

Staff Executive Summary

Through strategic and business plans and supported by governance oversight, [Diversity in the Management of Investments \(“DIMI”\) strategy](#) is aligned with the Enterprise’s organizational principles for diversity, equity and inclusion (“DEI”). Building on nearly three decades of integrating diversity in the management of investments, CalSTRS continues its momentum behind [each of DIMI’s three core pillars](#): (1) Investment staff; (2) Industry and portfolio company engagement; and (3) Portfolio investments.

(1) Reporting and Update to Investment Committee

Since 2011, CalSTRS has published an annual progress report of its DIMI strategy. In March 2023, CalSTRS released its [Diversity in the Management of Investments Annual Progress Report \(2022\)](#). In [May 2023](#) staff presented to the Investment Committee (“IC”) the annual progress and accomplishments of the DIMI strategy for the calendar year 2022.

(2) What DE&I data/information does staff currently request of CalSTRS strategic partners?

[AB 890](#) requires CalSTRS to submit an annual report, beginning March 1, 2023, on the status of achieving appropriate objectives and initiatives, as defined by the board, regarding the participation of emerging or diverse managers responsible for asset management within CalSTRS investment portfolio. The bill sunsets on January 1, 2028, unless a later enacted statute deletes prior to 2028 or extends that date. To comply with reporting requirements of AB 890, CalSTRS surveyed its managers within the Investment portfolio. The survey inquired:

- Self-identification of CalSTRS Board approved definitions of “emerging manager” and “diverse manager”
- DEI Policy
- DEI Oversight
- DEI Initiatives
- DEI Affiliations

(3) What metrics does staff track?

Please refer to Question 2 directly above.

(4) What is meaningful and useful about the data/information received?

The information may offer an opportunity to engage in an opening dialogue with managers if they choose. To date, the initial launch has been positive with a satisfactory manager response/participation rate.

(5) Where are the shortfalls about the data/information received?

The DEI Manager survey was newly implemented in 2022. As such, additional years of surveying and data collection is needed to measure, assess, and reconcile progress.

What’s to come:

In Winter 2023, Investments will host a workshop with the Investment Committee where investment partners of mid and large firms will present best practices on measuring and expanding diversity, highlight how to gauge equity and inclusion.

Board Policy Linkage:

- CalSTRS Investment Policy and Management Plan

Strategic Plan Linkage:

Enterprise

- [CalSTRS Enterprise Core Value](#): *“Strength: We ensure the strength of our system by embracing a diversity of ideas and people.”*
- [CalSTRS Enterprise 2022-25 Strategic Plan](#): *“Goal 1: Trusted stewards – Diversity, equity and inclusion efforts drive organizational outperformance.”*
- [CalSTRS Enterprise 2022-23 Business Plans](#): *“4-D-6 – Incorporate diversity, equity and inclusion across all CalSTRS practices.”*

Investments

- CalSTRS Investments Core Values: *“Respect – We strive to not only treat others as we would like to be treated, but to go the extra mile and treat others as they would like to be treated.”*
- [CalSTRS Investments Diversity Statement](#): *“CalSTRS Investments Diversity Statement: CalSTRS’ mission to secure the financial future and sustain the trust”*

Optional Reference Material: (prior board items, supplemental educational materials, etc.)

- CalSTRS Investment Committee, May 2023: [Annual Update on Diversity in Management of Investments \("DIMI"\)](#)
- CalSTRS Teachers Retirement Board, March 2023: [Update on Incorporating Diversity, Equity and Inclusion across the Enterprise](#)
- CalSTRS Investment Committee, May 2022: [Annual Update & AB 890](#)
- CalSTRS Bill Analysis: [AB 890 \(Cervantes\) – Emerging manager report](#)