We are passionate about our social performance Communicating CSR on the Corporate Website of a Tobacco Company.

AALTO SCHOOL OF ECONOMICS

International Business Communication

"We are passionate about our social performance"

Communicating CSR on the Corporate Website of a Tobacco Company.

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International Business Communication

Master's Thesis

Diana Trama

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HELSINKI SCHOOL OF ECONOMICS
International Business Communication Master's Thesis
Diana Trama

"We are passionate about our social performance" - Communicating CSR on the corporate website of a tobacco company

Objectives of the study: The thesis is an investigation about the CSR communication of a tobacco company on its corporate website. The study is focused on one case company. The aim is to examine how the case company manages the dilemma between its controversial business and CSR, through its main communication tool (the corporate website). The research questions are formulated as follows: 1) How does the case company communicate about CSR on its website: which issues are emphasized, which textual and rhetorical features are used, and to what extent existing social and political discourses are replicated? 2) What are the expectations of the audience in terms of CSR from a tobacco company? 3) Is the case company's CSR communication in line with the expectations of the audience?

Methodology and theoretical framework: The methods for the study consisted of a critical discourse analysis of the textual material regarding CSR on the selected website, and a web survey. The analysis of the CSR communicative material was based on a model developed by Nielsen and Thomsen (2007), through which CSR communication is studied from four dimensions: perspective, stakeholder priorities, context, and ambition level of the company. The web survey aimed to determine the opinions and expectations of the audience about CSR and tobacco companies. The results from each of the two parts of the analysis were compared, in order to determine which elements of the case company's CSR communication are suitable to the audience expectations, and which should be corrected.

Findings and conclusions: The case company communicates extensively and in detail about CSR. The survey's results show that this is advisable, in that credibility of the CSR information was linked by respondents to data supporting CSR statements. The CSR topics emphasized by the case company, namely communication of the health risks of smoking, tobacco regulation, environmental responsibility, employees, local communities and philanthropy, are in line with the expectations of the audience, but the importance given to the topics does not correspond to the preferences of the audience. The communication is based on the naturalization of neo-liberal principles, but fails to address aspects that have been recently questioned in the debate about the social responsibility of companies. Hence, some limitations are stressed regarding the case company's ability to effectively communicate about CSR.

Keywords: International Business Communication, Corporate Social Responsibility Communication, Critical Discourse Analysis, Stakeholders, corporate website.

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1 INTRODUCTION

1.1 Premises in the study

In recent years, companies have more and more entailed ethical concerns in their operations. Corporate Social Responsibility (CSR), from an institutional point of view, has been defined as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis" (EU Commission 2001).

According to McWilliams, Siegel, and Wright (2006) as well as several other authors, intensified and well-considered CSR communication can positively influence corporate reputation, evoke trust and be a signal of product or company quality. Furthermore, CSR communication can be understood as a moderating factor of responsible behaviour, which aims to present CSR images, identify stakeholders and their expectations as well as foster stakeholder interactions (Maignan and Ferrell 2004).

There is consensus that corporate ethics statements are frequently used as public relations tools in external corporate communication (Baker, 1993; Bowie, 1979; Gaines, 1994; Seeger, 1997; Pollach, 2003). The centrality of ethics of corporate communication is well expressed by Argenti & Forman (2002:35), who state: "In the hands of people with questionable ethics, the strategies and techniques of corporate communication can serve evil ends. At worst, corporate communication is the practice of publicity stunts and spin, managed by modern-day 'snake-oil salesmen' interested in covering up the real activities and intentions of the companies they serve. By contrast, a corporate reputation that is built by honest, open corporate communications can be better than cash in the bank".

Given the importance and usefulness of the topic, it is surprising that CSR communication often remains the missing link in the practice of corporate responsibility (Dawkins, 2004). Pollach (2003:278) argues that "the communication strategies

companies use to present themselves as ethically concerned companies with a view to enhancing their reputations or even positioning themselves as ethical players in business are hitherto unexplored." Hence, even though it is very important for companies today to communicate consistently about CSR, many organizations are somewhat unprepared for the task because there is no established framework, only guide-lines, for how to communicate consistently about CSR (Nielsen and Thomsen, 2007).

A number of studies in recent years focused on the CSR communication on the Web of different kinds of companies: large and well known multinationals, such as Mc Donald's, Levi Strauss, Nike (Pollach, 2003), or Maersk and WalMart (Kampf, 2007), the oil refining and petrochemical industry (Coupland 2005), listed corporations in the stock exchange market (Capriotti & Moreno, 2007), pharmaceuticals (Sones, Grantham and Vieira, 2009), and many others. In general, the purpose of these studies is to analyze how CSR is communicated on corporate websites, in relation to different industries or cultures.

Tobacco companies represent an interesting case for this kind of research, because they are continuously under the attack of opinion groups accusing them of causing serious social damage. In fact, together with the fact of being a large multinational and therefore being looked with suspect by the public, they have to take a position regarding the accusation of distributing products that are likely to kill people. At a first glance, the circumstances in which tobacco companies operate could be considered in conflict with CSR's assumptions: from many points of view, ethical concerns are raised against tobacco multinationals.

It is the object of the present study to investigate about the way a tobacco multinational manages its communication on its website from the side of CSR. The focus is on one case company, Philip Morris International Inc. (hereafter PMI), which is the leading international tobacco company in the world. Philip Morris, as other companies in the

same industry, has been attacked by a number of opinion groups for various reasons (as reported in section 1.2).

The study is focused on its main website (Philip Morris has different websites for different countries), the url of which is : www.pmi.com.

1.2 The Tobacco Industry

The present section describes the field in which the case company operates: the tobacco industry. First, a general overview about the tobacco industry is presented (source: the British American Tobacco website www.bat.com).

The global tobacco industry produces more than 5,400 billion cigarettes a year. The biggest single market is China, where the industry is state-owned, with some 350 million smokers who account for more than 40 per cent of the global total. Four international tobacco companies – Phillip Morris International, British American Tobacco, Japan Tobacco and Imperial Tobacco – account for some 45 per cent of the global market, or around three-quarters of the market outside China. The illicit trade in tobacco products is a serious problem in many countries – meaning that up to 12 per cent of global volume is traded on the black market.

Regulation of the industry continues to increase including graphic health warnings on packs, tougher restrictions on smoking in enclosed public places and some bans on shops displaying tobacco products at the point of sale. Sharply rising taxes in markets where tobacco prices are already high are leading some consumers to switch to cheaper brands or contraband and this trend is likely to continue.

Generally speaking, it is forecasted that smokers will consume fewer cigarettes each and smaller percentages of populations will smoke. However, the number of adults in the

world over the age of 20 is forecast to grow by around 11 per cent over the next ten years. As a result, global annual sales will be broadly unchanged in a decade's time.

The Tobacco Industry is a very challenging one concerning communication. Tobacco companies are not allowed to advertise their products in Europe: all tobacco advertising and sponsorship on television has been banned within the European Union since 1991 under the Television Without Frontiers Directive, written in 1989 (EU website). This ban was extended by the Tobacco Advertising Directive, which took effect in July 2005 to cover other forms of media such as the Internet, print media, radio, and sports events like F1 (EU website). What is more, the Tobacco Industry faces strong criticism nowadays: to give an example, the financial slang defines "sin stocks" those of tobacco companies, together with alcohol and game of chance. The last decades saw the creation and growth of many tobacco control organizations, such as Action on Smoking and Health (http://ash.org.uk/), Airspaces Action on Smoking and Health (http://airspace.bc.ca/), and Canadian Council for Tobacco Control (http://www.cctc.ca/), just to mention few. These organizations aim to inform and campaign against smoking. Here are few quotations from their websites:

"The tobacco industry has a long history of denying the health risks of smoking, of obscuring the truth about tobacco and deceiving smokers. This section reveals the conduct of the tobacco companies."

(http://www.ash.org.uk/information/tobacco-industry)

"In Uganda, 12 million people get malaria each year, and 110,000 die. BAT and other corporations blocked a government malaria prevention programme to treat farm workers' homes with pesticides - because of fears the chemicals might contaminate their crops."

(http://www.ash.org.uk/information/tobacco-industry/bats-african-footprint)

"For us, the only real contribution by Imperial Tobacco is the hundreds of thousands of deaths in Canada in the last 100 years, the illness, the suffering, the deceit, the hiding of information. They've done everything in their power to maintain the privilege of marketing an essentially deadly product. There's nothing to celebrate here."

(http://airspace.bc.ca/articles-mainmenu-53)

On the other hand, tobacco companies seem not to accept this negative image for themselves, but, on the contrary, promote themselves as socially responsible companies on their web sites:

"We accept that our companies' operations affect the environment and we are committed to following high standards of environmental protection, adhering to the principles of sustainable development and protecting biodiversity."

(http://www.bat.com/group/sites/uk__3mnfen.nsf/vwPagesWebLive/DO52AP6B?opend ocument&SKN=1)

"One of our principal goals is to be a socially responsible company, at both a local and global level. Because of this, we are passionate about our social performance."

(http://www.pmi.com/eng/about_us/pages/about_us.aspx)

The assumption for this investigation is the fact that tobacco companies need to improve their image through an effective communication on their website, which is given by two main reasons: to make their industry more acceptable for people in general, and to attract talented workers who might have ethical concerns in working in such a controversial sector.

Communication in the tobacco industry is therefore an interesting field for research. A branch of research has been focused on the effects of various forms of tobacco marketing, especially on children, but these articles were mostly published on Journals of Medicine. Few examples are: Aitken, Eadie, Hastings, Haywood (1991), about the effects of cigarette advertising on children's intentions to smoke when older; Pierce, Choi, Gilpin, Farkas, Berry (1998) and Pierce, Gilpin, Burns, Whalen, Rosbrook , Shopland, et al. (1991), who researched whether tobacco advertising targets young people to start smoking; Potts, Gillies, Herbert (1986),who focused on adolescents' opinion on cigarette advertising; Aitken, Eadie's (1990) study on the effects of cigarette advertising on underage smoking; Covell, Dion and Dion (1994) regarding gender differences in the evaluations of tobacco advertising.

Boddewyn (1993) claims for the need of research on tobacco marketing also in the corporate communication field, supporting the fact that articles on tobacco advertising's impact should be published in the Journal of Advertising or in comparable specialized scholarly outlets such as the Journal of Consumer Research, Journal of Marketing and Journal of Advertising Research, or economic journals for econometric.

As shown by Hirschhorn (2004), CSR communication by tobacco companies aims to restore their reputation, maintain employees morale, mitigate future lawsuits, and therefore increase the value of corporate stock. Nevertheless, the author concludes that being in the cigarette business is antithetical to CSR.

1.3 Case company: Philip Morris

In this section, the case company for this study is presented.

Philip Morris International Inc. (PMI) is very representative of the tobacco industry as it is the leading international tobacco company in the world, with products sold in 160 countries. In 2010, the company held an estimated 16.0% share of the total international

cigarette market outside of the U.S., or 27.6% excluding the People's Republic of China and the U.S. (www.pmi.com).

Philip Morris International claims on its website it has the industry's strongest and most diverse brand portfolio, led by *Marlboro*, the world's number one selling brand, and *L&M*, the fourth most popular brand. Overall, seven of the top 15 brands in the world are from PMI. PMI also invests in R&D, with the purpose of understanding tobacco diseases' mechanisms, as well as assessing products' risk reduction potential. PMI's business is diversified and doesn't include only tobacco products. It owns other brands from different sectors: Philadelphia cream cheese, Dairylea, Miller beer, Toblerone, Suchard, Maxwell House, Kenco, Birds Custard.

The table below (Table 1) contains a summary of the main events linked with the company, to give a background information of the case company, sourced from the BBC News website (2001) and the Philip Morris International website (2011):

Table 1. PMI's history.

