

## CalSTRS makes progress on net zero pledge



One of CalSTRS’ four stewardship priorities is the net zero transition: focusing on supportive public policies and influencing companies on the path to a net zero economy.

CalSTRS is moving forward on its [net zero pledge](#) by building new governance structures, conducting analysis in key areas, and refining efforts to persuade corporations and regulators to move more rapidly toward net zero by 2050 or sooner. Net zero means that the companies in the CalSTRS Investment Portfolio will not emit any greenhouse gases unless they are offset by reductions.

Actions so far include:

- Creating an internal leadership team, implementation team and communications team.

- Learning how other investment managers integrate net zero practices into their management.
- Establishing baseline measurements of greenhouse gases emitted from companies in CalSTRS’ portfolio.

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## Governor appoints Tang to Teachers’ Retirement Board

Governor Gavin Newsom appointed Ken Tang to the Teachers’ Retirement Board in November 2021, and his first meeting was this January.

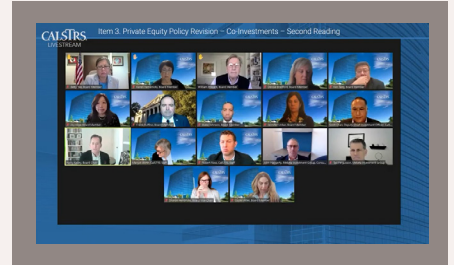
Tang’s special areas of focus are building educational equity, inclusion and linguistic diversity; developing mental health supports for students and staff; and expanding community relationships.

He is the first in his family to graduate from high school and college.

Tang earned a bachelor’s degree in child development and received his multiple subject teaching credential at California State University, Los Angeles, and currently serves as president of the Alhambra Unified School District’s school board. He has been a teacher in Los Angeles County since 1997.

Tang is the school board representative appointed by the Governor to the 12-member board, and his term lasts through December 31, 2023. His appointment is subject to Senate confirmation.

## January TRB meeting online



See the January board meeting and an archive of previous meetings on [CalSTRS.com](https://www.calstrs.com).

## Board members

**Harry M. Keiley**  
Chair, K-12 Classroom Teacher

**Sharon Hendricks**  
Vice Chair, Community College Instructor

**Keely Bosler**  
Ex Officio Member, Director of Finance

**Denise Bradford**  
K-12 Classroom Teacher

**Joy Higa**  
Public Representative

**Fiona Ma**  
Ex Officio Member, State Treasurer

**William Prezant**  
Public Representative

**Ken Tang**  
School Board Representative

**Tony Thurmond**  
Ex Officio Member, State Superintendent of Public Instruction

**Jennifer Urdan**  
Public Representative

**Karen Yamamoto**  
Retiree Representative

**Betty Yee**  
Ex Officio Member, State Controller

## Policy revisions to support cost savings initiatives through the Collaborative Model

The Collaborative Model investment strategy—which has saved CalSTRS more than \$780 million since 2017—focuses on managing more assets internally to reduce costs, control risks and increase expected returns, and leveraging external partnerships to achieve similar benefits.

[The board approved several revisions](#) to the CalSTRS Private Equity Investment Policy that reflect the growth of the portfolio, changes in the marketplace and the need for more flexibility in pursuing the Collaborative Model.

CalSTRS' Private Equity team is increasing its focus on co-investments, which are investment opportunities that have little to no management fees or incentive fees (known as carried interest). Policy revisions expand the range of co-investment sources and strategies while increasing the allowable commitment size to a given co-investment.

[The board also approved](#) moving the long-term Private Equity asset allocation target from 11% to 13%, one year sooner than originally planned. CalSTRS made this recommendation due to Private Equity's growth during the past year. In addition, the board approved lowering the Public Equity target from 49% to 47% to fund the Private Equity shift.

CalSTRS' long-term asset allocation targets—which have a range of plus or minus 3% to control risk and ensure proper allocation of the portfolio—are set once every four years as part of an asset-management study. CalSTRS' recommendations following the study must be reviewed and approved by the board. The next study will be in early 2023.

CalSTRS is reviewing asset class and economic assumptions this year in preparation for next year's study.

## CalSTRS makes progress on net zero pledge

CalSTRS shared its progress [in an agenda item](#) for the January meeting, thus informing the Teachers' Retirement Board that one-year net zero goals are on track.

As part of its net zero commitment, CalSTRS plans to build on past successes and execute a "heightened engagement" plan using [proxy votes](#) to encourage companies to take actions to reduce greenhouse gas emissions.

CalSTRS will vote against the election of all directors who lead companies that do not disclose these emissions and are in industries that emit high levels of greenhouse gases. In addition, CalSTRS will support shareholder proposals that better align a company's strategy with a net zero economy.

CalSTRS will also continue to advocate for government policies, especially at the Securities and Exchange Commission, that require increased disclosure from companies about the climate risks they face.

In addition to the net zero transition, other CalSTRS [stewardship priorities](#) include:

- Corporate and market accountability: Advocate for mandated corporate disclosures on climate risks and employee management.
- Board effectiveness: Expand board diversity beyond gender with a focus on improving employee management.
- Responsible civilian firearms: Improve safety and risk of online transactions of "ghost guns" facilitated by credit card companies. Ghost guns are firearms built with parts sold without serial numbers.



