

Revision to Board Operative Principles

Board Engagement with Members and the Public

Presentation to the CalSTRS Board Governance Committee | May 28, 2026

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MOSAIC
Governance Advisors

Agenda

- Background
- Map of Primary Inbound Communication
- Proposed Revisions to Board Operative Principles
- Next Steps

Background

- CalSTRS receives numerous communications and requests from various entities.
- The CalSTRS mission includes sustaining trust; clear engagement and communication norms support that mission.
- Staff manage responses consistent with board-adopted policies and applicable law.
- The board requested visibility into these processes and how information is reported for oversight.
- Proposed updates clarify governance principles to ensure board engagement aligns with existing practices, policies, and legal requirements.

Map of Primary Inbound Communication

(See Attachment 1)

- Not intended to be all-inclusive.
- Illustrates primary inbound communication categories.
- Provides a high-level overview of processes, policies, and reporting.
- Intended to support shared understanding of and confidence in existing processes and reporting.

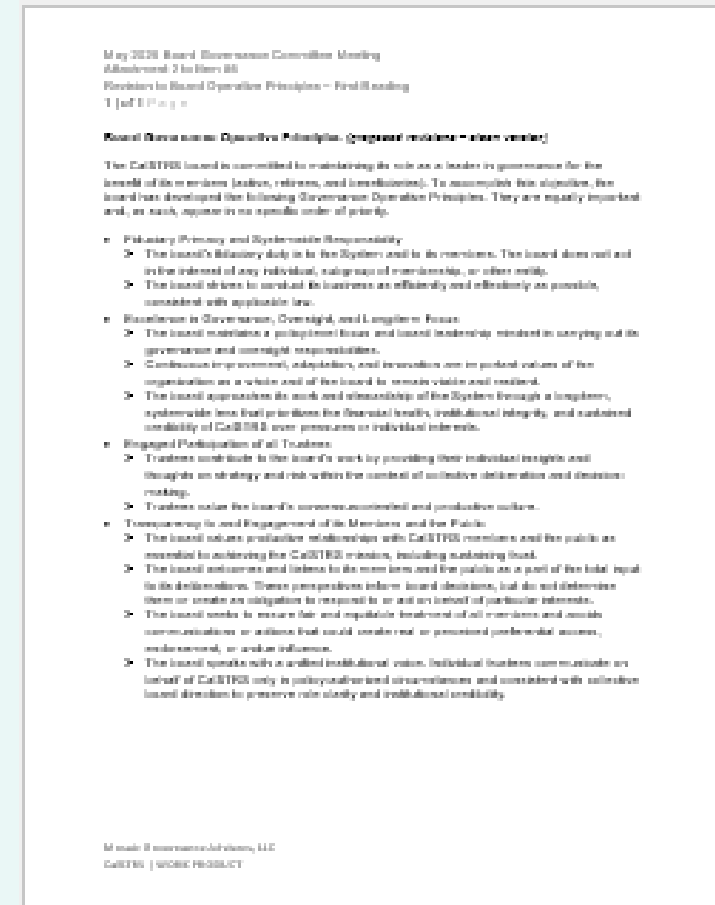
Map of Primary Inbound Communication <small>(illustrative)</small>				
<i>This map shows how inbound communications are managed by staff through established processes and how the board is informed and engaged when matters rise to a governance, fiduciary, or policy level.</i>				
Topic	Benefits & Services (Members & Employers)	Investment-Related (Divestment, Labor, OP, Social, Other)	Ethics, Compliance, and Independent Reporting Channels (e.g., Ombuds, Whistleblower, HR, Financial Misconduct)	Media and Public Communications
Staff Response Process	<ul style="list-style-type: none"> • Managed by Benefits & Services (contact center / service center); others engaged as appropriate. • Reviewed for prompt, accurate benefits and service. 	<ul style="list-style-type: none"> • Managed by Investments and External Affairs; General Counsel, other executives, board, and its leadership are engaged as needed. • Reviewed for alignment with Board-adopted policy, fiduciary duty, and applicable law. 	<ul style="list-style-type: none"> • Managed by the appropriate independent or designated office (e.g., Ombuds office, Office of General Counsel; Human Resources, or External Authorities), depending on the nature of the matter. • Reviewed to preserve confidentiality, independence, security and due process, and to prevent financial, investment, and pension abuse. 	<ul style="list-style-type: none"> • Managed by Public Affairs; Office of General Counsel and others engaged as needed. • Reviewed to ensure the information requested is permissible under law and information provided represents CalSTRS position.
Associated Board Policy	BGM B&S Policy .	Investment Policies, Corporate Governance Principles , and CalSTRS Stewardship Priorities	BGM ARM Committee Charter and ARM Policy .	BGM Ethical & Fiduciary Conduct and Duties of the Board Chair and Vice-Chair
Board Reporting	<ul style="list-style-type: none"> • Board informed of trends, recurring issues, significant issues, or policy implications. • Unless administrative appeal, individual cases are not board business. 	<ul style="list-style-type: none"> • Board informed of organization, matter, response, and next steps. • Summary reporting at each IC meeting (as open or closed item, as authorized by law). 	<ul style="list-style-type: none"> • Aggregate or anonymized summaries of themes/trends. • Annual report from Enterprise Compliance Services to ARM Committee. • Quarterly confidential ethics and personnel report from CEO to board. 	<ul style="list-style-type: none"> • Reporting on significant or emerging issues. • Daily news clips via clips to board members via email. • Closed session briefings when warranted and authorized by law.
Requests Sent to Board Outside of Meetings	Weekly email to board leadership from Executive Office support team on requests directed to the board with summary reporting before/at each board meeting.			

Committee questions or feedback?

Proposed Revisions to Board Operative Principles

(See Attachment 2)

- Principles initially adopted in 2022 to articulate shared governance norms.
- Engagement with members and the public is already part of how the board fulfills its role.
- Proposed revisions clarify and document existing board sentiment and practice.
- The revisions do not introduce new responsibilities or processes.



Committee questions or feedback?

Next Steps

1. Map of Primary Inbound Communication (Attachment 1)

Integrate into trustee onboarding materials and post on Diligent.

2. Board Operative Principles (Attachment 2)

Incorporate Committee feedback and return in September for second reading and recommended approval.

Thank You

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