

# 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.

## CALSTRS INVESTMENT PORTFOLIO



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

## TOP 4 GLOBAL GREENHOUSE GAS EMITTERS BY SECTOR



Electricity and heat



Transportation








Manufacturing and construction



Agriculture

## MAJOR MILESTONES

- 2004  Began investing in climate solutions
- 2006  Established climate change stewardship program
- 2007  Published first Green Initiative Task Force Report
- 2011  Co-sponsored Mercer climate study
- 2014  Signed on to the Global Investor Statement on Climate Change
- 2015  Signed Paris Pledge for Action in support of the Paris Agreement
- 2016  Created low-carbon index
- 2018  Joined Climate Action 100+
- 2019  Approved Low-Carbon Transition Work Plan
- 2020  Adopted climate-related Investment Belief
- 2021 
  - ▶ Replaced three ExxonMobil board directors through historic board election
  - ▶ Started low-carbon transition readiness strategy investment
  - ▶ Pledged to achieve net zero greenhouse gas emissions portfolio by 2050

## RECENT SIGNIFICANT INVESTMENTS (as of December 31, 2021)

**\$14.2 billion**

LEED-certified buildings in our Real Estate Portfolio.



**\$4.2 billion**

Dedicated low-carbon strategies in our Public Equities Portfolio.

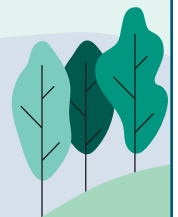
**\$1.4 billion**

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



**\$1 billion**

BlackRock low-carbon transition readiness exchange-traded funds.



**\$294 million**

Green bonds in our Fixed Income Portfolio.

## RECENT STEWARDSHIP HIGHLIGHTS

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

### DUKE ENERGY

One of the largest U.S. utility companies, agreed to a 50% reduction in carbon emissions by 2030 and net zero emissions by 2050.



### MAERSK

The world's largest ocean shipping company committed to net zero carbon emissions by 2050.



### EXXON MOBIL

This U.S. multinational oil and gas corporation announced its ambition to achieve net zero greenhouse gas emissions for operated assets by 2050.



## Net Zero Climate Action Plan

CalSTRS has 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.

Mitigation activities to achieve net zero increase carbon dioxide absorption through natural solutions like forest conservation and restoration, and improved agriculture and land management. Technology also creates solutions that capture and store greenhouse gases created by human activity before entering the atmosphere or through direct air removal of existing emissions. We look through three lenses when creating our net zero strategies: Risk, return, influence.

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

### RISK



We strive to measure and reduce carbon emissions.

### RETURN



We seek to increase our portfolio returns through investing in climate change solutions.

### INFLUENCE



We create change through persuasion and collaboration.

## 2022 and beyond

A long-term commitment—such as achieving net zero portfolio emissions by 2050 or sooner—needs to be managed as a series of short-term goals. Key steps in our Net Zero Climate Action Plan include:

Deciding on appropriate resources and partners to support our plan.

Identifying interim public market greenhouse gas reduction metrics and targets.

Determining our exposure to climate-related, return-oriented investments.

Planning our tactics for escalating engagement efforts.

We will continue to build on our long history of climate risk management as we implement our net zero pledge and move the CalSTRS Investment Portfolio toward net zero emissions by 2050 or sooner.