

CANDIDATE STATEMENT, BIOGRAPHY, SIGNATORY AND COMPARATIVE INFORMATION FORM

Name: Sharon Hendricks

Title: Vice-Chair of the Board

Signatory organisation: CalSTRS

Signatory organisation seconding your candidacy: GPIF, ABP



CANDIDATE STATEMENT (400 words maximum)

As a trusted fiduciary at CalSTRS, a system that has been paying out California teachers' pensions for over 100 years, I think about the long-term sustainability of our fund every day. To me, responsible investing at CalSTRS is integral to enhancing returns and mitigating risks in an increasingly volatile, global and competitive investment world.

I believe PRI has played a critical role in making responsible investing more of a standard accepted practice for global institutional investors. Some of the key challenges I see going forward are: strengthening the influence and signatory base of PRI while providing accountability and community.

In this regard, I believe my experience at CalSTRS can be an asset to PRI. CalSTRS is seen as a leader among US asset owners in the area of responsible investing. As a system, we have engaged in responsible investing since the 1970s and recently developed and refreshed policies on responsible contracting, engagement and divestment, fees reporting and others that demonstrate our commitment to investing responsibly.

My experience at CalSTRS can engage more US asset owners not only to become signatories of the PRI but also to experience a community of responsible investors who can equip them with tools to integrate responsible investing into policies and investment decisions.

I can also contribute to the mission of PRI by engaging trustees around responsible investing, using PRI in Person and other satellite events to provide thought leadership and education. The PRI's Blueprint for the next 10 years discusses fostering a community of active owners. Through relationships I have with global trustees I believe I can help achieve this goal.

I am running for the PRI board to further the long-term strategies of PRI. I will actively engage asset owners in the activities of the PRI while inviting trustees to work collectively on a policy and practical level related to responsible investment issues. I look forward to learning from PRI signatory trustees and staff colleagues as we all seek to be good and responsible investors.

BIOGRAPHY (300 words maximum)

Before becoming a trustee at CalSTRS, I was teaching in higher education in Los Angeles and continue to be active in my local faculty union, AFT 1521, negotiating contracts, managing budgets and solving problems. When I was a new faculty member, I learned the power of a defined benefit pension and helped my colleagues understand the importance of compounded interest, pooled assets and paying attention to investment fees in order to save for retirement. In 2008, I was appointed Retirement Liaison for our 5,000 full and part-time faculty members in the Los Angeles Community College District and began leading workshops and hosting benefits conferences focused on CalSTRS, retirement security and responsible investing.

In 2011, I was elected to the CalSTRS board where I have served as chair of our Investment, Benefits & Services and Appeals committees and currently serve as Vice-Chair of the Board. As a trustee leader, I have worked to model and communicate to trustee colleagues the importance of responsible investing as part of prudent long-term pension fund sustainability. I am active with the Committee on Worker's Capital and serve on the leadership team for the Trustee Leadership Forum, part of the Initiative for Responsible Investment at Harvard's Kennedy School, the American Federation of Teachers Trustee Council, and the California Trustee Network. In January 2019, I co-founded Trustees United, a trustee led initiative focused on the investment risk of sexual harassment and misconduct in the workplace.

SIGNATORY ORGANISATION INFORMATION (300 words maximum)

The California State Teachers' Retirement System (CalSTRS) with a portfolio valued at \$223.8 billion as of January 31, 2019, is the largest educator-only pension fund in the world. CalSTRS serves California's more than 949,000 public school educators and their families from the state's 1,700 school districts, county offices of education and community college districts. CalSTRS is a hybrid retirement system administering a combined traditional defined benefit, cash balance and voluntary defined contribution plan.

The 12-member CalSTRS Teachers' Retirement Board includes three member-elected positions representing current educators, an appointed retired CalSTRS member, three representatives appointed by the Governor of California, an appointed school board representative and four members who serve in an ex-officio capacity. The board sets the policies and makes rules for the system and is responsible for ensuring benefits are paid by the system in accordance with law.

