



Fiscal year 2023–24

# Sustainability Report

Reporting with reference to the  
Global Reporting Initiative standards



Art glass by Paul Housberg, 2009



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## Our mission

Securing the financial future and sustaining the trust of California's educators.

## Our vision

Your reward—  
a secure retirement

Our reward—  
getting you there

# Introduction



Art glass by Paul Housberg, 2009

## CalSTRS at a glance

The California State Teachers' Retirement System was established by law in 1913 to provide retirement benefits to California's public school educators from prekindergarten through community college. CalSTRS is the largest educator-only pension fund in the world.

We administer a hybrid retirement system consisting of a traditional defined benefit plan, cash balance plans and a voluntary defined contribution plan. We also provide disability and survivor benefits. CalSTRS is governed by the California Education Code and other state and federal laws.

The Teachers' Retirement Fund is a trust fund that holds the assets of the CalSTRS Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs. The assets come from contributions by members, employers and the State of California. Contributions are invested to pay member benefits. Investment returns represent the largest income source used to pay benefits.



**“Sustainability defines our approach and commitment to serving our members over the long-term for decades to come.”**

—Cassandra Lichnock

## A message from CEO Cassandra Lichnock

The 2023–24 *Sustainability Report* highlights our organization’s key topics related to our economic, environmental and social impacts. We determine current topics based on input from our members, employees and stakeholders in alignment with our strategic and business plans.

The Teachers’ Retirement Board establishes the goals and objectives that guide our priorities. The board’s 2022–25 *Strategic Plan* is our foundation for organizational readiness and building capabilities toward our long-term vision.

Goal 1 of our strategic plan ensures a well-governed, financially sound trust fund serving California’s public school educators. We delivered an 8.4% net return on investments for the 2023–24 fiscal year, ending with the total fund value at \$341.4 billion as of June 30, 2024. We are ahead of schedule in reaching full funding by 2046.

This goal also includes operationalizing sustainable investment beliefs to create long-term value. We share our progress on the path to net zero for the CalSTRS Investment Portfolio and our stewardship of natural resources in our operations.

Goal 2, leading innovation and managing change, is an essential component for growing our resiliency and efficiency for members. We seek opportunities to engage members and create greater financial literacy.

In this report, we discuss actions our members can take to prepare for their future. This includes educating members about their CalSTRS benefits, the need for supplemental retirement savings and the importance of saving early.

Finally, Goal 3 addresses our vision and objectives as a sustainable organization. One measure of success is being a premier employer that attracts top talent and develops our employees. Other measures include enhancing cybersecurity and business resiliency to address change and disruptions and using diversity, equity and inclusion to drive organizational outperformance.

Together, our sustainability topics define our approach and commitment to serving our members over the long-term for decades to come.

Sincerely,

A handwritten signature in black ink that reads "Cassandra Lichnock".

Cassandra Lichnock, CEO

## 2023–24 fiscal year at a glance

As of June 30, 2024

**\$343.5 billion**

Net position

**\$19.0 billion**

Benefits paid to members

**8.4%**

Time-weighted investment return (net of fees)

**1,040,301**

Total CalSTRS members and beneficiaries

**467,449**

Active CalSTRS members

**1,391**

Total CalSTRS employees as listed in  
the CalSTRS Demographic Database

### Historical funding sources

Breakdown of funding sources for the past 30 years,  
including the 2023–24 fiscal year.

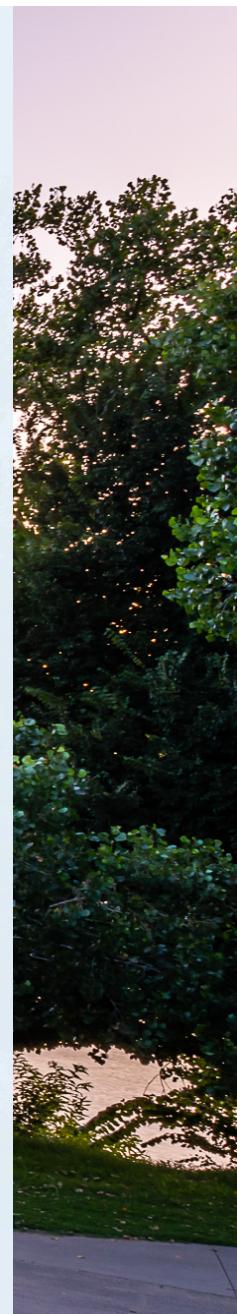
Source	Percent
Investment earnings	<b>61.8%</b>
Employer contributions	<b>16.0%</b>
Member contributions	<b>12.9%</b>
State contributions	<b>9.3%</b>



# Approach to reporting

CalSTRS voluntarily produces this sustainability report to evaluate our impacts and hold ourselves accountable to our members, employees and key stakeholders. This is our 11th annual report using standards and guidelines from the Global Reporting Initiative. GRI is an independent, international organization that helps businesses and other organizations take responsibility for their impacts by providing them with the global common language to communicate those impacts. The GRI Sustainability Reporting Standards increase organizational transparency.

This report includes data with reference to the GRI Standards for the fiscal year July 1, 2023, through June 30, 2024. Information outside the fiscal year is noted.



# Sustainability vision and guiding beliefs

Our enterprise sustainability vision and guiding beliefs originated in 2014. Our Enterprise Sustainability Team, co-sponsored by our chief executive officer and chief operating officer, periodically reviews and updates our guiding beliefs.

## Sustainability vision

CalSTRS advances sustainability practices that promote long-term value creation, responsible investment strategies, stewardship of our natural resources and engagement with our stakeholder community.

## Sustainability guiding beliefs

A focus on stewardship drives long-term organizational stability to secure the financial future of California's educators:

- We believe an enterprise based on sustainable values creates a blueprint for strong governance that protects the fund's assets.
- We influence and lead on environmental, social and governance issues to mitigate risk and capture opportunities that contribute to sustainable economic development.
- We know sustainability depends on committed employees operating in an engaging culture.
- We actively manage risk and establish internal controls for the long-term viability of CalSTRS.
- We identify sustainability topics and report performance data as part of our commitment to transparency.
- We engage with a diverse group of stakeholders to understand their perspectives and build a culture of trust.



# Stakeholder engagement and topic selection

We engage a wide range of stakeholders in conversations related to fund and organizational sustainability. Our value chain map identifies several of our key stakeholders.

## Value chain

This value chain map helps us evaluate strategic decisions, including opportunities for innovation and creating additional services for our members and employees.

	UPSTREAM	MIDSTREAM	DOWNSTREAM
ACTIVITIES	Collect contributions from stakeholders (Members, employers and the State of California)	Administer the fund and the enterprise for a financially sound retirement system  Manage investments	Pay benefits to members and their beneficiaries
SUPPORT ACTIVITIES		<ul style="list-style-type: none"> <li>Implement the CalSTRS Funding Plan and increase fund value.</li> <li>Promote financial security through member retirement education.</li> <li>Influence change in public policies and corporate practices to create long-term value.</li> </ul>	
VALUE ADDED	CalSTRS pensions: <ul style="list-style-type: none"> <li>Help recruit and retain educators.</li> <li>Offer a cost-effective, guaranteed benefit.</li> </ul>	CalSTRS offers employees competitive pay, modern facilities, and career development and learning opportunities.  The State of California offers employees a benefits package that includes a CalPERS pension, medical benefits (including dental and vision insurance) and health insurance in retirement.	Paid benefits: <ul style="list-style-type: none"> <li>Provide members a lifetime income with optional benefits for survivors.</li> <li>Include disability protection.</li> <li>Support communities and the economy through member spending.</li> </ul>
FOUNDATION	State and federal law • Sustainability-focused policies and practices • Employees and human capital management • Stakeholder engagement • Information security		

## Stakeholder engagement

Our staff has a comprehensive strategy to identify, engage and improve stakeholder communications. We use stakeholder engagement to help identify issues that shape the Teachers' Retirement Board's work plans, our strategic plan and business plan, investment strategies and operations.

Our stakeholders	Topics and concerns
Active and retired members	<ul style="list-style-type: none"><li>• Member benefits</li><li>• Contribution rates</li><li>• Retirement security</li></ul>
Members' employers	<ul style="list-style-type: none"><li>• Contribution rates</li><li>• Employer reporting</li><li>• School funding and budgets</li><li>• Audits</li><li>• CalSTRS funding status</li><li>• Pension system technology project</li></ul>
Labor representatives and member organizations	<ul style="list-style-type: none"><li>• Member benefits</li><li>• Preserving public pensions</li><li>• CalSTRS funding status</li></ul>
CalSTRS employees and labor relations	<ul style="list-style-type: none"><li>• Pay and benefits</li><li>• Career development</li><li>• Working conditions</li></ul>
California Governor's administration, Legislature, Congress and federal regulatory agencies	<ul style="list-style-type: none"><li>• State budget</li><li>• Contributions rates</li><li>• CalSTRS funding status</li><li>• Legislative and regulatory changes</li></ul>
Investment portfolio companies and asset classes	<ul style="list-style-type: none"><li>• Investment returns</li><li>• Investor and shareholder relationships</li><li>• Risk mitigation</li><li>• Sustainability-related considerations</li></ul>

## Identifying report topics

We identified the following topics representing our most significant impacts on the economy, environment and society for the 2022–25 strategic cycle.

We engaged a sustainability consultant who:

- Benchmarked CalSTRS' sustainability-related topics against those reported by pension peers and best-practice organizations.
- Conducted subject matter expert interviews for each business unit representing members, employers and employee stakeholders.
- Validated the highest-priority topics with our executive sustainability team.

## Sustainability Report topics

### Economic impact



Member retirement education



CalSTRS Funding Plan progress



Privacy and information security

### Environmental impact



Path to net zero



Sustainable operations

### Social impact



Employees and human capital management



Diversity, equity and inclusion

## Commitment to improvement

In alignment with the CalSTRS 2022–25 *Strategic Plan*, we developed objectives for our enterprise sustainability program.

Here is the progress for the 2022–25 strategic cycle:

Activity	Status
Update sustainability measures.	 Complete
Report our enterprise greenhouse gas emissions.	 Ongoing
Seek reduction opportunities for enterprise greenhouse gas emissions.	 Ongoing
Develop and deliver sustainability education opportunities for our employees.	 Ongoing



# Teachers' Retirement Board

As of December 1, 2024

The board oversees strategic objectives related to sustainability. For details on each board member's position, background and committees, see [Board members on CalSTRS.com](#).



