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April 21, 2021

BY E-MAIL

John Graham
President and Chief Executive Officer
Canada Pension Plan Investments

Dear Mr. Graham,

We are writing to you on behalf of the Canadian Union of Public Employees (CUPE), Canada's largest union with 700,000 members, to raise concern regarding plans to privatize the water and wastewater company Companhia Estadual de Águas e Esgotos (CEDAE) in Rio de Janeiro, Brazil. The Canadian Pension Plan Investment Board (CPPIB) has recently become a significant investor in Iguá Saneamento SA, a private water company seeking to bid in the privatization auction of CEDAE on April 30, 2021. We want to convey to you urgently that this proposed acquisition and privatization of one of Brazil's largest public water utilities is both socially harmful and economically risky, and we are calling on the CPPIB to withdraw from this process immediately.

According to your press release dated March 22, 2021, the CPPIB has acquired a 45% stake in Iguá Saneamento SA, which will in turn strengthen their privatization bid for CEDAE. Privately owned and operated water and wastewater services have a terrible track record. It is well documented that water privatization often comes with skyrocketing rates, plummeting access, declining quality and cuts in service and jobs.

CEDAE has been referred to as the "crown jewel" of sanitation, and legal challenges have been launched against its sale. It is predicted that 3,500 public water workers will lose their jobs if it is privatized. As the COVID-19 death toll mounts in Brazil, with its associated public health crisis, the pandemic should not be used by investors as an opportunity to take private ownership of such a valuable public asset.

Philip Alston, the former UN Special Rapporteur on extreme poverty and human rights, has condemned privatization for being "premised on fundamentally different assumptions from those that underpin respect for human rights, such as dignity and equality", further adding "rights-holders are transformed into clients, and those who are poor, needy, or troubled are marginalized or excluded". In your pursuit for a "good fit with our diversified

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MARK HANCOCK

National President/Président national

CHARLES FLEURY

National Secretary-Treasurer/Secrétaire-trésorier national

BENOÎT BOUCHARD, PAUL FAORO, FRED HAHN, JUDY HENLEY, SHERRY HILLIER

General Vice-Presidents/Vice-présidences générales

global infrastructure portfolio”, we caution you to consider the real-world consequences of your decisions and the subsequent human rights implications.

The current political environment makes any investment in Brazil’s public infrastructure inherently risky and damaging to your reputation. There is a very real possibility that public infrastructure sold off during the current government’s term could be brought back under public control under another government, exposing investors to losses.

There is significant evidence contradicting claims that privatized water and wastewater services provide expanded, affordable access to the poorest and most marginalized communities. The selloff of CEDAE would be a victory for the Bolsonaro government, whose track record of trampling on the rights and needs of vulnerable communities is internationally recognized and condemned. The involvement of the CPPIB in support of Bolsonaro’s privatization program would serve to legitimize his disregard for the needs of the population.

As part of its commitment to integrating “environmental, social, and governance risks” into its investment program, the CPPIB has recognized that "human rights are relevant from an investment perspective because human rights are key to building long-term sustainable value." We believe that the Board’s recent decision to partner with Iguá Saneamento SA in support of the privatization of CEDAE exposes it to involvement in potential violations of the human right to water as well as to real economic and reputational damage associated with this enterprise. As such, we urge the Board to immediately withdraw its support for this bid process involving CEDAE and to exit its investment in Iguá Saneamento SA as soon as possible.

Yours truly,



MARK HANCOCK
National President



CHARLES FLEURY
National Secretary-Treasurer

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cc: Neil Beaumont, Senior Managing Director & Chief Financial and Risk Officer
Edwin D. Cass, Senior Managing Director & Chief Investment Officer
Michel Leduc, Senior Managing Director & Global Head of Public Affairs and Communications
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