Campaign ramps up to pressure one of Canada's largest pension firms to divest from fossil fuels

By Cloe Logan | News, Climate Solutions Reporting | July 8th 2022

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Mining trucks at a Syncrude facility. Photo by Andrew S. Wright

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People are pushing the investment firm that manages retirement savings for B.C.'s public sector workers to move roughly $2 billion out of fossil fuels by the end of the year.

The British Columbia Investment Management Corporation (BCI) holds a total of $199.6 billion in managed assets and oversees retirement savings for the province's teachers, nurses, municipal workers and other government workers, according to its site.

Oil Sands Divestment worked with people in the public sector to kick off the campaign, which aims to put pressure on BCI to divest from an industry whose product is the main driver of climate change by writing letters and pressuring unions to divest. The consensus is clear, it says: we need to stop funding new fossil fuel projects, wind down existing ones and invest in renewable energy.

Patrick DeRochie, pension engagement manager with Shift Action for Pension Wealth and Planet Health, has been working to convince Ontario pension plans to divest from fossil fuels for the past few years. He said there's been an uptick in interest from people in B.C. wanting to do the same.

"We're hearing more and more that public sector workers don't want their retirement savings invested in oil and gas companies that are making the future uninhabitable with their own savings, (and) whose business model is completely inconsistent with their own retirement security," he said.

In a statement to *Canada's National Observer*, BCI vice-president Gwen-Ann Chittenden said the firm doesn't believe divestment is "an effective strategy for addressing long-term, persistent ESG (environmental, social and governance) risks, as it transfers assets from one investor to another without contributing to solutions."

"Ownership gives BCI the right to raise concerns and influence companies. Through engagement, we encourage companies to adopt targets aligned to the Paris Agreement and improve climate-related disclosure and performance," said Chittenden.

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"Our efforts are focused on companies where we believe there are opportunities to generate additional value for our clients, while supporting the transition to a low-carbon economy."

To DeRochie, that response avoids taking any real responsibility.

"It's often that this debate comes out as engagement versus divestment. But we actually think that those are two heads of the same coin … divestment is simply part of a robust engagement strategy," he said.

"And when BCI kind of falls back to the argument, saying that 'We need to invest in oil and gas because we are a responsible investor and have a seat at the table and can help them reduce their emissions,' we don't see any evidence of that actually happening."

Oil Sands Divestment said BCI hasn't shown examples of how its engagement is leading oil and gas companies to reduce their greenhouse gas emissions and notes no fossil fuel company has a solid climate plan.

The call to action isn't the first. In February, the B.C. Teachers Federation put out a release saying it was high time the union got its pension money out of fossil fuels.

A 2018 UVic study also analyzed BCI's holdings and found that if the firm doesn't move its money out of fossil fuels, investors could be left with less money than they thought for retirement. At the time of release, the report estimated over $3 billion in BCI's holdings were invested in the top 200 publicly traded oil and gas companies.

It's tricky to know exactly how much BCI has invested in fossil fuels, said DeRochie, because the firm doesn't disclose all its investments. However, research from Corporate Knights found BCI may have lost a total of $17,876 per plan member between 2010 and 2021 because of its energy stocks.

Investing in renewable energy like wind and solar rather than fossil fuels will actually benefit investment portfolios in the long term, along with being a necessary move to limit global warming. DeRochie said BCI should be thinking about this because it has a fiduciary duty, or obligation, to act in the best interest of its pension plan members, young and old.

"They have a long-term investing horizon where they need to have the responsibility to both an 85-year-old member that's already collected their pension, but also to the 25-year-old member who just might have just begun working and putting away those savings," he said.

"... We don't think that investing in the core causes of the climate crisis — oil, gas, coal and pipelines — can be consistent with that fiduciary duty."

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