PRI Principles for Responsible Investment

RI TRANSPARENCY REPORT

2013/14

California State Teachers' Retirement System CalSTRS

UNEP Finance Initiative Changing finance, financing change | United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the PRI website, ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2013-14 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six Principles for Responsible Investment. It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
🏳	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

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Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Public							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	-	n/a							✓
OA 07	Governance, management structures and RI processes	-	n/a							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	-	n/a							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	-	n/a				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	-	n/a	✓						
OA 14	Allocation of assets to environmental and social themed areas	-	n/a	✓						
OA 15	ESG issues for internally managed assets not reported in framework	-	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	-	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	-	n/a							✓
OA 19	Internal and external review and assurance of responses	-	n/a							✓

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Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Description of RI considerations	-	n/a	✓					✓	
SAM 02	Role of investment consultants	✓	Public				✓			
SAM 03	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 04	Breakdown of passive, active quant and active fundamental	✓	Public							✓
SAM 05	ESG incorporation strategies	✓	Public	✓	✓					
SAM 06	Selection processes (listed assets)	✓	Public	✓					✓	
SAM 07	Appointment considerations (listed assets)	-	n/a				✓			
SAM 08	Monitoring processes (listed assets)	✓	Public	✓						
SAM 09	Percentage of (proxy) votes cast	🔒	n/a		✓					
SAM 10	Selection processes (non-listed assets)	🔒	n/a	✓					✓	
SAM 11	Appointment considerations (non-listed assets)	-	n/a				✓			
SAM 12	Monitoring processes (non-listed assets)	🔒	n/a	✓					✓	
SAM 13	Description of RI considerations in 'other' asset classes	🔒	n/a	✓					✓	
SAM 14	Percentage of externally managed assets managed by PRI signatories	✓	Public	✓					✓	
SAM 15	Examples of ESG issues in selection, appointment and monitoring processes	-	n/a		✓					
SAM 16	Disclosure of RI considerations	✓	Public						✓	

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Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
LEI 02	Description of ESG incorporation	-	n/a	✓						
LEI 03	Percentage of each incorporation strategy	🔒	n/a	✓						
LEI 04	Type of ESG information used in investment decision	🔒	n/a	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	🔒	n/a	✓						
LEI 06	Types of screening applied	🔒	n/a	✓						
LEI 07	Processes to ensure screening is based on robust analysis	🔒	n/a	✓						
LEI 08	Processes to ensure fund criteria are not breached	🔒	n/a	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Description of ESG integration	🔒	n/a	✓						
LEI 11	Review ESG issues while researching companies/sectors	🔒	n/a	✓						
LEI 12	Processes to ensure integration is based on robust analysis	🔒	n/a	✓						
LEI 13	Aspects of analysis ESG information is integrated into	🔒	n/a	✓						
LEI 14	ESG issues in index construction	✓	Public	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	🔒	n/a	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	🔒	n/a	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	🔒	n/a	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	

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Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Public		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Public		✓					
LEA 14	Examples of ESG engagements	✓	Public		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Public		✓					
LEA 20	Securities lending programme	✓	Public		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	-	n/a		✓					
LEA 24	Shareholder resolutions	✓	Public		✓					
LEA 25	Examples of (proxy) voting activities	-	n/a		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

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California State Teachers' Retirement System CalSTRS

Reported Information

Public version

Organisational Overview

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PRI Principles for Responsible Investment

Basic Information

OO 01	Mandatory	Gateway/Peering	General

OO 01.1 Select the category which best represents your primary activity.

- (•) Non-corporate pension or superannuation or retirement or provident fund or plan
- ( ) Corporate pension or superannuation or retirement or provident fund or plan
- ( ) Insurance company
- ( ) Foundation or endowment
- ( ) Development bank
- ( ) Reserve - sovereign or government controlled fund
- ( ) Other, specify

OO 01.2 Additional information. [Optional]

CalSTRS is the pension plan for California's public school teachers.

OO 02	Mandatory	Peering	General

OO 02.1 Select the location of your organisation’s headquarters.

United States

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- (•) 1
- ( ) 2-5
- ( ) 6-10
- ( ) >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

1000

OO 03	Mandatory	Descriptive	General

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OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

○ Yes

◉ No

OO 04 | **Mandatory** | **Gateway/Peering** | **General**

OO 04.1 Indicate the year end date for your reporting year.

30/06/2013

OO 04.2 Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		165	000	000	000
Currency	USD				
Assets in USD		165	000	000	000

OO 04.3 Indicate the level of detail you would like to provide about your asset class mix.

◉ Approximate percentage breakdown to the nearest 5% (e.g. 45%)

○ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06 | **Mandatory** | **Descriptive** | **General**

OO 06.1 To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

◉ Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	19	35
Fixed income – corporate	4	2
Fixed income – government	4	0
Fixed income – other	7	0
Private debt	0	0
Private equity	0	13
Property	0	14

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Infrastructure	0	1
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	1
Other (1), specify	0	0
Other (2), specify	0	0

○ Publish our asset class mix as broad ranges

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png,.bmp and .gif)

OO 07	Mandatory to Report Voluntary to Disclose	Peering	General

OO 07.1 Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds.

	% of externally managed assets
Segregated mandate(s)	○ 0% ○ <10% ○ 10-50% ◉ >50 %
Pooled fund(s)	◉ 0% ○ <10% ○ 10-50% ○ >50 %
Total externally managed assets	*100%*

OO 07.2 Indicate the proportion of your externally managed assets in fund-of-funds.