**Denise Bradford**  
**Board chair**  
**K-12 classroom teacher**  
Term: 1/1/24-12/31/27  
Appointing authority: Elected



**Karen Yamamoto**  
**Board vice chair**  
Term: 2/16/24-12/31/27  
Appointing authority: Appointed



**Malia M. Cohen**  
**State controller**  
Appointing authority:  
Ex officio member



**Michael Gunning**  
**Public representative**  
Term: 4/26/22-12/31/25  
Appointing authority: Appointed



**Sharon Hendricks**  
**Community college instructor**  
Term: 1/1/24-12/31/27  
Appointing authority: Elected



**Steve Juarez**  
**Public representative**  
Term: 9/24/24-12/31/27  
Appointing authority: Appointed



**Harry M. Keiley**  
**K-12 classroom teacher**  
Term: 1/1/24-12/31/27  
Appointing authority: Elected



**Fiona Ma**  
**State treasurer**  
Appointing authority:  
Ex officio member



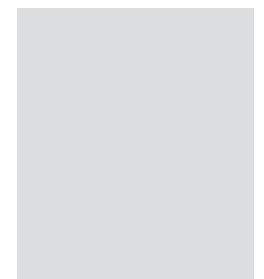
**Joe Stephenshaw**  
**Director of finance**  
Appointing authority:  
Ex officio member



**Ken Tang**  
**School board representative**  
Term: 2/16/24-12/31/27  
Appointing authority: Appointed



**Tony Thurmond**  
**State superintendent  
of public instruction**  
Appointing authority:  
Ex officio member

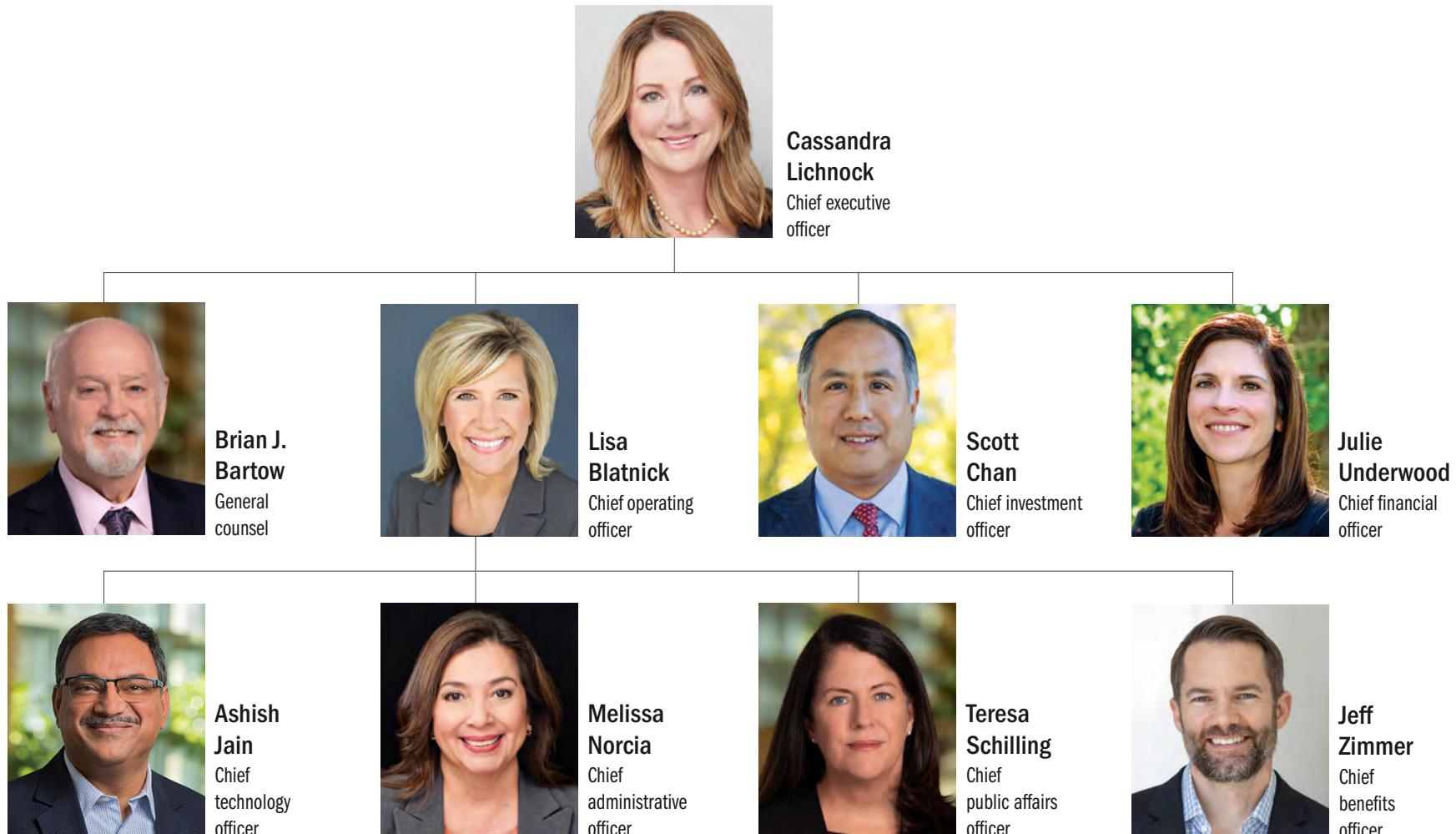


**Vacant**  
**Public representative**  
Appointing authority: Appointed

# Executive staff

As of February 1, 2025

CalSTRS executive staff is committed to administering the direction set by the Teachers' Retirement Board and is responsible for day-to-day operations. For details on each executive's position and background, see [Executive staff on CalSTRS.com](#).





# Economic impacts

Part of CalSTRS' mission is to secure the financial future of California's educators. We achieve that goal through member retirement education and ensuring a well-governed, financially sound trust fund.

Our key topics that represent significant economic impacts are:

- » Member retirement education
- » CalSTRS Funding Plan progress
- » Privacy and information security

## Why it's important

Our mission is securing the financial future and sustaining the trust of California's educators.

Although inspiring our members to start saving early can be challenging because retirement is not always top of mind for new educators, supplemental savings are key to quality of life in retirement.

## What guides us

- Our core values
  - » **Customer service:** We never compromise on quality as we strive to meet or exceed the expectations of our customers.
  - » **Trust:** We conduct ourselves with integrity, acting ethically in every endeavor.
- **2022–25 Strategic Plan Goal 2 vision of success:** We are a sponsor of financial literacy and financial wellness solutions as demonstrated by engaged, educated and confident members and retirees.

## Member retirement education



## Our approach

Our relationship with our members begins when they first enter the teaching profession and extends through their retirement years. Several factors make our members' financial planning considerations unique:

- As California public school educators, CalSTRS members do not pay into Social Security and will not receive a Social Security benefits for CalSTRS-covered employment.
- CalSTRS members who retired in fiscal year 2023–24 received, on average, 58% of their highest salary.
- The majority of educators are female and live longer than the average U.S. population.

## Our approach (continued)

For CalSTRS members, this means supplemental savings are essential. To help ensure members have access to high quality defined contribution plans, we offer the CalSTRS Pension2® voluntary low-cost 403(b), 457(b), Roth 403(b) and Roth 457(b) plans. We also administer [403bCompare.com](#), a comprehensive resource that provides cost comparisons for 403(b) supplemental savings plans.

The Defined Benefit Supplement account provides additional money for retirement. The funds come from additional or extra-pay assignments when a member works in excess of one year. The account earns a guaranteed interest rate and can be taken as a lump sum or an annuity at retirement.

Through publications, webinars, videos, calculators and benefits planning sessions, we inform our members of the importance of saving early and provide retirement planning tools throughout our members' careers. As a complement to our financial education programs, we provide toolkits that explain CalSTRS benefits for our members' employers to use while onboarding new educators.

## Member longevity

As of June 30, 2024

The majority of CalSTRS members live longer than the average U.S. population, making it essential that they have enough savings to last through retirement.

### CalSTRS members over age 100

The oldest CalSTRS retiree was 108 years old.

Gender	Number of members
Female	374
Male	76
<b>Total members over 100</b>	<b>450</b>

### Member longevity for CalSTRS vs. other retirement systems

Our members also live longer than members of other retirement systems. Here is the expected longevity for those who retired at age 60 in 2024.

Retirement system	Expected age at death	
	Female	Male
CalSTRS	90	88
CalPERS	88	85
Social Security	86	83

## Highlights for 2023–24

As of June 30, 2024

Measure	Result
Total Pension2 assets under management	\$2.5 billion
Total Pension2 participants	33,188
New Pension2 accounts	5,424
Members age 44 and under who received education services	6,931

## What's next

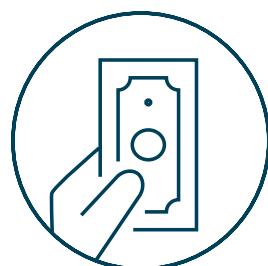
**2022–25 Strategic Plan objective:** Enhance the customer experience to improve engagement and reduce effort.

The **2022–25 Strategic Plan** maintains our focus on service to our members and, in particular, on enhancing customer experience to improve engagement and reduce effort. We'll explore opportunities to optimize our educational services, leverage trends in technology to align with our members' preferences and expand access to our educational services.



