

# Fulfilling our mission while addressing climate change | FALL 2024

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

## Net zero strategy pillars



### REDUCING PORTFOLIO EMISSIONS

We’ve allocated \$21.7 billion as part of our two-year implementation plan to dedicate 20% of our Public Equity Portfolio to a low-carbon target index to manage risk and reduce emissions by approximately 14%. Additionally, the Teachers’ Retirement Board approved reducing emissions in the corporate credit portion of the Fixed Income Portfolio by 15% while preserving expected returns.

### CALSTRS INVESTMENT PORTFOLIO

Globally diversified

Covers all financial markets

All asset classes affected by climate risk

Total fund approach to climate change

## USING OUR INFLUENCE

We wrote to the Sustainability Standards Board of Japan and the Ministry of Finance of China in support of sustainability disclosure standards. Additionally, we participated in meetings and forums with key stakeholders, companies, policy makers and other investors to drive positive change and develop guidelines for implementing best practices to facilitate a just transition to a low-carbon economy.



### TOP 4 GLOBAL GREENHOUSE EMITTERS BY INDUSTRY



Electricity & heat



Transportation



Manufacturing & construction



Agriculture



### INVESTING IN SOLUTIONS

We’ve committed \$2 billion to a dedicated low-carbon solutions private assets portfolio managed by the Sustainable Investment and Stewardship Strategies (SISS) team. This portfolio identifies opportunities that demonstrate positive contributions to a more sustainable global economy, including strategies that support the energy transition by funding energy and transport infrastructure and providing technology solutions.

## SIGNIFICANT LOW-CARBON INVESTMENTS



Global Equity

**\$21.7 BILLION**

to a low-carbon index as of June 30, 2024

Fixed Income

**15%** target emissions reduction within the low-carbon credit-related index

Inflation Sensitive

**\$2.3 BILLION** as of March 31, 2024



Sustainable Investment and Stewardship Strategies Public and Private Portfolios

**\$6.0 BILLION** as of June 30, 2024

Real Estate

**\$13.6 BILLION**

based on LEED certified assets as of June 30, 2024

## MAJOR CALSTRS MILESTONES

2004



Began investing in climate solutions

2006



Established climate change stewardship program to influence companies and governments

2015



Signed Paris Pledge for Action in support of the Paris Climate Agreement

2016



Created low-carbon index to reduce portfolio emissions

2018



Joined Climate Action 100+ to engage companies

2020



Adopted climate-related Investment Belief

2021



Pledged to achieve a net zero investment portfolio by 2050 or sooner

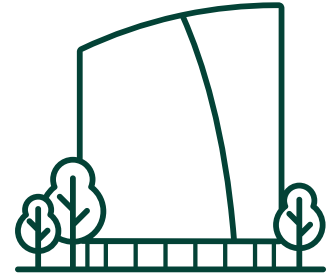
2022/2023



Adopted low-carbon index based emissions reduction strategies and increased investments in climate solutions

## Net zero strategy

In 2021, CalSTRS 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.



## OUR COMMITMENT TO NET ZERO BUILDS ON NEARLY 20 YEARS OF INFLUENCING GLOBAL SUSTAINABLE BUSINESS PRACTICES AND PUBLIC POLICIES.

### STEWARDSHIP HIGHLIGHTS

We are an active contributor to the Climate Action 100+ initiative, leading direct engagement with the world's most significant corporate carbon contributors to help align their policies with the Paris Climate Agreement and the global net zero emissions transition.

### DOMINION ENERGY

Completed the first monopile foundation for the 2.6-gigawatt Coastal Virginia Offshore Wind, the largest offshore wind farm under construction in the United States.



### PHILLIPS 66

Reached full production capacity in June 2024 of approximately 50,000 barrels per day (800 million gallons per year) of renewable diesel at its facility located in Rodeo, California, which fulfilled its commitment to contribute significantly to the energy transition by offering customers lower-carbon alternatives that reduce emissions and generate shareholder value.

### SOUTHERN COMPANY

Agreed to include enhanced disclosure in its 2024 proxy statement to demonstrate the linkage between greenhouse gas emissions reductions and its fleet transition.



## Our commitment

We will 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 focused on reducing emissions, investing in climate solutions and accelerating the global economic shift to net zero through our influence as an institutional investor.

**LEARN MORE**

[CalSTRS.com/path-to-net-zero](https://CalSTRS.com/path-to-net-zero) | [CalSTRS.com/engagements-in-action](https://CalSTRS.com/engagements-in-action)