Mid 19th century	Philip Morris opens tobacconist in Bond Street, London.
1854	Philip Morris makes its first cigarette.
1902	The company is incorporated in the United States.
1919	Philip Morris' heirs and US business partner sell out to a US company.
1954	In one of the earliest cases of tobacco litigation, a Missouri smoker sues Philip Morris after losing his larynx to cancer.
1962	The case eventually comes before a jury, which deliberates for one hour before finding in favour of the tobacco giant.
1968	Annual sales hit $1bn.
1969	In one of its first big moves to diversify away from tobacco, Philip Morris buys Miller Brewing.
1972	Marlboro becomes the world's best-selling cigarette.
1978	Buys 7-Up.
1980	Sales hit $10bn.

1983	Philip Morris overtakes RJ Reynolds to become the number one US tobacco company in terms of sales.
1985	Buys Maxwell House coffee and starts Philip Morris magazine (now defunct).
1986	Sales rise to $25bn following a series of major food industry acquisitions.
1988	A long-running court case brings to light a document titled "Motives and Incentives of Cigarette Smoking". The 1972 confidential report prepared by the Philip Morris Research Centre said, "Think of the cigarette as a dispenser for a dose of nicotine". It was the first in a series of industry documents that dented the legal defence of tobacco companies. The judge said he found evidence of a conspiracy by three tobacco companies that was "vast in its scope, devious in its purpose, and devastating in its results". The same year, Philip Morris steps up its diversification strategy, buying Kraft Foods in what was thought to be the largest non-oil corporate takeover in US history.
1992	Sales hit $60bn and Financial World ranks Marlboro the world's most valuable brand. But "Marlboro Man" Wayne McLaren, star of the company's adverts, dies of lung cancer, aged 51.
1995	Marlboro has 29% of the US cigarette market. Philip Morris recalls eight billion cigarettes because of suspected chemical contamination. "Marlboro Man" David McLean dies of lung cancer, aged 73.
1998	In the US, the tobacco industry agrees to a settlement with the attorneys general of 46 states to pay out $206bn over 25 years to cover costs of Medicaid and other tobacco-related claims and lawsuits. As part of the settlement, the industry also agrees to a range of advertising and marketing restrictions. The industry had previously settled with the attorneys general of the four other states.
1999	In a notice on its website, Philip Morris publicly acknowledges for the first time that smoking causes fatal diseases.
2000	Sales hit $80bn. Philip Morris is now one of the world's biggest food companies as well as the top cigarette maker. Fifteen of its brands generate annual sales of more than $1bn each while the group employs 178,000 people. Nabisco, the US's number one biscuit maker, is added to the company's portfolio after a $19bn takeover. But the litigation continues. A US court orders Philip Morris and RJ Reynolds to pay a total of $20m to a smoker dying of lung cancer. The ruling is the first to hold cigarette makers responsible for the health of people who took up smoking after warning labels were made compulsory on packets of cigarettes in 1965.
2001	A US jury orders Philip Morris to pay $3bn in damages to a smoker suffering terminal cancer who claimed he wasn't warned of the dangers of smoking. PMI operations center transfers from Rye Brook, N.Y., U.S., to Lausanne, Switzerland.
2002	PMI operating income reaches US$5.7 billion, more than a hundredfold

	increase over 1970.
2003	PMI opens a factory in the Philippines, the Company's largest investment in Asia at the time. PMI's product sales represent almost 14% of the global cigarette market outside of the U.S. PMI acquires majority stake in Papastratos Cigarette Manufacturing S.A., the largest cigarette manufacturer and distributor in Greece. PMI acquires 74.22% of DIN Fabrika Duvana AD Nis in Serbia. As of December 2007 this holding was more than 80%.
2005	PMI acquires PT HM Sampoerna Tbk in Indonesia and Compania Colombiana de Tabaco SA (Coltabaco) in Colombia. Both are the largest cigarette manufacturers in their respective countries. PMI takes back license for Marlboro in Japan from JTI. PMI announces an agreement with the China National Tobacco Company (CNTC) for the licensed production of Marlboro China and the establishment of an international equity joint venture outside of China.
2006	Year-end volume stands at 831.4 billion, operating income at US$8.4 billion, and global market share at 15.4%.
2007	PMI acquires an additional 50.2% stake in Lakson Tobacco Company, Pakistan, bringing its total holding to approximately 98%. Year-end volume stands at 850 billion, operating income at US$8.9 billion, and an estimated global market share at 15.6%
2008	PMI spins off from Altria, becoming the world's leading international tobacco company and the fourth largest global consumer packaged goods company . PMI acquires Rothmans Inc. of Canada and the fine-cut trademark Interval. Year-end volume stands at 869.8 billion, operating income at US$10.25 billion, and an estimated global market share at 15.6%
2009	PMI enters into an agreement to establish a joint venture company with Swedish Match AB to commercialize smoke-free tobacco products worldwide, outside of Scandinavia and the U.S..
2010	PMI announces an agreement with Fortune Tobacco Corporation in the Philippines to unite their respective business activities to form a new company called PMFTC.

As the history of the company shows, PMI has grown at an impressive speed during the last century, becoming the world's leading tobacco company. It has acquired, or settled joint ventures, with tobacco companies all around the world, becoming a truly international reality. The problem of tobacco law suits started for the company already

in the fifties, but the influential power of the company has been decreasing more and more.

According to Scotto D'Abusco, Corporate Affairs Philip Morris Italia (in Pastore & Vernuccio, 2008:64-65), the main communication tool of the company is its website www.philipmorrisinternational.com . Philip Morris' web site is translated in over 20 languages and covers many tobacco-related topics. It also provides links to the Public Health authorities and other external Web sources that are useful for consumers who would like to quit smoking. Scotto D'Abusco also mentions that Philip Morris Public Affairs activity is focused on the reduction of the damage caused by its products, in cooperation with the Public Health Authorities, and the prevention of smoking among minor aged people. In this sense, the company helps Non-Governmental Organizations (NGOs) with educational programs.

1.4 Research Questions

The present study has two main focuses. On one hand, it aims to investigate the case company's CSR communication strategy on the company's website from a critical discourse analytical perspective. On the other hand, it aims to compare the findings of the analysis with the expectations of a sample of web users, whose ideas are collected through a questionnaire.

The Research Questions are:

- **RQ1: How does the case company communicate about CSR on the corporate web site?**

  o **Which issues are emphasized?**

  o **What are the textual and rhetorical features used by the company in its CSR communication?**

o **To what extent are existing social and political discourses replicated?**

- **RQ2: What are the expectations of the audience in terms of CSR from a tobacco company?**

- **RQ3: Is the way the company communicates about CSR in line with the expectations of the audience?**

In the following chapter, a theoretical background will be presented, which serves as a basis on which the analysis will be built upon.

2 LITERATURE REVIEW AND THEORETICAL FRAMEWORK

This chapter reviews corporate social responsibility (CSR) and critical discourse analysis (CDA) literature to build the background for the present study, which is an investigation of a tobacco firm's CSR communication policy on the web from a critical discourse analytical perspective.

2.1 Definition of corporate social responsibility

There is quite a general agreement on the fact that CSR has not reached yet a clear-cut definition. Jonker and Marberg (2007:108) sustain that all the CSR definitions provided by the literature are rather general and theoretical in nature. In fact, even though corporate social responsibility has become a central topic for business research, there is no general consensus on its conceptualization (Nielsen and Thomsen, 2004), and, as Jonker and Marberg, (2007) underline, "the acronym [of CSR] is being thrown around but nobody really knows what it stands for".

Corporate Social Responsibility has been given many definitions. Here are some that are relevant for the present study.

A fundamental contribution to the definition of CSR is given by Frederick (1987), who argues that CSR rests on two foundational principles - charity and stewardship - , and six fundamental precepts illustrated in the table below.

Table 2. CSR's fundamental principles.

1.	Power begets responsibility.
2.	A voluntary assumption of responsibility is preferable to government intervention and regulation.
3.	Voluntary social responsibility requires business leaders to acknowledge and accept the legitimate claims, rights, and needs of other groups in society.
4.	CSR requires a respect for law and for the rules of that game that govern marketplace relations.
5.	An attitude of "enlightened self-interest" leads socially responsible business firms to take a long-run view of profits.
6.	Greater economic, social, and political stability - and therefore a lower level of social criticism directed toward the private enterprise system - will result if all business adopt a socially responsible posture.

From Frederick's (1960) point of view, CSR basically argues that the rights that companies demand in society come with a series of responsibilities, and that, as actors in societies, companies have an obligation to behave responsibly, meeting their obligations voluntarily to avoid problems that would otherwise emerge. In this view, companies could and should be held responsible for their actions and decisions as they

affect society and ought to live up to a higher set of standards than simple adherence to the law for he good of all.

Tudor et al.(2007:2) give the following definition of CSR, which is also adopted by the European Commission (EU Commission, 2001): "a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis". On the same line, Roberts (1992: 595) indicates that CSR has been defined as 'policies or actions that identify companies as being concerned with society-related issues'. These issues include employee rights, product safety, the environment and poverty, among others.

Many authors stress the discretionary essence of CSR. Waddock (2004: 10) states that corporate social responsibility (CSR) is the "subset of corporate responsibilities that deals with a company's voluntary and discretionary relationships with its societal and community stakeholders". McWilliams and Siegel (2001: 117)define CSR as 'actions that appear to further some social good, beyond the interests of the firm and that which is required by law. CSR means going beyond obeying the law'.

Bowen (1953, p.6) argued that businessmen have an obligation "to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives of our society". According to Wartick and Cochran (1985), with this proposition, Bowen touched off the "modern debate" about social responsibility. In fact, according to Wartick and Cochran (1985) the way Bowen defined the concept of social responsibility is based on two fundamental premises. The first premise is the social contract of business : *business exists at the pleasure of society; its behaviour and methods of operation must fall within the guidelines set by society*" (Wartick and Cochran, 1985, p. 759). The second premise underlying social responsibility is that business acts as a moral agent within society (Ozar, 1979; Rawls, 1971).

Since Bowen's seminal work, scholars and practitioners have attempted to review and redefine the basic concepts of social responsibility, and from this discussion three major challenges to social responsibility have emerged in the Seventies: economic responsibility, public responsibility, and social responsiveness.

2.1.1 The modern debate about companies' social responsibility

The present section describes the debate that, form the seventies to the beginning of this century, defined the evolution of the notion of corporate social responsibility and its absorption into the broader concept of corporate social performance. In particular, it is explained how the three orders of challenges that have been posed to corporate social responsibility around the seventies - economic responsibility, public responsibility and social responsiveness - were overcome through the development of the corporate social performance model. This model, first designed by Carroll (1979), then developed by other researchers (Wartick and Cochran, 1985; Wood, 1991; Swanson, 1994; Waddock, 2004), represented a seminal work on which researchers built a useful framework, or template, for organizing their research and theory on corporate social performance.

The first challenge is related to the economic responsibility of business. Friedman (1962-1970), as the most known advocate for the economic responsibility of business, argues that the only social responsibility of business is to maximize profits within the "rules of the game". The challenge of economic responsibility sustains that corporations cannot be moral agents (therefore attacking the premise of moral agency, on which the concept of social responsibility rests), in that managers are not supposed to use investors' money to resolve society's problems.

In response to this argument, researchers who sustain that the economic responsibility is not the only social responsibility of business support their idea stating that the economic responsibility fails to recognize that modern businesses, especially the mega-corporations, are no longer mere economic institutions, and that through activities such

as lobbying, providing Congressional testimony and establishing political action committees, corporations have added a political dimension. (Wartick and Cochran, 1985, p. 760).

The second challenge is sustained by authors such as Preston and Post (1975, 1981), and Bucholz (1977, 1982), who offer public responsibility as a substitute for social responsibility. According to these authors, corporations have a primary and a secondary involvement. Primary involvements are the essential economic tasks of the firm, and in relation to these, it is the market to give direction to the company. Secondary involvements are the consequential effects resulting from the performance of the primary functions. In the case of secondary involvements, it is the public policy process who provides direction for the company. According to Bucholz (1982) corporations therefore have a dual responsibility: a responsibility to the market (similar to the economic responsibility), and a responsibility to the public policy process. Preston and Post (1975:56) state that public policy refers to " widely shared and generally acknowledged principles directing and controlling actions that have broad implications for society at large or major portions thereof". On the contrary, they state (1875, p.52), social responsibility is "vague and ill-defined". In particular, public policy advocates suggest two major problems with social responsibility: a) allocating resources to be used in dealing with social issues and b) developing accountability when business makes social decisions (Bucholz 1977).

