

A Grim Reality: The Practice of CSR by Tobacco Company

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Abstract

Scientific evidences show that tobacco product is harmful to smokers and those who are exposed to second-hand and third-hand smoke. Although tobacco products are legal, they are lethal and killing millions of people worldwide. Every year, second-hand smoke kills more than 600,000 people globally, including 165 thousand children. Nevertheless, tobacco industry continues their operation without significant threat to their legitimacy for over the years. The emergence of corporate social responsibility (CSR) as industry on its own right provides mechanisms for corporations that faced legitimacy crisis to publicly espouse their CSR commitment. The industry voluntarily produces codes of conduct and increasingly reports their engagement in CSR-related initiatives.

This study examines CSR-related initiatives and activities of British American Tobacco Malaysia (BAT) through qualitative analysis of corporate reports, documents and webpage. The aim is to understand the BAT's CSR efforts with regards to the issue of health, socio-economic and environmental costs due to tobacco consumption and tobacco farming. The 'legitimacy crisis' faced by BAT might explain the concerted efforts undertaken in social reporting which centred on three main issues; philanthropic giving, youth smoking prevention and combating illegal cigarettes. The analysis also showed contentious issue with regards to health, socio-economic and environmental costs as a result of tobacco consumption and tobacco farming.

Keywords: British American Tobacco Malaysia; Corporate social responsibility; Legitimacy; Malaysia; Socio-economic policy; Tobacco control.

1.0 Introduction

Malaysia has being confronted with serious tobacco epidemic and has seen an escalation in the number of tobacco-related morbidity and mortality (ITC Project, 2012). The country spends an average of RM20 billion to treat tobacco-related illnesses, with an estimated RM4 billion channelled for lung cancer, heart and chronic obstructive airway disease treatment (The Star Online, 2012). It also documented that smoking among adults accounts for 23.1% of the

population (43.9% males and 1.0% females) in 2011 (World Health Organization, 2011). In addition, the Global Youth Tobacco Survey 2009 found that 19.5% of 13 to 15 year olds used some form of tobacco products, 18.2% smoking cigarettes and 9.5% using other tobacco products (World Health Organization, 2009). This statistic suggests continued toll on health, social, economic and environment as a result of tobacco consumption and tobacco farming.

The tobacco industry faces constant pressure from both domestic and international health authorities with regard to the apparent paradox of 'responsible product' which is identified as the major preventable cause of disease and premature death (Barraclough and Morrow, 2008). The industry faces a crisis of legitimacy; *"perhaps no industry has been subjected to such serious erosion of its legitimacy as the tobacco industry"* (Davidson, 1991: 49). However, the emergence of CSR as industry on its own right has precipitated conflict between the proponent of "economic view" (tobacco industry champion) and the "health or social view" (WHO supporter) (Moerman and Van Der Laan, 2005). This conflict is exacerbated, particularly in developing countries where issues surrounding socio-economic development dominate health issues.

In response to smoking and tobacco related issues, tobacco industry develops their own voluntary standards in an attempt to provide "broader accountability to stakeholders" and to present "clear evidence of a socially responsible tobacco company" (see Moerman and Van Der Laan, 2005). However, scholars argue that tobacco corporations' motivation for the production of a social reporting could be a device used to manage corporate risks, build reputations and preserve organisational legitimacy (see Cooper and Owen, 2005; Kotler and Lee, 2005; Moerman and Van Der Laan, 2005). To protect their legitimacy and to avoid government regulation, tobacco industry engaged in massive lobbying, misinformation campaigns publicly question the scientific evidence and denying the adverse effects of tobacco, especially passive smoking for decades (see Palazzo and Richter, 2005).

