



Pension Advisory Committee Representative 2018 Report to VIUFA

Plan Performance

According to the Trustees Report of February 2018, the College Pension Plan's one year return ending August 31, 2017 was 7.3%, which is above the benchmark of 7.1 %

Cost of Living Adjustment

A COLA (cost-of-living adjustment) for retiree pensions of 1.5% has been approved effective January 1 2018. The maximum sustainable COLA rate is presently 2.07%. It is likely that this will be increased after the next actuarial evaluation.

Plan Maturity

The ratio of retired members to active members continues to increase. According the Trustees' report of February 2018 there are approximately 1.8 active members for every retired member.

Socially Responsible Investing and the College Pension Plan.

At our October meeting the executive director of SHARE (The Shareholder Association for Research and Education) Peter Chapman gave a review of bclMC's SRI practices and policies. He pointed out that recent studies show that companies engaged in good sustainability practices tend to do better in terms of stock price performance over the long term. He also spoke about the two components of fiduciary duty: acting with prudence and acting in the interests of the beneficiary. He pointed out that the age range of potential and actual beneficiaries of our Plan extends from those say in their late twenties or early thirties to those who in their eighties or nineties. The concept of even-handedness would call on the Plan's investment manager (bclMC) to treat the younger and the older members of the plan equitably. That is, the investment manager has a duty to ensure that the Plan can not only make regular payments to a retired member in her seventies but that it will be able to send regular payments to an active member in her twenties 40 years from now. Then Mr. Chapman asked us to think about climate change. Even-handedness suggests that our investment manager has a duty to develop investment strategies now to mitigate climate change, to ensure that a member in her twenties does receive a regular pension forty years from now in an environment that is not degraded.

In terms of assessing bclMC's SRI performance, Chapman suggested that we compare bclMC's strategies and outcomes with those of other major European and North American pension plans. For instance Quebec's Caisse de Depot and the Dutch pension plan ABP have recently announced plans to significantly reduce the carbon footprint of their investment portfolios.

Other strategies include reviewing bclMC's proxy voting history with regard to SRI goals and encouraging bclMC to develop SRI assessments and strategies for all categories in its portfolio (e.g. private equities).

Finally, it is important to acknowledge that shareholder engagement with respect to SRI initiatives is not always effective. Canadian mining interests in Central America remain an instance of this. We currently

have millions of dollars invested in Goldcorp, Tahoe Resources and Hudbay Minerals, all of which have engaged in human rights abuses and environmental degradation.

I would like to thank the members of VIUFA's own subcommittee on ethical investing and the CPP for their continued interest and support: Don Alexander and Michael Down.

Respectfully submitted by
Robert Pepper-Smith
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