Wartick and Cochran (1985:760) reply to this criticism claiming that public policy is not clearly defined. In fact, if public policy is defined in the more traditional sense (governmental legislative), then public responsibility is too narrowly defined. If it is intended in a broader sense, then it is practically a synonymous of social responsibility, adding little as an alternative to the latter.

The third challenge to social responsibility comes in the form of social responsiveness, in that it is intended to shift emphasis away from social obligations and directing it to

the social response process of companies. Advocates of social responsiveness, such as Ackerman and Bauer (1976), consider social responsibility as operationally dysfunctional. Sethi (1979) suggests that social responsiveness is the result of an evolution of social responsibility, and argues that a broadening conception of legitimacy has moved corporate social involvement from social obligation, to social responsibility, to social responsiveness. More in detail, Sethi (1975) describes corporate behaviour as a three-state phenomenon based on the changing notion of legitimacy from very narrow to broad. In particular, the three stages are social obligation, social responsibility and social responsiveness.

Social obligation requires companies to behave in response to market forces or legal constraints. In this case the legitimacy criteria are met by the corporation through its ability to compete for resources in the marketplace and through conducting its operations within the legal constraints imposed by the social system in which it operates. Nevertheless, as the author underlines, the traditional economic and legal criteria are necessary but not sufficient conditions for corporate legitimacy. In fact, the corporation that flouts them will not survive, but neither the mere satisfaction of these criteria does ensure its continued existence. Compliance to the law is not enough for a number of reasons, which Sethi explains as follows: some laws might be discriminatory for some minorities; social behaviours change in time and new social expectations might get in conflict with the existing legislation; in periods of transition some laws might mot be accepted by the society.

Hence, the concept of social responsibility - the second stage of adaptation of corporate behaviour to social needs - involves the ability of aligning corporate behaviour to social norms, values and expectations even before these are transformed into formal laws. For this reason Sethi (1975) states that while the concept of social obligation is proscriptive in nature, the concept of social responsibility is prescriptive.

The third stage is in terms of <u>social responsiveness</u>. According to the author, the issue in terms of social responsiveness is not how corporations should respond to social pressures, but what their long-run role in a dynamic social system should be. Again, while social responsibility-related activities are prescriptive in nature, activities related to social responsiveness are proactive, i.e., anticipatory and preventive in nature. According to Frederick (1978:6) the usefulness of social responsiveness, Is "the capacity of a corporation to respond to social pressures". According to him, it is a valuable replacement for social responsibility, in that it is a more tangible, achievable objective than social responsibility.

In response to this criticism on social responsibility, Wartick and Cochran (1985) pose doubts on the ability of social responsiveness to maintain an adequate level of ethical enquiry, and claim that social responsiveness by itself is likely to lead to reaction rather than the proaction that many advocates of responsiveness call for.

2.1.2 The Corporate Social Performance model

The challenges posed to social responsibility have been overcome by Carroll's (1979) conceptual model of corporate performance, which aimed to harmonize the various contributions to the topic of corporate social responsibility that had been added so far. In fact, Carroll (1979) designs a model for evaluating the social performance of companies, and includes in the assessment three perspectives which constitute the three dimensions of the model: social responsibility, social issues, and social responsiveness (Figure 1, CSP model).

Regarding the first dimension (social responsibility), Carroll (1979:500) states that " *the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point of time*". Through this definition, Carroll solves the conflict between economic responsibility and

social responsibility advocates: economic responsibility is identified as a subset of social responsibility, and social responsibility includes, but is not limited to, economic responsibility. What is more, in Carroll's perspective, the challenge of public responsibility expands but does not replace social responsibility: in his model, the legal component of social responsibility covers the narrower definition of public responsibility, and the discretionary component covers the broader definition of it.

Regarding the second dimension (social issues), Carroll doesn't specifically identify which social issues business must address, because, he argues, issues change in time and differ in different industries. Hence, social issues are recognized as an important aspect of corporate social performance, but , at the time, it was not possible to reach an agreement on which issues should be considered.

The third dimension is social responsiveness. In Carroll's model, social responsibility and social responsiveness are two elements of analysis, which are not mutually exclusive (as criticism against social responsibility had supported). According to Carroll, social responsiveness can range in a continuum of four categories: reaction, defence, accommodation, proaction.
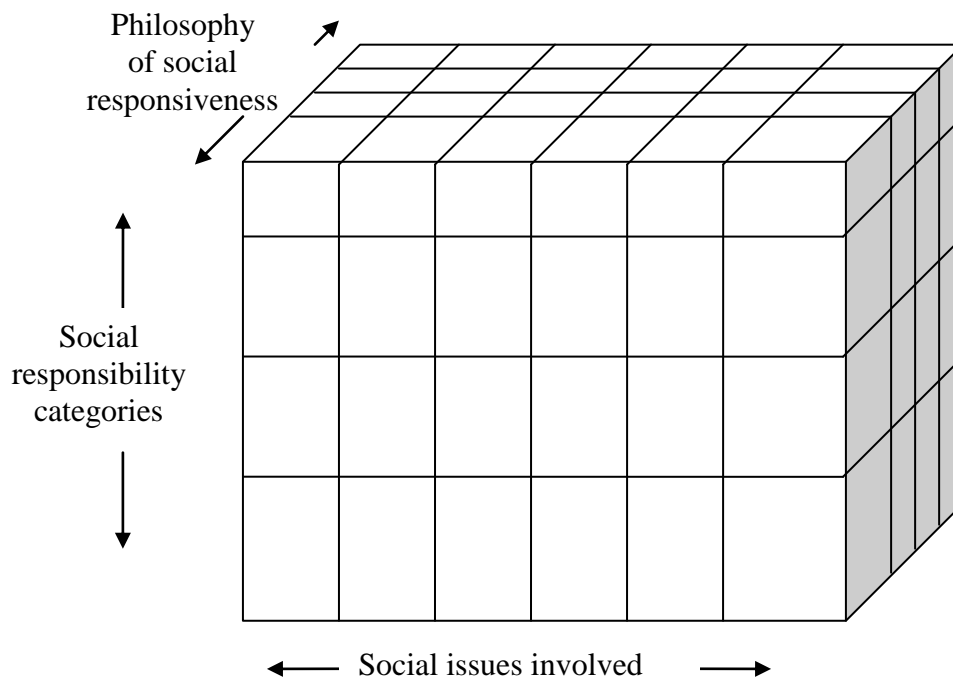
Figure 1. The corporate Social Performance Model (Carroll, 1979:503)

Over the years, the Corporate Social Performance (CSP) model, has been redefined and improved.

Wood (1991) stresses three orders of problems with the CSP model: 1) the model lacks of an action component, which is necessary since the analysis is focused on performance; 2) the dimension of social responsiveness is addressed as a single process, rather than a set of processes, 3) the third dimension - which Wartick and Cochran (1985) had already re-defined as policies to address social issues - is too restrictive. Wood (1991) improves therefore the model adding the following conceptual advances: a) articulation of three principles of social responsibility at the institutional, organizational, and individual levels, which clarifies the long-standing debate over social responsibility and emphasizes that principles motivate human and organizational behaviour; b) identification of specific responsive processes - environmental assessment, stakeholder management, and issues management - showing the channels

through which companies act out their involvements with the external environment; c) incorporation of social impacts, policies, and programs as the collective outputs of a company's environmental interactions removes CSP from the category of wishful thinking and allows more pragmatic assessments to be made; d) links among the three facets of the CSP model are made explicit, generating new understanding of business-society relationships as well as important new research questions.

Table 3. Principles of Corporate Social Responsibility (Wood, 1991:696)

Principles of Corporate Social Responsibility (CSR)

The principle of Legitimacy: Society grants legitimacy and power to business. In the long run, those who do not use power in a manner which society considers responsible will tend lose it.

Level of application:	Institutional, based on a firm's generic obligations as a business organization.
Focus:	
Value:	Obligations and sanctions.
Origin:	Defines the institutional relationship between business and society and specifies what is expected of any business.
	Davis (1973)

The Principle of Public Responsibility: Businesses are responsible for outcomes related to their primary and secondary areas of involvement with society.

Level of application:	Organizational, based on a firm's specific circumstances and relationships to the environment.
Focus:	Behavioural parameters for organizations.
Value:	Confines a business' responsibility to those problems related to the firm's activities and interests, without specifying a too-narrow domain of possible actions.
Origin	Preston & Post (1975)

The Principle of Managerial Discretion: Managers are moral actors. Within every domain of corporate social responsibility, they are obliged to exercise such discretion as is available to them, toward socially responsible outcomes.

Level of

application: Individual, based on people as actors within organizations.
Focus: Choice, opportunity, personal responsibility.
Value: Defines managers' responsibility to be moral actors and to perceive and exercise choice in the service of social responsibility.
Origin: Carroll (1979)

Swanson (1995) develops further the model, integrating it with the recent research in business ethics, as shown in figure 2. First, Swanson points out the fact that the institutional CSR principle indicated by Wood (1991) neither promotes positive duty nor advocates the moral motivation of respect. Thus, it is not infused with the sense of moral responsibility found in business ethics.
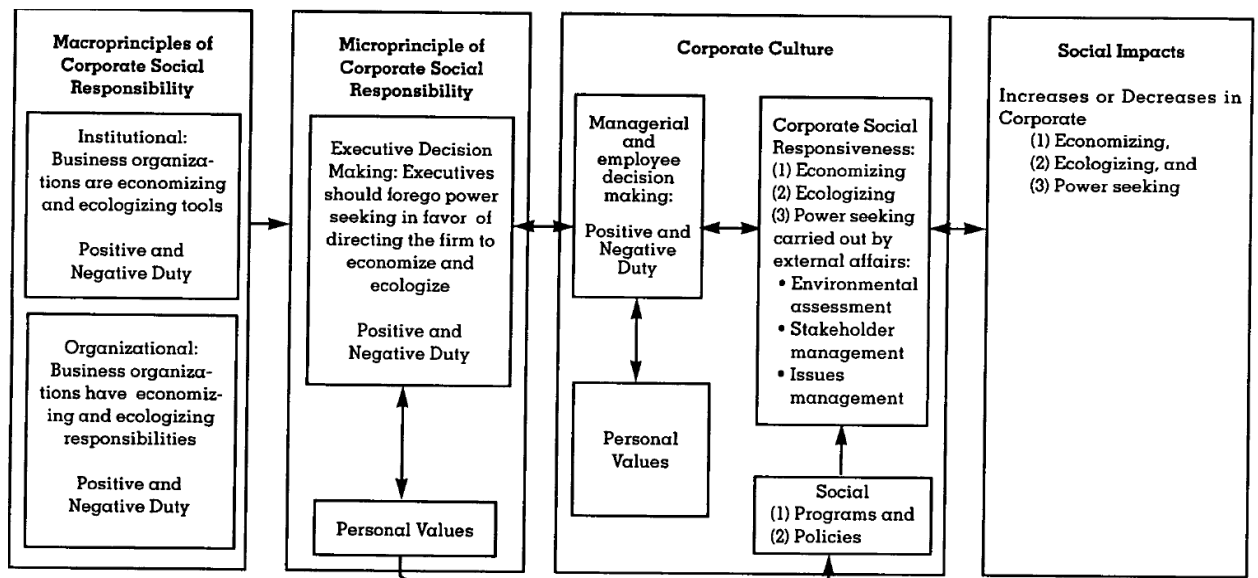

Figure 2. The reoriented CSP model (Swanson, 1995:58)

In reorienting the model, Swanson (1995) argues for an interactive orientation focused on four levels of analysis: CSR macroprinciples, CSR microprinciples, corporate culture, and social impacts. What is more, Swanson (1995) claims that corporate decisions should be made on the basic values that shape companies: economizing

(efficiency), ecologizing (not wasting resources), power seeking (aggrandizement), all of which provide both negative and positive duties (benefits) to society. Swanson further argues for integration of both the normative and descriptive approaches through the concepts of value neglect and value attunement , hence the streams of responsibility and responsiveness are brought together.

