

# California State Teachers' Retirement System

## Investment Reports

As of June 30, 2020

### Introduction

The California State Teachers' Retirement System (CalSTRS) is required to report to the Legislature on specific areas regarding the system's actions as they relate to particular investments and holdings. This report is submitted in compliance with the direction of the following statutes:

- Chapter 441, Statutes of 2011 (AB 1151-Feurer) - Iran
- Chapter 671, Statutes of 2007 (AB 221-Anderson) - Iran
- Chapter 442, Statutes of 2006 (AB 2941-Koretz) - Sudan
- Chapter 341, Statutes of 1999 (SB 105-Burton) - Northern Ireland

### Background

#### CalSTRS

With over 100 years of experience and over \$246 billion of assets under management, CalSTRS is the oldest and largest educator-only pension system in the world. CalSTRS members include California public school educators, pre-kindergarten through community college. CalSTRS members are employed by approximately 1,700 school districts, community college districts, county offices of education, regional occupational programs and charter schools. CalSTRS is administered by the 12-member Teachers' Retirement Board (board). The board sets the policies and is responsible for ensuring that benefits are paid by the system in accordance with the law.

One of the board's core values is to ensure the retirement system's strength by proactively addressing the risks of investing. This value permeates the investment portfolio, where the board has adopted the Investment Policy for Mitigating Environmental, Social, and Governance (ESG) Risks. The policy requires managers to consider multiple risk factors when investing for CalSTRS. A copy of the policy is included in [Attachment A](#).

In early 2020, CalSTRS performed an extensive analysis of its reporting requirements and staff workload. Based on that analysis, CalSTRS decided to modify its legislative reporting relating to Iran, Sudan and Northern Ireland to align with the fiscal year. Accordingly, this report covers the interim period from November 2019 to June 30, 2020. The next report to be submitted will cover the entire 2020-21 fiscal year. Furthermore, because of the shortened time frame of the report and adjustments to a work-from-home environment, much of our engagements have been shifted to the second half of 2020.

## **Legislative History**

### **Iran**

AB 221 (Anderson, Chapter 671, Statutes of 2007), enacting the California Public Divest from Iran Act, prohibits CalSTRS and CalPERS from investing in companies with business operations in Iran and requires each pension system to sell or transfer any investments in a company with business operations in Iran. The bill also requires, when the U.S. repeals its sanctions against Iran, the boards to notify the Secretary of State and repeal the prohibitions and requirements in this bill.

AB 1151 (Feuer, Chapter 441, Statutes of 2011) requires that any determination by CalSTRS or CalPERS that an action, as specified in the California Public Divest from Iran Act, fails to satisfy the fiduciary duty of the board be made in a properly noticed public hearing of the full board and that proposed findings be made available 72 hours before they are considered by the board.

### **Sudan**

AB 2941 (Koretz, Chapter 442, Statutes of 2006) prohibits CalSTRS and CalPERS from investing in companies with business operations in Sudan that are complicit in the Darfur genocide or have specified relationships with the Sudanese government or military. The boards of both retirement systems are required to divest from such companies, consistent with their fiduciary obligations.

### **Northern Ireland**

SB 105 (Burton, Chapter 341 Statutes of 1999) requires CalSTRS and CalPERS to report on investments in companies operating in Northern Ireland and provide information on the corporations' efforts to achieve specific goals related to equal opportunity for employees. It also requires CalSTRS and CalPERS, whenever feasible, to support shareholder resolutions designed to encourage corporations in which they have invested to pursue a policy of affirmative action in Northern Ireland.

## **Policy Review**

CalSTRS contracts with MSCI to provide research relating to companies with operations in Iran and Sudan. In 2020, CalSTRS renewed its contract with MSCI as part of a total contract renegotiation that added research on companies with operations in Northern Ireland after performing this research internally for several years, resulting in significantly reduced costs. Prior to 2020, CalSTRS also contracted with IWF as a secondary research provider but discontinued the use of a secondary research provider based on cost and improved internal capabilities.

In addition to the research firms, CalSTRS also receives information from governmental and non-governmental organizations (NGOs), such as the Conflict Risk Network, Amnesty International, Human Rights Watch, the American Israel Public Affairs Committee (AIPAC), United Against Nuclear Iran (UANI), the United States Government Accountability Office (GAO), the United States Department of the Treasury Office of Foreign Asset Control (OFAC), the United States Department of State, the California Department of General Services (DGS) and other public pension plans. The information from these sources is compiled, vetted and compared to the

CalSTRS portfolio. After reviewing the information, staff determines which companies potentially meet the criteria of the statutes.

The companies identified are presented to the Committee on Responsible Investment (formerly the 21 Risk Factor Review Committee). The Committee on Responsible Investment consists of 21 senior staff voting members, including: the Chief Investment Officer, the Deputy Chief Investment Officer, the Chief Operating Investment Officer, and other senior investment staff from each asset class. Additionally, there are five non-voting members. In 2014, the committee adopted a charter, which is reviewed and revised annually, governing its operation and scope of duties ([Attachment B](#)). The committee reviews the companies identified to determine if they meet the requirements of the law. Companies that are determined to meet the requirements of the law and require divestment are placed on restricted or related securities lists, as noted in this report. After placing the companies on the respective lists, the lists of restricted securities are sent out to all of CalSTRS' managers and index providers.

Furthermore, CalSTRS engages annually with all the companies on the Sudan- and Iran-related securities lists in which the system has holdings. When a company is identified as potentially meeting the requirements of an applicable law, CalSTRS sends a letter requesting information on the company's ties to the respective restricted area ([Attachments C](#)). In addition to the letter, CalSTRS makes every attempt to meet with senior executives of the company. All the companies are sent a letter annually requesting an update of their operations in restricted areas specified in statute ([Attachments D & E](#)).

In addition to the companies in its portfolio, CalSTRS continually monitors its portfolio for the companies it does not hold that have been identified as possibly problematic. If these companies' securities enter the portfolio, the Committee on Responsible Investment is notified, and the engagement process is started. Furthermore, the Private Equity and Real Estate groups are updated with the lists of restricted securities and review their portfolios to monitor for possible related securities.

Lastly, CalSTRS continues to work with groups such as the Principles for Responsible Investment (PRI) and Global Compact to improve transparency and encourage corporations to act responsibly when operating or engaging within conflict-prone areas.

## **Planned Actions**

CalSTRS intends to maintain its relationships with independent research providers and continue reviewing publicly available information regarding investments with ties to the restricted areas. CalSTRS also plans to continue the research and engagement process indefinitely. If there are investments in the portfolio that fall within the terms of the statutes, and the board finds that it is consistent with its fiduciary duty, those investments will be eliminated.

## **Response to Iran Risk**

As directed by AB 221, CalSTRS identified and created a list of companies noted as having some level of or possible business ties to Iran, such as operations in the energy, nuclear or defense industries. These distinctions provide the assessment framework and support the qualitative aspect

of CalSTRS' process. The initial CalSTRS list was divided into three sections of various levels of involvement and holdings. The list was based on the information provided by independent research providers, NGOs and investment staff engagement work. The list is fluid and subject to change with market fluctuations, and at any time, a company may be under review or monitored.

President Obama signed Executive Order 13590 and H.R. 1905 (The Iran Threat Reduction and Syrian Human Rights Act of 2012) on November 21, 2011, and August 10, 2012, respectively, which strengthened and expanded sanctions against Iran beyond those specified in California statute. In applying the CalSTRS Investment Policy for Mitigating ESG Risks, CalSTRS expanded its research to comply with federal sanctions, which increased the number of companies being reviewed and, in some cases, triggered the reevaluation of previously reviewed companies.

On July 14, 2015, P5+1 (the five permanent members of the United Nations Security Council plus Germany), the European Union and Iran reached an agreement known as the Joint Comprehensive Plan of Action (JCPOA), which was designed to ensure Iran's nuclear program would be exclusively peaceful. The JCPOA became effective on October 18, 2015, and participants began preparations for implementation. On January 16, 2016, the JCPOA was implemented after the International Atomic Energy Agency (IAEA) verified that Iran had implemented key nuclear-related measures described in the JCPOA. While the JCPOA offered sanction relief, it only removed the sanctions imposed after the adoption of AB 221. Accordingly, it did not affect the status of any of the companies CalSTRS had divested or restricted.

In accordance with the implementation of the JCPOA, OFAC issued general waivers for business in Iran. The issuance of the waivers led to news reports and speculation that several of the largest European companies were considering doing business in or with Iran. Additionally, sanctions relief made it possible for independent foreign subsidiaries of U.S. companies to do business with Iran. CalSTRS was concerned that these companies, which are not currently divested or restricted, may take advantage of OFAC waivers without thoroughly evaluating the risks. Accordingly, CalSTRS increased its engagements regarding internal controls and sanctions compliance.

On October 13, 2017, President Trump announced that he would not certify Iran's compliance with the terms of the JCPOA. While not ending the deal, the decertification sent the deal back to Congress for a 60-day review period to reapply sanctions. On May 8, 2018, President Trump formally withdrew from the JCPOA and began the process to reinstate sanctions on Iran, with the sanctions being fully restored on November 6, 2018.

On May 18, 2018, the European Union Commission initiated blocking statutes to preserve the interests of European companies investing in Iran and to enable the European Investment Bank (EIB) to finance activities in Iran, demonstrating the EU's commitment to the JCPOA. The blocking statutes were further updated on June 6, 2018, and took effect on August 7, 2018. Then on July 6, 2018, a meeting of the Joint Commission of the JCPOA convened in Vienna, and all remaining parties to the deal reiterated their commitment to the full and continued implementation of the nuclear deal. They supported recent efforts to maintain the normalization of trade and economic relations with Iran.

Although the U.S. did not directly challenge the blocking statutes or policies, it made clear that companies were deciding between doing business with Iran or doing business with the U.S., as articulated in an August 7, 2018, tweet from President Trump and a November 5, 2018, telephone

briefing with Brian Hook, Senior Policy Advisor to the Secretary of State and U.S. Special Representative for Iran.

On November 5, 2018, President Trump granted waivers to eight jurisdictions to continue importing oil from Iran after U.S. sanctions were reimposed on the country. The waivers allowed the eight designated jurisdictions to gradually reduce their purchases of Iranian crude after the standard 180 days granted with sanctions when the U.S. withdrew from the JCPOA in May.

On May 5, 2019, President Trump, under a policy of “Maximum Pressure” and in an effort to drive Iranian oil exports to zero, determined not to renew the waiver permitting eight countries the ability to purchase Iranian crude oil.

## **Investments Identified**

An initial list comprised of 23 companies identified as having some level of business ties to Iran was presented to the board in June 2008 and included three companies that were already restricted under the Sudan Divestment law, 18 companies that were under review, and two companies that were being monitored but were not held within CalSTRS’ portfolio.

As of June 30, 2008, CalSTRS’ had divested from PetroChina, Petronas, Sinopec (Kunlun Energy, formerly CNPC Hong Kong), and MISC Bhd, all of which were restricted under AB 2941, the Sudan divestment bill. In October 2012, the Committee on Responsible Investment added CNOOC (Chinese National Offshore Oil Company) to the list of restricted securities, and CalSTRS divested its holdings accordingly. In June 2013, CalSTRS added China Blue Chemical Ltd. to the restricted list and divested holdings of the company. In December 2014, CalSTRS added China Oilfield Services to the restricted list and divested holdings in the company. In January 2015, the committee added Indian Oil and Oil India to the list of restricted securities. In November 2015, the committee determined to divest and restrict holdings of Doosan Corp as well as Doosan Infracore and Doosan Heavy Industries related companies. In November 2018, CalSTRS received a request from Daelim Industrial to review the company’s “Divested and Restricted” designation. After receiving confirmation that Daelim Industrial has curtailed its ties to Iran and reviewing the company’s internal controls for sanctions compliance, CalSTRS removed the company from the list of Iran-related securities. In October 2019, following OFAC sanctions of a subsidiary, CalSTRS added COSCO Shipping Energy Transportation to the restricted list and divested holdings in the company. In February 2020, OFAC lifted the sanctions on the COSCO Shipping Energy Transportation subsidiary, and CalSTRS subsequently removed the company from the list of Iran-related securities.

Additionally, in February 2020, CalSTRS removed Oil India from the Restricted list after confirming it has curtailed ties to Iran and reviewing the company’s internal controls for sanctions compliance. In May 2020, CalSTRS removed Indian Oil from the Restricted list after confirming it has curtailed ties to Iran and reviewing the company’s internal controls for sanctions compliance. Additionally, in May 2020, CalSTRS removed Doosan as well as Doosan Infracore and Doosan Heavy Industries related companies from the Restricted list but determined to maintain a monitor status due to concerns relating to internal controls for sanctions compliance.

