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Socially responsible investing is no “sell out”

Socially responsible investing (SRI) involves the effort of investors committed to making their equities and bonds freer from violations against these investors’ social, moral or environmental “bottom lines.” Depending on the group, various “screens” prohibit investments in companies identified with tobacco, alcohol, gambling or abortion. Others engage in companies regarding issues which pass their “screens.” Others “buy into” such companies in order to challenge them on their practices.

I have been the corporate responsibility agent of my group of Catholic brothers, the Midwest (US) Capuchin Franciscans, since 1973. It was in this capacity, after seeing the penetration of US tobacco companies in Latin America in 1980, we bought 10 shares each of Philip Morris and RJ Reynolds so we could challenge them on their practices. Since then we and other members of the Interfaith Center on Corporate Responsibility in New York and other SRI groups, have raised almost every imaginable issue via shareholder resolutions at the US-based tobacco companies, as well as others connected to them (see www.michaelcrosby.net/corporateform).

My experience of challenging the tobacco companies since 1980 is the same as I testified at the Engle Trial: there have been no real changes. However, we have had some success vis-à-vis our challenges to the “allies” of the tobacco companies. This includes getting Eastman Kodak to leave the filter business, Kimberly Clark to divest from its $400 million involvement in making tobacco paper and Sara Lee to spin off its $400 million from rolling tobacco via its Netherlands-based Douwe Egberts Van Nelle division. Also, our resolutions at the likes of McDonalds and Wendys have contributed to their going smoke free.

An examination of our resolutions at the tobacco companies themselves, since 1980, clearly shows we stand 100% against the product they make. To this end, our members have filed governance resolutions geared to get them “out of the business,” as well as a host of resolutions ranging from youth (Joe Camel), to targeting (menthols and African Americans), to warnings, along with issues specific to health (nitrosamines, Light/Ultra Light, benzo[a]pyrenes, etc). Always the companies have opposed these.

Rarely, a company responds positively to our resolutions. Such a case, I believe, involves Philip Morris International (PMI).

In 2007, after reading about green tobacco sickness (GTS) affecting farm workers, I crafted a shareholder resolution for my province of brothers to submit to Reynolds American International (RAI) for inclusion in its 1998 proxy materials. So we could prevail any RAI challenge at the Securities and Exchange Commission, I couched the resolution in human rights-for-workers language.

The resolution was a boon to the Farmworkers Labor Organizing Committee (FLOC) in its efforts to represent the farm workers. It had scores of people demonstrating at RAI’s annual general meeting (AGM). Its representatives spoke in support of the resolution at the meeting itself. It received a very high 10.4% of the vote, an unusually high percentage, given its 42% ownership by British American Tobacco (BAT).

In autumn 2008 I resubmitted the resolution for RAI’s 2009 AGM. I also submitted it to Altria and PMI.

In early 2009 PMI asked to meet. At a February meeting PMI said the GTS concerns we raised as shareholders had come as a surprise. I said I found that hard to believe, but would leave any evidence to the contrary to others.

PMI said it was committed, among other things, to address GTS with protocols for its growers, work with universities researching the issue and would monitor its GTS protocols with its growers.

While I indicated general support for its direction, I expressed concerns about its supply-chain (it didn’t cover its growers’ contracts with their suppliers) and the need for external monitoring (otherwise it would be like having the fox promising to guard the chicken house).

PMI revised its suggested protocols to include our supply-chain concerns. It also indicated its openness to talk with our ICCR staff member in charge of monitoring such agreements. In past negotiations with other non-tobacco companies, the latter has been done with some degree of success. I made it clear that, if we shareholders discovered such monitoring was not successful, we could always return with another resolution indicating the lack of compliance.

So, given the above, we withdrew the resolution, reminding PMI that we would be back, as we have since 1980. The issue was reported in the Wall Street Journal (24 March 2009 (see www.michaelcrosby.net/corporateform).

When I shared the above at the Second International Meeting on Human Rights and Tobacco Control in Mumbai (14 March 2009) I was challenged about “selling out” to PMI and warned about “being used.” I countered that I had never been accused of either and that the proof would be in the compliance.

