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## WHO Tobacco Control Papers

### **Title**

Tobacco Industry and Corporate Social Responsibility ... an Inherent Contradiction

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### **Author**

World Health Organization

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# Tobacco industry and corporate responsibility... an inherent contradiction

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World Health Organization

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# Tobacco industry and corporate responsibility...

## An inherent contradiction

### World Health Organization

Increasingly consumers, employees and managers expect companies, particularly large multinationals, to go beyond their traditional role of creating, producing, packaging and selling—for a profit. In the public's view, job creation and tax paying no longer suffice as private sector's sole contribution to society. The boom of socially responsible investment (SRI) products attest to this trend as investors express their concerns and make their social and ethical stands known to the companies they invest in and patronize. Socially responsible investors include individuals, corporations, universities, hospitals, foundations, and insurance companies, pension funds, non-profit organizations, churches and synagogues. Funds may exclude certain products or practices such as alcohol, weapons, pollution, animal testing or gambling; or they may seek to actively identify positive aspects of companies that adopt sound policies for environmental protection, fair employment practices, community and labor relations, for example. The common denominator among the vast majority of ethical or socially responsible investment policies and products is the exclusion of tobacco companies in their portfolios.<sup>1</sup>

Well-planned and well-managed philanthropy, from sponsoring music, film and art festivals to creating education programs for the disadvantaged to protecting the environment, in the name of corporate social responsibility (CSR) has become a necessary element in virtually every large corporation's business plan.

Many businesses from a wide range of sectors conduct projects and programmes that aim to reduce social inequity—by creating or improving health care or educational facilities, providing vocational and management training, enhancing the quality of leisure and cultural activities. Specific sectors are recognizing their responsibilities and orient their CSR efforts to areas especially relevant to their business. For example, food and beverage multinationals have specific responsibilities in terms of product marketing, consumers' changing eating habits, and conditions under which agricultural commodities are produced and traded. Transport companies must contend with the environmental impact of their business as well as traffic congestion, energy waste, safety and security and access to trade and enterprise opportunities.

*Tobacco companies have not missed this trend. Major companies have developed programmes for small business development in Kenya, crime prevention in South Africa, business education in China, folk culture preservation in Venezuela, and medical treatment and flood relief in Pakistan. A few specific examples follow.*

## youth smoking prevention

One area where nearly every major tobacco company invests publicity efforts to improve their corporate image is the development and promotion of ineffective youth smoking prevention programmes. While these programmes are created to appear to dissuade or prevent young people from smoking, in fact the effect is often the contrary. By portraying smoking as an adult activity, these programmes increase the appeal of cigarettes for adolescents. Proposed measures that involve proof of age for purchase at the counter are ultimately ineffective, as young

people easily circumvent these restrictions. Tactically, these programmes serve the purpose of creating the appearance that tobacco companies are proposing solutions for the problems they create. In reality, they detract attention from proven, effective solutions—including price and tax increases—to which young people are particularly sensitive. Tobacco companies vigorously oppose price and tax increases.



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## education

Another field where several tobacco companies have focused their CSR activities is education, often in the form of grants, scholarships, professorships, even the creation of an entire school.

At the end of 2000, the University of Nottingham announced the creation of the UK's first International Centre for Corporate Social Responsibility, thanks to a £3.8 million from BAT.

The centre's mandate is to study the social and environmental responsibilities of multi-national companies to the communities in which they operate. In December 2002, the Centre launched its new MBA programme, focusing specifically on CSR issues. Of course, many scholarships are available for this programme.



A study recently published in the British Medical Journal details research grants and donations from the tobacco industry as well as senior university governance appointments held by tobacco industry officials. Of 90 universities and 16 medical faculties, 39% had received donations from the tobacco industry. Four of the 16 medical schools had received research grants. Tobacco industry officers and directors were found to hold 26 university related appointments between 1996 and 2001, including posts such as governor, president, chancellor, and

director, as well as posts in university affiliated teaching hospitals and in university development and advancement. Dr Fernand Turcotte, of Laval University, one of the study's authors, said "such appointments were scandalous. The tobacco industry infiltrates the universities in this way because of the prestige associated with these institutions." He added "it's a way to buy silence and complacency".<sup>ii</sup>

At the end of 2002, BAT-Ghana contributed 250 Ghanaian Cedi (approximately US\$ 30 000) to the University of Ghana, Legon, for the Jubilee Hall Fund; and to the Kwame Nkrumah University of Science and Technology, Kumasi, for the establishment of Research Chair in Agro-Forest at the Institute of Renewable Natural Resources. The company also sponsors 44 tertiary students each year.<sup>iii</sup>

