



TOBACCO FREE
Portfolios

The toolkit.

12TH EDITION

Publication Date: February 2020

Encouraging tobacco-free finance.

We are entering a new era of collaboration between the health and finance sectors coming together to stand side by side to address one of the greatest public health challenges of our time.

— Dr. Bronwyn King, MBBS, FRANZCR
Founder and Chief Executive Officer, Tobacco Free Portfolios and Radiation Oncologist

Contents

1. Tobacco Free Portfolios Overview	7
2. Pledge Stamp Membership	15
3. The Tobacco-Free Finance Pledge	19
4. Tobacco-Free Finance Framework	25
5. Tobacco and The Sustainable Development Goals.....	31
6. UN Tobacco Control Treaty	35
7. Human Rights and Tobacco.....	39
8. Engagement with Tobacco Companies	43
9. Prospective Investment Risks	47
10. Case Studies.....	55
11. Common Questions Answered	73
12. Our Team, Sponsors & Partners and Memberships	87
13. Sources	95

1.

Tobacco Free Portfolios Overview.



TOBACCO FREE
Portfolios

Addressing financial support of tobacco companies is a crucial and to date elusive element in global efforts to control tobacco. Tobacco Free Portfolios professionally engages with the finance sector to encourage tobacco-free finance, playing a unique role in enabling the finance sector to align with governments, the health sector and the non-government community.

Right: Dr. Bronwyn King, CEO, Tobacco Free Portfolios (left), pictured with Her Royal Highness Princess Dina Mired of Jordan (right), Global Ambassador for Tobacco Free Portfolios, at a Union for International Cancer Control event in Geneva.

PHOTO COURTESY OF UICC COMMUNICATIONS



Through pension schemes, sovereign wealth funds and other investments, many are unknowingly contributing to the global tobacco epidemic. Financial support of the tobacco industry stands in sharp contrast to global tobacco control efforts, increased community awareness of the dangers of smoking and the ongoing decline of tobacco smoking in developed economies.

Whilst there is general acknowledgement that global collaboration is needed, Tobacco Free Portfolios is the only organisation focused solely on tobacco-free finance and the vital role of the finance sector in tobacco control.

Who we are and how we work

Tobacco Free Portfolios is a not-for-profit organisation with a mission to inform, prioritise and advance tobacco-free finance by encouraging financial institutions to reflect on and reconsider commercial relationships with the tobacco industry and thereby aid decisions to exclude tobacco from investment, lending and insurance activities.

Our strategy is to engage with key leaders and influencers across the finance sector. We inform finance leaders about global tobacco control initiatives and the risks of tobacco investment, and we encourage tobacco-free finance mandates.

Our approach is one of advocacy and education. We pride ourselves on discretion and do not seek to accuse or 'name and shame' trustees, investors or the finance industry. Instead we work collaboratively and professionally, so that the industry and its investors can make well-informed decisions.

Tobacco Free Portfolios was founded by Dr. Bronwyn King, a practicing Radiation Oncologist. Dr. King has gained public international recognition for her leadership and advocacy. Ms. Clare Payne is the Director of Communications and based in Sydney, Australia. She has a background in law and business ethics and is a World Economic Forum Young Global Leader.



Left: Photo taken May 2016, just after AXA announced its new tobacco-free policy. From left to right: Dr Cary Adams, CEO of the Union for International Cancer Control; Dr Rachel Melsom; Dr Bronwyn King; Her Royal Highness, Princess Dina Mired of Jordan; Mr Thomas Buberl, CEO AXA; Ms. Clare Payne

PHOTO COURTESY OF UICC COMMUNICATIONS

Global Movement

Since 2012 we have played an integral role in the implementation of tobacco-free policies made by leading financial institutions in 22 countries. This has influenced a shift in ~ US \$20 Billion away from investment in tobacco companies.

Insurers

- Skandia: Swedish life insurance savings and investment asset management company – March 1998
- AXA: World's largest insurer - May 2016 - 1.8B Euro of tobacco industry assets divested
- Medibank: Largest Australian health insurer - September 2016
- SCOR: French reinsurer - May 2017
- AVIVA: Largest UK insurer - June 2017
- Aegon N.V.: Dutch life insurance, pensions and asset management company - March 2018
- NN Group N.V.: Dutch insurance and asset management company - May 2018
- VARMA: Finnish mutual pension insurance company - March 2019
- Lawcover Insurance: Australian insurer - May 2019
- AIA: Hong Kong based Insurer - October 2019
- Société Générale – French Insurer - 2019

Pension funds

- AP4: Swedish pension fund - September 2016
- CalPERS: USA Pension fund - December 2016 (tobacco-free policy extended to external fund managers)
- Australia Post Super Scheme: Australian pension fund - March 2017
- PME: Dutch pension fund - May 2017
- Australian Catholic Super: Australian pension fund - May 2017
- PGB: Dutch pension fund - October 2017
- Telstra Super: Australian pension fund - October 2017
- OP Trust: Canadian pension fund - October 2017
- BT Super: Australian pension fund - November 2017
- Asgard Super: Australian pension fund - November 2017
- Guild Super: Australian pension fund - November 2017
- Child Care Super: Australian pension fund - November 2017
- Australian Super: Australian pension fund - December 2017
- ABP: Dutch pension fund: January 2018
- Ircantec: French pension fund - January 2018
- Alm Brand Pension: Danish pension fund - January 2018
- Mercer: Australian pension fund and wealth manager - February 2018
- Qantas Super: Australian pension fund - March 2018
- Keva: Finnish pension fund - June 2018
- SPOV: Dutch pension fund - June 2018
- Ontario Teachers' Pension Plan: Canadian pension fund - September 2018
- Colonial First State: Australian pension fund and wealth manager - October 2018
- KLM Pension Fund: Netherlands - October 2018

- Pensioenfonds Post NL: Netherlands - October 2018
- Vision Super: Australian pension fund - November 2018
- PMT: Netherlands - December 2018
- AP1: Swedish Pension Fund - January 2019
- Media Super: Australian pension fund - 2019
- REST: Australian pension fund - 2019
- BUSSQ: Australian pension fund - 2019
- Danica Pension: Danish pension fund - 2019

Sovereign Wealth Funds

- NZ Superannuation Scheme - 2016
- The Government Pension Fund of Norway - 2010
- Australian Future Fund in 2013
- Fonds de Reserve Pour les Retraites: France - December 2016
- Irish Sovereign Investment Fund - December 2016
- Sovereign Wealth Fund of the Republic of Panama - June 2018

Banking

- Bank of New Zealand: Ceased lending to and investing in tobacco in March 2017
- ABN-AMRO: Dutch Bank: Ceased lending to tobacco in June 2017
- Westpac Bank: Australian Bank: Ceased lending to tobacco in 2007 and extended tobacco-free policy across wealth management in November 2017
- BNP Paribas: French Bank: Ceased lending to, investment in and insurance of tobacco in November 2017
- ING: Dutch Bank: Ceased lending to and investing in tobacco in April 2018
- Natixis: French bank - September 2018
- La Banque Postale: French Bank - September 2018
- ANZ: Australian Bank: Ceased lending to tobacco in 2018
- ASB Bank: New Zealand Bank: Ceased investing in tobacco in December 2018
- Triodos Bank: Dutch bank - 2019
- Van Lanschot Kempen: Dutch Bank and asset manager - 2019
- Yes Bank: Indian Bank - 2019
- IDLC: Bangladesh Bank - 2019
- Desjardins: Canadian Bank - 2019
- In addition, Dutch Banks Rabobank and ASN, and Swedish Bank Swedbank have been tobacco-free for some years

Asset Managers

- Storebrand Asset Management AS: Norwegian Asset Manager (Norway) has been tobacco-free for over 15 years
- Öhman: Swedish Asset Manager - January 2016
- AMP Capital: Australian Asset Manager - March 2017
- Russell Investments: Australian and New Zealand Asset Manager - May 2017
- Simplicity AB: Swedish Asset Manager - June 2017
- BNP Paribas Asset Management: Asset Manager (Global) - March 2018
- Robeco: Asset Manager (Global) - March 2018
- Kempen Capital Management: Dutch Asset Manager - July 2018
- FIM: Finnish Asset Manager - March 2019
- Länsförsäkringar: Swedish Asset Manager - April 2019
- First State Investments/Colonial First State Global Asset Management: Asset Manager (Global) - May 2019



Right: Photo taken in Geneva at the UN Forum for Business and Human Rights in November 2017, following BNP Paribas' tobacco-free announcement. Left to right: Clare Payne, Prince Zeid Ra'ad Al Hussein – The United Nations High Commissioner for Human Rights, Dr. Bronwyn King, Mr. Jean-Laurent Bonnafé – CEO BNP Paribas, Dr. Rachel Melsom

Global Advisory Council

We are delighted to have global leaders in finance, health and government provide support via our Global Advisory Council.

Australia/New Zealand

Finance

Mr Michael Dwyer AM, Former CEO First State Super

Mr Ian Silk, CEO Australian Super

Mr Stewart Brentnall, CIO T Corp

Mr Steve Somogyi, Executive Advisor at Monash and Victoria Universities; Director of Guild Group and UniSuper

Mr Justin Arter, Former MD BlackRock

Mr Paul Lewis MBE FAICD, Non-Executive Director, Magellan Financial, Volt Bank

Government

The Honourable Ted Baillieu AO, Former Premier of Victoria

Mr John Fraser, Former Secretary to the Treasury, Parliament of Australia

The Honourable Ros Kelly, Former Australian Sports Minister (base in UK)

The Honourable Kevin Rudd AC, 26th Prime Minister of Australia

Americas

Finance

Mr Keith Ambachtsheer, Director Emeritus International Centre for Pension Management, Rotman School of Management, University of Toronto (Canada)

Commissioner for Human Rights (USA)

Health

Professor Prabhat Jha, Director of the Centre for Global Health Research, St. Michael's Hospital and University of Toronto (Canada)

His Royal Highness Prince Zeid Ra'ad Al Hussein, Former United Nations' High

Middle East

Finance

Mr Kristian Flyvholm, CIO Central Bank of the UAE; CEO Sovereign Investors; Former Secretary General International Forum for Sovereign Wealth Funds (UAE)

Health

Her Royal Highness Princess Dina Mired of Jordan, President Union for International Cancer Control; Former Director General King Hussein Cancer Foundation (Jordan)

Europe

Finance

Mr Jean-Laurent Bonnafé, CEO BNP Paribas (France) é

Mr Denis Duverne, Chairman AXA (France)

Mr Olivier Rousseau, CEO Fonds de Réserve Pour les Retraites (France)

Mr Mats Andersson, Former CEO AP4 (Sweden)

Ms Jane Ambachtsheer, Global Head of Sustainability, BNP Paribas Asset Management (France)

Mr Rob Bauer, Professor of Finance Maastricht University (The Netherlands)

Mr Ian Maybury, Financial Professional and Independent Trustee (United Kingdom)

Mr Dawid Konoty-Ahulu, Co-Founder Redington, Founder Mallowstreet (United Kingdom)

Mr Xander Den Uyl, Trustee ABP; Member of the Board, PRI; Chairman, Pension Fund PWRI (Netherlands)

Ms Esther Gilmore, Partner, Generation Investment Management LLP (United Kingdom)

Health

Sir Harpal Kumar, Head of Innovation Johnson and Johnson EMEA, and former CEO Cancer Research UK (United Kingdom)

Mr José Luis Castro, Chair The Non Communicable Disease Alliance; Executive Director The Union, President and CEO Vital Strategies (France)

Ms Anne-Lise Ryel, CEO Norwegian Cancer Society (Norway)

Professor Ilona Kickbusch, Director of the Global Health Programme at the Graduate Institute of International and Development Studies (Switzerland)

Mr Pavan Sukhdev, President WWF (Switzerland)

Asia

Mr Ratan Tata, Chairman of the Tata Group and Philanthropist

Dr Judith Mackay OBE, International Tobacco Control Advocate (Hong Kong)

Tobacco Free Portfolios Limited Board (Australia)

Mr Mark Engel, Chair

Ms Alice Williams, Director

Mr Mats Andersson, Director

Dr Bronwyn King AO, CEO and Director

Tobacco Free Portfolios Foundation Board (USA)

Mr David Dobbins, Director, Treasurer and Secretary

Dr Bronwyn King AO, President and Director

2



Pledge Stamp Membership.

Pledge Stamp Membership

Tobacco Free Portfolios has launched the Pledge Stamp Membership to drive the tobacco-free finance movement and showcase leadership in sustainable finance by pension funds, asset managers, banks, insurers and other financial institutions.

Becoming a Pledge Stamp Member is a symbolic step to demonstrate an organisation's commitment to tobacco-free finance, while offering access to a suite of member benefits. Pledge Stamp Membership gives access to a range of data, industry updates, relevant news articles and reports as well as opportunities to participate in global events. Members can use the Pledge Stamp across all internal and external communications materials.

Members will have access for the following benefits

1. **The Pledge Stamp:** Demonstrates commitment to tobacco-free finance and showcases leadership in sustainability. It can be used across all materials – for internal and external communications, with stakeholders, clients and the general public.



