



Internship Report on

The evaluation of the CSR Activities of
British American Tobacco Bangladesh

The evaluation of the CSR Activities of British American Tobacco Bangladesh

Submitted to:

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To

Mahmudul Huq

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Subject: Submission of internship report on “The Evaluation of CSR Activities of British American Tobacco Bangladesh”

Dear Sir,

This is my great pleasure to submit the internship report of my three months long internship program in the British American Tobacco Bangladesh in the department of Corporate and Regulatory Affairs (CORA). The title of the report is “The evaluation of the CSR activities of British American Tobacco Bangladesh”. This report has been prepared to fulfill the requirement of my internship program at my assigned organization in British American Tobacco Bangladesh.

I have put my best effort to make this report a successful one. It has been joyful & enlightening experience for me to work in the organization & prepare this report. However this has been obviously a great source of learning for me to conduct similar types of studies in the future.

I would like to express my sincere gratitude to you for your kind guidance & suggestions in preparing the report. It would be my immense pleasure if you find this report useful & informative to have an apparent perspective on the issue. I shall be happy to provide any further explanation regarding this report if required & please do not hesitate to call me if you have any query on this report or any other relevant matters.

Thanks and best regards,

Samia Azim Dooty

Id: 09104112

Acknowledgement

There is an English proverb “Two heads are better than one”. That is, no one can obtain a noble objective alone. This internship report is an accumulation of many people’s endeavor. But at the beginning I would like to convey my sincere appreciation to the almighty Allah for giving me the strength & the ability to finish the task within the planned time. Then I like to express my sincere gratitude to everyone who contributed towards preparing & making this study successfully.

First of all I would like to express my Sincere & immense gratitude to my internship supervisor Mr. Mahmudul Huq, Assistant Professor of BRAC Business School, BRAC University. I am deeply indebted to him whole hearted supervision to me during the Internship Period. His valuable suggestions & guideline helped me a lot to prepare the report in a well organized manner.

I would also like to thank the authority of **British American Tobacco Bangladesh** for giving me the opportunity to do my internship in their well renowned multinational organization. I would like to give thanks to:

- Mr. Sheikh Shabab Ahmed (Industry Regulation Manager of BATB)
- Mr. Ariful Islam Shiploo (CSR Officer of BATB)

I am also grateful to the other officials & my friends who helped me while preparing the study by giving their suggestions, assistance & supply of information, which were valuable to me. Their helping hand supported me to complete my report successfully. Finally, I want to keep my thanks to my parent who gave special attention to me from the very beginning and during the preparation of report & the internship program.

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Executive Summary

This report is conducted with two principle aims. First one is to know the CSR activities of British American Tobacco Bangladesh and the second one are to know how they are getting benefited from their CSR initiatives.

Basically in order to complete my Internship program for my graduation, I had a wonderful experience working for a period of three months in the British American Tobacco Bangladesh.

First part of this report is based on the introduction which includes topics like origin, objective, background, methodology, limitation of the study. Basically it defines the way and background of the study to prepare the report. The next part of the report highlights a brief about British American Tobacco Bangladesh and its history, its products, shareholders, distribution network.

In the main part of the report, I have explained the operations and the management structure of my assigned department Corporate and Regulatory Affairs (CORA). It was important to explain these because all of the CSR activities of BAT Bangladesh are controlled and operated by CORA. Later on I have explained the current CSR activities done by BAT Bangladesh. Finally I have tried to explain the benefits BAT Bangladesh is getting from their CSR initiatives. I have also tried to figure out the benefits and costs of the CSR initiatives depending on the perspective of different stakeholders of BAT Bangladesh.

At the end of the report, some recommendations are given which could be helpful for the proper understanding of the report. In a brief, this report contains all the essential and possible information related to the CSR activities of British American Tobacco Bangladesh and the expected benefits from these activities by British American Tobacco Bangladesh.

CHAPTER 1

Introduction

1.1 Introduction:

British American Tobacco Group is the world's second largest quoted tobacco group by global market share, with brands sold in more than 180 markets. With over 200 brands in their portfolio, they make the cigarette chosen by one in eight of the world's one billion adult smokers. BAT holds large market positions in each of their regions and has leadership in more than 50 markets. In 2011, they sold approximately 705 billion cigarettes.

BAT has over 55,000 employees all over the world. They always maintain a multi-cultural workforce. They always try their best to make almost identical decisions for every local stakeholder following a common framework of principles, standards, policies, strategies and delegated authorities.