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	% of externally managed assets
Fund-of-funds	○ 0% ◉ <10% ○ 10-50% ○ >50 %

OO 08	Mandatory to Report Voluntary to Disclose	Peering	General

OO 08.1 Indicate the breakdown of your organisation's AUM by market.

Market breakdown	% of AUM
Developed Markets	○ 0% ○ <10% ○ 10-50% ◉ >50 %
Emerging, Frontier and Other Markets	○ 0% ◉ <10% ○ 10-50% ○ >50 %

OO 09	Voluntary	Descriptive	General

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OO 09.1	Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.

CalSTRS invests a multi-billion dollar fund in a unique and complex social-economic milieu and recognizes it can neither operate nor invest in a vacuum. The System's investment activities impact other facets of the economy and the globe. As a significant investor with a very long-term investment horizon and expected life, the success of CalSTRS is linked to continued global economic growth and prosperity. Actions and activities that detract from the likelihood and potential of continued global growth are not in the long-term interests of the Fund. Therefore, consideration of environmental, social, and governance issues (ESG), as outlined by the CalSTRS 21 Risk Factors, are consistent with the Board fiduciary duties.

CalSTRS believes that as a fiduciary to California's public school teachers, it has a social and ethical obligation to require that the corporations and entities in which securities are held meet a high standard of conduct and strive for sustainability in their operations. As an active owner, CalSTRS incorporates ESG into its ownership policies and practices.

Since CalSTRS is a long-term investor and may hold an investment in a corporation or entity for 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 System's investment.

Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General

OO 10.1	Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

☑ We incorporate ESG issues into investment decisions on our internally managed assets

☑ We address ESG incorporation, engagement and/or (proxy) voting in our external manager selection, appointment and/or monitoring processes

☑ We engage with companies on ESG issues via our staff, collaborations or service providers

☑ We cast our (proxy) votes directly or via service providers

☐ None of the above

OO 11	Mandatory	Gateway	General

OO 11.1	Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

☑ Fixed income – corporate

☑ Fixed income – government

☑ Fixed Income – other

☐ None of the above

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OO 11.2	Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.

☑ Fixed income – corporate

☑ Private equity

☑ Property

☑ Infrastructure

☐ Cash

☐ None of the above

OO 12	Mandatory	Gateway	General

OO 12.1	The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.

Core modules

☑ Organisational Overview

☑ Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

	Direct - Listed Equity incorporation

☑ Listed Equity incorporation

	Direct - Listed Equity active ownership

☑ Engagements

☑ (Proxy) voting

	Direct - Fixed Income

☐ Fixed Income - Corporate

☐ Fixed Income - Government

RI implementation via external managers

	Indirect - Selection, Appointment and Monitoring of External Managers

☑ Listed Equities

☐ Fixed Income - Corporate

☑ Private Equity

☑ Property

☐ Infrastructure

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Closing module

☑ Closing module

Note: Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

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Overarching Approach

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General

OA 01.1 Indicate if you have a responsible investment policy.

- (•) Yes
- ( ) No

OA 01.2 Indicate if you have other guidance documents or more specific policies related to responsible investment.

- (•) Yes
- ( ) No

OA 01.3 Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

Through its responsible investment policies, CalSTRS Investment department commits to:

Participating in the development of policy, regulation and standard setting that require or promote responsible investment;

Engaging with companies on environmental, social and governance (ESG) issues;

Participating in collaborative ESG-themed engagement initiatives with other investors;

Seeking standardized reporting by corporations on ESG issues and asking for ESG issues to be integrated within annual financial reporting;

Requesting information from companies regarding adoption of and adherence to norms, standards, codes of conduct or international initiatives that promote responsible investment practices;

Supporting shareholder initiatives and resolutions, consistent with CalSTRS Policies, that promote ESG disclosure and standards;

Filing shareholder resolutions consistent with ESG considerations;

Considering ESG-themed investments with appropriate risk/return parameters; and

Incorporating ESG considerations into internal and external investment decisions.

OA 02	Mandatory	Core Assessed	PRI 6

OA 02.1 Indicate if your responsible investment policy is publicly available.

- (•) Yes

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OA 02.2	Provide a URL to your responsible investment policy.

	URL

http://www.calstrs.com/principles

○ No

OA 02.3	Indicate if your other policies or guidance documents related to responsible investment are publicly available.

◉ Yes

◉ Yes, all

○ Yes, some

OA 02.4	List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.

Policy or document name	URL
Corporate Governance Principles	http://www.calstrs.com/principles
Responsible Contractor Policy	http://www.calstrs.com/principles
Principles for Executive Compensation	http://www.calstrs.com/principles
Policy Regarding Geopolitical Social Risks	http://www.calstrs.com/general-information/calstrs-board-investment-policy-regarding-geopolitical-and-social-risks

○ No

OA 03	Mandatory	Core Assessed	PRI 1,2

OA 03.1	Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

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Policy components/types	Coverage by AUM
☑ Policy setting out your overall approach ☑ (Proxy) voting policy ☑ Engagement/active ownership policy ☑ Specific guidelines on corporate governance ☑ Specific guidelines on environmental issues ☑ Specific guidelines on social issues ☐ Asset class-specific guidelines ☑ Screening/exclusion policy ☐ Other, specify ☐ Other, specify	◉ Applicable policies cover all AUM ○ Applicable policies cover a majority of AUM ○ Applicable policies cover a minority of AUM