At this time, CalSTRS has identified 46 companies with ties or possible ties to Iran, as shown in Attachment F. Currently, eight companies are subject to the most severe restrictions under the law

and are listed on the “Divested and Restricted” tier. In addition, there are eight companies listed in the second tier as “Under Review” to determine if the criteria for divestment under the legislation have been met. After the review is complete, these companies will be classified as “Divested and Restricted,” “Being Monitored” or “Removed” from the list.

CalSTRS is monitoring 11 companies in its portfolio that have potential ties to Iran under our Investment Policy for Mitigating ESG Risks but do not meet the law's requirements. CalSTRS maintains these companies in the third tier as “Being Monitored.”

Lastly, over the first six months of 2020, CalSTRS has removed 19 companies that were in the “Divested and Restricted,” “Under Review” or “Being Monitored” categories for ties to Iran, including companies that were both identified and removed within the year. While these companies have been removed, they continue to be monitored by CalSTRS’ third-party research firm and will be subject to the law if new information is discovered. Moreover, CalSTRS continues to monitor the portfolio for both investments with new ties or companies with existing ties entering the portfolio. [Attachment F](#) lists the companies in all four categories.

All asset classes were reviewed for any investments that could have ties to Iran. Only the Global Equities and Fixed Income asset classes were found to have investments potentially affected by the law.

## **Actions Taken**

CalSTRS continues to monitor the situation with regards to Iran and engage companies identified as having ties to the country. Additionally, when available, staff generally attends the annual U.S. Treasury OFAC symposium on sanctions compliance to better understand the state of sanctions and U.S. foreign policy.

## **Response to Sudan Risk**

Prior to the enactment of AB 2941, CalSTRS identified a list of 24 companies with some level of business operations in Sudan. The legislation defined “active business operations” as a company engaged in oil-related business operations or business operations that provide revenue to the government of Sudan. Those distinctions provide an assessment framework and support the qualitative aspect of CalSTRS’ process. The initial list was divided into four sections of various levels of involvement and holdings. The list is fluid and subject to change with market fluctuations, and at any time, a company may be under review or monitored. The initial list was based on the list contained in the University of California Regents’ April 2006 Investment Committee agenda item. The initial list has been updated based on data provided by CalSTRS’ independent research contractors, NGOs and engagement work.

On October 12, 2017, the U.S. formally removed most sanctions on Sudan. While most sanctions have been lifted, the country remains on the U.S. Department of State’s list of State Sponsors of Terrorism. The restrictions on military equipment and the sanctions related to the Darfur and South Sudan programs remain in place. However, these sanctions represent a small portion of the overall sanctioned entities.

While there has been diplomatic activity to normalize relations, Sudan remains on the Department of State's list of State Sponsors of Terrorism. CalSTRS does not believe there has been sufficient action to fulfill the requirements to sunset AB 2941. However, CalSTRS is closely monitoring the situation and evaluating the impact on how the changes relate to the implementation of AB 2941 in relation to the Federal Sudan Accountability and Divestment Act of 2007 (SADA) and the fund's fiduciary duties.

## **Investments Identified**

At the June 2006 Teachers' Retirement Board meeting, staff presented a list of 24 investments that could have ties to Sudan. Companies were placed on the Sudan-related securities list in one of four sections: "Companies targeted for liquidation," "Companies to closely monitor & still under review," "Companies still under evaluation" and "Companies to monitor." The list critically focused on 10 companies that fell within the definition of the statute. Since that time, three companies have been removed from the list, and two companies have been added.

Currently, 10 companies are subject to the most severe restrictions under the law, and CalSTRS has divested its holdings accordingly. These companies are listed on the "Divested and Restricted" tier in Attachment G. As of October 4, 2008, the CalSTRS portfolio has been free of PetroChina, Petronas, Sinopec (Kunlun Energy, formerly CNPC Hong Kong) and MISC Bhd, all of which were restricted under the Sudan Divestment law. Additionally, the CalSTRS portfolio has no holdings in Bharat Heavy Electricals, Dongfeng Motor Group, Oil and Natural Gas Company of India, PECD Berhad and Sudan Telecom. In 2016, CalSTRS added AviChina to the list of restricted companies and divested all related securities. The portfolio has been free of AviChina since March 9, 2016.

CalSTRS does not have any companies in the second tier listed as "Under Review" to determine if the criteria for divestment under the legislation have been met. Lastly, CalSTRS has identified five companies in its portfolio that have ties to Sudan but do not meet the requirements for divestment. CalSTRS maintains these companies in the third tier as "Being Monitored."

Over the first six months of 2020, CalSTRS removed seven companies in either the "Under Review" or "Being Monitored" categories for Sudan ties. These companies are listed in the "Removed" tier but continue to be monitored by CalSTRS' third-party research firm and will be subject to the law if new information comes forward. Moreover, CalSTRS continues to monitor the portfolio for both investments with new ties or companies with existing ties entering the portfolio. [Attachment G](#) lists the companies in all four tiers.

All asset classes were reviewed for any investments that could have ties to Sudan. Only the Global Equity asset class was found to have investments potentially affected by the law.

## **Actions Taken**

CalSTRS continues to monitor and engage with the companies on the Sudan-related securities list. CalSTRS monitors and evaluates changes to federal policy and sanctions relating to Sudan and their impact on CalSTRS' efforts.

## **The Cost of Divestment**

In addition to research and monitoring, the Committee on Responsible Investment tracks the estimated fiscal impact of divestment programs on the fund. Between June 2000 and January 2010, CalSTRS divested tobacco in the system's passive portfolios by removing the sector from benchmarks, as required by board policy. As of June 30, 2020, CalSTRS had divestment mandates for tobacco, Sudan, Iran, firearms, thermal coal, and private prisons. Since fully divesting tobacco in 2010, firearms in 2013, U.S. thermal coal in 2016, non-U.S. thermal coal in 2017 and private prisons in 2018, the CalSTRS Investment Portfolio, which is benchmarked against custom indexes that exclude those sectors, has underperformed standard indexes that include securities restricted by CalSTRS by 0.93%, which represents roughly \$2.28 billion. Staff estimates the total compounded cost of all divestments, to date, and the prior restricting of tobacco under the prior benchmark modification policy is approximately \$5.95 billion.

## **CalSTRS Report on Northern Ireland Related Securities**

CalSTRS contracts with MSCI to provide a list of companies with business operations in Northern Ireland and those companies' efforts toward substantial action relating specific equal opportunity goals, including affirmative action and other measures toward inclusiveness. In addition, CalSTRS has consistently voted in favor of shareholder proposals relating to inclusiveness in companies' operations in Northern Ireland in order to further those goals.

### **Investments Identified**

The following lists are comprised of companies that have been identified as having ties to Northern Ireland. CalSTRS determined that it holds \$13,617,718,643 worth of equity with exposure to Northern Ireland, representing 11.60% of CalSTRS' equity holdings. Additionally, CalSTRS has \$2,792,102,232 worth of bonds with exposure to Northern Ireland, representing 9.07% of its fixed-income portfolio. In total, CalSTRS holds \$16,409,820,876 worth of securities with exposure to Northern Ireland, which represents 6.67% of the total fund.

CalSTRS identified 22 holdings representing 16 companies it believes have not made substantial action toward the goals of inclusiveness in Northern Ireland. CalSTRS sent a letter to each of the companies in October 2020, requesting they take action toward inclusiveness in Northern Ireland ([Attachment H](#)).

<b>Company Name</b>	<b>Security Type</b>	<b>Shares / Face Value</b>	<b>Market Value 6/30/20</b>
AMAZON.COM, INC.	Stock	906,467	\$ 2,500,779,289
AMAZON.COM, INC.	Bonds	55,370,000	\$ 65,393,985
ARJO AB	Stock	238,847	\$ 1,327,975
ASSA ABLOY AB	Stock	3,419,255	\$ 69,529,054
COWEN INC.	Stock	63,676	\$ 1,032,188
ELIS SA	Stock	209,471	\$ 2,444,553
FIRSTSOURCE SOLUTIONS LTD	Stock	264,129	\$ 124,887



GREGGS PLC	Stock	112,125	\$ 2,244,376
GVC HOLDINGS PLC	Stock	1,013,818	\$ 9,277,305
GVC HOLDINGS PLC	Bonds	869,809	\$ 841,540
HILTON WORLDWIDE HOLDINGS INC.	Stock	601,079	\$ 44,149,253
HILTON WORLDWIDE HOLDINGS INC.	Bonds	6,598,850	\$ 6,310,778
IBM CORP	Stock	1,653,429	\$ 199,684,620
IBM CORP	Bonds	199,450,000	\$ 203,793,950
MOHAWK INDUSTRIES, INC.	Stock	100,917	\$ 10,269,314
MOHAWK INDUSTRIES, INC.	Bonds	3,000,000	\$ 3,172,560
NIKE, INC.	Stock	2,713,736	\$ 266,081,815
NIKE, INC.	Bonds	19,000,000	\$ 21,701,643
RELIANCE STEEL & ALUMINUM CO.	Stock	170,241	\$ 16,160,978
STANLEY BLACK & DECKER, INC.	Stock	294,768	\$ 41,084,764
THE CARLYLE GROUP INC.	Stock	212,776	\$ 5,936,450
TP ICAP PLC	Stock	1,143,789	\$ 4,957,739
	Stock		\$ 3,175,084,558.14
	Bonds		\$ 301,214,456
	Total		\$ 3,476,299,014.23

CalSTRS identified 201 holdings representing 151 companies that have exposure to Northern Ireland but have taken substantial action towards inclusiveness by adopting the MacBride Principles or adopting a global human rights policy that substantially reflects the values of the MacBride Principles. The MacBride Principles consist of nine fair employment and affirmative action principles and are used as a corporate code of conduct for companies doing business in Northern Ireland.

Company Name	Security Type	Shares / Face Value	Market Value 6/30/20
3M COMPANY	Stock	1,126,623	\$ 175,741,922
3M COMPANY	Bonds	13,490,000	\$ 15,225,050
ADECCO GROUP AG REG	Stock	440,657	\$ 20,676,070
AECOM	Stock	319,976	\$ 12,024,698
AECOM	Bonds	300,000	\$ 322,311
AES CORP	Stock	1,152,518	\$ 16,699,986
AIB GROUP PLC	Stock	1,568,057	\$ 1,972,503
AIB GROUP PLC	Bonds	200,000	\$ 211,476
ALLIANZ SE REG	Stock	935,965	\$ 191,071,405
ALLSTATE CORP	Stock	1,182,473	\$ 114,688,056
ALLSTATE CORP	Bonds	9,000,000	\$ 10,086,640
APPLE INC.	Stock	8,501,361	\$ 3,101,296,493
APPLE INC.	Bonds	112,940,000	\$ 125,778,554
ASSOCIATED BRITISH FOODS PLC	Stock	657,561	\$ 15,559,045

ATOS SE	Stock	172,885	\$	14,737,943
AVIVA PLC	Stock	8,211,449	\$	27,759,652
AXA SA	Stock	3,622,160	\$	75,717,880
BABCOCK INTERNATIONAL GROUP PLC	Stock	282,168	\$	1,081,503
BANCO SANTANDER, S.A.	Stock	43,899,731	\$	107,215,863
BANCO SANTANDER, S.A.	Bonds	18,200,000	\$	19,558,184
BANK OF IRELAND GROUP PLC	Stock	1,076,228	\$	2,205,997
BARCLAYS PLC	Stock	32,087,110	\$	45,363,929
BARCLAYS PLC	Bonds	840,291,000	\$	843,414,397
BOMBARDIER INC.	Stock	5,712,574	\$	1,761,587
BOMBARDIER INC.	Bonds	11,126,000	\$	7,637,562
BT GROUP PLC	Stock	16,132,772	\$	22,734,343
BUNZL PLC	Stock	1,046,676	\$	28,012,304
C & C GROUP PLC	Stock	342,807	\$	974,217
CAPITA PLC	Stock	1,846,236	\$	1,006,014
CATERPILLAR INC.	Stock	1,268,733	\$	160,494,725
CATERPILLAR INC.	Bonds	290,954,000	\$	293,185,316
CBRE GROUP, INC.	Stock	1,266,825	\$	57,285,827
CBRE GROUP, INC.	Bonds	375,000	\$	421,995
CITIGROUP INC.	Stock	4,179,638	\$	213,579,502
CITIGROUP INC.	Bonds	470,979,576	\$	498,827,343
CK HUTCHISON HOLDINGS LIMITED	Stock	12,360,617	\$	79,422,321
CLEAR CHANNEL OUTDOOR HOLDINGS, INC.	Stock	3,156,429	\$	2,853,412
CME GROUP INC.	Stock	740,542	\$	120,367,697
CME GROUP INC.	Bonds	3,000,000	\$	4,044,000
COCA COLA HBC AG DI	Stock	1,103,456	\$	27,650,379
COMPAGNIE DE SAINT GOBAIN	Stock	2,252,805	\$	81,094,128
COMPASS GROUP PLC	Stock	4,176,876	\$	57,389,770
CRANE CO.	Stock	90,130	\$	5,359,130
CRH PLC	Stock	1,613,646	\$	55,277,180
DALATA HOTEL GROUP PLC	Stock	203,647	\$	651,869
DANSKE BANK A/S	Stock	1,489,038	\$	19,809,112
DANSKE BANK A/S	Bonds	10,380,000	\$	10,958,293
DCC PLC	Stock	290,266	\$	24,137,337
DEUTSCHE POST AG REG	Stock	2,137,417	\$	78,140,831
DFDS A/S	Stock	38,730	\$	1,194,126
DIAGEO PLC	Stock	3,502,995	\$	116,063,439
DIAGEO PLC	Bonds	7,680,000	\$	7,957,684
DIAGEO PLC	ADR	20,300	\$	2,728,117
DIXONS CARPHONE PLC	Stock	1,163,952	\$	1,292,205