BAT is working appreciably with thousands of farmers internationally in the purpose of tobacco growing. The company provides agronomy support to the farmers for quality crop production as well as they maintain the whole procedure in an environmental friendly way. In 2011 BAT ran this cultivation process in 19 countries and had a notable success. They purchased approximately 440,000 tones of leaf grown by 200,000 farmers.

1.2 Regional operation of BAT:



1.3 Methodology:

1.3.1 Objective of the Report:

1.3.1.1 Primary Objective:

Evaluating the CSR activities of British American Tobacco Bangladesh through finding the Corporate Social Responsibility initiatives of the company and its annual expenditure behind these.

1.3.1.2 Secondary Objective:

Fulfilling the requirement of BUS400 course by the preparation and submission of my internship report on “The evaluation of the CSR activities of British American Tobacco Bangladesh”.

1.3.2 Data Sources:

1.3.2.1 Primary Sources:

Primary sources of data will be the people working at department CORA specially the people related with CSR and Internal and External communication of British American Tobacco Bangladesh.

1.3.2.2 Secondary Sources:

Secondary sources of data will be the intranet of BATB, the official website of BATB and the annual report 2011 of BATB.

1.3.3 Scope of Information:

This project will help to know about the ongoing situation CSR portfolio and its effectiveness of British American Tobacco Bangladesh. The report will not focus any confidential or controversial internal informational of the organization. This report will also not focus any internal strategy related to their CSR portfolio.

1.4 Limitations:

Their security concern about revealing the information will be one of the biggest challenges for me. My limited access in their intranet will be another obstacle for more information. Their official website also contains a limited amount of information required for making a report which could be covered by the information given in their annual report and through the primary sources of data.

CHAPTER 2

Organizational Overview

2.1 British American Tobacco Bangladesh:



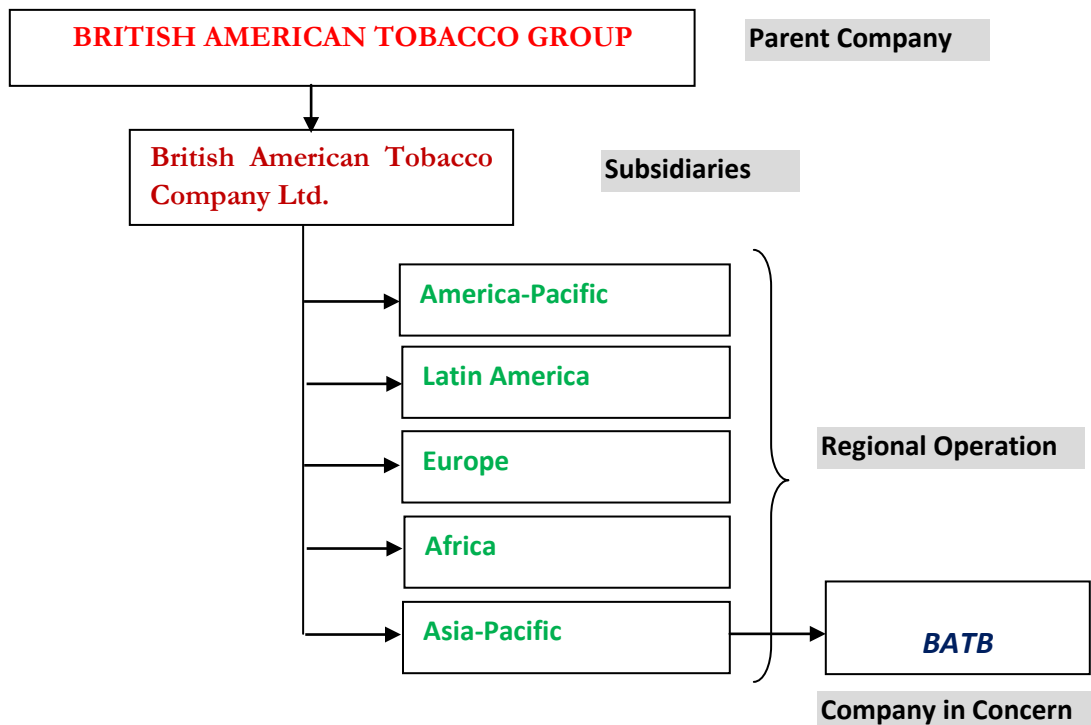
British American Tobacco Bangladesh is one of the largest multi-national companies in Bangladesh. They have over 1200 employees in Bangladesh. They are also employing 50,000 farmers, distributors and retailers indirectly. They have business contracts with 32,000 registered farmers who produce quality products. The dialogue of their business is “Success and Responsibility go together”. They are making high quality tobacco products for the diverse preferences of consumers and expanding the business from crop to consumers. They always believe that they are committed to the principles of corporate social responsibility. British American Tobacco Bangladesh is one of the first companies to be listed on the Dhaka and Chittagong stock exchanges. Currently it ranked amongst the top 10 companies in terms of market capitalization.

