

Succession Planning Policy *(proposed revisions – redlined version)*

4- Purpose

~~Succession planning is vital for safeguarding the organization against unplanned and unexpected change; it is a type of risk management that ensures the functions of the organization's critical positions are well understood. The goal of succession planning is that every key or mission-critical position within an organization has at least one person ready to successfully assume or compete for the roles and responsibilities of positions in short-term and permanent vacancy situations. The board has adopted the practice of multi-year succession planning to mitigate significant business risks to CalSTRS due to the unforeseen or planned departure of key personnel and to ensure continuity of the organization's performance.~~

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. 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.

2- Responsibility

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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.~~The board shall implement this policy for the Chief Executive Officer (CEO) and Chief Investment Officer (CIO) positions. The board is responsible for the following:~~

- ~~a. Establishing clear roles and responsibilities of the Board, the CEO, and CIO through a comprehensive framework and policy for effective succession planning.~~
 - ~~b. Determining the future needs and business objectives of the system in alignment with the strategic plan.~~
 - ~~c. Maintaining current CEO and CIO position descriptions.~~
 - ~~d. Periodically engaging the CEO and CIO in a discussion regarding their time horizons.~~
 - ~~e. Establishing and implementing a prudent process to fill the CEO and CIO positions and manage the accompanying transition, when necessary.~~
 - ~~f. Sourcing independent expertise and advice when needed through the selection of external consultants, including a pool of executive recruitment consultants.~~
- Maintaining awareness of internal and external talent~~As part of its anticipatory leadership and transition-risk oversight, the b~~Board engages the CEO and CIO in dialogue regarding leadership time horizons as an ongoing governance and conversation and maintains awareness of internal and external talent readiness at a level sufficient to discharge its fiduciary and oversight responsibilities. The Board sources external expertise and other resources as needed to fulfill its responsibilities under this policy.
- ~~g. Organizational Wide readiness for the CEO and CIO positions.~~
 - ~~Receiving reports or education on selected succession planning topics from time to time.~~

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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. Ensuring management has established a strategy for organizational workforce and succession planning and performs related risk assessments periodically and completely.

External Support/Board Consultants

~~h. As appropriate, the staff ensures that it~~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.

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~~The CEO and CIO shall be responsible for the following:~~

- ~~a. Organizing and overseeing a stable, competent, and succession ready workforce.~~
- ~~b. Establishing and implementing multi-year Workforce and Leadership Development and Succession Plans.~~
- ~~c. Implementing appropriate succession planning strategies, practices and programs that promote staff readiness.~~
- ~~d. Ensuring staffing workforce and risk assessments are conducted and reported to the board periodically.~~

History: Adopted January 31, 2020; [Updated Month 2026.](#) -