

**To Norges Bank**

30.03.2022

**Recommendation to exclude Canopy Growth Corp from the Norwegian  
Government Pension Fund Global's investment universe**

UNOFFICIAL ENGLISH TRANSLATION

# 1 Introduction

In its report (white paper) to the Norwegian parliament (Storting) Meld. St. 24 (2020–2021), the Ministry of Finance proposed that the Norwegian Government Pension Fund Global (GPFG) should not invest in companies that produce cannabis as a recreational drug.<sup>1</sup> The Ministry's report also addressed the Ethics Commission's recommendations.<sup>2</sup> One of the issues discussed by the Commission was whether cannabis as a recreational drug should be included in the GPFG's ethical guidelines as a separate exclusion criterion. The Commission came to no conclusion on this question.

The Norwegian Ministry of Finance gave the following reason for adding the production of cannabis for recreational use as a new product-based criterion in the guidelines:

*Cannabis is a narcotic substance that is illegal to produce and sell in Norway, and Norway has ratified the International Drug Control Conventions. In the Ministry's opinion, this expresses a fundamental value about which there is broad agreement in the population and which indicates that the production and sale of cannabis for recreational use should be included as a new criterion for the exclusion of companies from the GPFG. (Meld. St. 24 (2020-2021) Report to the Storting, 7.4.3.3).*

The Ministry's proposal was affirmed by the Storting. In line with this decision, the Ministry of Finance has expanded the Guidelines for Observation and Exclusion of Companies from the Government Pension Fund Global (GPFG) to also include companies that produce cannabis as a recreational drug.

## 2 Background

Pursuant to section 3(1) of the Guidelines for Observation and Exclusion of Companies from the Government Pension Fund Global, the "GPFG shall not be invested in companies which themselves or through entities they control: [...] c) produce cannabis for recreational use."<sup>3</sup> Section 2 of the guidelines states that "advice and decisions pursuant to the criteria set out in section 3 may also apply to companies only included in the reference index or to be included in the reference index".

The Council continuously monitors the GPFG with a view to identifying companies that fall within the scope of the guidelines. Companies included in the reference index which have not been invested in by the GPFG are assessed as required.

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<sup>1</sup> Meld. St. 24 (2020-2021) Report to the Storting (white paper): <https://www.regjeringen.no/no/dokumenter/meld.-st.-24-20202021/id2843255/> (in Norwegian), [https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwj2zOaO8M\\_4AhUKQfEDHbHhAbkQFnoECBwQAQ&url=https%3A%2F%2Fwww.regjeringen.no%2Fen%2Fdokumenter%2Fmeld.-st.-24-20202021%2Fid2843255%2F&usg=AOvVaw02qoLygNmj2yZfvwyopVHN](https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwj2zOaO8M_4AhUKQfEDHbHhAbkQFnoECBwQAQ&url=https%3A%2F%2Fwww.regjeringen.no%2Fen%2Fdokumenter%2Fmeld.-st.-24-20202021%2Fid2843255%2F&usg=AOvVaw02qoLygNmj2yZfvwyopVHN) (Executive Summary in English)

<sup>2</sup> NOU 2020: 7 Values and Responsibility – Ethical Framework for the Norwegian Government Pension Fund Global: <https://www.regjeringen.no/en/dokumenter/nou-2020-7/id2706536/?ch=1>

<sup>3</sup> Guidelines for Observation and Exclusion of Companies from the Government Pension Fund Global (GPFG): <https://files.nettsteder.regjeringen.no/wpuploads01/sites/275/2021/11/Guidelines-for-Observation-and-Exclusion-GPFG-29-November-2021.pdf>

Norges Bank has drawn the Council’s attention to the company Canopy Growth Corp.<sup>4</sup> The company is not part of the GPFG’s portfolio, but is included in the reference index.

### 3 Information about the company

Canopy Growth Corp is a Canadian producer of numerous cannabis and cannabinoid-based products. According to the company’s financial statements, it produces cannabis for both medicinal and recreational use.<sup>5</sup> The Council has contacted the company and asked it to provide further details. The Council’s request has received no reply.

### 4 The Council’s assessment

According to Canopy Growth Corp’s financial statements for 2021, the company produces cannabis for recreational use. This constitutes grounds for exclusion from the GPFG’s investment universe.

### 5 The Council’s recommendation

The Council on Ethics recommends that Canopy Growth Corp be excluded from potential investment by the Norwegian Government Pension Fund Global (GPFG).

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<sup>4</sup> Issuer Id: 17831862  
<sup>5</sup> The company’s financial statements for 2021 may be found here: <https://www.canopygrowth.com/wp-content/uploads/2021/09/CGC-Q1-FY22-FS.pdf>