



Internship report

On

**CSR activities of British American  
Tobacco Bangladesh**

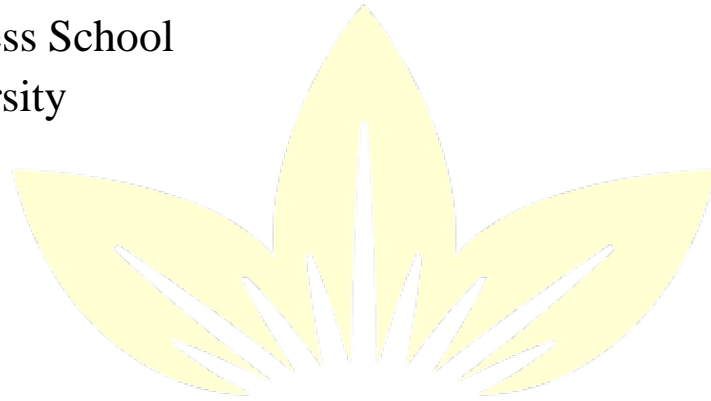
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# CSR activities of British American Tobacco Bangladesh

## Submitted to:

Mr. Shamim E. Haque  
Senior lecturer & Senior Researcher  
BRAC Business School  
BRAC University



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## Submitted by:

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Date of submission: 09.02.2014

## Letter of transmittal

To

Mr. Shamim E. Haque

Sr. Lecturer & Sr. Researcher

BRAC Business School

BRAC University

**Subject:** Submission of internship report on “**CSR activities of British American Tobacco Bangladesh**”

Dear Sir,

With due respect and honor I am a student of yours, would like to formally submit my internship report on the CSR activities of British American Tobacco Bangladesh. The title of the report is “**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.

In this report I tried my best to accumulate information from the employees of British American Tobacco Bangladesh within my internship period to make this report a successful one. However this has been obviously a great source of learning for me to conduct similar types of studies in the future.

I therefore hope that you would be kind enough to assess my report and I would like to express my sincere gratitude to you for your kind guidance & suggestions in preparing the report. I shall be happy to provide any further explanation regarding this report if required or any other relevant matters.

Sincerely,

MuntasirZaman

ID: 09304008

Department: BRAC Business School

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## Acknowledgement

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. First of all, I would like to thank my advisor Shamim E. Haque for providing me suggestions and giving me guidelines to prepare my internship report. His valuable suggestions & guideline helped me a lot to prepare the report in a well organized manner. I tried to design my report according to the format given by my advisor. I would also like to thank my supervisor Mr. Sheikh Shabab Ahmed (Regulation Manager) for guiding me during the internship period. 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. Sustainability has helped me a lot to prepare my report accordingly and a warm thanks to everyone who has helped me whenever I needed to prepare my report.



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## Executive Summary

In the very beginning, I would like to say I made this report focusing on the CSR activities of British American Tobacco Bangladesh and to know how they are getting benefited from their CSR initiatives. Basically in order to complete my Internship program for Bachelors of Business Administration Course, I had a wonderful experience working for a period of six 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, distribution network and its operational organogram.

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.

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Chapter 1:  
INTRODUCTION

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## 1.1 Introduction:

We know the name, British American Tobacco Group as the world's second largest quoted tobacco group by global market share, with brands sold in more than 180 markets. The business for more than 100 years, trading through the turbulence of wars, revolutions and nationalizations as well as all the controversy surrounding smoking

The business started its journey in 1902, as a joint venture between the UK's Imperial Tobacco Company and the American Tobacco Company founded by James 'Buck' Duke. With over 300 brands in their portfolio, 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. . Their business becomes one of the world's top dozen companies by market capitalization by 1912.

Apart from its name, derived from the home bases of its two founding companies, British American Tobacco was established to trade outside both the UK and the USA, and grew from its roots in dozens of countries across Africa, Asia, Latin America and continental Europe. In 2007, subsidiaries enabled governments worldwide to gather over £17 billion a year in taxes, including excise duty on our products, more than 7 times the Group's profit after tax. BAT has sustained a significant global presence for over 100 years.

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 the only international tobacco group with a significant interest in tobacco leaf growing, working with thousands of farmers internationally. Their companies run leaf programmes providing direct agronomy support to farmers if it is not otherwise available, covering all aspects of crop production and environmental best practice - in 2007 our companies ran these in 19 countries. Our companies purchased 460,000 tons of leaf in 2007, grown by some 280,000 farmers.

## 1.2 Methodology:

I have collected the data from both primary source and secondary source. During my internship period I have collected the data by interviewing my supervisor Manager Human Resources Department and, Corporate Sustainability and Sponsorships Manager, Marketing and Communication Department. Both of them has helped me a lot in preparing my report and gave me relevant information about my topic. Whenever I went to them they have given me time and talked with me whenever I faced any problem

### 1.2.1 Objective of the report:

#### ❖ Primary objective:

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

#### ❖ Secondary objective:

Satisfying the requirements of my BBA course through the preparation and submission of my internship report on “The CSR activities of British American Tobacco Bangladesh”.

### 1.2.2 Data sources:

#### ❖ Primary sources:

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

#### ❖ Secondary sources:

Secondary sources of data will be the intranet of BATB, the official website of BATB and the annual report 2011 and 2012 of BATB.