OA 04	Mandatory	Core Assessed	General

OA 04.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

◉ Yes

OA 04.2 Describe your policy on managing potential conflicts of interest in the investment process. [Optional]

Within the CalSTRS*Teachers' Retirement Board (TRB) Policy Manual* is a section titled *Ethical and Fiduciary Conduct.* This part of the *TRB Policy Manual* details what CalSTRS fiduciary duties are, what the exclusive purpose of the System's assets is, what constitutes a prohibited transaction, the prohibitions against self-dealing, and the policy prohibiting insider trading. This section of the *TRB Policy Manual* also contains CalSTRS *Statement of Ethical Conduct*, which lists the activities or conducts that are inconsistent, incompatible, or in conflict with the duties and responsibilities or CalSTRS Board and staff.

The*Ethical and Fiduciary Conduct* language is required reading for all CalSTRS Board members and staff, and annual certifications of receipt and understanding of the policies contained therein is required. These policies are also presented to consultants and contractors upon commencement of a relationship with CalSTRS. Additionally, CalSTRS external managers must provide written confirmation that they have insider trading policies that, at a minimum, contain the same prohibitions as do the CalSTRS policies. External managers must also confirm that these policies are enforced.

Violations of the policies contained within the*Ethical and Fiduciary Conduct* section may result in disciplinary action, including dismissal of employees, and may result in termination of contracts for consultants, contractors and managers.

○ No

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Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General

OA 05.1 Indicate if your organisation sets objectives for its responsible investment activities.

◉ Yes

OA 05.2 Indicate how frequently your organisation sets or revises objectives for responsible investment.

◉ At least once per year

○ Less than once per year

OA 05.3 Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

○ Quarterly

○ Biannually

◉ Annually

○ Every two years or less

○ It is not reviewed

○ No

Governance and human resources

OA 08	Mandatory	Gateway/Core Assessed	General

OA 08.1 Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

	Roles present in your organisation

☑ Board members or trustees

- ☑ Oversight/accountability for responsible investment
- ☐ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☑ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee

- ☑ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☑ Other Chief-level staff or head of department, specify

Director

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☑ Oversight/accountability for responsible investment

☑ Implementation of responsible investment

☐ No oversight/accountability or implementation responsibility for responsible investment

☑ Portfolio managers

☐ Oversight/accountability for responsible investment

☑ Implementation of responsible investment

☐ No oversight/accountability or implementation responsibility for responsible investment

☑ Investment analysts

☐ Oversight/accountability for responsible investment

☑ Implementation of responsible investment

☐ No oversight/accountability or implementation responsibility for responsible investment

☐ Dedicated responsible investment staff

☐ External managers or service providers

☐ Other role, specify

☐ Other role, specify

Promoting responsible investment

OA 10	Mandatory	Core Assessed	PRI 4,5

OA 10.1

Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

◉ Yes

OA 10.2

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

☑ Asian Corporate Governance Association

Your organisation's role in the initiative during the reporting period (see definitions)

☐ Basic

☑ Moderate

☐ Advanced

☐ Association for Sustainable & Responsible Investment in Asia

☐ Australian Council of Superannuation Investors

☑ CDP Climate Change

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	Your organisation's role in the initiative during the reporting period (see definitions)
	☐ Basic
	☑ Moderate
	☐ Advanced

☑ CDP Forests

	Your organisation's role in the initiative during the reporting period (see definitions)
	☑ Basic
	☐ Moderate
	☐ Advanced

☑ CDP Water

	Your organisation's role in the initiative during the reporting period (see definitions)
	☐ Basic
	☑ Moderate
	☐ Advanced

☑ CFA Institute Centre for Financial Market Integrity

	Your organisation's role in the initiative during the reporting period (see definitions)
	☐ Basic
	☑ Moderate
	☐ Advanced

☑ Council of Institutional Investors (CII)

	Your organisation's role in the initiative during the reporting period (see definitions)
	☐ Basic
	☐ Moderate
	☑ Advanced

☐ Eumedion

☐ Extractive Industries Transparency Initiative (EITI)

☑ Global Investors Governance Network (GIGN)

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	Your organisation's role in the initiative during the reporting period (see definitions)
	☐ Basic
	☑ Moderate
	☐ Advanced

☐ Global Real Estate Sustainability Benchmark (GRESB)

☐ Institutional Investors Group on Climate Change (IIGCC)

☐ Interfaith Center on Corporate Responsibility (ICCR)

☑ International Corporate Governance Network (ICGN)

	Your organisation's role in the initiative during the reporting period (see definitions)
	☐ Basic
	☐ Moderate
	☑ Advanced

☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)

☑ Investor Network on Climate Risk (INCR)/CERES

	Your organisation's role in the initiative during the reporting period (see definitions)
	☐ Basic
	☐ Moderate
	☑ Advanced

☐ Local Authority Pension Fund Forum

☑ Principles for Responsible Investment

	Your organisation's role in the initiative during the reporting period (see definitions)
	☐ Basic
	☐ Moderate
	☑ Advanced

☐ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

☐ Shareholder Association for Research and Education (Share)

☐ United Nations Environmental Program Finance Initiative (UNEP FI)