In this study, CSR initiatives and activities of British American Tobacco Malaysia (BAT) are examined through corporate reports, documents and webpage. The aim is to understand the BAT's CSR efforts with regard to the issue of health, socio-economic and environmental costs as a result of tobacco consumption and tobacco farming. The discussion acknowledges the complexity of the state as a decision-maker and final arbitrator, and in fact, the second largest shareholders (through its various controlling agencies) after the parent company. This raised concerns about the potential conflict of interest that may undermined the development of tobacco control and health promotion initiatives. This is because the revenues generated from tobacco taxes provide a reliable source of the state revenue (see Table 1).

The rest of the paper is organised as follows: section two elucidates that despite the flourishing interest in the field of CSR over the decades, CSR continues a major concern as the meaning of responsible corporation or social responsibility remains contested. In the following section, the design of this study is presented, which is underpinned by social constructionist perspective and adopts an interpretive approach for analysing CSR. It argues that CSR as a social practice

needs to be understood from the social relations embedded in the socio-economic and political environment that are likely to shape the social views about CSR. The next section provides an overview of the interrelations between the role of the state and BAT which subsequently affected the way social and environmental responsibility is discharged through the manifestation of social reporting. Then, insights gain from qualitative analysis of BAT's corporate reports and documents are discussed. The analysis shed some light on how CSR is being conveyed through the manifestation of CSR policies and activities. In the concluding part,

2.0 Corporate Social Responsibility (CSR)

CSR is a complex concept, encompassing an ever-widening range of issues and often in direct response to emerging social and environmental pressures (Campbell, 2000). CSR goes beyond the simple compliance with laws and norms of society. Corporations are expected to take into account the common good and improve societal welfare (Kok et al., 2001) and this include environmental protection, contribution to the communities in which they operate, treating their employees with respect, responsibility to the state and sustainable development.

Despite heightened interest in CSR, literature remains in relative dispute about the meaning and nature of CSR or where the boundaries of CSR lie (Blowfield and Murray, 2008; Capron and Gray, 2000). To compound such complexity, the changing and globalising business environment has transformed the context for CSR particularly multinational corporations (MNCs), whose activities transcending national borders. These MNCs are expected to assume responsibilities that once were regarded as the state's role, for instance improving public health, education, social security, human rights protection, illiteracy, malnutrition, Aids and homelessness (Margolis and Walsh, 2003; Matten and Crane, 2005).

The debates on CSR are no longer about businesses and society relationships but have become a way of rethinking about the social role of modern corporations (Albareda et al., 2007). For instance, Scott (2007) proposes CSR elements which include: responsibility to the community; promoting democracy and citizenship; reducing poverty and inequality between rich and poor; protecting employee rights and good working condition; and promoting ethical behaviour. Due to complexity in defining CSR, this study adopted a definition of responsible corporation as postulated by Korten (2001: 49);

"[P]roduces and sells only safe and beneficial products, does not accept government subsidies or special tax breaks, provides secure jobs and a living wage, fully internalises its environmental and social costs and does not make political contributions or otherwise seek to advance legislation or policies contrary to the broader public interest."

The scrutiny from various stakeholders has prompted many corporations to espouse CSR commitment. This is evident from the increased numbers of corporations that produced social and environmental information in their corporate annual reports or social reporting (Cooper and Owen, 2007; Detomasi, 2008). Nevertheless, critics argue that CSR may be used for "window dressing" to spin off the corporate wheel, replacing mandatory regulation with self-

regulation (Korten, 2001) and to suppress increased public concern about the negative impact of industrialisation and the growth of corporate power (Cheney et al., 2007). It has been argued that CSR has become a marketing tool and with the propagation of business cases; CSR emerges as a business in its own right. The corporate pursuit of profits builds upon the neoliberal concept of a division between political and economic domains often overlook the conflicts and antagonisms inherent in a contemporary global capitalism which may constrain responsible business practices.