### 1.2.3 Scope of information:

This project will help to know about the current situation of CSR portfolio and its effectiveness of British American Tobacco Bangladesh. The report will not highlight any confidential or

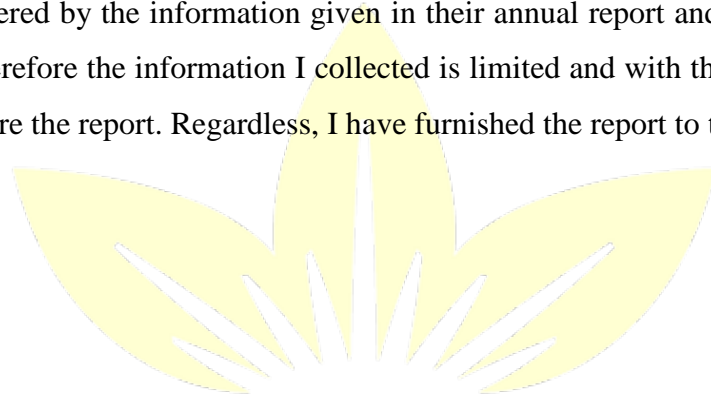
controversial internal informational of the organization. This report is also not related to any internal strategy related to their CSR portfolio.



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### 1.3 Limitations:

I acknowledge that my report is not a comprehensive representation of all the information regarding BATB. These discrepancies are primarily due to the fact that It was very difficult to collect information about my report during the internship period as I was not given enough time to do my personal works I was always involved in the works I was assigned by my supervisor in my working place. Their security concern about revealing the information was one of the biggest challenges for me. My limited access in their intranet was 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. Therefore the information I collected is limited and with the limited information I have tried to prepare the report. Regardless, I have furnished the report to the best of my ability.



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## Chapter: 02 Organizational Overview

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## 2.1 British American Tobacco Group

The British American Tobacco Group is one of the world's leading international manufacturers of cigarettes, marketing its products in almost every country worldwide. It is clear leader in a competitive and fast moving business.



### 2.1.1 British American Tobacco co. Ltd.

British American Tobacco, the second largest Tobacco Company in the world is also the world's most global tobacco company. Based in London, UK, it operates in more than 50 countries with 85,000 employees selling more than 300 brands in more than 180 markets worldwide. Tracing its heritage back to a joint venture formed by the Imperial Tobacco Company of the United Kingdom and The American Tobacco Company of the United States in 1902, today's British American Tobacco Company was born on the world stage. Extent of operation of British American Tobacco Company is given below:

- America-Pacific (USA, Japan, South Korea)
- Asia-Pacific (China, Indo-China, Taiwan, South-East Asia, Australasia)
- Europe (50 countries including Russia)
- Latin America (Central & South America, Mexico, Caribbean)
- Africa (More than 50 countries)
- MESCA (Middle East, South & Central Asia)

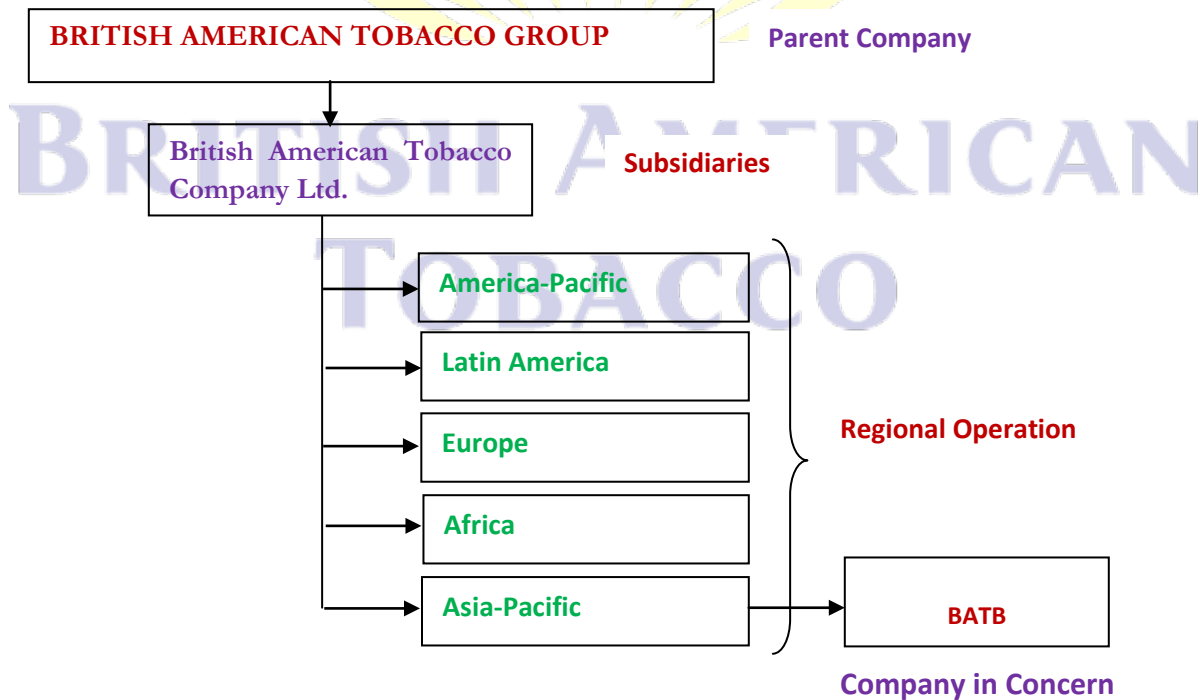
## 2.2 History:

In this part of the world the presence of the company can be traced back to 1910. Almost 103 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 Tobacc Company Limited. In 1998, the company changed its name and identity to British American Tobacco Bangladesh.

