THE TOBACCO INDUSTRY AND CORPORATE SOCIAL RESPONSIBILITY (CSR): AN OVERVIEW FROM SOUTH EAST ASIA

Introduction
As South East Asia has become increasingly aware of the deadly effects of tobacco and governments continue to restrict industry freedoms, tobacco companies are being forced to find more and more below-the-line tactics to reach consumers and promote their products. Corporate Social Responsibility (CSR) has become one of the key strategies employed by the industry to enhance its image and maintain legitimacy in both public and corporate spheres. CSR has not been totally banned in all South East Asian countries, but where bans are in place the industry still finds ways to circumvent these restrictions.

Corporate Social Responsibility activities generally fall into following categories:
- Funding for Education and Research
- Sponsorship of Arts and Cultural Events
- Community Development and Poverty Reduction
- Disaster Relief
- Environmental Protection

As shown in Figure 1, the amount spent on CSR activities in Asean, even by just one tobacco company, is substantial. These strategies are, according to the World Health Organisation, “an inherent contradiction”, as the industry’s core functions are in conflict with the goals of public health policies to reduce the burden of tobacco.[1]

Various methods and avenues are used for CSR activities by tobacco companies to increase their impact and reach to the public, the influential people, and government officials. Strategic media placement in newspapers, business and public news websites, their own websites and reports, and even billboards are used to create positive image and to try to subvert marketing bans. Tobacco companies even established their own charity foundations using company namesake—JTI Foundation, Putera Sampoerna Foundation, BAT Malaysia Foundation, and Djarum Foundation (see images below). Timing is also utilized to maximise reach; companies take advantage of disasters to further their CSR campaigns and pursue activities when most likely to receive a large audience such as during school breaks, school opening, graduation days, and local festivals. But can anyone trust the tobacco industry even after over 50 years of its lies and deception?[mench2]

"I never use the word corporate philanthropy. That implies that you do something without any regard to yourself... I don’t see any corporation giving money without a reason.[3]"

--George Knox, Philip Morris International Executive--
Monitored Evidence from the Region

Funding for education and research
In 2009, the British American Tobacco (BAT) Malaysia Foundation funded educational grants and scholarships to 17 students, totalling approximately US$93,000. The grants were to be used for degree, diploma and certificate studies by “students from the tobacco farming community.” [4] Philip Morris (Malaysia), on the other hand, annually teams up with a local NGO Yayasan Salam Malaysia in building information and communications technology centers (ICT) in the rural areas.

In 2010 Philip Morris International (PMI) donated approximately US$79,000 to build seven classrooms in Can Tho province, Vietnam.[5] Also in Indonesia, Philip Morris International (PMI) donated nearly US$5 million to the Sampoerna Foundation to fund curriculum development, capital improvements and more than 600 scholarships at private high schools, colleges and business education centres.[5] In 2007 BAT was involved in a career’s forum in Cambodia which was also attended by United Nations offices and Ministry representatives to attract new employees and to enhance its corporate image.
Sponsorship of arts and cultural events
In Thailand, the Thailand Tobacco Monopoly (TTM) has sponsored the Swimming Association of Thailand for 3 years from 2009-2011, providing 15 million baht per year (approximately US$490,000).[6]

To enhance its public image, Japan Tobacco International (JTI) Malaysia has actively supported the development of arts and culture in the country. Since 2010, JTI has continued its partnership with “The Kuala Lumpur Performing Arts Centre” and “The Actors Studio – Teater Rakyat” in providing financial assistance for the performing arts movement in the country.

In the Philippines, Philip Morris Tobacco Fortune Company (PMFTC) sponsored in 2010 the production of a book celebrating the life and works of National Artist Napoleon V. Abueva, which the head of the company says is “in consideration of our active promotion of Philippine art....we hope to contribute in the worthy effort of stimulating creativity and artistry in the country.”[7,8]

Community development and poverty reduction
The tobacco industry is self-serving in its philanthropic activities to the poor. Such deeds are translated into well-paid publicities in all major print and electronic media. When tobacco companies talk about helping the poor it is usually and actually helping those involved in the tobacco industry. Example is in Cambodia, BAT continues to support farmers in the country in annually providing technical training on growing high-yielding tobacco leaves. And BAT’s recent support in Cambodia in February 2011 was publicized.

In Lao PDR the Lao Tobacco Limited Women’s Union organised a public meeting to report on its progress in creating female and cultural family role models. Awards were given to nominees who were excelling in these areas.

