



Physicians *for a* Smoke-Free Canada

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March 3, 2013

Mr. Mark Wiseman
President and Chief Executive Officer
Canada Pension Plan Investment Board
One Queen Street East
Suite 2500
Toronto, Ontario M5C 2W5
Canada

Dear Mr. Wiseman:

You may be aware that for many years (and over several presidents), the health community has advocated for the CPPIB to divest its tobacco holdings.

This call was strengthened after the Conference of Parties to the Framework Convention on Tobacco Control adopted guidelines on conflict of interest. These recommend that:¹

4.7 Government institutions and their bodies should not have any financial interest in the tobacco industry, unless they are responsible for managing a Party's ownership interest in a State-owned tobacco industry.

7.2 Parties that do not have a State-owned tobacco industry should not invest in the tobacco industry and related ventures. Parties with a State-owned tobacco industry should ensure that any investment in the tobacco industry does not prevent them from fully implementing the WHO Framework Convention on Tobacco Control.

You will also be aware that the investment policies of the CPPIB do not conform with these guidelines. Shareholdings in tobacco companies that are identified in the CPPIB's most recent report exceeded \$800 billion, and include investments in twelve tobacco companies. Among these holdings are shares in the four multinationals that are the most active in promoting tobacco use in developing countries - Philip Morris International, British American Tobacco, Japan Tobacco, and the Imperial Tobacco Group.

The decision of the CPPIB to continue tobacco investments is not one shared by government investment agencies in other countries that might be viewed as comparable to Canada with respect to government practice and international reputation. Countries whose state agencies have decided in a post-FCTC environment to divest of tobacco include Norway,² New Zealand³ and recently, Australia.⁴

Although we regret that the CPPIB board has not yet aligned its investment policies with the recommendations of this important treaty, our experience in discussing this issue with your predecessors and board representatives has been a positive one. I am appreciative of the respect that has shown by the CPPIB and its representatives to these public concerns.

I am writing today to ask you to request a review of the CPPIB's decision to maintain tobacco investments. The decision of the Australian Future Fund is one reason that I suggest should prompt a reconsideration. I would be interested to know which reasons exist in Canada that do not exist in Australia for such investments to be maintained.

You may also want to consider that sufficient time has now elapsed for the board to assess how the Responsible Investment Policy is working for tobacco.

For my part, I have not been able to identify any progress that might have resulted from Responsible Investing activities, such as engagement with companies, proxy voting or working with investor coalitions. Nor have I yet been able to visualize a way in which the 'long term financial performance' of tobacco companies can be made coherent with public health goals.

If the Board considers that engagement with the companies has resulted in any outcomes that are consistent with the FCTC, with its goals of reducing disease or with Canada's policy on tobacco use, I would be delighted to learn of them. If they have not, then I hope you will consider that this might suggest that it is time to reconsider the merits of adopting the treaty's recommendations.

Please accept my appreciation for your attention to this matter.

Sincerely yours,

Cynthia Callard
Executive Director

1 FCTC Guidelines for the Implementation of Article 5.3
http://www.who.int/fctc/guidelines/article_5_3.pdf

2 Norway Ministry of Finance. Press release January 19, 2010. "Tobacco producers excluded from Government Pension Fund"
<http://www.regjeringen.no/en/dep/fin/press-center/press-releases/2010/Tobacco-producers-excluded-from-Government-Pension-Fund-Global.html?id=591449>

3 New Zealand Superannuation Fund. Press Release. 23 October 2007
<http://nzsuperfund.co.nz/news.asp?pageID=2145831983&RefID=2141735292>

4 Australia Future Fund Press Release. February 28, 2013. "Future Fund excludes tobacco producers"
http://www.futurefund.gov.au/__data/assets/pdf_file/0014/5324/2013_Feb_FF_excludes_tobacco_producers.pdf