

Fulfilling our mission while addressing climate change

Climate change is one of the greatest threats to our future—impacting our planet, the environment, the global economy and everyone's health and safety. Our climate-related strategies support the retirement security of our members.

CALSTRS INVESTMENT PORTFOLIO



- ▶ Globally diversified
- ▶ Covers all financial markets
- ▶ All asset classes affected by climate risk
- ▶ Total fund approach to climate change

TOP 4 GLOBAL GREENHOUSE GAS EMITTERS BY SECTOR



Electricity and heat



Transportation



Manufacturing and construction



Agriculture

MAJOR CALSTRS MILESTONES

- 2004** Began investing in climate solutions
- 2006** Established climate change stewardship program to influence companies and governments
- 2015** Signed Paris Pledge for Action in support of the Paris Climate Agreement
- 2016** Created low-carbon index to reduce portfolio emissions
- 2018** Joined Climate Action 100+ to engage companies
- 2020** Adopted climate-related Investment Belief
- 2021** Pledged to achieve a net zero investment portfolio by 2050 or sooner
- 2022** Adopted measures to further reduce portfolio emissions

SIGNIFICANT INVESTMENTS

\$18.3 billion

(as of June 30, 2022)

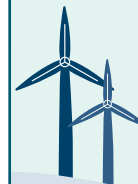
LEED-certified buildings in our Real Estate Portfolio



\$1.8 billion

(as of March 31, 2022)

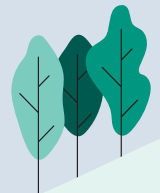
Renewable power, agriculture, timberland and LEED-certified structure investments in our Inflation Sensitive Portfolio



\$8.9 billion

(as of June 30, 2022)

Dedicated sustainability-focused portfolio: Total Sustainable Investment and Stewardship Strategies Portfolio



\$306.0 million

(as of June 30, 2022)

Green bonds in our Fixed Income Portfolio

Net Zero Climate Action Plan

In 2021, CalSTRS pledged to achieve net zero greenhouse gas emissions in our investment portfolio by 2050 or sooner. Net zero means the amount of greenhouse gases emitted by humans is offset by the amount taken away, either by natural means, such as forests, or by technology, such as carbon capture and storage.

CalSTRS' commitment to net zero builds on nearly 20 years of influencing global sustainable business practices and public policies.

IN 2022, THE TEACHERS' RETIREMENT BOARD SET FOUR ADDITIONAL MEASURES TO ACHIEVE NET ZERO:

1

Reduce greenhouse gas emissions across the investment portfolio by 50% by 2030

2

Incorporate a comprehensive analysis of greenhouse gas emissions into investment decisions

3

Target a 20% allocation of the Public Equity Portfolio to a low-carbon index to reduce emissions

4

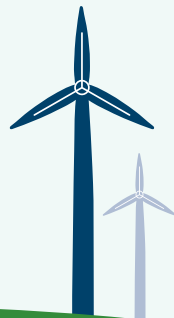
Integrate climate scenarios into asset-liability modeling framework to help guide investment allocations

STEWARDSHIP HIGHLIGHTS

CalSTRS is an active contributor to the Climate Action 100+ initiative, leading direct engagement with the world's most significant corporate carbon contributors to help align their policies with the Paris Climate Agreement and the global net zero emissions transition.

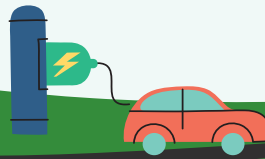
DUKE ENERGY

One of America's largest energy holding companies, plans to reduce energy generated from coal to 5% of total generation by 2030 and to fully exit coal by 2035.



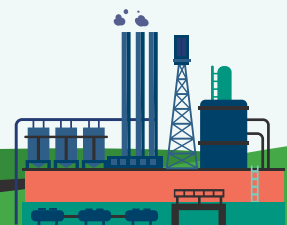
FORD AND GENERAL MOTORS

Two American multinational automobile manufacturers pledge to sell only zero emissions cars by 2040.



PHILLIPS 66

Midstream refiner commits to converting San Francisco area refinery into one of the world's largest renewable fuels facilities.



2022 and beyond

We will continue our long-term commitment of achieving net zero portfolio emissions by 2050 or sooner through our comprehensive strategy and a series of short-term goals focused on reducing emissions, investing in climate solutions and accelerating the global economic shift to net zero.



To learn more, visit CalSTRS.com/path-to-net-zero.