Current members advocate using the Stamp in the following ways:

CORPORATE WEBSITE	SUSTAINABILITY REPORTS	INVESTOR REPORTS	INTRANET (INTERNAL)
ANNUAL REPORTS	SOCIAL MEDIA CHANNELS	CONFERENCE & WEBINAR COLLATERAL	
BUSINESS ACQUISITION	PRESS RELEASE	BOARD PAPERS	EMAIL SIGNATURE

2. **Visibility as Industry Leaders:** Your organisation will be featured on the Tobacco Free Portfolios website, displayed at our events and during finance-sector presentations, locally and globally, where appropriate.
3. **Tobacco Reports:** Keep up to date as the Tobacco Free Portfolios expert team produce regular updates on tobacco-free finance developments, issues impacting investors and finance sector concerns such as: e-cigarettes; heated tobacco products; industry litigation; tobacco industry marketing tactics; impact on the Sustainable Development Goals and more. Reports will feature links to academic papers, studies and insights.
4. **Global Tobacco Free Portfolios Events:** Members have access to all Tobacco Free Portfolios global events. Our current plans include co-hosting webinars focused on tobacco's impact on achieving finance sector goals, including topics such as:
 - o The Sustainable Development Goals
 - o Reduction in ocean plastics
 - o Human rights
 - o Child labour in supply chains
5. **Regional Pledge Stamp Member Events:** Additional opportunity for members to sponsor and/or co-host an event (roundtable, closed/open webinar) with Tobacco Free Portfolios, to highlight key issues regarding tobacco to your existing and potential clients and key stakeholders.
6. **Regional and Global Media Initiatives:** Tobacco Free Portfolios will be raising awareness of the Pledge Stamp Membership with a program across media including print, radio, podcasts and digital. We will offer you the best opportunity to highlight your leadership in sustainable finance.

Learn more about the Pledge Stamp Membership and find the current Pledge Stamp Members here: <https://tobaccofreeportfolios.org/the-pledge/#signatories>

3



The Tobacco-Free Finance Pledge.

The Tobacco-Free Finance Pledge

The Tobacco-Free Finance Pledge was founded by Tobacco Free Portfolios and developed in collaboration with the United Nations' Environment Programme Finance Initiative (UNEP FI), PSI, PRI, AXA, BNP Paribas, Natixis and AMP Capital. The Pledge highlights the leadership of financial institutions that have implemented tobacco-free finance policies and encourages others to follow suit.

The Pledge is an example of the finance sector playing an active role in addressing global priorities, as outlined in the United Nations' Sustainable Development Goals, including SDG 3 - Health and Well-Being and SDG 17 - Partnerships for the Goals, in addition to the World Health Organization Framework Convention on Tobacco Control. The Pledge will continue to de-normalise financial and corporate associations with tobacco companies and encourage the transition towards tobacco-free finance policies.

Signatories will, where relevant and appropriate:

- Collaborate to raise awareness of the issue of lending to, investing in, and insuring tobacco companies;
- Encourage the adoption of tobacco-free finance policies across lending, investment and insurance;
- Encourage the alignment of lending, investment and insurance policies with the aims of the United Nations' Sustainable Development Goals and the World Health Organization Framework Convention on Tobacco Control;
- Consider forming or supporting partnerships within or across sectors to promote tobacco control initiatives;
- Help guide a widespread transition towards tobacco-free finance by supporting activities that build knowledge and understanding of tobacco-free finance;
- Encourage more organisations to become signatories to or supporters of the Tobacco-Free Pledge; and or
- Gather at key events with an expanded global network committed to the Tobacco Free Finance Pledge.

The Tobacco-Free Finance Pledge is an initiative founded by Tobacco Free Portfolios and developed in collaboration with UNEP FI, PSI, PRI, AXA, BNP Paribas, Natixis and AMP Capital.



The Launch of 'The Pledge'

The Pledge was launched at a High-Level side event on 26 September 2018 at United Nation's Headquarters, New York City, on the sidelines of the UN General Assembly.

Speakers at the event included:

- French Minister of Solidarity and Health Agnes Buzyn
- His Excellency Paul Blokhuis, The Dutch State Secretary for Health, Welfare and Sport
- Dr Tedros Adhanom Ghebreyesus, WHO Director-General
- Her Royal Highness Princess Dina Mired of Jordan, President-Elect of the Union for International Cancer Control
- Dr Vera Luiza da Costa e Silva, Head of Secretariat of the WHO Framework Convention on Tobacco Control
- Ms Annette Dixon, the Vice President for Human Development at the World Bank Group
- Mr Nick Grant, Cancer Research UK, Executive Director, International Partnerships
- The Honourable Malcolm Turnbull 29th Prime Minister of Australia
- Mr John Chiang, 33rd Treasurer of California
- Mr Jean Turmel, Chair Ontario Teachers' Pension Plan
- Ms Deborah Yang, Global Head of ESG Indexes at MSCI
- Mr Jean-Laurent Bonnafé, CEO BNP Paribas
- Mr Denis Duverne, Chair AXA
- Mr Francois Riahi, CEO Natixis
- Mr Michael Dwyer, then CEO First State Super
- Mr Adam Tindall, CEO AMP Capital
- Ms Åsa Wallenberg, Head of Funds at Storebrand Asset Management.



Above: At the launch of 'The Pledge' at UN Headquarters, September 2018. For the first time ever, World Leaders in health, government and finance stood side by side on the issue of tobacco.

The Pledge now has 142 Signatories, including some of the world's largest banks, insurers and pension funds, headquartered in 20 different countries. The Signatories represent capital in excess of US\$10 Trillion in AUM and US\$10.9 Trillion in corporate loan book.

Tobacco Free Portfolios is now working hard to attract more Signatories and to advance and escalate the tobacco-free finance conversation across the globe.

Highlights from our May 2020 webinar showcasing new Signatories can be viewed here:

<https://vimeo.com/430174025>

We warmly welcome new signatories of The Pledge.

The link to sign up is here: <https://www.tfaforms.com/4687914>

Who can become a Signatory?

The Tobacco-Free Finance Pledge can be signed by:

- Financial institutions: Banks, pension and superannuation funds, insurance and reinsurance companies and intermediaries, Sovereign Wealth Funds, investment managers, asset consultants and advisors.
- Philanthropic foundations: Corporate, private and family foundations.
- University endowments.
- Other organisations participating in lending, insurance, investment or associated with the finance sector.

More Information

The Pledge can be accessed through the UNEPFI website: www.unepfi.org/psi/tobacco-free-finance/



Above: The French Minister of Health and Solidarity, Madame Agnès Buzyn, speaking at the launch of The Tobacco-Free Finance Pledge at the UN in New York, September 2018.



Above: The 29th Prime Minister of Australia, The Honourable Malcolm Turnbull, speaking at the launch of The Tobacco-Free Finance Pledge at the UN in New York, September 2018.

4.

Tobacco-Free Finance Framework.

Tools for investors to create change

There are many industries and companies that may be considered undesirable or 'sensitive.' There is growing acceptance of the importance of having a framework for addressing these issues collectively. Firstly, one must examine and consider the tools available for asset owners to employ, to influence companies in which they invest. These tools include:

- Integration of environmental, social and governance factors.
- Engagement with companies.
- Best of sector investing.
- Thematic investing.
- Impact investing.
- Implementation of exclusion policies.

The following should be noted in relation to these tools and tobacco:

- ESG Integration is not the same as applying an exclusion policy. Many financial products marketed as taking 'ESG factors' into account still include tobacco companies, which can be misleading to customers.
- Whilst engagement is an effective and important tool for investors in many circumstances, it is clear that in relation to tobacco companies there should be an exception. The following should be noted, *"Engagement with the tobacco industry is contrary to the United Nations' systems, objectives, fundamental principles and values,"* Dr Vera Da Costa e Silva, Head of Secretariat of UN Tobacco Control Treaty, July 2017. More information on this issue is provided in Section 7 - Engagement with Tobacco Companies.
- Many would argue that the concept of a 'Best' tobacco company is an inherently conflicted position given that all tobacco companies make products that result in the death of customers, when the products are used exactly as they are intended to be used.
- There is growing interest in financial products that invest according to particular themes and desired impact. These investment vehicles can be effective ways to exclude tobacco whilst investing in areas (such as health or crop transition) that can alleviate the impact of tobacco.
- With regard to exclusion policies, the suite of considerations on the following page demonstrates why tobacco is an exception with unique features and justifies why it is reasonable to take an absolute position.

CONSIDERATIONS WHEN APPLYING AN EXCLUSIONS POLICY

<p>Can the product made by the company be used safely?</p>	<p>United Nations Tobacco Control Treaty</p>	<p>Can engagement be effective?</p>
<ul style="list-style-type: none"> • There is no safe level of tobacco consumption. • When used as intended, tobacco will have contributed to the early death of two out of three smokers.¹ 	<ul style="list-style-type: none"> • In recognition of the global ‘tobacco epidemic’ (7 million deaths worldwide each year² and an estimated 1 billion deaths this century³), the United Nations’ Tobacco Treaty was established in 2005 — The World Health Organization Framework Convention on Tobacco Control — the world’s first global legally binding public health treaty. • 181 Countries are Parties to the Treaty, representing 89.6% of the world’s population⁴, which makes it one of the most widely embraced treaties in United Nations’ history. 	<ul style="list-style-type: none"> • Positive influence of the tobacco industry through professional engagement is futile, as the only acceptable outcome would be for tobacco companies to cease their primary business. • The World Health Organization has declared, “<i>The tobacco industry is not and cannot be a partner in effective tobacco control</i>”.⁵

United Nations' Agencies, Treaties, Instruments and Initiatives

Implementing a tobacco exclusion is consistent with at least eight United Nations' Agencies, Treaties, Instruments and Initiatives that call on the global community to act on tobacco:

- The World Health Organization (WHO) – According to the WHO: *“The tobacco industry is not and cannot be a partner in effective tobacco control.”*
- The United Nations' Tobacco Control Treaty (the World Health Organization Framework Convention on Tobacco Control) – this Treaty was the first global public health treaty. It was launched to drive unprecedented commitment to addressing the global tobacco epidemic. See page 29 for more information.
- The Sustainable Development Goals (SDGs) – Major advances in tobacco control policy are required for achievement of 14 of the 17 SDGs. See page 25 for more information.
- The United Nations' Global Compact – In 2017 the United Nations' Global Compact implemented new integrity measures agreed on by the Board. These measures included delisting of companies whose business involves manufacturing or production of tobacco.
- The United Nations' Guiding Principles for Business and Human Rights were endorsed by the United Nations' Human Rights Council in 2011. In May 2017 the Danish Institute for Human Rights released a report stating *“...the production and marketing of tobacco is irreconcilable with the human right to health. For the tobacco industry, the UN Guiding Principles on Business and Human Rights therefore require the cessation of the production and marketing of tobacco.”*
- The United Nations' supported Principles for Responsible Investment, the United Nations' Environment's Principles for Sustainable Insurance and the United Nations' Environment's Finance Initiative worked together with Tobacco Free Portfolios, AXA, AMP Capital, SCOR and CalPERS to launch the World's first 'Investor Statement on Tobacco' in support of tobacco control measures being taken by Governments across the globe. The Investor Statement attracted 54 signatories with a combined US \$4 Trillion AUM and was presented to representatives from the WHO at an event in Paris on World No Tobacco Day, May 31, 2017. This initiative drew global attention to the issue of financial investment in tobacco, the negative impact of tobacco on the pursuit of the SDGs and ongoing Government efforts to align policy with the United Nations' Tobacco Control Treaty.



This is an epic battle between the protection of public health and the pursuit of corporate wealth. (...) Public health has the evidence and the right values on its side. The tobacco industry has vast financial resources, lawyers, lobbyists, and no values whatsoever beyond the profit motive.

Dr. Margaret Chan, opening speech, COP4, Punta del Este, Uruguay, November 2010

TEDx Sydney 2017 and TEDx Gateway (Mumbai) 2018

Dr. Bronwyn King has delivered two TEDx talks to advance tobacco-free finance



https://www.ted.com/talks/bronwyn_king_you_may_be_accidentally_investing_in_cigarette_companies

5.

Tobacco and the Sustainable Development Goals.

Major advances in tobacco control policy are required for achievement of 14 of the 17 Sustainable Development Goals

The Sustainable Development Goals (SDGs) represent a global consensus on how to achieve a sustainable future.

- The SDGs contain a set of seventeen Global Goals with targets.
- The UN General Assembly formally adopted the SDGS in September 2015 and they officially came into force on 1 January 2016.
- All countries are expected to consider the SDGs when preparing plans and policies for the next 15 years.
- The international community, including the United Nations, the World Bank and regional development banks, as well as public and private donors, are expected to assist governments to reach the SDGs.

The impact of tobacco on the SDGs



Money spent on tobacco is money not spent on other household needs. In Thailand for example, low-income families spent 13.6 percent (5 times more than high income families) of their annual income on tobacco products, money that could be used for food, clothing and education.⁶



In Kenya and Bangladesh, tobacco cultivation has replaced food crops and has led to local food insecurity.⁷



Tobacco use is the single greatest preventable cause of death in the world today.⁸



In Malawi, at least 78,000 children are forced to work in tobacco fields, preventing most of them from attending school.⁹



In China, 53% of women of reproductive age were exposed to second-hand smoke at work, which raises the risk of complications in pregnancy.¹⁰



In highly populated, developing countries like Pakistan, lost economic opportunities are severe with up to half of all tobacco-related deaths occurring during prime productive years.¹¹



More than 80% of the world's smokers live in low and middle-income countries, which have fewer resources to devote to the health and other costs of tobacco.¹¹



In Thailand, 47.9% of students aged 15-17 years have seen someone smoking inside a school building or outside on school property in the past 30 days.¹²



With limited global resources, reducing consumption of and demand for tobacco – a product that negatively impacts health, the environment and food security - is a goal that requires our urgent attention.



