

Canada Pension Alert

What are your Pension funds Up to?

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The B.C. College Pension Plan And Ethical Investing

In the fall of 2010, about a year into my four-year term as the Vancouver Island University Faculty Association (VIUFA) representative to the Federation of Post-Secondary Educators' Pension Advisory Committee (FPSE)(PAC), VIUFA member Don Alexander asked me whether the College Pension Plan invested ethically. I looked up the CPP website and that of the British Columbia Investment Management Corporation (bcIMC), which manages investments for several public sector pension plans in BC. I learned that the bcIMC is a signatory to the United Nations Principles for Responsible Investment (UN's PRI.) It sounded impressive and I was mollified – for the time being. I passed this information back to Don.

As it turns out, being a signatory to the UN's PRI is largely meaningless. Don had a work-op student investigate and report on bcIMC's investments on behalf of the College Pension Plan. Among the key money-makers for the plan were BP, Enbridge, Encana, GoldCorp and Suncor – all companies with bad track records of environmental and social harms resulting from their business practices. We needed to face a difficult truth: our public-sector pension plan and its unionized, labour-friendly membership derives financial benefit from strikebreaking, union-busting, polluting and exploitative companies.



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I requested that the issue of ethical investing be added to the November 2010 PAC meeting agenda. When I raised the issue, many PAC members were concerned. Several PAC members also worried that ethical investing concerns might jeopardize the financial well being of the pension plan. And perhaps the most difficult and paralyzing aspect to grapple with is the fact that there wasn't just one bad company to examine, but many. Where would we start? Where would we draw the line? And would it even matter? If the College Pension Plan divested, wouldn't the companies just carry on with their practices and pass their profits along to other shareholders?

At the next PAC meeting in March 2011, representatives from bcIMC were invited to talk to the committee about their ethical investment practices. Bryan Thomson, VP Equity Investments, and Lynn Hannah, VP Consulting and Client Services, outlined bcIMC's "shareholder engagement" approach, which is underpinned by the philosophy that it is better to be involved as a shareholder in companies with dubious practices in order to influence such practices via shareholder votes. The debate began to coalesce around GoldCorp and Barrick Gold, which had been receiving significant media attention at the time. The bcIMC representatives promised to report back to PAC on their shareholder engagement initiatives within these two companies.

In the meantime, at the 2011 VIUFA AGM, I reported to the membership the concerns about our pension plan investments. VIUFA members were shocked and upset; most had no idea what their pension plan investments were. The AGM passed a motion to take to the FPSE, Federation of Post-Secondary Educators', 2011 AGM:

That a resolution be prepared to bring to the floor at the FPSE AGM calling on FPSE and partner unions to lobby the provincial government to legislate changes that allow for more ethical investment by the pension plan.

This motion was carried unanimously by the 2011 FPSE AGM in the following form:

FPSE will work with other members of the BC Federation of Labour to lobby the BC government to amend the Pension Benefit Standards Act to allow for the possibility that Pension Board trustees can make investment decisions that reflect a greater consideration of environmental and social issues.

The debate at the VIUFA 2011 AGM was also the beginning of the VIUFA Working Group on Ethical Investing.

ETHICS

COMMUNITY

ENVIRONMENT

PENSION BENEFIT STANDARDS ACT

FINANACIAL MANAGEMENT

BLOOD MONEY

RESOLUTION

ETHICAL PRACTICE

CORPORATE GREED

HUMANITARIAN CONSIDERATIONS

HUMAN RIGHTS

SOCIAL ISSUES

INVESTMENTS

POLLUTION

SHAREHOLDER ENGAGEMENT

LONG-TERM MANAGEMENT

The (FPSE)PAC received an email response from bcIMC in time for our next meeting in November 2011. bcIMC expressed confidence that GoldCorp and Barrick Gold have succeeded in improving their records of environmental and human rights abuses. At the same (FPSE) PAC meeting, committee members heard conflicting information in the form of a presentation by Graham Russell of Rights Action, an NGO working with indigenous communities harmed by Canadian mining companies operating in Guatemala and Honduras, GoldCorp and HudBay Minerals. The PAC moved that FPSE Presidents' Council request more information from bcIMC as their response was felt to be unsatisfactory, and further that Presidents' Council adopt an activist strategy with respect to ethical investing. At the PAC and PC levels at least, we are making progress!

Going forward, the VIUFA Working Group on Ethical Investing plans to keep the discussion going at the PAC table as well as engaging with local politicians, concerned members of other public sector pension plans, and agencies like SHARE and Rights Action. There are many layers of governance and interest in the pension plan, and fundamental changes to policy, law and financial management practices are not easily or quickly achieved. However, the working group is committed to long-term strategies and working towards incremental change when sweeping change is not possible.

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