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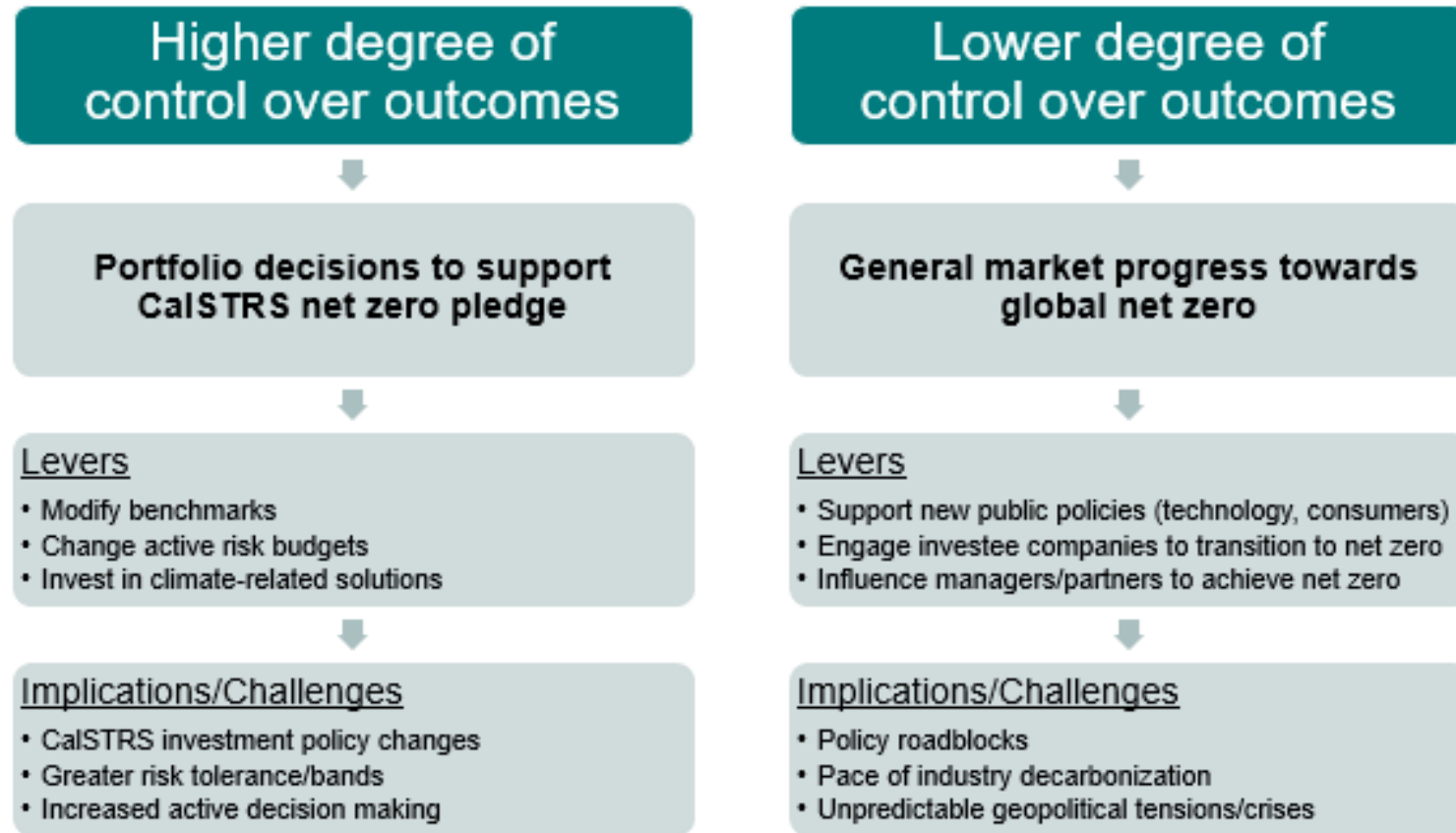
CalSTRS Net Zero Portfolio Emissions Pledge Update

May 2022

Net Zero strategy implementation highlights

- ✓ Refined our governance structures to make prudent decisions efficiently
 - Public Markets Working Group
 - Private Markets Working Group
- ✓ Measured carbon emissions in public markets portfolios
- ✓ Heightened communications to a broad range of audiences

Framing future decisions and implications



Influencing general market progress



- ✓ Using proxy votes to scale our influence (e.g. director elections)
- ✓ Directly engaging companies to align with our net zero goals
- ✓ Engaging regulators, standard-setters and policy makers to change market infrastructure/norms
- ✓ Escalating our engagement with non-responsive companies

Path for escalating corporate engagement

Pre-2022: CalSTRS collectively engaged the world's largest emitters through CA100+ since its founding in 2017

2022: CalSTRS will vote against the largest global companies and largest emitters who do not demonstrate appropriate climate risk management

2023: CalSTRS will engage the companies we vote against in 2022 to improve climate risk management

2024: CalSTRS will allow companies one year to demonstrate improvement in climate risk management

What's next?

- Portfolio emissions measurement
 - Establish annual measurement cycle for public markets
 - Estimate private markets emissions (best efforts)
- Emissions reductions strategies
 - Focus of September Investment Committee meeting
- Investments in climate solutions
 - Define 'brown/olive/green' framework
- Annual board updates in May

Appendix

Emissions by business unit (public markets)

Unit	Total Portfolio Emissions (Tons CO2e)	Total Benchmark ¹ Emissions (Tons CO2e)	Normalized Portfolio Emissions (Tons CO2e / \$M)	Normalized Benchmark Emissions (Tons CO2e / \$M)	Portfolio Coverage
Global Equities	8,026,895	8,105,368	56.1	56.7	97.5%
Fixed Income (Credit)	771,134	709,916	70.0	65.9	90.4%
SISS	284,799	703,966	23.2	57.4	99.5%
RMS	92,709	N/A	74.9	N/A	99.4%

¹GE benchmark index used for analysis: MSCI ACWI IMI. SISS benchmark index used for analysis: CalSTRS Custom ACWI IMI. FI benchmark index used for analysis: FI Custom 95/5.



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HOW WILL YOU SPEND YOUR FUTURE ?