A 1999 study assessing the amount of forest and woodland consumed annually for curing tobacco concluded that nearly 5% of deforestation in developing countries where tobacco was grown was due to tobacco cultivation.¹³



Cigarette butts are the number one littered item worldwide. They foul waterways, are toxic to the environment and are not biodegradable.¹⁴



Tobacco growing is responsible for biodiversity losses, land pollution through the use of pesticides, as well as soil degradation, deforestation and water pollution.¹⁵ Tobacco manufacturing is related to 30% of deforestation in Bangladesh.¹⁶



In July 2016 Uruguay won a landmark lawsuit against Philip Morris International (PMI), which was suing the South American country for its strict regulations on smoking in what was seen as a test case for the tobacco industry.¹⁷ PMI's annual revenues of more than US \$80 Billion across 180 countries far exceed Uruguay's gross domestic product of closer to US \$50 Billion.



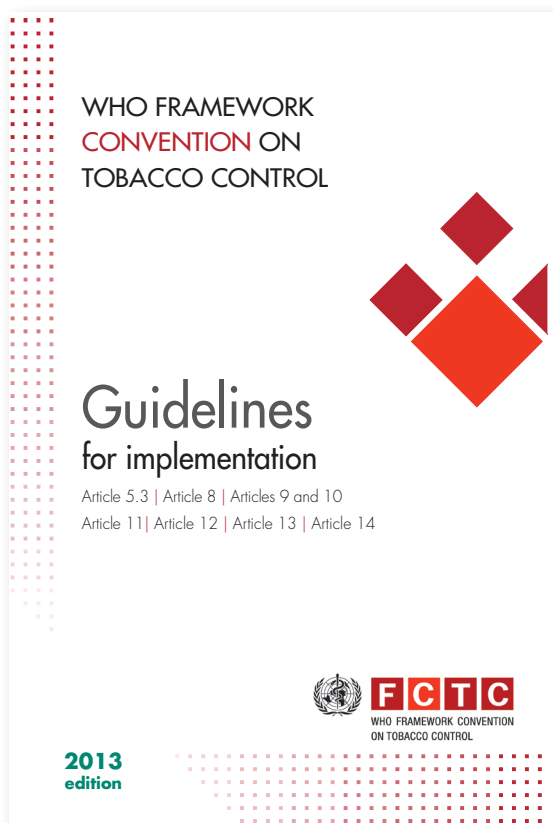
The UN General Assembly has endorsed the policies to increase tobacco taxes. Price and tax measures on tobacco are effective and an important means to reduce tobacco consumption and healthcare costs, and, in many countries, to raise revenue to finance development programs.¹⁵

For more information, please see:

- https://www.ftc.org/wp-content/uploads/2015/10/SDGs_ToolkitFINAL.pdf
- www.unfairtobacco.org (resources)

6.

United Nations' Tobacco Control Treaty.



In 2005, the World Health Organization established the Framework Convention on Tobacco Control (WHO FCTC), the world's first legally binding health treaty. There are 181 Parties (Countries), which makes it one of the most widely embraced treaties in United Nations' history. Under the Treaty the Parties have committed to implementing a broad range of tobacco control measures.

The Guidelines of the WHO FCTC include a provision that stipulates Governments are required to not invest in the tobacco industry. This includes Sovereign Wealth Funds and Government pension funds.

Countries are increasingly implementing this part of the Treaty. New Zealand, Norway, Australia, France and Ireland have already acted. The opportunity remains for other nations to join them on the world stage, protecting their populations and joining global cancer control efforts.

Guidelines for implementation: Article 5.3

- 4.6 Parties should require government officials to declare and divest themselves of direct interests in the tobacco industry.
- 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.
- 4.8 Parties should not allow any person employed by the tobacco industry or any entity working to further its interests to be a

Without prejudice to their sovereign right to determine and establish their economic, financial and taxation policies, Parties should respect their commitments for tobacco control.

Recommendations

- 7.1 Parties should not grant incentives, privileges or benefits to the tobacco industry to establish or run their businesses.
- 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.
- 7.3 Parties should not provide any preferential tax exemption to the

Excerpt from the Guidelines for implementation of Article 5.3 of the WHO FCTC:

There are two provisions relevant to the issue of tobacco-free investment, they are:

- 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 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.'

For more information, please see:

- The World Health Organization Framework Convention on Tobacco Control: http://www.who.int/fctc/WHO_FCTC_summary_January2015_EN.pdf?ua=1
- The Guidelines: http://www.who.int/fctc/guidelines/adopted/guidel_2011/en/

7

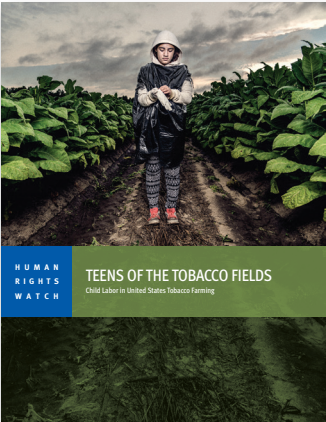


Human Rights and Tobacco.



HUMAN RIGHTS WATCH

“The Harvest is in My Blood”
Hazardous Child Labor in Tobacco Farming in Indonesia



HUMAN RIGHTS WATCH

TEENS OF THE TOBACCO FIELDS
Child Labor in United States Tobacco Farming

Left: *The Harvest is in My Blood - Hazardous Child Labor in Tobacco Farming in Indonesia, and Teens of the Tobacco Fields, Child Labor in United States Tobacco Farming*, detailed reports from Human Rights Watch highlighting the presence of child labor in tobacco production.

Almost no cigarette can be guaranteed to be free from child labour.¹⁸

Scale of the issue

It is estimated that 33 million people are engaged in tobacco farming worldwide.²⁰ In a report issued in March 2017, the International Labor Organisation stated that **in tobacco growing communities, child labor is rampant.**¹⁹

Countries involved

The US department of Labor lists sixteen countries that use child labour to produce tobacco, spanning South America, Central America, Asia, Africa and the Middle East.²⁰

A recent report, *Tobacco's Hidden Children - Hazardous Child Labour in the United States Tobacco Farming* by Human Rights Watch, highlights the presence of child labour on American tobacco farms.²¹

Green Tobacco Sickness

The report also cited that of 141 child tobacco workers (aged seven to seventeen years) from four separate US states, nearly three-quarters of the children interviewed reported symptoms of 'green tobacco sickness.'²¹

'Green tobacco sickness' includes serious symptoms such as nausea, vomiting, headaches, dizziness and breathing difficulties. Longer-term health effects related to pesticide exposure include: cancer, reproductive health issues and problems with learning and cognition.²¹

Unacceptable work conditions

Alongside these significant health effects are numerous other risks associated with unacceptable working conditions. These include unreasonable work hours, insufficient water, sanitation and shade, the forced use of dangerous tools and machinery with inadequate safety training and a lack of personal protective equipment.

Child tobacco workers are also subject to other forms of exploitation, such as forced or bonded labour.²²

A recent article, *'Child farmworkers banned from handling pesticides, but not tobacco,'* emphasises the lack of legal protections for workers. According to the article, *"Child labor won't end until farmworkers themselves have a safe and effective way to speak out when abuses happen, without fearing retaliation from their employer."*²³

Ineffective initiatives

In October 2000, the Eliminating Child Labour in Tobacco Growing Foundation was established. In 2001, tobacco companies joined this international initiative.²⁴ Despite this, little has changed in the past sixteen years, demonstrating 'the contradiction between what the tobacco industry says and what it does.'²⁵

Impact on Education

Child labour in tobacco farming also has educational implications. Reports on the plight of children forced to work in Malawi's tobacco industry describe that some children are forced to drop out of school to work as tobacco farmers.²⁶

Tobacco: a deadly business

Tobacco industry

Supported by



About this content



Sarah Boseley in Kasungu, Malawi

Mon 25 Jun 2018 15:00 AEST



6,959

Child labour rampant in tobacco industry



Above: Article on child labour in the tobacco industry, June 2018

8



Engagement with Tobacco Companies.

“Engagement with the tobacco industry is contrary to the United Nations’ systems objectives, fundamental principles and values.”

- Vera Da Costa e Silva, Head of Secretariat of United Nations’ Tobacco Control Treaty, July 2017²⁷

World Health Organization directive

According to WHO, *“A large body of evidence demonstrates that tobacco companies use a wide range of tactics to interfere with tobacco control. Such strategies include direct and indirect political lobbying and campaign contributions, financing of research, attempting to affect the course of regulatory and policy machinery and engaging in social responsibility initiatives as part of public relations campaigns.”*²⁸

The tobacco industry is not and cannot be a partner in effective tobacco control

— World Health Organization.²⁸

Public relations and attempts to influence policy

As stated in the World Health Organization Report, Tobacco Industry Interference with Tobacco Control, *“Reports from Corporate Accountability International summarize the range of strategies used by the tobacco industry to thwart legislation. They include subverting it and exploiting legislative loopholes, demanding a seat at government negotiating tables, promoting voluntary regulation instead of legislation, drafting and distributing sample legislation that is favourable to the tobacco industry, challenging and stretching government timetables for implementing laws, attempting to bribe legislators, gaining favour by financing government initiatives on other health issues and defending trade benefits at the expense of health.”*²⁸

According to the 2012 US Surgeon General’s Report: *“The industry uses these efforts to convey to the public, policymakers, judges, and the members of juries that it is doing something substantial about the issue of youth’s tobacco use. In this way, the programs serve to promote positive attitudes about the tobacco industry. Such positive attitudes could help to limit the industry’s legal liability and make it easier for its views to be heard on legislative issues.”*²⁹

A Paper entitled ‘Eliminating child labour in Malawi: a British American Tobacco corporate responsibility project to sidestep tobacco labour exploitation’ concluded that in Malawi, transnational tobacco companies are using child labour projects to enhance corporate reputations and distract public attention from how they profit from low wages and cheap tobacco.³⁰

Marketing, advertising and promotion continues

In 2016, tobacco companies spent US \$9.5 billion - US \$26 million a day - on advertising and promotional expenses for cigarettes and smokeless tobacco, in the United States alone.³¹

According to the U.S. Federal Trade Commission, in 2012, cigarette companies spent 4,300 times more on product marketing and promotions than on youth prevention advertisements (US \$9.6 Billion vs. US \$2.2 Million).³²

Ineffective campaigns and programs

In an exhaustive review of relevant studies, a comprehensive report released in June 2008 by the U.S. Department of Health and Human Services - National Cancer Institute, titled *The Role of the Media in Promoting and Reducing Tobacco Use*, confirmed that tobacco industry-sponsored youth smoking prevention programs are “generally ineffective” at reducing youth smoking and may have caused some youth to start smoking.³³ Tobacco industry-funded youth prevention campaigns had minimal impact on youth smoking because they avoided the most powerful anti-tobacco themes of health effects and industry manipulation.³³

“Where there has been engagement, it has invariably been counterproductive.”

— Professor Mike Daube AO, Professor of Health Policy at Curtin University.

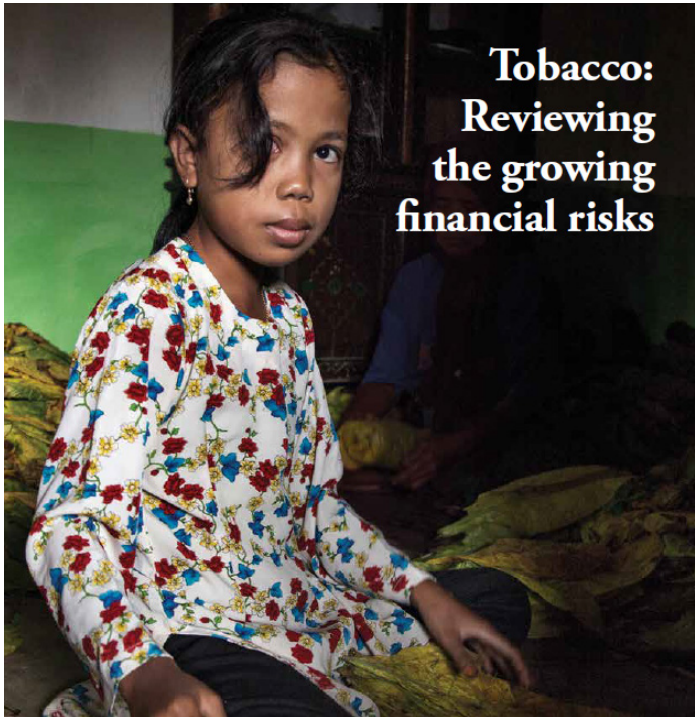
“If you look at companies with products that you cannot engage with, for example, weapons or tobacco, on those topics you cannot have a useful conversation, so divesting might make sense”.

— Carola van Lamoen, head of active ownership, Robeco, speaking at the annual Pensions and Lifetime Savings Association, (PLSA).

9

Prospective Investment Risks.

Reviewing the growing financial risks



Access the full report here: <https://tobaccofreeportfolios.org/how-to-go-tobacco-free/>

Tobacco presents an array of health, ethical and social risks that are well-known and long-studied.

This paper, drawing on new academic analysis from Maastricht University School of Business and Economics <https://www.maastrichtuniversity.nl/file/thefutureoftobaccostocks-ascenarioanalysis-finalpdf>, demonstrates that declining returns and growing business threats present a clear and present financial risk for investors in tobacco.

Dr Rachel Melsom, MBBS, on release of the report stated:

“Tobacco is a stock that has delivered profit to investors at a profound cost to human life, and great expense to society. Based on the very realistic scenarios detailed here, not even the most hardened financial analysts can say this financial gain can be expected to continue.”



Right: An example of plain brand packaging for cigarettes.

