**Pension Committee**

May 2024

**CUPE BC Convention**

Since we’re fresh out of convention, there are a few things I wanted to point out from the convention binder.

**MPP Trustees Report** – (Reports Tab)

 - this is a good read, especially with its intersection with the environment committee and the commitment to influence our investing firm BCI to implement its Climate Action Plan

- while not guaranteed, a 3.8% Cost of Living (COLA) adjustment was achieved for 2024. Key facts are that the adjustment going forward can’t exceed the Canadian consumer price index (CPI) and the cost can’t exceed the funds earmarked in the inflation adjustment account (IAA)

**Pension Committee Report** – Page 63

Roberta Ciaraulo and I are members of the CUPE BC Pension Committee and we suggest you have a read through the committee report to convention!

**Resolutions**

#48 Pensions for all (Executive Board)

- This resolution calls on CUPE National to work with Locals to negotiate pensions for all workers. Some workers such as seasonal or part time staff are automatically excluded through pension plan rules and thresholds and this needs to change.

#58 Pension literacy in the public schools (Pension Committee)

- Our pension committee passed this resolution calling for CUPE BC to work with the BC Federation of Teachers (BCTF) to amend the curriculum on financial literacy to include information and education on the importance of pensions.

#60 CPP (Racialized Workers Committee)

- While this resolution did not hit the floor, it’s in the binder and calls on CUPE National to research and analyze the CPP with an eye to increasing the CPP to offset growing inflation and inequities.

**SHARE Investor Conference March 6, 7, 2024**

Thanks to VIDC for sending Stacy, Roberta and I to the SHARE conference this year. We were able to reduce our overall costs by the generous support of CUPE BC covering the registration costs of Roberta and I since we’re on the CUPE BC Pension committee, and Roberta and I were also supported by our book off covered by our Locals. We were joined there by Luke Fletcher of Local 1004, who is also part of the CUPE BC Pension Committee.

This conference, subtitled the Power of Many, brings together people from across North America representing investment firms, pension funds, First Nation groups, Unions and others to discuss just that… the power of many in collaborating to support ethical, green and socially progressive investment with an additional focus on reconciliation.

The conference was opened by Chief Leanne Joe of the Squamish First Nation who noted that her nation was actually an amalgamation of 16 groups which combined so that Indian agents would not be able to confine them to 16 small and isolated reserves. That history and the intergenerational trauma that followed focuses First Nation relationship-based investment with a seven-generation perspective. Another First Nation speaker noted “we don’t want allies, we want accomplices. Allies are a passive presence, accomplices take risks and use their voice and privilege.

The keynote speaker was Denise Hearn, Resident Senior Fellow at Columbia Center on Sustainable Investment who notes that industry consolidation has been accelerating for years under the guise of economies of scale and efficiency when actually higher prices and lower wages are the result. One of many examples is the Marriott-Bonvoy hotel chain. In some industries there was an 18% markup over cost in 1980 but that rose to 67%, so the public is told about efficiencies to keep costs down, but it’s actually about consolidating power, market share and driving profits higher.

Workers wages measured against GDP is dropping yet corporate profits are rising. Google is an example of a company consolidating power and it’s ironic that it’s motto was “Don’t be Evil”… though that was quietly changed in 2018 to “Do the Right Thing”, which we assume is the right thing for shareholders, not necessarily workers.

She calls for stronger anti-trust legislation and there are some positives moves federally in this area recently via Matthew Boswell, Canada’s Commissioner of Competition.

We also heard from Lisa Nathan, Senior Investor Engagement Advisor, UNI Global Union who represent 20 million workers in 150 countries and Emil Sirén Gualinga, Sustainable Finance and Indigenous Rights Specialist who noted the importance of investigating labour practices and treatment of indigenous peoples in areas that companies you’re invested in operate. One particularly important piece if finding out if IRMA standards have been adopted to promote equitable risk-informed development and humanitarian action. A further resource is <https://respectingindigenousrights.org/>, a respecting indigenous rights toolkit.

Susanne Skidmore addressed the conference as well for the BC Federation of Labour and noted significant work that SHARE as an organization was doing in mobilizing union support in shareholder motions such as

* Freedom of association for workers at Amazon
* Non-intereference with organizing at Tesla
* Starbucks – similar work

Through SHARE filing these motions, they are gaining traction among the wider shareholder groups who increasingly recognize the importance of these issues in society and the investment risk of not accepting better labour practices.

In the afternoon of day one there were a number of breakout sessions. I attended Investor Action and Inequality which was primarily focused on the housing crisis. An era of low housing prices led to growing wealth inequality via real estate wealth and increasingly governments need to step in to encourage and incentivize investors to build non-market housing. There are municipal bonds for sustainable housing for example.

Denmark started being a champion of non-market housing investment 20 years ago. In Canada, Manitoba and Quebec are leading the way with non-interest bearing loans for example.

Taxation was also a topic of discussion where companies like Amazon pay very low corporate taxes and shield their income in off-shore havens, yet their underpaid workers pay a higher tax rate. Microsoft’s haven is Puerto Rico. Paul Finch of the BCGEU spoke about a shareholder action led by SHARE against a multinational company called Brookfield demanding that instead of reporting their operations as USA and “other”, that they be forced to report and file country by country. This would provide transparency around how much taxation is being avoided.

