

# The Future for Sustainability

## Roundtable for Consultants & Institutional Investors

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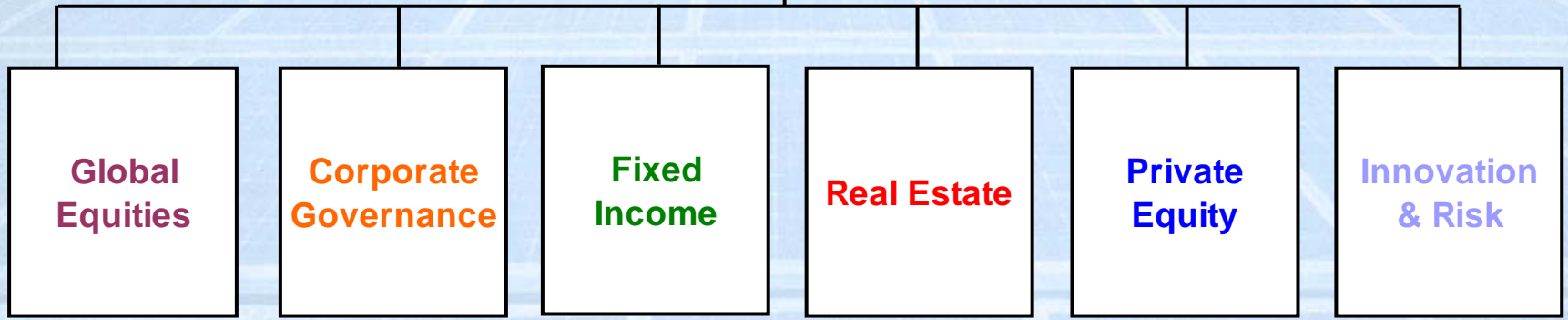


CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

CALSTRS

- **CalSTRS...**
- **is the second largest public pension fund in the United States with assets under management of approximately \$130 billion**
- **was established for the benefit of California's public school teachers over 90 years ago**
- **serves the investment and retirement needs of approximately 830,000 plan participants**
- **Invests globally in public equity, fixed income, real estate, and private equity**

CalSTRS  
Investment  
Office



# CalSTRS Asset Classes

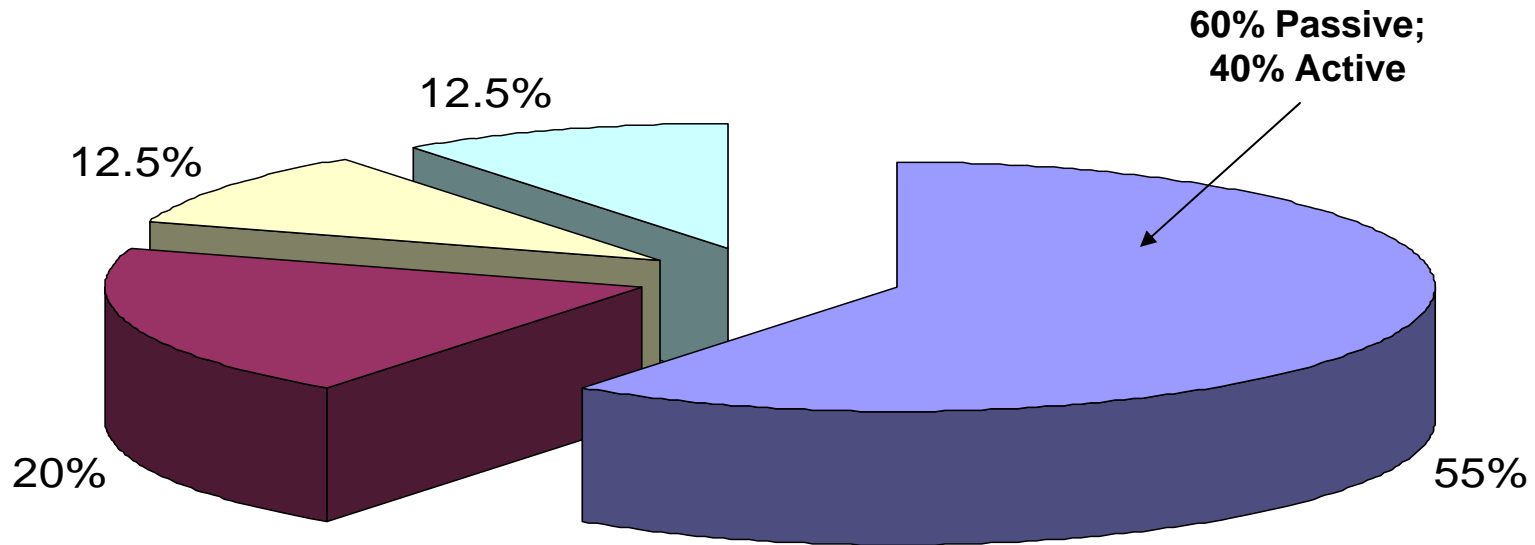


■ Global Equity

■ Fixed Income

■ Real Estate

■ Private Equity



**Approximately \$70B equity, \$25B fixed income,  
\$15B real estate, \$15B private equity**

Asset Allocation

CALSTRS

- **Active**
  - 20 Risk factors
  - Sustainability risk screens
  
- **Passive**
  - Engaging portfolio companies on risk management efforts
    - Are they adequately disclosing risk?
      - Websites, annual reports, environmental reports, sustainability reports, climate registries
    - Are they properly managing risk?
  
  - Methods of company engagement
    - CalSTRS driven initiatives
      - CDP non-responders
    - Collaborative initiatives
      - Investor Network on Climate Risk (INCR)
      - GWSC
      - Principles for Responsible Investment (PRI)
  
  - Shareholder proposals

# Sustainable Investment Managers

- **\$525 million invested**
  - \$425 M non-U.S.
  - \$100 M U.S.
- **.75% of global equity portfolio / 1.87% active equity portfolio**
- **Seek managers with expertise in managing environmentally focused sustainable investment strategies**
- **Double bottom-line goals of investment & environmental performance**
  - Not sacrificing returns
- **Good performers**
  - + 1.76% vs. active composite – U.S. (1 yr as of 9/30/09)
  - -0.18% vs. active composite – Non-U.S. (1 yr as of 9/30/09)
    - 1 fund +3.7% vs. Non-U.S. composite

**Investment Opportunities –  
Public Equity**


CALSTRS

# CleanTech Portfolio

- **Focus on clean energy and clean technology businesses**
  - \$600 million invested
    - 4% of portfolio
  - Global portfolio
  - First investment 2005
- **Contains both early and late stage investments throughout the world**
- **Promising returns**
  - Nearly 30% IRR w/ 1 fund (early stage)
- **Types of funds**
  - Emerging businesses, growth companies, infrastructure assets, renewable energy assets, biotech, green building material development

**Investment Opportunities –  
Private Equity**

**CALSTRS**



**Please visit our website for more  
information on CalSTRS investment  
guidelines and policies.**

**CALSTRS**

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