## Meetings on the move

Starting in April 2022, Teachers' Retirement Board meetings will be held on Wednesdays and Thursdays, instead of Thursdays and Fridays. This change will be implemented with the board's spring offsite meetings, which are now scheduled for Wednesday, April 6, 2022, and Thursday, April 7, 2022. There is one exception: the July 2022 meetings will remain on Thursday, July 7, 2022, and Friday, July 8, 2022.

## Member education and engagement efforts flourishing

The CalSTRS Retirement Readiness team [presented](#) information about member education and engagement efforts to the Benefits and Services Committee, which included the following highlights:

- In the spring of 2020, CalSTRS implemented “paperless prepping”—sending retirement preparation documents to members accounts digitally. This has allowed benefits specialists to work from home more easily during the pandemic, as they can prepare and upload documents directly to members files. In fiscal year 2020–21, CalSTRS saved more than \$300,000 in printing, mailing and manual work costs.
- CalSTRS also started emailing information packets to members before their scheduled benefit-planning sessions. By the end of 2021, this shift from mail to email saved about \$100,000.
- All CalSTRS member service centers re-opened in October 2021 after closing due to the pandemic. These service centers provide basic services, such as reviewing documents and allowing members to drop off forms. The first in-person benefit-planning sessions had been scheduled for January 2022 but were postponed until at least April 2022 due to the latest COVID-19 surge.
- CalSTRS is partnering with California’s community colleges and the California State University system to reach potential future CalSTRS members while they’re still education students. Staff are now providing in-class presentations about retirement planning and CalSTRS to college students who plan to become teachers once they graduate.

## Triennial study addresses members’ health care costs

CalSTRS’ research team presented a triennial health study on members and their healthcare costs. While CalSTRS does not administer health benefits to its members, understanding current healthcare costs for active and retired members aligns with the mission of securing their financial future.

See [the results of the study](#) online.

**Next virtual board meeting dates:**  
March 3–4, 2022

**Written by Thomas Lawrence and Bill Ainsworth**

For board [minutes](#), written meeting items and [video archives](#) of past meetings, go to [calstrs.com/teachers-retirement-board](https://calstrs.com/teachers-retirement-board).

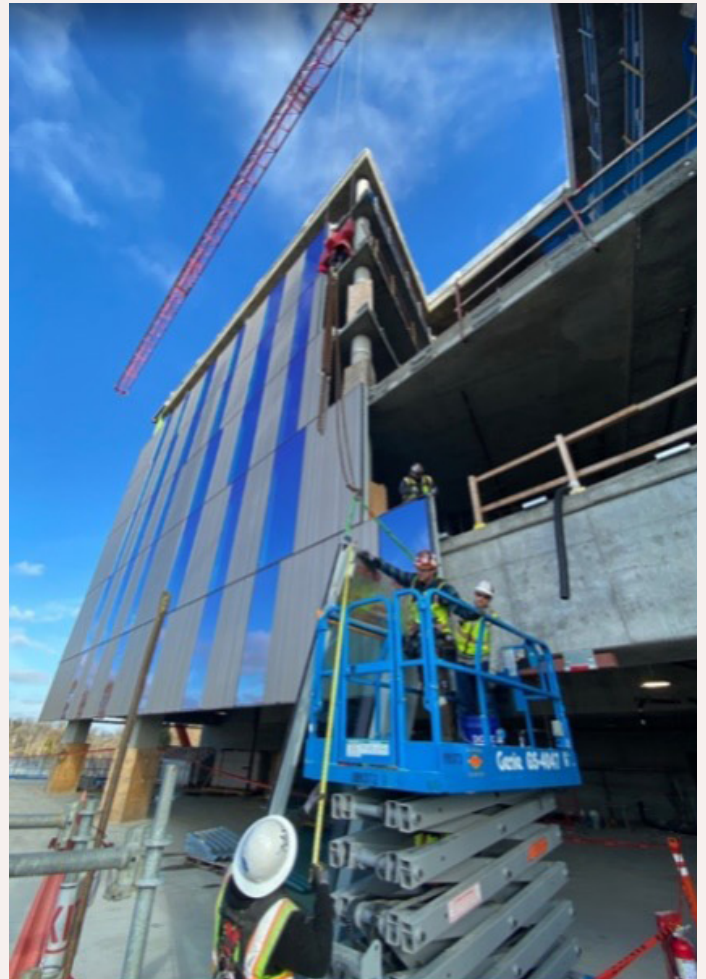


Photo by Greg Habel, DPR Construction

Construction of CalSTRS’ 510,000-square-foot tower (a five-level office tower atop a five-story parking structure) has continued steadily through the winter months, including progress on the roof, skylight and exterior wall panels made of custom printed aluminum and glass. Great progress is also being made on all the project’s sustainability goals.

# CALSTRS

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For more information on board meetings and video archives, visit [CalSTRS.com/teachers-retirement-board](https://calstrs.com/teachers-retirement-board).