☐ United Nations Global Compact

☐ Other collaborative organisation/initiative, specify

☐ Other collaborative organisation/initiative, specify

☐ Other collaborative organisation/initiative, specify

☐ Other collaborative organisation/initiative, specify

○ No

OA 11	Mandatory	Core Assessed	PRI 4

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PRI Principles for Responsible Investment

OA 11.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

◉ Yes

OA 11.2 Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

☐ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations

☐ Provided financial support for academic or industry research on responsible investment

☑ Encouraged better transparency and disclosure of responsible investment practices across the investment industry

☑ Spoke publicly at events and conferences to promote responsible investment

☐ Wrote and published in-house research papers on responsible investment

☑ Encouraged the adoption of the PRI

☐ Other, specify

○ No

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PRI Principles for Responsible Investment

California State Teachers' Retirement System CalSTRS

Reported Information

Public version

Indirect – Manager Selection, Appointment and Monitoring

PRI disclaimer

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PRI Principles for Responsible Investment

Overview

SAM 02	Mandatory	Core Assessed	PRI 4

SAM 02.1 Indicate if your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers.

◉ Yes

SAM 02.2 Indicate how your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers. [Optional]

☑ We use investment consultants in our selection and appointment of external managers

	Asset class
☑	Listed Equity (LE)
☑	Fixed income - corporate (FIC)
☑	Private equity (PE)
☑	Infrastructure (INF)
☑	Property (PR)
☐	Other asset classes

☑ We use investment consultants in our monitoring of external managers

	Asset class
☑	Listed Equity (LE)
☑	Fixed income - corporate (FIC)
☑	Private equity (PE)
☑	Infrastructure (INF)
☑	Property (PR)
☐	Other asset classes

☐ We use fiduciary managers

SAM 02.3 Indicate if your organisation considers responsible investment in the selection, appointment and/or review processes for investment consultants and/or fiduciary managers.

☐ Responsible investment is included in the selection process for investment consultants

☐ Consultants' responsibilities in relation to responsible investment in manager selection, appointment and monitoring processes are included in our contractual agreements with them

☐ Responsible investment is considered when reviewing investment consultants' advice on manager selection and performance monitoring

☑ We do not consider responsible investment in the selection, appointment and/or review processes for investment consultants.

○ No

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PRI Principles for Responsible Investment

SAM 03	Mandatory	Gateway	General

SAM 03.1	Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring

Select all that apply

Asset classes	(a) Selection	(b) Appointment	(c) Monitoring
Listed equity	☑	☑	☑
Private equity	☐	☑	☐
Property	☐	☑	☐

Listed equity (LE), fixed income corporate (FIC) and fixed income government (FIG)

Overview

SAM 04	Mandatory to Report Voluntary to Disclose	Gateway/Peering	General

SAM 04.1	Provide a breakdown of your externally managed listed equities, corporate fixed income and government fixed income by passive, active quant, active fundamental and other active strategies.

	Listed equity (LE)

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Type of strategy	As % of externally managed listed equity
Passive	○ 0% ○ <10% ◉ 10-50% ○ >50%
Active - quantitative (quant)	○ 0% ◉ <10% ○ 10-50% ○ >50%
Active - fundamental and other active	○ 0% ○ <10% ◉ 10-50% ○ >50%

Fixed income - corporate (FIC)

Type of strategy	As % of externally managed corporatefixed income
Passive	◉ 0% ○ <10% ○ 10-50% ○ >50%
Active - quantitative (quant)	◉ 0% ○ <10% ○ 10-50% ○ >50%
Active - fundamental and other active	○ 0% ○ <10% ○ 10-50% ◉ >50%

SAM 05 | **Mandatory** | **Gateway** | **PRI 1,2**

SAM 05.1 Indicate which of the following ESG incorporation strategies you encourage or require your external manager(s) to implement on your behalf:

Active investment strategies

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Active investment strategies	LE		
Screening	☐		
Thematic	☐		
Integration	☑		
None of the above	☐		

Passive investment strategies

Passive investment strategies	LE		
Screening	☐		
Thematic	☐		
Integration	☑		
None of the above	☐		

SAM 05.2 Indicate if - on your externally managed assets - you engage directly, via service providers, or via your external manager.

	LE	
We engage directly or via service providers on our externally managed assets	☑	
We require our external managers to engage on our behalf	☐	
None of the above	☐	

SAM 05.3 Indicate if - on your externally managed listed equities - you cast your (proxy) votes directly, via service providers, or via your external manager.

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	LE
We cast our (proxy) votes directly or via service providers on our externally managed assets	☑
We require our external managers to cast our (proxy) votes on our behalf	☐
None of the above	☐

Selection

SAM 06	Mandatory	Core Assessed	PRI 1-6

SAM 06.1	Indicate whether your organisation, and/or your investment consultant, in the manager selection process for listed assets, typically do any of the following:

	General

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	LE		
Review the manager's responsible investment policies	☐		
Discuss managers' governance and management of responsible investment activities	☑		
Meet staff with responsible investment responsibilities to assess their skills and competence	☐		
Discuss minimum responsible investment expectations that managers must meet	☐		
Discuss the role managers have played in collaborative initiatives	☐		
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	☐		
Review the manager's responsible investment reporting to clients and/or the public, including PRI reporting	☐		
Discuss the type of ESG reporting you expect	☐		
Assign specific weighting to ESG factors in your manager evaluation	☐		
Other general aspects in your selection process, specify	☑		
None of the above	☐		

