

You get the world you invest in . . .

The Ontario Teachers' Pension Plan and the question of fossil fuel divestment

1] What is divestment?

Divestment is simply the opposite of investment. It means selling off stocks, bonds and other holdings which represent bad or harmful investments in a portfolio.

2] Why divest from fossil fuels?

Eliminating our dependence on fossil fuels is the only way to minimize the ever-increasing climate impacts of climate change caused by their use. Much more than monetary profit is at stake. Divestment of fossil fuel holdings will free up monies to reinvest in sustainable, green projects and endeavours which will facilitate moving the world to a healthier economy.

3] Why single out the OTPP for this divestment?

There are calls around the world for funds like university endowments and other investing bodies to divest their fossil fuel holdings. The OTPP is one of the largest money management funds in the world with over \$140 billion in mostly wise investments.

Divestment here will send a powerful message to world financial markets everywhere. Now is the time for a major transition to environmentally sustainable investing.

4] Oil and gas companies are powering Canada's economy. Doesn't that make them a good investment?

Our dependence on oil, gas and coal is actively harmful and not sustainable.

The sooner we free ourselves and our world from reliance on fossil fuels the better.

There are alternative investments. In addition to green technologies and clean energy, areas like transportation, agriculture, infrastructure, manufacturing, more efficient housing and work arrangements will build a responsible economy and help create jobs for the long term.

5] What do experts say about the role of fossil fuel companies in our investment portfolios?

Jim Yong Kim, president of the World Bank, at the World Economic Conference this January, said that divestment of fossil fuels is one of the key strategies in saving the planet from runaway warming and economic collapse.⁽¹⁾

Mark Carney, Governor of the Bank of England and Chair of the G20 Financial Stability Board, has warned that a 'tragedy of horizons' - a lack of long-term thinking - regarding fossil fuels will lead to massive market failure through a "carbon bubble." He and a growing number of others support divestment and the idea that the vast majority of remaining fuel reserves must actually be left in the ground.⁽²⁾

6] What are other institutional funds doing?

It is very encouraging that many investment funds and endowments are beginning to divest their portfolios for both financial and environmental reasons. Universities like Concordia, Glasgow and Maine State as well as the World Council of Churches are committed to the process. The national pension funds in Sweden and Norway are divesting. Private funds like that of the British Medical Association are on board. Most famously, the

Rockefeller Brothers Fund - run by the heirs of oil magnate John D. Rockefeller - have announced their divestment of close to one billion dollars worth of holdings in fossil fuels.⁽³⁾

7] OTPP has been well managed by a group of responsible and savvy investment specialists.

Will they even listen to calls for divestment?

It is not in the OTPP mandate to respond directly to demands from fund members or the public. Several years ago, however, the fund conscientiously signed on to the United Nations' *Principles for Responsible Investment*.

The fund managers know about the problems of climate change and its impact on our future. It is well within their mandate to do the right thing by avoiding any new investments in fossil fuels, phasing out old ones and moving to truly sustainable assets.

OTPP divestment will have a significant impact on the health of the planet and therefore the long-term viability of the fund itself.

Actions teachers can take to minimize climate change:

1. Raise awareness within our schools, our district locals, our provincial unions and retired teacher organizations. The goal is to promote resolutions at all levels of OTPP membership demanding divestment of fossil fuel holdings.
2. Connect with the Educators Climate Alliance website at educatorsclimate.wordpress.com/. Sign and share the petition.
3. Expand your awareness of the issues surrounding divestment by visiting Toronto350.org and Gofossilfree.ca. We can connect you with speakers and provide informative links, updates and other resources.

Actions everyone can take to minimize climate change:

1. Write to your city councilor, your MPP and your MP demanding and supporting serious action to reduce the impact of climate change.
2. Work in our own lives and communities to reduce our dependence on fossil fuels and lead a more sustainable lifestyle.
3. Join your local chapter of 350.org and/or other environmental organizations to support on-going public pressure for action on climate change.

Notes:

⁽¹⁾ www.rtcc.org/2014/01/27/world-bank-chief-backs-fossil-fuel-divestment-drive

⁽²⁾ www.theguardian.com/environment/2014/oct/13/mark-carney-fossil-fuel-reserves-burned-carbon-bubble

⁽³⁾ www.rbf.org/content/divestment-statement