1. Regulatory Risk: Unprecedented global cooperation to reduce tobacco use

The UN Control Tobacco Treaty:

- In recognition of the global 'tobacco epidemic' in 2005 the UN Tobacco Control Treaty was established, the World Health Organization Framework Convention on Tobacco Control (WHO FCTC), the world's first global legally binding public health treaty.
- There are now 181 Parties, representing 89.6% of the world's population,⁴ including the European Community, which makes it one of the most widely embraced treaties in United Nations' history. Parties have committed to implementing a broad range of tobacco control measures to address the devastating worldwide health, social, economic and environmental consequences of tobacco consumption and exposure to tobacco smoke.

Assistance to developing nations:

- Multiple international health organisations including the World Health Organization (WHO) and Bloomberg Philanthropies are actively working with governments of the developing world to enhance tobacco control regulation and reduce tobacco consumption.
- Philip Morris International (PMI) filed a suit against Uruguay in 2010 for compensation based on the implementation of new anti-smoking legislation devaluing its brand. Uruguay was supported by WHO and Bloomberg Philanthropies with their legal costs, and won the case. PMI were ordered to pay over US \$7 Million for costs.³⁴

Regulatory developments 2016:

- France and the United Kingdom of Great Britain and Northern Ireland each began implementation of plain packaging.³⁵

“Unless we change course, 5.6 million children alive today [in the USA] will die prematurely later in life from tobacco use.”

— Scott Gottlieb, M.D., Commissioner of Food and Drug Administration, July 2017³⁶

- The US Food and Drug Administration (FDA) finalised a rule deeming tobacco products to be subject to the Federal Food, Drug and Cosmetic Act, which extends the FDA's authority to include the regulation of electronic nicotine delivery systems (such as e-cigarettes and vape pens).³⁷
- The European Court of Justice upheld new tobacco control regulations regarding packaging, e-cigarettes and a ban on cigarette flavourings.³⁸
- The Australian Government announced four annual 12.5% increases in tobacco excise.³⁹

Regulatory developments 2017:

- India announced increasing taxation on cigarettes to 28% plus a 5% additional tax – causing US \$7 Billion drop in value of the top 3 tobacco companies in India.⁴⁰
- 63% of the world population was covered by at least one comprehensive tobacco control measure, increased from 15% in 2007.⁴¹
- Nepal introduced the world's largest health warnings – covering 90% of the package.⁴¹
- India launched a nationwide toll free quit line.⁴¹
- The World Trade Organization upheld plain packaging law in Australia, ordering PMI to pay the government legal costs for the case they brought against the government.⁴²
- In July 2017 the FDA announced it was considering capping the amount of nicotine in cigarettes to non-addictive levels, causing share prices to drop.⁴³

The continued global implementation of the WHO FCTC, as evidenced above, will serve to reduce tobacco consumption worldwide and thus challenge the sales and business model of the tobacco industry.

2. Litigation Risk: Challenging the business model of externalising costs

Major class actions against tobacco companies continue to pose considerable financial risk to the tobacco industry and challenge the business model, for example:

- In June 2015, a Canadian court ordered three tobacco companies to pay CA \$15.5 Billion (US \$11.7 Billion) - the largest award for damages in the country's history. The plaintiffs were Quebec smokers who argued that the companies did not properly warn their customers and failed in their general duty "not to cause injury to another person"⁴⁴.
- In March 2015 in Florida, USA, the courts awarded US \$26.3 Billion against Reynolds American in punitive damages to Mr. Johnson Sr's widow. He died aged 36 of lung cancer having started smoking at age 13. Reynolds have won a request for a retrial.^{45, 46}
- According to Reynolds' 2014 Security and Exchanges Commission (SEC) regulatory filing, outstanding jury verdicts against them total US \$299,365,200, which are all in "various stages in the appellate process."⁴⁷
- All tobacco manufacturers have litigation cases outstanding or in process. According to British American Tobacco's 2017 Annual Report, the total number of US tobacco product liability cases pending at 31 December 2017 involving RJ Reynolds Tobacco, Lorillard Tobacco and/or Brown & Williamson was approximately 5,688. There are 85 references to litigation in the Annual Report and this statement about litigation as a risk: *"The Group is subject to a large volume of claims including class actions, which could have a significant impact on the results if the potential exposures were to materialise. For our 2017 audit we believe the most a significant risk relates to ongoing smoking and health litigation brought against the operating company by the province of Quebec, Canada, which is disclosed in note 28 – contingent liabilities and financial commitments."*⁴⁸

"Tobacco is deeply harmful to human health, and there can be no doubt that the production and marketing of tobacco is irreconcilable with the human right to health. For the tobacco industry, the UN Guiding Principles on Business and Human Rights therefore require the cessation of the production and marketing of tobacco."

— The Danish Institute for Human Rights, regarding their Human Rights Assessment of Philip Morris International, May 2017⁴⁹

- In May 2016, the family of Hall of Fame baseball player Tony Gwynn filed a wrongful death lawsuit against the tobacco industry. The lawsuit seeks to hold Altria Group Inc., formerly known as Philip Morris, and other parties accountable for Gwynn's death.⁵⁰
- From November 2017, the major U.S. tobacco companies began running court-ordered television and newspaper ads – called corrective statements - telling the American public the truth about the dangers of smoking and second-hand smoke. They are required to run the ads for 1-year.⁵¹
- The cost of tobacco is estimated at US \$1 Trillion per year according to a joint study by the WHO and the U.S. National Cancer Institute, far outweighing estimated US \$269 Billion global revenues from tobacco taxes⁵². This is a cost that the tobacco industry could not afford to pay.

3. Supply Chain Risk

Investment in tobacco stands in clear breach of human rights principles.

Tobacco industry use of child labour is under the spotlight as supply chains are analysed.

A key issue of concern when considering tobacco investment has been the use of child labour in supply chains, particularly the following:

- Almost no cigarette can be guaranteed to be free from child labour.¹⁸
- It is estimated that 33 million people are engaged in tobacco farming worldwide.⁵³
- In a report issued in March 2017, the International Labor Organisation stated that *"in tobacco growing communities, child labor is rampant."*¹⁹

This issue was recently highlighted in international media, including the *New York Times*,⁵⁴ due to a 119-page report released by Human Rights Watch titled, *The Harvest is in My Blood: Hazardous Child Labor in Tobacco Farming in Indonesia*. The Report detailed that thousands of children in Indonesia, some just eight years old, are working in hazardous conditions on tobacco farms. They declared that Indonesian and multi-national tobacco companies buy tobacco grown in Indonesia and none do enough to ensure that children are not doing hazardous work on farms in their supply chains.⁵⁵

4. Reputation Risk: The tobacco-free finance movement calls for others to follow

Investment in tobacco companies implies endorsement of the product itself and of the industry as a whole. There is a growing tobacco-free finance movement – indeed all affiliations with the tobacco industry are being challenged. Of significance, in May 2017 the International Tax and Investment Centre (ITIC), which had been sponsored by Philip Morris International and British American Tobacco and lobbied for lower tobacco taxation, informed its directors it will no longer maintain links with or accept sponsorship from the tobacco sector, and asked tobacco representatives to resign from its board ‘as a necessary step to safeguard ITIC’s reputation and ensure its long-term effectiveness.’⁵⁶

In May 2016, AXA announced the implementation of a tobacco-free investment policy with €1.8 Billion of tobacco industry assets to be divested.⁵⁷ This announcement followed the decisions of over 35 Australian Pension Funds to divest tobacco stocks worth over AU \$2.5 Billion in just four years, creating what is developing as a ‘new normal’ in the Australian pension fund community.

AMP Capital, a leading Asset Manager in Australia has also adopted a tobacco-free position. CEO Mr. Adam Tindall noted: *“We are not prepared to deliver investment returns to customers at any cost to society.”* This position has been affirmed through consultation with major institutional clients and engagement with retail customers.⁵⁸

Fiduciary Duty

Fiduciary Duty has at times been viewed as an impediment to moving to a tobacco-free position, due to legal liability of the Trustees of pension funds.

A new pensions directive was passed by the European Parliament on 24 November 2016 requiring European Union workplace pension funds to consider environmental, social and governance (ESG) issues. This was considered a ‘landmark’ moment for responsible investment.

The new pensions directive stipulates that:

1. ESG criteria is to be considered in investment decisions and their practical implementation should be disclosed in regular reports.
2. Pension funds have to include their ‘stranded asset’ strategy as part of their risk management procedure.
3. The integration of ESG considerations will not be considered as conflicting with fund managers’ fiduciary duties. Fund managers will not be exposed to legal liability for an alleged failure to act prudently by prioritising ESG factors over financial risk returns in their investment decisions⁵⁹.

This recent EU ruling has highlighted the requirement for pension funds to consider ESG as a core element of the decision making process – hence the need to review any investment in tobacco in light of future risks to the industry.

10.

Case Studies.

A Case for Tobacco-Free Investment

Alan Brown, Former Chief Investment Officer of Schroders and Governor of the Wellcome Trust, April 2017

"It is sometimes argued that Trustees cannot exclude tobacco companies (or any other group) because their primary duty is to invest pension scheme assets in the best financial interests of members and beneficiaries, where financial interests are deemed to be risk adjusted returns.

This argument is fundamentally flawed for two reasons. First, non-financial interests can be taken into account where the financial impact is not significant, and where a majority of members would be likely to share the Trustees ESG views. Ex-ante, it is not possible to say whether a tobacco-free benchmark would produce higher or lower returns than the broad market. What one can say is that the impact either way will be trivial compared to the impact of other decisions trustees take in terms of broad asset allocation choices and the hedging of interest rate and inflation risk. It is also reasonable to assume that the majority of many scheme members would favour a tobacco-free approach on moral or ethical grounds.

There is though a stronger, more positive argument, that Trustees should consider in favour of tobacco-free portfolios. Much of Modern Portfolio Theory is based around the notion that risk is the standard deviation of portfolio returns. Standard deviation is certainly a very useful risk measure. It is easy to compute and readily lends itself to portfolio optimisation strategies which seek to make portfolio choices designed to maximise the return to risk ratio.

However, standard deviation is a historical, rear view of risk. By its very nature it cannot be forward looking. Trustees are, or should be, well aware that they need to view risk in a much more comprehensive, integrated fashion. Casual inspection of the broad market indices shows that their make up changes significantly over time as the leadership of industries and companies changes. In 1980, seven of the top ten companies in the S&P500 were oil or oil related (Schlumberger) companies. By 2013 there were only two oil companies in the top ten, Exxon Mobil and Chevron. Three of the top ten were companies that weren't even in the S&P500 in 1980, Google, Apple and Microsoft. They occupied three of the top four spots.

Trustees should consider whether the companies they invest in have a legitimate, long-term franchise. If the answer is that they don't, and I would certainly argue that that would apply to tobacco companies, then trustees should seriously consider excluding them on risk mitigation grounds. While the timing of when the world will be rid of tobacco companies cannot be predicted, it is reasonable to assume that in the long run companies that produce no societal benefit whatsoever and cause the deaths of millions of people will ultimately cease to exist. Pension funds are long-term institutions and should surely consider investing tobacco-free on risk grounds alone."



The AMBACHTSHEER Letter

Sustainable Pension Design • Effective Pension Management

November 2018

By Keith Ambachtsheer, Director Emeritus International Centre for Pension Management, Rotman School of Management, University of Toronto (Canada)

IS YOUR FUND TOBACCO-FREE YET?

Tobacco stocks have performed poorly this year, with the 'top six' suffering an average price drop of some 20% in a flat stock market. So what happened? Could it be that the tide has begun to turn against tobacco stocks? A just-released academic study titled "The Future of Tobacco Stocks: A Scenario Analysis" sheds material new light on this question.

<http://kpa-advisory.com/the-ambachtsheer-letter/view/is-your-fund-tobacco-free-yet?>

<https://www.maastrichtuniversity.nl/file/thefutureoftobaccostocks-ascenarioanalysis-finalpdf>

Case Study – ABN AMRO



ABN·AMRO

ABN AMRO is a full-service bank in the Netherlands with operations in selected corporate and private banking sectors globally. Our pledge is to be a better bank contributing to a better world.

Embedding respect for human rights in our activities is therefore a top priority. People should not be disadvantaged by the way in which we, or our clients, make money. This means that we actively engage with our clients to address human rights risks and impacts in their business activities or supply chains.

We also have to decide where we draw the ‘red line’. For example, we do not finance the production of controversial weapons or activities with a direct adverse impact on human rights. Our Exclusion List is publicly available and reviewed on a regular basis.

In April 2017, we decided to add tobacco manufacturers to our Exclusion List. This means that ABN AMRO will no longer finance the tobacco industry. We will respect existing contractual commitments but they will not be expanded or renewed.

Kees van Dijkhuizen, CEO, ABN AMRO

“Respecting the right to health in a meaningful way would require tobacco manufacturers to cease their primary business. A safe level of consumption is impossible. Our decision is more than a logical consequence of our sustainability ambitions. Dutch public health NGOs are campaigning for a ‘smoke-free generation’. Children should be protected against the temptation to start smoking: at home, at school, and at their sports club. As a sponsor of youth sports clubs and activities, we couldn’t agree more with this position. Every individual and organisation can contribute to making a smoke-free generation a reality. For us as a bank, this means that we will no longer finance the companies that lie at the heart of the problem. We hope that other financial institutions will follow suit.”

Case Study – Actiam



ACTIAM, the responsible fund and asset manager in the Netherlands has €55 Billion AUM (December 2016)

1. When did your organisation announce the decision to implement a tobacco-free investment policy?

May 2017.

2. What were the main motivating factors?

ACTIAM wants to contribute to a livable world via our responsible investment policy. Now, but also in the future.

Investment in tobacco is not in line with that view and we do not think that engagement with tobacco producers will lead to a good, harmless product, so we have made the decision to exclude tobacco producers.

3. What was the greatest challenge and how did you overcome it?

We held a significant amount of fixed income instruments which needed to be reallocated. Finding products with similar characteristics as much as possible was a challenge. And of course, additional costs of selling and buying.

