



File No. 2026 2 3 2

March 10, 2021

Mr. Neil Cunningham  
President and Chief Executive Officer  
PSP Investments  
900 - 1250 René Lévesque Blvd West  
Montréal, Québec  
H3B 4W8

Dear Mr. Cunningham,

**Re : CoreCivic and the GEO Group**

You may recall that in the summer of 2019, you and I exchanged correspondence in regard to concerns of the Public Service Alliance of Canada (PSAC) with respect to CoreCivic and the GEO Group.

At the time, there had been significant mainstream media coverage on pension fund investments in CoreCivic and the Geo Group. Both firms are U.S.-based private prison operators that are intricately associated with the detention of migrant families fleeing dictatorial regimes in Central and South America. Reputable accounts of severe overcrowding, unsanitary conditions and children living in squalor were abhorrent to the PSAC membership.

As expressed in my July 31, 2019, correspondence, these situations were completely reprehensible from a humanitarian perspective. Further, that investment in private companies in this sector would also be considered as posing potential long-term consequences for the contributors and beneficiaries of the Federal Public Service Pension Plan. Allowing such a situation to continue would have represented significant and unnecessary material risk and would have appeared to the PSAC membership as being inconsistent with the legal and fiduciary obligations of PSP Investments to Federal Public Service Pension Plan participants.

Consequently, the PSAC requested that your office disclose whether PSP Investments had investments in The CoreCivic or the GEO Group either directly or through index funds and whether PSP Investments has adopted any formal policy in regard to future association with these two companies.

The PSAC correspondence had also been copied to the Honourable Joyce Murray, who, at the time, was President of the Treasury Board of Canada and Federal minister responsible for PSP Investments.

In your response of August 28, 2019, you confirmed that PSP Investments was not a direct shareholder in either CoreCivic or the GEO Group. You had also provided reassurances that PSP Investments proactively and rigorously addresses Economic, Social and Governance (ESG) risks and opportunities as part of an investment strategy to create long-term sustainable value for contributors and beneficiaries.

Regrettably, less than two years later, recent mainstream media reports have again surfaced regarding PSP Investments taking substantial equity positions in both CoreCivic and GEO Group. According to the most recent filings with the U.S. Securities and Exchange Commission, PSP Investments currently owns 314,722 common shares of CoreCivic valued at \$2,062,000 U.S., as well as 307,210 common shares of GEO Group Inc. valued at \$2,722,000 U.S. Information from the SEC filings also reveals that the holdings of PSP Investments in CoreCivic increased by 619% (from 43,709 common shares to 314,074 shares) during the 3<sup>rd</sup> quarter of 2020 alone.

PSAC notes that the initial response of PSP Investments spokespersons to these media reports is that investments made in CoreCivic and the GEO Group as a consequence of a passive index replication portfolio which mimics the S&P 600 Index. Such an explanation would seem highly implausible as to how a passive index portfolio could result in a 619% increase in holdings of CoreCivic over one financial quarter.

Equally confounding is that the dramatic increases of PSP Investments' stake in CoreCivic and the GEO Group were taken in the midst of a U.S. presidential campaign in full swing. Democratic Party candidate (and now President) Joe Biden had telegraphed to the American public that the gradual elimination of private prisons and immigrant detention centres would be a clear policy objective of a Biden administration. True to his word, several days after taking office U.S. President Joe Biden issued an Executive Order calling for phasing out federal use of private prisons.

As I have indicated previously, the PSAC represents approximately 160,000 members of the Public Service Alliance of Canada (PSAC) who currently contribute to Federal Public Service Pension Fund pursuant to the provisions of the *Public Service Superannuation Act (PSSA)*. PSAC members work in Correctional Service Canada institutions and facilities, as well as Immigration Holding Centres. Private for-profit prisons and immigrant detention centres are anathema to the very principles and beliefs of the PSAC membership. Furthermore, investment of pension funds in these types of companies exposes the pension fund to immeasurable material and reputational risks that cannot possibly be considered in the best interests of active plan members and pensioners.

In view of all the foregoing, the PSAC membership respectfully requests that PSP Investments proceed with the orderly liquidation of all common share holdings in CoreCivic and the GEO Group as soon as is reasonably possible.

I trust the foregoing meets with your understanding. Should you have any related questions or concerns or wish to discuss the above further, please do not hesitate to contact my office at any time.

Sincerely,



Chris Aylward  
PSAC National President and PSAC representative to the  
Public Service Pension Advisory Committee

c.c. The Honourable Jean-Yves Duclos, President, Treasury Board of Canada  
Martin J. Glynn, Chair, Board of Directors, PSPIB  
James Infantino, Pensions and Disability Insurance Officer, PSAC