2.1.1. History:

In this part of the world the presence of the company can be traced back to 1910. Almost 102 years ago the company began its journey as Imperial Tobacco by establishing its first sales depot at Armanitola in Dhaka. After having the partition of India in 1947, Pakistan Tobacco Company was established in 1949. The first factory in Bangladesh (former East Pakistan) was setup at Fauzdarhat in Chittagong in 1949. In 1965, the second factory (Present head office and factory) of Pakistan Tobacco Company was setup in Mohakhali, Dhaka. In 1972 after the independence

of Bangladesh it became Bangladesh Tobacco Company Limited. In 1998, the company changed its name and identity to British American Tobacco Bangladesh

2.1.2 Relationship of BATB with BAT Group



2.1.3. Core Business Principles of BATB:

BATB's Statement of Business Principles forms the basis on which they run their business in terms of responsibility.

The Principle of Mutual Benefit

The principle of Mutual Benefit is the basis on which they build their relationships with their stakeholders. BATB is primarily in business to build long term shareholder value and they believe the best way to do this is to seek to understand and take account of the needs of all of their stakeholders.

The Principle of Responsible Product Stewardship

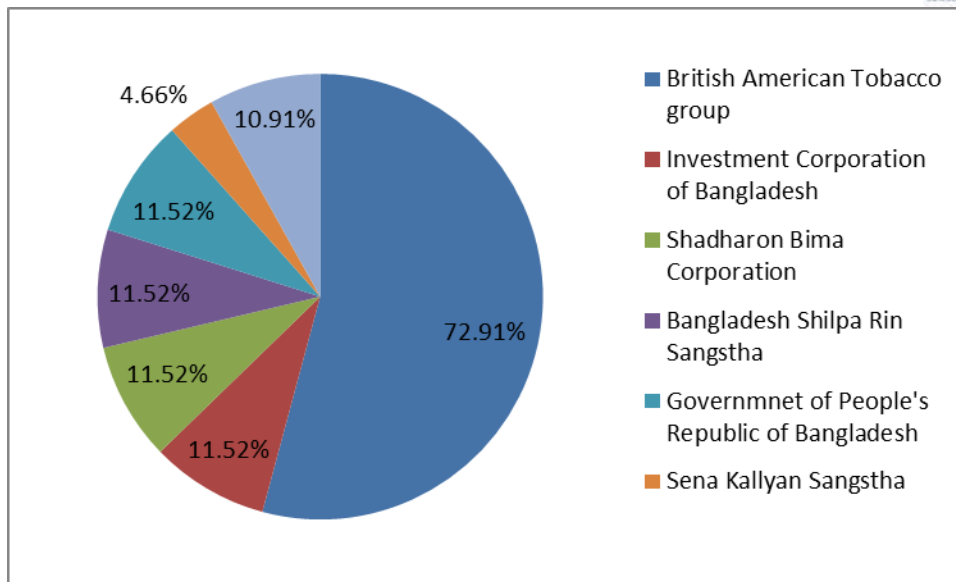
The principle of Responsible Product Stewardship is the basis on which they meet consumer demand for a legal product that is a cause of serious diseases. Therefore, their products and brands should be developed, manufactured and marketed in a responsible manner. BATB also aspire to develop tobacco products with critical mass appeal that will, over time, be recognized by scientific and regulatory authorities as posing substantially reduced risks to health.

The Principle of Good Corporate Conduct

The principle of Good Corporate Conduct is the basis on which all their businesses should be managed. Business success brings with it an obligation for high standards of behavior and integrity in everything they do and wherever they operate. These standards shall not be compromised for the sake of results.

2.1.4 Shareholders:

British American Tobacco Bangladesh (BATB) was the first companies to be listed on the Dhaka and Chittagong Stock Exchanges and currently ranked amongst the top 10 companies in terms of market capitalization. British American Tobacco Group holds 72.91% of BATB's shares, 11.52% is owned by Invest Corporation of Bangladesh, Shadharon Bima Corporation, Bangladesh Shilpa Rin Shangstha. Government of People's Republic of Bangladesh, Sena Kallyan Sangstha own 4.66% and a further 10.91% is owned by other shareholders.



2.1.5 Portfolio of Products:

British American Tobacco Bangladesh manufactures and market high quality and well established international cigarette brands. Their current brands are Benson & Hedges, John Player Gold Leaf, Pall Mall, Capstan, Scissors, Star, Pilot and Bristol, which are positioned in four segments in the Bangladesh cigarette market.