4. What has been the response of your stakeholders?

The response has been positive. It was important for us to explain this decision well, because exclusions can – and in this case did – lead to a higher tracking error in our index products.

Despite this consequence, our clients understood and agree with this decision. Other stakeholders such as NGOs have also reacted positively.

5. What advice would you give other finance leaders who are currently considering the issue of

Make the exclusion process a collaboration between internal and external stakeholders. Get your clients involved and make them heard.

Provide your front office enough time to process the change and give them a sufficient period to turn around their holdings so good investment alternatives can be found.

Dennis van der Putten, Head of ESG Research, Actiam:

"We have established limits in terms of human rights and labour rights, environment, corruption and integrity. We do not exceed these limits even if this would in theory generate more profit.

It is sometimes a grey area and we have therefore established a list of exclusions in various areas. However, we prefer engagement rather than exclusion, i.e. we engage in discussions with companies to encourage them to improve their way of doing business in order to achieve better results. By excluding companies, you lose influence, and the question is whether this helps to achieve the right kind of change. Companies that are excluded miss the pressure of the critical shareholder that is needed to change their ways. However, in the case of tobacco we do not harbour the illusion that engagement will lead to a good, harmless product."

Case Study – AMP Capital



AMP Capital is a leading investment manager with AU \$165 Billion in funds under management, a heritage and strength in real estate and infrastructure, and specialist investment capabilities in fixed income, equities and multi-asset solutions.

1. When did your organisation announce the decision to implement a tobacco-free investment policy?

16 March 2017

2. What were the main motivating factors?

As a major investor in companies and assets, AMP Capital is well placed to raise the global focus on responsible investing. Through discussions with our Board and Investment Committee, we recognised there may be circumstances where the moral or ethical issues associated with a particular investment may mean it is inappropriate for AMP Capital to invest. We decided to expand our commitment to responsible investing and introduce a principles based decision-making framework to help us resolve complex ethical issues as and when they arise. In exceptional circumstances AMP Capital may now exclude companies or sectors on ethical grounds across our entire investment universe.

The ethical framework applies degrees of ‘harm’ or ‘denial of humanity’ of another person as key determining criteria. It takes account of international conventions regarding human rights and those which may prohibit or control the use of a company’s products or services. These criteria provide AMP Capital with greater objective and controlled scope to respond to changes in societal and stakeholder expectations on ethical issues, particularly where markets may lag in fully pricing in associated risks or governments delay in taking action.

AMP Capital reviewed all sectors in which we invest and concluded that tobacco manufacturers will now be excluded because their products are highly addictive, cannot be consumed safely and impact non users via second-hand smoke. While AMP Capital firmly believes in company engagement to effect meaningful change, in the case of manufacturers of tobacco we find that no amount of engagement can override the inherent dangers associated with these products.

3. What was the greatest challenge and how did you overcome it?

AMP Capital developed this framework over several years with support from recognised experts in business ethics. Implementing such a change to our investment process is a complex and wide-ranging exercise involving extensive investigative research, quantitative analysis and testing.

Significant consultation with our clients, investment professionals, external fund managers, governance forums and other stakeholders was also undertaken.

The Board and Investment Committee extensively reviewed and debated the application of the framework to ensure full consideration of the implications of implementing the tobacco exclusion. The new framework has been integrated within our existing ESG and Responsible Investment Philosophy which applies across the business. Our Investment Committee continues to monitor the full implementation of these changes.

4. What has been the response of your stakeholders?

The decision to exclude tobacco reflects the changing attitudes of our clients, who increasingly do not want to be invested in harmful products. Our major institutional clients are widely supportive of the move. We also surveyed a sample of AMP Super customers and the majority told us they expected such an exclusion from a responsible fund manager.

5. What advice would you give other finance leaders who are currently considering the issue of tobacco?

Fund managers used to be discouraged, or even prohibited, from taking ethical issues into account when making investment decisions on behalf of clients. It was widely agreed investment managers should not let consideration of ethical criteria distract them from choosing investments that maximise financial returns unless, of course, clients had specifically mandated ethical investment.

Ethical dilemmas by their very nature are 'dilemmas' and hence not straight forward. Implied criticism by others of a particular ethical position or stance may make it tempting to choose the path of least resistance and avoid any explicit consideration of ethical issues. At the heart of this issue lie interesting questions about how investors best discharge their duties. What actions are acceptable in the pursuit of returns? Can investors, or indeed should they, dismiss 'immoral' activities relying instead on governments to intervene via regulation? Is it defensible for investors to support an activity that, while commercially convenient, viable and legal, is inherently wrong?

Our analysis shows we can continue to meet our fiduciary obligations to investors and, our ethical obligations to be a responsible fund manager, delivering strong investment returns that continue to meet our client's objectives.

Adam Tindall CEO AMP Capital

"We are not prepared to deliver investment returns to customers at any cost to society. AMP Capital's new ethical framework, under which we are divesting from manufacturers of tobacco, complements our existing approach to addressing ESG investment risks and reflects the changing attitudes of our investors, who increasingly do not want to be invested in harmful products."

Further information on AMP Capital's Ethical Framework can be found at www.ampcapital.com.au/esg

Case study – AXA



AXA is a global leader in insurance and asset management with €1.428 Trillion AUM

1. When did your organisation announce the decision to implement a tobacco-free investment policy?

May 23rd 2016

2. What were the main motivating factors?

Our main motivation was to align our investments with our health insurance operations. Investing in tobacco while witnessing the consequences caused by tobacco was inconsistent and needed to be fixed.

3. What was the greatest challenge and how did you overcome it?

Tobacco has unfortunately been a profitable stock to hold, and at a time of low and sometimes negative interest rates, it was challenging to exclude a steadily performing component of an index.

However, our motivations went beyond financial considerations, and this challenge was quickly overcome.

4. What has been the response of your stakeholders?

The response was very positive. Addressing our convictions by taking such a big step has been welcomed by every stakeholder (both employees and clients). The only criticisms we faced were asking why we did not move out of tobacco sooner.

5. What advice would you give other finance leaders who are currently considering the issue of tobacco?

Tobacco is a net cost to society. This model is not sustainable and the issue is being raised by more and more investors as evidenced in the Investor Statement in support of World No Tobacco Day launched in May 2017.

Thomas Buberl, CEO AXA Group:

"We strongly believe in the positive role insurance can play in society, and that insurers are part of the solution when it comes to health prevention to protect our clients. Hence, it makes no sense for us to continue our investments within the tobacco industry. With this divestment from tobacco, we are doing our share to support the efforts of governments around the world. This decision has a cost for us, but the case for divestment is clear: the human cost of tobacco is tragic; its economic cost is huge. As a major investor and a leading health insurer, the AXA Group wants to be part of the solution, and our hope is that others in our industry will do the same."

Case Study – First State Super



First State Super, profit-for-member superannuation fund, AU \$81 Billion FUM

1. When did your organisation make the decision to implement a tobacco-free investment policy?

July 2012

2. What were the main motivating factors?

The Trustee Board decided to extend the exclusion of tobacco investments across all our portfolios following strong feedback from health employers and those working in health services who represent 40% of our total membership.

3. What was the greatest challenge and how did you overcome it?

A key consideration by the board was the impact that divestment could have on fund earnings. Consequently, the level of investment and potential impact was closely assessed by our investment team. An analysis showed that divesting from tobacco would have a negligible impact on fund earnings, and so a comfort level was reached.

4. What has been the response of stakeholders?

We were among the first of the major Australian superannuation funds to divest from tobacco. Our decision motivated other institutional investors to also consider the issue. Mainstream and industry media actively reported our decision to divest which triggered many congratulatory letters and public responses by health organisations. The Cancer Council of Victoria subsequently chose First State Super as their default fund.

5. What advice would you give other finance leaders who are currently considering the issue of tobacco?

For large institutional investors like First State Super, acting in the best interests of members is a critical legal and statutory requirement. The issues that must be wrestled with, 'would be in the best interests of all members to divest tobacco stocks?' and 'whether an investment in tobacco is more harmful than other investments?' are complex.

We are very happy with the decision we made and we would encourage board and executives, at the very least, to consider the case for investing, or not investing, in tobacco.

Mr Michael Dwyer, then Chief Executive Officer, First State Super

Our decision to divest from tobacco manufacturers reflects both the strong views expressed by our members, our employers and our support for Government initiatives to minimise tobacco consumption. We are comfortable that the decision does not compromise our ability to deliver good returns outcomes to members. We made the right decision for members of First State Super and I'm proud of that."

Case Study – Fonds de Réserve pour les Retraites



Fonds de Réserve pour les Retraites (FRR) is France's national sovereign reserve fund with €35 billion AUM. It was created in 1999-2001 to smooth out the costs for the pay-as-you-go pension system of baby boomers going into retirement. FRR has a liability hedging portfolio invested in French Treasury bonds and low credit risk bonds (45% of total) and a return seeking portfolio (55% of total) mostly invested in domestic, euro and international listed equities with a few diversifiers, including illiquid assets.

1. When did your organisation make the decision to implement a tobacco-free investment policy?

The topic was intensely discussed during the fall of 2016 and presented for final decision to the Supervisory board on 1 December 2016.

2. What were the main motivating factors?

A.) A dreadful industry and a morally indefensible investment case.

B.) The 2005 UN Tobacco Treaty which in the case of FRR we deemed created a strong obligation.

C.) Risk/return factors. Sure enough the performance of tobacco stocks has been absolutely outstanding since the beginning of the 20th century and again since the beginning of the 21st century - but it is unlikely this will repeat itself. Regulation and taxation environments are becoming more and more tobacco unfriendly, at least in the developed world (and over time that should spread to the developing world). Tobacco stocks have been boosted as a part of the 'consumer staples' sector that investors have liked so much since the global financial crisis for their moderate but stable growth, high dividend yield and low volatility features.

3. What was the greatest challenge and how did you overcome it?

Obviously the fear of missing out on a potential repeat of the phenomenal returns of the past.

4. What has been the response of your stakeholders?

The Supervisory board followed our recommendations because they understood the moral, legal and risk/return arguments as well as our very high level of conviction.

5. What advice would you give other finance leaders who are currently considering their investment in tobacco?

On the moral argument - and if you are a public body on the legal argument as well - you don't need our advice. On the investment case, tobacco has become a big risk and may end up being a stranded asset in the not too distant future.

Don't waste your time on engagement, there is no point, and taking a best-in-class approach with the tobacco sector is simply nonsensical.

Of course we all have in mind the cost to some very large investors of having divested from tobacco stocks. But even the magnitude of results may vary depending on the methodology used. If one compares total returns, the difference is bigger than if one assumes, as is the case in real-life portfolios, that the dividends of high-yielding sectors, such as tobacco, are actually pooled with all dividends and reinvested in all sectors pro rata to their index weightings.

Olivier Rousseau, CEO FRR:

"I have to say I wonder why we didn't take the decision to exclude tobacco much earlier. The moral argument is so strong. On expected returns, we think we have done our homework well, but even if there were very profitable investment cases in drug dealing companies, would you invest in them? So why tobacco?"

Case Study – New Zealand Superannuation Fund



The New Zealand Superannuation Fund is a global investment fund set up to partially pre-fund the future costs of New Zealand superannuation. By using the Fund to save now in order to pay for future retirement benefits, the Government aims to smooth the cost of New Zealand superannuation between today's taxpayers and future generations. AUM at 30/4/17 was NZ \$34.549 Billion (unaudited). The most recent audited AUM figure is from 30/6/16: NZ \$30.104 Billion.

1. When did your organisation announce the decision to implement a tobacco-free investment policy?

The Fund's policy is to exclude Tobacco Manufacturers. The decision to implement the policy was made by the Board on 26 June 2007.

2. What were the main motivating factors?

The Guardian's RI Policy must be consistent with the Fund's mandate to adopt best-practice portfolio management, maximise returns without undue risk to the portfolio as a whole and avoid prejudice to New Zealand's reputation as a responsible member of the world community.

We took into account the international conventions that New Zealand is a signatory to and whether the issue is contrary to New Zealand law or inconsistent with crown policy positions.

We also considered the effectiveness of shareholder actions such as voting and engagement, the impact of divestment on the Fund's portfolio, the investment practices of peers and whether there might be breaches of corporate standards that are incorporated into the RI Policy – particularly with regard to product safety and ethics.

Based on the assessment, the Board decided to divest tobacco stocks from the Fund.

3. What was the greatest challenge and how did you overcome it?

The greatest challenge was overcoming the divergent arguments on whether or not to hold tobacco investments. On the one hand:

- *Tobacco is a legal product.*
- *Adult choice to buy a legal product is not disputed.*
- *There are legal bans on sales to minors.*

- Some tobacco companies have adopted codes of conduct.

On the other hand:

- Investment in tobacco stocks is inconsistent with New Zealand's international commitments, national legislation on tobacco control and significant Crown actions – In particular the objectives of the World Health Organization Framework Convention on Tobacco Control (FCTC).
- The characteristics of the tobacco industry clearly delineate it from other industries facing controversy over ESG issues.
- Engagement and voting on the issue of tobacco face significant conflict of interest between shareholder interests and the FCTC objectives.
- Analysis and engagement in this sector will consume resources that could be used to better effect elsewhere.
- Divestment from the tobacco sector will have an immaterial effect on the expected efficiency of the Fund's portfolio.

Therefore, though the Guardians consider the active use of shareholder rights through engagement and voting to be the main mechanism for responding to responsible investor concerns, in this instance the Board concluded that the divestment and exclusion of the Fund's tobacco holdings would be the most effective response.

