

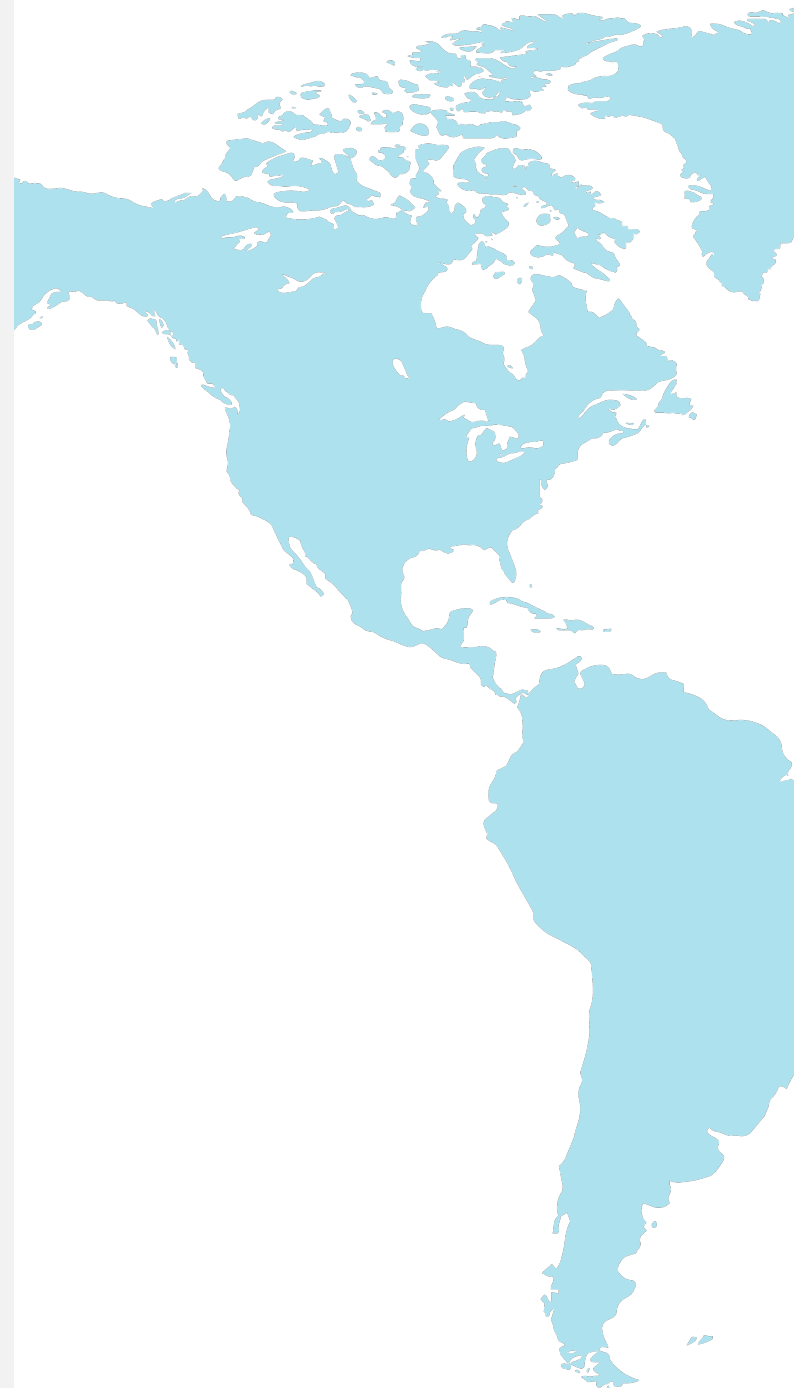


# Blue Dot's Asset Owner Series

## Spotlight: CalSTRS

February 2024

Future-proofing investment decisions™



## Asset Owner

The California State Teachers' Retirement System (CalSTRS) is the largest educator-only pension fund in the world with assets totaling approximately \$327 billion.\* 15.59% of CalSTRS' total AUM is invested in Private Equity and 15.11% is invested in Real Estate.\*\*