ESG incorporation

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	LE		
Evaluate the quality and coverage of ESG research used by managers	☐		
Assess how the manager incentivises brokers to provide ESG research	☐		
Assess managers' ESG incorporation strategies and ability to identify and manage ESG issues	☑		
Discuss with managers how ESG issues have impacted specific investment decisions and, where relevant, stock or portfolio performance	☑		
Evaluate index providers' ESG incorporation when designing the index	☐		
Other ESG incorporation issues in your selection process, specify	☑		
None of the above	☐		

If you select any 'Other' option(s), specify

CalSTRS has a list of 21 ESG risk factors that external managers are expected to consider when making investment decisions on behalf of the fund. These risk factors are incorporated into manager contracts and on-going monitoring, concerning their consideration, takes place during the due diligence meetings that regularly occur between staff and managers. During these meetings, discussions concerning how ESG issues have impacted performance would take place, as would discussions on strategies to mitigate ESG risk.

Monitoring

SAM 08	Mandatory	Core Assessed	PRI 1

SAM 08.1 Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager typically do any of the following:

General

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	LE		
Include responsible investment as a standard agenda item at performance review meetings	☐		
Highlight examples of good responsible investment practice by other managers	☐		
Review the manager's responsible investment reporting, for example PRI-generated responsible investment reports	☐		
Encourage your managers to consider joining responsible investment initiatives/organisations or participate in collaborative projects with other investors	☐		
Include responsible investment criteria as a formal component of overall manager performance evaluation	☐		
Other general aspects of your monitoring, specify	☑		
None of the above	☐		

ESG incorporation

	LE		
Request information on ESG incorporation in specific investment decisions	☑		
Other ways you monitor ESG incorporation, specify	☑		
None of the above	☐		

If you select any 'Other' option(s), specify

CalSTRS has a list of 21 ESG risk factors that external managers are expected to consider when making investment decisions on behalf of the fund. These risk factors are incorporated into manager contracts and on-going monitoring, concerning their consideration, takes place during the due diligence meetings that regularly occur between staff and managers.

Outputs and outcomes

SAM 14	Mandatory to Report Voluntary to Disclose	Descriptive	PRI 1-6

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SAM 14.1	Indicate approximately what percentage (+/- 10%) of your externally managed assets are managed by PRI signatories.

%

10

SAM 14.2	Additional information. [Optional]

This is a very rough approximation as we have no system in place to track whether an external manager is a PRI signatory.

Communication

SAM 16	Mandatory	Core Assessed	PRI 6

SAM 16.1	Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.

◉ Yes, we disclose information publicly

provide URL

http://www.calstrs.com/reports-surveys

provide URL

http://www.calstrs.com/investment-policies

SAM 16.2	Indicate if the level of information you disclose to the public is the same as that disclosed to clients and/or beneficiaries.

◉ Yes

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SAM 16.3	Indicate what type of information your organisation proactively discloses to the public and clients and/or beneficiaries about your indirect investments.

☑ How responsible investment considerations are included in manager selection, appointment and monitoring processes

☐ Details of the responsible investment activities carried out by managers on your behalf

☐ E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership

☐ Other, specify

○ No

○ Yes, we disclose information to clients/beneficiaries only

○ We do not proactively disclose information to the public and/or clients/beneficiaries

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PRI Principles for Responsible Investment

California State Teachers' Retirement System CalSTRS

Reported Information

Public version

Direct - Listed Equity Incorporation

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PRI Principles for Responsible Investment

Overview

LEI 01	Mandatory to Report Voluntary to Disclose	Gateway/Peering	PRI 1

LEI 01.1 Provide a breakdown of your internally managed listed equities by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your internally managed listed equities, indicate if you would still like to report your activities.

Strategies

☑ Passive

	% of internally managed listed equities

○ <10%

○ 10-50%

◉ >50%

☐ Active – quantitative (quant)

☐ Active – fundamental and other active strategies

ESG incorporation in passively managed listed equities

LEI 14	Mandatory to Report Voluntary to Disclose	Descriptive	PRI 1

LEI 14.1 Indicate if you manage passive listed equity funds that incorporate ESG issues in the index construction methodology.

○ Yes

◉ No

Communication

LEI 18	Mandatory	Core Assessed	PRI 2,6

LEI 18.1 Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

◉ We disclose it publicly

	Provide URL

http://www.calstrs.com/reports-surveys

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	Provide URL

http://www.calstrs.com/investment-policies

LEI 18.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

◉ Yes

LEI 18.3	Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

○ Broad approach to ESG incorporation

◉ Detailed explanation of ESG incorporation strategy used

LEI 18.4	Indicate how frequently you typically report this information.

○ Quarterly or more frequently

◉ Between quarterly and annually

○ Less frequently than annually

○ Other, specify

○ No

○ We disclose it to clients and/or beneficiaries only

○ We do not proactively disclose it to the public and/or clients/beneficiaries

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PRI Principles for Responsible Investment

California State Teachers' Retirement System CalSTRS

Reported Information

Public version

Direct - Listed Equity Active Ownership

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PRI Principles for Responsible Investment

Engagement

Overview

LEA 01	Voluntary	Descriptive	PRI 2

LEA 01.1	Provide a brief overview of your organisation's approach to engagement.