In the Philippines, the Global Fund to fight Aids Tuberculosis and Malaria (GFATM) continues to fund a Department of Health (DOH) TB control program, which is run by the "Philippine Business for Social Progress (PBSP)" organisation, despite the fact that the PBSP lists tobacco industry members in its roster. [9]

In an effort to “reduce hardcore poverty” British American Tobacco Malaysia collaborated with the local development agency KESEDA to build 15 homes for poverty stricken families in Kelantan. According to BAT Malaysia, this scheme was part of the Government’s Program “Penempatan Masyarakat Setempat” (PPMS) to alleviate hardcore poverty in the country.[10]
JTi is also working to create positive PR in **Malaysia** by contributing financially and in-kind to 16 elderly welfare homes, providing housing for those no longer able to take care of themselves.[11]

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**Disaster relief**

During the 2010 eruptions of Mount Merapi in Java, **Indonesia**, the Sampoerna Rescue Camp was set up to provide relief for those effected by the explosions. Sampoerna is one of the largest tobacco manufacturers in the country, owned by Philip Morris International. The disaster relief was an opportunity for the company for positive branding in a country where almost two-thirds of adult males are addicted to cigarettes. [12, 13] Similar to PMI’s work in Indonesia, Japan Tobacco International also sought to take advantage of disaster in the **Philippines** by donating to relief efforts after Typhoon Ketsana struck in September 2009.[11]
**Environmental protection**

Philip Morris International is contributing US$60,000 over 5 years toward a reforestation program run by the Kaliandra Foundation in Indonesia, replanting trees and training local workers in agricultural practices. [5] However, it is estimated that the annual cost of tobacco related deforestation in Indonesia is US$7.9 million annually,[14] so this sum should be seen as nothing more than a token gesture. Related to this, PT Djarum has its own series of CSR events with the Environment Ministry since 2010 dealing with planting trees.

“Keep Our Streets Clean” campaign saw a nationwide roll-out in 2010 in Malaysia. JTI Malaysia ambassadors distributed 21,200 free portable ashtrays to pedestrian adult smokers on the streets with pledges to keep the streets clean from cigarette butts litter.

*PMFTC President Chris Nelson promoting anti-cigarette butt litter in the Philippines with its donated cigarette bins(right and left photos)*

*The JTI “Keep our streets clean” campaign paraphernalia with cigarettes (center photo)*

Also in the Philippines, Philip Morris and Fortune Tobacco Co. Inc. (PMFTC) introduced an anti-cigarette butt litter campaign, funding the production and placement of cigarette butt receptacles on the streets as well as awareness campaigns to promote their use. This is a prime example of Big Tobacco attempting to create a positive image by reducing the environmental impact of cigarettes, a product that they are in the business of selling.[15]

In Thailand, Philip Morris International funds environmental projects to achieve their own ends by supporting villagers in tobacco growing regions. For example, funding the Phrae Provincial Administrative Organization (PPAO) to create dams in their region to provide water for agricultural production and fire prevention.[5]

*Newspaper paid publicity by PT Djarum in Indonesia on its donations to replanting project*

*Thailand Tobacco Monopoly’s (TTM) environment CSR*
Current CSR Legislation Summary in ASEAN, 2011

<table>
<thead>
<tr>
<th>Country</th>
<th>Tobacco sponsorship status</th>
<th>Legislation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia</td>
<td>Banned except CSR</td>
<td>Sub-decree banning advertising, promotion and sponsorship approved in February 2011 and will take into effect in August 2011</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Partial ban</td>
<td>No current national policies in place</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>Banned except CSR</td>
<td>Under the TC Law (12/2009) and Decree to Implement the Tobacco Advertising Ban (8/2010) tobacco advertising, promotion and sponsorship are banned except at POS.</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Banned except CSR</td>
<td>Control of Tobacco Product Regulations, 2004 (and subsequent amendments) provides extensive regulation and banning of advertising, promotion and sponsorship.</td>
</tr>
<tr>
<td>Philippines</td>
<td>Banned except CSR</td>
<td>The Tobacco Regulation Act of 2003 (RA9211) prohibits all advertising, promotion and sponsorship except at POS. The Implementing Rules and Regulations of RA 9211 are separate set of rules that enforce RA9211</td>
</tr>
<tr>
<td>Thailand</td>
<td>Banned except CSR</td>
<td>The Tobacco Product Control Act of 1992 effectively banned advertising, promotion and sponsorship of tobacco. Note: use of tobacco company name is allowed in CSR</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Banned except certain CSR activities</td>
<td>Regulation banning tobacco advertising, promotion, and sponsorship except at POS. In addition, there is a ban on any domestic organization receiving sponsorship from tobacco companies for cultural, art or sporting events related to tobacco advertising</td>
</tr>
</tbody>
</table>

WHO FCTC Recommendations

Article 5.3 of the Framework Convention on Tobacco Control states:

“In setting and implementing their public health policies with regards to tobacco control, Parties shall act to protect these policies from commercial and other vested interests of the tobacco industry in accordance with national law.”[16]

Recommendations from the 3rd Conference of the Parties of the FCTC provide further guidance for parties in reducing the interference of the tobacco industry and implementing article 5.3 of the FCTC:

“(6) Denormalize and to the extent possible regulate activities described as “socially responsible” by the tobacco industry, including but not limited to activities described as “corporate social responsibility”
Recommendations

- Inform all government branches and members of the public about the true purpose of tobacco company corporate social responsibility activities.
- Do not endorse, support, award, form partnerships with or participate in corporate social responsibility activities of the tobacco industry.
- Do not allow the tobacco industry to advertise their corporate social responsibility activities in public forums, except when legally required, such as in annual reports.
- Do not allow any government or public sector employee to accept anything from tobacco industry representatives, whether it is financial or otherwise.

References

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