



CLIMATE TRANSPARENCY REPORT 2019

California State Teachers' Retirement System CalSTRS

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here (https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-56D83164-2877-4449-B419-3081028D9031/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	-	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	✓	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	-	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	-	Public				
SG 14.5	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS

Name	California State Teachers' Retirement System CalSTRS
Signatory Category	Non-corporate pension or superannuation or retirement or provident fund or plan
Signatory Type	Asset Owner
Size	US\$ > 50 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2008
Region	North America
Country	United States
Disclosure of Voluntary Indicators	100% from 38 Voluntary indicators

California State Teachers' Retirement System CalSTRS

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

https://www.calstrs.com/sites/main/files/file-attachments/calstrs_investment_beliefs.pdf

These Investment beliefs provide a foundational framework for all of CalSTRS Investment decision-makers to invest in a manner that accomplishes its fiduciary goal.

http://www.calstrs.com/sites/main/files/file-attachments/a_-_investment_policy_and_management_plan.pdf

CalSTRS Investment Policy for Mitigating Environmental, Social, and Governance Risks

https://www.calstrs.com/sites/main/files/file-attachments/calstrs_esg_policy.pdf

Strategic asset allocation targets are established within a variety of sub-asset categories to achieve the identified performance objectives. In conjunction with the overall asset allocation targets, subasset class level tactical ranges provide flexibility to adapt to changing market conditions.

Subsequent to the establishment of strategic asset allocation targets, an investment structure was designed to guide and direct investment decisions. Investment related issues addressed included: A-2 1. The Funds' overall investment objectives, risk tolerance, and performance standards 2. The relative amount of active and passive management within each asset class 3. The relative amount of internal and external management 4. The appropriate direct and indirect costs of each asset category 5. The appropriate reporting standards and time horizons

To help manage the risk of investing a global portfolio in a complex governance environment, CalSTRS has developed a series of procedures to follow when faced with any major governance and social issue as identified by the CalSTRS ESG .

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

CalSTRS Investment Policy for Mitigating Environmental, Social, and Governance Risks

https://www.calstrs.com/sites/main/files/file-attachments/calstrs_esg_policy.pdf

As a significant investor with a very long-term investment horizon and expected life, the success of CalSTRS is linked to global economic growth and prosperity. Actions and activities that detract from the likelihood and potential of 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 ESG Policy, are consistent with the Board fiduciary duties.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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SG 01.6 CC	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.
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To gain better insight into the various investment implications presented by climate change, CalSTRS participated in a research study, Investing in a Time of Climate Change: California State Teachers' Retirement System Portfolio Climate Change Risk Assessment. The study highlights estimated portfolio return implications under four climate change scenarios and recommends appropriate actions to mitigate investment risk and maximize value within the portfolio.

Climate change risk is viewed as a material risk assessed across the entire portfolio that could impact current and future investment value. CalSTRS believes that the underlying risk of climate change should be addressed now to capture economic growth opportunities and mitigate long-term risks for the benefit of California's educators.

https://www.calstrs.com/sites/main/files/file-attachments/climate_change_report.pdf

CalSTRS assessed four key investment risks associated with climate change: Technology, Resource Availability, Impact of Physical Damage and Policy. These risks are reassessed annually and updated in CalSTRS Green Team report.

https://www.calstrs.com/sites/main/files/file-attachments/green_report_2018.pdf

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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Yes

SG 01.8 CC	Indicate the associated timescales linked to these risks and opportunities.
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Different risks have different time horizons where the risk could be financially material to our investment and fund. CalSTRS has a very long-term investment horizon of 30 plus years. Time horizons for specific risks are shown in CalSTRS Green Team report:

https://www.calstrs.com/sites/main/files/file-attachments/green_report_2018.pdf

No

SG 01.9 CC	Indicate whether the organisation publicly supports the TCFD?
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Yes

No

SG 01.10 CC	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.
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Yes

	Describe
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As directed by the Teachers' Retirement Board, Investments Branch staff developed techniques and tools designed to mitigate the level of environmental risk that the CalSTRS Investment Portfolio faces. As a large, diversified global investor, CalSTRS needs to be mindful that we are exposed to a variety of environmental risks and therefore must engage financial market participants who might influence risk within markets we invest in.

