

From: External Affairs <ExternalAffairs@CalSTRS.com>

Subject: Response to your inquiry

Date: July 20, 2022 at 10:44:14 AM PDT

To: External Affairs <ExternalAffairs@CalSTRS.com>

Thank you for your email. CalSTRS' mission is to ensure a secure retirement for California's nearly 1 million working and retired public school educators, and their beneficiaries.

CalSTRS' approach to climate change risk is holistic and includes measuring emissions, engaging directly with companies, working to expand government policies and investing in solutions. CalSTRS' actions to address climate risk are rooted in our solemn promise of a secure retirement for California's public educators.

CalSTRS shares the sense of urgency regarding climate change and is focused on understanding and responding to the evolving and complex risks it presents to the CalSTRS Investment Portfolio and to economic growth.

CalSTRS escalated our corporate engagement activities in the 2022 proxy season by opposing the election of directors in companies that have moved too slowly to significantly address climate change. We also directly supported shareholder proposals that promote further progress in reaching global net zero goals.

CalSTRS voted at almost 10,000 companies, which included over 1,000 shareholder proposals and over 50,000 individual board elections to hold corporations accountable on climate change and human capital management, including workforce diversity, racial equity audits, and the election of more diverse boards of directors.

CalSTRS closely reviews all Annual General Meeting ballot items, including shareholder proposals, in the context of our [Corporate Governance Principles](#), [Stewardship Priorities](#) and goals for achieving a net zero economy. When we decide to vote against a shareholder proposal, it is largely due to one of the following reasons:

- Structural issues with how the proposal was written, in order words, a proposal was represented as intending one thing yet, as written, asked for something else; or
- The proposal was overly prescriptive. CalSTRS prefers to allow companies to determine the best strategy and direct their own business decisions to achieve the desired outcome. Specific solutions cannot be universally applied across all companies or all sectors; or
- The proposal was duplicative in that the company is already doing what the proposals asks or there was an overlapping proposal which we did support; or
- The intention of the proposal was not aligned with CalSTRS' Corporate Governance Principles

The report mentioned highlights only a small number of the over 1,000 shareholder proposals filed this season. CalSTRS supported many climate-related shareholder proposals this year, including at Exxon, Chevron, Philips 66, Valero, and Conoco Phillips.

We announced information on our proxy votes in a [news release on June 29, 2022](#) and our voting record can be accessed at any time through the CalSTRS voting disclosure [webpage](#).

Thank you,

External Affairs