3.0 The Design of the Study

The methodological approach of this study builds on social constructionist epistemology and underpins by the interpretive approach. From social constructionist perspective, CSR is understood as a socially constructed concept – a product of ongoing constructive or interpretive acts (Baxter and Chua, 2003). The social constructionist perspective has strength in its ability to analyse social phenomena (such as CSR) which is embedded in a complex human relation by adopting various socio-economic and political stances. Based on social constructionist perspective, this study adopts an interpretive approach for analysing social theory.

This study aimed to understand CSR-related initiatives of a particular tobacco corporation in Malaysia. It contextualised British American Tobacco Malaysia's (BAT) CSR strategies within Malaysia's socio-economy and political system. In order to capture the construction of CSR across period, this study incorporated corporate annual report and social reporting for a period of ten years. Underlining the important role of language in constructing social reality, this study assumed that the contents of the corporate annual report or social reporting represent a series of discourses (see Phillips et al., 2004). It legitimizes corporate actions, shapes people understanding about the role of corporation in society and defines corporate relations with different stakeholders. Hence, the concern is attributed to how corporations use organisational language (through social reporting) to create meaning and shape commitment towards CSR.

Methods included searching, compiling and critically appraising publicly available reports and documents, literature and other sources. The corporate reports, documents and webpage are searched for any references to CSR-related initiatives and supplemented by third party reports on BAT's CSR activities. This approach was potentially helpful to understand changes that took place, particularly within the course of organisational life. The CSR-related initiatives are categorised, sorted and analysed through the searches. The analysis is underpinned by tacit acceptance of the scientific evidence about the health, socio-economic and environmental costs of tobacco consumption and tobacco farming. Hence, the study centred on the image that was conveyed in the public documents, particularly how BAT represents itself to society at large.

To enhance analysis, this study looked into the Bursa Malaysia's CSR Framework which provides a guideline for the implementation and reporting of CSR in Malaysia. Although these

frameworks provides benchmark on CSR and supported by the state, it does not assess performance but rather focusing on reporting practices. This study also referred to Global Reporting Initiative to enriched insights on the global implementation and reporting of CSR.

3.1 Thematic Analysis as a Coding Method

The BAT's reports and documents were analysed using thematic analysis to determine the type of rhetoric employed. Thematic analysis refers to a process of encoding qualitative data in which, an explicit "code" is determined. It was selected because of its flexibility since it was not limited according to particular epistemological approaches and was compatible with both a realist and a constructivist paradigm (Braun and Clarke, 2006). The concept of theme is used to capture and represent some level of patterned response or meanings within the data set in relation to the research question (ibid.). These meanings are then coded, classified and categorised in patterns, themes and categories in the data to achieve convergence.

The data analysis was carried out according to the qualitative approach. The study employs In-Vivo-Coding which was a manual analysis process. The analysis paid attention to situations, events, institutions, ideas, social practices and processes that may explain the extent to which CSR is being understood, informed and shaped at the corporate level. The concern was on how CSR was described, what elements were portrayed as CSR-related initiatives and how the conceptions of corporate role in the society are built.

4.0 The State and Tobacco Industry

In order to understand CSR activities at BAT, it is necessary to understand the country's institutional structures and regulatory framework which have shaped the socio-economic and political relations in Malaysia. Tobacco farming is strategized within larger state policies such as poverty alleviation, promotion of Bumiputera (indigenous people) business participation and the encouragement of foreign investments. Public policy has promoted tobacco cultivation through the National Tobacco Board. The Board provides protection for tobacco growers, in terms of tariffs and a requirement that a proportion of locally grown tobacco to be included in all locally manufactured cigarettes (Barracough and Morrow, 2008).

The industry is perceived as having an important role in 'uplifting' the socio-economic status of rural population, predominantly Malay farmers in Kelantan, Terengganu, Kedah and Perlis. Given the 'legitimacy crisis' of BAT products, it is politically crucial for BAT to work together with the state, through its engagement to support the national socio-economic initiatives (Barracough and Morrow, 2008). Nevertheless, tobacco farming is insignificant in Malaysia, contributing only 0.82% of the total revenue generated by the agricultural sector (Espino et al., 2013). Despite the fact that tobacco cultivation forms less than 1 percent of the agricultural sector, the state and tobacco industry provide assistance to farmers, including fertilizers, pesticides and technical assistance to increase production and quality of tobacco leaves.

