

August 1, 2023

Sent via e-mail

Office of the Prime Minister
80 Wellington Street
Ottawa, ON K1A 0A2

Open letter to Canada's Federal Cabinet: Remove Imperial Oil Director from PSP Investments' Board of Directors

Attn:

The Right Honourable Justin Trudeau, Prime Minister of Canada
The Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance
The Honourable Anita Anand, President of the Treasury Board
The Honourable Gary Anandasangaree, Minister of Crown-Indigenous Relations
The Honourable Terry Beech, Minister of Citizens' Services
The Honourable Marie-Claude Bibeau, Minister of National Revenue
The Honourable Bill Blair, Minister of National Defence
The Honourable Randy Boissonnault, Minister of Employment, Workforce Development and Official Languages
The Honourable François-Philippe Champagne, Minister of Innovation, Science and Industry
The Honourable Jean-Yves Duclos, Minister of Public Services and Procurement
The Honourable Sean Fraser, Minister of Housing, Infrastructure and Communities
The Honourable Karina Gould, Leader of the Government in the House of Commons
The Honourable Steven Guilbeault, Minister of Environment and Climate Change
The Honourable Patty Hajdu, Minister of Indigenous Services and Minister responsible for the Federal Economic Development Agency for Northern Ontario
The Honourable Mark Holland, Minister of Health
The Honourable Ahmed Hussen, Minister of International Development
The Honourable Gudie Hutchings, Minister of Rural Economic Development and Minister responsible for the Atlantic Canada Opportunities Agency
The Honourable Marci Ien, Minister for Women and Gender Equality and Youth
The Honourable Mélanie Joly, Minister of Foreign Affairs
The Honourable Kamal Khara, Minister of Diversity, Inclusion and Persons with Disabilities
The Honourable Dominic LeBlanc, Minister of Public Safety, Democratic Institutions and Intergovernmental Affairs
The Honourable Diane Lebouthillier, Minister of Fisheries, Oceans and the Canadian Coast Guard
The Honourable Lawrence MacAulay, Minister of Agriculture and Agri-Food

The Honourable Soraya Martinez Ferrada, Minister of Tourism and Minister responsible for the Economic Development Agency of Canada for the Regions of Quebec
The Honourable Marc Miller, Minister of Immigration, Refugees and Citizenship
The Honourable Mary Ng, Minister of Export Promotion, International Trade and Economic Development
The Honourable Seamus O'Regan Jr., Minister of Labour and Seniors
The Honourable Ginette Petitpas Taylor, Minister of Veterans Affairs and Associate Minister of National Defence
The Honourable Carla Qualtrough, Minister of Sport and Physical Activity
The Honourable Pablo Rodriguez, Minister of Transport and Quebec Lieutenant
The Honourable Harjit S. Sajjan, President of the King's Privy Council for Canada and Minister of Emergency Preparedness and Minister responsible for the Pacific Economic Development Agency of Canada
The Honourable Ya'ara Saks, Minister of Mental Health and Addictions and Associate Minister of Health
The Honourable Pascale St-Onge, Minister of Canadian Heritage
The Honourable Jenna Sudds, Minister of Families, Children and Social Development
The Honourable Filomena Tassi, Minister responsible for the Federal Economic Development Agency for Southern Ontario
The Honourable Rechie Valdez, Minister of Small Business
The Honourable Dan Vandal, Minister of Northern Affairs, Minister responsible for Prairies Economic Development Canada and Minister responsible for the Canadian Northern Economic Development Agency
The Honourable Arif Virani, Minister of Justice and Attorney General of Canada
The Honourable Jonathan Wilkinson, Minister of Energy and Natural Resources

Cc:

Martin Glynn, Chair of the Board of Directors, Public Sector Pension Investment Board
Deborah Orida, President and CEO, Public Sector Pension Investment Board
Darlene Bess, Member of the Public Service Pension Advisory Committee
Claire Caloren, Member of the Public Service Pension Advisory Committee
Julie Charron, Member of the Public Service Pension Advisory Committee
Roger Ermuth, Member of the Public Service Pension Advisory Committee
Deep Kiran Kaur Hanspal, Member of the Public Service Pension Advisory Committee
Philippe Thompson, Member of the Public Service Pension Advisory Committee
Dyane Monique Dufresne, Member of the Public Service Pension Advisory Committee
Christopher Aylward, Member of the Public Service Pension Advisory Committee
Sharon DeSousa, Member of the Public Service Pension Advisory Committee
Dany Richard, Member of the Public Service Pension Advisory Committee
David Yazbeck, Member of the Public Service Pension Advisory Committee
Privy Council Office - Governor in Council Appointments -

Dear Prime Minister Trudeau and Honourable Ministers of Cabinet,

As working and retired employees of Canada's federal public service and members of Canada's Public Service Pension Plan, we are alarmed by the ongoing presence of a Director of Imperial Oil on the Board of Directors of the Public Sector Pension Investment Board (PSP Investments, or PSPIB).

We are calling on you to remove Miranda Hubbs from PSPIB's Board of Directors with cause, pursuant to s.11[2] of the *Public Sector Pension Investment Board Act*. Ms. Hubbs' role, interests and legal obligations as a Director of Imperial Oil cannot be reconciled with her fiduciary duty to PSPIB contributors and beneficiaries, the core attributes and competencies of PSPIB Directors,¹ or PSPIB's Code of Conduct.²

With \$243.7 billion in assets, PSPIB is a Crown corporation sponsored by the Government of Canada, managing the pensions of over 900,000 active and retired employees of the Government of Canada, including federal public servants, the Royal Canadian Mounted Police, and the Canadian Armed Forces and Reserve Force.

PSPIB's Board of Directors is appointed by the federal Cabinet on the recommendation of the Treasury Board President. Miranda Hubbs was first appointed to PSPIB's Board in 2017³ and was reappointed in March 2022 for a second term that will end in 2026.⁴ Ms. Hubbs serves on the Board's Human Resources and Compensation Committee and as Chair of the Board's Investment and Risk Committee.⁵

Ms. Hubbs also serves as Chair of the Community Collaboration and Engagement Committee on the Board of Directors of Imperial Oil,⁶ ExxonMobil's Canadian subsidiary, which is a major oil and gas producer and the largest refiner of petroleum products in Canada. As a Director, Ms. Hubbs is responsible for oversight of the company's strategic and operational decisions and is legally bound to make decisions in the best interests of Imperial Oil.

The best interests of Imperial Oil are incompatible with a PSPIB Directors' fiduciary duty to invest in our best long-term interests. It's impossible for us to ascertain if Ms. Hubbs will oversee PSPIB decisions on human rights, climate risk and fossil fuel investments in the interest of federal employees and retirees— or Imperial Oil's short-term interests to profit off of oil and gas.

¹ Government of Canada. (10 September 2018). Board Profile - Public Sector Pension Investment Board.

<https://appointments.gc.ca/boardProfileOrg.asp?OrgID=SPI&type-tpv=&lang=eng>.

² PSP Investments. (1 October 2022). Code of Conduct for Directors, Employees and Consultants.

https://www.investpsp.com/media/filer_public/02-we-are-psp/03-governance/code-of-conduct-directors-employees-consultants.PDF.

³ Public Sector Pension Investment Board. (11 June 2019). 2018 Annual Report, p.60.

https://www.investpsp.com/media/filer_public/documents/PSP-2018-annual-report-en.pdf.

⁴ Government of Canada. (14 January 2023). Organizational Profile - Public Sector Pension Investment Board.

<https://federal-organizations.canada.ca/profil.php?OrgID=SPI&lang=en>.

⁵ PSP Investments. (May 2023). Board of Directors - Miranda C. Hubbs. <https://www.investpsp.com/en/psp/board/>.