DSV PANALPINA A/S	Stock	633,211	\$	77,272,172
ELECTROLUX AB SER B	Stock	246,088	\$	4,115,268
EMERSON ELECTRIC CO.	Stock	1,106,586	\$	68,641,530
ESSILORLUXOTTICA SA	Stock	439,410	\$	56,385,043
FERGUSON PLC	Stock	1,323,270	\$	108,108,397
FERROVIAL SA	Stock	559,701	\$	14,898,488
FERROVIAL SA	Bonds	100,000	\$	105,056
FIRST DERIVATIVES PLC	Stock	24,161	\$	762,753
FORTIVE CORPORATION	Stock	547,624	\$	37,052,240
FORTIVE CORPORATION	Bonds	6,000,000	\$	6,662,670
FRASERS GROUP PLC	Stock	232,813	\$	879,101
FUJITSU LIMITED	Stock	853,715	\$	99,864,516
G4S PLC	Stock	4,739,359	\$	6,672,861
GENERAL ELECTRIC COMPANY	Stock	20,275,080	\$	138,478,796
GENERAL ELECTRIC COMPANY	Bonds	17,256,000	\$	19,437,796
GENPACT LIMITED	Stock	322,160	\$	11,765,283
GLANBIA PLC	Stock	746,917	\$	8,456,111
GRAFTON GROUP PLC UTS	Stock	575,529	\$	4,693,418
GREAT ELM CAPITAL GROUP, INC.	Stock	102,700	\$	239,291
HAIN CELESTIAL GROUP INC	Stock	136,841	\$	4,311,860
HALFORDS GROUP PLC	Stock	507,880	\$	953,856
HARVEY NORMAN HOLDINGS LTD	Stock	619,864	\$	1,510,788
HAYS PLC	Stock	1,874,894	\$	2,756,778
HCL TECHNOLOGIES LIMITED	Stock	8,478,087	\$	62,526,997
HEINEKEN HOLDING NV	Stock	182,412	\$	14,925,220
HEINEKEN NV	Stock	471,811	\$	43,484,787
HENNES + MAURITZ AB B SHS	Stock	1,315,494	\$	19,061,754
HEWLETT PACKARD ENTERPRISE COMPANY	Stock	4,562,908	\$	44,397,095
HSBC HOLDINGS PLC	Stock	27,456,830	\$	128,442,610
HSBC HOLDINGS PLC	Bonds	140,863,000	\$	148,370,168
HUHTAMAKI OYJ	Stock	108,279	\$	4,261,339
HYSTER-YALE MATERIALS HANDLING, INC.	Stock	28,401	\$	1,097,983
IHEARTMEDIA, INC.	Stock	90,255	\$	753,629
IHEARTMEDIA, INC.	Bonds	2,095,879	\$	2,023,034
INDUSTRIA DE DISEÑO TEXTIL	Stock	1,804,900	\$	47,780,479
INTERFACE, INC.	Stock	120,470	\$	980,626
ISS A/S	Stock	1,589,837	\$	25,155,838
J D WETHERSPOON PLC	Stock	95,682	\$	1,189,341
J SAINSBURY PLC	Stock	10,485,747	\$	27,039,580
JACOBS ENGINEERING GROUP INC.	Stock	225,396	\$	19,113,581

JD SPORTS FASHION PLC	Stock	958,646	\$	7,369,981
JET2 PLC	Stock	129,325	\$	1,341,471
JOHNSON CONTROLS INTL PL	Stock	1,337,321	\$	45,656,139
JOHNSON CONTROLS INTL PL	Bonds	6,000,000	\$	6,692,640
JUST GROUP PLC	Stock	1,141,208	\$	740,291
KERRY GROUP PLC A	Stock	257,945	\$	31,955,116
KINGFISHER PLC	Stock	16,843,575	\$	45,952,745
KINGSPAN GROUP PLC	Stock	514,837	\$	33,105,611
KONE OYJ	Stock	606,675	\$	41,714,515
KONINKLIJKE PHILIPS NV	Stock	1,907,850	\$	88,969,130
KONINKLIJKE PHILIPS NV	ADR	80,370	\$	3,764,526
KUEHNE NAGEL INTL AG REG	Stock	68,551	\$	11,387,185
KYOCERA CORPORATION	Stock	1,388,672	\$	75,492,990
LAFARGEHOLCIM LTD REG	Stock	834,068	\$	36,538,613
LIBERTY GLOBAL PLC	Stock	206,550	\$	785,544
LLOYDS BANKING GROUP PLC	Stock	203,854,582	\$	78,524,478
LLOYDS BANKING GROUP PLC	Bonds	45,630,000	\$	50,141,790
MANPOWERGROUP INC.	Stock	145,653	\$	10,013,644
MARKS AND SPENCER GROUP P.L.C.	Stock	3,386,982	\$	4,143,107
MARKS AND SPENCER GROUP P.L.C.	Bonds	100,000	\$	120,805
MARSH & MCLENNAN COMPANIES, INC.	Stock	1,342,592	\$	144,154,103
MARSH & MCLENNAN COMPANIES, INC.	Bonds	14,000,000	\$	16,404,860
MCDONALD'S CORPORATION	Stock	1,499,414	\$	276,596,901
MCDONALD'S CORPORATION	Bonds	16,573,000	\$	18,217,722
MCKESSON CORPORATION	Stock	414,251	\$	63,554,388
MCKESSON CORPORATION	Bonds	6,000,000	\$	6,277,080
MICRO FOCUS INTERNATIONAL PLC	Stock	735,528	\$	3,926,097
MICRO FOCUS INTERNATIONAL PLC	ADR	20,500	\$	112,340
MITCHELLS & BUTLERS PLC	Stock	211,599	\$	491,529
MITIE GROUP PLC	Stock	403,319	\$	415,118
NATWEST GROUP PLC	Stock	10,473,721	\$	15,736,665
NATWEST GROUP PLC	Bonds	63,136,486	\$	66,498,958
NEWS CORPORATION	Stock	914,516	\$	10,865,210
NEXT PLC	Stock	189,942	\$	11,485,849
ORACLE CORPORATION	Stock	5,018,791	\$	277,388,579
ORACLE CORPORATION	Bonds	58,000,000	\$	65,792,630
ORANGE SA	Stock	2,708,861	\$	32,386,958

ORANGE SA	Bonds	3,000,000	\$	4,378,740
PEARSON PLC	Stock	934,160	\$	6,646,164
PEARSON PLC	ADR	99,014	\$	715,871
POLYPIPE GROUP PLC	Stock	254,745	\$	1,361,350
PPG INDUSTRIES, INC.	Stock	471,182	\$	49,973,563
PROVIDENT FINANCIAL PLC	Stock	277,776	\$	604,754
RANDSTAD NV	Stock	208,49	\$	9,286,961
RAYTHEON TECHNOLOGIES CORPORATION	Stock	3,074,702	\$	189,463,137
RAYTHEON TECHNOLOGIES CORPORATION	Bonds	44,146,000	\$	55,620,530
RENTOKIL INITIAL PLC	Stock	2,541,798	\$	16,004,738
RESTAURANT GROUP PLC	Stock	672,236	\$	468,052
RSA INSURANCE GROUP PLC	Stock	4,587,130	\$	23,226,893
RYOBI LIMITED	Stock	94,778	\$	1,057,725
SALLY BEAUTY HOLDINGS, INC.	Stock	170,100	\$	2,131,353
SANDVIK AB	Stock	2,384,233	\$	44,554,101
SCHLUMBERGER LTD	Stock	3,436,142	\$	63,190,651
SCHLUMBERGER LTD	Bonds	6,636,000	\$	7,329,197
SCHNEIDER ELECTRIC SE	Stock	921,300	\$	102,316,883
SEAGATE TECHNOLOGY	Stock	103,716	\$	5,020,892
SEAGATE TECHNOLOGY	Bonds	6,243,000	\$	6,625,871
SENSATA TECHNOLOGIES HOLDING PLC	Stock	872,151	\$	32,470,182
SENSATA TECHNOLOGIES HOLDING PLC	Bonds	2,455,000	\$	2,548,357
SERCO GROUP PLC	Stock	1,360,922	\$	2,564,373
SHISEIDO CO LTD	Stock	606,388	\$	38,417,407
SIGNET JEWELERS LIMITED	Stock	134,697	\$	1,383,338
SMURFIT KAPPA GROUP PLC	Stock	240,788	\$	8,048,326
SODEXO SA	Stock	106,021	\$	7,168,465
SPIE SA	Stock	292,074	\$	4,362,971
SPIE SA	Bonds	100,000	\$	108,953
SSE PLC	Stock	4,359,897	\$	73,506,863
STEINHOFF INTERNATIONAL H NV	Stock	1,265,304	\$	74,280
TATA STEEL LIMITED	Stock	442,749	\$	1,915,747
TELEFONICA SA	Stock	6,660,550	\$	31,770,945
TELEFONICA SA	Rights	5,960,364	\$	1,172,186
TELEFONICA SA	ADR	640,838	\$	3,088,839
TELEPERFORMANCE SE	Stock	92,401	\$	23,443,944
TEREX CORPORATION	Stock	152,615	\$	2,864,584
TEREX CORPORATION	Bonds	280,000	\$	257,004
TERUMO CORPORATION	Stock	1,032,230	\$	39,046,491

TESCO PLC	Stock	44,630,842	\$ 125,787,789
THALES SA	Stock	134,228	\$ 10,836,498
THE COCA-COLA COMPANY	Stock	7,818,441	\$ 349,327,944
THE COCA-COLA COMPANY	Bonds	33,260,000	\$ 37,300,455
THE ESTEE LAUDER COMPANIES INC.	Stock	444,012	\$ 83,776,184
THE GAP, INC.	Stock	362,271	\$ 4,571,860
THE GAP, INC.	Bonds	266,000	\$ 284,992
THE TJX COMPANIES, INC.	Stock	2,557,666	\$ 129,315,593
THE TJX COMPANIES, INC.	Bonds	560,000	\$ 627,102
THYSSENKRUPP AG	Stock	427,686	\$ 3,032,965
THYSSENKRUPP AG	Bonds	184,000	\$ 198,667
TRAVIS PERKINS PLC	Stock	2,492,946	\$ 34,668,615
TRIGANO SA	Stock	9,606	\$ 1,006,072
TTEC HOLDINGS INC	Stock	27,354	\$ 1,273,602
TUI AG	Stock	459,799	\$ 2,163,999
VEOLIA ENVIRONNEMENT SA	Stock	1,257,383	\$ 28,272,840
VISA INC.	Stock	3,643,765	\$ 703,866,085
VISA INC.	Bonds	38,400,000	\$ 44,871,838
VODAFONE GROUP PLC	Stock	65,588,527	\$ 104,429,722
VODAFONE GROUP PLC	Bonds	28,150,000	\$ 34,009,598
VODAFONE GROUP PLC	ADR	715,400	\$ 11,403,476
WALMART INC.	Stock	2,743,818	\$ 328,654,520
WALMART INC.	Bonds	44,410,000	\$ 52,031,501
WH SMITH PLC	Stock	146,916	\$ 1,991,379
WILLIAM HILL PLC	Stock	985,893	\$ 1,386,277
WILLIS TOWERS WATSON PLC	Stock	286,711	\$ 56,467,731
WPP PLC	Stock	5,306,567	\$ 41,360,278
WPP PLC	ADR	26,377	\$ 1,032,132
XEROX HOLDINGS CORPORATION	Stock	345,529	\$ 5,283,138
XEROX HOLDINGS CORPORATION	Bonds	344,000	\$ 320,959
ZURICH INSURANCE GROUP AG	Stock	282,713	\$ 99,712,611

Stock	\$ 10,418,616,598.19
Bonds	\$ 2,490,887,776.80
ADR	\$ 22,845,301.04
Rights	\$ 1,172,186.46
<b>Total</b>	<b>\$ 12,933,521,862.49</b>

In the first half of 2020, no shareholder proposals relating inclusiveness in Northern Ireland were presented for any holdings in the CalSTRS portfolio.