The position of the state as the second largest shareholders, decision-maker and final arbitrator raised concerns about the potential conflict of interest which may subsequently, undermine the development of tobacco control and health promotion initiatives. As revenues generated from tobacco taxes provide a reliable source of the state revenues, the state is embroiled in conflicts and contradictions over the economic rationality and citizens' welfare. Barraclough (2008) contends that;

"The Malaysian tobacco industry represents an example, par excellence, of the close relationship of international capital and local elites which has characterised the wider Malaysian economy."

The National Tobacco Board was dissolved and replaced with Malaysia Kenaf and Tobacco Board in 2010, with the focus on kenaf (*hibiscus cannabinus*) as an alternative cash crop for tobacco growers. The shift in policy is due to changes in the international trade and increase awareness on public health. According to Noriah (2013);

"The need to restructure the tobacco industry is in line with the country's commitment to liberalise the market under the Asean Free Trade Area (AFTA) and the control of tobacco use under the World Health Organisation (WHO) Framework Convention on Tobacco Control."

In addition, Noriah (2013) contends that the shift in policy is due to the move by cigarette manufacturers who stop purchasing local tobacco leaves since April 2013. The state has pledged to continue helping small-time tobacco farmers seek an alternative source of income and provides financial incentives (RM2,300 per hectare), bonuses and other assistance to tobacco growers to shift to alternate crops by year 2020.

Nevertheless, whilst promoting tobacco industry for financial and political benefits, the state introduced tobacco control for the purpose of health protection (Barraclough and Morrow, 2008). The state imposed tobacco control, regulated under the Food Act (1983). The Control of Tobacco Product Regulations (2004) issued under the Food Act regulate, among other things: smoke free environments, tobacco advertising, promotion and sponsorship, ban sale to minors, packaging and labelling of tobacco products. Malaysia became a Party to the WHO Framework Convention on Tobacco Control (2003) in 2005 and expected to implement strict tobacco control policies.

The complexities of Malaysian political economy that privileges capital accumulation at both domestic and international levels to stimulate economic growth and social development is similar to the operation of neoliberal states in both developed and developing countries. In response, the state has enacted various laws and regulations to safeguard the socio-economic benefits of its citizen. However, in a contemporary economic environment, the state is embroiled in conflicts and contradictions over the economic rationality and citizens' welfare (see Harvey, 2005).

5.0 BAT and CSR-Related Initiatives

British American Tobacco Malaysia (BAT) is a subsidiary of global giant British American Tobacco Plc and started its operations in Malaysia since 1912. The BAT is the market leader in Malaysian cigarette industry, with a market capitalisation of RM17.7 billion and an annual turnover of RM4.365 million. To show its commitment to operating responsibly, BAT established CSR Committee, comprising the top team which is chaired by the Managing Director.

Similar to other MNCs, BAT is managed by the board of directors, responsible for the stewardship of the corporation and supervision of its business affairs (see table 2). The composition of BAT board members, comprising both former government servants and a commission member of MCMC (regulator) provides means for the state intervention to promote and secure Bumiputera development agendas. Besides, the board composition is presumably symbolically representing the state's aspirations, through the representation of Bumiputera in the board.

Prior to the introduction of Bursa Malaysia CSR framework, it can be observed that CSR initiatives at BAT comprised of social, economic and environmental dimension. BAT started to align its CSR policy to Bursa Malaysia CSR Framework in 2006, which claims to focus on creating value for its shareholders and stakeholders in four key areas: community, workplace, environment and marketplace. In addition, BAT incorporated the Global Reporting Initiative (GRI) Indicators to report the economic, environmental, social and governance performance of its products and activities. Such voluntary initiatives perhaps underline BAT's commitment in the production of 'responsible product' (Annual Report, 2011: 107);

"At British American Tobacco Malaysia, we accept that smoking is a health risk. Our business is not about persuading people to smoke but in offering quality brands to adult smokers. As such, in line with maintaining transparency towards our products, we want our consumers and stakeholders to know the facts of ingredients used by our Company in the manufacture of tobacco products."