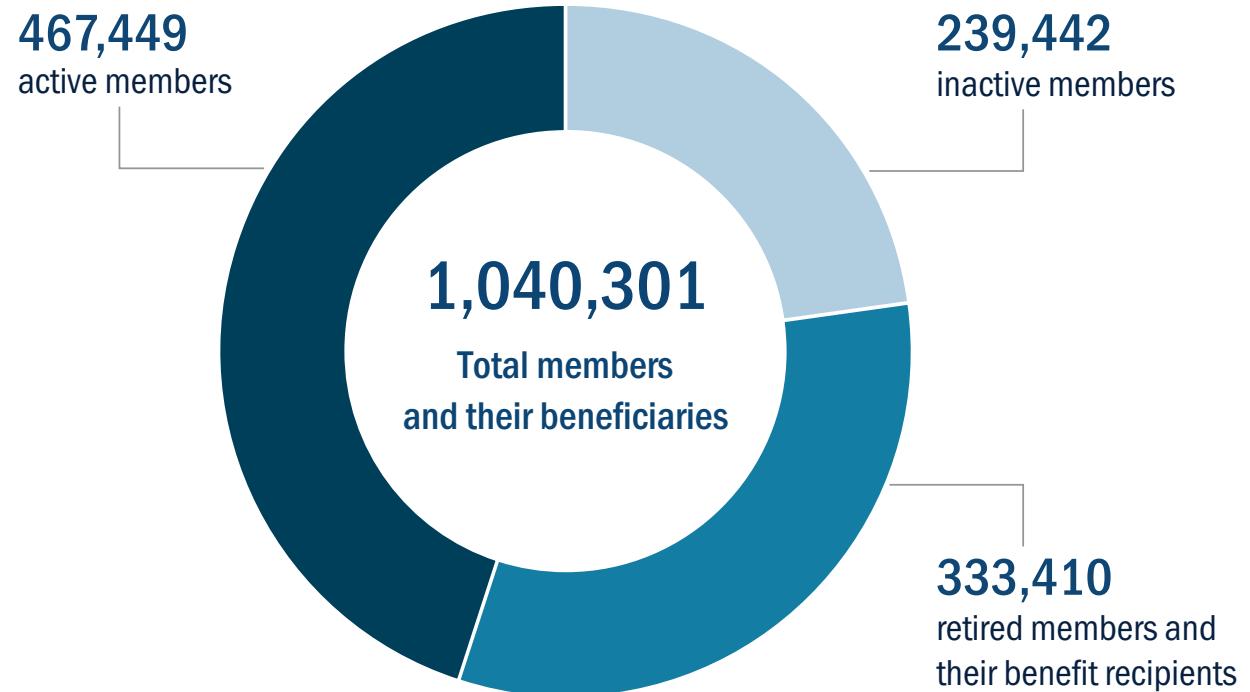
## Members and beneficiaries at a glance

As of June 30, 2024



### \$19.0 billion

Benefits paid to members during the 2023–24 fiscal year. These include service retirement benefits, disability benefits, survivor benefits and purchasing power supplemental payments



For those retiring in 2023–24 fiscal year



### 11,404

Number of service retirements



### \$5,659

Average monthly Member-Only Benefit



### 63

Average member age at retirement



### 25.2

Average years of member service credit

## Why it's important

One of our main goals is to ensure a well-governed, financially sound trust fund for California's public educators and their beneficiaries. Progress toward this goal was made possible in 2014 with the passage of the CalSTRS Funding Plan.

Prior to the adoption of the funding plan, the Defined Benefit Program was expected to run out of assets by 2046.

As of the June 30, 2023, actuarial valuation, the funded status for the Defined Benefit Program was 75.9% funded.

The Defined Benefit Program is projected to reach full funding by 2043—three years ahead of schedule.

## What guides us

- As a fiduciary, we act only in the interest of CalSTRS members and their beneficiaries for the purpose of providing benefits.
- **Our core value—Stewardship:** We recognize our fiduciary responsibility as the foundation for all decision-making.
- **2022–25 Strategic Plan Goal 1 Objective A:** Achieve full funding of the Defined Benefit Program by June 30, 2046.

## CalSTRS Funding Plan progress



## Our approach

The CalSTRS Funding Plan reflects a shared commitment by members, employers and the State of California to fully fund the Defined Benefit Program and ensure the long-term sustainability of CalSTRS.

The funding plan set out a measured schedule of contribution rate increases for members, employers and the state with the goal of achieving full funding by 2046. It also provided the board with limited authority to adjust rates to help keep the funding plan on schedule.

## Significant changes in the past year

The funded ratio was 75.9% as of the most recent actuarial valuation, dated June 30, 2023. The funded ratio increased by 1.5% from the prior year.

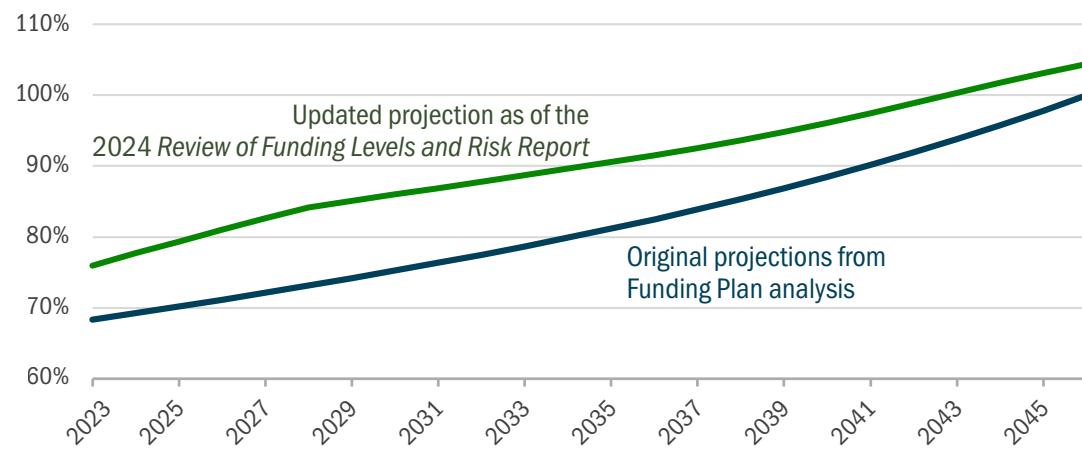
When the funding plan was adopted in 2014, the funded status was projected to be 68.3% on June 30, 2023.

In July 2024, we reported an 8.4% net return on investments for the 2023–24 fiscal year. This return exceeds the 7% investment return assumption and will further improve funding levels when reflected in the June 30, 2024, actuarial valuation.

### Projected funded status

CalSTRS remains ahead of the original schedule to reach full funding by 2046. Full funding is now projected to occur in 2043, three years ahead of schedule.

The projections in the chart below assume all actuarial assumptions will be met in the future. Specifically, it assumes the fund will earn 7% each year and that payroll will grow at 3.25% over the long term. A period of low investment returns could materially impact future funding levels.



Additional information and details can be found in the [2024 Review of Funding Levels and Risks Report](#).

### Experience analysis

Every four years, we perform an experience analysis to review the actuarial assumptions and ensure they remain reasonable, reflect the experience of the system, and are appropriate for assessing funding and contribution levels. In January 2024, CalSTRS staff presented the results of the 2024 experience analysis to the board, which approved several changes to demographic and economic assumptions. This included reviews of life expectancy for our members and projections about the number of teachers who will participate in CalSTRS in the future.

The changes in these actuarial assumptions accounted for the majority of the 1.5% increase in the funded ratio as of the June 30, 2023, actuarial valuation of the Defined Benefit Program.

## Contribution rates

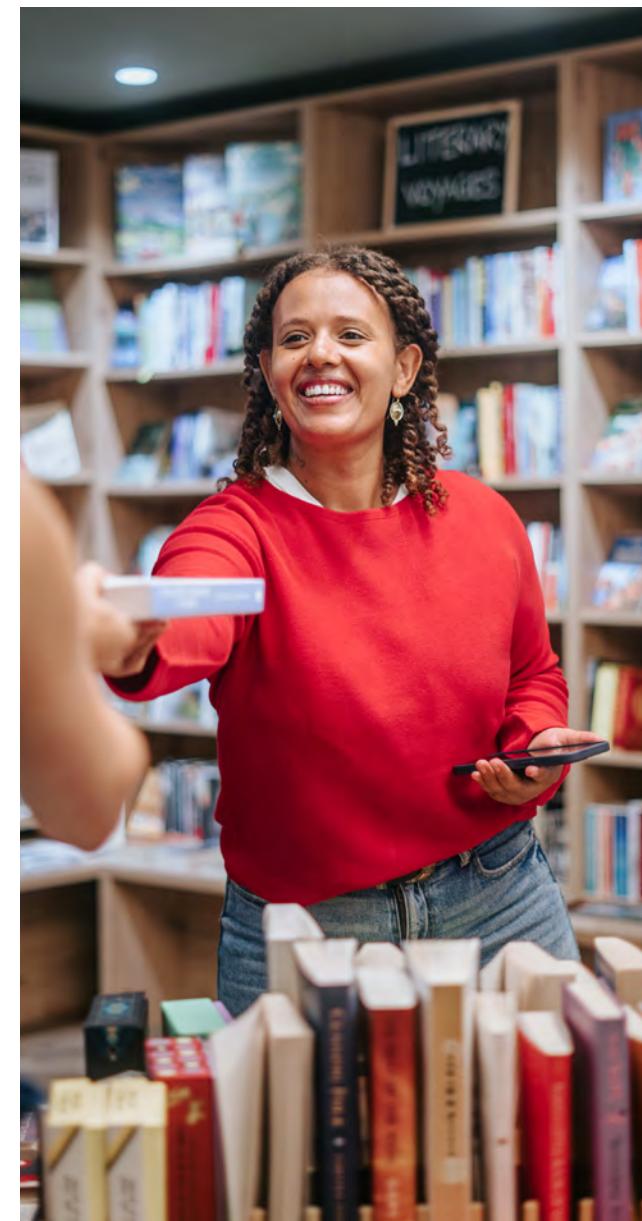
Contributor	July 1, 2024	July 1, 2023	July 1, 2022
	2024–25 fiscal year	2023–24 fiscal year	2022–23 fiscal year
Employers	19.10%	19.10%	19.10%
State of California*	10.828%	10.828%	10.328%

\*Includes 2.5% Supplemental Benefit Maintenance Account contribution rate.

At the May 2024 meeting, the board voted to keep the state and employer contribution rates the same. Although both contribution rates could have been reduced and still allowed the Defined Benefit Program to reach full funding by 2046, the board took the prudent approach of keeping contribution rates at existing levels.

This provides rate stability for the state and employers, improves funding levels quicker and reduces the likelihood the board may have to increase the rates in the future.

Based on current projections, contribution rate increases are not expected to be needed for the 2025–26 fiscal year.