With a significant portion of its portfolio assets passively invested in public equity securities, CalSTRS takes the position that it owns the market and therefor needs to be actively engaging market participants on issues, including managing ESG-related risks, which could impact the value of its public equity portfolio. CalSTRS looks to identify those ESG issues that are most likely to impact the most value and designs strategies intended to best mitigate that ESG risk exposure.

All of CalSTRS engagement activities begin with private contact with the company. We are always open to having dialogue with the companies in which we invest and hope companies seek our input on matters important to shareholders, as we are the ultimate long-term shareholder. At times we do submit shareholder proposals at companies, but once again are very open to having a dialogue with companies on issues that are important to us. In fact, we see the withdrawal of our shareholder proposals as a measure of success as together CalSTRS and the company have come to a mutually agreeable solution. It is only in very rare circumstances where CalSTRS will take engagement to the public landscape or media. These cases are generally the most egregious cases of poor governance or where companies have been completely unresponsive to our inquiries.

CalSTRS will work collaboratively with other investors, if our interests are aligned. CalSTRS is an active member of the Council of Institutional Investors (CII), International Corporate Governance Network (ICGN), the Asian Corporate Governance Association (ACGA), and other groups that work toward the common goal of advocating for good governance. In all instances, we strive to work with other investors who share our common goals and our philosophy for engagement.

LEA 02	Mandatory	Gateway	PRI 1,2,3

LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.

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Type of engagement	Reason for interaction
Individual/Internal staff engagements	☑ To support investment decision-making (e.g. company research) ☑ To influence corporate practice (or identify the need to influence) on ESG issues ☑ To encourage improved ESG disclosure ☐ Other, specify ☐ We do not engage via internal staff
Collaborative engagements	☑ To support investment decision-making (e.g. company research) ☑ To influence corporate practice (or identify the need to influence) on ESG issues ☑ To encourage improved ESG disclosure ☐ Other, specify ☐ We do not engage via collaborative engagements
Service provider engagements	☐ To support investment decision-making (e.g. company research) ☐ To influence corporate practice (or identify the need to influence) on ESG issues ☐ To encourage improved ESG disclosure ☐ Other, specify ☑ We do not engage via service providers

Process

Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2

LEA 03.1 Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

◉ Yes

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LEA 03.2	Describe how you identify and prioritise engagements.

CalSTRS staff prepares an annual engagement plan that is presented to the CalSTRS Board for approval. This engagement plan identifies issues that staff expects to engage on as well as companies within each issue that are expected to be engaged. The issues that staff incorporates into the engagement plan can come from Board requests or from staff research. Companies chosen for engagement are determined through staff analysis and are based on exposure to the issue of focus. Staff provides periodic updates to the Board concerning progress on engagements on each issue.

○ No

LEA 04	Mandatory	Core Assessed	PRI 2

LEA 04.1	Indicate if you define specific objectives for your engagement activities.

◉ Yes

- ◉ Yes, for all engagement activities
- ○ Yes, for the majority of engagement activities
- ○ Yes, for a minority of engagement activities

○ No

LEA 04.2	Indicate if you monitor the actions that companies take following your engagements.

◉ Yes

- ○ Yes, in all cases
- ◉ Yes, in the majority of cases
- ○ Yes, in the minority of cases

LEA 04.3	Describe how you monitor and evaluate the progress of your engagement activities.

Staff maintains spreadsheet databases that are updated to reflect the progress of engagements. Summary analysis of these engagements can be found in quarterly and annual reports that are prepared for the CalSTRS Board.

○ No

Process for engagements conducted via collaborations

LEA 05	Mandatory	Core Assessed	PRI 2

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LEA 05.1	Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

- ○ Yes
- ◉ No

LEA 05.3	Additional information.[Optional]

All collaborative engagement proposals are reviewed and approved the Director of Corporate Governance.

LEA 06	Mandatory	Core Assessed	PRI 2

LEA 06.1	Indicate if the collaborative engagements in which you are involved have defined objectives.

- ◉ Yes
  - ○ Yes, for all collaborative engagement activities
  - ◉ Yes, for the majority of collaborative engagement activities
  - ○ Yes, for a minority of collaborative engagement activities
- ○ No

LEA 06.2	Indicate if you monitor the actions companies take following your collaborative engagements.

- ◉ Yes
  - ○ Yes, in all cases
  - ○ Yes, in the majority of cases
  - ◉ Yes, in the minority of cases

LEA 06.3	Describe how you monitor and evaluate the progress of your collaborative engagement activities.

Often times, the collaborative engagements are led by an external organization that takes responsibility for monitoring company actions post engagement. Collaborative engagements that CalSTRS leads are monitored in the same fashion as described in LEA 04.

- ○ No

General processes for all three groups of engagers

LEA 09	Voluntary	Additional Assessed	PRI 1,2

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LEA 09.1	Indicate if the insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.