However, the close scrutiny of the BAT's report exposes contentious health and environmental issues. The following discussion highlights BAT's CSR engagement that exemplifies the discretionary nature of the report.

5.1 Community Relations and Corporate Philanthropy

Doing good and giving back to society has governed CSR engagement. BAT's CSR policy on community emphasised (Annual Report, 2012: 83);

"British American Tobacco Malaysia places the highest commitment towards conducting Corporate Social Investment activities that support the sustainability of our surrounding communities."

To generate a feeling of responsibility and caring around their brand, BAT utilised several CSR-related mechanisms and this include providing education opportunities for students (including children of deserving employees, retailers, tobacco leaf growers and leaf curers), philanthropy and funding scholarships. Most of these CSR disclosures were in a narrative form with some pictures, but information like scholarship and donation were given in monetary values. To show its commitment, the scholarships awarded were non-binding and recipients were given the opportunity to join the group as interns and trainee (Annual Report, 2010: 56). In addition, BAT provides grant which aimed to ease the financial difficulties of students from the tobacco growing community to pursue higher education. The provision of the grants claimed to assist the socio-economic development of the Malay community, since almost all families involved in the tobacco production are Malays (Barracrough and Morrow, 2008).

The analysis found that BAT implemented broad CSR program, but it was mainly translated into corporate philanthropy and charitable giving and commonly framed within the stakeholder management and control which offers limited insights to CSR. It can be observed that community involvement and development was designed to assist the disadvantaged community, promised make to support the state's initiatives to alleviate poverty and provide equitable access to education. Although corporations claimed to make substantial contributions to address the needs of underprivileged communities, it can be observed that program monitoring and measurement of impact and output is seldom on the corporate agenda. In this sense, Newell and Frynas (2007: 670) argue that when aligning CSR to development agenda, differentiation between business-as-usual (CSR as a business tool) and business-as-CSR (CSR as a development tool) is pertinent. Thus, the question to address is: *"how, when and through what means business can help to reduce poverty, while recognising the equally powerful potential of the business community to exacerbate poverty"* (Newell and Frynas, 2007: 672). This partly explained the absent of corporate reporting related to potential disputes and conflicts with the community. Hence, information about the wider impacts of business activities on the public at large and environmental wellbeing remained problematic.

5.2 BAT and Youth Anti-Smoking

The tobacco industry continues to promote its "youth smoking education and prevention" programs worldwide, which aimed to reduce youth smoking but in contrast, targeting youths in its advertising. The Control of Tobacco Products Regulation (1993) in Malaysia banned direct tobacco advertisements, the sale of cigarettes to under 18 year olds and prohibited this group from purchasing cigarettes or smoking. However, advertising is visible particularly among youth through the entertainment media and tobacco product displays in stores where tobacco is sold (Assunta and Chapman, 2004). In addition, tobacco continues to be marketed through sporting events.

The review of corporate reports and documents over the years revealed BAT engagement in youth smoking prevention programs. In fact, tobacco industry has been collaborating on youth smoking prevention programmes since 1994.

"We strongly believe that children should not smoke and that smoking should only be for adults who understand the risks associated with it."

However, by portraying smoking as an adult activity may encourage youth to use tobacco. Apart from ineffective programs to prevent smoking, the corporation failed to talk about the health effects of smoking. A number of scholars argue that youth smoking prevention programs were launched as gestures designed to offset the state's tobacco control legislation, which it saw as threats to its business (Assunta and Chapman, 2004).