⁶ Imperial Oil. (16 March 2023). Notice of 2023 annual meeting of shareholders and management proxy circular, p.17.

<https://www.imperialoil.ca/-/media/imperial/files/investor/shareholders/2023-proxy-circular-english.pdf?la=en-ca&hash=771C39B948501F1C09FA922DCC1C0827E4444D2>.

In February 2023, it was reported that Imperial Oil's Kearl oil sands facility had leaked millions of litres of tailings and toxic wastewater containing dangerous levels of arsenic, dissolved metals and bitumen into muskeg and waterways in Alberta for nearly nine months.⁷ The leak was first noticed in May 2022, but neither Imperial Oil nor the Alberta Energy Regulator informed the federal government, local Indigenous communities, or the public. The Athabasca Chipewyan First Nation (ACFN) called the Imperial Oil leak "environmental racism"⁸ and issued a notice advising its members to avoid the Kearl site and stop eating any food hunted, fished or gathered in the area since May 2022.⁹ An ACFN elder said that companies like Imperial Oil have been denying leaks or spills since the industry started and that their use of the land was destroying her people.¹⁰ On May 4, 2023, Environment and Climate Change Canada opened a formal investigation into Imperial Oil's tailings leak.¹¹ The Dene Nation, downstream from the oil sands site, called for Imperial Oil to be charged.¹²

The Kearl tailings leak and Imperial Oil's response is just the latest example of the company's long history of climate pollution, environmental degradation and disregard for Indigenous communities impacted by its operations. Climate Action 100+, an international coalition of climate-concerned investors, rates Imperial Oil as failing to meet any criteria for achieving net-zero emissions by 2050, aligning capital expenditures with greenhouse gas reduction targets, or having a credible decarbonization strategy.¹³ Another assessment rated the company's climate plan as "grossly insufficient" on measures of ambition, integrity and transition planning.¹⁴ Imperial Oil and its industry lobby group, the Canadian Association of Petroleum Producers (CAPP), have a well-documented history of lobbying to undermine robust climate policy and misleading the public about the role of oil and gas in a safe climate future.¹⁵ In one recent example, CAPP was actively pushing to weaken and delay climate risk disclosure

⁷ Drew Anderson. (8 February 2023). "An Imperial Oil tailings pond has been leaking for nine months." *The Narwhal*. <https://thenarwhal.ca/imperial-oil-kearl-aer/>.

⁸ Danielle Paradis. (2 March 2023). "Toxic tailings leak ongoing concern for First Nation in northern Alberta." *APTN*. <https://www.aptnnews.ca/featured/toxic-tailings-pond-leak-ongoing-concern-for-first-nation-in-northern-alberta/>.

⁹ Athabasca Chipewyan First Nation. (2 March 2023). Chief Allan Adams's Remarks: ACFN demands action and accountability from the Alberta Energy Regulator (AER) and Imperial Oil for multiple toxic tailings leaks and spill at Kearl. https://twitter.com/ACFN_KaiTaile/status/1631350628738818051.

¹⁰ Leyland Cecco. (23 April 2023). "'They're destroying us': Indigenous communities fear toxic leaks from Canada oil industry." *The Guardian*. <https://www.theguardian.com/world/2023/apr/23/canada-indigenous-communities-fear-toxic-leaks-canada-oil-industry-tailings-ponds>.

¹¹ Paige Parsons. (4 May 2023). "Canada opens formal investigation into Imperial's oilsands tailings leak in northern Alberta." *CBC News*. <https://www.cbc.ca/news/canada/edmonton/canada-opens-formal-investigation-into-imperial-s-oilsands-tailings-leak-in-northern-alberta-1.6832386>.

¹² Chloe Williams. (9 May 2023). "Dene Nation calls for Imperial charges as dead frogs found near Kearl." *Cabin Radio*. <https://cabinradio.ca/128631/news/environment/wildlife/dene-nation-calls-for-imperial-charges-as-dead-frogs-found-near-kearl/>.

