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## Shift Action for Pension Wealth and Planet Health

### **NEW REPORT: First ever Canadian Pension Climate Report Card finds Canada's largest pension funds' climate plans are not on track to protect their beneficiaries' retirement security while ensuring a safe climate**

Toronto, ON | Traditional territories of the Huron-Wendat, Anishnaabeg, Haudenosaunee, Chippewas and Mississaugas of the Credit First Nation - Today, Shift released its inaugural [Canadian Pension Climate Report Card](#), which reveals that Canada's major pension funds are not on track to protect pensions from the worsening climate crisis or to align their portfolios with a safe climate future.

The report finds a high level of inconsistency, with the degree of urgency, detail, transparency, and ambition of pension fund approaches varying widely for managing climate-related risks and opportunities across the sector. Far more work is needed to ensure pension managers are fulfilling their fiduciary duty to invest in plan members' best long-term interests and protect their retirement security in a world that limits global heating to 1.5°C.

"A significant gap has emerged between Canadian pension funds and leading global institutional investors in their approach to fossil fuels," says Adam Scott, Executive Director of Shift. "While investors around the world have explicitly recognized the urgent imperative of a rapid phase-out of fossil fuel investments to protect their beneficiaries' financial interests, the Canadian pension sector still clings to an unfounded belief that ongoing investment in oil and gas is somehow part of the energy transition."

The report offers an independent benchmark for evaluating the quality, depth and credibility of eleven (including the so-called 'Maple 8') Canadian pension managers' climate policies based on the latest science and international best practice. It also includes examples of four international pensions for comparative purposes.

Pensions towards the bottom of the ranking, such as the Healthcare of Ontario Pension Plan (HOOPP) and the Ontario Municipal Employees Retirement System (OMERS) still lack meaningful plans to achieve their climate objectives, while the worst ranked pension manager, the Alberta Investment Management Corporation (AIMCo), hasn't even set a basic science-aligned climate objective. Beneficiaries of these pensions should be concerned about the vulnerability of their

retirement savings to climate-related risks, and about the use of their retirement savings to make the climate crisis worse.

Emerging leaders, particularly the Caisse de dépôt et placement du Québec (CDPQ), Ontario Teachers' Pension Plan (OTPP) and Ontario's University Pension Plan (UPP), have set strong short- and medium-term targets for emissions reductions, with the CDPQ, OTPP and other pensions also setting targets for increasing investment in climate solutions. Leaders have also made clear that a stable climate is critical to protecting their members' retirement security, set clear expectations for portfolio companies to align their business models with 1.5°C pathways, and begun excluding high-risk investments in the leading cause of the climate crisis – fossil fuels.

In Canada, only one pension has followed expert advice to phase out investments in high-risk fossil fuels to date - the CDPQ, which committed to selling all of its \$4 billion in holdings in oil producers by the end of 2022.

The landmark report card creates a benchmark, which can be used to evaluate climate plans for all Canadian pension managers, which collectively manage over \$4 trillion. The report is designed to educate pension managers, directors and trustees, plan members, sponsors and other stakeholders of progress to date, document challenges and shortcomings faced by individual funds, and highlight best practices and emerging leadership.

The report assigns letter grades to pension funds based on six indicators, including pensions' Paris-aligned targets, interim targets, climate urgency, climate engagement, climate integration and use of fossil fuel exclusion. The analysis also assesses the extent to which pensions managers disclose how they consider Indigenous rights in their investments and stewardship. As greenwashing is rampant among Canadian financial institutions, the report also assigns a bronze, silver and gold "Greenwashing Award" to three Canadian pension funds.

"The full participation of financial institutions in climate action is inevitable, both to protect the funded status of pensions and to prevent a worsening global climate catastrophe," says Laura McGrath, Shift's Pension Engagement Manager. "Given the escalating financial risks and potential for catastrophic climate disruption, there is no justification for further delays in developing and implementing credible climate plans."

At COP27 in Egypt in November 2022, the United Nations' High-Level Expert Group on the Net Zero Emissions Commitments of Non-State Entities released a series of [recommendations](#) which are broadly aligned with the criteria used in the Pensions Report Card. In particular, Recommendation 5 set a requirement that all net-zero pledges should include specific targets aimed at ending the use of and/or support for fossil fuels in line with science-based pathways.

Read the full report and analysis [here](#).

**Links:**

[Executive Summary](#)

[Full Report and analysis](#)

[Detailed Analysis of Individual Pension Funds](#)

[Methodology and Scoring Rubric](#)

[Greenwashing Awards](#)

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[Shift Action for Pension Wealth and Planet Health](#) is a charitable initiative that works to protect pensions and the climate by bringing together beneficiaries and their pension funds to engage on the climate crisis. Shift is a project of MakeWay Canada.