### 2.2.1 Relationship of BATB with BAT Group:



*Fig: Relationship of BATB with BAT Group*

## 2.3 Products:

According to the customer, the products of British American Tobacco Bangladesh are divided into four product segments. The segments are Premium, High, Medium and Low. The brands can be identified as below according to their product segmentation:

- **Premium-** Benson & Hedges
- **High-** Gold Leaf, Pall Mall, Capstan
- **Medium-** Star, Scissors,
- **Low-** Pilot, Derby, Hollywood

**Premium:** Benson & Hedges (B&H) launched in 1997, maintains its dominance in Premium segment and drives the growth of Premium price segment in Bangladesh market. Within a short time Bangladesh became a leading B&H market across the British American Tobacco world. Although the price of B&H was unilaterally increased in 2004, B&H remains a successful brand in their portfolio. BAT Bangladesh was the first market to launch the new pack of B&H at the beginning of September 2005.

**High:** Launched in 1980, John Player Gold Leaf is one of the highest selling brands of the Company - dominating the High price segment. In 2005, they launched three flavored Limited Edition Product and Packs under the 'Taste the World' campaign, which were extremely well received by consumers.

In July 2006, three Limited Edition Product and Pack (LEPP) were launched under the campaign 'Blender's Choice'. BAT Bangladesh launched John Player Gold Leaf Smooth on December



2008. The new cigarette with its enhanced filtration and perforated long filter is geared to offer smokers a smoother smoking experience with a full bodied flavor

**Medium:** Star, launched 40 years ago, is still a dominant brand in this segment. Currently it is the highest volume generating brand for the Company. At the same time, the cigarette stick carried a new look with brighter paper and bi-color dye.

**Low:** Although BAT Bangladesh has very strong brands in the other segments, we did not have any offer in this sub-value segment. In order to meet the demand of the smokers of this increasing Low segment, they launched this GDB+2 brand 'Viceroy Smooth Taste' in August 2007. Subsequently, we launched 'Viceroy Rich Taste' in March 2008. In August 2008 they have launched Viceroy Rich Taste 10s pack.

## 2.4 Competitors:

They consider their product segmentation for following their core competitors in Bangladesh. The competitive brands are given below according to the same segmentation.

- **Premium-** Marlboro
- **High-** Castle
- **Medium-** Navy, Rally
- **Low-** Sheikh, Marise, K2, Five Star, Tope 10, Nasir Gold, Sun Moon.

In May 2008, Philip Morris International launched both full flavored and light variants of Marlboro brand cigarettes in different markets of Dhaka. Dhaka Tobacco Industries is manufacturing and distributing the brand. BAT Bangladesh and Dhaka Tobacco Industries together hold more than 80% of the cigarette market share.

Tobacco products are distributed either by manufacturers themselves, third party distributors or wholesalers. The sales and distribution effort requires a large number of field employees and agents because they have to serve about 880,000 individual retail outlets throughout Bangladesh with a growth of 10% per annum.

Many of these outlets operate on limited capital and are unable to purchase quantities beyond their immediate daily sales. The high number of retail outlets has created a “stick market” and consequently imposed more frequent sales visits compared to other similar businesses.

## 2.5 Tobacco Regulation:

Bangladesh was the first country in South-East Asia to sign the Framework Convention on Tobacco Control (FCTC) in June 2003 and ratified the FCTC on 14 June 2004. The Government of Bangladesh enacted the Smoking and Using of Tobacco Products (Control) Act, 2005 on 26 March 2005 and the Smoking and Using of Tobacco Products (Control) Rules, 2006 were published on 29 May 2006, providing guidelines on advertisements, health warning requirements and public place smoking

The 5ps with key highlights of the current legislation include:

- **Package** - 30% (of the total surface area of the pack) text only Health Warning (HW) in white with black background or vice versa; to be placed on the front and back panel of the pack. Graphic HWs are not required.
- **Place** - Smoking is prohibited in public places and public vehicles. However, it is allowed within designated smoking areas.
- **Promotion** - Bans on advertisement on TV, radio, print media, billboard and cinema. All sponsorships under tobacco brands are also banned. Product sampling and sponsorship under tobacco brands are prohibited. Restrictions apply for one to one direct marketing and communication at point of sale
- **Purchase** – No person under 18 years is allowed to buy or consume cigarettes. However age verification is not mandatory for purchasing tobacco. Automatic vending machines are banned.
- **Product** - There is no requirement to publish or print the amount of TAR or nicotine

According to these laws, we can say that in whichever way the tobacco companies compete they are bound to follow these laws

## **2.6 Tobacco Taxation:**

However, the tobacco industry contributed approximately 30.5% of Government's revenue in FY 2007-2008. Cigarette taxes include Value Added Tax (VAT) and Supplementary Duty – both are imposed on retail price printed on the packs. Bangladesh has a tiered *ad valorem* tax regime for cigarette and biri.

Taxation rate is comparatively lower at the bottom end of cigarette and for biri, allowing low-priced brands to maintain their prices and restricting consumer up trading to international brands.

Bat Bangladesh contributed taka 28.28 billion (us\$ 415 million) to the government's revenue in FY 2011-2012 as vat and supplementary duty.