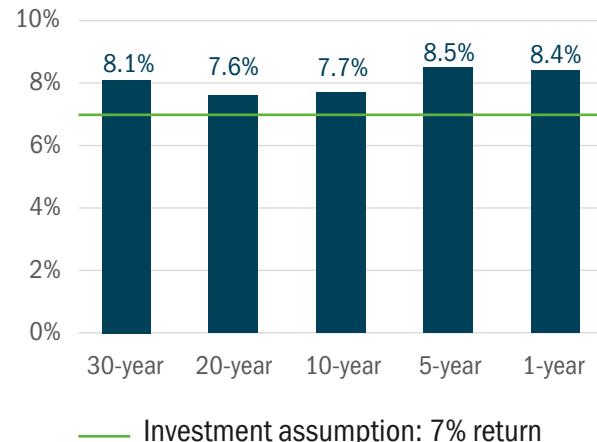
## Highlights for 2023–24

Measure	Result
Achieve full funding of the Defined Benefit Program by June 30, 2046	Ahead of schedule, now projected to occur in 2043
Achieve targeted funding ratio	75.9%—Ahead of projected funded status of 68.3% when funding plan was adopted in 2014
Achieve a return that equals or exceeds the actuarial rate of return	7% actuarial assumption 1 year = 8.4% time-weighted investment return (net of fees)

## CalSTRS investment fund performance

Long-term historical perspective

Net of fees – as of June 30, 2024



## What's next

We will continue with CalSTRS 2022–25 Strategic Plan Goal 1 Objective A: Achieve full funding of the Defined Benefit Program by June 30, 2046.

We continually monitor the funding plan and the financial health of the fund:

- Formal assessments are presented to the board each spring through the annual actuarial valuation report and in the fall through the *Review of Funding Levels and Risks Report*.

- We update the board on the status of various funding-related risks as part of the semiannual *Enterprise Risk Management Report*.
- Every four years, CalSTRS staff presents the board with an experience study to review the actuarial assumptions. In January 2024, we presented the results of the 2024 experience analysis to the board. The next experience study will be presented in 2028.
- Every five years, we're required by statute to provide a progress report to the California Legislature on the funding plan. We submitted our second funding status report, *Report to the Legislature on the Progress of the CalSTRS Funding Plan*, to the Legislature in June 2024. The next report is planned for June 2029.

## Why it's important

We are committed to ensuring the privacy and security of our members' personal information.

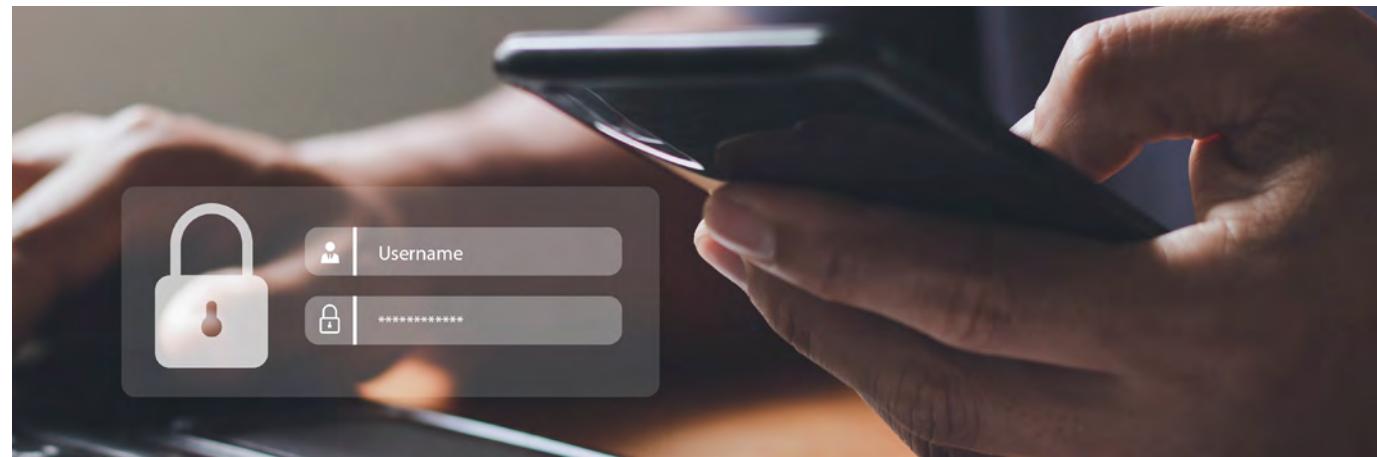
We ensure data confidentiality and integrity. These efforts improve staff access while increasing automation, efficiently enforcing our information security policies and protecting data.

## What guides us

### 2022–25 Strategic Plan

**Goal 3 Objective D:** Strengthen preparedness capabilities to address change and disruptions.

## Privacy and information security



## Our approach

Information security is everyone's responsibility. Protecting data requires technical solutions and human intervention. As part of the *2022–25 Strategic Plan*, the board identified a three-year progress indicator that our cybersecurity program keeps pace with risk.

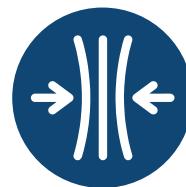
Initiatives on the *2023–24 Business Plan* that support this objective are:



**Initiative 1**  
Secure the confidentiality and integrity of data and member information.



**Initiative 2**  
Enhance cybersecurity plans.  
*(Completed)*



**Initiative 3**  
Enhance business resiliency.

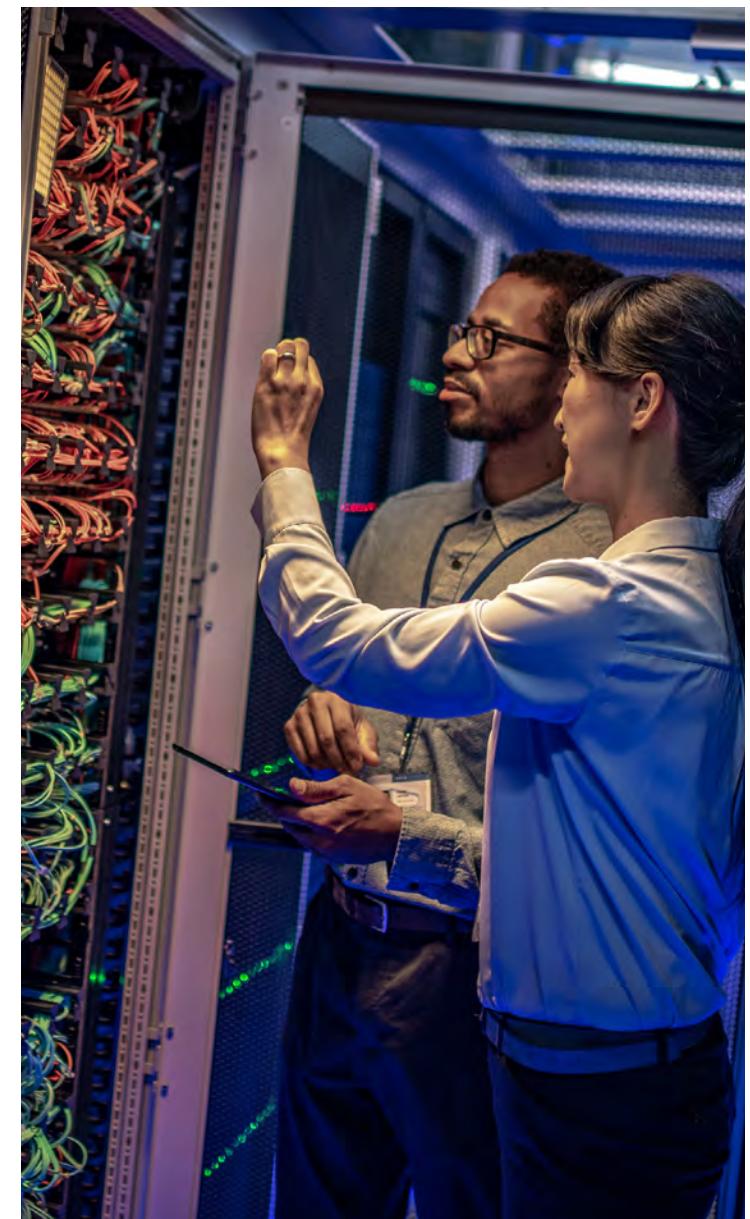
## Our approach (continued)

The Information Security Office is CalSTRS' authority on information security and cybersecurity matters. ISO protects CalSTRS' data assets from unauthorized access, use, misuse, disclosure, destruction, modification or disruption.

Cyber threats evolve rapidly. ISO conducts ongoing security assessments for new and evolved computer security products and services for use at CalSTRS. The team also performs simulated cyberattacks to evaluate security, tabletop exercises for incident response planning, and security audits to determine the adequacy of system controls.

Preparing our workforce is key to incident prevention. Our employees complete mandatory security training annually. ISO provides regular communications to employees throughout the year and supports cybersecurity awareness month with communications and activities each October.

Phishing attacks account for 90% of data breaches worldwide. CalSTRS manages risks by continuously testing our workforce's ability to detect and respond to attacks. We conduct quarterly internal phishing campaigns with our employees and offer refresher training for those who need it.





## Monitoring, reporting on information security

Our staff provides the board with a semiannual *Enterprise Risk Management Report*. We monitor 10 risk categories, including information security, to mitigate risks. For the board meetings when the *Enterprise Risk Management Report* is not presented, our staff regularly provides updates to the board on emerging and existential risks that may impact business operations. Additionally, ISO provides the board with regular information security updates during closed sessions.

## What's next

Information security is always evolving and will remain a high operational priority under our strategic plan and annual business plans. Key activities for the **2024–25 Business Plan** include:

- Procure threat intelligence cloud services.
- Conduct an Emergency Operations Center tabletop exercise that builds upon the previous exercise with more complexity and robustness.
- Enhance business continuity plans to reflect current workplace dynamics and emerging risks.



# Environmental impacts

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’ climate-related strategies support the retirement security of our members.

Our key topics that represent significant environmental impacts are:

- » Path to net zero
- » Sustainable operations

## Why it's important

Our mission is to secure the financial future of California's working and retired public educators and their beneficiaries.

Climate change poses a serious risk to the CalSTRS Investment Portfolio and our ability to secure the financial future of California's public educators. It also presents opportunities to invest in solutions that will help the global transition to a net zero emissions economy.

## What guides us

- **2023–24 Business Plan Goal 1 Objective B:** Operationalize sustainable investment beliefs to create long-term value.
- Our commitment to net zero builds on nearly 20 years of influencing global sustainable business practices and policies.
- **Investment Belief 7:** Responsible corporate governance, including the management of environmental, social and governance factors, can benefit long-term investors like CalSTRS.
- **Investment Belief 9:** Investment risks associated with climate change and the related economic transition—physical, policy and technology driven—materially impact the value of CalSTRS' investment portfolio.