A less successful attempt to buy academic credibility was BAT's efforts to offer a London School of Hygiene and Tropical Medicine student a £1500 grant as well as the opportunity to work in the company's research and development unit at its Southampton factory on completion of the degree. Professor David Leon, upon learning of the offer told the company "to take its money elsewhere." He replied to the company: «You must think that academics and students in epidemiology are both extremely stupid and mercenary. There is no need to recite to you the responsibility BAT has for millions of deaths as it continues to push tobacco around the world».<sup>iv</sup>



## development and other philanthropy health

The tobacco industry is also involved in community-level development projects, such as the Kerio Trade Winds Project in Kenya, a partnership between the community and BAT that aims to “develop[ing] tobacco growing activities as an option towards alleviating poverty in line with the government’s poverty alleviation strategy”.<sup>v</sup> The Tobacco Association of Malawi has joined in ILO efforts to discourage abusive child labour practices in tobacco farming in Malawi.<sup>vi</sup> Souza Cruz, the Brazilian subsidiary of BAT, sponsored a concert tour to celebrate the 40 year career anniversary of an internationally-known Brazilian pianist in support of the newly elected Brazilian President’s campaign to eliminate hunger, Fome Zero.<sup>vii</sup> These activities come less than a year after a Christian Aid investigation of the Brazilian subsidiary of BAT, Souza Cruz, exposed labour practices ranging from alleged price control abuses, to failure to protect workers from pesticides and other hazardous chemicals, to failure to improve conditions where children are forced to labour in tobacco fields to help alleviate family debt.<sup>viii</sup>

Perhaps most remarkable, and most cynical, are those tobacco industry-sponsored programmes that aspire to public health goals. For instance, BAT Bangladesh extended their support to Shandhani Andhatyamochan (Blindness Relief) Lottery organized by Shandhani National Eye Donation Society by purchasing a large quantity of lottery tickets and making a donation to the Shandhani National Eye Donation Society, handing over a cheque at a public ceremony held the BAT factory in Dhaka.<sup>ix</sup> No mention was made of the link between smoking and cataracts, a major cause of blindness. The same factory was the venue for an occupational health workshop for students of Bangladesh University.<sup>x</sup>

In Zimbabwe, BAT invested in 2002 US\$6 million in a Harare medical clinic for the company’s 400 factory workers. A local paper reported, “The British American Tobacco Company Zimbabwe should therefore be commended for focusing on the health and well being of its employees”

## CSR alternative?

In an interesting move, Philip Morris, the world's largest tobacco company, started the new year with a new name, Altria, reportedly inspired by the Latin *altus*, "high". In contrast to the company's own explanation of the "corporate identity change" that "reflects important evolutions in [the company's] development," this name change has been hotly criticized as a PR move to distance other Philip Morris companies from the spectre of tobacco. "Philip Morris is banking on the short memory span of consumers and hoping that yet another massive PR campaign will win back a US public that has adamantly rejected its deadly business practices" commented Kathryn Mulvey, Executive Director of Infact, a US-based consumer protection NGO.<sup>xii</sup>

In its foreword, British American Tobacco's Social Report 2001/2002 was cited as "a serious commitment to embedding the principles of Corporate Social Responsibility in the British American Tobacco Group." The report goes on to explain

that a "formal CSR governance structure" has been established and that the company has "much to offer in helping to address the problems that concern our stakeholders, including supporting soundly-based tobacco regulation and reducing the impact of tobacco consumption on public health."

As BAT Bangladesh Managing Director said upon accepting an award from the Bangladesh Scout Guide and Fellowship, "BAT is deeply committed to the development of the country and will nourish the company's core value: Success and Responsibility go Together through contributions in different sectors of country's socio economic development."<sup>xiii</sup>

This report and these tobacco industry programs that seek to contribute to a greater social good urge the question: how can tobacco companies reconcile their main aim, to gain a maximum profit by producing and selling a deadly product, with the goals of CSR: business norms, based on ethical values and respect for employees,



consumers, communities and the environment? How can they claim to promote transparent business practices, calling for open dialogue among stakeholders when public inquiries and legal testimonies in courts in countries around the world attest to tobacco companies' actions and strategies to conceal the deadly nature of their products, derail work to protect public health and destroy incriminating evidence?

As in many respects, tobacco companies are simply not like other companies. Tobacco products are legal. But they are also lethal. Tobacco is the only consumer product available that kills one-half of its regular users. As such, in terms of CSR activities, they cannot simply figure among the ranks of other consumer goods companies.