Benson & Hedges

Launched in 1997, Benson & Hedges maintains our prime market share in the Premium segment. Within a short time Benson & Hedges became a successful brand in our portfolio.

John Player Gold Leaf, Pall Mall and Capstan

John Player Gold Leaf, Pall Mall and Capstan are positioned in the High segment. Launched in 1980, John Player Gold Leaf is one of the highest selling brands of our company, enjoying large market share in the High segment. Pall Mall was the Group's first Global Drive Brand to be launched in Bangladesh in 2006.

Star and Scissors

Star and Scissors are positioned in the Medium segment. Star, launched 40 years ago, is still a leading brand in this segment. Currently, it is the highest volume generating brand for the company.

Pilot and Bristol

Pilot was launched in 2009 in the Low segment, which is growing rapidly in Bangladesh. Bristol was launched also in the Low segment in October 2010.

2.1.6 Distribution Network:

The infrastructure of the company has a broader field where the company plays its important role. BATB has 6 Regional Trade Marketing Offices (RTMOs), 12 Regional Sales Depots, 1 Factory, 1 Green Leaf Threshing Plant, 7 Leaf Depots and a Head office consisting of Corporate Head office and Production Head office. The Company's Head office and Cigarette factory are located in Dhaka. A Green Leaf Threshing (GLT) Plant has been set up in Kushtia and it has started operation from April 1995.

The company's products are manufactured in the factory at Mohakhali, Dhaka. The Plant Manager who reports to the Production Director at the Head Office heads Dhaka factory. The company procures tobacco leaf maintaining the international standard and it imports processed tobacco leaf for its international brands. It procures green tobacco from the registered farmers of the leaf area mainly for its local brands.

The company's authorized leaf areas are located in Kushtia, Chittagong and Manikganj. But bulk of tobacco leaves comes from Kushtia region. The Chittagong area is under development process and it now covers Rangunia and Lama. The company operates 7 leaf depots in the leaf area. Four of them are located in Kushtia region, 2 of them are located in Chittagong and other 1 is in Manikganj, The Company provides all sorts of supports to the registered growers through its depot personnel. This includes technical knowhow, agricultural inputs and financial assistance.

The company performs its sales and distribution operation all over the country through its five regional sales offices. They are located in Dhaka, Khulna, Chittagong, Sylhet and Rajshahi. Each of the regions is again divided into operational areas, each of which in turn is divided into territories. To perform its sales and distribution smoothly, the company operates 10 sales depots in different locations of the country and it has 63 authorized distributors.

CHAPTER 3

Internship Experience

3.1 Job description:

In order to complete my graduation from BRAC University, I have done my internship in British American Tobacco Bangladesh under the department Corporate and Regulatory Affairs (CORA). I was assigned to prepare documents for the “Project HAWK”. Although it was my main assigned work but I had to do other works as well in order to assist the management of CORA specially the regulation side with other departments and maintaining the relationship with the stakeholders.

3.2 Different aspects of job performance:

I used to keep the records of activities done by different tobacco control group’s initiatives.

I also gained the experience of working with multinational company managers which will help me in future for sure. I used to communicate with other departments’ managers as well which helped me to increase my communication skills in a corporate environment.

I also worked for maintaining the relationship with the stakeholders of BATB. I was assigned to make a list of gifts by my own choice for sending them throughout 2013. My work was appreciated by my line manager after finishing my assigned task on time.

I have also assisted organizing “Economic Review Forum” award and “Coffee Table-CSR Book Launch” programme. These programmes helped me to develop my organizing ability. I was a volunteer in annual “Family Day” programme of BATB.

I also worked for other managers of my department. I had helped them by typing different documents in English and Bangla, it helps me to speed up my bangle typing. I had also keep records of yearly distribution of diary, calendar, and organize the brand board.

CHAPTER 4

Project Analysis and Findings

4.1 Introduction of the topic:

British American Tobacco Bangladesh is one of the leading multinational companies in Bangladesh. The British American Group holds 65.91% share in the company. The Government owns 26.57% through several of its agencies, while 7.52% is owned by other stakeholders. In the world ranking of tobacco industries British American Tobacco is in second position. British American Tobacco Bangladesh has many departments and among them Corporate Regulatory Affairs (CORA) is one of the important departments. The main three functions of CORA are Corporate Social Responsibility, Communication and Regulation. Communication function has three wings Internal Communication, External Communication and Media Communication. The project will look at the CSR portfolio of British American Tobacco Bangladesh. It will then measure the visibility and acceptability of those CSR initiatives among the general public.

