Transition to a Low-Carbon Economy
Paris Agreement

- Ratified by 184 nations in November 2016
- Mobilized world leaders in a global endeavor to transition to a low-carbon economy
- CalSTRS initiates implementation of a Low-Carbon Transition Work Plan
CaISTRS is committed to

• Influencing public policies
• Engaging with companies
• Investing to promote an orderly transition to a low-carbon economy
Transition to a Low Carbon Economy

- CalSTRS engages policy makers and financial markets

2014: Signatory to the Investor Statement on Climate Change

2015: Signed on to the Paris Pledge for Action

2015: Participant in UN-led Business and investor Working Group on Carbon Pricing

2016: CalSTRS begins asking Global Equity managers whether they consider carbon profile in decision making

2017: Signatory to the Global Investor Letter to G7 Governments calling for climate change risk management

2019: CalSTRS Investment Committee approves new low carbon policies
Climate Action 100+

Working with approximately 370 global investors who collectively manage more than $35 trillion in assets under management to engage over 160 of the world’s most significant greenhouse gas emitters to align their corporate strategies with the Paris Climate Accord.

Results to date:

- American Electric Power
- Glencore
- Shell
- Maersk
• CalSTRS Low-Carbon Investments by the Numbers

<table>
<thead>
<tr>
<th>Public Equity</th>
<th>Fixed Income</th>
<th>Inflation-Sensitive</th>
<th>Private Equity</th>
<th>Real Estate</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2 billion</td>
<td>$288 million</td>
<td>$364 million</td>
<td>More than $500 million</td>
<td>Nearly 90%</td>
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Board work plan analyzing impacts of low-carbon economy

Next Steps:

• Building consensus
• Analyzing “transition readiness”
• Expanding our stewardship activities
• Analyzing physical risks
October 2019 CalSTRS Board Offsite

Guest speakers:
• Trevor Houser, Rhodium Group
• Alicia Seiger, Stanford Sustainable Finance Initiative
• John Goldstein, Goldman Sachs

Board & staff discussion outcomes:
• Low carbon investment belief
• Climate focused innovation portfolio
• Private assets carbon transition analysis