Despite the tobacco industry's thinly-veiled attempts to gain corporate respectability and companies' claims to have changed their practices, they continue to use a vast array of unethical and irresponsible strategies to promote its products, expand markets and increase profits.

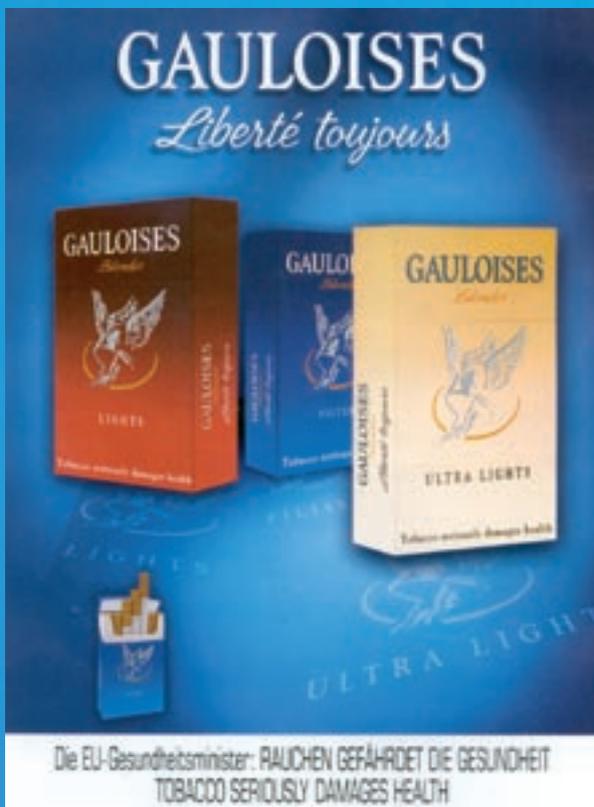
In the summer of 1999, an internal report to Dr Gro Harlem Brundtland, Director-General of the World Health Organization (WHO), suggested that there was evidence in formerly confidential tobacco company documents that tobacco companies had made "efforts to prevent implementation of healthy public policy and efforts to reduce funding of tobacco control within UN organizations." Later that year, she announced that understanding the role of the tobacco industry in causing and perpetuating an epidemic that kills some 5 million people annually, would be a key to developing tobacco control policy in general, and specifically a Framework Convention on Tobacco Control that can stop, if not reverse the tide and appointed a Committee of Experts to research tobacco company documents which had become publicly available as a result of lawsuits against the tobacco industry in the United States.

That documentary evidence pointed to systematic and global efforts by the tobacco industry to undermine tobacco control policy and research developments.



The Committee found that the tobacco industry regarded the World Health Organization as one of their leading enemies, and that the industry had a planned strategy to «contain, neutralize, reorient» WHO's tobacco control initiatives. Tobacco industry documents show that they carried out their plan by staging events to divert attention from the public health issues raised by tobacco use; attempting to reduce budgets for the scientific and policy activities carried out by WHO; pitting other UN agencies against WHO; seeking to convince developing countries that WHO's tobacco control program was a «First World» agenda carried out at the expense of the developing world; distorting the results of important scientific studies on tobacco; and discrediting WHO as an institution.<sup>xiv</sup>

These findings were the catalyst for efforts in WHO Regional Offices and individual country offices to carry out their own investigations on tobacco industry activities aimed specifically at sabotaging public health work. They also spurred the implementation of a systematic screening process of WHO employees and consultants to determine whether or not there



exists any conflict of interests with the aims of the organization. All employees and consultants are required to declare any interests that may influence their objectivity—including whether they are or have been involved in the production, manufacture, distribution or sale of tobacco or any tobacco products or directly represented the interests of any such entity.

WHO Headquarters was not the only target. In WHO's Eastern Mediterranean Region, tobacco industry activities to weaken public health policy in the Middle East began in the late 1970s, when multinational tobacco companies met regularly to discuss pending regulations and to plot joint strategy. The Middle East Working Group (MEWG), which later became the Middle East Tobacco Association (META), comprised all of the major tobacco multinational operating in the Middle East, and was formed in order to "promote and defend" the interests of these companies in the region--carefully monitoring and seeking to undermine the work of public

health officials in the Middle East, including the Arab Gulf Health Ministers' Conference, the World Health Organization and national tobacco control coalitions. The tobacco industry documents show that the companies enlisted prominent political figures in the Middle East to provide information and lobby for them, including an Egyptian member of Parliament, a former Assistant Secretary General of the Arab League and even, at one point, the Secretary General of the GCC Health Ministers who was also the Kuwaiti Under-Secretary for Health.<sup>xv</sup>