## **2.7 Distribution Network:**

I found that there is a broader field of infrastructure where the company plays a vital role. 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.

Moreover, 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.

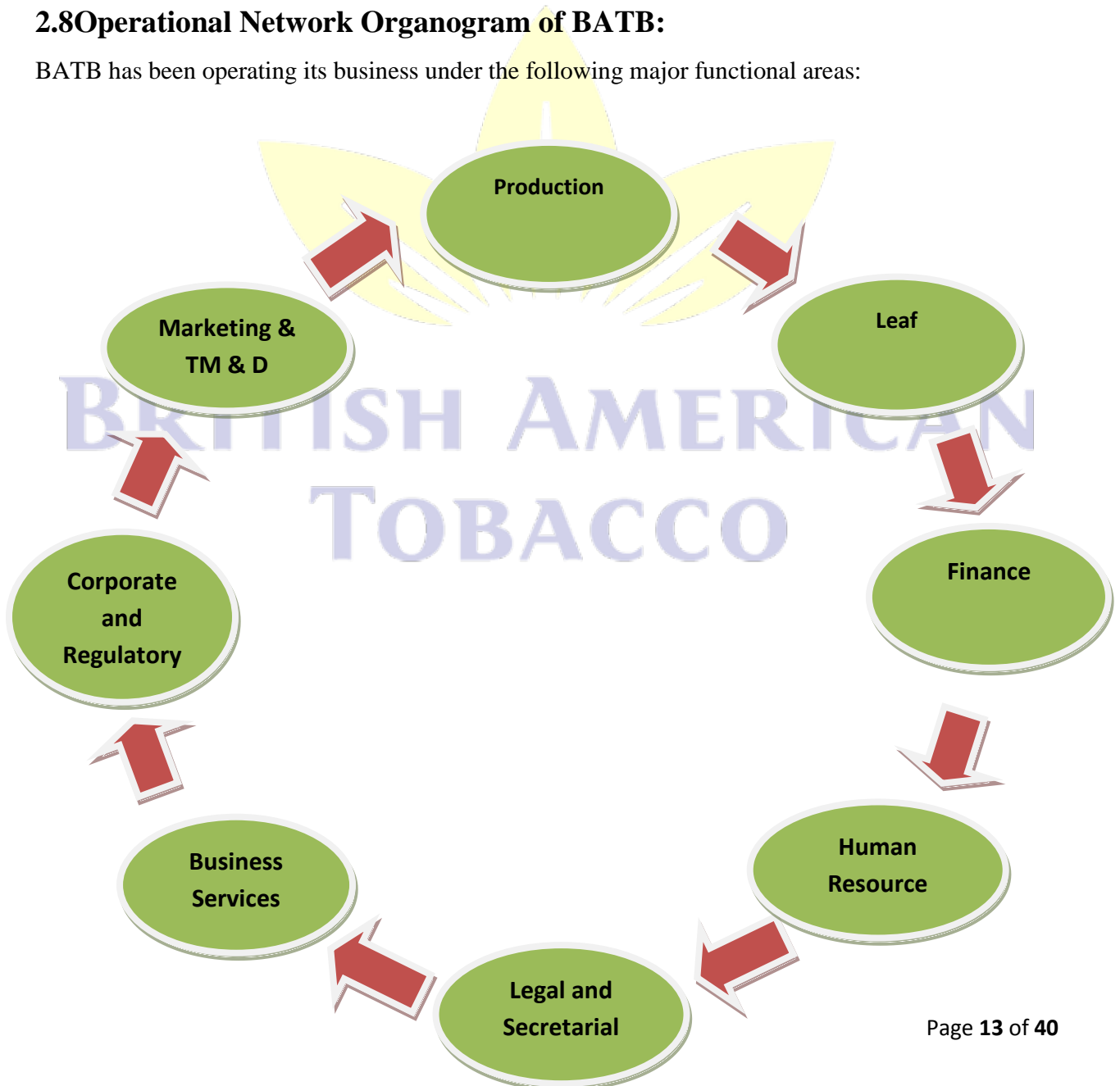
Furthermore, The Company's products are manufactured in the factory at Mohakhali, Dhaka. The Plant Manager who reports to the Production Director at the Head Office heads Dhaka factory. The company' procures tobacco leaf maintaining the international standard and it

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.

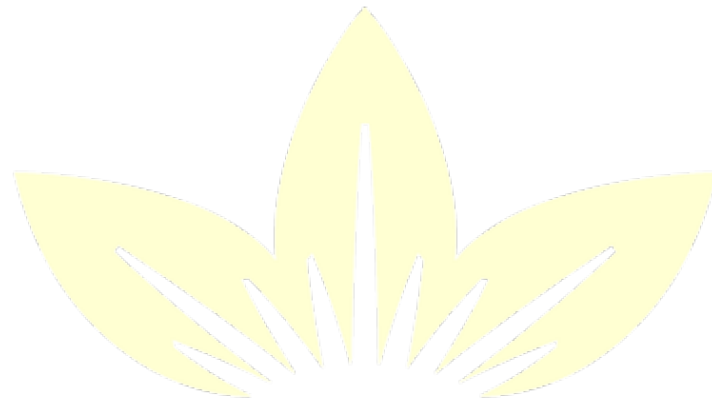
The company's authorized leaf areas are located in Kushtia, Chittagong and Manikganj. But bulk of tobacco leaves comes from Kushtia region. The Chittagong area is under development process and it now covers Rangunia and Lama. The company operates 7 leaf depots in the leaf area. Four of them are located 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.