¹³ Climate Action 100+. (October 2022). Company Assessment - Imperial Oil. <https://www.climateaction100.org/company/imperial-oil/#>.

¹⁴ Environmental Defence and Oil Change International. (November 2021). Canada's Big Oil Reality Check: Assessing the climate plans of Canadian oil and gas producers. <https://environmentaldefence.ca/wp-content/uploads/2021/10/Big-Oil-Reality-Check-Canada-November-2021.pdf>.

¹⁵ See: InfluenceMap. (accessed May 2023). InfluenceMap Score for Climate Policy Engagement - Imperial Oil Ltd.

<https://lobbymap.org/company/Imperial-Oil-Limited/proiectlink/Imperial-Oil-Limited-In-Climate-Change>; InfluenceMap. (February 2023). The Canadian Oil and Gas Industry and Climate Policy.

<https://influencemap.org/briefing/The-Canadian-Oil-and-Gas-Industry-and-Climate-Policy-14696>; Mia Rabson. (17 April 2020). "Oil lobby calls for carbon tax freeze and delaying new climate regs." *National Observer*.

<https://www.nationalobserver.com/2020/04/17/news/oil-lobby-calls-carbon-tax-freeze-and-delaying-new-climate-regs>; Nicolas Graham, Shannon Daub and Bill Carroll. (March 2017). Mapping Political Influence: Political donations and lobbying by the fossil fuel industry in BC. *Canadian Centre for Policy Alternatives BC Office, Corporate Mapping Project*. https://policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2017/03/ccpa-bc_mapping_influence_final.pdf.

requirements by Canadian regulators,¹⁶ at the same time that PSPIB and the Pension Investment Association of Canada were demanding more stringent and standardized disclosure.¹⁷

Having a Director of Imperial Oil on the Board of PSPIB appears to be inconsistent with the core attributes and competencies that must be demonstrated by PSPIB Directors,¹⁸ including informed judgment, high ethical standards and integrity, and the capacity to be sensitive to the differing needs and agenda of multiple stakeholders. PSPIB's Code of Conduct, which "is of the utmost importance" and "applies at all times, in every location and in all contexts," requires Directors to "(uphold) the highest standards of corporate governance and ethical conduct", "(build) trust within our relationships and partnerships", and "use common sense and good judgment in interpreting what's best for PSP, our reputation, our people and our assets, and more importantly, what's right."¹⁹ Imperial Oil's handling of the Kearn tailings leak does not demonstrate anything close to a company being managed to "the highest standards of corporate governance and ethical conduct."

As a Director of Imperial Oil and chair of its board's Community Collaboration and Engagement Committee, Ms. Hubbs has been responsible for the oversight of Imperial Oil when it has failed to ethically address climate risks, environmental degradation and impacts on Indigenous communities. The British Columbia Investment Management Corporation, a provincial Crown corporation and public investment manager, voted against Ms. Hubbs' re-election at Imperial Oil's 2023 AGM in May, citing "a lack of oversight that led to major controversies related to insufficient engagement with Indigenous communities."²⁰ Similarly, the Investment Management Corporation of Ontario voted against Ms. Hubbs' re-election, calling the committee responsible for climate risk oversight at Imperial Oil "not aligned with investor expectations on Net Zero by 2050 targets and commitments."²¹ If Ms. Hubbs is unable to fulfill her duties to oversee climate-related financial risks as a Director of an oil company, we have little reason to believe she could do so as a Director of our pension fund. In fact, under PSPIB's Corporate Governance and Proxy Voting Principles,²² PSPIB should also vote against Ms. Hubbs' appointment as a

¹⁶ Canadian Association of Petroleum Producers. (15 February 2022). Submission to the Ontario Securities Commission - Re: Energy Industry Commentary on CSA NI 51-107 - Disclosure of Climate-related Matters.

https://www.osc.ca/sites/default/files/2022-02/com_20220215_51-107_brunnenb.pdf.