A recent report released by the Pan American Health Organization echoes these same findings. Transnational tobacco companies planned and executed comprehensive campaigns of deception over the last decade in Latin America and the Caribbean regarding the harmful effects of second-hand smoke and the nature of tobacco company marketing activities. By hiring scientists throughout Latin America and the Caribbean to misrepresent the science linking second-hand smoke to serious diseases and by designing «youth smoking prevention» campaigns and programs primarily as public relations exercises aimed at deterring meaningful regulation of tobacco marketing, tobacco companies sought to delay or avoid tobacco marketing restrictions and restrictions on smoking. Industry documents also show that tobacco companies had detailed knowledge of smuggling networks and markets and actively sought to increase their share of the illegal market by structuring marketing campaigns and distribution routes around them and that they enjoyed access to key government officials and succeeded in weakening or killing tobacco control legislation in a number of countries.<sup>xvi</sup>

All these investigations consistently point to the discrepancy between the measures that tobacco companies internally recognize to be the greatest threats to their sales, and those that they

champion in public. For example, companies publicly deny the connection between smoking prevalence and tobacco advertising, but internally acknowledge that advertising bans are a threat to tobacco sales, and a key priority for thwarting regulatory action. Companies constantly insist that they do not market to young people while internal documents clearly demonstrate otherwise.

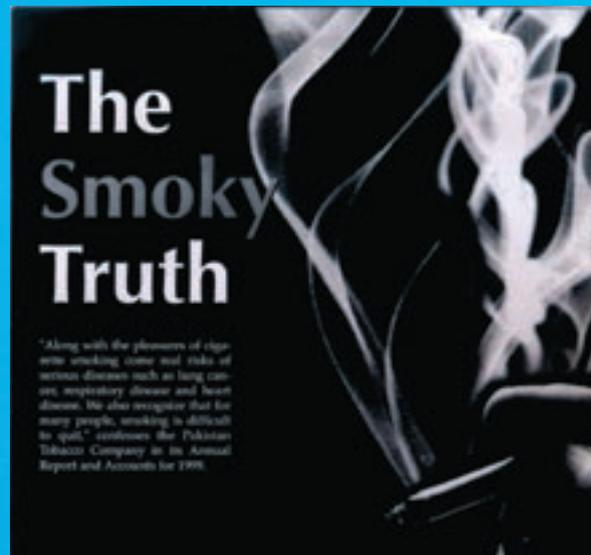
In a recent report examining recent statements submitted by British American Tobacco, Philip Morris, R.J. Reynolds, Brown & Williamson and Lorillard in the civil suit brought by the US Department of Justice,<sup>xvii</sup> US Representative Henry A. Waxman found that most companies continue to question whether smoking causes disease and do not admit that nicotine is addictive. All companies denied that that second-hand smoke causes disease in non-smokers—despite unequivocal evidence from the US Surgeon General and the World Health Organization (WHO). Tobacco companies also denied that they control nicotine levels in cigarettes, that they market to children and that they destroyed documents to avoid their use in lawsuits—despite their own testimonies in courts of law to the contrary. The tobacco industry systematically creates controversy about risk assessment and about the scientific evidence of the health hazards of tobacco use and second-hand smoke.<sup>xviii</sup>

Similar enquiries and investigations have been done out or are in the process of being carried out in other countries, including Switzerland, Finland, Israel, Syria, Iran, among others. The tactics are expertly adapted to specific country situations and executed solely in the interest of tobacco company profits.

At the same time, the toll of tobacco-related disease and death around the world is spiralling to 4.9 million lives lost every year. This figure exceeds all previous projections, reaching greater

dimensions, faster than expected—reaffirming the urgent need for action on a global scale.

Tobacco companies are asking for open dialogue. They assert that their efforts to undermine global tobacco control policy are a product of a past era and that now they seek to engage in constructive dialogue with the WHO and national governments. They appeal to “reticent stakeholders” to judge them “not by the swirl of words around [their] industry but by [their] actions.”<sup>xix</sup>



Today WHO has defiantly acted for the benefit of the public health, and the WHO Framework Convention on Tobacco Control (WHO FCTC) is a reality and is very close to entering into force. There is only one way to reduce the death and suffering caused by the tobacco epidemic, and that is the implementation of effective tobacco control policies. The WHO FCTC sets the standards for regulating tobacco in its different aspects. The Treaty sets the ground for tobacco control with provisions on advertising and sponsorship, tax and price increases, labelling, illicit trade and second-hand smoke.

Nearly 5 million deaths a year, 1.3 billion smokers in the world today and high rates of youth

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smoking are in part the result of the failure of governments to implement tobacco control policies that are known to work. Governments' inaction and public indifference, where it exists, are largely a result of decades of tobacco companies' untoward influence.

