

Fulfilling our mission while addressing climate change | SPRING 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 \$12.5 billion as part of our two-year implementation plan to allocate 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 12% 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 increased the scrutiny of our votes against boards that are not appropriately managing and addressing sustainable business practices. We also wrote multiple letters to the U.S. Environmental Protection Agency in response to the proposed rules advocating for strong methane emissions performance standards. Additionally, we contacted 46 oil and gas companies with assets in the United States subject to the proposed regulations urging them to also submit clear, specific and constructive comments to the EPA.



TOP 4 GLOBAL GREENHOUSE GAS 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

\$12.5 BILLION

to a Low-Carbon Index as of December 31, 2023

Fixed Income

12%

target emissions reduction within the corporate credit portfolio

Inflation Sensitive

\$2.1 BILLION

as of June 30, 2023



SISS

\$6.8 BILLION

as of June 30, 2023



Real Estate

\$16.4 BILLION

as of June 30, 2023

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

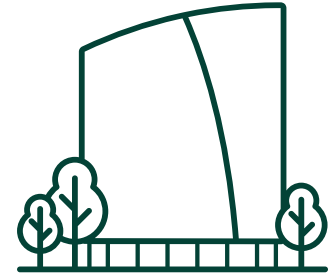
2022/2023



Adopted measures to further reduce portfolio emissions

Net zero climate action plan

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

Secured permission to build a 2.6-gigawatt offshore wind farm near the Virginia coast, making it the largest-ever authorized offshore wind venture.



SOUTHERN COMPANY

Released its first Just Transition Report, which highlights their efforts to secure the rights and livelihoods of workers as the economy makes fundamental shifts toward decarbonization.



ENEOS

Plans to reduce its scope 1 and scope 2 emissions by 46% by fiscal 2030 over the fiscal 2013 base year and expanded its net zero ambition to cover scope 3 emissions (net zero by fiscal 2050).



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.