Executive compensation has risen 1400% while workers wages have only risen 18% in the same period. Wages are seen as a cost rather than a value driver… even though increased wages are funneled back into consumer purchases in a wide variety of items. With Brazil now leading the G20 there is a move to push for global wealth tax reform.

In a climate action plenary Mike Clark, Founding Director of Ario Advisory based in the UK spoke about climate change modeling which can be based on very loose assumptions and it’s like “playing dice with your pensions”. He advised us to ask questions about any climate modeling that is driving ivestment decisions in our pension funds.

One resource is <https://greenfuturessolutions.com/news/no-time-to-lose-report-uss-university-of-exeter/>

“No time to lose” - USS and University of Exeter develop new climate scenarios to help tackle climate change | GreenFutures (greenfuturessolutions.com)

I continued along this area of focus at the next breakout option, choosing “Accelerating Climate Solutions” – Investment Opportunities in the Transition. The panelists were Michelle Richardson, Principal of George & Bell consultants, Mike Winterfield, Founder and Managing Partner of Active Impact Investments and Jonathan Arnold, Director of Clean Growth, Canadian Climate Institute.

Clearly there are opportunities in the fields of biofuels, battery and storage and renewable, but there are opportunities also in sectors such as iron, steel and concrete. From an investment perspective focusing on climate change 10 to 15 years was a disadvantage but now it’s the opposite and the number of “cleantech” companies in Canada has grown 600% since 2000.

Mike’s venture capital investment firm Active Impact Investments has $140M in assets under management covering 32 investments, 26 of which have commercial applications. Investors include UVic and Van City, but one challenge is that they are still considered a small player and not worth a pension fund manager ‘getting out of bed in the morning to make a deal’ on the scale usually required by a pension fund. He noted that the Quebec pension plan has a great track record of clean energy investment but “BC not so much”… something for us to follow up with in conversations with our Union nominated trustees and BCI directly.

For more information check out <https://climateinstitute.ca/reports/sink-or-swim/>

The last plenary of Day 1 was Reconciliation in Action which involved these speakers: Chief Leanne Joe – Squamish Nation, Aaron Lambie – Executive Director, Pehta Foundation, Adelaide Chiu - VP, Head of Responsible Investing, NEI Investment | Aviso Wealth and Geordie Hungerford – CEO, First Nations Financial Management Board.

As investors (through our pension fund) we’re encouraged to understand the history of Crown/Indigenous relations in Canada and use our capital to advance First Nations interests. Chief Leanne Joe says it has to start from the basic understanding of the First Nation not only as title holders but also their traditions of stewards of the land and the connectedness of spirit within all living things. She doesn’t accept BC for example, or a company doing their own environmental assessment, the Squamish people do their own, using their knowledge and values.

It was noted that 80% of global biodiversity is protected by indigenous people even though they only make up 6% of the population.

Please read Chief Leanne Joe’s Indigenous Economic Development Framework, “Step into the River” located here: <https://www.sfu.ca/fenv/sea-land-and-sky/framework-for-economic-reconciliation.html#:%7E:text=Drawing%20on%20Indigenous%20worldviews%20about,can%20be%20a%20catalyst%20for>

On day two we attended a Labour caucus event focused on the Canadian Capital Stewardship Network whose primary focus is working with labour groups and investors n ESG issues. One emerging issue is the recent direction from the federal finance minister that pension funds need to invest more in Canadian markets. On the service it sounds good however if you flood capital into a (globally) small area, then you risk decreasing profit.

The labour attendees were cautioned not to let industry shape the ESG message and passively accept high level summaries but ask focused ESG questions. The CUPE BC Pension Committee was given exactly this type of presentation when meeting at the BC Investment Management offices in Victoria. We do understand that they’re presenting to a group without knowing the level of understanding of the audience, but we need to be prepared to request follow up meetings with specific questions.

We had an opportunity at lunch to speak with Harpinder Sandhu, previously with Local 1767 and now a CUPE national rep and trustee on both the MPP and PSPP. Having spoken with Ontario-based Steelworkers whose pension plan had 100% union trustees we were curious about the balance of power in our plans where there are both employer and union nominees. Harp noted that our pensions have been a joint trusteeship since 2001 and that both sides of course want what’s best for the health of the plan. If Locals have specific concerns they can be raised through our trustees to put it on their meeting agenda.

The conference was concluded with an overview by Dr Carmen Lansdowne, Moderator of the United Church of Canada and a member of the Heiltsuk First Nation. She’s the first indigenous woman to lead a religious denomination in Canada. She noted that over the last two days the term “stakeholders” was frequently used and she suggested trying to move that from discussion since the term is a derivation of the act of driving a stake into the ground… the primary colonial impact!

Similarly she felt that the term “reconciliation” wasn’t a correct term since it means an act to reconcile two parties who have harmed each other. There’s only one party harmed here so the English term in itself is incorrect. She prefers a word in her language that simply means to go back and undo what was done. Ultimately we need to look at our intentions and our relationships with First Nations so that we can move forward together with shared prosperity in a healthy environment for generations to come.

In solidarity,

Kevin McPhail

Pension Committee Chair