](#)

Organization's focus	Microsoft Cloud delivers computing services for faster innovation, flexible resources and economies of scale. Services include: servers, storage, databases, networking, software, analytics and intelligence.
Goals shared with CalSTRS	<ul style="list-style-type: none">• Cloud based management and protection.• Information security and risk mitigation solutions for a remote and blended workforce.• Reduced carbon footprint through energy-efficient data centers and products.
How we benefit	<ul style="list-style-type: none">• Microsoft is our largest partner for technology products and services.• Microsoft Cloud supports our cloud-first and information security initiatives.

<p>Organization's focus</p>	<p>A global movement of leaders doing business in ways that benefit people, our communities and the planet. They invite global business leaders to commit to business actions necessary for the fairer, more dynamic economies and societies we need.</p>
<p>Goals shared with CalSTRS</p>	<ul style="list-style-type: none"> • Commitment to long-term value for stakeholders • Improving outcomes for people and the planet
<p>How we benefit</p>	<ul style="list-style-type: none"> • Joining with business and organizational leaders who are committed to an inclusive, sustainable and trusted economic system. • Documenting our commitments and actions in alignment with sustainable value creation for people, planet, prosperity and principles of governance.



Global Reporting Initiative

Website: globalreporting.org **Video:** [Sustainability Reporting with GRI](#)