## **Actions Taken**

In the first half of 2020, no shareholder proposals were requesting the implementation of the MacBride Principles. In accordance with the law and CalSTRS' fiduciary duty, CalSTRS generally votes for such proposals when placed on the ballot. CalSTRS will continue to support shareholder proposals related to operations in Northern Ireland when they are in line with CalSTRS' fiduciary duties.

## **Conclusion**

As noted in this report, CalSTRS will continue to invest its funds responsibly and prudently. CalSTRS will continue to adhere to California statutes referenced in this report and the board's Investment Policy for Mitigating ESG Risks.

CalSTRS continues to secure a strong retirement fund for the educators of California while remaining consistent with its ethical responsibilities and fiduciary obligations. Thus, the philosophy of identifying and addressing risks is interwoven in CalSTRS' business goals. CalSTRS' investment goals are to:

- a) Achieve a rate of return on the total assets of the fund that exceeds the actuarial discount rate used to value the liabilities of the State Teachers' Retirement Plan for funding purposes, so as to ensure that sufficient assets are available to meet liabilities in the long run.
- b) Maximize the long-term investment return on assets at a level of risk that is acceptable to the board.
- c) Maintain a certain level of stability in pension contributions, so as not to adversely impact the long-term viability of CalSTRS and its ability to continue to meet pension obligations.
- d) Manage the investments of the fund in a prudent manner, so as to maintain confidence of members, employers and the public in CalSTRS.

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**Investment Policy for Mitigating  
Environmental, Social, and  
Governance Risks (ESG)**

Investment Branch May 2018

# **Attachment A: Investment Policy for Mitigating Environmental, Social, and Governance Risks (ESG)**

## **POLICY**

The fiduciary responsibility of the Board, as described in detail within the overall Investment Policy and Management Plan, is to discharge its responsibility in a manner that is in the sole and exclusive interest of the participants and beneficiaries and will assure the prompt delivery of benefits and related services.

CalSTRS invests a multi-billion dollar fund in a unique and complex social-economic milieu and recognizes it can neither operate nor invest in a vacuum. As a significant investor with a very long-term investment horizon, the success of CalSTRS is linked to global economic growth and prosperity. The System's investments impact other facets of the global economy and actions and activities that detract from the likelihood and potential of global growth are not in the long-term interests of the Fund.

Consistent with its fiduciary responsibilities to CalSTRS members, the Board has an obligation to ensure that the corporations and entities in which CalSTRS invests strive for long-term sustainability in their operations. Managers of our investments who do not strive for sustainability jeopardize achieving the long-term expected rate of return we expect. Therefore, CalSTRS incorporates ESG considerations into its analysis of the riskiness of its investment decisions and its ownership policies and practices, to the extent that ESG factors are material to the long-term success of an investment.

Since CalSTRS is a long-term investor and may hold an investment in a corporation or entity for many decades, short-term gains at the expense of long-term gains are not in the best interest of the Fund. Sustainable returns over long periods are in the economic interest of the Fund. Conversely, unsustainable practices that hurt long-term profits are risks to the System.

Since CalSTRS must invest huge sums of moneys for long periods of time to pay for future benefits promised to California Teachers, our decision to invest in corporations and other entities predominately reflects a judgment that the ownership will produce a sustainable rate of return which will make it an attractive investment and help CalSTRS meet its long-term obligations. It is important to note that CalSTRS ownership of a security in a company does not signify that CalSTRS approves of all of the company's practices or its products or that CalSTRS believes a particular company is an attractive investment since the security may be owned due to its membership in a particular index. CalSTRS utilizes "index" investing due to its low cost and efficient structure. These "index" investments are broadly diversified and composed of thousands of individual companies.

Since 1978, CalSTRS has used a written policy, the Statement of Investment Responsibility, SIR, to navigate the complex landscape of ESG issues. The long history of this document is testimony to the national leadership of CalSTRS among pension funds in addressing ESG matters through a written policy. The SIR will continue to guide CalSTRS proxy voting; however this ESG Policy is CalSTRS's preeminent policy on ESG matters and will guide active investment decisions and passive index strategy engagements.

## **PROCEDURES**

To help manage the risk of investing a global portfolio in a complex governance environment, CalSTRS has developed a series of procedures to follow when faced with any major environmental, social or governance issue as identified by the ESG risk factors.

When faced with a decision or other activity that potentially violates CalSTRS ESG Policy; the Investment Staff, CIO and Investment Committee will undertake the following actions:

- A. The CIO will assess the potential ESG policy violation both as an ESG risk and as an impact to the System. The extent of the responsibility of the System to devote resources to address these issues will be determined by: 1) the size of the investment, and 2) the gravity of the violation of CalSTRS ESG Policies.
- B. At the CIO's direction, the Investment Staff will directly engage corporate management or other appropriate parties to seek information and understanding concerning the ESG policy violation and its ramifications on the System.
- C. The CIO and investment staff will provide a report to the Investment Committee of the findings associated with an ESG policy violation engagement and recommend any further action of engagement or need to commit further System resources. The Investment Committee can marshal further resources given the gravity of the situation.

To assist CalSTRS Staff and external investment managers in their investment analysis and decision-making, CalSTRS has developed a list of ESG risk factors that should be considered as part of the financial analysis of any active investment decision. For passive index strategies, CalSTRS uses the ESG risk factors to guide engagement activities. This ESG list is not exhaustive and does not attempt to identify all forms of risk that are appropriate to consider in a given investment transaction or engagement; however, they do provide a framework of other factors that might be overlooked. These risk factors should be reviewed for any CalSTRS investment or engagement in any asset class .

CalSTRS expects all investment managers, both internal and external to assess the risk of each of the following factors when making an active investment. The manager needs to balance the rate of return with all the risks including consideration of the specific investments exposure to each factor in each country in which that investment or company operates.

## ***CALSTRS ESG RISK FACTORS***

### **Monetary Transparency**

The investment's long-term profitability by whether or not a country or company has free and open monetary and financial data, and its observance of applicable laws.

### **Data Dissemination**

The investment's long-term profitability by whether or not a country is a member of the IMF (or similar organization) and satisfies the conditions for access, integrity, and quality for most data categories.

### **Accounting**

The investment's long-term profitability by whether or not the accounting standards are formulated in accordance with International Accounting Standards or the U.S. Generally Accepted Accounting Principles.

### **Payment System: Central Bank**

The investment's long-term profitability by whether the activities of a country's central bank encompass implementing and ensuring compliance with principles and standards which are established to promote safe, sound, and efficient payment and settlement systems.

### **Securities Regulation**

The investment's long-term profitability by exposure to operations in countries that have not complied with IOSCO objectives, which provide investor protection against manipulation and fraudulent practices.

### **Auditing**

The investment's long-term profitability by whether or not the country uses International Standards on Auditing in setting national standards.

### **Fiscal Transparency**

The investment's long-term profitability by its exposure or business operations in countries that do not have some level of fiscal transparency such as publication of financial statistics, sound standards for budgeting, accounting, and reporting.

### **Corporate Governance**

The investment's long-term profitability by whether or not the government recognizes and supports good corporate governance practices and whether it generally adheres to OECD principles.

### **Banking Supervision**

The investment's long-term profitability from its exposure to countries that have not endorsed/complied with the Basel Core Principles. An endorsement includes an agreement to review supervisory arrangements against the principles and bring legislation in line with the principles where necessary.

<p><b>Payment System: Principles</b></p> <p>The investment's long-term profitability by whether a country complies with the 10 Core Principles for Systemically Important Payment Systems, which includes operational reliability, efficiency, real time settlement, final settlement in central bank money; and whether rules and procedures are clear and permit participants to understand the financial risks resulting from participation in the system.</p>
<p><b>Insolvency Framework</b></p> <p>The investment's long-term profitability from its business operations and activities in specific countries with regard to bankruptcy reform or insolvency legislation.</p>
<p><b>Money Laundering</b></p> <p>The investment's long-term profitability from exposure and whether or not a country has implemented an anti-money laundering regime in line with international standards; consideration should be given to compliance with the 40 recommendations in the Financial Action Task Force, FATF, on Money Laundering; and whether it is a member of FATF.</p>
<p><b>Insurance Supervision</b></p> <p>The investment's long-term profitability from whether or not a country has a regulatory framework in line with International Association of Insurance Supervisors, IAIS, Principles.</p>
<p><b>Respect for Human Rights</b></p> <p>The investment's long-term profitability from its business operations and activities in countries that lack or have a weak judicial System. Assess the risk to an investment's long-term profitability from its business operations and activities in a country that engages in or facilitates the following: arbitrary or unlawful deprivation of life, disappearance, torture and other cruel, inhuman, or degrading treatment or punishment, arbitrary arrest, detention, or exile, arbitrary interference with privacy, family, home, or correspondence, use of excessive force and violations of humanitarian law in internal conflicts. Consideration should be given to governmental attitude regarding international and non-governmental investigation of alleged violations of human rights.</p>
<p><b>Respect for Civil Liberties</b></p> <p>The investment's long-term profitability from operations, activities, and business practices in countries or regions that do not allow freedom of speech and press, freedom of peaceful assembly and association, freedom of religion, freedom of movement within the country, allowance for foreign travel, emigration, and repatriation.</p>
<p><b>Respect for Cultural and Ethnic Identities</b></p> <p>The investment's long-term profitability from operations, activities and business practices that do not adequately respect cultural values and ethnic identities.</p>
<p><b>Respect for Property Rights</b></p> <p>The investment's long-term profitability from operations, activities and business practices that dispossesses or degrades peoples' lands, territories or resources, or does not adequately respect established property rights.</p>

**Respect for Political Rights**

The investment's long-term profitability from business practices and activities in countries that do not allow their citizens the right to advocate for change to their government.

**Discrimination Based on Race, Sex, Disability, Language, or Social Status**

The investment's long-term profitability from business practices and activities on discrimination, such as discrimination against women, children, and persons with disabilities, national/racial/ethnic minorities, or indigenous people.

**Worker Rights**

The investment's long-term profitability from management and practices globally in the area of worker's rights; specifically the right of association, the right to organize and bargain collectively, prohibition of forced or bonded labor, status of child labor practices and minimum age for employment, acceptable work conditions, or human trafficking.

**Environmental**

The investment's long-term profitability from activities and exposure to environmental matters such as; depleting or reducing air quality, water quality, land protection and usage, without regard for remediation.

**Climate Change**

The investment's long-term profitability from inadequate attention to the impacts of climate change, including attention to relevant climate policy considerations and emerging climate risk mitigating technologies.

**Resource Efficiency**

The investment's long-term profitability from inadequately managing resource usage in a resource-constrained environment amid growing resource demand.

**War/Conflicts/Acts of Terrorism**

The investment's long-term profitability from business exposure to a country or region that has an internal or external conflict, war, acts of terrorism or involvement in acts of terrorism, and whether the country is a party to international conventions and protocols.

**Human Health**

The investment's long-term profitability from business exposure to an industry or company that makes a product which is highly detrimental to human health so that it draws significant product liability lawsuits, government regulation, United Nations sanctions and focus, and avoidance by other institutional investors.

# Charter of the CalSTRS Committee on Responsible Investment

## Purpose

The Committee on Responsible Investment (“the Committee”) is established by the Chief Investment Officer of California State Teachers’ Retirement System (“CalSTRS” or “the fund”) CalSTRS to discuss geopolitical and Environmental Social and Governance (“ESG”) risks to the fund and to take actions to address ESG risks faced by the fund.

## Membership and Structure

### Membership

The Committee on Responsible Investment shall consist of at least the Chief Investment Officer, Deputy Chief Investment Officer and Director of Corporate Governance as well as one representative of each asset class determined by each asset class’ director. From time to time, the committee may seek input from other CalSTRS Departments and groups such as the Green Team, Legal, or Legislative Affairs.

### Meetings

Committee meetings will be available to all members of the Investment Office through open meeting or recording.

Meetings are led by the Chair, which shall be determined by Chief Investment Officer and only have voting rights in the event of a tie.

The Committee will meet at least quarterly and on ad hoc basis as circumstances dictate. Occasionally the committee may act through written consent to act on pressing issues and with a more in depth review of the issue at the next scheduled meeting.

### Reporting

The Chair of the Committee or Chief Investment Officer shall report on the Committee’s activities of the CalSTRS board as circumstances demand.

The Chair of the committee shall draft annual report to the CalSTRS board and legislatively required reports to the Legislature for approval of the Chief Investment Officer and CalSTRS Board.