Finally, Waddock (2004), summarizing a three-decades long research by various authors (Carroll, 1979; Wartick and Cochran, 1985; Wood, 1991, Swanson, 1995), provides the following definition of Corporate Social Performance (CSP): "corporate social performance focuses on the principles of (social) responsibility at the institutional (legitimacy), organizational (responsibility) and individual (managerial discretion) levels, the processes of responsiveness (said to be environmental assessment, stakeholder management, and issues management), and outcomes (social impacts, programs and policies). Basically, CSP provides a framework by which a company's relationship to and activities in society and with respect to stakeholders and the natural environment can be assessed, illustrating that principles, processes and outcomes all need to be taken into account".

2.1.3 The stakeholder perspective

The origins of the stakeholder management discipline are hard to define. Friedman & Miles (2006) place it in the 'Sixties, when the term 'stakeholder' appeared in a document referring to internal research of the Stanford Research Institute (1963).

Ansoff (1965) is among the first authors studying the question of the multiple corporate objectives from a perspective that takes into account the shareholders expectations (primarily) and the other stakeholders (secondly). His perspective follows that of Frank Abrams (1951) - president of the Standard Oil company- who states that business firms are men-made instruments of society, and hence they can be made to achieve their greater social usefulness – and thus their future can be best assured – when management

succeeds in finding a harmonious balance among the claims of the various interest groups: the stockholders, employees, customers and the public at large. He also adds that management, as a good citizen, and because it cannot properly function in an acrimonious and contentious atmosphere, has the positive duty to work for peaceful relations and understanding among men. Ansoff, nevertheless, recognizes a difference between shareholders and other kinds of stakeholders, in that shareholders have a primary influence over the company, while the latter can only affect it on a secondary level limiting its behaviour.

An important contribution to the research about stakeholder management was given by Emshoff & Freeman (1979). According to the authors, the principles that characterize the original approach to the topic are: 1) the main goal is to achieve the best possible cooperation between the firm and the whole system of stakeholders; 2) the best strategy for stakeholder management is to strive to satisfy simultaneously multiple stakeholders' needs.

The notion of stakeholder doesn't imply a change in the management's attitude in order to satisfy particular interest groups' needs. On the contrary Sturdivant (1979) , observes that the stakeholder management approach is based on understanding the expectations of diverse groups of stakeholders.

Socially responsible organisations, according to Campbell (2006), 'must not knowingly do anything that could harm their stakeholders. If they do harm to stakeholders, then they must rectify it whenever it is discovered and brought to their attention' (Campbell 2006:928).

Freeman (1984) argues that environmental changes happen in the contexts in which companies operate, involving both internal stakeholders (owners, customers, employees, and suppliers) and external stakeholders (governments, competitors, consumer advocates, environmentalists, special interest groups, and the media). Hence,

he cautions that managers need to "take into account all of those groups and individuals that can affect, or are affected by, the accomplishment of the business enterprise" (Freeman, 1984: 25). He defines "stakeholder" as "any group or individual who can affect or is affected by the achievement of the firm's objectives", and distinguishes between primary and secondary stakeholders. The primary stakeholders are those who have a legitimate interest in the company (i.e. investors, employees and customers), while the secondary stakeholders are those who are affected by the company in a more indirect way, such as competitors, distributors, local society, interest groups, media and society.

According to Cornelissen (2004) expectations towards companies have increased and a wider range of stakeholders have to be taken into account for what concerns corporate responsibility. Figures 3 and 4 show the change.
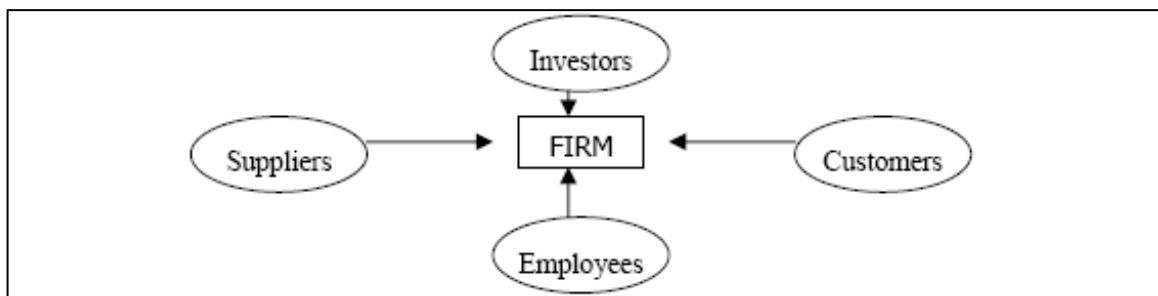
Figure 3. Input-output model of strategic management (Cornelissen, 2004: 58)
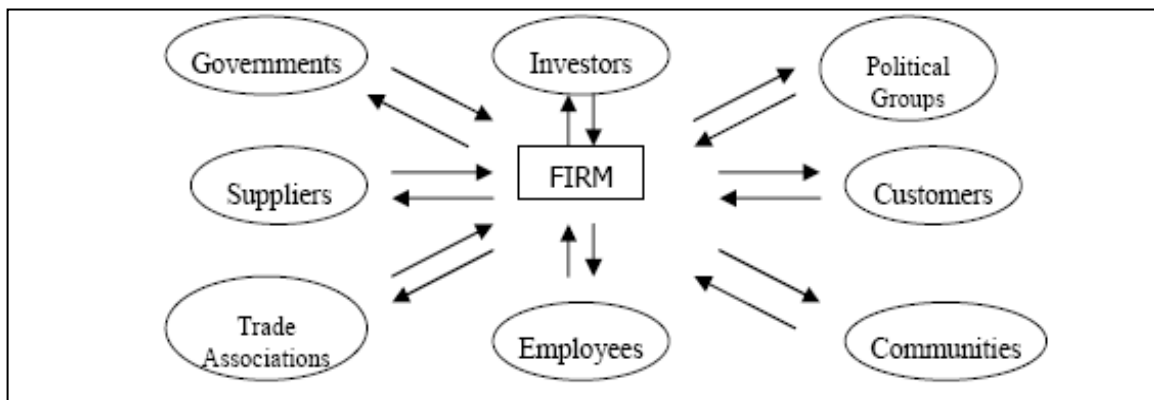
Figure 4. Stakeholder model of strategic management (Cornelissen, 2004: 59)

As fig.3 shows, before the new millennium, the strategic management was focused only on customers, employees, suppliers and investors. The new trend (see fig. 4) is to consider the reciprocal influence that firms and Governments, trade associations communities and political groups share. The interconnections between the firm and its environment are now seen as a net with many more links between all the actors.

Corporate Social Responsibility is quite connected with stakeholder management, in fact literature combines these subjects.

Meznar, Chrisman and Carrol (1990:333) define corporate strategy as "how the firm attempts to add value to its stakeholders in order to legitimize its existence and ensure its future". They suggest a classification of business strategies that combines social responsibility and strategic management, and which is built on Freeman's stakeholder approach. This classification entails six kinds of enterprise strategy: classical enterprise strategy, offensive/narrow enterprise strategy, offensive/broad enterprise strategy, accommodative/narrow enterprise strategy, accommodative/broad enterprise strategy, not-for-profit enterprise strategy.

According to Meznar, Chrisman and Carrol (1990), the classical enterprise strategy is followed by firms that concern themselves only with economic performance and are

more concerned with avoiding costs rather than promoting good. These firms obey the law but disregard the social effects of their business and therefore this strategy may not legitimize them in the long run. The offensive/narrow enterprise strategy is implemented by firms that focus on a narrow group of stakeholders and are more concerned with increasing social goods rather than with reducing social costs. Typically these firms are they contribute to a few charities, champion selected causes, and publicize their involvement in social issues in order to increase goodwill. The offensive/broad enterprise strategy is followed by firms who seek to increase the social good of a broad range of stakeholders and are philanthropists on a large scale, sometimes supporting broadly oriented foundations (e.g. the Coca Cola foundation). The Accommodative/Narrow enterprise strategy is that of firms who both decrease social costs and increase social goods to a narrow group of stakeholders. These firms are normally closely attuned with the interests of their stakeholders in order to understand the social costs they generate and try to improve the conditions of their stakeholders. These firms are strongly concerned with the opinion of particular stakeholder groups and aggressively try to avoid alienating these stakeholders. The Accommodative/broad enterprise strategy is that of firms perceiving themselves as answerable to society-at-large for the way their operations are conducted, having strong emphasis on corporate ethics and social responsibility. These firms actively seek innovation to improve social welfare and attempt to minimize any social cost caused by their operations. Finally, the not-for-profit enterprise strategy is associated with those organizations involved exclusively in social causes and which rely on charity for their survival.

Also Dowling (2004) links Social Responsibility and Stakeholder Management, stating that "social responsiveness promotes favourable relationships with primary stakeholder groups. This is because social responsiveness facilitates the process of "identification", whereby an individual perceives a good fit between his/her values and his/her beliefs about an organization".

2.1.4 Corporate citizenship

According to Waddock (2004:10), the concept of corporate citizenship has acquired relevance in the past decade to incorporate a global focus on the concrete approach of the stakeholder theory into corporate social responsibility. In fact, she sees Corporate Responsibility (CR) and stakeholder (management) theory as two separate streams, that only recently, finally, have converged into the area of business in society (which she identifies as corporate citizenship).

Before this recent merger, corporate social responsibility - and the stream that derived from it - and stakeholder management have followed two parallel, separate streams. From the side of the stakeholder theory, Freeman (1984) argues that environmental changes happen in the contexts in which companies operate, involving both internal stakeholders (owners, customers, employees, and suppliers) and external stakeholders (governments, competitors, consumer advocates, environmentalists, special interest groups, and the media). Hence, he cautions that managers need to "take into account all of those groups and individuals that can affect, or are affected by, the accomplishment of the business enterprise" (Freeman, 1984: 25). He defines "stakeholder" as "any group or individual who can affect or is affected by the achievement of the firm's objectives", and distinguishes between primary and secondary stakeholders. The primary stakeholders are those who have a legitimate interest in the company (i.e. investors, employees and customers), while the secondary stakeholders are those who are affected by the company in a more indirect way, such as competitors, distributors, local society, interest groups, media and society.

Waddock (2004, p. 27) states that "the terms corporate responsibility (CR) and corporate (business) citizenship integrate stakeholder relationships into their operationalization for the first time, uniting the two dominant streams in the business in society field, because in addition to focusing on the social implications of business activities, they also incorporate issues related to companies' performance with respect to

specific stakeholders and the natural environment". Hence, she argues that this integration makes stakeholder - and environment - related performance central to CR.

As a result, she defines Corporate citizenship (CC) as follows: Corporate citizenship is manifested in the strategies and operating practices a company develops in operationalizing its relationships with and impacts on stakeholders and the natural environment.

2.1.5 CSR and the dominant social paradigm

The current era is by many defined as neo-liberalism globalization (ex: Thompson, 2007; Mudge, 2008). Korhonen (2002) argues that the dominant social paradigm (DSP), which has driven the industrial societies in the West, has some serious difficulties in the light of the development of the field of corporate social responsibility and in the light of its practice. He discusses five central characteristics of the DSP, which are also embedded in neoclassical economics, that present challenges for CSR: 1) globalization, 2) specialization, 3) mass production and economic growth, 4) competition, and 5) linear, reductionist and mechanistic approach to science and society.

First, the globalization paradigm has led to the inequality between the developing and developed nations and the resulting social problems, poverty, crime, inaccessibility of education and insecure and unhealthy living conditions. What is more, it doesn't take into account cultural and social diversity in the regions where investments are made, nor ecological sustainability concerns.