### 2.8 Operational Network Organogram of BATB:

BATB has been operating its business under the following major functional areas:



*Fig: Operational Network Organogram of BATB*



# Chapter 03

## Internship Experience

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### **3.1 Job description:**

I started my internship in British American Tobacco Bangladesh under the department Corporate and Regulatory Affairs (CORA) on 15<sup>th</sup> May 2013 I took six month to complete my internship. I was assigned to take care of managing the records of CSR related documents and helping to prepare any new documents based on different CSR related news. Though 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 communication side with other departments and maintaining the relationship with the stakeholders.

### **3.2 Different aspects of job performance:**

First of all, As I was assigned to keep different records, so I used to make new database on Microsoft excel for keeping the records of different CSR initiatives using some general formulas and formats. It has improved my proficiency in Microsoft excel a lot.

Moreover, I 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.

Furthermore, 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 on last Eidulfitre. My work was appreciated by my line manager after finishing my assigned task on time and with a positive feedback from the stakeholders.

I have also organized a one week session called SLA Session of BATB where different departments are supposed to attend in different assigned days. My line manager was assigned to organize and communicate with every department. Therefore I was lucky for getting the

opportunity to organize such an important session where I got appreciation by lot of managers of BATB.

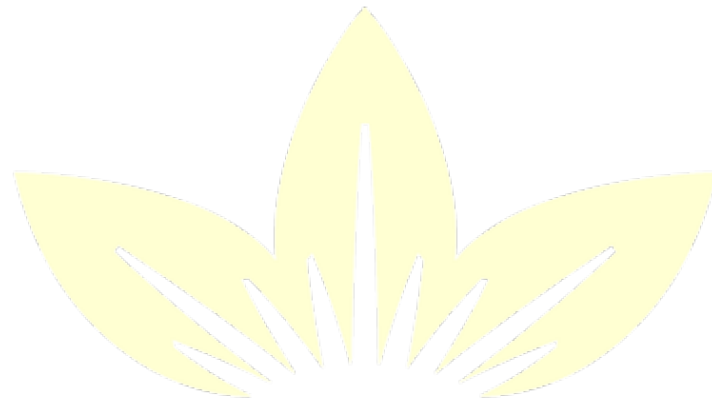
In addition, I also worked for organizing the annual “Battle of Minds” a business case competition organized by BATB. It was a great experience working with the HR department of BATB for those six months.

### **3.3 Critical observation and recommendation:**

By giving the opportunity of internship British American Tobacco Bangladesh is helping the students of Bangladesh for gaining a great multinational working experience which will help the students to survive and compete in the real corporate world. I was always motivated enough to work hard because the management were so helpful and friendly in every aspects of the internship program. I was given each and every facility for my assigned works which always encouraged me to finish the works on time with a positive outcome. Lastly I would like to say that British American Tobacco should continue the internship program which will help them too for finding a potential employee which could be an asset for the company.



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Chapter 4  
CSR Activity Analysis & Findings

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#### **4.1 Introduction of the topic:**

British American Tobacco Bangladesh is the market leader in cigarette manufacturing companies in Bangladesh and it is one of the largest private sector enterprises incorporated under the Company's Act 1913 on 2nd February 1972. BAT has over the decades consistently invested in Bangladesh market through Bangladesh Tobacco Company (BTC). (BATB) is one of the oldest and largest blue chip multinational companies operating 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.

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 under-age 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.