4.2 Corporate and Regulatory Affairs:

The Corporate and Regulatory Affairs Department (CORA) of the company is dedicated towards achieving the company's strategic imperative, which is: To be a responsible company in an industry seen as controversial.

Globalization and increased inquiry of businesses by consumers and the general public mean that companies are today judged not only by the quality of products that they produce but also the manner in which they carry out their business activities. It is therefore, an imperative that corporate bodies are responsible not just in their businesses but also in the social domain that they operate in. British American Tobacco's philosophy has been to be conscious corporate citizens wherever they operate, respectful of local cultures.

The company recognizes that it manufactures a product, which carries significant risks. In this light, the company believes that only informed adults should use its products and that underage persons should not smoke. It also believes that the company must act, behave and carry out its business activities in a manner accepted by society at large as responsible.

The Corporate & Regulatory Affairs function is charged with driving reputation management to the heart of the business and ensuring the company's involvement as a leading development partner of the country.

4.2.1 The CORA Vision:

“To become the most respected FMCG Company among key stakeholders”

Reputation management involves identifying and prioritizing the company’s stakeholders and preparing and implementing plans to engage and communicate with these stakeholders.

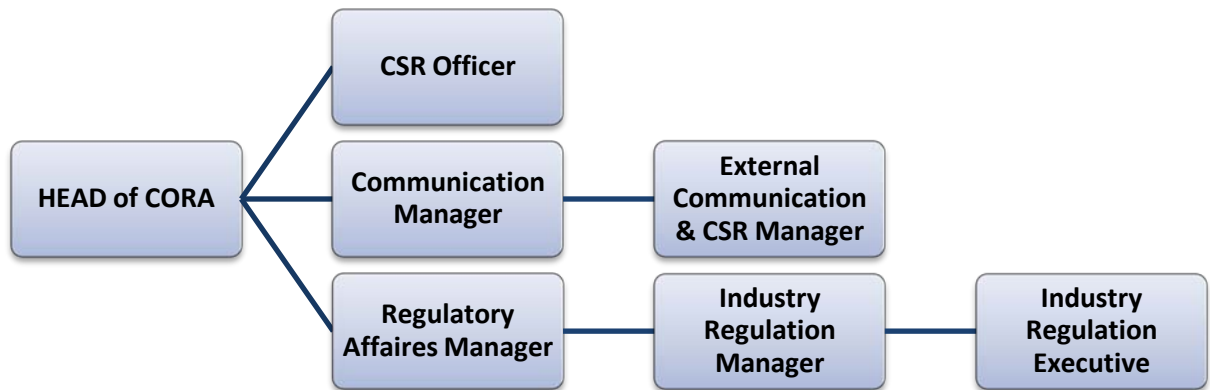
4.2.2 Activities and Area of focus:

CORA helps British American Tobacco Bangladesh to:

- Build and sustain a corporate reputation, which in turn helps to ensure the future of the business.
- Build recognition for British American Tobacco Bangladesh as a responsible company in an industry seen as controversial.
- Identify Corporate Social Responsibility issues and come up with effective solutions.
- Communicate widely, clearly and proactively, enhancing understanding of the business and building a strong corporate brand.
- Build and manage relationships with BATB’s key stakeholders.

4.2.3 Structure of CORA:

The Corporate and Regulatory Affairs Department activities are lead by the Head of Corporate Affairs who is assisted by the Company Secretary and the CORA Managers. The company’s Legal and secretarial function also reports to the Head of CORA.



4.3 CSR Activities by BATB:

“Success and responsibility go together” is the philosophy that has driven British American Tobacco Bangladesh. British American Tobacco believes that Corporate Social Responsibility is vital in ensuring that their business is sustainable for long-term shareholder value. They also believe that the business has a key role to play in helping society to achieve the necessary sustainable balance of economic growth, environmental protection and social progress. The CSR activities which are being controlled by BAT Bangladesh are given below:

4.3.1 PROBAHO:

The only available drinking water for millions of people in Bangladesh is laced with arsenic which is hazardous to health. British American Tobacco Bangladesh has stepped forward with the “Probaho” project to provide pure and safe drinking water to rural communities.

Recognizing World Water Day, BAT Bangladesh launched 5 new water treatment plants in Kustia and Manikganj on March 22, 2011. The ceremony was held with the undertaking of BAT Bangladesh in different districts to conserve water and to bring safe and clean drinking water to the people of Bangladesh.