Having a clear framework in place to guide the decision-making process allowed the Board to arrive at an outcome that ensured they were acting legally, consistently with the Crown, and with the Act that sets out our investment mandate. This framework ensures that we make consistent, principled decisions over time.

4. What has been the response of our stakeholders?

Our RI guidelines are based on New Zealand law and New Zealand government actions and so provide a useful reflection of what is supported by New Zealanders. We have received broad support for the decision and only rarely have we been challenged for making this decision.

5. Advice for other finance leaders who are currently considering the issue of tobacco?

Having an RI Framework in place which includes decision-making criteria for exclusions ensures the Board can act with certainty, consistency and confidence.

The Guardians' Former Chief Executive Officer, Mr Adrian Orr

"In assessing the issue of tobacco manufacture, the Board concluded that the Fund's investment in this sector was inconsistent with our responsible investment standards. This decision was based on product safety issues and New Zealand's commitment to specific international conventions."

Case Study – Wellcome Trust Foundation

wellcome trust

Wellcome Trust is a Foundation with £22 Billion AUM

1. When did your organisation make the decision to implement a tobacco-free investment policy?

The decision to go tobacco-free is so old that today no one is sure exactly when the decision was taken. It certainly predates anyone working in Investments at the Trust today. It is possible that the decision was taken back in 1996 in the early days of the Trust's diversified investment fund.

2. What were the main motivating factors?

There is no known record of the detail of the decision to go tobacco-free. Aside from the obvious health issues posed by tobacco, it is thought possible that one factor in the decision may have been the abuse of scientific evidence by tobacco companies.

3. What was the greatest challenge and how did you overcome it?

Again, there is no record of there being any particular challenges to be overcome and, given the Trust's investment philosophy, which does not put an emphasis on broad market benchmarks, it is not likely that there would have been any material challenges.

4. What has been the response of your stakeholders?

Our stakeholders, represented by the Trust's governing body, continue to be very supportive of the policy. It has not in any way been an impediment to generating excellent real returns over all time horizons.

5. What advice would you give other finance leaders who are currently considering their investment in tobacco?

The Trust prefers not to give advice to others but is happy to share its investment approach with other interested parties.

Danny Truell, Joint Managing Partner of Investments, Wellcome Trust:

"The first question the Trust always asks before making an investment decision is does the entity in question have a legitimate, long-term franchise? That criteria alone would disqualify tobacco companies."

11.

Common Questions Answered.

Investment in tobacco and performance of the stock

Why have tobacco stocks been so profitable?

Business Model: The tobacco industry significantly relies on child labour in the production of tobacco and has a business model that externalises an estimated US \$1 Trillion of costs each year,⁴⁵ while internalising profits. The targeting of developing nations with large youth populations, poorer education levels, less awareness about the dangers of smoking and weaker regulations, including low taxes, has led to a large number of new customers in the past decade. An estimated 80,000-100,000 children start smoking every day, mostly in the developing world.⁶⁰

Shouldn't financial institutions be trying to get the best returns for investment clients rather than allowing ethical considerations to drive investment philosophy?

Despite the apparent profitability of returns in the short-term, there is a clear business case for excluding investment in tobacco that includes the following prospective risks:

- *Regulation:* Unprecedented global cooperation to reduce tobacco use through the UN Tobacco Control Treaty: the World Health Organization Framework Convention on Tobacco Control.
- *Litigation:* Class actions and litigation are challenging the tobacco industry business model of externalising costs, resulting in an increasing number of cases being brought to court. In Holland a criminal case was filed in May 2017 against the four largest tobacco companies operational in Holland accusing them of aggravated assault and fraud.⁶¹
- *Human Rights:* Financial institutions are increasingly focused on human rights and the tobacco industry's inability to adhere to the UN Guiding Principles on Business and Human Rights has caused many to exclude tobacco from their investments.⁴⁹ The tobacco industry use of child labour is also under the spotlight as supply chains are increasingly scrutinised.
- *Reputation:* Investment in tobacco companies implies endorsement of the product itself and of the industry as a whole. Businesses across the globe are reconsidering this association.⁵⁶

We encourage investors and leaders of the finance sector to consider the investment from a long-term view, as the risks are most apparent from this perspective.

Excluding investment in tobacco

What can exclusion of investment in tobacco hope to achieve?

Excluding tobacco company stocks and bonds serves to challenge and change the current status quo - where most workers worldwide are unwitting owners of tobacco companies. The collective impact of many financial organisations ceasing commercial relationships with the tobacco industry helps to 'denormalise' tobacco companies. 'Denormalisation' is a key goal of both global government and public health tobacco control efforts.

Will excluding investment in tobacco companies make the industry go bankrupt?

There is no suggestion that applying a tobacco exclusion will lead to bankruptcy for tobacco companies.

Will excluding investment in tobacco companies reduce the share price?

Application of an exclusion can send a strong signal from investors and may affect share prices. In addition, these decisions can draw the attention of analysts who will incorporate factors, including the reasons for exclusion, into their analyses and recommendations.

Will excluding investment in tobacco companies lead to others profiting?

We are not aware of instances of profits increasing as a result of tobacco-free decisions. In the case of tobacco, with many control measures happening simultaneously (regulation restricting point of sale and smoking outdoors, tax increases, plain packaging, etc.) less investment will be just one factor affecting the industry and stock values.

Could there be a backlash from countries dependent on tobacco revenue, for example in Asia? Can excluding investment in tobacco companies cost jobs and livelihoods in low-income countries like Zimbabwe or Malawi?

We are not aware of instances of backlash from countries involved in tobacco production. It should be noted that there are 181 Parties to the UN Tobacco Treaty.

A tobacco-free decision aligns with the efforts of the health and government sectors. Tobacco use is a growing problem for emerging economies, in particular Asia and Africa, with all the health and economic problems that go with it. The WHO predict that by 2025 smoking rates will go up compared to 2010 levels in 17 of the 30 Africa-region countries. In Cameroon the projected increase is from 13.7% to 42.7%.⁶²

Will excluding investment in tobacco companies drive illicit tobacco trade further underground? E.g. Indonesia, Malaysia, Vietnam, China, Thailand?

We are not aware of any link between excluding investment in tobacco companies and increase in illicit tobacco trade.

Other Undesirable Industries

How is the tobacco industry different from other undesirable industries?

1. *No Safe Use*: There is no safe level of consumption. When used as intended, tobacco will have contributed to the early death of two out of three smokers.²
2. *UN Treaty*: In recognition of the global 'tobacco epidemic' the United Nations' Tobacco Control Treaty - the World Health Organization Framework Convention on Tobacco Control - was established. This was the world's first global legally binding public health treaty. 181 Countries are Parties to the Treaty, representing 89.6% of the world's population,⁴ which makes it one of the most widely embraced treaties in United Nations' history.
3. *Engagement is futile*: The World Health Organization has declared, "*The tobacco industry is not and cannot be a partner in effective tobacco control*"⁶ and "*Engagement with the tobacco industry is contrary to the United Nations' systems, objectives, fundamental principles and values.*"²⁷ Positive influence of the industry through professional engagement is futile, as the only acceptable outcome would be for tobacco companies to cease their primary business.

Is tobacco really that bad? My grandfather smokes and he's 92.

When used as intended, tobacco will have contributed to the early death of two out of three smokers.² While some smokers will live long lives, they are far more likely than non-smokers to have a myriad of serious health problems and a reduced quality of life. In addition, their family members are more likely to suffer the consequences of passive smoking.

Will going 'tobacco-free' 'open the flood gates' to other requests?

The case for excluding investment in tobacco can be made upon implementation of a clear and pragmatic decision-making framework. Exclusions are generally only applied in exceptional circumstances – one of them being tobacco. Issues concerning other companies or industries may be amenable to different strategies, such as engagement, best of sector investment or impact investing.

Practical Considerations

How can our financial institution go 'tobacco-free'?

Exposure to tobacco manufacturers may occur via international equities, corporate bonds, fixed interest and derivatives. The process to become completely tobacco-free may take some time and effort, but every step is a welcome advance. For those financial institutions with external fund managers, it is important to ask fund managers about the existence and availability of tobacco-free products which have rapidly been brought to market in recent years to accommodate increasing demand.

Step 1 - Craft a framework to articulate the rationale for excluding tobacco companies (a suggested framework is on page 16 of this Toolkit).

Step 2 - Exclude tobacco manufacturers from all active investments.

Step 3 - Exclude tobacco manufacturers from all passive investments.

Step 4 - Consider reflecting on whether or not to continue other commercial relationships with the tobacco industry. For example, in 2016 AXA decided not to renew corporate insurance covering tobacco manufacturers' products, assets and liabilities⁸² and many banks are reconsidering lending policies.

How should capital be redeployed after going 'tobacco-free'?

Tobacco Free Portfolios does not offer financial advice, however, we have observed several ways that financial institutions have re-allocated capital generated from the process of going 'tobacco-free' :

1. By investing in all other companies in an index.
2. By investing in companies with similar financial performance characteristics (companies classified as 'consumer staples' can be selected).
3. By investing in healthcare related companies. Often this is done with a specific intention to 'be part of the solution' when it comes to addressing the problem of tobacco.

Tobacco Control

Will financial organisations going 'tobacco-free' result in fewer smokers?

Tobacco-free investment is a component of effective tobacco control. Other tobacco control measures include banning sale of tobacco to children, restricting smoking in venues, plain packaging, and raising taxes. All the measures contained in the UN Treaty for tobacco control, which include tobacco-free investment for Governments, are proven to be effective and best practice to protect populations.

What are the world trends in tobacco control?

181 countries are parties to the UN Tobacco Control Treaty, representing 89.6% of the world's population⁸⁰, which commits them to implementing a broad range of tobacco control measures.

In addition, multiple international health organisations (including the World Health Organization and Bloomberg Philanthropies) are actively working with governments of the developing world to enhance tobacco control regulation and reduce tobacco consumption.

2016 regulatory developments:

- France and the United Kingdom of Great Britain and Northern Ireland each began implementation of plain packaging.³⁵
- The US Food and Drug Administration (FDA) finalised a rule deeming tobacco products to be subject to the Federal Food, Drug and Cosmetic Act, which extends the FDA's authority to include the regulation of electronic nicotine delivery systems (such as e-cigarettes and vape pens)³⁶.
- The European Court of Justice upheld new tobacco control regulations regarding packaging, e-cigarettes and a ban on cigarette flavourings.⁶³
- The Australian Government announced four annual 12.5% increases in tobacco excise.³⁸

2017 regulatory developments:

- India announced increasing taxation on cigarettes to 28% plus a 5% additional tax – causing US \$7 Billion drop in value of the top 3 tobacco companies in India.⁴⁰
- 63% of the world population is now covered by at least one comprehensive tobacco control measure, increased from 15% in 2007.⁴¹
- Nepal introduced the world's largest health warnings – covering 90% of the package.⁴¹
- India launched a nationwide toll free quit line.⁴¹
- The World Trade Organization upheld plain packaging law in Australia, ordering PMI to pay the government legal costs for the case they brought against the government.⁴²
- In July 2017 the FDA announced it was considering capping the amount of nicotine in cigarettes to non-addictive levels, causing share prices to drop.⁴³

Are there ideas to end the tobacco epidemic?

There are proposals for a 'Tobacco Free Generation' where a point in time will be decided with those born after the selected date unable to purchase cigarettes.

Link for more information: <http://www.tobaccofreegen.com>

A 'Smoker's Licence' has also been proposed which would operate like prescription drugs with additional assistance to quit.

For more information, please see:

<http://theconversation.com/making-smoking-history-the-case-for-a-smokers-licence-42362>

Other options: Environmental Social Governance (ESG) and Socially Responsible Investments (SRI)

Can't we just offer an ESG or SRI option?

Socially Responsible Investments (SRIs) and sustainable investment options are subject to broad and varied interpretations across the industry. They do not represent a defined and enforceable standard and may include tobacco unless an exclusion policy is clearly specified.

In addition, many investors, particularly members of pension funds, are not engaged with their investments and tend to be in default or mainstream options. Many investors, especially members of compulsory pension funds, are not adequately financially literate to make informed decisions.

Why do tobacco companies perform well on ESG ratings?

Many ESG and 'sustainable' ratings are not tools to screen out particular industries or companies, rather a 'best of sector' approach is taken, which sees tobacco companies being rated only against each other. Many rating agencies use a system that awards top marks for at least one company in each sector, which sees tobacco companies with the least negative scores being given A's or five star ratings. In addition, the core purpose and impact of the business is not necessarily considered amongst the ESG/sustainability factors (for example, the fact that tobacco companies sell products that kill two out of three of their best customers² may not be considered). Other factors, such as flexible work practices, diversity on boards and employee compensation are rated, which sees several tobacco companies scoring high marks for 'Governance'.

Tobacco Free Portfolios is working with global data providers and rating agencies to revise this methodology. In May 2017, following a review of tobacco companies' social responsibility risks, Vigeo Eiris downgraded the tobacco sector average score by 7.2 points, from 46/100 to 38.3/100. The scores and rankings of these companies make them de facto ineligible for inclusion in the reference indices [best-in-class] developed by the agency.⁶⁴

Engagement

Why can't we use the approach of engagement with tobacco companies, rather than applying an exclusion?

Engagement with the tobacco industry is futile. Please see page 37 for detailed information.

Legality and Personal Choice

Tobacco is a legal product so why shouldn't we invest in it?

Tobacco is legal because of an historical mistake. It is highly unlikely that tobacco would have been made legal had governments at the time known of the extraordinary harm caused by the product.

Tobacco is one of the most highly regulated legal products that exists, as governments across the world implement stricter tobacco controls in an effort to arrest the tobacco epidemic.