## Path to net zero



See our *Path to Net Zero* video for details on our net zero portfolio commitments.

## Our approach

CalSTRS conducted a comprehensive study on how the transition to a low-carbon economy impacts companies and investment portfolios by creating risks and opportunities. Our study confirmed global economies were accelerating the movement toward reducing and eliminating carbon emissions with many governments, companies and investors committing to net zero emissions.

In September 2021, the Teachers' Retirement Board pledged to achieve net zero greenhouse gas emissions across the CalSTRS Investment Portfolio by 2050 or sooner. Net zero means the amount of greenhouse gases emitted is offset by the amount taken away. The board's pledge acknowledges the importance of the climate challenges impacting the world and helps ensure our portfolio remains resilient and sustainable.

## Net zero strategy

The three pillars below advance our pledge of achieving a net zero portfolio by 2050 or sooner. They provide the structure to help minimize the risk of loss and maximize the rate of return of the CalSTRS Investment Portfolio. Our 2023–24 highlights include:



### Manage and reduce portfolio emissions

- Allocated capital within the Public Equity Portfolio to a low-carbon target index to reduce emissions in a risk-controlled manner. We expect this allocation will significantly lower portfolio emissions in alignment with CalSTRS' net zero goals.
- As of June 30, 2024, we invested \$21.7 billion in this index, achieving more than 15% of the targeted 20% allocation.
- Implemented a new Fixed Income carbon optimized strategy that reduced emissions by approximately 8% from October 2023 to June 2024.



### Influence global shift to net zero economy

- Supported Climate Action 100+, an investor-led initiative engaging the world's largest corporate greenhouse gas emitters to enhance climate risk governance, curb emissions and improve climate-related financial disclosures.
- Continued to engage with the management teams and boards of the Priority 45. This is a subset of 45 high-emitting companies that account for approximately 7% of our global equities emissions and are not covered through Climate Action 100+.
- Engaged portfolio companies to join the Oil & Gas Methane Partnership 2.0. OGMP 2.0 is a United Nations Environment Program initiative that requires member companies to measure their methane emissions (as opposed to estimating them) and set emissions reduction targets. Since we began engaging oil and gas companies on OGMP 2.0 at the beginning of 2023, 15 companies have joined, including Exxon Mobil Corporation and Chevron Corporation.



### Increase investments in low-carbon solutions

- Deployed more than \$1.3 billion into a dedicated low-carbon solutions private assets portfolio managed by the Sustainable Investment and Stewardship Strategies unit. The portfolio identifies low-carbon investment opportunities that provide attractive risk-adjusted returns and demonstrate positive contributions to a more sustainable global economy. These include:
  - An investment strategy to finance sustainable power generation, carbon-free mobility (such as school bus electrification) and U.S. water and waste facilities.
  - Investments in climate solutions that dramatically reduce or remove emissions, such as a first-of-a-kind green steel plant to produce steel with hydrogen and 95% lower carbon intensity.
  - Venture investment focused on disruptive technology, including battery manufacturing where nearly all materials are recycled at lower production cost with fewer emissions.

## Proxy voting



See our *How CalSTRS Uses Proxy Voting to Drive Sustainability* video and our proxy voting records to learn more.

As an active shareholder, we use our position as a long-term investor to influence and support companies as they shift their business practices to be resilient in a net zero emissions economy.

We focused on climate risk disclosure during the 2024 proxy season, voting against the boards of directors at a record 2,258 companies. Many of these companies failed to provide minimum levels of climate risk disclosure or set greenhouse gas emissions reductions targets.

We also supported shareholder-submitted proposals that aligned with our goals and requested that companies better manage climate risks or improve climate-related public disclosures.

We vote our proxies with diligence and care in the best interest of our members and their beneficiaries.

## Monitoring, reporting on net zero progress

The Teachers' Retirement Board is focused on overseeing the continued implementation of our net zero pledge. We regularly report to the board on progress relating to the three pillars of our net zero strategy.

In January 2025, we published our inaugural *Net Zero Portfolio Emissions Pledge Progress Report*. This report details our activities and comprehensive approach to assessing climate-related risks and opportunities and how we're tracking our progress toward achieving our net zero goals.

We report our net zero efforts and climate-related activities at [CalSTRS.com](#). For more information, see:

- *Net Zero Portfolio Emissions Pledge Progress Report*.
- *Path to net zero* webpage.
- *Engagements in action* reports.
- *Fulfilling our mission while addressing climate change* infographic.

California Senate Bill 964 (Allen) mandates we report to the California Legislature every three years on our efforts to measure and manage climate risk in our public market investment portfolio. We published the *Addressing Climate-Related Financial Risk Report* in December 2022 and will provide an update in 2025.

## What's next

In 2024–25, we 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.

Key activities include:

- Continuing to implement emissions-reduction strategies.
- Expanding on our Stewardship Priorities to encourage climate disclosures and standards and emissions reductions in the highest-emitting global companies.
- Deploying additional capital into low-carbon solutions that meet our risk-return goals.

We'll continue to review our approach, adjust as necessary and report on our strategies annually.



## Why it's important

We promote stewardship of our natural resources and engagement with our stakeholders, including our employees, the communities where we operate and the State of California.

We've aligned the enterprise sustainability strategies with the Investments Branch's sustainability strategy of a low-carbon transition and net zero pledge.

## What guides us

- California executive orders and green initiatives for state agencies.
- **2022–25 Strategic Plan Goal 3**
  - » **Objective B:** Integrate and align environmental, social and governance principles across the organization.
  - » **Objective C:** Complete headquarters expansion and transition activities.

## Sustainable operations



## Our approach

CalSTRS' environmental performance is driven by our commitment to sustainability and stewardship of natural resources. We comply with State of California Executive Orders B-18-12 and N-19-19 for state facilities supporting environmentally preferable purchases of goods and services, regulations from CalRecycle and certification guidelines for LEED v4.1. We regularly monitor performance and communicate results internally and to the State of California.

## 2023–24 Headquarters activities

In 2023, CalSTRS Headquarters in West Sacramento recertified as LEED v4.1 Operations and Maintenance Platinum based on performance scores across five categories: energy, water, waste, transportation and human experience.

We maintain the WELL Health-Safety Rating for Facility Operations and Management with recertification in 2023. WELL empowers building operators to take the necessary steps to prioritize the health and safety of staff and visitors. Additionally, our 2024 Energy Star rating is 98 out of 100.

### State Agency Buy Recycled Campaign

We report on categories of products purchased with a post-consumer content target of 75% of overall dollar amount. As of this report, we are substituting State Agency Buy Recycled Campaign results for Environmentally preferred purchasing which was previously reported.

- Paper: 98%
- Plastic: 87%
- Printing/writing: 46%
- Metal: 100%

## Headquarters environmental performance

We published the *2022–2023 Sustainability Roadmap*, which includes accomplishments and progress toward meeting the state's sustainability environmental goals and targets. The roadmap appears on the [Green California website](#).

Here are our sustainable operations performance measures for the past three years:

Category	2023–24 FY	2022–23 FY	2021–22 FY
Energy			
Electricity (kWh)	3,860,477	4,239,595	4,092,212
Natural gas (therms)	33,277	42,203	25,578
Water (gallons)	4,109,886	3,570,989	3,378,260
Waste diversion	90%	88%	94%
Alternative transportation (% employees, contractors using)	48%	45%	44%

## Greenhouse gas protocol scopes and emissions across the value chain

California state agencies are required to report scope 1 (direct emissions from gas and fuel) and scope 2 greenhouse gas emissions (indirect emissions from electricity) annually in the Climate Registry Information System, which we have done since 2005.

Scope 3 indirect emissions come from upstream supply chain and downstream end-use activities. In 2022, we engaged a sustainability consultant to inventory our relevant enterprise scope 3 categories based on models from the U.S. Environmental Protection Agency and the World Resources Institute's Greenhouse Gas Protocol.

We reported our estimated scope 3 emissions in our *2022–23 Sustainability Report*. These emissions represent our enterprise operations only and exclude emissions from the investment portfolio.

We'll continue to monitor the maturity of data models and calculation methodologies for future scope 3 reporting.

### Headquarters greenhouse gas emissions, scopes 1 and 2

We report enterprise emissions for our West Sacramento headquarters annually for the prior calendar year. These are for building operations only and exclude emissions from the CalSTRS Investment Portfolio.

Carbon dioxide equivalent (CO<sub>2</sub>e) is a metric used to express the total global warming potential of different greenhouse gases in terms of the amount of CO<sub>2</sub> that would have the same warming effect over a specific time period. These gases include methane, nitrous oxide, perfluorocarbon, sulfur hexafluoride, nitrogen trifluoride and hydrofluorocarbon.

Scope	Metric tons CO <sub>2</sub> e		
	2023	2022	2021
<b>Total net scope 1 and 2 emissions (headquarters)</b>	<b>239</b>	<b>366</b>	<b>374</b>
Scope 1: Fuel	239	179	108
Scope 2: Electricity	923	977	864
Scope 2 net after purchased renewable energy certificates applied	0	187	266

We continue to seek opportunities to reduce enterprise greenhouse gas emissions. Reductions will help us comply with Senate Bill 1203 (Chapter 368, Statutes of 2022). The bill declared the intent of the Legislature that state agencies aim to achieve net zero emissions of greenhouse gases resulting from their operations by January 1, 2035, or as soon as possible thereafter.

We're working with the Department of General Services who is collecting information at the state level to report emissions, actions and costs to comply with SB 1203.

## Headquarters expansion

In 2024, we completed the expansion of our West Sacramento headquarters campus. The expansion project is financed through tax-exempt lease-revenue green bonds issued through a conduit issuer, the California Infrastructure and Economic Development Bank.

The expansion at 200 Waterfront Place has been designed and is on track to meet a number of environmental standards. We anticipate 200 Waterfront will achieve Zero Net Energy for state buildings; LEED Platinum; WELL Gold; and Living Building Challenge Petals for materials, beauty and place.

The entire CalSTRS West Sacramento campus is designed to support sustainable green building practices, including:

- Sustainable construction.
- Energy conservation.
- Whole-building integrated energy efficiency measures with onsite renewable energy generation.