## Responsibilities

The responsibilities of the Committee on Responsible Investment are:

- Evaluate ESG issues to determine if they violate CalSTRS' ESG Policy
- Carry out CalSTRS Board's directives relating to the CalSTRS ESG and Divestment policies
- Assist the investment office in addressing ESG Issues
- Assist asset classes on engagement of ESG issues
- Insure all asset classes are aware of ESG issues affecting the fund
- Determine if such issues should be elevated to the full board. Refer issues to the Teachers' Retirement Board for review.
- Prepare annual reports to the board and legislature on ESG issues related to investments

### **CalSTRS Board Related Policies**

**Divestment Policy**

**Investment Policy for Mitigating Environmental, Social, and Governance Risks (ESG)**

**Responsible Contractor Policy**





California State Teachers'  
Retirement System  
Investments  
100 Waterfront Place, MS-04  
West Sacramento, CA 95605  
(916) 414-7400 Fax (916) 414-7533  
cailman@calstrs.com

December 1, 2020

Shri Ravi Jhunjhunwala  
Chairman, Managing Director and CEO  
HEG Limited  
Bhilwara Towers  
A-12 Sector 1  
201301 NCR – Delhi  
India

Dear Mr. Jhunjhunwala,

This letter is sent to you on behalf of the California State Teachers' Retirement System (CalSTRS). As you may be aware, CalSTRS is a public pension fund established for the benefit of California's public school teachers 100 years ago. CalSTRS serves the investment and retirement interests of over 965,000 plan participants. As of August 31, 2020, the CalSTRS portfolio was valued at approximately **\$262.5 billion**; approximately **\$117 billion** of the fund's assets are invested in the public equity markets, both domestically and internationally. A significant percentage of CalSTRS' public equity portfolio is invested in the indexed or passive style of investment management; these stocks do not trade on company news or events; we hold these stocks for the long-term. We use our corporate governance rights to address issues with corporations held in our portfolio; in our view, this strategy is more efficient for the investing considerations of diversification, minimizing risks and costs, and maximizing returns than simply selling a security each time we have shareholder concerns.

In California, AB221 requires the California Public Employees' Retirement System and the California State Teachers' Retirement System to encourage companies in which they invest in to act responsibly and not take actions that promote terrorism or otherwise enable the Iranian pursuit of nuclear weapons. Additionally, the legislation requires that we periodically follow up with identified companies to ensure they are acting responsibly regarding Iran.

Our independent research providers have identified HEG Limited as having business in, or with Iran. CalSTRS would like to engage in an open dialogue with you regarding your company's ties to Iran. We are requesting full disclosure of your direct or indirect business activities with Iran including purchases from and sales to Iran as well as any risk controls HEG Limited has undertaken to prevent US sanctions. Our goal is to have a complete and accurate understanding of your involvement with Iran so that we, as fiduciaries, can accurately assess the risk associated with your activities there and make informed investment decisions.

We request that you answer the questions related to your business and internal controls to prevent sanction violations.

If you have any questions, please feel free to contact Philip Larrieu of the Corporate Governance staff at:

Philip Larrieu  
Investments – Sustainable Investment and Stewardship Strategies  
100 Waterfront Place, MS-4  
West Sacramento, CA 95605-2807  
(916)414-7417

Sincerely,



Christopher Ailman, Chief Investment Officer  
California State Teachers' Retirement System

Encl: Iran Internal Controls Questionnaire



California State Teachers'  
Retirement System  
Investments  
100 Waterfront Place, MS-04  
West Sacramento, CA 95605  
(916) 414-7400 FAX (916) 414-7533

October 30, 2020

Enrique K. Razon Jr.  
Chairman and President, Executive Director  
International Container Terminal Services, Inc.  
ICTSI Administration Building  
MICT South Access Road  
Manila, 1012  
Philippines

Dear Mr. ,

This letter is sent to you on behalf of the California State Teachers' Retirement System (CalSTRS). As you may be aware, CalSTRS is a public pension fund established for the benefit of California's public school teachers over 100 years ago. CalSTRS serves the investment and retirement interests of over 965,000 plan participants and their families. As of August 31, 2020, the CalSTRS portfolio was currently valued at approximately \$262.5 billion and is invested across both domestic and international markets. Currently, CalSTRS owns 776,810 shares of International Container Terminal Services, Inc..

The long-term nature of CalSTRS' liabilities, and its responsibility as a fiduciary to its members, makes the fund keenly interested in governance and geopolitical issues. As a long-term investor, we are concerned with risks posed by companies in our portfolio that are operating in sensitive areas such as Sudan. To address these risks, from an investor perspective, the CalSTRS Board has adopted an Investment Policy for Mitigating Environmental, Social, and Governance Risks (ESG) that can be accessed in our Board Policy Manual found on our website [www.calstrs.com](http://www.calstrs.com). Additionally, California, Chapter 442 of the 2006 Statutes, requires the California Public Employees' Retirement System and the California State Teachers' Retirement System to encourage companies in which they invest in to act responsibly and not to take actions that promote or otherwise enable human rights violations in Sudan. Additionally, the legislation requires that we periodically follow up with identified companies to ensure they are acting responsibly regarding Sudan

Sudan remains listed on the United States Government's list of State Sponsors of Terrorism. Additionally, Sudan has recently been embroiled in domestic conflicts in which the Sudanese government was charged with arming militia that engaged in the genocide documented by the United Nations Commission of Inquiry on Darfur. As shareowners, we are concerned that

Enrique K. Razon Jr.

10/30/2020

Page 2

companies that do business in Sudan may be perceived as furthering or condoning human rights violations or expose the company to United States regulatory action.

Currently, CalSTRS has International Container Terminal Services, Inc. in a Monitor status based on our independent service providers' information and our past communications. We are requesting an updated disclosure of your direct or indirect business activities with Sudan including purchases from and sales to Sudan, and any risk controls International Container Terminal Services, Inc. has undertaken to prevent US sanctions violations. Our goal is to maintain a complete and accurate understanding of your involvement with Sudan so that we, as fiduciaries, can accurately assess the risk associated with your activities there and make informed investment decisions.

If you have any questions, please feel free to contact Philip Larrieu of the Sustainable Investment and Stewardship Strategies staff at:

Philip Larrieu  
Investments – Sustainable Investment and Stewardship Strategies  
100 Waterfront Place, MS-4  
West Sacramento, CA 95605-2807  
(916)414-7417  
plarrieu@calstrs.com

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Ailman', written in a cursive style.

Christopher Ailman, Chief Investment Officer  
California State Teachers' Retirement System



California State Teachers'  
Retirement System  
Investments  
100 Waterfront Place, MS-04  
West Sacramento, CA 95605  
(916) 414-7400 Fax (916) 414-7533  
cailman@calstrs.com

October 23, 2020

Shusaku Ichikawa  
Chairman and CEO  
Aiphone Co. Ltd.  
10th floor Meiji Yasuda Seimei Nagoya Building  
1-1 Shinsakae-machi, Naka-ku,  
Nagoya, Aichi 460-0004  
Japan

Dear Mr. Ichikawa,

This letter is sent to you on behalf of the California State Teachers' Retirement System (CalSTRS). As you may be aware, CalSTRS is a public pension fund established for the benefit of California's public school teachers 100 years ago. CalSTRS serves the investment and retirement interests of over 965,000 plan participants. As of August 31, 2020, the CalSTRS portfolio was valued at approximately **\$262.5 billion**; approximately **\$117 billion** of the fund's assets are invested in the public equity markets, both domestically and internationally. A significant percentage of CalSTRS' public equity portfolio is invested in the indexed or passive style of investment management; these stocks do not trade on company news or events; we hold these stocks for the long-term. We use our corporate governance rights to address issues with corporations held in our portfolio; in our view, this strategy is more efficient for the investing considerations of diversification, minimizing risks and costs, and maximizing returns than simply selling a security each time we have shareholder concerns.

In California, AB221 requires the California Public Employees' Retirement System and the California State Teachers' Retirement System to encourage companies in which they invest in to act responsibly and not take actions that promote terrorism or otherwise enable the Iranian pursuit of nuclear weapons. Additionally, the legislation requires that we periodically follow up with identified companies to ensure they are acting responsibly regarding Iran.

Our independent research providers have identified Aiphone Co. Ltd. as doing business in or with the country of Iran. Currently, CalSTRS owns 5,200 shares of your company. Our previous analysis placed Aiphone Co. Ltd. in a "Monitor" status and not subject to divestment. We are requesting an updated disclosure of your direct or indirect business activities in Iran so that we, as fiduciaries, can accurately assess the risk associated with your activities there and make informed investment decisions.

10/23/2020

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We request that you answer the questions related to your business and internal controls to prevent sanction violations.

If you have any questions, please feel free to contact Philip Larrieu of the Corporate Governance staff at:

Philip Larrieu  
Investments – Sustainable Investment and Stewardship Strategies  
100 Waterfront Place, MS-4  
West Sacramento, CA 95605-2807  
(916)414-7417

Sincerely,

A handwritten signature in black ink, appearing to read 'CAilman', written in a cursive style.

Christopher Ailman, Chief Investment Officer  
California State Teachers' Retirement System

Encl: Iran Internal Controls Questionnaire

## Attachment F: CalSTRS Portfolio Companies Identified as Possibly Having Ties to Iran

Companies Divested and Restricted					
	Company Name (Domicile)	Summary of Ties to Iran	Summary of Status	Shares Held by CalSTRS 06/30/2020	Market Value (\$) of Shares Held by CalSTRS 06/30/2020
1	China Blue Chemical Ltd. (China)	China Blue Chemical Ltd. is a majority-owned subsidiary of CNOOC, a restricted company.	In 2013, one of CalSTRS' external managers purchased shares of China Blue Chemical Ltd. CalSTRS initiated a review of the company and designated it as "Divested and Restricted." CalSTRS has maintained the "Divested and Restricted" status in 2020.	0	\$0
2	China Oilfield Services Limited (China)	China Oilfield Services Limited is a majority-owned subsidiary of CNOOC, a restricted company.  In 2014, China Oilfield Services Limited was identified as being involved in the development of oilfields in Iran.	In 2014, CalSTRS designated China Oilfield Services Limited as "Under Review" for potentially having ties to Iran. The company's activities in Iran were confirmed in CNOOC's 20-F Filing, which stated, "China Oilfield Services Limited (COSL), one of our non-controlled affiliates, continued to provide certain drilling and other related services in Iran in relation to subcontracting agreements entered into in 2009, as it did in 2012."  In 2014, CalSTRS designated China Oilfield Services Limited as "Divested and Restricted" and maintained the "Divested and Restricted" status in 2020.	0	\$0

	<b>Company Name (Domicile)</b>	<b>Summary of Ties to Iran</b>	<b>Summary of Status</b>	<b>Shares Held by CalSTRS 06/30/2020</b>	<b>Market Value (\$) of Shares Held by CalSTRS 06/30/2020</b>
3	CNOOC (China)	<p>According to CNOOC 20-F filings, the company cites in its risk section the potential for U.S. sanctions related to its affiliates' operations in Iran and Sudan. In particular, one of the company's non-controlled affiliates continued to provide certain drilling and other related services in Iran.</p> <p>In 2011, CalSTRS staff met with executives of the company in its offices in Beijing. The company confirmed its parent may have ties to Iran, but it does not, and will not, seek business in Iran as the company has and is looking to purchase more assets in the U.S.</p>	<p>In 2009, CalSTRS designated CNOOC as "Under Review." CNOOC was being considered for divestment because of the lack of clarity between it and its parent when it was announced CNOOC was buying 33% of Chesapeake Energy's stake in the Eagle Ford Shale project in south Texas. CalSTRS viewed this purchase as significant because it gives CNOOC U.S.-based assets that could be subject to sanctions. In 2011, CalSTRS designated the company as "Being Monitored."</p> <p>While CNOOC does not appear to have direct ties to Iran, CalSTRS is uncomfortable with its parent company's relations to the country. In 2012, CalSTRS divested holdings of CNOOC and maintained the "Divested and Restricted" status in 2020.</p>	0	\$0
4	Kunlun Energy Co. and Sinopec, a linked company (China)	Kunlun Energy Co.'s parent, Sinopec, is linked to Iran through oil exploration contracts and interests, refining, and commercialization of gas processing products.	<p>In 2009, CalSTRS designated Sinopec and its related companies, including CNPC Hong Kong, as "Divested and Restricted." In February 2010, CNPC Hong Kong changed its name to Kunlun Energy Co. Sinopec, and all its subsidiaries, including Kunlun Energy Co., remain "Divested and Restricted" in 2020.</p>	0	\$0
5	MISC Bhd. (Malaysia)	MISC Bhd. is a Malaysian shipping company that is linked to Iran through its parent company, Petronas, a "Divested and Restricted" company.	<p>In 2009, CalSTRS designated MISC Bhd. as "Divested and Restricted" and maintained that status in 2020.</p>	0	\$0



