



Board Governance Committee

Item Number 3 – Open Session

Subject: Board Education Session

Presenter(s): Amy McDuffee and Catherine Jackson, Mosaic Governance Advisors / Eva Halvarsson, AP2, Bertrand Millot, CDPQ, Catherine Simard, CDPQ

Item Type: Information

Date & Time: June 11, 2021 – 75 minutes

Attachment(s): Attachment 1 – Biography of Catherine Jackson, Lead Consultant, Mosaic Governance Advisors

Attachment 2 – Biography of Eva Halvarsson, CEO, AP2, Sweden

Attachment 3 – Biography of Bertand Millot, Vice-President, Risk Management, Fixed Income and Head of Climate Risk and Issues, CDPQ, Canada

Attachment 4 – Biography of Catherine Simard, Director, Stewardship Investing, CDPQ, Canada

PowerPoint(s): Governance of Sustainability and ESG: Practices of Select International Peers

PURPOSE

The purpose of this item is to receive information and education about how other international peer pensions and their boards navigate their board responsibilities in respect of sustainability and ESG. Catherine Jackson, Mosaic Governance Advisors, LLC will be presenting on this topic along with panelists Eva Halvarsson, CEO, AP2, Sweden and Bertrand Millot, Vice-President, Risk Management, Fixed Income and Head of Climate Risk and Issues, Caisse de Depot due Quebec (CDPQ), Canada.

DISCUSSION/SUMMARY

CalSTRS is well-recognized for its leadership in sustainability and ESG through the work of the Sustainable Investment and Stewardship Strategies Group and the organization-wide commitment to sustainable practices across all operations. The board's governance of sustainability and ESG has grown organically throughout the years, as CalSTRS experiences and practices matured. Recent shifts in the internal and external environment have unlocked and accelerated opportunities and risks. To maintain consistency with best practices in governance, it is appropriate for the board to periodically refresh its views on the governance. Specifically, what is the board's responsibility set relative to sustainability and ESG, and how does it organize its governance around these important topics in the most effective and efficient manner?

At the June 2021 Board Governance Committee meeting, Ms. Jackson will moderate a discussion with AP2 CEO Eva Halvarsson and CDPQ Vice President Bertrand Millot on how the governance of sustainability and ESG occurs at their respective funds. They will discuss their boards' responsibilities for ESG, and how the board's practices have evolved. In addition, they will discuss the framework and process their pensions use to define and prioritize their responsibilities, and how their organizations have evolved in respect of ESG. Included will be how their boards and management teams manage their relationship relative to ESG and how stakeholder interests are balanced against the other interests of the funds. The discussion will close with how the pensions view and reconcile various sustainability standards, and what opportunities, challenges and risks lie ahead.



Catherine Jackson, Lead Consultant – Catherine joined Mosaic in October 2019 as a senior member of the consulting team to advise public pension boards on their most pressing and complex governance matters. Over her nearly three-decade career, Catherine has earned her reputation as a strategic thinker and influencer with experience in building consensus. She has served pension and institutional investor clients in Europe, Asia, and North America, advising on a range of governance matters, including governance structure and practices, board and executive evaluation, governance of sustainable finance and ESG, strategic planning, and risk management.



Catherine developed her expertise through nearly two decades of leading global sustainable ownership activities at PGGM, a Dutch pension fund manager, and before that at the Ontario Teachers' Pension Plan in Canada. At both organizations, she pioneered new practices and policies, influencing the global pension community. She has represented and furthered these funds' interests through industry organizations, including as Chair of the Investor Advisory Council to the Council for Institutional Investors in the US, and Chair of the Global Institutional Governance Network, and as chair of various committees at the International Corporate Governance Network (UK).

Catherine is a CPA through the Canadian Institute of Chartered Accountants. She has instructed global pension fund trustees through the Pension Governance Education Program, a joint effort between the Rotman School of Management Executive Programs and the International Centre for Pension Fund Management. She frequently speaks at industry conferences and events on pension fund governance matters. Catherine resides in Toronto, Canada.