The United Nations General Assembly declared March 22 as World Water Day to promote clean water. Observance of this day began in 1993 and has grown significantly ever since. So far, the Probaho initiative has installed 34 plants to remove arsenic and toxic elements from groundwater. The Probaho plants are situated in Kustia, Jhenidah, Meherpur, Chuadanga, Kurigram, Lalmonirhat, Satkhira, Tangail and Manikganj districts. These plants provide approximately 200,000 litres of pure drinking water for around 100,000 people daily. To achieve the Millennium Goals 2015, regarding sanitation and health issues; BATB has taken this initiative to help communities to complement development efforts made by Government. The objective to reach the MDG is to provide safe water that will make a significant contribution to the good health of poor people.

To celebrate World Water Day, an internal interactive campaign was held at BAT Bangladesh carrying alarming messages about Arsenic contaminated water to create maximum awareness among all employees.

4.3.2 DEEPTO:

BAT Bangladesh has undertaken a project to install Solar Home Systems in remote areas of Chittagong Hill Tracts without any cost. The meaning of 'Deepto' is 'Lighted'. Under this project BAT Bangladesh has already installed 576 units of Solar Home Systems in four remote villages in Bandarban and Khagrachari districts through BAT Bangladesh is giving rural families their first access to electricity at home.

British American Tobacco Bangladesh strongly believes that the business has a responsibility in everything it does. In Bangladesh, around 50% of total people do not have access to the electricity. Bangladesh government has an agenda to bring the entire country under electricity services by the year 2020. Bangladesh has set a target to generate 5% of total electricity demand from renewable sources by 2015 and 10% by 2020. Renewable energy is such energy which comes from natural resources like sunlight, wind, rain, tides and geo thermal heat, which are renewable. British American Tobacco Bangladesh is contributing a lot in this target mission through providing free Solar Home Systems across the country.

4.3.3 Afforestation:

British American Tobacco Bangladesh initiated this well recognized program to create mass awareness of the need for afforestation with the free sapling distribution program in 1980. Today, after more than two decades, BATB have contributed more than 4 crore 60 lac saplings to the country's afforestation initiative. . The survival rate of these saplings stands at 90%. Most of these plants are located in Kushtia, Rangpur, Manikganj and Chittagong regions including the hill tracts. The trees have mostly been planted along roadsides, canal banks and farmers' landholdings.

BATB is working towards achieving a balance between native and exotic species in terms of fast growing, fruit bearing, timber producing and medicinal characteristics in our afforestation program. In 2004, approximately 40 lac saplings in the ratio of 85:15 of exotic versus native species were raised countrywide for distribution. The afforestation program extended its realms to the Dhaka city dwellers from 1993, when the company started distributing saplings in Dhaka.

As a mark of national recognition, the company received the Prime Minister's 3rd prize in 1993 and 1st prize both in 1999 and 2003 for tree plantation.

4.3.4 Alternate Fuel:

Since 1980, BAT Bangladesh is exploring the alternate source of wood fuel needed to cure tobacco production in Bangladesh. Over the period, the company successfully replaced almost 100% of Flue Cured Variety (FCV) curing at Kustia by alternates such as jute stick, dhaincha sticks, paddy straw, industrial waste, sugarcane biogases, rice husk etc.

It is important to mention that 70% of FCV tobacco in Bangladesh is grown at Kustia. Through their concerted effort and with the growing interest of the farming community, alternate fuel is increasingly becoming popular in Chittagong leaf growing region as well. At present, alternate sources are being used as wood fuel substitute. To meet the demand for wood fuel, every year they distribute 25 lac saplings free of cost in Chittagong.

4.3.5 Biodiversity:

British American Tobacco Bangladesh is following Biodiversity corners and also providing training to the farmers on biodiversity. BAT Bangladesh acknowledges that they have both an impact and dependence on biodiversity through their business operations and use of ecosystem services such as forest products, soil and water. For that, BATB has established 26 biodiversity corners on 25 acres of land with the help of their registered farmers in order to acknowledge their farming communities about the importance of different elements in nature and their contribution in the ecosystem. It exhibits the extinct species and their inputs for conserving nature. Biodiversity corners are located in Kustia, Meherpur, Chuadanga, Jhenaidah, Rangpur, Manikganj, Bandarban, Khagrachari, Cox's Bazar. Their plan is to set up 11 biodiversity centers in different growing locations every year.

4.3.6 Integrated Pest Management Club:

BAT Bangladesh established the first Integrated Pest Management Club in 2005 to support the farmers for better crop management in Checua Leaf Area, Kustia. BAT Bangladesh has established a number of IPM clubs at its different leaf growing locations in the purpose of making the farmers aware about the non-chemical alternatives to pest management and safe use of Agrochemicals. The objective of IPM clubs is to reinforce government initiatives to reduce use of agrochemicals.