5.3 CSR as an Illusion of Responsible Citizen: Combating Illegal Cigarettes

Although CSR was generally described as a part of strategy or one of the factors contributing to success, it can be 'seen' that corporate engagement in CSR was to maintain congruence between social values and business activities. The corporate commitment to CSR was to establish legitimacy and justification of CSR engagements.

"In British American Tobacco Malaysia, we believe that our business must demonstrate responsibility in everything that it does and this includes compliance with regulatory requirements. Acknowledging that tobacco consumption poses real risks to health, we continue to support sensible tobacco regulations that balance the preferences of consumers with societal interests whilst enabling our business to continue to compete."

BAT had worked closely with the regulators and enforcement machinery to combat illegal cigarettes. It has been reported that Malaysia lost \$622 million in revenue in 2012 due to illegal cigarettes, despite the fact that almost every other male adult is a smoker (The Wall Street Journal, 2013). According to BAT's Annual Report (2012: 91);

"Illegal cigarettes trade is not a victimless crime – it undermines the Government's health objectives because they are sold at extremely low prices and do not comply with any regulatory requirements. It also costs the Government an estimated RM2 billion in lost taxes each year."

The growing problem of illegal cigarettes in the market has witnessed BAT working together with the state agencies to educate the public on the features of illegal cigarettes, its implications for the nation and penalties involved. According to the Annual Report (2008: 64);

"Illicit tobacco trade not only increases criminality and social ills in Malaysia but also affects legal businesses and results in huge annual tax revenue losses to the Government which could have been spent on public services. Illicit tobacco trade also affects the livelihood of Malaysian tobacco farmers and dupes consumers into buying products of dubious quality as illicit cigarettes do not comply with regulatory requirements."

Nevertheless, the collaboration with the state in monitoring and curbing the illegal trade of cigarettes might explain the threat of illegal trade posed to BAT 'legitimate' businesses. A review of corporate reporting and media release illustrated the marketing strategies used by BAT, which blamed high taxes as a cause for the growth of illegal trade and consequences for

cash-strapped smokers who consumed illegal cigarettes. The strategies unconsciously propagated a message to the public that BAT products are much safer and thereby, 'legitimises' its business. It is claimed that high tax rate increase smuggling, which apparently reduced BAT's revenues and in turn, caused the state to loss tax revenues (Annual Report, 2012). However, the examination of Annual Report and Social Reporting found the growth in BAT revenues and payment of taxes increased over the years.

Despite the stated commitment of being socially responsible and pledges made to support the state's socio-economic agendas, BAT failed to disclose its tax planning strategies or other mechanisms used to minimise their tax burden. Disclosures of tax planning and other 'financial engineering schemes' would increase the public's awareness of corporate mechanisms used to minimise the tax burden. Although BAT had disclosed the amount of taxes paid to the state which might be used to finance social infrastructures, the corporation received subsidies, in terms of grants, tax relief and other types of financial benefits.

5.4 CSR Discourse to Disguise Irresponsible Practices

The review of corporate reports and documents over the years identifies several paradoxes in BAT's CSR initiatives. CSR provides a tool for the corporation to distract attention from the disastrous health and safety impact of the product and hence, legitimise corporate self-regulation. For instance, BAT claimed to protect public health by isolating smokers; however it indirectly establishes that smokers have a legitimate right to smoke in a designated location (Barracough and Morrow, 2008).

In addition, BAT claimed to publish information about health and safety of its product, including the ingredients on a corporate website which is accessible by the general public. However, despite corporate commitment to demonstrate accountability and transparency, BAT did not disclose vital information about the implication of health and safety as a result of the use of the products to the smokers and passive smokers. Without addressing the harmful health effects of the tobacco smoke and future tobacco related mortality, BAT advocates balancing the interests of smokers and non-smokers in dealing with public smoking.