Eva Halvarsson

Since 2006, Eva Halvarsson has acted as the CEO of the Second Swedish National Pension Fund - AP2. She heads up an organization with nearly SEK 400 billion under management in virtually every asset class, and one that is active in all parts of the world; AP2 is one of northern Europe's largest pension funds.

Ms. Halvarsson began her career as an accountant, progressing to the point that before joining AP2, she spent ten years working for the Swedish Government where she was responsible for the governance and management of the large and extensive portfolio of state-owned companies.

Eva Halvarsson has had a distinguished and varied leadership career. She took part in the working group that put into effect the Swedish Corporate Governance Code in 2004. She also spent several years, serving on the Swedish Corporate Governance Board. Eva has been a board member of several large companies and has chaired the nomination committees of some of Sweden's largest listed companies. She recently left after serving for ten years as the Deputy Chairperson of the board of the University of Gothenburg.

In 2017, Eva Halvarsson received the medal Pro Studio et Scientia – for Commitment and Science - from the School of Business at the University of Gothenburg for her dedicated work to develop the school.

Presently, she is board member of the UN-PRI (the United Nation's Principles for Responsible Investments), Vasakronan (the largest real estate company in Sweden), the WIN WIN Gothenburg Award for Sustainable Development, Misum (Mistra Center for Sustainable Markets) and The Royal Swedish Opera. In addition, she serves on the advisory board of the Women Entrepreneur's Opportunity Facility, the first-ever global finance facility dedicated exclusively to women-owned small and medium-sized enterprises.

Eva Halvarsson was born in 1962 and holds an MSc in Business and Economics from the School of Business, Economics and Law at the University of Gothenburg.



BERTRAND MILLOT

**Vice-President, Risk Management, Fixed Income
and Head of Climate Risk and Issues**



Bertrand Millot has a double mandate:

- He is business unit risk manager for the Fixed Income and Financing Solutions portfolios at CDPQ and supports the risk management team of CDPQ's real estate lending arm Otéra Capital.
- He also leads the climate change group, responsible for the designing and implementation of CDPQ's policies in this regard, for the appraisal and mitigation of climate risks in CDPQ's portfolio and leads external collaborative initiatives on climate issues. He closely supports the Stewardship Investing Team in its activities.

Mr. Millot is one of the architects of CDPQ's climate change strategy and a seasoned investor in infrastructure and emerging markets companies, fields where ESG considerations have historically been at the forefront.

At CDPQ since 2015, he recently led the Stewardship Investing team, reaffirming the organization's leadership in this area on the world stage. Previously, as Vice-President in risk management he was responsible for identifying cross-sectoral risk and was business unit risk manager for the Infrastructure portfolio.

Before joining CDPQ, Mr. Millot was CEO and CIO at Cordiant Capital, an emerging market corporate debt fund manager. Earlier in his career, he was active in infrastructure project finance with the European Bank for Reconstruction and Development in London, U.K. and with BNP Paribas in Paris, France.

Mr Millot is a member of the Council (Board) of the Sustainable Infrastructure Foundation (www.sif-source.org)

Mr. Millot holds an MBA from McGill University, a MSc in Engineering from École Nationale Supérieure d'Arts et Métiers and is a member of the Institute of Corporate Directors (ICD.D designation).



Catherine Simard
Director, Stewardship
Investing
CDPQ

Catherine Simard is Director, Stewardship Investing at CDPQ. The Stewardship Investing group ensures that environmental, social and governance (ESG) matters are considered in investment analyses and engages with portfolio companies on these issues.

Prior to joining CDPQ, Catherine was advising public companies on corporate governance and securities law matters at Norton Rose Fulbright, an international law firm.

She holds a law degree from McGill University and a master's degree in international business law from the London School of Economics and Political Science, where she was awarded the law department prize for best overall mark. She sits on the executive committee of the Institute of Corporate Director's Quebec Chapter.