Second, the fact that investments and production capacity are directed to those specialized products that are expected to yield the highest profits, affects local communities and the vulnerability of regional or national economies. Further, In case of the ecological aspect of corporate social responsibility, it can be noted that economic specialization seems to work against ecological or ecosystem diversity (Weitzman, 2000).

Third, problems of inequity or the environment seem to relate to the quantitative economic growth. According to Korhonen (2002), the increasing gap between the rich and the poor as well as quantitative growth of material throughput are examples of that.

Fourth, competition, which is indicated as one of the central features of the dominant neoclassical economics paradigm, can have serious social effects, leading to e.g. domination or neglect of the community or the developing nations, to the domination and overuse of the natural source and sink functions provided to the firm by natural ecosystems, and it can represent a barrier of the efforts of increasing stakeholder cooperation and cooperation between the firms and its suppliers or the local community actors.

Fifth, Korhonen (2002) argues that Economics science seems to be based on subject–object dualism and a linear or reductionist approach to theory. This approach doesn't fit with CSR as it doesn't take into account such aspects in economics concerns. For example, in the production theory, natural resources or land are rarely considered, nor do the social sustaining functions, such as ease of stress or emotional pressure and resting, nurturing, child rearing, caring, intimacy or gardening, and the provision of social bonding and shelter services and wastes and emissions are non-existent.

In response to this dominant paradigm, Korhonen (2002) proposes an alternative paradigm that should overcome the contrasts with CSR. Such paradigm, according to its author, would have the following characteristics: the globalization of modernity would be contrasted with a locality principle, the specialization paradigm would be contrasted with the metaphor of diversity, competition would be replaced by interdependency and cooperation, and an integration of the approach to science with an organic and holistic approach to scientific theory and to society.

2.1.6 CSR communication

Many authors (Dawkins, 2004; Capriotti and Moreno, 2007; Dawkins and Ngunjiri, 2008; Ziek, 2009) argue that the communication function is a key element in the management of CSR. Dawkins and Ngunjiri, (2008:288) argue that, outside of regulatory considerations, companies engage in CSR reporting for three primary reasons: 1) to maintain and enhance perceptions of legitimacy, 2) to manage the perceptions of key stakeholders, and 3) as a reflection of their corporate values.

Many authors (Wartick and Cochran, 1985, Neu et al., 1998; Hooghiemstra, 2000; Deegan 2002) agree on the fact that CSR is an activity of legitimisation of the organization in the eyes of society. Various studies (MORI, 2004; IPSOS, 2004; PriceWaterhouseCoopers, 2003) show that responsible activities are increasingly valued and demanded by stakeholders, and that such activities influence their evaluation of companies.

Nevertheless, it has been stressed that communication often remains the missing link in the practice of corporate responsibility (Dawkins, 2004).
Dawkins (2004:109) underlines that there are specific challenges inherent in communicating on corporate responsibility. First, she refers to a public cynicism towards companies, in that the credibility of corporate messages on social, environmental and ethical issues is often called into question. Second, she stresses that different stakeholders audiences have different expectations of companies, while corporate responsibility communications are not yet being effectively tailored to different stakeholder audiences (Dawkins 2004:110).

As Nielsen and Thomsen (2007) underline, there is no general framework on how companies should communicate about CSR. The authors, from the analysis of a selection of six Danish companies' CSR reporting, find that annual reports are very dissimilar with respect to topics on the one hand and dimensions and discourses

expressed in perspectives, stakeholder priorities, contextual information and ambition levels, on the other hand. Hence, they argue that corporations seem to be wrapped in divergent configurations of interest stemming from different institutional affiliations, such as government, regional institutions and NGOs.

At least, companies are supported in their reporting about CSR by a proliferation of guidelines. Examples of CSR codes are the AA1000s Assurance Standard, developed by the Institute of Social and Ethical Accountability, the Global Reporting Initiative (GRI), and the United Nations' Global Compact.

The Web is nowadays an important tool for corporate communications. As Guimarães-Costa and Pina e Cunha (2008) suggest, the Internet is the best medium available for companies to convey socially responsible information. Research about interactivity through the Internet (Esrock and Leichty, 1998 -2000; Kent and Taylor, 1998, Ryan, 2003; Taylor, Kent and White, 2001; White and Raman, 1999) shows that the World Wide Web can be used by companies in two types of communication: unidirectional or bidirectional. In fact, with regard to the degree of interactivity that organizational websites have, two basic approaches can be identified: the dissemination of information on one hand, and the generation of relationships between the different publics and the organization on the other.

A number of studies in recent years focused on the CSR communication on the Web of different kinds of companies: large and well known multinationals, such as Mc Donald's, Levi Strauss, Nike (Pollach, 2003), or Maersk and WalMart (Kampf, 2007), the oil refining and petrochemical industry (Coupland 2005), listed corporations in the stock exchange market (Capriotti & Moreno, 2007), pharmaceuticals (Sones, Grantham and Vieira, 2009), and many others. In general, the purpose of these studies is to analyze how CSR is communicated on corporate websites, in relation to different industries or cultures. Table 5 shows a summary of some of the studies that focus on CSR communication on the Web.

Table 4. Contributions to the research on CSR communication on the Web

Pollach (2003)	The author analyses corporate ethics communication on the Web sites of six companies (BellSouth, Lockheed Martin, Ben & Jerry's, McDonald's, Nike, and Levi Strauss). Findings show that, despite the fact that the companies selected adopt different approaches to corporate ethics, their communicative strategies are quite similar regarding content, persuasive appeals, self-reference, audience address, and message organization.
Capriotti & Moreno (2006)	The paper discusses the importance of corporate responsibility information on the websites of the companies listed in the Spanish IBEX-35. The authors find that issues presented on the corporate websites are not homogeneous. The web sites reveal a self-presentation main function. What is more, the issue of economic action is less considered than corporate profile, and products and services. Finally, the authors observe that the issue of corporate ethics does not get special attention on the corporate web sites, in that nearly 80% of the companies don't treat it directly and those that do, dilute it in other general issues.
Capriotti & Moreno (2007)	Based on a sample of companies from the Spanish stock market , the empirical study suggests that the companies assign great importance to corporate responsibility on their web sites, focusing mainly on the topics of social and environmental action. What is more, the study evidences the highly dispersed nature of the information concerning CSR on the corporate web sites.
Kampf (2007)	The study focuses on two case companies: WalMart and Maersk. The finding show differences in the CSR discourse between the two companies imply different expectations from the public, which the author explains through cultural differences. In particular, the US company has greater need to express its CSR activities in detail.
Sones & Grantham (2008)	The study analyses what CSR messages are communicated on a sample of pharmaceutical companies' websites. The findings show that the communication related to the corporate mission targets external stakeholders, while the communication about values targets internal stakeholders. What is more, the authors conclude that the content provided use massage frames within specific sections of the web site to communicate with both internal and external stakeholders.

Gill, Dickinson & Scharl (2008)	The purpose of this research is to determine firms' sustainability efforts through triple bottom line (TBL) reporting on the World Wide Web across North America, Europe and Asia. Findings indicate that North American firms disclose the greatest amount of TBL information for both environmental and economic indicators. European firms are the most prevalent reporters of social indicators. Asian firms displayed the most positive bias to their sustainability reporting.
Wanderley, Lucian, Farache and de Sousa Filho (2008)	The study is an investigation on the influence of national cultures (Brazil, Chile, China, India, Indonesia, Mexico, Thailand and South Africa are examined) on the CSR reportinc on corporate web sites. Results suggests that CSR information disclosure on corporate websites is influenced by country of origin and/or industry sector.

Various authors (Maignan & Ralston, 2002; Lewis, 2003; Aaronson, 2003; Sjoberg, 2003) point out that the European public opinion tends to be sceptical about the real motivations of companies behind their CSR involvement. In fact, some argue that, to the extent that corporate responsibility can be profitable for companies, their motivations and the true social utility of their responsible corporate behaviour may not coincide (Heath & Ryan, 1989; Maignan & Ralston, 2002, Hamann & Acutt, 2003). Some authors (Hooghiemstra, 2000; Elkington, 1997; Neu et al., 1998) consider corporate social responsibility reports to be primarily public relations instruments, meant to influence the perceptions of stakeholders to achieve public acceptance for the company. For example, Lindblom (1994) suggests that disclosure if information may be employed by organizations to manage/manipulate the stakeholder to gain approval and distract opposition.

Building on Ashforth and Gibbs's (1990) arguments, Morsing and Schultz (2006:332) suggest that information on CSR initiatives may retrospectively be perceived as a means of covering up or accommodating a legitimacy problem, reinforcing therefore stakeholder scepticism towards CSR initiatives and corporate legitimacy.

Ashforth and Gibbs (1990:185) argue that conspicuous CSR communication is often associated with, and comes from, organizations that attempt to defend their corporate legitimacy or from companies that have experienced a legitimacy problem: 'the more problematic the legitimacy, the greater the protestation of legitimacy'. In this regard, they indicate as the 'self promoter paradox' the fact that companies that overemphasize their corporate legitimacy run the risk of achieving the opposite effect. Building on this argument, Morsing and Schultz (2006) suggest that contemporary companies increasingly need to prepare for potential legitimacy problems: if on one hand, informing about CSR initiatives may be a means of preparing to avoid such a legitimacy problem by concurrently informing stakeholders about CSR initiatives, on the other, CSR communication may in fact provoke a legitimacy problem if a company encounters a stakeholder concern about its legitimacy.

In response to this problem some are advocating a move beyond corporate social responsibility to corporate social accountability – meaning that companies in future will have a legal obligation to uphold international standards (see 'Behind the mask', published by Christian Aid).

Another aspect that can be considered regarding CSR communication is the influence of culture. In fact, a study by Hartman, Rubin and Dhanda (2007) shows that: 1)EU companies do not value sustainability to the exclusion of financial elements, but instead project sustainability commitments in addition to financial commitments; 2)US-based companies focus more heavily on financial justifications whereas EU-based companies incorporate both financial and sustainability elements in justifying their CSR activities; 3) wide variance in both the prevalence and use of specific CSR-related terminology. A similar investigation on national cultures (Brazil, Chile, China, India, Indonesia, Mexico, Thailand and South Africa) by Wanderley, Lucian, Farache and de Sousa Filho (2008) suggests that CSR information disclosure on corporate websites is influenced by country of origin and/or industry sector.

2.1.7 CSR communication strategies

There are increased expectations from stakeholders not only to engage in CSR efforts but also to communicate about this engagement (Beckmann, Morsing, and Schultz 2006). Podnar (2008) sees CSR communication as a process of anticipating stakeholders' expectations, articulation of CSR policy and managing of different organization communication tools designed to provide true and transparent information about a company's or a brand's integration of its business operations, social and environmental concerns, and interactions with stakeholders.

According to McWilliams, Siegel, and Wright (2006), we can distinguish between persuasive and informative CSR communication. Persuasive communication tends to positively influence customer buying intentions for products with CSR attributes or their attitudes toward a company as a socially responsible entity. Informative CSR communication, on the other hand, provides plain information about the CSR practices of a company. The intention of this kind of communication is to build the company's reputation and not to directly persuade customers into buying its products. Birth, Illia, Lurati and Zamparini (1996) suggest a list of elements that should be considered in order to develop an effective CSR communication. These are: synergies between issues, objectives, and channels; criteria for a credible social report; the exploitation of the potentialities of CSR advertising and the web; and the understanding of the national context where the organization is operating.

Morsing and Schultz (2006) argue that when companies want to communicate with stakeholders about their CSR initiatives, they need to involve those stakeholders in a two-way communication process, defined as an ongoing iterative sense-giving and sense-making process. In fact, the authors argue that managers need to move from 'informing' and 'responding' to 'involving' stakeholders in CSR communication itself. They conclude that managers need to expand the role of stakeholders in corporate CSR

communication processes if they want to improve their efforts to build legitimacy, a positive reputation and lasting stakeholder relationships.