BAT established an afforestation programme in Sabah in 2002 as part of its long-term commitment to reduce its carbon footprint. Through the afforestation programme, BAT claimed to remain carbon positive until 2024 based on the present business operations. BAT claimed to be environmentally responsible but tobacco farming and manufacturing is bad for the environment. In addition to health issues which WHO seek to address, there are significant concerns regarding land degradation and deforestation due to the 'toxin' used in tobacco farming and the shift away from food production to revenue producing tobacco crops (Moerman and Van Der Laan, 2005). Besides, the practise of carbon offset through the afforestation programme in the East Malaysia (Sabah) sparks a concern about the social and environmental issues of the communities living nearby the tobacco estates and factories since most of the BAT operations are located in the West Malaysia. The information on

environmental assessments in terms of CO₂ emissions computation and production methods which is connected to the reduction of CO₂ emissions was not provided in the report. In addition, although the company plants trees to be carbon neutral, it does not track the environmental impact of cigarette smoke or discarded packets and butts. Hence, it can be inferred that whilst corporations made substantial commitments to address environmental issues, detailed information about the targets and measures taken to minimise environmental impact associated with business operation would be particular interests to the public at large.

6.0 Conclusion

The examination of corporate annual report, social reporting and corporate website was not meant to be comprehensive or exhaustive, or to measure quantitatively CSR initiatives. Rather, the review sought to illustrate the nature and extent of CSR-related activities. The study documented increased corporate commitment of being socially responsible and pledges made to support the state's socio-economic agendas. The review of corporate reports and documents showed that corporations increasingly pledged their CSR commitment by endorsing for instance, codes of conduct and social and environmental policies.

However, CSR initiatives often involved charitable giving in the areas related to education and poverty alleviation, and donations to the poor and needy, particularly during the festive seasons. Part of this might be explained by the fact that most of the CSR initiatives are mostly driven by the state through its agencies and focused on poverty alleviation and providing equitable access to education. The limited insights on CSR perhaps, are due to limited demand for responsible practices, which subsequently contributed to the low level of engagement in the CSR-related initiatives by corporation.

Besides, the tobacco industry should not be allowed to run or fund youth smoking prevention programs as it does more harm than good for tobacco control. Critics argue that the aim of the youth smoking prevention programs is not to reduce youth smoking but to sustain the industry's political needs by preventing effective tobacco control legislation, marginalizing public health advocates, preserving the industry's access to youths, creating allies within policymaking and regulatory bodies, defusing opposition from parents and educators, bolstering industry credibility, and preserving the industry's influence with policymakers (Landman et al., 2002).

Table 1: The State Revenue from Tobacco Taxes, 2005-2013

Year	USD
2005	743,867,924
2006	771,223,270
2007	853,990,566
2008	948,254,717
2009	980,908,805
2010	997,163,522
2011	1,074,855,346
2012	1,090,509,434
2013	1,089,663,522

Table 2: Composition of BAT's Board Members

Board Member	Position	Ethnicity	Personal Background
Datuk Mohamad Salim bin Fateh Din	INED	Malay	Commission member of the MCMC.
Datuk Oh Chong Peng	INED	Chinese	Member of the Labuan Financial Services Authority.
Dato' Ahmad Johari bin Tun Abdul Razak	INED	Malay	-
Datuk Zainun Aishah binti Ahmad	INED	Malay	Former Director General of Malaysian Industrial Development Authority (MIDA)
Datuk William Toh Ah Wah	NIED	Chinese	-
Andreas Michael Thompson	NIED	British	-
Christine Lee Oi Kuan	NIED	Chinese	-
Dato' Chan Choon Ngai	NINED	Chinese	-
James Richard Suttie	NINED	British	-
Total <i>Bumiputeras</i> Composition in the Board		3/9 = 33%	

Note: INED – Independent Non-Executive Director; NIED – Non-Independent Executive Director; NINED – Non-Independent Non-Executive Director

Source: BAT's Annual Report (2012)

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