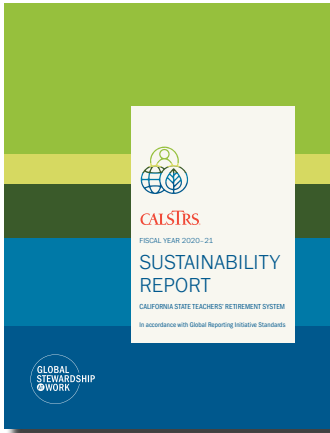


Sustainability Report highlights transition to net zero, member retirement education



Chief Executive Officer Cassandra Lichnock highlighted the recent release of the fiscal year 2020–21 *Sustainability Report* in her bimonthly [CEO Report](#) to the board.

Now in its eighth year, this annual report aids CalSTRS' mission to help California's public educators prepare for a rewarding retirement.

The 2020–21 report focuses on four corporate sustainability topics: member retirement education, the transition to a net zero portfolio, progress of the CalSTRS Funding Plan, and diversity, equity and inclusion.

The report includes our corporate sustainability approach, data and services provided to our members during fiscal year 2020–21. It was a strong year for member retirement education: CalSTRS converted all in-person workshops and group benefits planning sessions to webinars due to the impact of the COVID-19 pandemic, and more than 56,000 members attended the sessions and workshops during the fiscal year.

The Strategic Plan: a bold vision for CalSTRS' future

The CalSTRS Strategic Plan for fiscal years 2022–25 is a blueprint for CalSTRS' continued evolution and success through the next decade.

More than a year of research and intensive discussions between the Teachers' Retirement Board and CalSTRS staff have gone into constructing the plan.

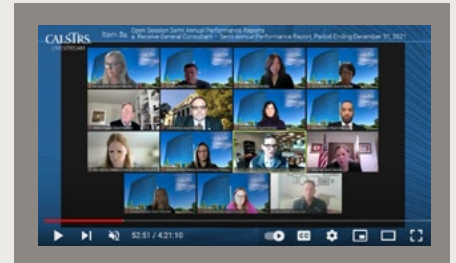
The 2022–2025 plan, which was adopted by the board at the March meeting, acknowledges that the way people live, work, interact, communicate and experience retirement is in flux. The board and CalSTRS will embrace a flexible approach as the plan is implemented and future plans are developed.

CalSTRS has three overarching goals for 2022–2025:

- **Trusted stewards:** Ensure a well-governed, financially sound trust fund.
- **Leading innovation and managing change:** Innovate to grow resiliency and efficiency in service of members.
- **Sustainable organization:** Fully integrate a unified environmental, social and governance ethos in all CalSTRS does.

See [the full plan](#) for an introduction from CEO Cassandra Lichnock, a retrospective look at the 2019–22 plan and a deeper dive on the three current goals.

March TRB meeting online



See the March board meeting and an archive of previous meetings on [CalSTRS.com](https://www.calstrs.com).

Board members

Harry M. Keiley
Chair, K-12 Classroom Teacher

Sharon Hendricks
Vice Chair, Community College Instructor

Keely Bosler
Ex Officio Member, Director of Finance

Denise Bradford
K-12 Classroom Teacher

Joy Higa
Public Representative

Fiona Ma
Ex Officio Member, State Treasurer

William Prezant
Public Representative

Ken Tang
School Board Representative

Tony Thurmond
Ex Officio Member, State Superintendent of Public Instruction

Jennifer Urdan
Public Representative

Karen Yamamoto
Retiree Representative

Betty Yee
Ex Officio Member, State Controller

Investment strategy saving hundreds of millions of dollars

The Collaborative Model investment strategy—which has saved CalSTRS more than \$780 million since 2017—focuses on managing more assets internally to reduce costs, control risks, increase expected returns and leverage external partnerships.

One of the key behind-the-scenes aspects of the strategy is the Pillars Project: an organization-wide effort to achieve a greater level of nimbleness and efficiency in executing the Collaborative Model. The pillars refer to Human Resources, Travel, Procurement and a hybrid pillar composed of Communications, Technology Services, Legal and Financial Services. Those branches and divisions meet regularly to collaborate on how to best provide support for the Investments Branch as it executes the Collaborative Model.

CalSTRS updated the board at the March meeting via [an agenda item](#) that outlines how individual branches and divisions have been progressing in the Pillars Project.



Here are a few recent highlights:

- **Human Resources** submitted a new investment management classification series to CalHR for approval.
- **Technology Services** started implementing a new performance platform, which will enhance CalSTRS' portfolio analysis capabilities.
- **Legal** is working with external counsel to provide additional support and efficiency for co-investment transactions—which are key to the Collaborative Model within the Private Equity Portfolio.
- **Financial Services** completed an effort to determine and forecast budgetary and staffing resources needed to support the Collaborative Model.

Sustainability Report highlights transition to net zero, member retirement education

In September 2021, the Teachers' Retirement Board adopted a pledge to achieve net zero greenhouse gas emissions across the CalSTRS Investment Portfolio by 2050 or sooner, aligning with the science-based targets of the Paris Agreement. [Achieving net zero emissions](#) refers to establishing a balance between the greenhouse gas emissions produced and those taken out of the atmosphere.

Additionally, to align with our net zero portfolio pledge, we are evaluating our internal policies and practices for greenhouse gas emissions. These include business travel, remote work and onsite energy use. Results from this engagement will inform our operational greenhouse gas accounting and disclosure path moving forward.

See the [Sustainability Report](#) online.

Investment reports reveal fund's long-term growth

CalSTRS' semi-annual investment performance reports provide timely updates to the board and aid the Investment Committee in overseeing the Teachers' Retirement Fund. The three investment reports—[general consultant](#) (a summary of each asset class), [Real Estate](#) and [Private Equity](#)—were presented to the board and discussed at the March meeting.

Here are a few highlights:

- CalSTRS tracks and reports its investment returns by fiscal year; however, these semi-annual reports capture the calendar year returns. CalSTRS' investment return was 17% for calendar year 2021 and 12% for the five calendar years from 2017–2021.
- The Private Equity Portfolio grew by 48% in the past calendar year, which is a stronger-than-usual performance, as private equity investments typically rise or fall at about half the pace of public market swings, according to CalSTRS' consultant, Meketa.
- The Real Estate Portfolio grew by about \$4.4 billion in calendar year 2021. The capital market for real estate is excellent currently and most real estate markets will continue to grow over the next two to three years, according to the report.

New editions of these semi-annual reports will be presented to the board at the September 2022 meeting.

Next board meeting dates:

April 6–7, 2022 (offsite)

May 4–5, 2022 (West Sacramento)

Written by Thomas Lawrence

For written board meeting items and video archives of past meetings, go to CalSTRS.com/teachers-retirement-board.

CALSTRS

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For more information on board meetings and video archives, visit CalSTRS.com/teachers-retirement-board.