Morsing and Schultz (2006), therefore elaborate a model for CSR communication strategies which, considering the complexity of the relationship between sender and receiver of corporate CSR messages, entails a managerial commitment to involving stakeholders in the ongoing sensegiving and sensemaking processes. A group of researchers (Craig-Lees, 2001; Fisscher et al, 2003; Cramer et al., 2004; Nijhof at al. 2006; Morsing and Schultz, 2006) claim that the theory of sensemaking is a fruitful method for better understanding communication processes, and hence apply it to the field of CSR. Fisscher (2003) sustains that approaching CSR from a sensemaking perspective means focusing on the dynamic and social processes underlying the development of CSR in organizations, as well as focusing on people's motivations for acting in a responsible or irresponsible way. Gioia *et al.* (1994) adds that the extent to which an organization is able to integrate the sensemaking of others will influence the organization's ability to enact strategically a productive relationship. The advocates (i.e. Thomas and McDaniel, 1990) of the sensemaking theory sustain therefore that managers need to develop a sense of the organization's internal and external environments and therefore be willing to define a revised conception of the organization. Further, Gioia & Chittipeddi (1991:443) elaborate also the complementary concept of sensegiving: sensemaking is followed by action in terms of articulating an abstract vision that is then disseminated and championed by corporate management to stakeholders in a process labelled 'sensegiving', i.e. attempts to influence the way another party understands or makes sense. While Gioia and Chittipeddi see the concept of sensegiving only from an internal perspective (from managers to employees), Morsing and Schultz (2006, p. 324) extend the concept to the external focus and argue that, by involving external stakeholders in corporate CSR efforts, managers and employees will also engage in the sensegiving and sensemaking process. Through a combination of Grunig and Hunt's (1984) characterization of models of public relations as one/two way communication and the theory of sensemaking, Morsing and Schultz

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unfold three types of stakeholder relations in terms of how companies strategically engage in CSR communication (table 5): the stakeholder information strategy, the stakeholder response strategy, and the stakeholder involvement strategy.

Table 5. CSR communication strategies (Morsing and Schultz, 2006:326)

	The stakeholder information strategy	The stakeholder response strategy	The stakeholder involvement strategy
Communication ideal: (Grunig & Hunt 1984)	Public information, one-way communication	Two-way asymmetric communication	Two-way symmetric communication
Communication ideal: sense-making and sensegiving:	Sensegiving	Sensemaking ⇩ Sensegiving	Sensemaking ⇕ Sensegiving – in iterative progressive processes
Stakeholders:	Request more information on corporate CSR efforts	Must be reassured that the company is ethical and socially responsible	Co-construct corporate CSR efforts
Stakeholder role:	Stakeholder influence: support or oppose	Stakeholders respond to corporate actions	Stakeholders are involved, participate and suggest corporate actions
Identification of CSR focus:	Decided by top management	Decided by top management. Investigated in feedback via opinion polls, dialogue, networks and partnerships	Negotiated concurrently in interaction with stakeholders
Strategic communication task:	Inform stakeholders about favourable corporate CSR decisions and actions	Demonstrate to stakeholders how the company integrates their concerns	Invite and establish frequent, systematic and pro-active dialogue with stakeholders, i.e. opinion makers, corporate critics, the media, etc.
Corporate communication department's task:	Design appealing concept message	Identify relevant stakeholders	Build relationships
Third-party endorsement of CSR initiatives:	Unnecessary	Integrated element of surveys, rankings and opinion polls	Stakeholders are themselves involved in corporate CSR messages

The stakeholder information strategy corresponds to what Grunig and Hunt (1984) had defined as the public information model: a one-way type of communication, from the organization to its stakeholders. This kind of communication is built on processes of sensegiving - the company 'gives sense' to its audiences - and the authors of the model describe it as 'telling, not listening'. In practice, companies adopting a stakeholder information model engage in active press relations programmes and concurrently produce information and news fro the media, as well as a variety of brochures, pamphlets, magazines, facts, numbers and figures to inform the general public. As the

top management is confident that the company is doing the right thing, it believes that an efficient information to the general public is enough to maintain stakeholders' support, and no third-party endorsement of CSR initiatives is contemplated.

The stakeholder response strategy corresponds to Grunig and Hunt's (1984) two-way asymmetric communication model: information flows in both directions, but with the aim of allowing the company to change public attitudes and behaviours, not vice-versa. This communication strategy is based on sensemaking and sensegiving processes, in that corporate management champions and 'gives sense' to its decisions according to the opinion collected from the stakeholders it 'made sense' of. In practice, the corporate communication department will typically conduct an opinion poll or a market survey to make sense of where the company has - hopefully - improved and can improve its CSR efforts. Even though the company changes according to the stakeholders' perspective, it is still a one-sided approach, as the company has the sole intention of convincing its stakeholders of its attractiveness.

The stakeholder involvement strategy, on the contrary, corresponds to the two-way symmetric communication model, and therefore entails a dialogue between the company and its stakeholders, each trying to persuade the other to change. This type of communication is built on progressive iterations of sensemaking and sensegiving processes: companies should not only influence, but also be influenced by their stakeholders, and when necessary, change accordingly. For this purpose, surveys, rankings and opinion polls are necessary, but not sufficient, in that stakeholders need to be involved in order to develop and promote positive support as well as for the company to understand and concurrently adapt to their concerns.

Morsing and Schultz (2006:334) argue that there are benefits for companies from developing and maintaining stakeholder relationships by inviting external stakeholders to critically raise CSR concerns in public in collaboration with the company. Practically, the authors suggest, for example, to let critical stakeholders have their own

comments in the company's reports: this way the company shows that it listens to stakeholders and allows controversial dilemmas come to surface. Even though some authors have questioned the implementation of such strategy, arguing that participation and dialogue can be expensive, time consuming and even lead to cynicism and distrust when instrumentally and superficially employed, Morgan and Schultz (ibid.) persist in contending that striving towards stakeholder involvement and an improved mutual understanding of stakeholders expectations towards business an vice versa are crucial elements in its enactment.

Some contributions are focused also on the contents of the communication.

Building on Marsden's list of CSR imperatives, Lerbinger (2006:407) designs the pyramid of CSR in figure 5, in which he places the meanings of CSR on five levels of corporate involvement, ranging from a minimum level of simply performing its basic economic function to heading the public interest in the fullest sense. Lerbinger (2006) explains that each level of the pyramid, represents an advance in the social responsiveness of the company.

5. Support
public policies that
are in the public interest.

4. Make social investments to
strengthen society's infrastructure.

3. Help solve social problems.

2. Minimize the social costs imposed on society.

1. Perform basic economic function of producing goods
and services for society, and, thereby, also provide jobs.

Figure 5. The pyramid of CSR (Lerbinger 2006:407)

Ziek's (2009) study provides an assessment of the rhetorical and symbolic behaviours of CSR , which shows that the current framework of CSR communication is an attempt to reduce definitional equivocality by conveying information about implicitly understood CSR behaviours. In fact, Ziek's (2009) empirical study shows that organizations communicate CSR by conveying information about classically accepted CSR behaviours such as 'philanthropy' and the 'Code of ethics', which, McClimon (2004) and Murphy (2005) respectively define as the oldest CSR behaviours.

2.1.8 PMI's CSR definition

An important support for the present study is the possibility to access online to a complete documentation on how the case company decided to design its CSR. In fact American tobacco companies were forced in 1998 by the Master Settlement Agreement to make their internal documents public, and now all this material (over 11 million documents) is available on the legacy Tobacco Documentation Library in a freely accessible digital archive. Philip Morris' documentation is available also in a dedicated website: www.pmdocs.com.

Hirschhorn (2004) carried out a detailed analysis of PMI's internal documents in order to define the development of the company's CSR. According to Hirschhorn (2004, pag.449), the 1990s were a decade full of 'negative surprises' for the tobacco industry: multiplying law suits, discovery and release of millions of pages of internal company documents, increasing restrictions on public smoking, legislative investigations, and growing political pressures to regulate the industry. In such context, PMI decided to present itself as an ethical business. Hirschhorn reports the following main findings regarding the way PMI internally decided to design CSR:

Table 6. PMI's CSR design (adapted from Hirschhorn, 2004:449-451)

"More than just a tobacco company"	In 1997 PM designed a public relations strategy (PM21) that intended to burnish the company's image by stressing its humanitarian and environmental good works. In 1999, after the MSA, an outside analyst advised that PM21 should advertise the company "as being more open and accessible, as working to reduce youth smoking both domestically and internationally, and as being supportive of reasonable solutions to the public policy issues facing cigarettes manufacturers". Apologies for past behaviour, however, were thought not to be an 'effective form of communication'. Instead, PM should highlight all the good that the PM companies did, such as hunger and disaster relief, youth smoking prevention, campaign against domestic violence. PM would be revealed as a "good corporate citizen… [M]ore than just a tobacco company."
Dealing with "strategic issues"	In 1999 a "Strategic Issues Task Force" was created to consider how the company's new web page should explain its "position on the subject of causation, addiction, and Environmental Tobacco Smoke (ETS), and whether the company should disclose ingredient information on the website, and if so, in what form. The task force reached the following conclusions: " The Task Force recommends using the Worldwide Web as a central platform for communicating on our core tobacco (and other) issues – including addiction, causation ingredients, and ETS". What is more, the Task Force was asked to expand its role beyond a public relations effort to actually develop global company policy around youth smoking prevention, marketing and advertising, product regulation, reduced risk products, and information on the website.
Corporate responsibility: using social and environmental issues as a shield against "wolves at the door"	In 2000 the company realized that it had to be concerned about issues beyond tobacco, such as child labour, human rights, and the necessity to create corporate codes of ethical conduct in order to stave off anti-corporate attacks. The company's senior vice-president corporate affairs and the vice president for litigation and Deputy General Counsel PM Companies wrote: *"We believe that the Company must become more systematic*

	in managing political and social issues that can impact our business result, shareholder value, corporate reputation, and/or our position in litigation controversies. [W]e believe that "corporate issues management" must now look beyond the wolves at the door on just the tobacco business and begin to deal with the wolves that are likely to come to the door because of the full breadth of our global business… We need to get ahead of the curve on public expectations of a corporation. That will reduce the risks of law suits and improve our standing, when we are sued, as a "responsible corporation"… As a "leading global consumer products company", we need to act like our peers in the evolving area of "corporate social responsibility". Otherwise, we will stand out as a target and will be vulnerable where we have "weak links"."
Corporate social responsibility: also a means to engage employees	*"Corporate responsibility is not just about reputation… [C]orporate responsibility is much more about behavior than it is about communications and image…. Clearly for us issues relating to our product…are the biggest concern, but one of the things we learned is that we can not simply focus on our product issues if we want to be responsible… [emphasis added] Stakeholder engagement…turns out to be a very critical part of responsible behavior—the willingness to talk to stakeholders about what they want from a company and what they believe responsible behavior to be… The key stakeholder—our adult consumer…It's not just about product—it's about all aspects of our operations, up and down the value chain, looking at all the impacts from what we do. "*
The corporate responsibility put into operation: the "game plan"	*"Help Reduce Youth Smoking…Market Our Products Responsibly…Communicate the Health Effects of Our Products…Provide Smoking Pleasure/Reduce Harm…Support Reasonable Regulation…Comply with Legal and Regulatory Requirements…Value Our Employees…Engage with Our Business Partners…Reduce Environmental Impact…Play an Active Role in Community Development…Provide Shareholder Return."*

2.2 Critical Discourse Analysis

The second part of the literature review for the present study is focused on critical discourse analysis. First discourse and critical discourse analysis are defined. Then, Fairclough's view on CDA - with a particular focus on the relationship between language and power - will be explained, in that his method is the one adopted for the present study. Finally, the theoretical framework will be summarized.

