

Canada Pension Plan investments in tobacco companies

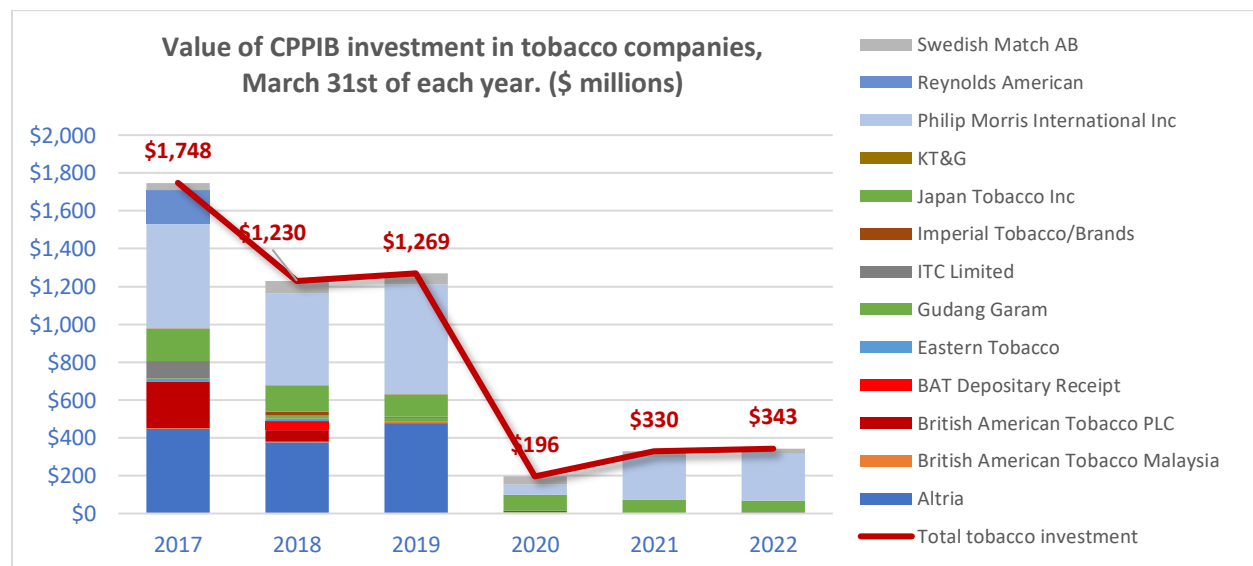
May 2022

The Canada Pension Plan¹ is a public pension plan administered by the federal government for workers in all provinces except Quebec, where the equivalent Quebec Pension Plan is in place. The pension is funded by compulsory contributions from all working Canadians aged 18 to 70. In 2022, the contributions are set at 5.7% of wages, up to a maximum contribution of \$3,499. Employers must contribute an equivalent amount.

The investment of these pooled revenues has been managed by the Canada Pension Plan Investment Board (CPPIB) since 1997,² and has included investments in publicly traded stocks since 1999.³ The CPPIB operates at arms length from the government, under the direction of a board appointed by the federal Finance Minister in consultation with provincial governments (other than Quebec).

The CPPIB's investments are guided by a Policy on Sustainable Investing.⁴ This policy does identify not single out industries for exclusion, although the CPPIB has applied it to exclude investments in companies not in compliance with Canada's *Anti-Personnel Mines Convention Implementation Act* or *Cluster Munitions Act*.⁵ The CPPIB reports that it engages with companies on responsible investing issues, and has asked the tobacco companies in which it is invested to provide information on how they were responding to the *Framework Convention on Tobacco Control*.⁶ The board has also supported shareholders' proposals for adjustments to tobacco industry activities.⁷ It provides transparency on its proxy voting record by making available its voting record.⁸

The CPPIB has investment in tobacco companies is lower than in recent years – from \$1.7 billion in March of 2017 to \$343 million in 2022. In March of 2022, tobacco investments represent 0.25% of its \$136 billion investments in foreign equities, and 0.06% of its asset base of \$539 billion.



Physicians *for a* Smoke-Free Canada

134 Caroline Avenue ♦ Ottawa ♦ Ontario ♦ K1Y 0S9
www.smoke-free.ca ♦ psc@smoke-free.ca

CPPIB investments in tobacco companies – as of March 31st (\$ millions)

	2017	2018	2019	2020	2021	2022
Altria	446	378	479			
British American Tobacco Malaysia	5	3	6			
British American Tobacco PLC	248	58	0	5		
British American Tobacco PLC Depository Receipt		49				
Eastern Tobacco	11	14				
Gudang Garam	3	13	19	2	1	1
ITC Limited	92	3	6			6
Imperial Tobacco/Brands		20		6		
Japan Tobacco Inc	167	135	118	85	71	61
KT&G	6	5	3			
Philip Morris International Inc	551	486	581	54	227	249
Reynolds American	180					
Swedish Match AB	39	66	57	44	31	26
Amount of investment in Tobacco	1,748	1,230	1,269	196	330	343
Total investment in foreign equities.	109,554	132,972	145,362	101,255	134,226	136,107
Tobacco as % of foreign equities	1.60%	0.93%	0.87%	0.19%	0.25%	0.25%
Number of tobacco companies in portfolio	11	12	9	6	5	4

The Quebec Pension Plan is managed by the Caisse de Depot. In December 2020, it joined 5 other Canadian public pension programs and adopted a policy to divest of tobacco holdings.⁹

References

- 1 Canada Pension Plan (R.S.C., 1985, c. C-8)
- 2 Canada Pension Plan Investment Board Act (S.C. 1997, c. 40)
- 3 CPP Investments. Our Story. <https://www.cppinvestments.com/about-us/our-story>
- 4 CPP Investments. Policy on Sustained Investing. <https://www.cppinvestments.com/wp-content/uploads/2021/11/cpp-investments-policy-on-sustainable-investing-nov-2021EN.pdf>
- 5 CPP Investments. Report on Sustainable Investing 2002. <https://cdn3.cppinvestments.com/wp-content/uploads/2020/11/Cpp-Investments-2020-SI-Report-EN-Optimized.pdf>
- 6 CPP Investment Board. 2008 Report on Responsible Investing. https://www.cppinvestments.com/wp-content/uploads/2019/10/Report_on_responsible_investing_08_SHqFOGU.pdf
- 7 CPP Investment Board. 2011 Report on Responsible Investing. https://www.cppinvestments.com/wp-content/uploads/2019/10/2011_RI_Report_fjtMJN1.pdf
- 8 CPP Investments. Proxy Voting. <https://www.cppinvestments.com/the-fund/sustainable-investing/proxy-voting>
- 9 Physicians for a Smoke-Free Canada. Canadian public pension investments in tobacco companies.