With the addition of 200 Waterfront Place, we continue to foster employee wellness through a second fitness center to promote physical activity; a second café to provide healthy, locally sourced food; day care services; abundant natural light sources; flexible space to accommodate various working styles; and sit-stand desks and active stairwells to encourage movement. Our 200 Waterfront Place café and day care services are available for use by the local community.



Michael Sanchez

## What's next

- Seek and evaluate opportunities to reduce enterprise greenhouse gas emissions.
- Continue working with the Department of General Services in support of Senate Bill 1203 (Chapter 368, Statutes of 2022), Net-zero emissions of greenhouse gases: state agency operations.
- Monitor our on-site energy production and performance to assess energy efficiencies.
- Complete LEED, WELL Gold and Living Building Challenge certification processes.



## Social impacts

Our employees are the source of our success. We're shaping a resilient workforce that reflects fully integrated diversity, equity and inclusion practices.

We identified the following topics as those that represent our most significant social impacts:

- » Employees and human capital management
- » Diversity, equity and inclusion

## Why it's important

Our people are the foundation of everything we do.

We use strong workforce data analytics to ensure we're aligned with industry trends, on target for meeting our organizational goals, and continuously developing workforce practices that deliver results to attract, develop and retain talent.

## What guides us

- **2022–25 Strategic Plan**  
**Goal 3 vision of success:**  
Premier employer that attracts top talent and develops internal staff.
- **Workforce Plan 2022–25**
- **Leadership Development and Succession Plan 2022–25**

## Employees and human capital management



### Our approach

In alignment with our mission, vision and core values, the board, leadership and Human Resources support CalSTRS in meeting goals through our most valuable resource—our people.

Our Human Resources team provides tools for identifying competencies needed in the workforce and for recruiting, developing, retaining or placing employees to build the workforce of the future.

In September 2022, our Human Resources team published the **Workforce Plan 2022–25**, which was developed collaboratively with employees and stakeholders. The plan serves as a high-level analysis of the organization's workforce to address current and future needs. It introduces initiatives based on data-driven examination of current and future workforce challenges and opportunities in support of our long-term strategic and annual business plans.

## Employee demographics for 2023–24

As of June 30, 2024

A record of employee information is stored in the CalSTRS Demographics Database.

	Total	Female	Male
Total full-time employees	1,385	797	588
Total part-time employees	6	4	2
<b>Total employees</b>	<b>1,391</b>	<b>801</b>	<b>590</b>

The *Workforce Plan 2022–25* includes detailed demographic analysis of CalSTRS for age, generations, retirement risk and gender. California has a diverse population, and we regularly analyze the ethnicity of CalSTRS employees compared to the state population and civil service workforce. See the *Workforce Plan 2022–25* for details.

## Human capital management plans

We identify strategies for leadership competency, retention and recruitment and succession planning:

- **Leadership competencies:** We track year-over-year ratings from annual performance reviews in an effort to identify competency gaps within the organization. Our leaders are rated as consistently meeting expectations.
- **Retention:** In an age where employee tenure appears to be dropping and loyalty shifting, we focus on our employees' growth and development to help retain employees.
- **Recruitment:** We enhanced the candidate experience by implementing best practices in recruitment and selection, which resulted in less time to fill vacancies and increased quality of hires.



## Highlights for 2023–24

Measure	Target	Result
Annual performance review completion date	100%	100%
Retention rate <i>Percentage of employees who remained from the first day of the fiscal year to the last day of the fiscal year.</i>	90%	93%

## Succession planning

Our succession planning policy safeguards the organization against unplanned and unexpected change. The goal of succession planning is for every key or mission critical position to have at least one person ready to successfully assume or compete for the roles and responsibilities of the position.

The board is responsible for succession planning for the chief executive officer and chief investment officer positions. Those positions are responsible for organizing and overseeing a stable, competent and succession-ready workforce.

Investing in leadership and staff development and succession management is crucial to our long-term performance, growth and continued success in fulfilling our mission. Leadership development continues to be a key component in achieving strategic goals, maintaining optimal business operations and cultivating an engaged and diverse workforce.

The *Leadership Development and Succession Plan 2022–25* details our initiatives and activities.

## What's next

For 2024–25, our business plan initiatives for employees and human capital management include:

- Evaluate current and anticipated staffing needs and identify goals and strategies to reach them.
- Support a hybrid workforce with updated tools, operational processes and infrastructure.
- Position the organization to attract, acquire and retain top talent.

## Why it's important

We have a long history of supporting diversity, equity and inclusion practices internally, with our partners and across the investment industry.

Diversity, equity and inclusion are a fundamental part of CalSTRS culture. We uphold the belief that diverse teams perform best, earn better investment returns and minimize risk to the Teachers' Retirement Fund.

We're committed to setting best practice precedents, implementing innovative diversity, equity and inclusion principles, and advancing the world's investment markets through positive change.

## What guides us

- **Our core value—Strength:** We ensure the strength of our system by embracing a diversity of ideas and people.
- **CalSTRS 2022–25 Strategic Plan Goal 3 Objective A:** Shape a resilient, sustainable, blended workforce that reflects fully integrated diversity, equity and inclusion practices.
- **CalSTRS Corporate Governance Principles and Stewardship Priorities:** Diversity in board composition in the companies we invest in is critical for company boards to properly oversee management, business strategy and risk mitigation. Company boards should be composed of diverse individuals with the skills, education, experiences, expertise and personal qualities appropriate for the company's current and long-term business needs.
- **Executive Order N-16-22:** Directs California state agencies and departments to take additional actions to embed equity analysis and considerations in their mission, policies and practices.

## Diversity, equity and inclusion



## Our approach

We welcome and embrace diversity of thinking, background and experience to enhance our culture and drive business success. By working together to respect, value and include each individual's perspectives, we empower staff to perform their best work toward the fulfillment of our mission.

Differences are advantageous because they influence the way we think and solve problems. Diversity of thought leads to innovative solutions; greater efficiency; and happier, healthier and more engaged employees.

## Our approach (continued)

A commitment to diversity, equity and inclusion helps grow and foster an engaged workforce, resulting in a sustainable organization. Our DEI activities across the enterprise and outreach programs within the industry are an integral part of our sustainability efforts.

The *CalSTRS Workforce Plan 2022–25* includes detailed initiatives and activities to assess and expand our DEI efforts in alignment with our employee and human capital management goals and activities.

## Diversity, equity and inclusion activities

A focus on diversity, equity and inclusion is imperative in engaging and retaining a diverse workforce, ensuring our employees have the flexibility to make their work and homelife successful. One way we support this is with internally focused activities.

We demonstrate our commitment to DEI through regular leadership engagement and communication. Our CEO shares a monthly video message to all staff with a DEI component, and the CalSTRS employee intranet features a webpage celebrating DEI principles and promoting upcoming events.

We launched *CalSTRS Voices*, a video series featuring individual employees' unique and diverse experiences. Topics included cultural celebrations and observances, including Ramadan, Asian American Pacific Islander Heritage Month, LGBTQ+/Pride Month and Autism Awareness Month.

Our Inclusion Council is sponsored by our chief administrative officer and meets monthly. The council works to promote, pursue and engage a CalSTRS culture that fosters diversity, equity and inclusion through respect, understanding and compassion. The council collaboratively establishes priorities and supports activities needed for positive inclusionary change within the organization.

## Organizational assessment

In 2023, an external consultant conducted an organizational assessment of current diversity, equity and inclusion efforts.

The assessment concluded CalSTRS is a proactive organization that demonstrates a strong commitment to managing DEI activities in recruitment, job design and sustainability. Our stakeholders support a best-practice strategy that is data-driven, evidence-based, continually assessed and measurable.

It emphasized that focusing on DEI best practices where employees from all backgrounds have equitable opportunities to contribute and influence the well-being of the organization will have a positive return on investment in the workplace and business outcomes.

The consultant presented five recommendations and action plans to the board to strengthen DEI, which was assessed as part of the *CalSTRS 2024–25 Business Plan*.

## Diversity in investments

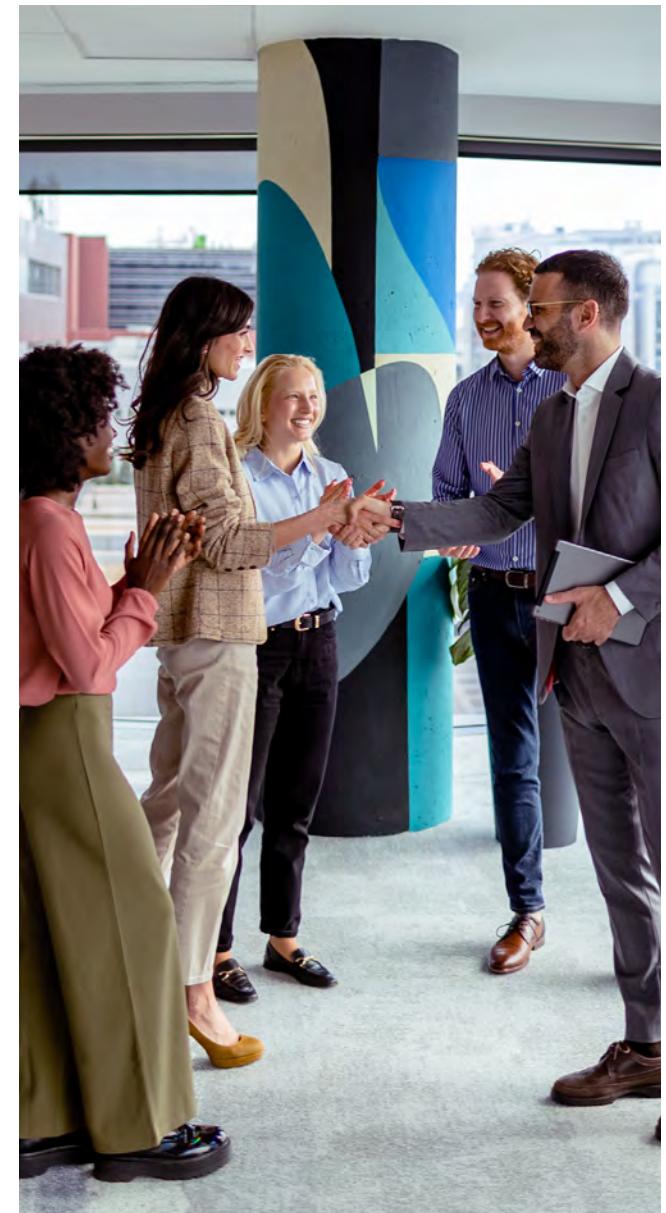
Our Investments Branch is committed to achieving two important goals in securing the retirement future of California teachers:

- Meeting or exceeding the 7% actuarial rate of return annually to fully fund our liabilities.
- Outperforming our benchmarks within accepted risk levels.