CalSTRS Green Team has representatives from each asset class and meets regularly. More information on the Green Team and efforts are reported:

https://www.calstrs.com/sites/main/files/file-attachments/green_report_2018.pdf

No

SG 1.12 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

	specify
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https://www.calstrs.com/sites/main/files/file-attachments/green_report_2018.pdf

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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- Policy setting out your overall approach

	URL/Attachment
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- URL

	URL
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{hyperlink:https://www.calstrs.com/sites/main/files/file-attachments/calstrs_esg_policy.pdf}

- Attachment (will be made public)
- Formalised guidelines on environmental factors

	URL/Attachment
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- URL

URL

{hyperlink:https://www.calstrs.com/sites/main/files/file-attachments/calstrs_esg_policy.pdf}

- Attachment (will be made public)
- Formalised guidelines on social factors

URL/Attachment

- URL

URL

{hyperlink:https://www.calstrs.com/sites/main/files/file-attachments/calstrs_esg_policy.pdf}

- Attachment (will be made public)
- Formalised guidelines on corporate governance factors

URL/Attachment

- URL

URL

{hyperlink:https://www.calstrs.com/sites/main/files/file-attachments/calstrs_esg_policy.pdf}

- Attachment (will be made public)
- Screening / exclusions policy

URL/Attachment

- URL

URL

{hyperlink:https://www.calstrs.com/sites/main/files/file-attachments/calstrs_esg_policy.pdf}

- Attachment (will be made public)
- Engagement policy
- (Proxy) voting policy
- We do not publicly disclose our investment policy documents

SG 02.2 Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

- URL

URL

{[hyperlink:https://www.calstrs.com/sites/main/files/file-attachments/calstrs_esg_policy.pdf](https://www.calstrs.com/sites/main/files/file-attachments/calstrs_esg_policy.pdf)}

Attachment

Time horizon of your investment

URL/Attachment

URL

URL

{[hyperlink:https://www.calstrs.com/sites/main/files/file-attachments/calstrs_esg_policy.pdf](https://www.calstrs.com/sites/main/files/file-attachments/calstrs_esg_policy.pdf)}

Attachment

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

{[hyperlink:https://www.calstrs.com/sites/main/files/file-attachments/calstrs_esg_policy.pdf](https://www.calstrs.com/sites/main/files/file-attachments/calstrs_esg_policy.pdf)}

Attachment

ESG incorporation approaches

URL/Attachment

URL

URL

{[hyperlink:https://www.calstrs.com/sites/main/files/file-attachments/calstrs_esg_policy.pdf](https://www.calstrs.com/sites/main/files/file-attachments/calstrs_esg_policy.pdf)}

Attachment

Reporting

URL/Attachment

URL

URL

{[hyperlink:https://www.calstrs.com/sites/main/files/file-attachments/calstrs_esg_policy.pdf](https://www.calstrs.com/sites/main/files/file-attachments/calstrs_esg_policy.pdf)}

Attachment

Climate change

URL/Attachment

URL

URL

{hyperlink:https://www.calstrs.com/sites/main/files/file-attachments/calstrs_esg_policy.pdf}

Attachment

We do not publicly disclose any investment policy components

SG 02.3 Additional information [Optional].

CalSTRS defines sustainability as the framework that governs our organizational business culture. Sustainable objectives are fully integrated into our everyday business practices at every level of our business operations.

From member services to investment strategy, our sustainable practices seek to create long-term value, promote stewardship of our natural resources and sustain the financial integrity of the fund for the benefit of our members and our community. We believe that establishing a corporate environment with sustainable values is a blueprint for better governance and increased profitability.

CalSTRS also recognizes that environmental, social and governance (ESG) issues, also known collectively as sustainability issues, affect the performance of the investment portfolio to varying degrees across companies, sectors, regions and asset classes. CalSTRS engages corporations, regulators, policy makers, and fellow investors on a variety of sustainability issues with the goal of increasing the level of awareness and importance that the global investment community places on sustainability considerations.

CalSTRS Green Initiative Task Force is an internally staffed team that incorporates all asset classes of the CalSTRS Investment Office. The mission of the Green Initiative Task Force is to manage the risks and capture the opportunities associated with climate change and other environmental issues by identifying environmentally focused investments and risk mitigation strategies intended to enhance the risk-adjusted returns of the overall CalSTRS portfolio.

CalSTRS has incorporated the PRI and other ESG principles into its investment policies and practices. Along with the PRI, CalSTRS works closely with organizations such as the Carbon Disclosure Project (CDP) and Ceres to improve the transparency and disclosure of environmental risk data by corporations.

