



**Council Member Motion
For the Governance and Priorities Committee Meeting of July 16, 2015**

To: Council

Date: July 8, 2015

From: Councillor Jeremy Loveday, Mayor Lisa Helps and Councillor Ben Isitt

Subject: Socially Responsible Investments and Pension Funds

Background:

The City of Victoria's Investment Policy (2006) identifies the objective of Socially Responsible Investing, defined as "selecting investments in a portfolio based on social and/or environmental criteria with the objective of excluding companies that have a negative social and/or environmental impact, and selecting companies that make positive contributions to society and/or the environment."

The current provisions and structure of the Municipal Finance Authority Act, the Municipal Finance Authority, the Municipal Pension Fund and the BC Investment Management Corporation appear to prevent the City of Victoria from implementing the Socially Responsible Investment provision of the Investment Policy.

Advocacy to these organizations, the Provincial government and the Union of BC Municipalities would assist the City in giving effect to the provisions of this policy and the stated objective of the City's Strategic Plan (Objective #12) to Plan for Emergencies Including Climate Change Short and Long-Term. One of the strongest strategies for climate change mitigation is the reduction of emissions into the atmosphere arising from the consumption of fossil fuels, which includes divesting from fossil fuels and reinvesting in renewable sources of energy, employment and income.

In addition, the divestment movement aligns with the practical financial concerns outlined in Objective #4 Build the Financial Capacity of the Organization, to protect our investments from a volatile and declining fossil fuel sector. Much of the current and future fossil fuel reserves cannot be burned, and these unburnable fossil fuel reserves are stranded assets that will drive large valuation reductions of fossil fuel firms.

Motion:

That Council:

1. Requests that the Mayor write to the Premier of British Columbia and the Minister of Finance, requesting that the provincial government introduce amendments to the Municipal Finance Authority Act to provide local governments with the autonomy to pursue socially responsible investments and climate action in financial decision-making;
2. Request a report from each of the Municipal Pension Plan and the Municipal Finance Authority detailing the percentage and dollar amount of investments currently held in fossil fuel-related companies or investment products, and options for divesting those assets over the next five, ten and fifteen years;

3. Requests that the Mayor write to the Board of Directors of the Municipal Finance Authority and the BC Investment Management Corporation requesting that these organizations divest from fossil fuels and reinvest in renewable sources of energy, employment and income, in order to give effect to the climate action objectives of the Province of British Columbia and local governments including the City of Victoria.

As per the Strategic Plan Implementation Plan attached as Appendix A, that Council

1. Refer this item to the next Strategic Plan Quarterly Update on August 20, 2015 and at that time request a report from staff on the implications of adding this Action Item to the strategic plan:

Report on the current distribution of the City of Victoria's investment portfolio and pension funds, and consistency with objective 5 of the Investment Policy (Socially Responsible Investing), and in particular, to report on the percentage and dollar amount of investments currently held in fossil fuel-related companies, and provide advice on options for increasing Socially Responsible Investing.

Respectfully submitted,



Councillor Jeremy Loveday



Mayor Lisa Helps



Councillor Ben Isitt

Attachments.

1. City of Victoria Investment Policy
2. Township of Esquimalt Motion re: Divestment
3. Myths versus Facts in Socially Responsible Investing
4. Process for Amending Strategic Plan

Appendix A – Process for Amending Strategic Plan

Part One – Emerging Issues and Opportunities

Step 1

At a Governance and Priorities Committee Quarterly Update, councillors interested in amending the Strategic Plan to address an emerging issue or opportunity must bring a motion accompanied by a short report to request a short report from staff on the implications of adding a proposed Action. This report must outline which of the 13 Objectives the new proposed Action will lead to, as well as the Outcome that the new proposed Action is meant to achieve.

Step 2

Two GPC meetings later at the most, staff provide a brief report to Council outlining what Actions planned for a given year may need to be reconsidered and the implications of doing so.

Step 3

At the same meeting as outlined in Step 2, Committee votes on whether to move forward the new Action and Outcome and what and what Action or Actions may need to be removed.

Part Two – Emergency Issues and Extraordinary Opportunities

Step 1

At a Governance and Priorities Committee, councillors interested in amending the Strategic Plan to address an emergency issue or extraordinary opportunity must bring a motion accompanied by a short report to request a short report from staff on the implications of adding a proposed Action. Emergency Issues and Extraordinary Opportunities don't need to be tied to a specific Strategic Objective, but if they do, this should be indicated clearly, as well as the Outcome that the new proposed Action is meant to achieve. Proposed new actions for Emergency Issues and Extraordinary Opportunities will require a two-thirds majority to pass.

Step 2

One GPC meeting later at the most, staff provide a brief report to Council outlining what Actions planned for a given year may need to be reconsidered and the implications of doing so.

Step 3

At the same meeting as outlined in Step 2, Committee votes on whether to move forward the new Action and Outcome and what Action or Actions may need to be removed. If Committee (and Council) supports proposed Actions and Outcomes that fall outside of the 13 Strategic Objectives, a new section will be added to the plan entitled *Emergency Issues and Extraordinary Opportunities*.