	<b>Company Name (Domicile)</b>	<b>Summary of Ties to Iran</b>	<b>Summary of Status</b>	<b>Shares Held by CalSTRS 06/30/2020</b>	<b>Market Value (\$) of Shares Held by CalSTRS 06/30/2020</b>
6	Oil and Natural Gas Company of India (India)	Oil and Natural Gas Company of India (ONGC) holds stakes in at least one Iranian gas field and is reportedly considering others. In 2013, it was reported that the company was no longer involved in the development of oilfields in Iran. However, through a subsidiary, it remains a large purchaser of Iranian crude.	ONGC was not on CalSTRS' 2009 Iran list but had already been designated as "Divested and Restricted" for ties to Sudan. In early 2010, CalSTRS also designated the company as "Divested and Restricted" for ties to Iran and maintained that status in 2020.	0	\$0
7	PetroChina and CNPC - as connected corporations to the Chinese National Oil Company (China)	PetroChina is linked to Iran through its parent, China National Petroleum Corp. (CNPC), which has interests in several Iranian oil and gas projects. Additionally, PetroChina is reportedly continuing work to develop the Azadegan Field in Iran.	In 2009, CalSTRS designated PetroChina as "Divested and Restricted" and maintained that status in 2020.	0	\$0
8	Petronas (Malaysia)	Petronas has an interest in multiple gas fields in Iran that are in the production phase. Additionally, in 2010, the company reportedly ceased supplying refined products to Iran. However, the company stated it is due to Iran's lack of demand and has not pledged to cease activities in the country. In 2013, Petronas withdrew from Phase 11 of the South Pars gas field and is in the cost recovery phase of Phases 2 and 3.	In 2009, CalSTRS designated Petronas as "Divested and Restricted." While the company's apparent withdrawal from Iran is promising, Petronas remains "Divested and Restricted" under Sudan sanctions. CalSTRS has maintained the "Divested and Restricted" status in 2020.	0	\$0

<b>Companies Under Review</b>					
	<b>Company Name (Domicile)</b>	<b>Summary of Ties to Iran</b>	<b>Summary Status</b>	<b>Shares Held by CalSTRS 06/30/2020</b>	<b>Market Value (\$) of Shares Held by CalSTRS 06/30/2020</b>
1	Akwel SA (France)	Akwel SA reportedly distributes automobile parts and provides consultancy services in Iran	In 2019, CalSTRS identified Akwel SA as potentially having ties to Iran and began the review process. The engagement has been delayed by shutdowns related to the COVID-19 pandemic. Accordingly, CalSTRS has maintained an "Under Review" status in 2020.	10,179	\$164,857
2	BYD Company (China)	BYD Company reportedly has a contract to distribute automobiles and the transfer of energy technology into Iran.	In 2020, CalSTRS identified BYD Electronic as potentially having ties to Iran and began the review process.	100,065	\$1,015,630
3	China National Chemical (China)	China National Chemical reportedly has construction projects in Iran.	In 2020, CalSTRS identified China National Chemical as potentially having ties to Iran and began the review process.	1,785,201	\$1,382,918
4	CRRC Corp. (China)	CRRC Corp. reportedly supplies transportation products to Iran through a contract with Iran's state-owned Industrial Development & Renovation Organization.	In 2020, CalSTRS identified CRRC Corp. as potentially having ties to Iran and began the review process.	A Shares 978,600 H Shares 20,340,000	A Shares \$770,529 H Shares \$8,581,529
5	Geely Automobile Holdings Limited (Hong Kong)	Geely Automobile Holdings Limited reportedly sells its products in Iran.	In 2019, CalSTRS identified Geely Automobile Holdings Limited as potentially having ties to Iran and began the review process. The engagement has been delayed by shutdowns related to the COVID-19 pandemic. Accordingly, CalSTRS maintained an "Under Review" status in 2020.	15,947,844	\$25,103,536

	<b>Company Name (Domicile)</b>	<b>Summary of Ties to Iran</b>	<b>Summary Status</b>	<b>Shares Held by CalSTRS 06/30/2020</b>	<b>Market Value (\$) of Shares Held by CalSTRS 06/30/2020</b>
6	Suzuki Motor Corp. (Japan)	Suzuki Motor reportedly licenses its products to an Iranian state-owned automobile manufacturing firm.	In 2019, CalSTRS identified Suzuki Motor Corp. as potentially having ties to Iran and began the review process. The engagement has been delayed by shutdowns related to the COVID-19 pandemic. Accordingly, CalSTRS maintained an "Under Review" status in 2020.	1,350,787	\$45,787,904
7	United Bank Limited (Pakistan)	United Bank Limited reportedly provides banking services in Iran.	In 2019, CalSTRS identified United Bank Limited as potentially having ties to Iran and began the review process. The engagement has been delayed by shutdowns related to the COVID-19 pandemic. Accordingly, CalSTRS maintained an "Under Review" status in 2020.	1,075,600	\$662,144
8	Wan Hai Lines (Taiwan)	Wan Hai Lines reportedly provides shipping services to Iran.	In 2019, CalSTRS identified Wan Hai Lines as potentially having ties to Iran and began the review process. The engagement has been delayed by shutdowns related to the COVID-19 pandemic. Accordingly, CalSTRS maintained an "Under Review" status in 2020.	339,000	\$189,007

<b>Companies Being Monitored</b>					
	<b>Company Name (Domicile)</b>	<b>Summary of Ties to Iran</b>	<b>Summary Status</b>	<b>Shares Held by CalSTRS 06/30/2020</b>	<b>Market Value (\$) of Shares Held by CalSTRS 06/30/2020</b>
1	Aiphone Co. Ltd. (Japan)	Aiphone, Co. Ltd. reportedly supplies its communications and security equipment in Iran.	In 2019, CalSTRS identified Aiphone Co. Ltd. as potentially having ties to Iran and began the review process. In 2020, CalSTRS moved Aiphone Co. Ltd. to "Being Monitored" status while sanction compliance went through additional review.	5,200	\$75,914
2	Bharat Petroleum Corporation Ltd. (India)	Bharat Petroleum Corporation Ltd. was identified as potentially purchasing Iranian crude.	In 2017, CalSTRS designated Bharat Petroleum Corporation Ltd. as "Under Review" for potentially having ties to Iran. In 2018, CalSTRS changed the status to "Being Monitored" because India is one of eight countries receiving a sanctions waiver that has since expired. CalSTRS has maintained the "Being Monitored" status in 2020 while confirming the company's compliance with current sanctions.	2,463,046	\$12,200,443
3	DMG Mori CO. LTD (Japan)	DMG Mori AG LTD has been identified as selling automation and production machinery in Iran.	In 2017, CalSTRS designated DMG Mori AG LTD as "Under Review" for potentially having ties to Iran. CalSTRS maintained the "Under Review" status in 2018. In 2019, CalSTRS designated DMG Mori AG LTD as "Being Monitored." CalSTRS has maintained the "Being Monitored" status in 2020.	127,192	\$1,540,900

	<b>Company Name (Domicile)</b>	<b>Summary of Ties to Iran</b>	<b>Summary Status</b>	<b>Shares Held by CalSTRS 06/30/2020</b>	<b>Market Value (\$) of Shares Held by CalSTRS 06/30/2020</b>
4	Doosan Corp. (South Korea)	In 2014, Doosan Corp. was identified by CalSTRS service providers as being a supplier of automotive products to companies in Iran.	In 2014, CalSTRS designated Doosan Corp. as "Under Review" for potentially having ties to Iran. In 2015, CalSTRS designated Doosan Corp. and related entities as "Divested and Restricted" after the company failed to respond to requests for information and maintained the "Divested and Restricted" status in 2019. In 2020, after a review of the company's relationship to Iran, CalSTRS removed Doosan Corp. from the "Divested and Restricted" list after confirmation the company has curtailed its business with Iran. However, CalSTRS placed the company in a "Being Monitored" status while sanction compliance went through additional review.	0	\$0
5	Eizo Corporation (Japan)	Eizo Corporation reportedly sells monitors for various industries, including air traffic control, in Iran.	In 2019, CalSTRS identified Eizo Corporation as potentially having ties to Iran and began the review process. In 2020, CalSTRS moved Eizo Corporation to a "Being Monitor" status while sanction compliance went through additional review.	16,799	\$616,799
6	Kanematsu Corp. (Japan)	Kanematsu Corp. has been identified as potentially providing motor vehicles and electronic parts in Iran through its distribution service.	In 2017, CalSTRS designated Kanematsu Corp. as "Under Review" for potentially having ties to Iran. CalSTRS maintained the "Under Review" status in 2018. In 2019, CalSTRS moved Kanematsu Corp. to a "Being Monitored" status. CalSTRS has maintained the "Being Monitored" status in 2020.	211,187	\$2,521,285
7	Larsen & Toubro Ltd. (India)	In 2014, Larsen & Toubro Ltd. was identified by CalSTRS service providers as providing products to Iran. Additionally, Larsen & Toubro Ltd. holds a stake in an Iran-based joint venture, IndIran Engineering Projects and Systems.	In 2014, CalSTRS designated Larsen & Toubro Ltd. as "Under Review" for potentially having ties to Iran. In 2015, CalSTRS designated Larsen & Toubro Ltd. as "Being Monitored." CalSTRS has maintained the "Being Monitored" status in 2020.	GDR 35,518	GDR \$441,844

	<b>Company Name (Domicile)</b>	<b>Summary of Ties to Iran</b>	<b>Summary Status</b>	<b>Shares Held by CalSTRS 06/30/2020</b>	<b>Market Value (\$) of Shares Held by CalSTRS 06/30/2020</b>
8	Lukoil OAO (Russia)	In 2009, Lukoil OAO confirmed to CalSTRS that it did not have any business in Iran. However, the company does have a 10% stake in the Shah Deniz Field operated by BP, which has Iran as a partner. The Shah Deniz Field operates under exemptions to the Iran sanctions. In 2016, Lukoil OAO reportedly signed an agreement for hydrocarbon exploration in Iran.	In 2014, CalSTRS re-evaluated Lukoil OAO and its sanction controls and relations with the National Iranian Oil Company (NIOC) relating to the Shah Deniz Field. In 2015, CalSTRS designated Lukoil OAO as "Being Monitored" due to media speculation that Russian firms were seeking business in Iran. In 2018, Lukoil OAO put its Iranian-based projects on hold due to U.S. sanctions on Iran. CalSTRS maintained the "Being Monitored" status due to sensitivity around Russian-based investments and to further review how the hold status affects the investment. In 2019, CalSTRS maintained the "Being Monitored" status as the company continues to take actions that demonstrate a potential to revive business in Iran and continued that status in 2020.	<u>ADR</u> 1,844,571  <u>Bonds</u> \$2,710,000	<u>ADR</u> \$136,931,091  <u>Bonds</u> \$2,874,768

	<b>Company Name (Domicile)</b>	<b>Summary of Ties to Iran</b>	<b>Summary Status</b>	<b>Shares Held by CalSTRS 06/30/2020</b>	<b>Market Value (\$) of Shares Held by CalSTRS 06/30/2020</b>
9	OAO Gazprom (Russia)	In July 2008, OAO Gazprom signed an MOU with the NIOC, which expired in July 2010. Additionally, Gazprom Neft, a subsidiary of OAO Gazprom, signed an MOU with the NIOC providing for joint exploration of oilfields in Iran. In 2014, the company reported that Iran had suspended cost recovery payments related to Phase 2 and 3 of the South Pars gas field. In December 2017, the company signed an MOU relating to the development of Iranian gas fields.	In 2009, CalSTRS designated OAO Gazprom as "Under Review." In 2010, CalSTRS designated OAO Gazprom as "Being Monitored" after confirming the company has no current investments in Iran. In 2011, CalSTRS maintained OAO Gazprom as "Being Monitored" as the U.S. Government Accountability Office (GAO) stated it had insufficient information on the company's activities and the Russian government's reported interest in developing a deal with Iran. In 2014, due to U.S. sanctions on Gazprom Bank, an OAO Gazprom subsidiary, CalSTRS determined to minimize its exposure to the company by restricting managers from making new purchases in OAO Gazprom securities. In 2016, for risk control purposes, CalSTRS revised the restriction on purchasing shares of OAO Gazprom to allow managers underweighted in OAO Gazprom (versus their benchmark) to purchase up to benchmark weight. In 2018, CalSTRS maintained the "Being Monitored" status and removed the benchmark weighting restriction on OAO Gazprom but required managers holding the security to make quarterly updates on their investment rationale. In 2020, CalSTRS maintained the "Being Monitored" status.	<u>ADR</u> 7,413,347	<u>ADR</u> \$40,136,243
10	PJSC Tatneft (Russia)	PJSC Tatneft has reportedly signed an agreement to develop the Deloran oilfield in Iran and performed studies on the development of the Shadeghan oilfield.	In 2017, CalSTRS designated PJSC Tatneft as "Under Review" for potentially having ties to Iran. In 2018, CalSTRS designated PJSC Tatneft as "Being Monitored" due to potentially ongoing operations in Iran and maintained that status in 2020.	<u>ADR</u> 232,718	<u>ADR</u> \$10,954,044