The business community, consumer groups and the general public should join policymakers and the public health community in being more vigilant and critical about tobacco companies' CSR activities. Because, despite the industry's claims, there is little evidence of any fundamental change in their objectives or their practices.



<sup>i</sup> Yach, Derek, Sissel Brinchmann, and Suzanne Bellet. «Healthy Investments and investing in health.» *Journal of Business Ethics*, Dordrecht. Oct 2001, Vol. 33, Issue 3, pp. 191-198.

<sup>ii</sup> *Addiction to Tobacco: Defining Links between the Tobacco Industry and Canadian Universities and Medical Schools*, *BMJ* 2002;325:734 <http://bmj.com/cgi/content/full/325/7367/734/a>

<sup>iii</sup> *Ghanaian Chronicle (Accra)*, December 3, 2002, <http://allafrica.com/stories/200212040313.html>

<sup>iv</sup> *College tells tobacco company to take its money elsewhere*, *BMJ* 2002;325:794 <http://bmj.com/cgi/content/full/325/7368/794/c>

<sup>v</sup> <http://www.eastandard.net/eahome/story11112002013.htm>

<sup>vi</sup> *The Malawi Standard*. December 24, 2002 <http://allafrica.com/stories/200212250001.html>

<sup>vii</sup> [http://www.souzacruz.com.br/frame\\_left.asp?n=imprensa&sn=\\_artigo36](http://www.souzacruz.com.br/frame_left.asp?n=imprensa&sn=_artigo36)

<sup>viii</sup> *Hooked on Tobacco*, *Christian Aid*. <http://www.christian-aid.org.uk/indepth/0201bat/bat1.htm>

<sup>ix</sup> *The Daily Star (Bangladesh)*, 30 October 2002, <http://www.dailystarnews.com/200210/30/n2103006.htm#BODY4>

<sup>x</sup> *The Daily Star (Bangladesh)*, 23 October 2002 <http://www.dailystarnews.com/200210/23/n2102305.htm#BODY13>

<sup>xi</sup> *The Daily News (Harare)*, 30 October 2002 <http://allafrica.com/stories/200210300294.html>

<sup>xii</sup> *Philip Morris Attempts to Distance itself From Marlboro Man's Global rampage With name change to altria Corporate Accountability Activists Say Massive PR Make-Over Won't Fend Off Tough Regulation in Global Tobacco Treaty*, <http://www.infact.org/012703pm.html>

<sup>xiii</sup> <http://independent-bangladesh.com/news/dec/23/23122002bs.htm#A6>

<sup>xiv</sup> *Tobacco Industry Strategies to Undermine Tobacco Control Activities at the World Health Organization*, August 2000. <http://www5.who.int/tobacco/page.cfm?tld=174>

<sup>xv</sup> *Voice of Truth*. <http://www5.who.int/tobacco/repository/tpc48/VoT1-en.pdf>

<sup>xvi</sup> *Profits Over People, Tobacco Industry Activities to Market Cigarettes and Undermine Public Health in Latin America and the Caribbean*. <http://www5.who.int/tobacco/page.cfm?tld=178>

<sup>xvii</sup> [http://www.reform.house.gov/min/pdfs/pdf\\_inves/pdf\\_tobacco\\_doj\\_rep.pdf](http://www.reform.house.gov/min/pdfs/pdf_inves/pdf_tobacco_doj_rep.pdf), *Tobacco Industry Statements in the Department of Justice Lawsuit, Rep. Henry A. Waxman Minority Staff Report, Special Investigations Division, Committee on Government Reform, U.S. House of Representatives, September 17, 2002*.

<sup>xviii</sup> Yach D. and S. Bialous, *Junking Science to Promote Tobacco*, *American Journal of Public Health*, November 2001, Vol 91, No. 11, 1745-1748.

<sup>xix</sup> [http://www.bat.com/oneweb/sites/uk\\_\\_3mnfen.nsf/vw-PagesWebLive/C83FBD4911F1636280256BF4000331B8?opendocument](http://www.bat.com/oneweb/sites/uk__3mnfen.nsf/vw-PagesWebLive/C83FBD4911F1636280256BF4000331B8?opendocument), *British American Tobacco Social Report 2001/2002*

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## **Tobacco Free Initiative**

### **World Health Organization (WHO)**

[www.who.int/tobacco](http://www.who.int/tobacco)

Tel: +41 22 791 2126

Fax: +41 22 791 4832

E-mail: [tfi@who.int](mailto:tfi@who.int)