To improve the concept of IPM among the farmers, BAT Bangladesh has been running Farmers Field School (FFS) in partnership with Department of Agricultural Extension (DAE). Moreover, IPM clubs are now contributing to create trained resources for IPM education and training.

4.3.7 Green Manuring with Dhaincha:

BATB provides the know-how and provide free seeds for ploughing and green manuring by the targeted farmers. These seeds are sowed in the fields and after these plants known as Sun Hemp (Dhoincha) reaches a certain height, they are ploughed and mixed with the soil. The cultivation of sun hemp increases soil's organic composition and is a eco-friendly sustainable method of soil enrichment. The company's field experience suggests that 50% of the farmers

manage to successfully conduct seed multiplication from which they can internally source seeds for the following years. It has been reported through a study funded by BATB and undertaken by Bangladesh Agricultural University that the organic matter content of the soil is less than 1%. Success will be measured against the positive shift in organic matter content in the reporting areas. Hopefully this initiative will make positive biodiversity contribution from eco-system rehabilitation and sustainable use perspectives

4.3.8 Compost Pits:

Compost pits are a source of natural fertilizers for the farmers. As a part of bio-friendly agricultural practices, they provide the know-how and bear full costs to install compost pits in the homesteads of the targeted farmers. This assistance is also supported by an ongoing awareness campaign. This contributes in significantly reducing dependence on the use of chemical fertilizers for agricultural productions while enabling to decrease the cost of production. Every year BAT Bangladesh targets to establish 80 compost pits in leaf growing areas.

4.3.9 Social Contributions for Farmers:

4.3.9.1 Sanitation Support: To support the target for universal sanitation coverage, BATB provides costs to install latrines for farmers and these will be available for sharing within the village. This assistance is also supported by an ongoing awareness campaign. Till date they have distributed above 15,000 latrines among BATB's registered farmers.

4.3.9.2 Monthly Health Check: BATB's registered farmers are provided health care support from company depots every month. A doctor sits in the depot in a particular day each month so that the registered farmers can come and receive free prescriptions for their health problems.

4.4 Findings and Analysis:

Corporate Social Responsibility (CSR) has a variety of definitions from different individual and organizations. Some of the definitions can be cited here:

Michael Hopkins's definition of CSR:

1. Corporate Social Responsibility is concerned with treating the stakeholders of a company or institution ethically or in a responsible manner. 'Ethically or responsible' means treating key stakeholders in a manner deemed acceptable according to international norms.
2. Social includes economic and environmental responsibility. Stakeholders exist both within a firm and outside.
3. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation or the integrity of the institution, for peoples both within and outside these entities.
4. CSR is a process to achieve sustainable development in societies.

Source: *Michael Hopkins (MHCi): A Planetary Bargain: Corporate Social Responsibility Comes of Age (Macmillan, UK, 1998)*

Mallenbaker Definition of CSR: "CSR is about how companies manage the business processes to produce an overall positive impact on society"

The World Business Council for Sustainable Development (WBCSD) Definition of CSR: "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large"

Source: <http://mhcinternational.com/articles/definition-of-csr>

According to these definitions we can say that CSR involves commitment towards the employees of the organization, environment and society at large. Although the practice of CSR is ethical for the organizations that practice these, it can also be financially beneficial for that very organization at the same time. The basic drivers of CSR consist of three things. They are given below:

- **Values:** a value shift has taken place within businesses, as a result of which they now not only feel responsible for wealth creation, but also for social and environmental benefits
- **Strategy:** being more socially and environmentally responsible is important for the strategic development of an organization
- **Public Pressure:** pressure groups, consumers, media, the state and other public bodies are pressing organizations to become more socially responsible.

Source: <http://www.alchemyformanagers.co.uk/topics/qVAYdJ9D7U8rPD8a.html>

British American Tobacco Bangladesh is operating their CSR activities following the actual meaning of Corporate Social Responsibility. We have already seen the CSR activities of BAT Bangladesh. Therefore we can easily relate their activities according to the actual standard of Corporate Social Responsibility. We can find them in different steps which are given below:

- **Operational Cost Savings:** They are investing in environmental efficiency and energy efficiency which is increasing their yields rates of return through cost savings or reduction of waste.
- **Enhanced Reputation:** By good company performance and a wide range of CSR activities BAT Bangladesh is proving their longer sustainability power. They are ensuring the increase of their brand value through the enhanced reputation. As the industry of BATB is so much sensitive this is particularly important to them with high-value retail brands, which are often the focus for media, activist and consumer pressure.
- **Increased Ability to Recruit, Develop and Retain Staff:** By achieving the brand value after a great effort brought BAT Bangladesh to a new height that employees feel proud to be a part of it.
- **Better Relation with Government:** The formal and informal 'license to operate' is a key issue for many companies looking to extend their business or operating in politically unstable conditions. BAT Bangladesh is showing diligence in meeting social and

environmental concerns which results in a reduction in red tape and a more cooperative relationship with government departments.