2.2.1 Discourse and critical discourse analysis

There is a general agreement on the fact that 'discourse' covers a number of concepts. Wodak (1999, p.7) argues that 'discourse' is used in a variety of disciplines and is therefore characterized by "considerable semantic fuzziness and terminological flexibility". In the same line, Gee (2005) defines discourse as "language in use" and as a term with more socio-politically oriented meanings. In turn, discourse analysis covers a multitude of rather different approaches. Foucault (1972) sees discourse as a body of rules and practices that govern meanings in a particular area. Hammersley (1997) defines the area of discourse analysis as follows: "At one extreme there are approaches focusing on 'language above the level of the sentence', which rule 'non-linguistic' action out of account and rely on some established form of linguistic analysis as a model. At the other end of the spectrum, ethnomethodologists, structuralists and others see language as constituting social reality, albeit in different ways. For them, the study of discourse is a way of studying society, and the analytic techniques they use reflect this". From the advocates of the second type of discourse analysis, the 'critical discourse analysis' stream was developed. According to Wodak (1999), in Britain CDA is built on Michel Foucault´s theory of discourse and is linked to the systemic linguistic theory (Halliday/ Firth) and to social semiotics (Halliday). In line with this tradition Fairclough defines discourse "as just a particular form of social practice" (Fairclough 1989: 42), in the center of which power and ideology mutually influence and interact with one another.

Fairclough (1995) defines CDA as an interdisciplinary approach to the study of discourse that views language as a form of social practice, and focuses on the ways social and political domination are reproduced by text and talk. Fairclough (2010:3) states that CDA has three basic properties: it is relational, it is dialectical, and it is transdisciplinary. It is relational in that CDA should focus not only on textual analysis, but also on the relational function of language, and therefore take into account the way in which relations affect and are affected by it. It is dialectical because it should consider the mutual influence and interrelation between different objects involved in the communication practice. These objects could be for example language and power: language can express power relations but also help building them. It is transdisciplinary in that a mere linguistic perspective is not enough to understand every aspect of the communication practice: sociology, psychology, politics and so forth are also important angles that help understanding how discourses are built.

Fairclough's CDA entails critical goals in discourse analysis. Critical analysis means investigating verbal interactions taking into consideration their determination by, and their effects on, social structures (Fairclough 2010:38). According to Fairclough, social phenomena happen through a dialectical process of determination. He recognizes three levels of social phenomena: social formation, social institution and social action. Each of these levels determines the following one in both directions (upwards and downwards), through a process that the author explains through the example of school. The role of school in society (social formation) determines how school as an institution is formed (social institution), which in turn determines what happens in school (social action). On the other hand, it may be that a particular action changes the institution, and leads to a social change in the view of school. Fairclough states that social institutions are, among other things, "orders of discourse", as each institution has its own set of speech events, its own differentiated settings and scenes, its cast of participants, its own norms for their combination. The process described above, in turn, is based on the

process of naturalization. According to Fairclough in fact, ideologies and ideological practices derive from a social base, and through the process of naturalization become commonsensical and hence become part of the orderliness of interaction. This process is justified by three basic assumptions made by the author: 1) the way people speak is socially determined (depends on the society), 2) people's speaking, cumulatively, lead to social changes, 3) people are not aware of the two facts above.

2.2.2 Language and power

Janks (1997:26) defines CDA's paradigm as follows: "Where analysis seeks to understand how discourse is implicated in relations of power, it is called Critical Discourse Analysis."

Van Dijk (1993) and Fairclough (1989) advocate for the social implications of discourse analysis, even though with different interpretations. If on one hand van Dijk presents critical discourse analysis as 'the study and critique of social inequality' (van Dijk 1993b:249), adding that critical discourse analysts 'must be activists' (van Dijk, 1993b:253), Fairclough expresses a much more detached position on the topic: "This does not, I hope, mean that I am writing political propaganda. The scientific investigation of social matters is perfectly compatible with committed and 'opinionated' investigators (there are no others!), and being committed does not excuse you from arguing rationally or producing evidence for your statements" (Fairclough, 1989:5).

Fairclough (1989:43-76) distinguishes between two types of power: power in discourse and power behind discourse. He explains that the former , as a form of social practice, is exercised in various ways - for example in face-to-face encounters or in the discourse of the mass media - , while the latter describes the formation of the orders of social practices, which are themselves shaped and constituted by power relations. Moreover, he stresses that power is never definitively held by any one person, or social grouping, because power can be won and exercised only in and through social struggles in which

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it may also be lost. Fairclough (1989:63) explains the notion of 'social struggle' through Bourdieu´s (1984) concept of ´cultural capital`, which is understood as the accumulation of ´cultural goods`, such as education, use of language, access to exclusive social institutions and their practices, to high job positions, etc. These ´cultural goods` are unequally distributed or unequally accessible in society, and therefore become a prerogative of the ´dominant bloc` (the capitalist class, the ´middle class`, the professions). Fairclough (1989:70) divides the social organization into three levels - situational, institutional and societal organization - , and suggests that "any given piece of discourse may simultaneously be a part of a situational struggle, an institutional struggle, and a societal struggle [including class struggle]". Then, struggle at the situational level can be seen as making efforts to gain power in discourse whereas institutional and societal struggles can be described as power behind discourse.

In this framework, central is the concept of ideology: "Ideologies are the frameworks of thinking and calculation about the world—the 'ideas' that people use to figure out how the social world works, what their place is in it, and what they ought to do" (Hall, 1986, p. 97). In fact, Johnstone (2002, p. 45) states that "Ways of talking [speaking, writing] produce and reproduce ways of thinking, and ways of thinking can be manipulated via choices about grammar, style, wording, and every other aspect of language".

A study on the effects of such process on cultural ideologies is provided by Abowitz & Harnish (2006), who aimed to evaluate the discourses that currently construct the meanings of citizenship in contemporary Western cultures, and particularly in the United States. According to Abowitz & Harnish (2006), neo-liberal discourse, which they define as a combination of market liberal ideology and aggressive individualism, is very influential in American culture and schooling. Neo-liberalism merges the capitalist and democratic spheres, as Wells, Slayton, and Scott (2002:341) describe: "A careful study of the dominant discourse of democracy in the United States, especially in the last decade, demonstrates that the democracy versus markets dichotomy is misleading, as political leaders . . . have continually promoted democracy for markets". Under neo-

liberal logic, the liberty enjoyed by democratic citizens is the same freedom that has helped free-market capitalism to flourish; democratic citizenship takes on an instrumental turn designed to serve the growth of capitalistic markets.

Principles of neo-liberalism are:

1) the rule of the market;
2) cutting public expenditures for social services;
3) deregulation;
4) privatization;
5) eliminating the concept of public good or community.

2.2.3 CDA as a research tool

Fairclough (2010) proposes a method for investigating the language use as discourse in a social-theoretically informed way as a form of social practice. Language use as a social practice means that it is socially shaped and socially constitutive. In this sense, language use is always simultaneously constitutive of : 1) social identities, 2) social relations, 3) systems of knowledge.

Fairclough's (1989, 1995) model for CDA consists of three inter-related processes of analysis tied to three inter-related dimensions of discourse. These three dimensions are:

1 The object of analysis (including verbal, visual or verbal and visual texts).
2 The processes by means of which the object is produced and received (writing/speaking/designing and reading/listening/viewing) by human subjects.
3 The socio-historical conditions which govern these processes.

Janks (1991:27) explains Fairclough's (1995) CDA analysis of discourse dimensions as follows:

1 text analysis (description),

2 processing analysis (interpretation),

3 social analysis (explanation).

She also expresses it visually as in figure 6:
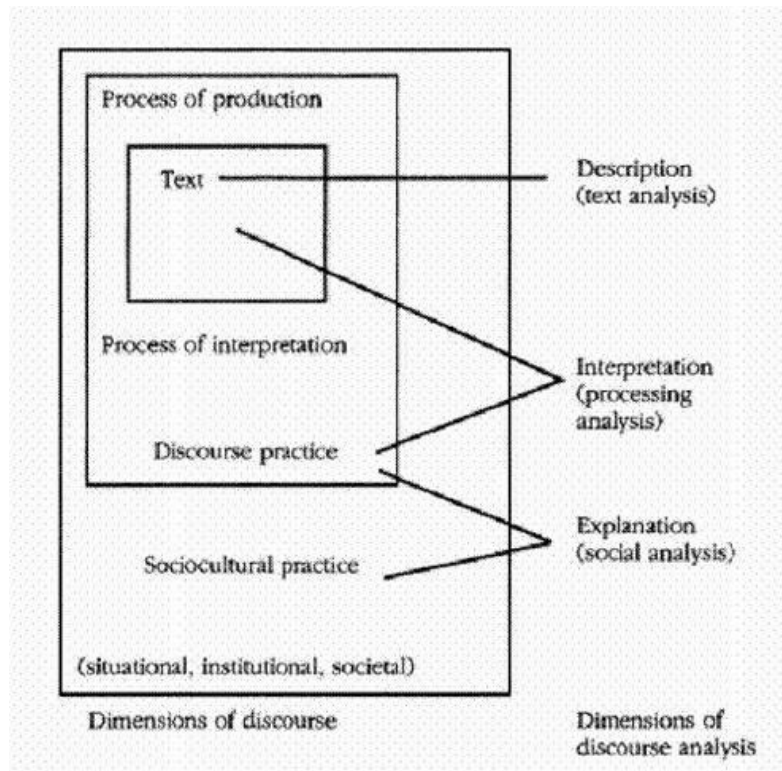
Figure 6. CDA model (Janks, 1991:27)

As the figure shows, Janks interprets Faircloguh's (1995) CDA as a three-part analytic model for working with a text. The three levels of analysis are represented in their simultaneity through boxes that contain each other: each type of analysis is interdependent from one another. Fairclough (2010:38) defines CDA as "investigating verbal interactions with an eye to their determination by, and effects on, social structures". According to Janks (1997), CDA requires the researcher to both engage and question the positions underlying a text, and in particular take a critical angle on identifying dominant discourses that are naturalized. In fact, she argues that engagement

without estrangement is a form of submission to the power of the text regardless of the reader's own positions, while estrangement without engagement is a refusal to leave the confines of one's own subjectivity, a refusal to allow otherness to enter. She explains that "In reading with the text, readers start by identifying with the 'preferred readings' constructed by the text, and they have to move deliberately to resist the text's apparent naturalness. The theory and practice of CDA suggests strategies which enable this deliberate move and argues the need for reading **against** the text to counterbalance reading **with** the text". In this framework, the centrality of the concept of 'context' in the critical study of discourse, emerges. Janks (1997: 37) argues that central for the process of interpretation are: 1) the situational context (questions about time and place) and the intertextual context (additional texts/information about or from producers of discourse fragments and discourse fragments).

2.3 Theoretical framework

The theoretical framework for the present study is based on a model proposed by Nielsen and Thomsen (2007), which is based on Fairclough's Critical Discourse Analysis.

Nielsen and Thomsen (2007) adopt Fairclough's definition of Critical Discourse Analysis: "an interdisciplinary approach to the study of discourse that views language as a form of social practice and focuses on the ways social and political domination are reproduced by text and talk". Coherently with this perspective, the methodology presented by Nielsen & Thomsen (2007) and replicated here, is based on two levels of analysis: that of the communicative event and that of the discourse practice. The communicative events is the specific incident of language use, while the discourse practice refers to the speech acts and genres, or discourses used within a social institution or domain (Nielsen & Thomsen, 2007). More in detail, analysis of the communicative event means investigating textual elements, such as vocabulary, grammar, meaning relations between sentences and argument types. Then, the analysis

of the discourse practice examines how and to what extent the author copies his discourse from or changes it with regard to already existing discourses (Nielsen & Thomsen, 2007).

With this approach in mind, Nielsen and Thomsen's (2007) analysis follows the following steps:

1 Semantic topic analysis, which serves to identify the main topics emphasized by the case companies. The researchers through their sample, identified the following topics as the most important ones: Employees, Local Community, Environment, Society, Corporate Governance and Accountability, Business Strategy, Measurement, Scope of the Report.

