CALSTRS.

Stewardship priorities annual update



Value of stewardship

Designed to safeguard CalSTRS ability to pay member benefits by:

- ✓ Mitigating risk in CalSTRS portfolio
- ✓ Supporting long-term value creation
- ✓ Promoting practices that provide for a sustainable financial market

CalSTRS stewardship priorities

Corporate & market accountability

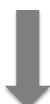
Promote sustainable markets, effective & diverse boards & protect shareholder rights

Net zero transition



Engage highest emitters to reduce emissions in global economy

Workforce & communities



Influence companies to ensure a healthy & engaged workforce

Corporate & market accountability focus areas

Basic governance rights & well-functioning, efficient markets are vital for CalSTRS to effectively mitigate portfolio risks

Board effectiveness

Sustainability disclosures

Shareholder rights

Board diversity

Board competency

Compensation

International
Sustainability
Standards Board

Human capital management disclosure

Protect shareholder rights when necessary

Net zero transition focus areas

Climate change presents a material & significant risk to society, the economy & CalSTRS portfolio

Highest emitters

Climate action 100+

'Priority 45' companies

Methane mitigation

Workforce & communities focus areas

Corporate boards play an active role in overseeing human capital management & ensuring investors have adequate disclosures to understand workforce-related risks & opportunities

Workforce culture & engagement

Workforce composition data

Diversity, equity, & inclusion

Just transition in utility sector

Board-level oversight of workers & communities

Responsible firearms

Retailers

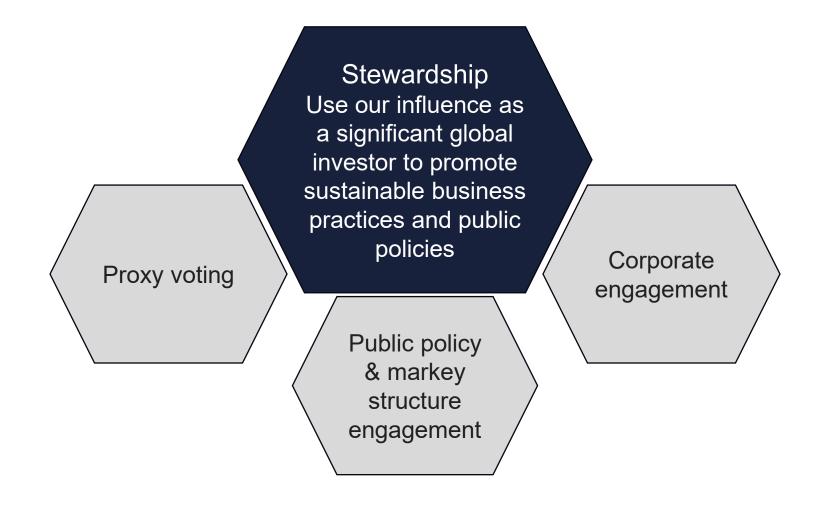
Finance

2025 engagement spotlights

- Artificial intelligence touches all three stewardship priorities
- Biodiversity and nature engagements focus on net zero and communities

- Protecting rights and gains
 - Universal Corporate Sustainability Disclosure
 - Shareholder rights
 - DEI rollbacks

CalSTRS approach to stewardship



Stewardship tools and tactics

Proxy voting

Direct company engagement

Shareholder proposals

Collaborative engagements

Policy advocacy

Litigation

Activist stewardship