Legality is not always an indication of what is right – for example, slavery and apartheid were both legal at different points in history.

Why don't we just make tobacco illegal?

Many smokers are regretful smokers who continue to smoke because they are addicted to the nicotine in cigarettes (over the years, it has been noted that the amount of nicotine in cigarettes has been increased).⁶⁵ In Australia, approximately 40% of smokers try to quit each year.⁶⁶ Health experts are focused on helping smokers to quit, not labeling them as criminals.

What about freedom of choice? Don't people have the right to smoke?

Yes – of course they do. We are simply encouraging tobacco-free finance. Tobacco is a children's issue with most smokers starting when they are young (in Pakistan, 40% of boys start smoking before the age of ten years),⁶⁷ well before they are able to fully understand the future, life-long risks they will face.

Country Taxes

Do countries really want to see the decline of tobacco when they collect so much from tobacco through tax?

The health treatment costs of smoking far outweigh government revenues from tobacco taxes. In other words, the tobacco industry is a net cost to society.

The additional healthcare costs as a result of smoking outweigh income from tobacco taxes with the total global economic impact from smoking estimated at €2 Trillion per year, the same as the cost of armed violence, war and terrorism and more than obesity, alcoholism or climate change.⁶⁸

Fiduciary Duty

We are legally obliged to consider returns so are we even allowed to consider a tobacco-free investment mandate?

Trustees of superannuation funds and other financial service providers are subject to statutory obligations to act in the 'best interests' of their clients. The term 'best interests' is one of continuing inquiry within the sector with a growing belief that it implies the pursuit of more than a purely financial benefit.

According to lawyer Michelle Levy, Partner, Allens, the globally recognised law firm, *“What really does matter is that the best interests duty is not interpreted as a duty to obtain the best outcome.”*⁶⁹ In 2014, the UK Law Commission Report provided further clarification on fiduciary duties when they concluded, *“..the law is sufficiently flexible to allow other, subordinate concerns to be taken into account... provided that: they have good reason to think that scheme members share the concern; and there is no risk of significant financial detriment to the fund.”*⁷⁰

Decisions and guidance indicate that fiduciary duty can be maintained whilst implementing tobacco-free investment mandates. This is evidenced by the decisions of over 45 pension funds in Australia, comprising over 400 trustees and directors, implementing completely tobacco-free investment mandates.

Will the concept of fiduciary duty be changing?

In 2016, the Principles for Responsible Investment with the United Nations Environment Programme Finance Initiative (UNEP FI), United Nations Environment Programme (UNEP) and the United Nations Global Compact released a report titled, *Fiduciary Duty in the 21st Century*. Fiona Reynolds, CEO, Principles for Responsible Investment stated in the Report, *“Recent studies have broadened the interpretation of fiduciary duty away from the narrow confines of past definitions, and have emphasised that there is no conflict between fiduciary duty and ESG [Environmental, Social, Governance] considerations – there is a growing recognition that ESG issues are in fact financially material to a portfolio. Using the status quo as a reason for not integrating ESG is no longer acceptable.”*⁷¹

A new pensions directive was passed by the European Parliament on 24 November 2016 requiring EU workplace pension funds to consider Environmental, Social and Governance (ESG) issues. This is considered a ‘landmark’ moment for responsible investment.

The new pensions directive stipulates that:

1. ESG criteria is to be considered in investment decisions and their practical implementation should be disclosed in regular reports.
2. Pension funds have to include their ‘stranded asset’ strategy as part of their risk management procedure.
3. The integration of ESG considerations will not be considered as conflicting with fund managers’ fiduciary duties. Fund managers will not be exposed to legal liability for an alleged failure to act prudently by prioritising ESG factors over financial risk returns in their investment decisions.⁶⁰

Implementation

Is it difficult or costly to implement a tobacco-free investment policy?

As a result of increasing demand for tobacco-free products, fund managers have responded by creating tobacco-free collective investment vehicles. Increasingly these are available to smaller investors in the market (not just the largest institutional investors) and at low cost. In Australia, more than 20 fund managers including some with extensive global operations offer tobacco-free mutual funds.

Which companies should be excluded?

The commonly accepted definition of tobacco-free investment is to exclude tobacco manufacturers (not retailers or companies associated with transport, machinery or packaging).

The Norwegian Sovereign Fund has a published list of excluded tobacco manufacturers available to view online here: <https://www.nbim.no/en/responsibility/exclusion-of-companies/>

As of January 2019, the tobacco related restricted entities are:

- Schweitzer-Mauduit International Inc. (8 May 2013)
- Huabao International Holdings Limited (8 May 2013)
- Grupo Carso SAB de CV (24 August 2011)
- Shanghai Industrial Holdings Ltd. (15 March 2011)
- Altria Group Inc. (31 December 2009)
- British American Tobacco BHD (31 December 2009)
- British American Tobacco Plc. (31 December 2009)
- Gudang Garam Tbk pt. (31 December 2009)
- Imperial Brands Plc (19 January 2010)
- ITC Ltd. (31 December 2009)
- Japan Tobacco Inc. (31 December 2009)
- KT&G Corp (31 December 2009)
- Philip Morris International Inc. (31 December 2009)
- Philip Morris Cr AS. (31 December 2009)
- Pyxus International Inc (former Alliance One International Inc) (19 January 2010)
- Swedish Match AB (31 December 2009)

- Universal Corp VA (31 December 2009)
- Vector Group Ltd. (31 December 2009)

The Global Industry Classification Standard (GICS) Code that identifies manufacturers is GICS Code 30203010. Some financial institutions exclude tobacco based on this code, however, we encourage a more comprehensive screen to capture all tobacco manufacturers. This more comprehensive screen will be required to meet the criteria for adoption of the 'Stamp of Approval'.

If tobacco exposure is through an index, there are indices available that exclude tobacco, such as the 'MSCI Ex-Tobacco Involvement Indexes' (refer link below).

<https://www.msci.com/documents/10199/35f97571-c120-bf62-d2ab-6fec78328abe>

How long will it take to implement a tobacco-free investment mandate?

Depending on the complexity of investments, excluding investment in tobacco can be as simple as making the request to a fund manager, for others it may involve the selling of stocks, and non-renewal of investments over time.

Why go 'tobacco-free' now?

The expectations of the finance sector are evolving with finance leaders increasingly being called upon to play their part in global priorities. In addition, many fund members and investors are looking to ensure their own values are aligned with their investments.

With more and more people dying of long-term, non-communicable diseases (like cancer, heart disease and respiratory illnesses) and with tobacco the primary risk factor for these diseases, tobacco control is considered a global priority, as articulated in the Sustainable Development Goals.

Could this be a bad news story when people see how much exposure we had?

To date the decision to go tobacco-free has been largely positively received by members and the investment community. Some organisations have seen the implementation of the decision as an opportunity to highlight the decision and to encourage others to follow. Others have made and implemented the decision without any public announcement.

CalPERS

During the review of CalPERS' tobacco-free investment position, research was presented that claimed CalPERS had foregone US \$3 Billion in returns because of its position. Doesn't this prove tobacco-free investment is not a good decision?

It should be noted that on review of the evidence, in December 2016, the CalPERS Board decided not only to maintain, but to extend CalPERS' tobacco-free investment policy to external fund managers.

"I continue to believe that investing in tobacco-related securities [would be] a bad economic decision for CalPERS beneficiaries, for the state in general and for the world as a whole"

— John Chiang, California State Treasurer, December 2016⁷²

12.

Our Team, Sponsors & Partners and Memberships.

Tobacco Free Portfolios Team



Dr. Bronwyn King AO, MBBS, FRANZCR is a practicing Radiation Oncologist and Founder, CEO and Director of Tobacco Free Portfolios

Dr Bronwyn King AO is a social entrepreneur, movement maker, company director, medical specialist and humanitarian on a mission to inspire and transform organisations into purpose driven, sustainable businesses. She is the Founder and CEO of Tobacco Free Portfolios, an NGO she established after her uncomfortable discovery that her own hospital's pension plan was investing her money in Big Tobacco. Alongside an accomplished team of medical doctors, ethics experts and sustainable finance professionals, her engagement across the global corporate, finance, health and diplomatic sectors led to the launch of the Tobacco-Free Finance Pledge at United Nations' Headquarters in 2018. This initiative - backed by President Macron and former Australian Prime Minister Turnbull - now has 160+ Signatories with combined AUM of US\$11 trillion. Dr King's 2017 TEDx Sydney talk has been viewed more than 3 million times.

A former elite swimmer who represented Australia and for ten years worked as Team Doctor for the Australian Swimming Team, Dr King is also an Australia Day Ambassador and an Ambassador for Big Brothers Big Sisters Australia. In 2019 Dr King was awarded an Order of Australia (AO) for distinguished service to community health and was named the Melburnian of the Year, an award bestowed by the City of Melbourne.

You can contact Dr. Bronwyn King at bk@tobaccofreeportfolios.org

Tobacco Free Portfolios Team



Ms Gail Hurley, UK/Europe Advocate,

Gail Hurley joined [Tobacco Free Portfolios](https://tobaccofreeportfolios.org) in February 2021 as TFP's UK/Europe Advocate to advance tobacco-free finance with UK and European financial institutions.

Gail worked for the United Nations Development Programme for 10 years as a Senior Policy Advisor on Development Finance in New York and has also held roles in the non-profit sector where she continues to serve in several Board and advisory roles. In addition to her position at TFP, she is a Fellow with [Development Initiatives](https://developmentinitiatives.org), an international development organisation.

In her work for the UN, Gail led a team which worked to develop the world's first tobacco control social impact bond for smallholder tobacco farmers in Zambia to support them to transition to alternative livelihoods (see [here](#) and [here](#)). She saw firsthand how tobacco cultivation traps poor communities in poverty and contributes to deforestation and poor health and nutritional outcomes in the communities that farm it. By developing and investing in financial instruments that make a positive social and environmental impact, the financial sector can become part of the solution. Gail is passionate about international development and environmental conservation, particularly the world's oceans where she has also championed awareness in the investment community of a sustainable ocean economy and opportunities for innovative new finance approaches. She has worked in several countries.

Gail has written extensively on sustainable finance and international development over the years, and has contributed articles and chapters to several [journals](#) and [books](#). She has also written for many development and business media outlets on numerous sustainable finance topics.

Gail studied economics at the London School of Economics and holds an MSc. in Development Studies from the School of Oriental and African Studies. She holds a Bachelor of Arts with Honours in French and Hispanic Studies from the University of Liverpool. She is currently based in Edinburgh, Scotland.

You can contact Ms Gail Hurley at gh@tobaccofreeportfolios.org



Clare Payne, Director of Communications, Tobacco Free Portfolios

Clare advises businesses and leaders on ethics, good governance and trust. She is a former employment lawyer who managed the integrity office of Macquarie Bank and founded The Banking and Finance Oath, a Hippocratic-type oath for those in finance. Prior to the global financial crisis, Clare's paper titled, 'Ethics or Bust' was awarded the inaugural Ethics & Trust in Finance Prize by the Observatoire de la Finance, Geneva. Clare then went on to co-author, A Matter of Trust - The Practice of Ethics in Finance (2018).

Clare holds a Bachelor of Communications and Laws, is a World Economic Forum Young Global Leader and has been recognised as an Australian '100 Women of Influence'. In addition to her role with Tobacco Free Portfolios, Clare holds the position of EY Fellow for Trust and Ethics and is an Honorary Fellow of The University of Melbourne.

Clare is also a former marathon swimmer. She swam 46 kilometres solo around New York City, raising significant funds for the not-for-profit sector and continues to be actively involved in addressing a range of social issues. Clare has applied her unique and valuable skillset to Tobacco Free Portfolios since 2015, with regard to strategy, governance and communications.

You can contact Ms. Clare Payne at cp@tobaccofreeportfolios.org



Milena Stojceska, Senior Manager, Tobacco Free Portfolios

Milena has been an advisor to politicians, business leaders, female founders and foundations. At the Australian Consulate-General in New York she focused on the expansion of Australian businesses into the USA. Prior to her diplomatic role, she advised The Australian Minister for Trade, Tourism and Investment, drawing on her deep background in communications and media. She began her career in journalism, including time with Nine News in Australia after being awarded the John Burton Cadetship Scholarship in Journalism from Bond University.

Powered to make an impact, Milena sits on the Associates Board for Play Rugby USA – helping underserved youths in US communities into college through rugby. She also volunteers as a guide with The Resolution Project assisting a Zimbabwean mother-of-two to launch her social enterprise.

An executive Corporate Sustainability course at New York University ignited her passion for sustainable finance. She joined Tobacco Free Portfolios in 2020 as the Partnerships and Program Manager, driven to accelerate awareness and transition to tobacco-free finance via the Tobacco-Free Finance Pledge.

You can contact Ms. Milena Stojceska at ms@tobaccofreeportfolios.org



Sarrah El Fersaoui, Project Manager, Tobacco-Free Finance Pledge.

For more than 15 years Sarrah holds a master's degree in Law, Economics and Management, specialising in Corporate Social Responsibility (CSR) from the University of Versailles, and a master's degree in Project Management from Centrale Paris. She started her professional career in a quality engineer role, coordinating standards implementation and indicators analysis with ALD (Société Générale Group). She initiated ambitious projects such as ISO 9001 certification and carbon footprint reduction and became increasingly interested in the implementation of CSR projects. Her role involved working with strategic project portfolios across 42 countries for the Société Générale branch.

Sarrah specialises in global project management, having worked mainly in the financial services sector. She consulted in the financial advisory department of Mazars, a global audit, accounting and consultancy group, where she supported the setup of a new practice and assisted clients in the optimization of deal value creation. Prior to this role, she worked in Japan with Arkema providing program management support to the General Manager of a newly acquired subsidiary.