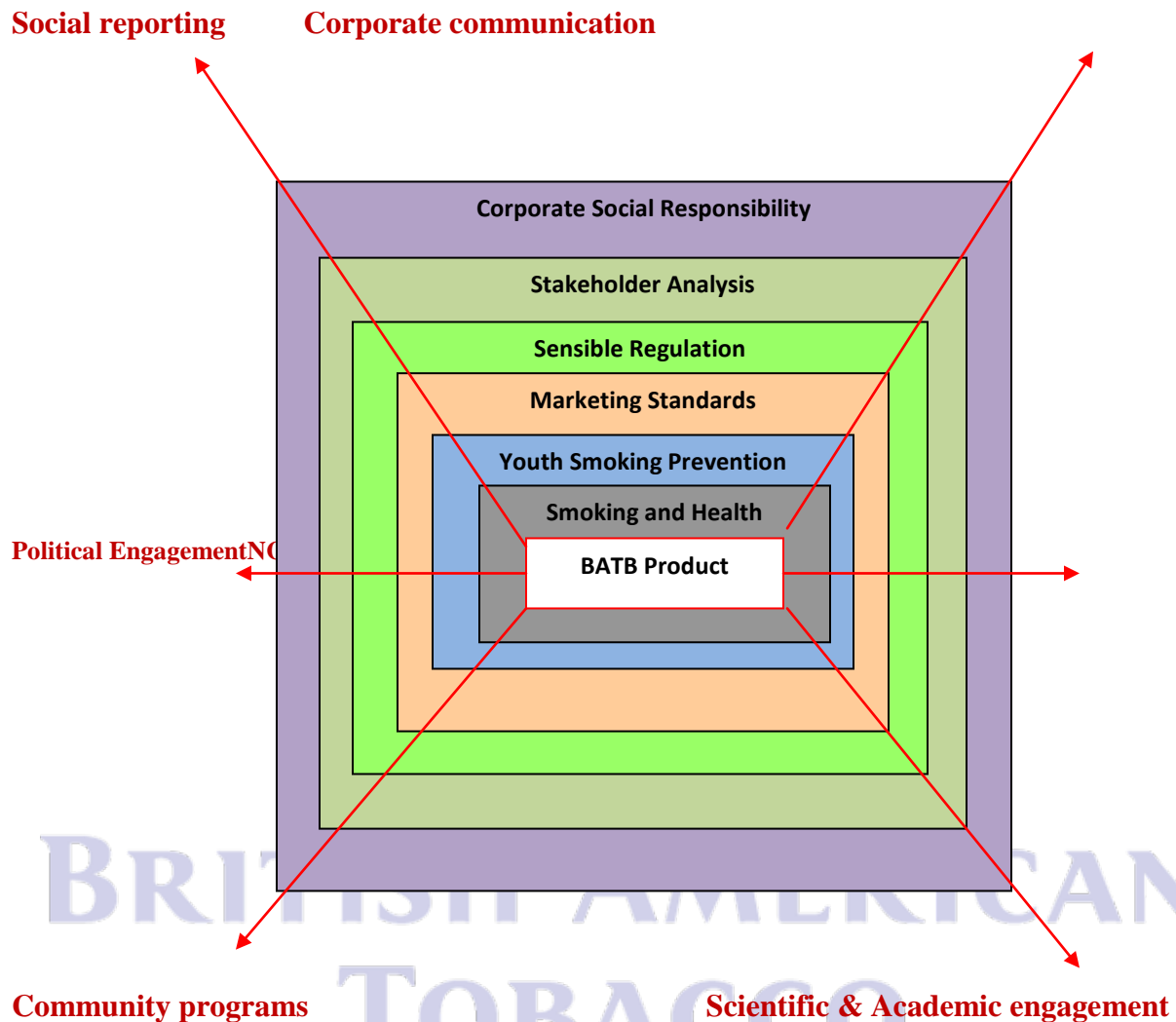
#### **4.2.1 The CORA Vision:**

“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.



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#### 4.2.2 Web of Relationship:



*Fig: The web relationship*

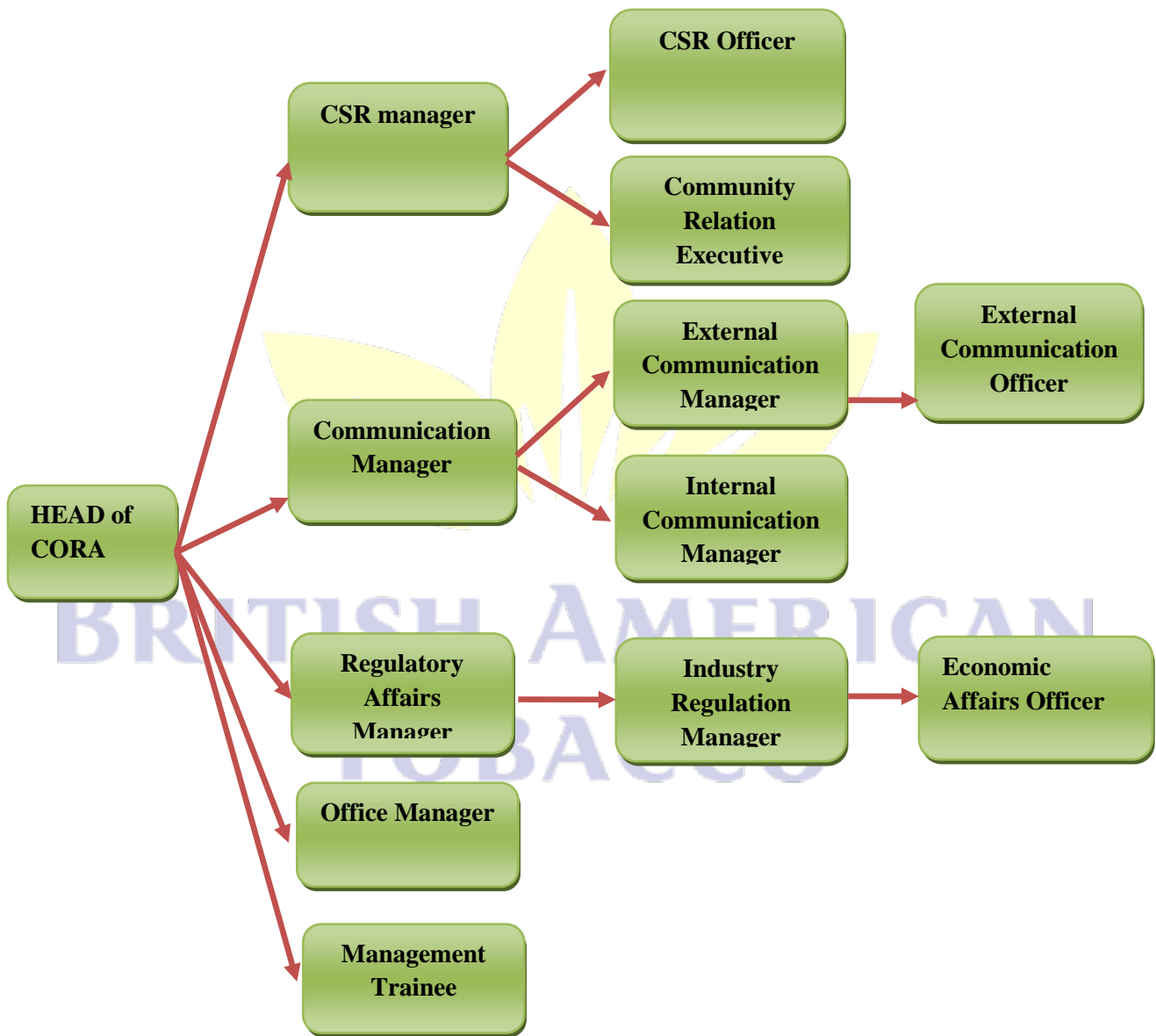
#### 4.2.3 Activities and Area of focus:

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.