- **Sharper Anticipation and Managing Risk:** As the industry is sensitive and risky enough, BATB is always ready to manage the potential risk through doing welfare of the stakeholders related to the business.
- **Learning and Innovation:** Learning and innovation is the key to success and survival of all companies, not just those in knowledge-intensive and rapidly developing industry sectors. BAT Bangladesh is giving our country a wide range of learning opportunities through their innovative ideas for making a better Bangladesh.

After discussing all the matters related to CSR activities of British American Tobacco Bangladesh, we can roughly identify the benefits and costs associated with different stakeholder groups regarding implementation of CSR activities:

Stakeholder Group	Benefits	Cost
Shareholders	Increased investment from socially responsible investors.	Increased cost of reporting and transparency.
Employees	More awareness for the society and having improved ethics. The CSR image of the company leads to easy recruitment of high fliers and young people as well as it reduces the cost of recruitment. Fewer labor strikes.	Focus group sessions and reporting. More intra-company communications. More effort on labor relations.
Customers	Increased attractiveness to the brand. Enhanced reputation.	Doing survey on the expectations of loyal

	Advertising could ensure the large CSR image of the company.	customers of different regions.
Suppliers	Better quality inputs and less harmful for public.	Cost of inputs may increase in the short term.
Community	More willingness to accept new investments on CSR activities. Improved public image as well.	Requires continual interaction with the communities. Need to produce CSR report. Investment in environment damage control.
Government	More confidence on BATB. Fewer legal battles. Low chance of potential harmful legislations. Have to face fewer problems in case of expansion of BATB for the relationship.	Have to fulfill the regional requirements demanded by the government.

CHAPTER 5

Recommendation and Conclusion

5.1 Recommendations

5.1.1 Increase investment in the health sector

It has been observed from a research that health sector is one of the sectors in which stakeholders expects a company to invest more. Through the social reporting process and the dialogue sessions BATB has come to know that its stakeholders expect the company to invest a lot in the health sector. One issue is that as BATB is operating in the market that sells a risky product the company should increase its CSR investment in health sector. At present BATB is providing health assistance to its growers and has recently planning to bring the farmer's family under a regular clinical service.

5.1.2 Increase reach of the education assistance provided by BATB

British American Tobacco Bangladesh has shut down an educational project 'Dishari' for last two years. Although BATB is still providing educational assistance but to a very limited number of students. To gain effectiveness and visibility the company should widen the reach of its educational assistance.

5.1.3 BATB should invest more in acid/dowry prevention/ drug prevention

The people of Bangladesh are seen to react more to emotional issues like rehabilitation of acid burnt women, drug addicts and so on. This goes to explain strong presence in these fields. BATB has no presence in these fields at present. Thus it is recommended that when BATB moves to different areas for their CSR projects, these are the areas where the stakeholders expect BATB's existence.

5.1.4 BATB should strengthen the afforestation program outside its growing region

British American Tobacco Bangladesh is doing a praiseworthy job in the afforestation of the country. But British American Tobacco Bangladesh can expand the afforestation program to other areas apart from the growing region. This is advised as engaging in afforestation only in the growing regions might give the general people an idea that BATB is doing it only for their business need (woods was a major source of fuel used in tobacco curing, though BATB is now encouraging the use of other alternatives). If the afforestation is done beyond the growing region,

the effort will gain visibility as a social contribution. Therefore BATB will be able to achieve its goal in vast by being recognized as a responsible company.

5.1.5 BATB should increase investment on the other CSR initiatives equally

British American Tobacco Bangladesh is doing wide varieties of community services but is not gaining even a minimum amount of visibility to the general public like us. One reason is that the company is spending too much on some initiatives and too little on some other. This discrepancy can pull the average performance down. Thus the company should invest in all the initiatives with equal importance.

5.2 Conclusion

British American Tobacco is doing a praiseworthy job in the Corporate Social Responsibility sector but is lacking the effectiveness and visibility due to limited communication. The company wants to establish itself as a benchmark company in CSR activity. To gain this reputation, the company needs to focus more on the communication of the brilliant Corporate Social Responsibility initiatives that the company is undertaking. The company should be more vocal about its achievements and in turn gain effectiveness, visibility and hence appreciation.

CHAPTER 6

Appendix

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