During my conversations with PMI, I learned that Altria had been talking with its former partner about our resolution. When Altria finally contacted me with its proposals regarding GTS, a key component involved an annual “certification” by the farm owners that they were in compliance. I said this was unacceptable. It would be asking the proverbial fox to promise compli-
Views on trying to change the tobacco industry: health justice and marginalisation of tobacco companies

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During a film-making project in Malawi in March 2003, I spent the day with a Philip Morris executive visiting tobacco industry-funded social responsibility projects in Malawi. 1 Listening to the executive talk to tobacco farmers about the benefits of participation in tree-planting and water-well construction projects showed me the human face of the global tobacco industry. It provided me with an understanding of tobacco companies’ efforts to use sustainable development schemes to keep Malawi economically dependent on tobacco farming, while making it unpopular and difficult for Malawians concerned with health and human rights to oppose an industry that does not spend money for development.

On the return trip from villages to Lilongwe, Malawi’s capital city, I realised that my encounter with the executive had reinforced my view that tobacco industry activities to promote farmer welfare and sustainable agriculture do have some direct impact on farmers’ livelihoods, such as an increase in the number of children who attend school and improved access to clean water. But at what cost? The industry’s activities are really more about promoting an image of corporate responsibility to deflect public attention from tobacco-related child labour, deforestation, pesticide poisoning and soil depletion—in Malawi and other countries. The experience in Malawi showed me that individuals and organisations working with tobacco companies to advance socioecological development and public health actually put themselves in the service of tobacco companies and contribute to companies’ efforts to recruit new smokers, exploit farm workers and destroy natural environments.

Tobacco companies work with health researchers, environmentalists and human rights advocates to ensure sustainability of the smoking business and access to profits. Tobacco wealth derives from cigarette sales and tobacco leaves produced with low cost or unpaid farm workers in developing countries. The drive for corporate profits is part of a history of the industry misleading the public and concealing the real human and ecological costs of tobacco farming.

Reaching out to sympathetic individuals and groups may give the appearance that the industry wants to be less harmful to people and environments. Tobacco companies seek to obtain allies to portray companies as engaged with society, while these same companies expand the global trade in cigarettes and create new markets. Industry leaders develop new addictive products and pay local cigarette girls to distribute free samples. To make tobacco appear less harmful and consistent with conscious consumerism, tobacco companies promote organic cigarettes and claim their tobacco leaves are grown without soil contamination. Yet they still use pesticides to either increase the yield of tobacco and create new markets. Industry leaders may give the appearance that the industry wants to be less harmful to people and environments.

Industry efforts to present images of social responsibility along the tobacco supply chain involve partnerships among tobacco companies and tobacco industry funded-environmental groups to associate tobacco with biodiversity and land conservation. British American Tobacco, Japan Tobacco and Imperial Tobacco publish on their websites policy statements on human rights that are consistent with the United Nations Universal Declaration of Human Rights. Philip Morris’s 2009 fact sheet for farm workers, “Prevention is our intention,” discusses the risks of green tobacco sickness (GTS)—nicotine poisoning from moist leaves that causes vomiting and, in extreme cases, death. The fact sheet portrays Philip Morris as an advocate for farm worker welfare. In reality, these same tobacco companies oppose independent, third party enforcement mechanisms and binding, signed contracts between tobacco farm worker trade unions and tobacco companies.
Individuals and groups that view tobacco companies’ efforts as an index to a more compassionate smoking business and that choose to work with companies risk legitimising tobacco companies that have a long record of public deception and labour exploitation.

I practise an approach that refuses to work with and seeks to marginalise tobacco companies. The approach recognises that tobacco companies spend more money advertising social responsibility schemes than solving health and socioecological problems. The smoking business acquires wealth through selling cigarettes, a deadly product; uses cheap or unpaid labour, and usurps land for non-food crop farming (for example, tobacco) in developing countries. As such, it is undeserving of support from health and human rights advocates, regardless of its “human face.” Instead of working with tobacco companies, individuals and groups focused on health justice need to build and fund solidarity networks among tobacco control advocates and integrate on an equal footing voices of farm workers and other groups along the tobacco supply chain in policy processes that will fundamentally change the tobacco industry.


REFERENCE

Cover credits correction
The cover credits for the August 2009 edition of Tobacco Control were incorrect. They should be as follows: Row 1, left to right: 1. Katy Pessimenti; 2. Dina Kania; 3. Dover Youth 2 Youth. Row 2: No Limits. Row 3: 1. Anna White/Essential Action; 2. Anna White/Essential Action; 3. Dina Kania