



Press Release: September 24, 2004  
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## Spreading smoking bans a risk to investors in tobacco

The working group of investors convened by *Just Pensions* has highlighted smoking bans, advertising restrictions, and other tobacco controls as a potentially material risk to investments in tobacco companies.

"Smoking bans in public places could reduce the number of smokers as well as their consumption rate. Falling demand for cigarettes reduces the volume of sticks purchased, and therefore company revenue."



On Monday, *Just Pensions*, a programme of the [UK Social Investment Forum](#) (the UK's membership network for [Socially Responsible Investment](#)) launches the sixth in a series of notes aimed at highlighting non-traditional financial risks to pension fund trustees.

The note highlights the increasing control of tobacco through regulation in both the short and the long term. The WHO's Framework Convention on Tobacco Control was identified as a key long term risk to companies dependent on developing countries to sustain growth. The Convention, which includes measures such as smoking and advertising bans to reduce demand for cigarettes, could result in a reduced market for cigarettes globally. Tobacco companies are increasingly adopting the Corporate Social Responsibility agenda in an attempt limit further tobacco control in key markets. But companies which fail to live up to their own codes of conduct risk further damaging their relationships with regulators.

Rob Lake of Henderson Global Investors said:

'From advertising bans and restrictions on passive smoking to litigation for health damage, the tobacco industry faces risks on many fronts. It's essential for investors that tobacco companies demonstrate they are living up to the corporate responsibility standards they are setting themselves.'

The Tobacco note has been produced in collaboration with 7 of UKSIF's fund management members: Jupiter, Henderson, Morley, Insight, Schroders, CIS and USS.

The series of notes runs for two years, with the next note focusing on the general retail sectors due for release in November 2004.

-ENDS-

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### Editors Notes

1. *Just Pensions* is a programme of the [UK Social Investment Forum \(UKSIF\)](#) - the UK's membership network for [socially responsible investment \(SRI\)](#). *Just Pensions* aims to educate and influence UK pension funds and other institutional investors about the importance of international development issues in their practice of SRI. In addition to its education and awareness raising activities, *Just Pensions* co-ordinates in-depth research to assess current practice and works to address the blocks to the growth of SRI generally and pro-poor SRI in particular. *Just Pensions* also provides SRI toolkits for trustees, and engages with stakeholders on SRI best practice. Together with [UKSIF](#) and [Eurosif](#), *Just Pensions* aims to raise SRI on the public policy agenda in the UK and Europe. *Just Pensions* draws upon the expertise of a multi-stakeholder advisory board of SRI practitioners and other

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industry specialists and currently receives core funding from the Department for International Development (DFID). For further information, visit [www.justpensions.org](http://www.justpensions.org).

- The UK Social Investment Forum (UKSIF) is the UK's membership network for [socially responsible investment \(SRI\)](#). UKSIF's primary purpose is to promote and encourage the development and positive impact of SRI amongst UK based investors. UKSIF believes that all material social, environmental and ethical (SEE) issues should be integrated into standard investment practice. The Forum was launched in 1991 to bring together the different strands of SRI nationally and to act as a focus and a voice for the industry. UKSIF's 250+ members and affiliates include retail and institutional fund managers, financial advisers, SRI research providers, consultants, trade unions, banks, building societies, community development finance institutions, NGOs and individuals interested in SRI. In addition to UKSIF's programmes and parliamentary work, the Forum prepares member newsletters and briefings, as well as co-ordinating a wide range of events, from small seminars to conferences on topics reflecting the full spectrum of interest in the SRI field. UKSIF also works to educate the public and Government about SRI. For further information, visit [www.uksif.org](http://www.uksif.org).

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