



ACPM/ACARR

The Association of Canadian Pension Management
L'Association canadienne des administrateurs de régimes de retraite

CLIMBING THE ROCKY ROAD

2008 NATIONAL CONFERENCE

SEPTEMBER 16-19, 2008

LAKE LOUISE, ALBERTA
FAIRMONT CHATEAU LAKE LOUISE



T·E·WEALTH



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How Green is Your Fiduciary Duty

**Susan Enefer, Manager Shareholder Engagement
BC Investment Management Corporation (bcIMC)**



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Presentation Outline

- ➔ About our business
- ➔ What we have done to date
- ➔ What we are doing now – case studies
- ➔ Internal and external challenges moving forward



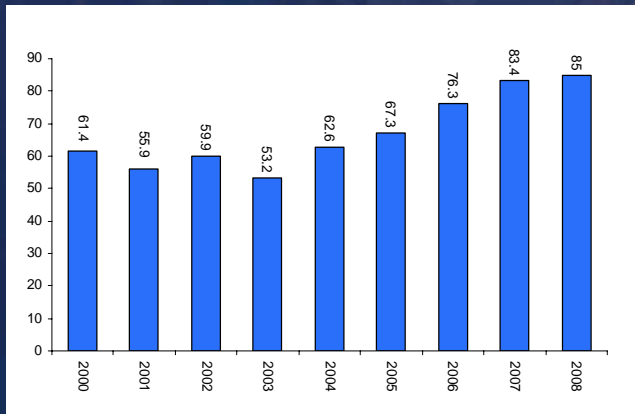
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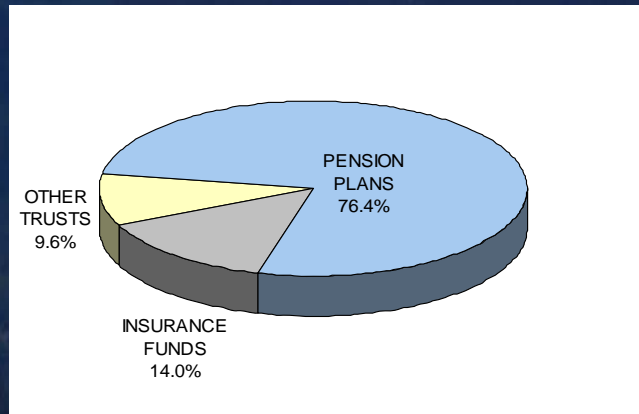
BC Investment Management



Located in Victoria, British Columbia
140 investment and operations staff



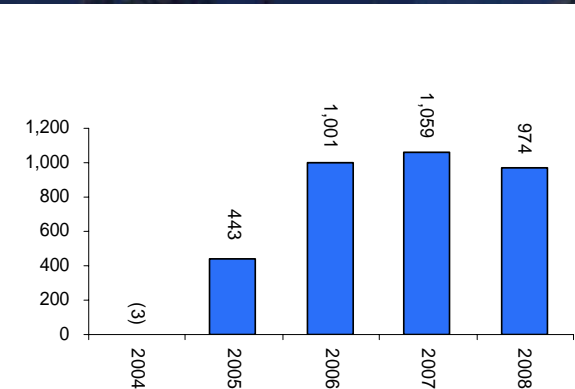
Assets Under Management
(\$ billion*)



Fund manager of choice for 50 clients
in British Columbia public sector*

	AUM \$ million*
TOTAL AUM	85,016
International Equities	12,250
Canadian Equities	12,072
US Equities	10,473
Total Equities	34,795
Fixed Income	22,914
Money Market	6,817
Mortgages	3,414
Total Debt	33,145
Real Estate	11,839
Infrastructure	1,590
Private Equity	2,971
Total Alternatives	16,400
Total other (currency)	676

*All figures as at **31 March 2008**



Annual Value Added by bcIMC
Total net pension returns
minus benchmark returns (\$ million*)



Global, long-term investor with significant investment experience



Equity Investments Under Management

\$34.8 billion*

Indexed Funds

\$15.6 billion*

Canada
US
Europe
EAFE

\$5.3 b
\$6.4 b
\$1.4 b
\$2.5 b

intl/extl
internal
internal
internal

Enhanced Index Funds

\$4.3 billion*

Canada
US
Europe
EAFE

\$1.8 b
\$1.2 b
\$0.3 b
\$1.0 b

intl/extl
internal
internal
external

Active Funds

\$14.9 billion*

Canada
US
Europe
EAFE
Asia
E Mkts

\$4.9 b
\$2.8 b
\$1.8 b
\$2.7 b
\$2.5 b
\$0.2 b

intl/extl
intl/extl
external
external
external
external

*All figures as at 31 March 2008



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Responsible Investment

– *our journey*

- ⇒ Signatory to the United Nations Principles for Responsible Investment (PRI) since April 2006
- ⇒ A commitment to integrate Environmental, Social and Governance (ESG) considerations into our investment activities (decision-making, active ownership, transparency and collaboration)
- ⇒ Key motivating factors include:
 - Belief that ESG issues are material investment issues
 - Alignment with client interests
 - Board and executive management commitment
 - ‘Human capital’ benefits
- ⇒ Develop knowledge and pool resources through initiatives like:





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Responsible Investment

– approaches

ESG Screening

Corporate Engagement

ESG Themes

ESG Integration

Public Equity

Public Equity

Real Estate

Public Equity

Private Equity

Private Equity

Real Estate

Fixed Income

Actively pursuing responsible investing across our portfolio



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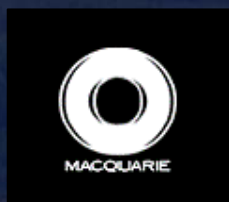
Case Study: Private Equity

In response to widespread concerns about climate change and fossil fuel supply constraints, bcIMC is interested in investment opportunities in emerging/innovative companies in the clean energy (low-carbon) sector.

As of March 31, 2008, bcIMC has made financial commitments to seven private equity funds that target investments in alternative and renewable energies:

FIRST RESERVE
CORPORATION

Renewable energy target: 10%
bcIMC commitment: US\$110 million



European Infrastructure Fund I

Renewable energy target: 10% - 15%
bcIMC commitment: €25 million

THE CARLYLE GROUP

Carlyle/Riverstone Renewable Energy Infrastructure Fund I

Renewable energy target: 100%
bcIMC commitment: US\$30 million

EnergyCapital
Partners

Renewable energy target: 5% - 10%
bcIMC commitment: US\$100 million

ARCLIGHT

Renewable energy target: 5% - 25% per fund
bcIMC commitment: US\$250 million (3 funds)



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Case Study: Fixed Income

- Except from bcIMC's credit risk management framework:

"ESG issues can impact a company's ability to meet its obligations to bondholders over time. Accordingly, bcIMC takes significant ESG risks into consideration during the selection and management of our bond portfolio (recognizing that not all ESG risks are material, in financial terms, to the current credit profile of a company). Incorporating ESG factors into our credit analysis results in better quality decision-making, which, in turn, should enhance our investment performance."



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Still Many Challenges

- ⇒ Terminology
- ⇒ Lack of best practices on how to integrate ESG
- ⇒ Hard to quantify benefits of ESG integration
- ⇒ Short-termism
- ⇒ Clients understanding objectives – our work is value-driven not values-based
- ⇒ Materiality
- ⇒ Companies surprised by ESG questions – compliance or PR exercise
- ⇒ No common rules or standards for ESG practice or reporting
- ⇒ Training

We are making progress



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The Trend Is Positive

UNPRI Pension Funds Signatories by Country