Type of engagement	Insights shared
Individual/Internal staff engagements	○ Yes, systematically ◉ Yes, occasionally ○ No
Collaborative engagements	○ Yes, systematically ◉ Yes, occasionally ○ No

LEA 10	Mandatory	Gateway/Core Assessed	PRI 2

LEA 10.1	Indicate if you track the number of companies you engage with.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	○ Yes, we track the number of our engagements in full ◉ Yes, we partially track the number of our engagements ○ No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers ○ No, we do not track and cannot estimate our engagements
Collaborative engagements	○ Yes, we track the number of our engagements in full ◉ Yes, we partially track the number of our engagements ○ No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers ○ No, we do not track and cannot estimate our engagements

Outputs and outcomes

LEA 11	Mandatory to Report Voluntary to Disclose	Core Assessed	PRI 2

LEA 11.1	Indicate the number of companies with which your organisation engaged during the reporting year.

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	Number of companies engaged (avoid double counting, see explanatory notes)
Individual / Internal staff engagements	398
Collaborative engagements	70

LEA 11.2	Indicate what percentage of your engagements were comprehensive during the reporting year. [Optional]

Type of engagement	% Comprehensive engagements
Individual / Internal staff engagements	◉ > 50% ○ 10-50% ○ <10% ○ None
Collaborative engagements	○ >50% ◉ 10-50% ○ <10% ○ None

LEA 11.3	Indicate what percentage of your collaborative engagements you were a leading organisation during the reporting year. [Optional]

Type of engagement	% Leading role
Collaborative engagements	○ >50% ◉ 10-50% ○ <10% ○ None

LEA 12	Voluntary	Additional Assessed	PRI 2

LEA 12.1	Indicate if your engagements in the reporting year covered E, S and/or G issues.

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Type of engagement	Coverage
Individual / Internal staff engagements	☑ Environmental ☑ Social ☑ Corporate Governance ☐ We do not track this information
Collaborative engagements	☑ Environmental ☑ Social ☑ Corporate Governance ☐ We do not track this information

LEA 12.2 Provide an estimated breakdown by E, S and/or G issues.

Individual / Internal staff engagements

100%

Collaborative engagements

100%

LEA 14 | **Voluntary** | **Descriptive** | **PRI 2**

LEA 14.1 Provide examples of the engagements that your organisation carried out during the reporting year.

☑ Add Example 1

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PRI Principles for Responsible Investment

Topic or ESG issue	Diversity on corporate boards
Conducted by	☑ Individual / Internal ☐ Collaborative
Objectives	To raise awareness on the value of better diversification on corporate boards
Scope and Process	Letters sent out to 127 companies asking them to include diversity as a consideration when nominating director candidates
Outcomes	A percentage of those companies contacted ultimately agreed to consider diversity.

☑ Add Example 2

Topic or ESG issue	Carbon asset risk
Conducted by	☑ Individual / Internal ☐ Collaborative
Objectives	To raise awareness of the "carbon bubble" theory which states that most of the known fossil fuel reserves may never be produced as climate change experts believe most of these reserves cannot be burned if we are to keep global temperatures within manageable levels.
Scope and Process	Letters sent out to 45 companies. Dialogues with 15 of those companies occured.
Outcomes	Awareness raised. Engaged companies now know that this is an important issue to an ever growing number of shareowners.

☑ Add Example 3

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PRI Principles for Responsible Investment

Topic or ESG issue	Majority vote standard for director elections
Conducted by	☑ Individual / Internal ☐ Collaborative
Objectives	To get companies to agree to adopting majority vote standards for director elections.
Scope and Process	Letters sent out to 109 companies requesting they drop exisiting plurality vote standards and adopt majority vote standards. Subsequent dialogues took place with dozens of companies.
Outcomes	63 of the 109 companies agreed to adopt majority vote standards for director elections.

☑ Add Example 4

Topic or ESG issue	Energy use management
Conducted by	☑ Individual / Internal ☐ Collaborative
Objectives	To help companies reduce their CO2 emissions by encouraging them to consider implementing energy efficiency initiatives.
Scope and Process	Letters sent out to 100 companies. Responses from 32 companies received. Follow up conversations with 18 companies.
Outcomes	Many companies have now committed to measuring their energy use profile aand implement efficiency initiatives if cost-effective. Many other companies have agreed to improve their ESG-related disclosure.

☐ Add Example 5

☐ Add Example 6

☐ Add Example 7

☐ Add Example 8

☐ Add Example 9

☐ Add Example 10

Communication

LEA 15	Mandatory	Core Assessed	PRI 2,6

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LEA 15.1 Indicate whether your organisation proactively discloses information on its engagements.

◉ We disclose it publicly

please provide URL

http://www.calstrs.com/reports-surveys

please provide URL

http://resources.calstrs.com/publicdocs/Page/CalSTRSComWrapper.aspx?PageName=PublicQuarterlyReports

LEA 15.2 Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

◉ Yes

LEA 15.3 Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.

Engagement information disclosed

☑ Details of the selections, priorities and specific goals of engagement

☑ Number of engagements

☑ Breakdown of engagements by type/topic

☐ Breakdown of engagements by region

☑ An assessment of the current status of the engagement

☑ Outcomes that have been achieved from the engagement

☐ Other information

LEA 15.4 Indicate how frequently you typically report engagements information.

○ Disclosed continuously (prior and post engagements)

◉ Disclosed quarterly

○ Disclosed annually

○ Disclosed every two years or less

○ Other, specify

○ No

○ We disclose it to clients and/or beneficiaries only

○ We do not proactively disclose it to the public and/or clients/beneficiaries.

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LEA 15.6	Additional information. [Optional]

CalSTRS staff provides both quarterly and annual reports to the CalSTRS Board that highlight and update the Corporate Governance unit's ESG-related engagement activity. These reports are available to the public on the CalSTRS website.