**4.2.4 Structure of CORA:**



*Fig: the structure of CORA*

### 4.3 CSR Responsibilities and Objectives of BATB:

BATB has a Corporate Social Responsibility (CSR) Committee, the main objective of which is to monitor and review alignment with their CSR goals within the company and monitor alignment of all the activities with their Statement of Business Principles. The Managing Director is the Chairman of the Committee with the Deputy Managing Director and all Heads of Function as members. The CSR Committee provides updates to the Board of British American Tobacco Bangladesh on the status of their CSR activities including Social Reporting.



Areas of focus of the CSR Committee

#### 4.3.1 Purpose of the CSR Committee

The CSR Committee meets at least twice a year and seeks to satisfy itself, by means of suitable steps and appropriate information, that proper and satisfactory internal systems are in place within the organization to identify and appropriately manage social and environmental issues related to the business. The CSR Committee reviews business practice alignment with the various policies under CSR, to ensure that its business is conducted in a socially responsible manner.

#### 4.3.2 PROBAHO:

For millions of people in Bangladesh, the only available drinking water is laced with arsenic and therefore extremely hazardous to health. Having recognized the gravity of the issue, BATB have stepped forward with the 'Probaho', Bangla for 'flow', project. Through Probaho, they aim to provide rural communities with safe drinking water. This initiative is also aligned with the Government's aim to achieve the Millennium Development Goals (MGDs). Using Government approved community based water filtration technology, their water filtration plants in Manikganj, Satkhira, Meherpur, Kushtia, Jhenidah, Tangail, Kurigram, Lalmonirhat and Chuadanga districts provide approximately 95,000 liters of pure drinking water for 47,000 people every day. So far, the Probaho initiative has installed 34 plants to remove arsenic and toxic elements from groundwater. 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.

#### 4.3.3 AFFORESTATION:

British American Tobacco Bangladesh started their afforestation program when they joined hands with the Forest Department in 1980 to conserve the forests and combat the negative impacts of climate change. Till now, they have contributed around 67.5 million saplings throughout Bangladesh. This probably makes their initiative the largest private sector driven afforestation programme in the country. 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. Their endeavours have received several awards both at the National and Local Government levels.

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 DEEPTO:**

One remarkable activity of BAT Bangladesh is 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 highlight 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.

#### **4.3.5 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 bagasse, rice husk etc. It is important to mention that 70% of FCV tobacco in Bangladesh is grown at Kustia. Through our 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 we distribute 25 lac saplings free of cost in Chittagong.

#### **4.3.6 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

#### **4.3.7 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.

#### **4.3.8 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



#### **4.3.9 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.

#### **4.3.10 SOCIAL CONTRIBUTIONS FOR FARMERS:**

##### **4.3.10.1 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.

##### **4.3.10.2 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:**

There are many definition of Corporate Social Responsibility. Even many Sociologists gave different definition. Moreover, different Organization follows or focuses variety of definition of CSR. However, some of the definitions can be cited here:

##### **According to Michael Hopkins's CSR:**

- i. 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.

- ii. Social includes economic and environmental responsibility. Stakeholders exist both within a firm and outside.
- iii. 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.
- iv. 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 Defines 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"

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

After studying these definitions we can say that CSR involves commitment towards the employees of the organization, environment and society at large. There is a very critical and important point that, CSR activity can be financially beneficial for a company though practicing CSR is ethical. 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>

Following the actual meaning of Corporate Social Responsibility, British American Tobacco Bangladesh is operating their CSR activities. As we have already discussed 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:** A company's good reputation lies on its good performance. In that case, BAT Bangladesh is proving their longer sustainability power by good company performance and a wide range of CSR activities. 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 BAT Bangladesh is cigarette industry as well as sensitive and risky enough, it is always ready to manage the potential risk through doing welfare of the stakeholders related to the business.
- **Learning and innovation:** There are thousands of renowned and successful companies in the world. If we analyze them we must find, they recognize and reward innovation and reinforce learning. Because learning and innovation is the key to success and survival of all companies, not just those in knowledge-intensive and rapidly developing industry sectors. To continue with the aim of making a better Bangladesh, BAT Bangladesh is giving our country a wide range of learning opportunities through their innovative ideas.