Governance and human resources

SG 07 CC	Voluntary	Public	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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	Board members or trustees
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Portfolio managers
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Investment analysts
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Dedicated responsible investment staff
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	External managers or service providers
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6 CC	For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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Board provides oversight of staff activities and initiatives on climate-related issues. Staff provides regular and annual updates that are reported to the board.

https://www.calstrs.com/sites/main/files/file-attachments/green_report_2018.pdf

https://www.calstrs.com/sites/main/files/file-attachments/calstrs_esg_policy.pdf

To help manage the risk of investing a global portfolio in a complex governance environment, CalSTRS has developed a series of procedures to follow when faced with any major environmental, social or governance issue as identified by the ESG risk factors. When faced with a decision or other activity that potentially violates CalSTRS ESG Policy; the Investment Staff, CIO and Investment Committee will undertake the following actions: A. The CIO will assess the potential ESG policy violation both as an ESG risk and as an impact to the System. The extent of the responsibility of the System to devote resources to address these issues will be determined by: 1) the size of the investment, and 2) the gravity of the violation of CalSTRS ESG Policies. B. At the CIO's direction, the Investment Staff will directly engage corporate management or other appropriate parties to seek information and understanding concerning the ESG policy violation and its ramifications on the System. C. The CIO and investment staff will provide a report to the Investment Committee of the findings associated with an ESG policy violation engagement and recommend any further action of engagement or need to commit further System resources. The Investment Committee can marshal further resources given the gravity of the situation. To assist CalSTRS Staff and external investment managers in their investment analysis and decision-making, CalSTRS has developed a list of ESG risk factors that should be considered as part of the financial analysis of any active investment decision. For passive index strategies, CalSTRS uses the ESG risk factors to guide

engagement activities. This ESG list is not exhaustive and does not attempt to identify all forms of risk that are appropriate to consider in a given investment transaction or engagement; however, they do provide a framework of other factors that might be overlooked. These risk factors should be reviewed for any CalSTRS investment or engagement in any asset class. CalSTRS expects all investment managers, both internal and external to assess the risk of each of the following factors when making an active investment. The manager needs to balance the rate of return with all the risks including consideration of the specific investments exposure to each factor in each country in which that investment or company operates.

SG 07.7 CC	For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.
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Board provides oversight of staff activities and initiatives on climate-related issues. Staff provides regular and annual updates that are reported to the board.

https://www.calstrs.com/sites/main/files/file-attachments/green_report_2018.pdf

https://www.calstrs.com/sites/main/files/file-attachments/calstrs_esg_policy.pdf

To help manage the risk of investing a global portfolio in a complex governance environment, CalSTRS has developed a series of procedures to follow when faced with any major environmental, social or governance issue as identified by the ESG risk factors. When faced with a decision or other activity that potentially violates CalSTRS ESG Policy; the Investment Staff, CIO and Investment Committee will undertake the following actions: A. The CIO will assess the potential ESG policy violation both as an ESG risk and as an impact to the System. The extent of the responsibility of the System to devote resources to address these issues will be determined by: 1) the size of the investment, and 2) the gravity of the violation of CalSTRS ESG Policies. B. At the CIO's direction, the Investment Staff will directly engage corporate management or other appropriate parties to seek information and understanding concerning the ESG policy violation and its ramifications on the System. C. The CIO and investment staff will provide a report to the Investment Committee of the findings associated with an ESG policy violation engagement and recommend any further action of engagement or need to commit further System resources. The Investment Committee can marshal further resources given the gravity of the situation. To assist CalSTRS Staff and external investment managers in their investment analysis and decision-making, CalSTRS has developed a list of ESG risk factors that should be considered as part of the financial analysis of any active investment decision. For passive index strategies, CalSTRS uses the ESG risk factors to guide engagement activities. This ESG list is not exhaustive and does not attempt to identify all forms of risk that are appropriate to consider in a given investment transaction or engagement; however, they do provide a framework of other factors that might be overlooked. These risk factors should be reviewed for any CalSTRS investment or engagement in any asset class. CalSTRS expects all investment managers, both internal and external to assess the risk of each of the following factors when making an active investment. The manager needs to balance the rate of return with all the risks including consideration of the specific investments exposure to each factor in each country in which that investment or company operates.

