

Investment Committee unanimously approves new sustainable investment portfolio

At its March meeting, the Teachers' Retirement Board's Investment Committee unanimously approved changes to CalSTRS' Sustainable Investment and Stewardship Strategies (SISS) investment policy, allowing staff to expand the fund's sustainable and low-carbon investments to private asset classes.

In October 2019, CalSTRS embarked on its Low-Carbon Transition Work Plan to better understand the impacts of climate change on the Teachers' Retirement Fund and identify climate-related and low-carbon investments that benefit the fund and our members. The investment policy approved at the March board meeting will allow CalSTRS to systematically expand investment opportunities in sustainability and climate-oriented solutions within its Private Equity, Real Estate and Infrastructure and Innovative Strategies asset classes.

Staff recognizes that the sustainable investment landscape is rapidly evolving. As a starting point, staff will focus on affordable housing opportunities, as well as low-carbon solutions relating to energy, technology-enabled resource efficiency, water and waste management, land/agriculture management and food security. The SISS team anticipates deploying \$1-2 billion in private market investments over the next few years.

Next Steps



Policy



Collaboration/
Training



Operations



Pipeline

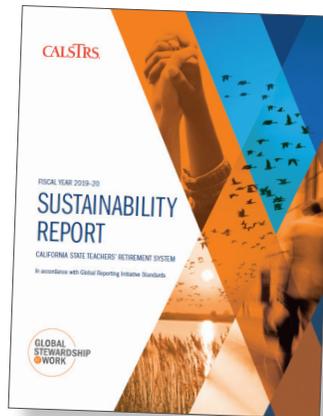


Investment
Opportunities

CalSTRS continues commitment to sustainability

The extraordinary events of 2020 brought the ideas of corporate sustainability and business continuity to the forefront of public consciousness. While CalSTRS has a long history of managing enterprise risk, this past year brought new and unexpected challenges to our organization. In response to the spread of the COVID-19 pandemic, in March 2020, CalSTRS began executing its core business functions in a remote environment for the first time. Today, CalSTRS continues to serve members remotely.

There is a growing international movement for corporate transparency on sustainability, and CalSTRS has a long history of measuring and reporting on our practices. In March 2021, CalSTRS released our seventh [Sustainability Report](#) in accordance with the Global Reporting Initiative (GRI) Standards, the global best practices for corporate sustainability reporting.



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March TRB meeting online



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

Board members

Harry M. Keiley
Chair, K-12 Classroom Teacher

Sharon Hendricks
Vice Chair, Community College Instructor

Keely Bosler
Ex Officio Member, Director of Finance

Denise Bradford
K-12 Classroom Teacher

Joy Higa
Public Representative

Fiona Ma
Ex Officio Member, State Treasurer

William Prezant
Public Representative

Tony Thurmond
Ex Officio Member, State Superintendent of Public Instruction

Jennifer Urdan
Public Representative

Karen Yamamoto
Retiree Representative

Betty Yee
Ex Officio Member, State Controller

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CalSTRS continues commitment to sustainability

In the report, CalSTRS focuses on five topics: managing enterprise risk, the path to full funding, member retirement preparedness, the transition to a low-carbon economy, and diversity and inclusion. We also report on our leadership in sustainable finance and the environmental performance of our headquarters campus.

CalSTRS recognizes that many challenges remain to meet the goals of the Paris Climate Agreement. We will continue to advance sustainability practices that promote long-term value creation, responsible investment strategies, stewardship of our natural resources and engagement with our stakeholder community, while delivering on our commitment to our members.



Semi-annual reports show fund's long-term growth

CalSTRS' semi-annual investment performance reports provide timely updates to the board and aid the Investment Committee in overseeing the Teachers' Retirement Fund.

The latest editions of the three reports—[general consultant](#) (a summary of each asset class), [Real Estate](#) and [Private Equity](#)—were presented to the board and discussed at the March meeting.

CalSTRS' investment return was 8.5% for the past 30 years, including a 13% gain in calendar year 2020.

The next semi-annual reports will be presented to the board at the September 2021 meeting.

Monitoring risk in an evolving work environment

Recognizing and managing risk is vital for CalSTRS to achieve our strategic goals and to ensure the continuity of our business operations.

CalSTRS continuously monitors all risk categories as our remote work environment continues, including the impact on our [strategic plan](#) and ongoing projects.

Our risk profile continues to remain stable thanks to ongoing risk mitigation practices, including those associated with the COVID-19 pandemic.

CalSTRS presented the latest Enterprise Risk Management Report to the board at the March meeting.

Risk assessments include staying up-to-date on world events such as the pandemic and social unrest. We adjust business processes and internal controls as appropriate to avoid risks and ensure effectiveness of our ongoing mitigation efforts, identify risk transfer opportunities and accept risks where the cost of mitigation exceeds the potential benefit.

See the [full report](#) and watch the [video](#) presentation for highlights, including a timeline change for CalSTRS' reporting periods, and a shift in four risk categories:

- Pension funding – actuarial
- Financial reporting
- Pension reform
- Transformational change

Next virtual board meeting dates:
May 5–7, 2021

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

CALSTRS

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For more information on board meeting items and video archives, visit www.CalSTRS.com/teachers-retirement-board

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