## Overview of ESG Program

"Consistent with its fiduciary responsibilities to CalSTRS members, the Board has an obligation to ensure that the corporations and entities in which CalSTRS invests strive for long-term sustainability in their operations. Managers of our investments who do not strive for sustainability jeopardize achieving the long-term expected rate of return we expect. Therefore, CalSTRS incorporates ESG considerations into its analysis of the riskiness of its investment decisions and its ownership policies and practices, to the extent that ESG factors are material to the long-term success of an investment."\*\*\*

\* As of December 31, 2023, source: <http://www.calstrs.com/investment-portfolio>

\*\* <https://www.calstrs.com/investment-portfolio>

\*\*\* [http://www.calstrs.com/files/b956aa967/calstrs\\_esg\\_policy.pdf](http://www.calstrs.com/files/b956aa967/calstrs_esg_policy.pdf)

## Leadership Statement



Our long-standing focus on sustainability and resiliency served us well last fiscal year and sets us up for long-term success. We constantly adjusted to meet each unprecedented challenge on behalf of our members, as we worked through soaring inflation, the COVID-19 pandemic, geopolitical turmoil, and the many floods and wildfires related to climate change.\*

Cassandra Lichnock  
CalSTRS Chief Executive Officer  
February 2023



\* <http://www.calstrs.com/calstrs-focuses-on-sustainability-resiliency-for-long-term-success>



## Investment Guidelines and Expectations of Managers

As an active owner, CalSTRS incorporates environmental, social, and governance actions into its ownership policies and practices. Since CalSTRS is a long-term investor and may hold an investment in a corporation or entity decade after decade, short-term gains at the expense of long-term gains are not in the best interest of the fund. Sustainable returns over long periods are in the economic interest of the fund. Conversely, unsustainable practices that hurt long-term profits are risks to the CalSTRS Investment Portfolio. To assist CalSTRS staff and external investment managers in their investment analysis and decision-making, CalSTRS developed a list of ESG Risk Factors that should be included within the financial analysis of any investment decision. These Risk Factors should be reviewed for any CalSTRS investment or engagement in any asset class.\*

The Teachers' Retirement Board, which governs CalSTRS, committed CalSTRS to achieve net zero emissions in the CalSTRS Investment Portfolio by 2050 or sooner. The Board also plans to reduce GHG emissions across the portfolio by 50% by 2030.\*\*

\* <https://www.calstrs.com/files/c8999b7f1/CorporateGovernancePrinciples.pdf>

\*\* <http://www.calstrs.com/calstrs-focuses-on-sustainability-resiliency-for-long-term-success>

## Recent News

- In January 2024, Generate Capital, an investment firm focused on sustainability and infrastructure, raised \$1.5 billion in new equity from an investor group including CalSTRS.\*
- Also in January 2024, CIO Christopher Ailman announced his retirement. He has served as the longest-tenured CIO in the world, beginning at CalSTRS in October 2000. During Ailman's tenure, he formed an innovation team and two new asset classes. Ailman spent the last five years focused on helping the board commit to and implement a sustainable portfolio, including the long-term goal to achieve a net zero greenhouse gas emissions portfolio by 2050 or sooner.\*\*
- In Nov 2023, CalSTRS acquired a stake in Just Climate, the climate-as-an-asset firm established by Generation Investment Management.\*\*\*
- For the 2023 proxy season, CalSTRS voted against the boards of directors at a record 2,035 global companies because they did not provide necessary climate risk disclosures.\*\*\*\*

\* <http://www.bloomberg.com/news/articles/2024-01-31/generate-capital-raises-1-5-billion-from-calstrs-hesta-qic?>

\*\* <http://www.calstrs.com/calstrs-cio-christopher-j-ailman-announces-retirement>

\*\*\* <http://www.newprivatemarkets.com/calstrs-seeks-alignment-with-stake-in-emerging-climate-manager/>

\*\*\*\* <http://www.calstrs.com/calstrs-escalates-efforts-to-hold-global-companies-accountable-for-not-adequately-disclosing-climate-change-risks-votes-against-2-035-boards-of-directors-in-proxy-season-2023>



# Thank You

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