	<b>Company Name (Domicile)</b>	<b>Summary of Ties to Iran</b>	<b>Summary Status</b>	<b>Shares Held by CalSTRS 06/30/2020</b>	<b>Market Value (\$) of Shares Held by CalSTRS 06/30/2020</b>
11	Reliance Industries Ltd. (India)	Reliance Industries Ltd. has reportedly started purchasing Iranian crude after a six-year hiatus.	Reliance Industries Ltd. had previously been removed from the Iran-related securities list. In 2017, CalSTRS designated Reliance Industries Ltd. as "Under Review" for potentially having new ties to Iran. In 2018, CalSTRS designated Reliance Industries as "Being Monitored." While the company has announced they plan to halt purchases of Iranian crude, India was one of eight countries receiving a sanction waiver that has since expired. CalSTRS has maintained the "Being Monitored" status in 2020 while confirming the company's compliance with current sanctions.	<u>Stock</u> 5,283,415  <u>Partly Paid</u> <u>Shares</u> 24,404	<u>Stock</u> \$119,245,302  <u>Partly Paid</u> <u>Shares</u> \$257,797



Companies Removed					
	Company Name (Domicile)	Summary of Ties to Iran	Summary Status	Shares Held by CalSTRS 06/30/2020	Market Value (\$) of Shares Held by CalSTRS 06/30/2020
1	Aker Solutions (Norway)	Aker Solutions reportedly has a subsidiary with business agreements in Iran, which may include the transfer of petroleum research technology to Iran.	Aker Solutions had previously been removed from the CalSTRS Iran-related securities list. However, in 2016, CalSTRS reinitiated the review process due to potentially new involvement. In 2017, CalSTRS designated Aker Solutions as "Being Monitored" and maintained that status in 2019. In 2020, CalSTRS removed Aker Solutions after further review of the company's internal controls to prevent sanction violations.	710,312	\$616,286
2	Anton Oilfield Services (Finland)	Anton Oilfield Services was identified as potentially providing oil and gas oilfield equipment to Iran.	In 2018, CalSTRS identified Anton Oilfield Services as potentially having ties to Iran and began the review process. In 2019, CalSTRS removed Anton Oilfield Services as it no longer held any of the company's securities and subsequently restarted the review after shares were acquired. In 2020, CalSTRS removed Anton Oilfield Services as it no longer held any of the company's securities.	0	\$0
3	China Railway Group (China)	In 2016, news reports indicated China Railway Group signed a \$2 billion investment agreement, including the construction of a 350,000-ton smelter, a 500-megawatt power station and an anode project.	In 2016, CalSTRS designated China Railway Group as "Under Review" for potentially having ties to Iran. In 2017, CalSTRS designated China Railway Group as "Being Monitored" and maintained that status in 2019. In 2020, CalSTRS removed China Railway Group as it no longer held any of the company's securities.	0	\$0

	<b>Company Name (Domicile)</b>	<b>Summary of Ties to Iran</b>	<b>Summary Status</b>	<b>Shares Held by CalSTRS 06/30/2020</b>	<b>Market Value (\$) of Shares Held by CalSTRS 06/30/2020</b>
4	COSCO Shipping Energy Transportation (China)	On September 25, 2019, OFAC added COSCO Shipping Tanker (DALIAN) Co., Ltd. to the list of Specially Designated Nationals ("SDN") relating to Iran. COSCO Shipping Tanker (DALIAN) Co., Ltd. is a wholly-owned subsidiary of COSCO Shipping Energy Transportation.	In 2019, CalSTRS designated COSCO Shipping Energy Transportation as "Divested and Restricted" after OFAC added one of its subsidiaries to the list of Specially Designated Nationals. In 2020, OFAC lifted the sanctions on the COSCO Shipping Energy Transportation. CalSTRS subsequently removed the "Divested and Restricted" status.	0	\$0
6	DSV Panalpina A/S (Denmark)	DSV A/S merged with Panalpina Welttransport Holding AG, which had previously been identified as possibly providing shipping services to Iran.	In 2019, CalSTRS identified DSV A/S as potentially having ties to Iran with the merger with Panalpina Welttransport Holding AG and began the review process. In 2020, CalSTRS removed DSV Panalpina A/S after reviewing the company's internal controls to prevent sanction violations.	633,211	\$77,272,172
6	Hyosung Corporation (South Korea)	Hyosung Corporation reportedly has an agreement with Iran's state-run National Petrochemical Company to establish a polypropylene plant in Iran.	In 2019, CalSTRS identified Hyosung Corporation as potentially having ties to Iran and began the review process. In 2020, CalSTRS removed Hyosung Corporation as it no longer held any of the company's securities.	0	\$0
7	ICICI Bank (India)	ICICI Bank reportedly facilitates banking services with Iran.	In 2020, CalSTRS identified and subsequently removed ICICI Bank after reviewing the company's internal controls to prevent sanction violations.	<u>Stock</u> 11,168,608  <u>ADR</u> 492,824  <u>Bonds</u> 2,170,000	<u>Stock</u> \$51,986,918  <u>ADR</u> \$4,578,335  <u>Bonds</u> \$2,170,087

	<b>Company Name (Domicile)</b>	<b>Summary of Ties to Iran</b>	<b>Summary Status</b>	<b>Shares Held by CalSTRS 06/30/2020</b>	<b>Market Value (\$) of Shares Held by CalSTRS 06/30/2020</b>
8	Indian Oil Corp. (India)	Indian Oil Corp. has been identified as having a majority stake in a company in Iran. One of the minority partners in the company has ties to the Iranian Revolutionary Guard Corps, an entity restricted by U.S. sanctions. The U.S. Government Accountability Office (GAO) has identified Indian Oil Corp. as having commercial activity in Iran's energy sector.	Since 2012, CalSTRS has initiated the review process multiple times as CalSTRS external managers purchased the security but liquidated the security before completing the engagement. In 2015, CalSTRS designated the company as "Divested and Restricted" because of the troubling nature of its ties to Iran and believed it would be more efficient than continually initiating the review process. In 2020, prompted by potential manager interest in investing in the company, CalSTRS removed Indian Oil Corp. after further review of the company's ties to Iran and internal controls to prevent sanction violations.	0	\$0
9	JGC Holdings Corporation (Japan)	JGC Holdings Corporation reportedly provides engineering services for power plants and gas processing plants in Iran.	In 2017, CalSTRS designated JGC Corporation as "Under Review" for potentially having ties to Iran. CalSTRS maintained the "Under Review" status in 2018. In 2019, CalSTRS designated JGC Corporation as "Being Monitored." In 2020, CalSTRS removed JGC Holdings Corporation after further review of the company's internal controls to prevent sanction violations.	336,845	\$3,540,643
10	Kamigumi Co. Ltd. (Japan)	In 2014, Kamigumi Co. Ltd. was identified by CalSTRS service providers as being a supplier of logistic services in Iran, including agreements with state-owned Islamic Republic of Iran Shipping Lines.	In 2014, CalSTRS designated Kamigumi Co. Ltd. as "Under Review" for potentially having ties to Iran. In 2015, CalSTRS designated Kamigumi Co. Ltd. as "Being Monitored." In 2020, CalSTRS removed Kamigumi Co. Ltd. after further review of the company's internal controls to prevent sanction violations.	355,312	\$6,962,317

	<b>Company Name (Domicile)</b>	<b>Summary of Ties to Iran</b>	<b>Summary Status</b>	<b>Shares Held by CalSTRS 06/30/2020</b>	<b>Market Value (\$) of Shares Held by CalSTRS 06/30/2020</b>
11	Mitsui & Co., Ltd. (Japan)	Mitsui & Co., Ltd. reportedly purchases oil from Iran.	In 2019, CalSTRS identified Mitsui & Co., Ltd. as potentially having ties to Iran and began the review process. In 2020, CalSTRS removed Mitsui & Co., Ltd. after reviewing the company's internal controls to prevent sanction violations.	3,648,105	\$53,917,629
12	Mitsui Chemicals (Japan)	Mitsui Chemicals reportedly has licensed technology for a petrochemical project in Iran.	In 2019, CalSTRS identified Mitsui Chemicals as potentially having ties to Iran and began the review process. In 2020, CalSTRS removed Mitsui Chemicals after reviewing the company's internal controls to prevent sanction violations.	260,401	\$5,423,563
13	Oil India (India)	Oil India has been identified as having a participating interest in an offshore oil field in Iran. The U.S. Government Accountability Office (GAO) has identified Oil India as having commercial activity in Iran's energy sector.	Since 2012, CalSTRS has initiated the review process multiple times as the security was purchased by CalSTRS external managers but liquidated the security before completing the engagement. In 2015, CalSTRS designated the company as "Divested and Restricted" because it would be more efficient than continually initiating the review process. In 2020, prompted by potential manager interest in investing in the company, CalSTRS removed Oil India after further review of the company's internal controls to prevent sanction violations.	1,376,730	\$1,707,607
14	OMV (Austria)	OMV signed an MOU with Dana Energy and NIOC to develop the Band Karkheh oilfield.	In 2017, CalSTRS designated OMV as "Being Monitored" for potentially having new ties to Iran and subsequently maintained the status after reviewing the company's business and internal controls and determined to monitor its interest in the Band Karkheh oilfield. In 2018, the company announced it will pull out of Iran when seismic studies are completed. In 2020, CalSTRS removed OMV after further review of the company's internal controls to prevent sanction violations.	237,307	\$7,931,973

	<b>Company Name (Domicile)</b>	<b>Summary of Ties to Iran</b>	<b>Summary Status</b>	<b>Shares Held by CaSTRS 06/30/2020</b>	<b>Market Value (\$) of Shares Held by CaSTRS 06/30/2020</b>
15	Polskie Górnictwo Naftowe i Gazownictwo (PGNiG) (Poland)	PGNiG has an MOU with NIOC to work on the Lavan Island and Sourmar oilfields.	CaSTRS has initiated the review process multiple times since 2012 but liquidated the security before completing the engagement. In 2015, CaSTRS designated PGNiG as "Being Monitored." In 2020, CaSTRS removed PGNiG after further review of the company's internal controls to prevent sanction violations and because it no longer held any of the company's securities	0	\$0
16	Qatar Islamic Bank (Qatar)	Qatar Islamic Bank reportedly facilitates banking services with Iran.	In 2020, CaSTRS identified and subsequently removed Qatar Islamic Bank after reviewing the company's internal controls to prevent sanction violations.	68,410	\$295,924
17	Vodafone Group Plc (United Kingdom)	Vodafone Group Plc reportedly provides telecommunications services in Iran.	In 2019, CaSTRS identified Vodafone Group Plc as potentially having ties to Iran and began the review process. In 2020, CaSTRS removed Vodafone Group Plc after reviewing the company's internal controls to prevent sanction violations.	<u>Stock</u> 67,998,195 <u>ADR</u> 715,400 <u>Bonds</u> \$28,150,000	<u>Stock</u> \$121,481,157 <u>ADR</u> \$11,403,476 <u>Bonds</u> \$34,009,598
18	Wacker Chemie AG (Germany)	Wacker Chemie AG reportedly provides products in Iran.	In 2019, CaSTRS identified Wacker Chemie AG as potentially having ties to Iran and began the review process. In 2020, CaSTRS removed Wacker Chemie AG after reviewing the company's internal controls to prevent sanction violations.	17,247	\$1,182,404

	<b>Company Name (Domicile)</b>	<b>Summary of Ties to Iran</b>	<b>Summary Status</b>	<b>Shares Held by CalSTRS 06/30/2020</b>	<b>Market Value (\$) of Shares Held by CalSTRS 06/30/2020</b>
19	Woori Bank (South Korea)	Woori Finance Holdings Co. was identified as providing import-export financing services to facilitate trade with Iran. In late 2014, Woori Finance Holdings Co. merged with its subsidiary Woori Bank and changed its name to Woori Bank.	In 2014, CalSTRS designated Woori Finance Holdings Co. as "Under Review" for potentially having ties to Iran. In 2015, CalSTRS designated the company as "Being Monitored." In 2020, CalSTRS removed Woori Bank as it no longer held any of the company's securities.	0	\$0