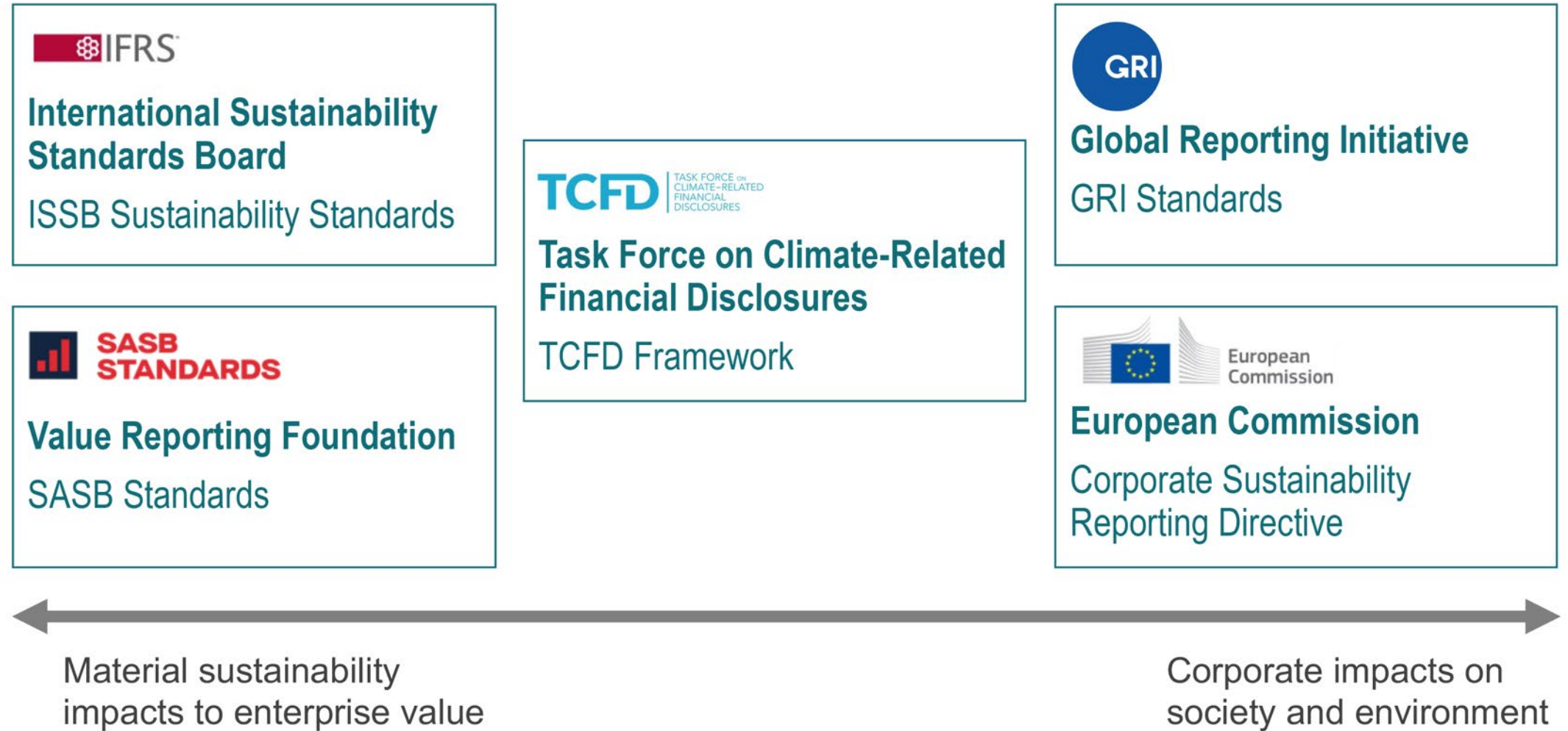
Operationalize
ESG principles 

Organization's focus	GRI envisions a sustainable future in which reporting on impacts is common practice by all organizations around the world. It provides the world's most widely used sustainability disclosure standards.
Goals shared with CalSTRS	<ul style="list-style-type: none">• Environmental, economic and social sustainable development• Transparent reporting of sustainability metrics
How we benefit	<ul style="list-style-type: none">• Identification and reporting on topics that are important to key stakeholders.• Our annual <i>Sustainability Report</i> aligns with GRI Standards.

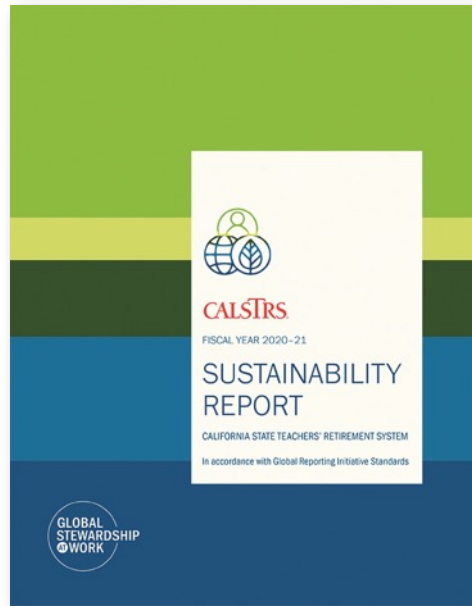
Landscape of sustainability reporting



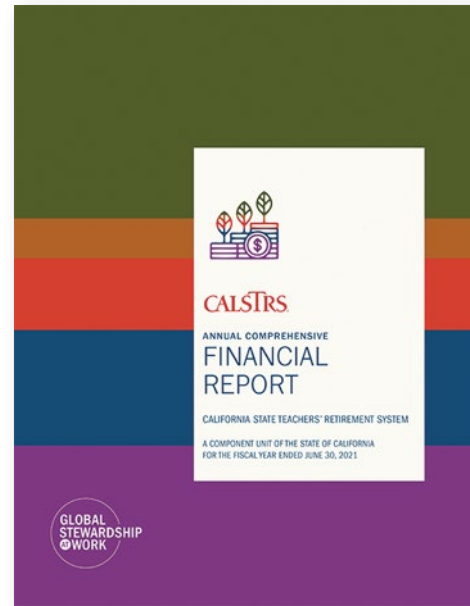
Key sustainability reporting initiatives



Sustainability reporting at CalSTRS



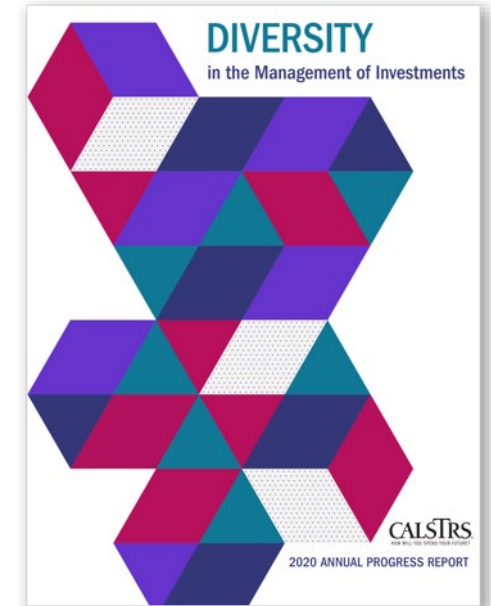
- Global Reporting Initiative (GRI) Standards



- Government Auditing Standards



- Task Force on Climate-Related Financial Disclosures (TCFD)
- California SB-964



- California AB-890