SG 07.8 CC	Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.
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- Incorporation of TCFD in Annual Report
- Incorporation of TCFD in regular client reporting
- Request that investment managers complete PRI Climate indicators
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1 Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

Yes, to assess future ESG factors

Describe

We have used scenario analysis to better understand what ESG factors and risks are most financially material and how they will affect our investments and portfolio. In 2019 we will expand on these efforts. https://www.calstrs.com/sites/main/files/file-attachments/green_report_2018.pdf

Yes, to assess future climate-related risks and opportunities

Describe

We have used scenario analysis to better understand what ESG factors and risks are most financially material and how they will affect our investments and portfolio. In 2019 we will expand on these efforts. https://www.calstrs.com/sites/main/files/file-attachments/green_report_2018.pdf

No, not to assess future ESG/climate-related issues

SG 13.2 Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 13.3 Additional information. [OPTIONAL]

https://www.calstrs.com/sites/main/files/file-attachments/green_report_2018.pdf

SG 13 CC	Voluntary	Public	Descriptive	General
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SG 13.4 CC Describe how the organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, the results and any future plans.

Initial assessment

Describe

We have used scenario analysis to better understand what ESG factors and risks are most financially material and how they will affect our investments and portfolio. In 2019 we will expand on these efforts. https://www.calstrs.com/sites/main/files/file-attachments/green_report_2018.pdf

Incorporation into investment analysis

	Describe
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We have used scenario analysis to better understand what ESG factors and risks are most financially material and how they will affect our investments and portfolio. In 2019 we will expand on these efforts. https://www.calstrs.com/sites/main/files/file-attachments/green_report_2018.pdf

Inform active ownership

	Describe
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We have used scenario analysis to better understand what ESG factors and risks are most financially material and how they will affect our investments and portfolio. In 2019 we will expand on these efforts. https://www.calstrs.com/sites/main/files/file-attachments/green_report_2018.pdf

Other

SG 13.5 CC	Indicate who uses this analysis.
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- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

SG 13.6 CC	Indicate whether the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.
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Yes

	Describe
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We have used scenario analysis to better understand what ESG factors and risks are most financially material and how they will affect our investments and portfolio. In 2019 we will expand on these efforts. https://www.calstrs.com/sites/main/files/file-attachments/green_report_2018.pdf

Our investment time horizon is 30 plus years for the total fund. Investment horizons can differ between asset classes, specific strategies, and specific investments. We also look at climate-related risks based on multiple time-horizons.

No

SG 13.7 CC	Indicate whether a range of climate scenarios is used.
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- Yes, including analysis based on a 2°C or lower scenario
- Yes, not including analysis based on a 2°C or lower scenario
- No, a range is not used

**SG 13.8
CC**

Indicate the climate scenarios the organisation uses.

Provider	Scenario used
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)
IEA	<input type="checkbox"/> New Policy Scenario (NPS)
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)
IRENA	<input type="checkbox"/> RE Map
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)
Bloomberg	<input type="checkbox"/> BNEF reference scenario
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5
IPCC	<input type="checkbox"/> RPC 6
IPCC	<input type="checkbox"/> RPC 4.5
IPCC	<input type="checkbox"/> RPC 2.6
Other	<input type="checkbox"/> Other (1)
Other	<input type="checkbox"/> Other (2)
Other	<input type="checkbox"/> Other (3)

SG 14

Mandatory to Report Voluntary to Disclose

Public

Additional Assessed

PRI 1

SG 14.1

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

SG 14.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		4	000	000	000
Currency	USD				
Assets in USD		4	000	000	000

Specify the framework or taxonomy used.

4 billion is only based on CalSTRS low-carbon public equity strategy, sustainability public equity strategy, and fixed income green bonds.

We would classify many other investments as climate resilient/aware as well as other investments that are part of the green economy.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 14.3	Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.
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- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

SG 14.5	Additional information [Optional]
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https://www.calstrs.com/sites/main/files/file-attachments/green_report_2018.pdf
Page 23 to 29 has additional analysis related to emissions risks.

CalSTRS staff reviewed the TCFD disclosure guidance and believes that much of what is recommended, and shown above, is already provided within CalSTRS' ESG-related reporting. Staff strongly supports the work of the task force and is developing ways to integrate TCFD disclosure recommendations into our climate-related reporting and corporate engagement efforts.

Related to emissions risks, after considering the current profiles of CalSTRS TRIP risk factors, it seems apparent that we are not on a pathway toward a scenario with an expected global temperature rise limited to 2 degrees Celsius. Despite the Paris Climate Accord outcome, ambitious and stringent climate policy and mitigation action have yet to materialize. Also debatable is whether existing policy and mitigation efforts are aligned and cohesive. When existing levels of water stress and the growing number of meteorological and hydrological catastrophes are also considered, a scenario outcome with a global temperature rise of at least 2 degrees Celsius continues to seem possible. Staff will continue to monitor, analyze and report on these climate risk factors.