She has volunteered with several charities of Bénénova's network and has always believed in ensuring her work has a positive impact. In recent years, she has developed a special interest in ethical finance leading her to join the Alliance Contre Le Tabac, the French alliance for the denormalisation of tobacco, and Tobacco Free Portfolios, in the context of their partnership.

You can contact Ms. Sarrah El Fersaoui, at sef@tobaccofreeportfolios.org



Dr. Kate Maxfield MBBS, Program Manager, Tobacco Free Portfolios

Dr Kate Maxfield, MBBS, is a practicing Doctor in Australia and the Program Manager for the Stamp of Approval program.

Kate has over a decade of experience in healthcare working in diverse roles across public and private health systems within Australia. Early on in her career she was fascinated by the intersection of politics, economics and healthcare. Consequently, she studied a Diploma of Liberal Arts alongside her medical degree at Monash University.

With a desire to uncover the root causes of global health problems, she commenced a Masters in Disaster, Development and Adaption at King's College London, United Kingdom in 2018.

Kate currently practices medicine in emergency departments predominately across rural and regional hospitals in Victoria, Australia. She has also previously worked in remote settings as an alpine doctor and in aboriginal communities. She is deeply concerned about the impact of tobacco on rural and remote communities, witnessing its adverse impact first-hand, and offering end of life care to patients dying from tobacco related diseases.

Kate is currently based in Melbourne and joined Tobacco Free Portfolios in August 2019 in her role as the Program Manager for the Stamp of Approval program. Prior to this role she volunteered with Tobacco Free Portfolios not only in Australia but also internationally, most recently at the launch of the Tobacco-Free Finance Pledge in New York September 2018.

You can contact Dr. Kate Maxfield at km@tobaccofreeportfolios.org

Sponsors and Partners

We couldn't do this alone. There are many Sponsors & Partners of Tobacco Free Portfolios and their help and assistance is invaluable.

We greatly appreciate the financial support received from our valued partners including:

- The Baker Foundation
- Cancer Research UK
- Perspective Investments
- Perpetual Foundation
- The Danish Cancer Society
- The Truth Initiative (USA)
- Swiss Lung Association
- VicHealth

Founding Financial Partners of The Tobacco-Free Finance Pledge:

- AXA
- BNP Paribas
- Natixis
- AMP Capital

Sincere thanks to the organisations and foundations listed below, as well as many individuals and families whose generous donations have supported our work in the past:

- AMP Capital
- Cancer Research UK
- The Danish Cancer Society
- Equity Trustees
- Guild Super
- Norwegian Cancer Society
- Perpetual Foundation
- Perspective Investment Management LTD
- Small Giants Community
- Tata Trust
- Telethon Kids Institute
- Union for International Cancer Control (UICC)

We also appreciate previous grants received from the following organisations that assisted us in our early work:

- The Union for International Cancer Control
- Perpetual Foundation
- Equity Trustees
- AMP Foundation
- The Norwegian Cancer Society
- The Thoracic Society of Australia and New

We acknowledge the work of and welcome continued collaboration with organisations and individuals in the global tobacco-control community including:

- The World Health Organization
- The UN Tobacco Control Treaty (the World Health Organization Framework Convention on Tobacco Control)
- The Non-Communicable Disease Alliance
- The World Federation of Public Health Associations
- Tobacco Free Kids
- The Framework Convention Alliance
- The South East Asian Tobacco Control Alliance
- Unfairtobacco
- The International Association for the Study of Lung Cancer

- European Cancer Leagues
- The Australian Medical Association
- The Peter MacCallum Cancer Centre
- Cancer Council Australia
- Cancer Council Victoria
- Quit Victoria
- Cancer Institute of New South Wales
- The National Heart Foundation (Australia)
- Professor David Ball AO
- Professor Rob Moodie
- Professor Melanie Wakefield
- Professor Emily Stone
- Professor Helen Zorbas AO
- Dr Judith Mackay OBE
- Professor Stanton Glantz
- Matt Myers
- Professor Matthew Rimmer

Individuals

- The Honourable Ted Baillieu AO (strategy)
- Mario Pirone (strategy)
- Murray Brewer (strategy)
- Manny Gerassimou (printing)
- Nicole Smith (current website and communications)
- Ben Pirotte (graphic design)
- David Willis and David Tongs (film and video)
- Murray Bransgrove (original website and design)

Organisations

- Russell Kennedy Lawyers
- First State Super
- Kwik Kopy, Fitzroy, Victoria
- RAPP
- Media Sixx
- Presentation Studio
- ANZ bank

We wish to acknowledge the generous support of many others who provide behind the scenes support and advice.

Our Memberships

Tobacco Free Portfolios is delighted to be a member of:

- The UN-supported Principles for Responsible Investment
- The UN Environment's Principles for Sustainable Insurance
- The Framework Convention Alliance
- The Association of Superannuation Funds of Australia Limited
- PLSA Pensions and Lifetime Saving Association, UK

Tobacco Free Portfolios is now an official Observer of the Conference of the Parties of the WHO Framework Convention on Tobacco Control.

Sources.

1. [Banks et al. Tobacco smoking and all-cause mortality in a large Australian cohort study: findings from a mature epidemic with current low smoking prevalence. BMC Medicine \(2015\) 13:38 <http://www.biomedcentral.com/content/pdf/s12916-015-0281-z.pdf>](https://www.biomedcentral.com/content/pdf/s12916-015-0281-z.pdf)
2. <http://www.who.int/mediacentre/factsheets/fs339/en/>
3. http://apps.who.int/iris/bitstream/handle/10665/43818/9789241596282_eng.pdf?sequence=1
4. <https://www.ftc.org/raffication-map/>
5. <http://www.who.int/tobacco/resources/publications/Tobacco%20Industry%20Interference-FINAL.pdf>
6. https://www.ftc.org/wp-content/uploads/2015/10/SDGs_ToolkitFINAL.pdf
7. https://www.unfairtobacco.org/wp-content/uploads/2017/08/sdg-facts01_en-revised.pdf
8. <http://apps.who.int/iris/bitstream/handle/10665/255874/9789241512824-eng.pdf?sequence=1>
9. <https://www.ftc.org/resource-hub/malawi-child-tobacco-pickers-exposed-to-nicotine-poisoning/>
10. http://www.who.int/tobacco/publications/gender/en_fti_gender_women_summary_overview.pdf?ua=1
11. <http://www.who.int/news-room/fact-sheets/detail/tobacco>
12. <http://apps.who.int/iris/bitstream/handle/10665/251465/9789290225355-eng.pdf?sequence=1&isAllowed=y>
13. <https://tobaccocontrol.bmj.com/content/8/1/18>
14. http://www.tobaccofreekids.org/tobacco_unfiltered/post/2013_04_09_legacy
15. http://www.un.org/ga/search/view_doc.asp?symbol=A/CONF.227/L.1&referer=http://www.un.org/esa/ffd/ffd3/&Lang=E
16. <https://tobaccocontrol.bmj.com/content/tobaccocontrol/8/1/18.full.pdf>
17. <https://www.ft.com/content/1ae33bc8-454e-11e6-9b66-0712b3873ae1>
18. <https://blogs.bmj.com/tc/2015/01/27/tobacco-industry-confronted-with-child-labour/>
19. https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_545944.pdf
20. <https://www.dol.gov/sites/default/files/documents/ilab/ListofGoods.pdf>
21. <https://www.hrw.org/report/2014/05/13/tobaccos-hidden-children/hazardous-child-labor-united-states-tobacco-farming>
22. <https://www.hrw.org/reports/1996/India3.htm>
23. https://www.buzzfeed.com/coralewis/child-farmworkers-banned-from-handling-pesticides?utm_term=.vx3EQG1DDm#_stQlBg3zz8
24. <http://old-site.eclt.org/about-us/history-principles/>
25. <https://books.google.co.uk/books?id=X3vkCwAAQBAJ&pg=PA201&pg=PA201&dq=the+contradiction+between+what+the+ tobacco+industry+says+and+what+it+does&source=bl&ots=SvS9-8c6df&sig=yDmbvnB6vmzSpQDsoTKHslFn6l&hl=en&sa=X&ved=0ahUKEwiPoPWj8e3TAhUJDsAKHYVSBsEQ6AEINTAD#v=onepage&q=the%20contradiction%20between%20what%20the%20 tobacco%20industry%20says%20and%20what%20it%20does&f=false>
26. <http://www.borgenmagazine.com/tobacco-child-labor-malawi/>
27. <http://www.who.int/ctc/secretariat/head/statements/2017/ungc-integrity-review-tobacco-industry/en/>
28. <http://www.who.int/tobacco/resources/publications/Tobacco%20Industry%20Interference-FINAL.pdf>
29. <https://www.surgeongeneral.gov/library/reports/preventing-youth-tobacco-use/full-report.pdf>
30. <https://www.ncbi.nlm.nih.gov/pubmed/16728754>
31. https://www.cdc.gov/tobacco/data_statistics/fact_sheets/tobacco_industry/marketing/
32. <https://www.ftc.gov/system/files/documents/reports/federal-trade-commission-cigarette-report-2012/150327-2012cigaretterpt.pdf>
33. https://cancercontrol.cancer.gov/brp/tcrb/monographs/19/m19_complete.pdf
34. <https://www.ft.com/content/1ae33bc8-454e-11e6-9b66-0712b3873ae1>
35. <http://www.who.int/mediacentre/news/releases/2016/world-no-tobacco-day/en/>
36. <https://www.fda.gov/newsevents/newsroom/pressannouncements/ucm568923.htm>
37. <https://www.fda.gov/TobaccoProducts/Labeling/RulesRegulationsGuidance/ucm394909.htm>
38. <http://www.reuters.com/article/us-eu-court-tobacco-idUSKCN0XVOMB>
39. http://budget.gov.au/2016-17/content/glossies/tax_super/html/tax_super-05.htm
40. <https://www.ft.com/content/d67d0f56-6b79-11e7-bfeb-33fe0c5b7eaa>
41. <http://www.who.int/mediacentre/news/releases/2017/tobacco-report/en/>
42. <http://www.reuters.com/article/us-wto-tobacco-australia-idUSKBN1801S9>
43. <https://uk.reuters.com/article/us-fda-tobacco-regulation-idUKKBN1AD1VW>
44. <http://www.bbc.co.uk/news/world-us-canada-32969338>
45. <https://www.nytimes.com/2014/07/20/business/jury-awards-23-6-billion-in-florida-smoking-case.html>
46. <https://www.law360.com/articles/895503/rj-gets-new-trial-in-engle-case-where-jury-awarded-23b>
47. https://www.sec.gov/Archives/edgar/data/1275283/000119312515040558/d821365d10k.htm#x821365_11

48. [http://www.bat.com/group/sites/UK_9D9KCY.nsf/vwPagesWebLive/DOAWWGJT/\\$file/Annual_Report_and_Form_20-F_2017.pdf](http://www.bat.com/group/sites/UK_9D9KCY.nsf/vwPagesWebLive/DOAWWGJT/$file/Annual_Report_and_Form_20-F_2017.pdf)
49. <https://www.humanrights.dk/news/human-rights-assessment-philip-morris-international>
50. <https://www.nytimes.com/2016/05/24/sports/baseball/tony-gwynn-family-sues-tobacco-altria-death.html>
51. <https://www.tobaccofreekids.org/media/2017/corrective-statements>
52. <http://www.who.int/tobacco/publications/economics/nci-monograph-series-21/en/>
53. http://www.who.int/tobacco/communications/events/wntd/2004/tobaccofacts_nations/en/
54. <http://www.nytimes.com/2016/05/26/world/asia/indonesia-child-labor-tobacco-nicotine-pesticides.html>
55. <https://www.hr.w.org/news/2016/05/25/indonesia-child-tobacco-workers-suffer-firms-profit>
56. <https://www.ft.com/content/6ca7f490-3c73-11e7-821a-6027b8a20f23>
57. <https://www.axa.co.uk/newsroom/media-releases/2016/AXA-Group-divests-tobacco-industry-assets/>
58. <https://www.ampcapital.com/europe/en/media/articles/2017/March/media-release-amp-capital-introduces-new-ethical-framework>
59. <http://www.latham.london/2016/12/eu-workplace-pensions-now-required-to-incorporate-esg-issues/>
60. <https://www.hsph.harvard.edu/news/features/adolescent-health-threats/>
61. <http://nltimes.nl/2017/03/24/dutch-cancer-assoc-files-lawsuit-tobacco-producers>
62. <https://www.theguardian.com/world/2017/jul/12/big-tobacco-dirty-war-africa-market>
63. <https://www.nytimes.com/2016/05/05/business/eus-highest-court-upholds-strict-smoking-rules.html>
64. <http://www.vigeo-eiris.com/vigeo-eiris-downgrades-the-scores-of-tobacco-sector-companies/>
65. https://www.tobaccofreekids.org/press-releases/2014_06_23_report
66. <https://onlinelibrary.wiley.com/doi/full/10.1111/j.1753-6405.2011.00733.x>
67. <http://www.daily-sun.com/post/233118/40-percent-kids-smoke-first-cigarette-before-age-10-Study>
68. <https://www.vox.com/xpress/2014/11/20/7254621/smoking-costs-the-world-more-than-war-and-terrorism>
69. <http://www.allens.com.au/pubs/fsr/150205-unravelling-02.htm>
70. <http://www.lawcom.gov.uk/project/fiduciary-duties-of-investment-intermediaries/>
71. <https://www.responsibleinvestment.co.nz/news/new-report-aims-to-end-debate-about-esg-and-fiduciary-duty>
72. <http://www.treasurer.ca.gov/news/releases/2016/20161213.asp>