To assist in achieving these goals, our Diversity in the Management of Investments strategy continues to be a priority for the Investments Branch.

For three decades, we continued the path of a shared goal of integrating diversity, equity and inclusion across the organization. Our Diversity in the Management of Investments strategy is governed by the CalSTRS Diversity Steering Committee. The committee is sponsored by our chief investment officer and includes members of the senior management team and the Investments diversity officer.

We publish an annual *Diversity in the Management of Investments* report to show measurement and management of the Investments Branch's activities.



## Diversity in investments core pillars

We continue our momentum through three core pillars.



Internal investments branch

### Attract diverse professionals who will drive innovation

We believe workforce diversity brings advantages to organizations through increased profitability, enhanced creativity, stronger governance and problem-solving abilities. The Investments Branch, in collaboration with Human Resources, continues to build and support a highly qualified diverse pipeline and workforce through recruitment practices and the Investments Mentor and Student Intern programs.



Industry and portfolio company engagement

### Engage with companies in our portfolio and investment leaders on a global scale

As a significant investor in global companies, we recognize that diversity is crucial to companies' long-term financial success.

We've established collaborative relationships across a vast network of industry associations. We promote gender diversity on corporate boards through engagements with coalitions of aligned investors, such as the Thirty Percent Coalition, the Human Capital Management Coalition and California Investors for Effective Board Diversity.

See our *Diversity in the Management of Investments* report for details.



Portfolio management

### Engage, pursue and invest in emerging and diverse managers

We invest in emerging managers and diverse managers. We made our first capital commitment to emerging managers more than 30 years ago.

The board approved definitions of emerging managers and diverse managers. Our strategy is to invest with emerging and diverse managers that generate performance aligned with the risk and return objectives to the CalSTRS Investment Portfolio.

We comply with Assembly Bill 890 (Cervantes), which requires us to submit an annual report to the California Legislature regarding participation of emerging or diverse asset managers in our portfolio.

## What's next

We continue to prioritize diversity, equity and inclusion internally and in our engagements with portfolio companies, which is reflected in our latest strategic and business plans. For 2024–25, our diversity, equity and inclusion initiatives and key activities include:

- Incorporate diversity, equity and inclusion into all CalSTRS practices.
  - » Promote diversity, equity and inclusion principles and activities across CalSTRS.
  - » Participate in and incorporate statewide diversity, equity and inclusion efforts and best practices into our strategies.
  - » Identify best practice benchmarks and collaborate with leadership to create and define our benchmarks for success.
- Prioritize and execute the action plan provided by our diversity, equity and inclusion consultant.
- Position CalSTRS to attract, acquire and retain top talent.
- Integrate diversity, equity and inclusion across the Investments Branch.
  - » Develop and implement strategies in support of diversity in the management of investments.



# Global Reporting Initiative content index

Disclosure	Location of information or response
<b>STATEMENT OF USE</b>	CalSTRS has reported the information cited in this GRI content index for the period July 1, 2023, through June 30, 2024, with reference to the GRI Standards.
<b>GRI 1 USED</b>	GRI 1: Foundation 2021
Disclosure	Location of information or response
<b>GRI 2: GENERAL DISCLOSURES 2021</b>	
2-1 Organizational details	<p>CalSTRS, the California State Teachers' Retirement System, is a component unit of the State of California. The headquarters is located at 100 and 200 Waterfront Place, West Sacramento, CA, 95605. Operations are within the state of California, United States of America.</p> <p>In fiscal year 2023–24, CalSTRS operated member service centers in Fresno, Glendale, Irvine, Riverside, San Diego, Santa Clara and West Sacramento.</p>
2-2 Entities included in the organization's sustainability reporting	<p>CalSTRS is a single entity as a component unit of the State of California. We publish several reports to convey the sustainability progress of CalSTRS: <i>Addressing Climate-Related Financial Risk Report</i>, <i>Annual Comprehensive Financial Report</i>, <i>Popular Annual Financial Report</i>, <i>Net Zero Portfolio Emissions Pledge Progress Report</i>, <i>Sustainability Report</i> and <i>Diversity in the Management of Investments Report</i>, all of which are available at <a href="#">CalSTRS.com</a>.</p> <p>The <i>Sustainability Report</i> provides organizational reporting on economic, environmental and social information based on GRI Standards.</p>
2-3 Reporting period, frequency and contact point	<p>This annual report is for the fiscal year July 1, 2023, through June 30, 2024, which aligns with the <i>Annual Comprehensive Financial Report</i> period.</p> <p>Information in this report that falls outside the fiscal year is noted. This <i>Sustainability Report</i> was published in early 2025. For questions regarding this report, email <a href="mailto:Sustainability@CalSTRS.com">Sustainability@CalSTRS.com</a>.</p>
2-4 Restatements of information	This report does not include restatements of information from previous reporting periods.
2-5 External assurance	<p>CalSTRS strives to provide accurate and transparent information regarding our performance.</p> <p>The CalSTRS Internal Audit Services team performed an independent and objective review of the information submitted in this report and has provided a limited level of assurance over measurable statements and facts.</p> <p>Information from the financial statements and related notes of the <i>Annual Comprehensive Financial Report</i> are audited by an independent auditor.</p>
2-6 Activities, value chain and other business relationships	<p>CalSTRS is a public-sector component of the State of California. CalSTRS provides retirement, disability and survivor benefits for full-time and part-time California public school educators through a hybrid retirement system consisting of the Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs, and a voluntary defined contribution plan called CalSTRS Pension2. See <a href="#">Understand your benefits</a> at <a href="#">CalSTRS.com</a> for details.</p> <p>Page 8, Value chain</p>
2-7 Employees	Page 37, Employee demographics for fiscal year 2023–24

Disclosure	Location of information or response
<b>GRI 2: GENERAL DISCLOSURES 2021</b>	
2-8 Workers who are not employees	Workers who are not employees are contract-based for specialized projects, such as the replacement of our pension administration system, or perform ongoing services and include staff for our building operations, security, custodial services and café.
2-9 Governance structure and composition	<p>Page 12, Teacher's Retirement Board</p> <p>CalSTRS is administered by our 12-member Teachers' Retirement Board. The board sets the policies, makes rules for the system and is responsible for ensuring benefits are paid in accordance with law. The board is a fiduciary and acts only in the interest of CalSTRS members and their beneficiaries for the purpose of providing benefits. For details on each board member's position, background and committees, see <a href="#">Board members on CalSTRS.com</a>.</p> <p>The board has six standing committees: Appeals, Audits and Risk Management, Benefits and Services, Board Governance, Compensation, and Investment. The committees responsible for decision-making on environmental, economic and social issues include:</p> <p><b>Audits and Risk Management:</b> Assists the board in fulfilling its fiduciary oversight responsibilities for financial reporting, risk management framework, internal control, compliance, internal audit, external audit of the financial statements and engagements with other external firms.</p> <p><b>Compensation:</b> Provides oversight to our compensation policies and plan that support the successful recruitment, development and retention of talent to meet our business objectives.</p> <p><b>Investment:</b> Oversees all matters relating to the investment of our assets and investment management. The committee is charged to oversee our assets for the exclusive purpose of providing benefits to our members and their beneficiaries and to maximize financial stability in an efficient and cost-effective manner.</p>
2-10 Nomination and selection of the highest governance body	<p>The board chair is selected by the board from its 12 members. The chair is not a CalSTRS senior executive. The election of the board chair and vice chair is held at the May board meeting of each calendar year as the first agenda item.</p> <p>The <a href="#">Teachers' Retirement Board Governance Manual</a> on <a href="#">CalSTRS.com</a> contains information on election and committee selection processes.</p> <p>In May 2023, the board elected Denise Bradford as chair and Karen Yamamoto as vice chair.</p> <p>In January 2024, CIO Christopher J. Ailman announced his retirement. He continued to serve as CIO through June 30, 2024.</p> <p>In February 2024, Gov. Gavin Newsom announced that Kenneth "Ken" Tang and Vice Chair Yamamoto were reappointed to the board.</p> <p>In May 2024, we announced the selection of Scott Chan as chief investment officer. Chan, who had served as CalSTRS deputy chief investment officer since 2018, replaced longtime CIO Ailman.</p> <p>In September 2024, Gov. Newsom announced that Steve Juarez was appointed to the board.</p> <p>In January 2025, we announced Jeff Zimmer as chief benefits officer.</p>
2-11 Chair of the highest governance body	Denise Bradford serves as board chair.