(Proxy) voting and shareholder resolutions

Overview

LEA 16	Voluntary	Descriptive	PRI 2

LEA 16.1	Provide a brief overview of your organisation's approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable).

As an institutional investor, CalSTRS has a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and governance (ESG) issues affect the performance of the investment portfolio to varying degrees across companies, sectors, regions, asset classes and through time. CalSTRS is a large investor and as such, is in a position to exert influence on the corporations in which it has invested. Therefore, CalSTRS will actively analyze and exercise its ownership rights, including voting corporate proxies, in all markets in order to act in a responsible manner to its beneficiaries across multiple generations.

Process

LEA 17	Mandatory	Descriptive	PRI 2

LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.

	Approach

○ We use our own research or voting team and make our own voting decisions without the use of service providers.

◉ We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

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	Based primarily on

○ the service provider voting policy signed off by us

◉ our own voting policy

○ our clients requests or policy

○ other, explain

○ We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.

○ We hire service provider(s) which make voting decisions on our behalf.

LEA 19	Voluntary	Descriptive	PRI 2

LEA 19.1	To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.

☑ Obtain confirmation that votes have been lodged:

◉ for a majority of votes

○ for a minority of votes

☑ Participate in projects to improve the voting trail and/or to obtain vote confirmation

☐ None of the above

LEA 20	Voluntary	Additional Assessed	PRI 2

LEA 20.1	Indicate if your organisation has a securities lending programme.

◉ Yes

LEA 20.2	Indicate how voting is addressed in securities lending programme.

Please select one of the following

◉ We recall most securities for voting on all ballot items

○ We recall some securities for voting on some ballot items on a systematic basis in line with specified criteria

○ We occasionally recall some securities for voting on some ballot items on an ad-hoc basis

○ We empower our securities lending agent to decide when to recall securities for voting purposes

○ We do not recall our shares for voting purposes

○ Other (please specify)

○ No

LEA 21	Mandatory	Core Assessed	PRI 2

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LEA 21.1 Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.

- ○ Yes, in most cases
- ◉ Sometimes, in the following cases:
  - ☐ votes in selected markets
  - ☑ votes on certain issues (all markets)
  - ☐ votes for significant shareholdings (all markets)
  - ☐ other, explain
- ○ No
- ○ Not applicable as we and/or our service providers do not abstain or vote against management recommendations

Outputs and outcomes

LEA 22 | Mandatory | Core Assessed | PRI 2

LEA 22.1 For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

- ◉ We do track or collect this information

Votes cast (to the nearest 1%)

%

100

Specify the basis on which this percentage is calculated

- ◉ of the total number of ballot items on which you could have issued instructions
- ○ of the total number of company meetings at which you could have voted
- ○ of the total value of your listed equity holdings on which you could have voted

- ○ We do not track or collect this information

LEA 24 | Voluntary | Descriptive | PRI 2

LEA 24.1 Indicate if your organisation directly or via a service provider filed or co-filed any shareholder resolutions during the reporting year.

- ◉ Yes

LEA 24.2 Indicate the number of ESG shareholder resolutions you filed or co-filed.

Total number

78

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LEA 24.3 Indicate what percentage of these ESG shareholder resolutions.

Went to vote	% 26
Were withdrawn due to changes at company and/or negotiations with the company	% 74
Were withdrawn for other reasons	% 0

Total

100%

LEA 24.4 Of the ESG shareholder resolutions that you filed or co-filed and that were put to vote (i.e. not withdrawn) how many received:

>50% approval

14

50-20% approval

6

LEA 24.5 Describe the ESG shareholder resolutions that you filed or co-filed and the outcomes achieved.

CalSTRS focused on establishing majority vote standards for director elections. 65 of the 78 proposals that CalSTRS filed asked for implementation of this voting standard. 45 of the 65 proposals were withdrawn after companies agreed to adopt a majority vote standard. 20 of the proposals went to a vote and 14 received a majority of support from shareholders.

CalSTRS also filed 8 proposals calling on companies to make diversity a consideration when nominating director candidates. All 8 proposals were withdrawn after companies agreed to make diversity such a consideration.

Finally, CalSTRS filed 5 proposals calling on companies to disclose efforts at measuring and managing electricity consumption. All 5 proposals were withdrawn as companies agreed to improve their energy use management efforts.

○ No

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Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6

LEA 26.1 Indicate if your organisation proactively discloses information on your voting activities.

◉ We disclose it publicly

provide URL

http://www.calstrs.com/proxy-voting-0

LEA 26.2 Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

◉ Yes

LEA 26.3 Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Indicate how much of your voting record you disclose

- ◉ All voting decisions
- ○ Some voting decisions
- ○ Only abstentions and opposing vote decisions
- ○ Summary of votes only

Indicate what level of explanation you provide

- ○ Explain all voting decisions
- ◉ Explain some voting decisions
- ○ Only explain abstentions and votes against management
- ○ No explanations provided

LEA 26.4 Indicate how frequently you typically report voting information.

- ◉ Continuously (primarily before meetings)
- ○ Continuously (soon after votes are cast)
- ○ Quarterly or more frequently
- ○ Between quarterly and annually
- ○ Less frequently than annually
- ○ Other, specify

○ No

○ We disclose it to clients/beneficiaries only

○ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

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