¹⁷ British Columbia Investment Management Corporation. (25 November 2020). CEOs of eight leading pension plan investment managers call on companies and investors to help drive sustainable and inclusive economic growth.

<https://www.newswire.ca/news-releases/ceos-of-eight-leading-canadian-pension-plan-investment-managers-call-on-companies-and-investors-to-help-drive-sustainable-and-inclusive-economic-growth-844608554.html>;

Pension Investment Association of Canada. (16 February 2022). Submission to the Ontario Securities Commission and Autorité des marchés financiers - Re: Consultation - proposed National Instrument 51-107 Disclosure of Climate-related Matters. https://www.osc.ca/sites/default/files/2022-02/com_20220216_piac.pdf.

¹⁸ Government of Canada. (10 September 2018). Board Profile - Public Sector Pension Investment Board.

<https://appointments.gc.ca/boardProfileOrg.asp?OrgID=SPI&type=typ=&lang=eng>.

¹⁹ PSP Investments. (1 October 2022). Code of Conduct for Directors, Employees and Consultants.

https://www.investpsp.com/media/filer_public/02-we-are-psp/03-governance/code-of-conduct-directors-employees-consultants.PDF.

²⁰ David Milstead. (30 April 2023). "B.C. pension fund targets Imperial Oil for Kearn spill, votes against two directors for re-election." *The Globe and Mail*.

<https://www.theglobeandmail.com/business/article-bc-pension-plan-targets-imperial-oil-for-kearn-spill/>.

²¹ Investment Management Corporation of Ontario. (3 March 2023). Proxy Voting Dashboard - Imperial Oil.

<https://vds.issgovernance.com/vds/#/MTizMDg=>.

²² PSP Investments. (10 February 2023). Corporate Governance and Proxy Voting Principles.

https://www.investpsp.com/media/filer_public/02-we-are-psp/02-investing-responsibly/content-6/Proxy_Voting_Principles.PDF.

Director of Imperial Oil, given the failure of the company to manage climate risks and disclose environmental impacts that primarily affect Indigenous communities.

The actions of Imperial Oil while Ms. Hubbs serves on the company's board fall short of the ethical standards required by PSPIB and Canada's federal public service. Ms. Hubbs' interests, actions and obligations as a Director of Imperial Oil are inconsistent with her fiduciary duty to invest in our best long-term interests and protect the reputation of PSPIB. Ms. Hubbs cannot remain a Director of PSPIB while she serves as the Director of a company that works to undermine Canada's climate commitments and casually pollutes our country's lands and waters while violating Indigenous rights.

We request that the Governor in Council immediately remove Miranda Hubbs from the Board of Directors of our pension plan, pursuant to s.11[2] of the Public Sector Pension Investment Board Act.

Sincerely,

Members of the Public Service Pension Plan and other federal public employee pension plans managed by PSP Investments:

Anna Lenk
Barbara Winter
Barbara Riley
Bill Wylie
Brandon Lyddon
Carol Lachance
Christine Belley
Christopher Esposito
Claude Gagne
Cory Proulx
Darlene Pearson
Denis Farling
Desmond Fisher
Donna Mendelsohn
Francis Bondy
Garth McLeod
Guillermo Castilla
Holly Martindale
James Infantino
Janet Gourlay-Vallance

Jessica Hill
Kat Dupuis
Kate Reekie
Louis Grittani
Lynn Ovenden
Marilyn Hay
Mary Brodhead
Mia Williamson
Mike Starr
Norma Domey
Paige Cousineau
Peter Schmolka
Robert McIntosh
Rolina van Gaalen
Saeeda Khan
Sharon Mistele
Simon Guerin-Armstrong
Tony Ferguson
Wendy Quiron