**Attachment G: CalSTRS Portfolio Companies Identified as Possibly Having Ties to Sudan**

<b>Companies Divested and Restricted</b>					
	<b>Company Name (Domicile)</b>	<b>Summary of Ties to Sudan</b>	<b>Summary of Status</b>	<b>Shares Held by CalSTRS 06/30/2020</b>	<b>Market Value (\$) of Shares Held by CalSTRS 06/30/2020</b>
1	AviChina Industry and Technology Limited (China)	AviChina was identified as possibly providing military equipment and maintenance services to Sudan.	In 2016, CalSTRS designated AviChina as "Divested and Restricted." CalSTRS has maintained the "Divested and Restricted" status in 2020.	0	\$0
2	Bharat Heavy Electricals (India)	Bharat Heavy Electricals has contracts to build power plants in Sudan.	In 2009, Bharat Heavy Electricals was designated as "Divested and Restricted." CalSTRS has maintained the "Divested and Restricted" status in 2020.	0	\$0
3	Dongfeng Motor Group and Dongfeng Automobile Company Ltd., a linked company (China)	Dongfeng Motor Group and Dongfeng Automobile Company Ltd. have reportedly supplied military vehicles to the Sudanese government. The companies did not reply to CalSTRS requests for information.	In 2009, Dongfeng Motor Group and Dongfeng Automobile Company Ltd. were designated as "Divested and Restricted." CalSTRS has maintained the "Divested and Restricted" status in 2020.	0	\$0
4	Kunlun Energy Co. and Sinopec, a linked company (China)	While Kunlun Energy Co. has no activity in Sudan, its parent, CNPC, is the largest partner of several oil consortiums that have active oil exploration and production operations in Sudan.	In 2009, Sinopec and its related companies, including CNPC Hong Kong, were designated as "Divested and Restricted." In February 2010, CNPC Hong Kong changed its name to Kunlun Energy Co. Sinopec and all of its subsidiaries, including Kunlun Energy Co., have remained "Divested and Restricted" in 2020.	0	\$0
5	MISC Bhd. (Malaysia)	MISC Bhd. is a Malaysian shipping company that is linked to Sudan through its parent company, Petronas, also a "Restricted" company.	In 2009, MISC Bhd. was designated as "Divested and Restricted." CalSTRS has maintained the "Divested and Restricted" status in 2020.	0	\$0
6	Oil and Natural Gas Company of India (India)	Oil and Natural Gas Company of India (ONGC) has interests in multiple Sudanese oil blocks.	In 2009, ONGC was designated as "Divested and Restricted." CalSTRS has maintained the "Divested and Restricted" status in 2020.	0	\$0

	<b>Company Name (Domicile)</b>	<b>Summary of Ties to Sudan</b>	<b>Summary of Status</b>	<b>Shares Held by CalSTRS 06/30/2020</b>	<b>Market Value (\$) of Shares Held by CalSTRS 06/30/2020</b>
7	PECD Berhad (Malaysia)	PECD Berhad has an ongoing contract to build an oil export terminal in Port Sudan.	In 2009, PECD Berhad was designated as "Divested and Restricted." CalSTRS has maintained the "Divested and Restricted" status in 2020.	0	\$0
8	PetroChina and CNPC - as connected corporations to the Chinese National Oil Company (China)	PetroChina has no operations in Sudan but is linked to the country through its parent, CNPC, which has multiple interests in Sudan.	In 2009, CalSTRS designated PetroChina as "Divested and Restricted." CalSTRS has maintained the "Divested and Restricted" status in 2020.	0	\$0
9	Petronas (Malaysia)	Petronas has an interest in several oil fields in Sudan.	In 2009, CalSTRS designated Petronas as "Divested and Restricted." CalSTRS has maintained the "Divested and Restricted" status in 2020.	0	\$0
10	Sudan Telecom Company (Sudatel) (Sudan)	Sudan Telecom (Sudatel) provides telecommunication services in Sudan and reportedly cut services to villages in Darfur when attacks were imminent.	In 2009, CalSTRS designated Sudan Telecom as "Divested and Restricted." CalSTRS has maintained the "Divested and Restricted" status in 2020.	0	\$0

<b>Companies Under Review</b>					
	<b>Company Name (Domicile)</b>	<b>Summary of Ties to Sudan</b>	<b>Summary Status</b>	<b>Shares Held by CalSTRS 06/30/2020</b>	<b>Market Value (\$) of Shares Held by CalSTRS 06/30/2020</b>
No companies were under review as of 6/30/2020.					



<b>Companies Being Monitored</b>					
	<b>Company Name (Domicile)</b>	<b>Summary of Ties to Sudan</b>	<b>Summary Status</b>	<b>Shares Held by CalSTRS 06/30/2020</b>	<b>Market Value (\$) of Shares Held by CalSTRS 06/30/2020</b>
1	First Abu Dhabi Bank (United Arab Emirates)	First Abu Dhabi Bank was identified as potentially facilitating banking services in Sudan.	In 2017, CalSTRS designated First Abu Dhabi Bank as "Under Review" for potentially having ties to Sudan. In 2018, CalSTRS designated First Abu Dhabi Bank as "Being Monitored" and maintained that status in 2020.	Stock 9,918,856	Stock \$30,352,134
2	International Container Terminal Services, Inc. (Philippines)	In 2019, International Container Terminal Services, Inc. signed a 20-year concession with state-owned Sea Ports Corp. to operate, manage and develop the South Port Container Terminal in Sudan.	In 2019, CalSTRS designated International Shipping Container Terminal Services Inc as "Being Monitored" and maintained that status in 2020.	882,980	\$1,816,466
3	Larsen & Toubro Ltd. (India)	Larsen & Toubro Ltd. was identified as providing consulting services to the government of Sudan.	In 2015, CalSTRS designated Larsen & Toubro Ltd. as "Under Review" for potentially having ties to Sudan. In 2016, CalSTRS designated Larsen & Toubro Ltd. as "Being Monitored" and maintained that status in 2020 as the company continues to have a low risk of violating U.S. sanctions.	GDR 35,518	GDR \$441,844
4	Makita Group (Japan)	Makita Group was identified as providing products and equipment to Sudan.	In 2015, CalSTRS designated Makita Group as "Under Review" for potentially having ties to Sudan. In 2016, CalSTRS designated Makita Group as "Being Monitored" and maintained that status in 2020 as the company continues to have a low risk of violating U.S. sanctions.	1,151,270	\$41,778,023
5	Malayan Banking Bhd. (Malaysia)	Malayan Banking Bhd. was identified as potentially providing banking services in Sudan.	In 2017, CalSTRS designated Malayan Banking Bhd. as "Under Review" for potentially having ties to Sudan. In 2018, CalSTRS designated Malayan Banking Bhd. as "Being Monitored" and maintained that status in 2020.	13,681,552	\$23,978,636

<b>Companies Removed</b>					
	<b>Company Name (Domicile)</b>	<b>Summary of Ties to Sudan</b>	<b>Summary Status</b>	<b>Shares Held by CaSTRS 06/30/2020</b>	<b>Market Value (\$) of Shares Held by CaSTRS 06/30/2020</b>
1	Abu Dhabi Islamic Bank (United Arab Emirates)	Abu Dhabi Islamic Bank was identified as potentially providing banking services in Sudan.	In 2019, CaSTRS identified Abu Dhabi Islamic Bank as potentially having ties to Sudan and began the review process. In 2020, CaSTRS removed Abu Dhabi Islamic Bank as it no longer held any of its securities.	0	\$0
2	Anton Oilfield Services (Finland)	Anton Oilfield Services has been identified as potentially providing products and services for oil and gas production in Sudan.	In 2018, CaSTRS identified Anton Oilfield Services as potentially having ties to Sudan and began the review process. In 2019, CaSTRS initially removed the company as it no longer held any of its securities and subsequently restarted the review after securities were acquired. In 2020, CaSTRS removed Anton Oilfield Services as it no longer held any of its securities.	0	\$0
3	China Railway Group (China)	China Railway Group has two supply contracts and one works contract for railway maintenance in Sudan.	In 2013, CaSTRS designated China Railway Group as "Under Review" for potentially having ties to Sudan. In 2014, CaSTRS designated China Railway Group as "Being Monitored" and maintained that status through 2019. In 2020, CaSTRS removed China Railway Group as it no longer held any of its securities.	0	\$0
4	Commercial Bank PQSC (Qatar)	Commercial Bank PQSC was identified as potentially facilitating banking services in Sudan.	In 2016, CaSTRS designated Commercial Bank PQSC as "Under Review" for potentially having ties to Sudan. In 2017, CaSTRS designated Commercial Bank PQSC as "Being Monitored" and maintained that status through 2019. In 2020, CaSTRS removed Commercial Bank PQSC as it no longer held any of its securities.	0	\$0

	<b>Company Name (Domicile)</b>	<b>Summary of Ties to Sudan</b>	<b>Summary Status</b>	<b>Shares Held by CalSTRS 06/30/2020</b>	<b>Market Value (\$) of Shares Held by CalSTRS 06/30/2020</b>
5	DSV Panaplina A/S (Denmark)	DSV A/S was identified as potentially providing shipping and logistics services to Sudan. Additionally, in 2019, DSV A/S completed a merger with Panaplina Wettransport Holding AG, another company identified as providing services in Sudan.	In 2019, CalSTRS identified DSV A/S as potentially having ties to Sudan and began the review process. The review process also included integration of Panaplina Wettransport Holding AG, after the merger. In 2020, CalSTRS removed DSV Panaplina A/S after reviewing the company's internal controls to prevent sanction violations.	633,211	\$77,272,172
6	ICICI Bank (India)	ICICI Bank was identified as potentially providing banking services in Sudan.	In 2016, CalSTRS designated ICICI Bank as "Under Review" for potentially having ties to Sudan. In 2017, CalSTRS designated ICICI Bank as "Being Monitored" and maintained that status in 2019. In 2020, CalSTRS removed ICICI Bank after reviewing the company's internal controls to prevent sanction violations.	Stock 11,168,608  ADR 492,824	Stock \$51,986,918  ADR \$4,578,335
7	Qatar Islamic Bank (Qatar)	Qatar Islamic Bank was identified as potentially providing banking services in Sudan.	In 2016, CalSTRS designated Qatar Islamic Bank as "Under Review" for potentially having ties to Sudan. In 2017, CalSTRS designated Qatar Islamic Bank as "Being Monitored" and maintained that status in 2019. In 2020, CalSTRS removed Qatar Islamic Bank after reviewing the company's internal controls to prevent sanction violations.	68,410	\$295,924

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California State Teachers'  
Retirement System  
Christopher J. Ailman  
Chief Investment Officer  
100 Waterfront Place, MS-4  
West Sacramento, CA 95605-2807

October 30, 2020

Jeffrey Bezos, CEO and Chairman of the Board  
AMAZON.COM, INC.  
410 Terry Avenue North  
Seattle, WA 98109

Dear Mr. Bezos,

This letter is sent to you on behalf of the California State Teachers' Retirement System (CalSTRS). CalSTRS was established for the benefit of California's public school teachers over 100 years ago and is the largest educator-only pension fund in the world. CalSTRS serves the investment and retirement interests of over 965,000 plan participants. The long-term nature of CalSTRS' liabilities, and its responsibilities as a fiduciary to its members, makes the fund keenly interested in governance issues. As of August 31, 2020, the CalSTRS portfolio was valued at approximately **\$262.5 billion**, with approximately **\$117 billion** of the fund's assets invested in the public equity markets, on both a domestic and an international basis. CalSTRS currently holds 2,566,173,274 worth of AMAZON.COM, INC. securities in our portfolio.

Under a 1999 California Law, CalSTRS is required to monitor our portfolio for companies that have operations in Northern Ireland. In addition to the law, CalSTRS investments are governed by an Investment Policy for Mitigating Environmental, Social, and Governance Risks (ESG) that can be accessed in our Board Policy Manual found on our website [www.calstrs.com](http://www.calstrs.com). CalSTRS has contracted with MSCI Inc., to provide us with information on companies that have operations in Northern Ireland. Furthermore, MSCI reports on the companies' identified efforts towards inclusiveness in Northern Ireland. AMAZON.COM, INC. has been identified as having operations in Northern Ireland and as having not taken substantial action towards inclusiveness. As long-term investors, we encourage AMAZON.COM, INC. to take substantial action, such as adopting the MacBride principles to address this issue.

Attachment H

Jeffrey Bezos

11/2/2020

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If you have any questions, please feel free to contact Philip Larrieu of the CalSTRS corporate governance staff at:

Philip Larrieu  
CalSTRS – Sustainable Investment and Stewardship Strategies  
100 Waterfront Place, MS-4  
West Sacramento, CA 95605  
[plarrieu@calstrs.com](mailto:plarrieu@calstrs.com)

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Ailman', written in a cursive style.

Christopher Ailman  
Chief Investment Officer