SG 14 CC	Voluntary	Public		General
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SG 14.6 CC	Please provide further details on these key metric(s) used to assess climate related risks and opportunities.
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Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Exposure to carbon-related assets	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Assess exposure to carbon-related assets	Percent of Public Equities in Energy Sector	Assess current investment allocation and in comparison to traditional benchmarks
Other emissions metrics	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Assess exposure to carbon-related assets	Percent of Public Equities in Utilities Sector	Assess current investment allocation and in comparison to traditional benchmarks

SG 14.8
CC Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.

- Process for climate-related risks is integrated into overall risk management

Please describe

To help manage the risk of investing a global portfolio in a complex governance environment, CalSTRS has developed a series of procedures to follow when faced with any major environmental, social or governance issue as identified by the ESG risk factors. When faced with a decision or other activity that potentially violates CalSTRS ESG Policy; the Investment Staff, CIO and Investment Committee will undertake the following actions: A. The CIO will assess the potential ESG policy violation both as an ESG risk and as an impact to the System. The extent of the responsibility of the System to devote resources to address these issues will be determined by: 1) the size of the investment, and 2) the gravity of the violation of CalSTRS ESG Policies. B. At the CIO's direction, the Investment Staff will directly engage corporate management or other appropriate parties to seek information and understanding concerning the ESG policy violation and its ramifications on the System. C. The CIO and investment staff will provide a report to the Investment Committee of the findings associated with an ESG policy violation engagement and recommend any further action of engagement or need to commit further System resources. The Investment Committee can marshal further resources given the gravity of the situation. To assist CalSTRS Staff and external investment managers in their investment analysis and decision-making, CalSTRS has developed a list of ESG risk factors that should be considered as part of the financial analysis of any active investment decision. For passive index strategies, CalSTRS uses the ESG risk factors to guide engagement activities. This ESG list is not exhaustive and does not attempt to identify all forms of risk that are appropriate to consider in a given investment transaction or engagement; however, they do provide a framework of other factors that might be overlooked. These risk factors should be reviewed for any CalSTRS investment or engagement in any asset class. CalSTRS expects all investment managers, both internal and external to assess the risk of each of the following factors when making an active investment. The manager needs to balance the rate of return with all the risks including consideration of the specific investments exposure to each factor in each country in which that investment or company operates.

- Process for climate-related risks is not integrated into our overall risk management

SG 14.9
CC Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.

- Yes

Please describe

https://www.calstrs.com/sites/main/files/file-attachments/green_report_2018.pdf

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CaSTRS staff reviewed the TCFD disclosure guidance and believes that much of what is recommended, and shown above, is already provided within CaSTRS' ESG-related reporting. Staff strongly supports the work of the task force and is developing ways to integrate TCFD disclosure recommendations into our climate-related reporting and corporate engagement efforts. In 2017-18, staff developed the TCFD 100 engagement plan where staff is committed to engaging at least 20 companies each year to raise awareness on TCFD and promote TCFD-aligned climate change risk management.

No, we do not engage

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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Yes

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
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	%
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5

SG 15.3	Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.
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	Area
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Energy efficiency / Clean technology

	Asset class invested
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- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

	% of AUM
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3

- Property
- Infrastructure
- Cash
- Other (1)
- Other (2)

Brief description and measures of investment

Private Equity investments are a collection of mostly externally managed buyout, co-invest and venture capital investment in a variety of clean energy generation and technology companies.

Infrastructure investments are externally managed and cover a variety of clean energy generation and transmission projects primarily located in North America and Europe.

Fixed Income invests in green bonds that cover projects such as clean energy generation, energy efficiency, hybrid vehicle financing, and climate resilient growth.

The listed equity investments are within CalSTRS externally managed sustainable manager portfolio. These managers choose listed equity companies that show superior ESG integration into their business processes.

- Renewable energy
- Green buildings

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property

% of AUM

90

- Infrastructure
- Cash
- Other (1)
- Other (2)

Brief description and measures of investment

CalSTRS is invested in externally managed funds that own green buildings such as hospitals and courthouses. CalSTRS also invests in green office properties. As of June 30, 2017, nearly 90 percent of CalSTRS' directly controlled office buildings are Energy Star-certified and have achieved LEED certification.

https://www.calstrs.com/sites/main/files/file-attachments/green_report_2017.pdf

- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health
- Water
- Other area, specify

No