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:

<b>Stakeholder group</b>	<b>Benefits</b>	<b>Cost</b>
<b>Shareholders</b>	Increased investment from socially responsible investors	Increased cost of reporting and transparency
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Better HR policies lead to increased motivation</li> <li>• Good ethical conduct by superiors lead to improved productivity</li> <li>• Fewer labor relations disputes</li> <li>• Fewer strikes</li> <li>• Better working conditions</li> <li>• Good CSR company leads to easier recruitment of high fliers and young people</li> <li>• Reduced cost of recruitment</li> </ul>	Inclusion of ethics training;  More intra-company communications;  More effort on labor relations;  Will need to implement human rights policies
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Increased attractiveness to concerned consumers</li> <li>• Fewer disputes</li> <li>• Advertising can site CSR image</li> <li>• Enhanced reputation</li> <li>• Brand equity recognition</li> </ul>	Cost of goods may increase in the short term
<b>Sub-contractors / suppliers</b>	<ul style="list-style-type: none"> <li>• Better quality inputs</li> <li>• Less harmful effect on “public image”</li> </ul>	Cost of inputs may increase in the short term

<p><b>Community</b></p>	<ul style="list-style-type: none"> <li>• More willingness to accept new investments</li> <li>• Improved public image</li> </ul>	<p>Requires continual interaction with communities;</p> <p>Will need to produce CSR report;</p> <p>Will need to monitor internal activities;</p> <p>Implement human rights policies</p>
<p><b>Government</b></p>	<ul style="list-style-type: none"> <li>• More confidence in company</li> <li>• Fewer legal battles</li> <li>• No new potential harmful legislations</li> <li>• More favorable trading regime</li> <li>• More willing to accept expansion or downsizing</li> </ul>	<p>Cost of adhering to new regulations may increase</p>
<p><b>Environment</b></p>	<ul style="list-style-type: none"> <li>• Fewer legal battles</li> <li>• Improved public image</li> <li>• Contribute to sustainability of company</li> </ul>	<p>Investment in environment damage control</p>

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Chapter 5  
Recommendation & Conclusion

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## **5.1 Recommendations:**

After completing my internship, a conclusion can be drawn with some meaningful recommendation those actually reflect my observation of CSR activities of BAT.

### **5.1.1 Increase investment in the health sector:**

Health sector is a very important sector for a country. For a developing country like Bangladesh, it is obviously more important sector. In these sector 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 little contribution toward Education. Recently they shut down an educational project 'Dishari' for last two years. Though 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:**

We always see that the people of Bangladesh 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:**

As a part of CSR activity 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.

**5.1.5BATB 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.

**5.1.6BATB should publicize the CSR activities more:**

With the enactment of the new law and the other laws prevalent for the company many doors of communication is being shut down for BATB. However the company should not hold back the communication of the welfare that it is doing for the society. Bringing out the success stories and revealing them to the general mass will help BATB gain more effectiveness and visibility of the CSR activities that the company is undertaking. Considering this purpose only, our government should help them and as well as encourage them to take more CSR initiatives in future. Report on the evaluation of the CSR activities of British American Tobacco Bangladesh.



## 5.2 Conclusion:

Finally, I must say I am very fortunate to work in British American Tobacco Bangladesh, which is the renowned cigarette Company in the world. I have worked as an intern in the Corporate and Regulatory Affairs Department and got a practical knowledge about the job Environment, the process done by CORA and other department as well. It has even been more pleasant to me to make the report on the “CSR activities of British American Tobacco Bangladesh.” The research report has increased my practical knowledge about the CSR activities of an Organization and its effect on the employees, general people and the shareholders as well.

Therefore I would like to say, 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.



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Chapter 06  
Appendix

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## 6.1 Some questions to my line manager for some necessary information:

- ❖ Is there any corporate social responsibility which is not mentioned in the annual report?
- ❖ Is there any chance to reopen the Dishari project (An old CSR project) this year?
- ❖ How BATB is gaining benefits from the CSR activities?
- ❖ How the stakeholders of BATB observing the CSR activities?
- ❖ What is the aim of the CSR initiatives done by BATB?
- ❖ Do you always take approval of authority while using corporate social responsibility Initiatives?
- ❖ What is the definition of Corporate Social Responsibility from your perspective?
- ❖ Do you follow the actual guideline of Corporate Social Responsibility provided by BATB?
- ❖ How frequently do you have one to one discussion with your stakeholders in a month?
- ❖ Is there any new CSR project that BATB is undertaking for next year?
- ❖ Do you have any suggestion to corporate social responsibility Initiatives?

6.2. Some related pictures:



## 6.3References

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Head of Corporate & Regulatory Affaires

British American Tobacco Bangladesh

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British American Tobacco Bangladesh

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Industry Regulation Executive

British American Tobacco Bangladesh

### 4. Sheikh Shabab Ahmed

Industry Regulations Manager

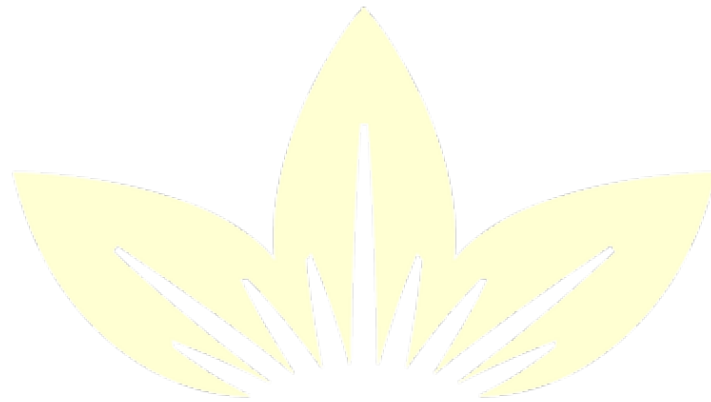
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