As a long-term, 30-year horizon investor, CalSTRS is focused on mindfully balancing risk with opportunity to preserve the integrity and strength of the fund. This includes CalSTRS' ambition to be a global leader in responsible investment and a source of innovation and collaboration on governance and sustainability issues. Of note:

- CalSTRS' [ESG Policy](#) applies to all internally managed assets and also requires all external investment managers to identify and assess the ESG risks associated with an investment, define areas of focus and engage to affect change.
- CalSTRS has over \$5 billion invested in corporate governance activists, sustainability and low-carbon strategies.

CalSTRS has a long track record in investment stewardship with expertise in advancing U.S. board accountability, aligning pay for performance, and promoting diversity within corporations and the investment industry.

COMPARATIVE CANDIDATE INFORMATION

The Board should have the appropriate balance of skills, diversity, experience, independence and knowledge of the organisation to enable it to discharge their respective duties and responsibilities effectively. The Board needs to be appropriately representative of the diversity of PRI signatories in order to generate effective debate and discussion around the key issues that the Board considers, and to deliver the broadly-founded leadership that the initiative deserves.

As part of its commitment to strengthen the rigour and accountability of the election process, the PRI will also be providing more guidance and information to candidates and signatories in advance of the vote.

Candidates are asked to elaborate in their statements on their demonstrated governance experience, leadership within responsible investment, ESG expertise and other experience relevant to the long-term success of the PRI. This information – as well as information on the nominating signatory, the candidate biography and statement – will enable the signatory electorate to more easily compare the skills, experience and diversity of the respective candidates.

SPECIFIC EXPERTISE:

LEADERSHIP AND GOVERNANCE EXPERIENCE (300 words maximum)

I bring diverse leadership experience to the PRI board as a trustee, labor leader and educator. I know how to work with groups of people from various backgrounds, build trust, and organize toward a common goal.

In my role as a labor leader, I have managed budgets, overseen challenging personnel issues, developed strategic plans and supervised staff.

In the 7 years I've served on the CalSTRS board, I have demonstrated thought leadership regarding board governance, investment policies and trustee education. I have assisted with updating board policies, developing board agendas, and strategic planning. As vice-chair, I work to foster a positive board culture by being inclusive, responsive and accountable to board colleagues, all in efforts to achieve our mission: Securing the financial future and sustaining the trust of California's educators.

When I served as chair of the investment committee, I directed staff to provide broader, more detailed analysis of the fees we pay in each asset class we are invested in which has now become an annual fees report. This past year, working with the board chair, we created a system for board members to provide input on board meeting efficiencies and agenda development. I am currently working on a trustee onboarding curriculum to assist new members transitioning onto the CalSTRS board in the next few years.

GENERAL:

DEMONSTRATED LEADERSHIP WITHIN RESPONSIBLE INVESTMENT, ESG EXPERTISE AND OTHER EXPERIENCE RELEVANT TO THE LONG-TERM SUCCESS OF THE PRI. (300 words maximum)

In my tenure on the CalSTRS board, I have engaged in several initiatives related to responsible investing. When I was first elected 7 years ago, much of what was discussed as responsible investing fell under the banner of corporate governance – proxy voting, CEO pay, etc. Since that time, much has evolved for me as a trustee and for our system.

As Investment Chair, I initiated a board item to develop Investment Beliefs. Our board had robust conversations about whether considering ESG factors in investment decisions was, in fact, part of our fiduciary duty. These challenging conversations have proved to be critical to our evolution on responsible investing at CalSTRS. Since that time, we have made a \$2.5 Billion allocation to a low-carbon index fund and wrestled with what genuine engagement looks like with companies on ESG issues that are important to us. I have also had to learn how best to engage with stakeholders and constituents who have strong opinions about where and how CalSTRS invests. We have recently retooled our CalSTRS Divestment Policy – insuring we include language that focuses on engagement as a priority. We have also integrated ESG principles throughout all our investment policies.

Currently our investment committee is having discussions about pursuing a collaborative investment model, partnering with other asset owners to reduce costs and ensure responsible investment principles are reflected in all aspects of the investment.

As a trustee, I am particularly interested in developing more tools around measuring the S in ESG. The challenges of income inequality, human rights, corporate culture and other social issues that pose investment risk and opportunity can be challenging to measure and manage. In January 2019, I co-founded Trustees United, a trustee led initiative focused on the investment risk of sexual harassment and misconduct in the workplace.