Disclosure	Location of information or response
<b>GRI 2: GENERAL DISCLOSURES 2021</b>	
2-12 Role of the highest governance body in overseeing the management of impacts	<p>The board and CalSTRS executives partner to set a future vision and maintain the organization's mission, vision and core values. The board adopts the strategic plan and aligns the board and committee work plans to it. One of the three goals in the <b>2022-25 Strategic Plan</b> is a sustainable organization. The CEO seeks input from internal and external stakeholders, monitors implementation and promptly informs the board of significant risks. The CEO also provides an annual progress report to the board.</p> <p>The board's Investment Committee monitors compliance with applicable investment policies and investment resolutions, including those regarding environmental, social and governance risks. The committee reviews emerging and significant risks within its area of responsibility and reports those risks to the board.</p> <p>The board hears from members of the public through its board meetings in compliance with the Bagley-Keene Open Meeting Act. The board considers most investment matters in open session unless it would jeopardize execution of the investment or cause harm to the economic value of the investment.</p> <p>The Board Governance Committee oversees the board's governance manual by developing processes to ensure content is current and that CalSTRS' actions are compliant with such policies. The policies in the <b>Teachers' Retirement Board Governance Manual</b> are reviewed every five years or more often as necessary.</p>
2-13 Delegation of responsibility for managing impacts	<p>The board's Investment Committee is responsible for monitoring the compliance of CalSTRS' investments with applicable investment policies and investment resolutions, including those regarding environmental, social and governance risks and CalSTRS' investment policies.</p> <p>Investments staff provide transparency of investment activities by regularly reporting directly to the Teachers' Retirement Board and its Investment Committee and by updating <a href="#">CalSTRS.com</a>. Reports are publicly available on our <a href="#">Board meetings</a> and <a href="#">Reports</a> webpages.</p>
2-14 Role of the highest governance body in sustainability reporting	<p>The <i>Sustainability Report</i> is presented annually to the board. The process of reviewing and approving the information contained in this report, including the selection of material topics, is delegated to the CEO.</p> <p>Decisions related to the sustainability concerns are part of the board's normal business and the strategic planning process.</p>
2-15 Conflicts of interest	<p>All Teachers' Retirement Board members are subject to the disclosure and reporting requirements of our Conflict of Interest Code and Fair Political Practices Commission regulations. Any board member that receives a gift, honoraria, or travel expenses (paid or reimbursed) or the actual transportation and related lodging and subsistence from any third party other than either CalSTRS or the State of California has the responsibility to determine whether the receipt of the same must be disclosed and reported. See the <b>Teachers' Retirement Board Governance Manual</b>, Conflicts of interest section for details.</p>
2-16 Communication of critical concerns	<p>During board meetings, issues of critical concern can be addressed in open or closed session.</p> <p>The board limits the business it conducts in closed session to those matters specifically authorized by the Bagley-Keene Act. Matters properly considered in closed session include conferring with or receiving advice from legal counsel regarding pending litigation when discussion in open session concerning those matters would prejudice the position of the board in the litigation.</p> <p>The board is prohibited from discussing the content of a closed session matter in public session. However, notice of the general nature of a closed session matter is reported to the public prior to any action being taken. If the closed session matter involves the appointment, employment or dismissal of a public employee, any action taken is required to be reported publicly at a subsequent public meeting.</p>

Disclosure	Location of information or response
<b>GRI 2: GENERAL DISCLOSURES 2021</b>	
2-17 Collective knowledge of the highest governance body	<p>The <i>Teachers' Retirement Board Governance Manual</i> contains information on board education policy and onboarding new members. The board receives ongoing education, including annual fiduciary education, state ethics training, external educational opportunities, in-house education sessions and self-paced learning.</p>
2-18 Evaluation of the performance of the highest governance body	<p>It is best practice for public retirement boards of trustees and corporate boards of directors to regularly set aside time to candidly discuss the boards' performance and make continuous improvements in board governance. The board engages in self-evaluation to assess how well it is carrying out its fiduciary and statutory responsibilities and to continually refine its governance practices.</p> <p>The chair and vice-chair of the board are jointly responsible for implementing this policy. They decide on the method and criteria used to evaluate the board's performance and may seek advice and assistance from the board's governance consultant. All trustees are responsible for taking part in the self-evaluation.</p> <p>See the <i>Teachers' Retirement Board Governance Manual</i> on CalSTRS.com for details.</p>
2-19 Remuneration policies	<p>The board's Compensation Committee is responsible for ensuring the compensation program is properly designed to support organizational objectives. The committee also develops administrative procedures based on the board's compensation philosophy.</p> <p>The board-adopted compensation program for executive management and Investments Branch staff is designed to be internally equitable, externally competitive and incentive-based.</p> <p>The Compensation Program consists of base pay, incentive pay, recruitment pay differential, educational incentive and relocation.</p> <p>See the <i>Teachers' Retirement Board Governance Manual</i> on CalSTRS.com for details.</p>
2-20 Process to determine remuneration	<p>The board has a duty to direct and carefully monitor the CEO's and CIO's performance. The board has a cyclical practice of setting direction through the adoption of established criteria and evaluating results against the established criteria. See the <i>Teachers' Retirement Board Governance Manual</i> on CalSTRS.com for details.</p> <p>All California civil service classes have salary ranges with minimum and maximum rates. After each 12 months of satisfactory performance, employees receive a 5% merit salary adjustment until they reach the maximum salary for the class. See <a href="#">About salaries on CalHR.ca.gov</a> for details.</p>
2-21 Annual total compensation ratio	<p>For the 2022 calendar year, the ratio of the annual total compensation for our highest paid individual's compensation to the median total compensation for all employees was 18:1.</p> <p>CalSTRS staff calculated the ratio using data from the State Controller's Office. The SCO's report produced the total compensation paid to each employee in the January 2022 through December 2022 pay periods. The total compensation produced by SCO's information management system included: the employee's base salary, pay differentials, overtime, stipends, health payments and any leave credits cashed out.</p> <p>Incentive payments awarded in 2022, if any, were added to the SCO's produced total compensation amount to determine the employee's annual total compensation for 2022.</p> <p>Employees whose total annual compensation was less than the minimum salary range (times 12 months) of their classification were removed from the report. To determine the median annual total compensation for all employees, the report was sorted by salary, from lowest to highest.</p> <p>If there are significant changes to our compensation policies, we'll review this ratio in the future.</p>

Disclosure	Location of information or response
<b>GRI 2: GENERAL DISCLOSURES 2021</b>	
2-22 Statement on sustainable development strategy	<p>Page 4, A message from CEO Cassandra Lichnock</p> <p>Page 10, Identifying report topics</p> <p>2-12 Role of the highest governance body in overseeing the management of impacts</p> <p>2-13 Delegation of responsibility for managing impacts</p> <p>2-23 Policy commitments</p>
2-23 Policy commitments	<p>See our <i>Investment policies</i> on CalSTRS.com.</p> <p>Our <i>Investment Policy for Mitigating Environmental, Social and Governance Risks</i> guides our investment decisions as it calls for our partners and us to incorporate material environmental, social and governance considerations into investment analysis to protect the long-term success of an investment.</p> <p>We're committed to sustainable business practices and endorses the International Sustainability Standards Board (ISSB) Standards.</p>
2-24 Embedding policy commitments	<p>Our <i>Corporate Governance Principles</i> lay the foundation for our stewardship activities, including but not limited to proxy voting, portfolio company engagement and advocacy efforts.</p> <p>These principles are based on best practices in the marketplace that support long-term value creation and mitigate risks to the portfolio. We continue to support market-wide corporate governance initiatives that will improve the investing landscape for shareholders our beneficiaries.</p>
2-25 Processes to remediate negative impacts	<p>The CalSTRS ombuds is an advocate ombuds, serving as an advocate for members in resolving problems and conflicts that are more complex in nature that require in-depth research and investigation.</p> <p>The ombuds guiding principles are independence, impartiality, confidentiality and informality. For details, see the <i>Ombuds Report 2023–24</i>.</p> <p>Additionally, members may appeal the determination by CalSTRS staff of a right to a benefit or obligation. The California Education Code authorizes us to hold a hearing for the purpose of determining any question presented to it involving any right, benefit or obligation.</p> <p>The regulations govern the process that occurs before a hearing is held by CalSTRS. The regulations reflect a structure that guides the member through an administrative remedy process and are designed to assist the member in moving their request or contention forward within CalSTRS.</p> <p>The board's Appeals Committee is a dedicated body to hear, deliberate upon and decide appeals of system determinations pursuant to the Administrative Procedure Act. See the <i>Teachers' Retirement Board Governance Manual</i> on CalSTRS.com.</p>

**Disclosure****Location of information or response****GRI 2: GENERAL DISCLOSURES 2021**

2-26 Mechanisms for seeking advice and raising concerns	<p>CalSTRS is committed to providing a professional work environment free from discrimination, harassment and retaliation. Our commitment to Equal Employment Opportunity applies to all aspects of employment and employment-related decisions, including hiring, placement, assignment, promotion, transfer, demotion, layoff, reinstatement, recruitment, compensation, benefits, training, adverse action, termination and general treatment during the course of employment.</p> <p>If a person believes someone has violated the EEO policy, they can contact a manager, Human Resources, or the EEO officer by phone or email. They may also report a concern anonymously by submitting a written complaint to the EEO officer by mail.</p> <p>Employees in certain bargaining units may have additional options to raise workplace concerns through the grievance process.</p> <p>The <b>Compliance and Ethics Hotline</b> provides a forum for our employees and external stakeholders to anonymously report irresponsible, noncompliant or unethical activity. Reporters can discuss the situation with a manager or Human Resources, call a toll-free number or use a website to file a confidential and anonymous report.</p> <p>The Compliance and Ethics Hotline is supported by an independent, third-party administrator to ensure anonymity. The hotline is available 24 hours a day, 365 days a year.</p> <p>The Compliance and Ethics Hotline is separate and independent of the State Auditor's enforcement of the California Whistleblower Protection Act, which authorizes the California State Auditor to receive complaints from state employees and members of the public regarding improper governmental activity.</p>
2-27 Compliance with laws and regulations	<p>CalSTRS is a state governmental pension plan that administers the Teachers' Retirement Law and is exempt from the federal Employee Retirement Income Security Act (ERISA). As an enforcement agency, CalSTRS is not subject to fines, whether criminal or civil, or nonmonetary sanctions regarding the application of the Teachers' Retirement Law. As for significant instances of noncompliance outside of the Teachers' Retirement Law, CalSTRS does not have information to report. If CalSTRS does have information to report in this regard, it will be presented to the board at a publicly noticed meeting.</p>
2-28 Membership associations	<p>Members of the Teachers' Retirement Board and CalSTRS staff hold strategic leadership roles in several organizations and in the creation of an engagement framework critical to the advancement of sustainable principles. These include Ceres, Climate Action 100+, Council of Institutional Investors, Human Capital Management Coalition, Institutional Investors Roundtable, the Principles for a Responsible Civilian Firearms Industry, Principles for Responsible Investment and the Thirty Percent Coalition.</p>
2-29 Approach to stakeholder engagement	<p>Page 9, Stakeholder engagement</p>
2-30 Collective bargaining agreements	<p>As of June 30, 2024, 63% of our 1,391 employees were covered by bargaining units.</p> <p>Collective bargaining agreements, also called memoranda of understanding, between employee organizations (unions) and the state define wages, hours and conditions of employment affecting employees assigned to one of the state's 21 bargaining units.</p> <p>Employees designated managerial, supervisory, confidential or other excluded designations are not covered by collective bargaining agreements. CalHR is responsible for defining wages, hours and conditions of employment for these employees.</p> <p>See details on collective bargaining at <a href="#">Where do I fit in? at CalHR.ca.gov</a>.</p>



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