2 Analysis of textual and rhetorical features, in order to detect the discourse strategies adopted. Discourses are analysed through the observation of four dimensions: perspective, stakeholder priorities, context and ambition. In fact, Nielsen & Thomsen see discourse as the result of four kinds of challenges: globalization, the role of business in society, the relations to the stakeholders, and the CSR ambition level of the company. The communication strategy in terms of CSR of the companies is studied through the identification of the discourses produced in response of these challenges, as illustrated in the figure below.
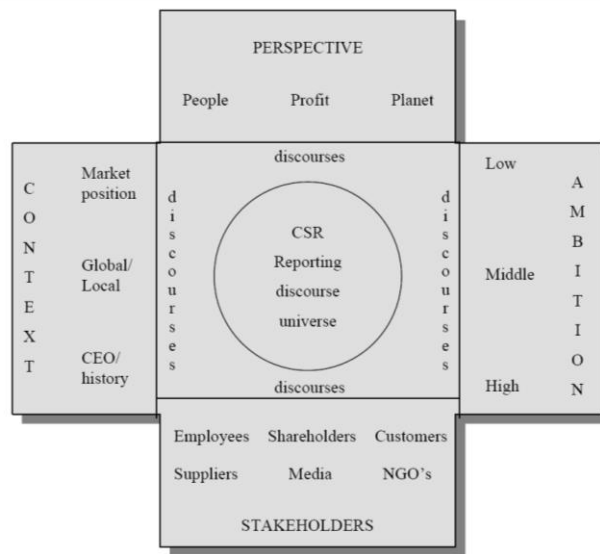
Figure 7. Analysis Model, Nielsen & Thomsen (2007:36)

As Fig. 7 shows how the four dimensions give the perspectives that determine the CSR reporting discourse universe. The globalization aspect is reflected in the contextual feature: the market position, the global/local dimension, the characterization of CEO and history of the company. The role of business in society is remarked by the perspective assumed by the company: whether it places the people, the profit or the planet at the centre of the attention, it can be determined whether it is people, profit or planet-oriented. The type of relation to the stakeholders is revealed by what kind of stakeholder priorities are emphasized. Finally, the ambition features determine the company's goals in terms of CSR.

3 Identification of a binary set of discourse types, which are referred to two main discourse orders: that of profit maximization and that of social responsibility. The discourse types reveal from which angle each topic is presented by the case companies. For example, in the case of the employees-topic, employees can be presented through the discourse type of "working resource" from the perspective of "profit-maximization" discourse order, or through the discourse type of

"individual self-development" from the perspective of "social responsibility" discourse order.

On the basis of this theoretical framework, the actual methods used for the present study are explained in the following chapter.

3 DATA AND METHODS

In the research plan, the methods for this Thesis included the analysis of the textual material provided by tobacco companies' websites, as well as interviews (possibly more than one) with people from the communication staff of such companies to be compared among them. Eventually, this was not possible, because the proposal for making an interview was rejected by the two major tobacco companies I was interested in. For this reason, the investigation focused on the analysis of the textual material on one case company's website, that were compared with the replies to a questionnaire that was sent to a sample of Web users.

3.1 Selection of the website

According to Newsom, Turk & Kruckeberg (2009) web sites offer clear advantages over printed company material in terms of costs, space, and availability, given that the World Wide Web has an enormous reach, is available around the clock to audiences spread around the globe, and provides unlimited space for content in colour, motion and audio.

The rational for the case selected was that the company chosen is in need of presenting itself as an ethical company in response of an ethically bad image it is associated to.The case company, Philip Morris International, was chosen for being the major player in the

global tobacco industry. Philip Morris International has more than one corporate website, but the investigation was focused only on the international one: www.pmi.com, in that it is the principle one (when "googleing "Philip Morris", it is the first hit).

3.2 Building a corpus with the textual material of the website

Corpora are generally large (consisting of thousands or even millions of words), representative samples of a particular type of naturally occurring language (Baker, 2006). According to Baker (2006), the fact that they are encoded electronically means that complex calculations can be carried out on large amounts of texts, revealing linguistic patterns and frequency information that would otherwise take days or months to uncover by hand, and may run counter to intuition. In this case study, the text corpora includes those web pages of the company web site that focus on CSR, including issues such as employee diversity, environmental responsibility, philanthropy, or ethics within the organization. The corpora were preserved as printouts and as text files. The electronic forms of the corpora are in the Appendix 4.

3.3 Methods

The analysis followed three main steps:

1) semantic topic analysis through the identification of the main topics emphasized by the case company;

2) analysis of textual and rhetorical features and determination of the discourse strategies adopted (discourses were analysed from different angles corresponding to the four dimensions suggested by Nielsen & Thomsen (2007): perspective, stakeholder priorities, context and ambition);

3) identification of the main discourse types in relation to the main discourse orders they refer to.

The first point was achieved through a careful reading of all the web pages of PMI's website. This allowed the determination of the area of interest of CSR according to PMI and the delineation of the structure through which the company presents the topic of CSR in its website. The list of CSR topics and the corresponding corpora are reported in appendix 4 .

The second step of analysis was facilitated by the use of some informatics' tools. Discourse analysis through the study of corpora was carried out with WordSmith Tools, a software tool for textual analysis. In particular, WordSmith Tools includes three main functions: 'concord' (which elaborates concordances and finds collocations, patterns and clusters in the text), 'keywords' (which finds the keywords in the text), and 'wordlist' (which creates frequency lists that can be further studied through statistics, lemmatizations[1], comparisons among them etc.). The textual analysis was combined with a study of the rhetorical features of the text, which made it possible to identify the power relations and the interaction patterns between the organization and its stakeholders (how interaction works through the website between the company and its stakeholders).

Points 2 and 3 are basically a reformulation of Fairclough's (1995) CDA, which included:

1 text analysis (description),
2 processing analysis (interpretation),
3 social analysis (explanation).

According to Fairclough, these three steps are not chronologically ordered, but, instead, one completes the other.

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[1] In linguistics, lemmatization is the process of grouping together the different inflected forms of a word so they can be analysed as a single item

3.4 Web survey

The questionnaire for the web survey was deigned to check what a sample of web users generally think about tobacco companies, in terms of CSR, and to define (within the limits of the number of answers collected) what would their expectations be when searching for CSR information on a tobacco company's website. For practical reasons the sample was made up of friends that could be easily reached through the social networks.

It consisted of a semi-structured questionnaire, with multiple choice and open questions. Multiple choice questions were used to get answers from which frequencies and statistics could be derived. Open questions, on the other hand, were designed to give the possibility to respondents to express their personal preferences and give new ideas on how CSR communication would work best. The questionnaire is short (8 questions), in order to get easily manageable data for the study and to not discourage respondents from filling it out.

A snapshot of the questionnaire can be read in appendix 3.

Below, each question is explained:

7) How often and how much do you browse the Internet?

This question is needed to classify the web user according to his/her familiarity with the Web and his/her level of interest towards websites in general.

8) Do you search for companies' information on their website?

This question helps finding out, among the respondents, which would be most likely to visit spontaneously the web site in question. At least it helps identifying those who use the Internet for a purpose that is closer to the situation investigated.

9) How concerned are you about Corporate Social Responsibility?

This question , first, serves to measure the general interest towards the topic of CSR. Second, together with the previous one, helps identifying those who would be closer to the target of the communication strategy here analyzed.

- So far, questions have been focused on 'classifying' respondents and outline their attitude towards the topic of CSR. From now on, questions seek to understand the respondents' expectations in terms of communication about CSR, and their attitude towards the tobacco industry, from which the case company was picked up. The name of the case company is never mentioned.-

10) What you think the position of the Tobacco Industry should be in terms of CSR?

11) What is your idea about the investments in CSR by the Tobacco Industry in comparison with other Industries?

These questions help identifying first the opinion of respondents on what tobacco companies SHOULD DO in terms of CSR, second what tobacco companies actually DO in terms of CSR. In other words, here the goal is to detect whether people consider the tobacco one as a sensitive sector, in which CSR is particularly important, or whether they think it is like any other industry. Also, the goal is to find out the degree of awareness about tobacco companies' investments in CSR.

12) In which of the following CSR areas you think a tobacco company should invest?

A list of CSR activities was provided, with the possibility of marking more than one and of adding other suggestions.

The list was actually taken from the case company's website, but this is not mentioned yet in the questionnaire.

This question is useful to understand which of the topics that the company stressed (and that were identified through the semantic analysis of the communicative material of the website) are actually important for the readers. The question gives the possibility to the respondents to eliminate topics or to add new topics that are not in the list.

13) The list above was taken from the 'How we operate' section in the website of a big tobacco multinational company. With only this information, how would you evaluate the credibility of it?

This is a direct question that seeks to understand the attitude of the respondents towards the way tobacco companies communicate about CSR. It seeks to measure how many of them wouldn't believe the company in any case, how many would need evidences for what the company says, and how many would believe what declared by the company with no additional information. The answers to this question, compared with the strategy adopted by the company, would help determining the appropriateness of the strategy. In regard with question number 13, it could be argued that the order in which the available answers were provided might influence respondents, in that the first one was "not credible". Still, it can be counter-argued that the reader, while reading the question would have probably already reacted in some way, positively or negatively, to the information that the list was taken from a tobacco company website, meaning that he/she would have probably already built in his/her mind an opinion about it.

14) Does the fact that a company invests in CSR change your attitude towards it?

This question seeks to understand the importance of communication about CSR in terms of positive image of the company, and profitability.

All questions are marked as 'required question'.

The sample consisted of people of different nationalities, mostly between 20 and 30 years old. The questionnaire has been created through Google Docs and sent to respondents through Facebook. For this reason it consisted of friends, having in average my age. The questionnaire was tested two times with one respondent before sending it around, in order to check whether the questions were clear and understandable.

It could be argued that the sample is too homogeneous and therefore provide a limited perspective on the topic, which is a fact that has to be considered in the interpretation of the findings. Most of respondents (69%) are non-smokers, which is another element that might have an influence on the answers, and that can reveal correlations in the findings.

4 FINDINGS

This chapter explains the findings from this study. The research questions are:

- **RQ1: How does the case company communicate about CSR on the corporate web site?**

    - **Which issues are emphasized?**

    - **What are the textual and rhetorical features used by the company in its CSR communication?**

    - **To what extent are existing social and political discourses replicated?**

- **RQ2: What are the expectations of the audience in terms of CSR from a tobacco company?**

- **RQ3: Is the way the company communicates about CSR in line with the expectations of the audience?**

The first part (RQ1) refers to the characteristics of the communicative material analyzed. The aim of the analysis was to find out:

.- which issues are emphasized
- what does the analysis of textual and rhetorical features show about the communication strategy of the company
- to what extent the communication of the company reproduces existing social and political discourses.

Findings related to these research questions are presented in the following order. The first sub-chapter presents what was identified as the domain of CSR for the case company and the CSR issues that the company focuses on. After that, the second sub-chapter reviews the main findings from the textual and rhetorical analysis for each of the CSR issues addressed by the case company. The third sub-chapter explains the interpretation of the rhetorical analysis: here the power relations and the interaction patterns between the organization and its stakeholders are defined. On the basis of this rhetorical analysis, the fourth sub-chapter presents the discourse types that emerged in relation to each of the CSR issues.

The second part is related to the second and third research questions, and therefore a comparison between the audience of the communication and the characteristics of the communication itself is carried out after determining which are the findings from the survey.

4.1 PMI's definition of CSR

As mentioned earlier, a general definition of CSR cannot be taken for granted and simply applied to the case study: as Nielsen and Thomsen (2007) suggest, CSR is a contextual concept. Hence, for the purpose of this study, CSR will be defined according to what the case company itself presents as CSR.

The topic of CSR is articulated in the case company's website in quite a complex way. In fact, it is not narrowed into a specific CSR-dedicated section, but it is spread in the form of different subtopics throughout the whole website. There is a hierarchical logic in the way CSR is presented in the website, which can be summarized as the Figure 8 shows:
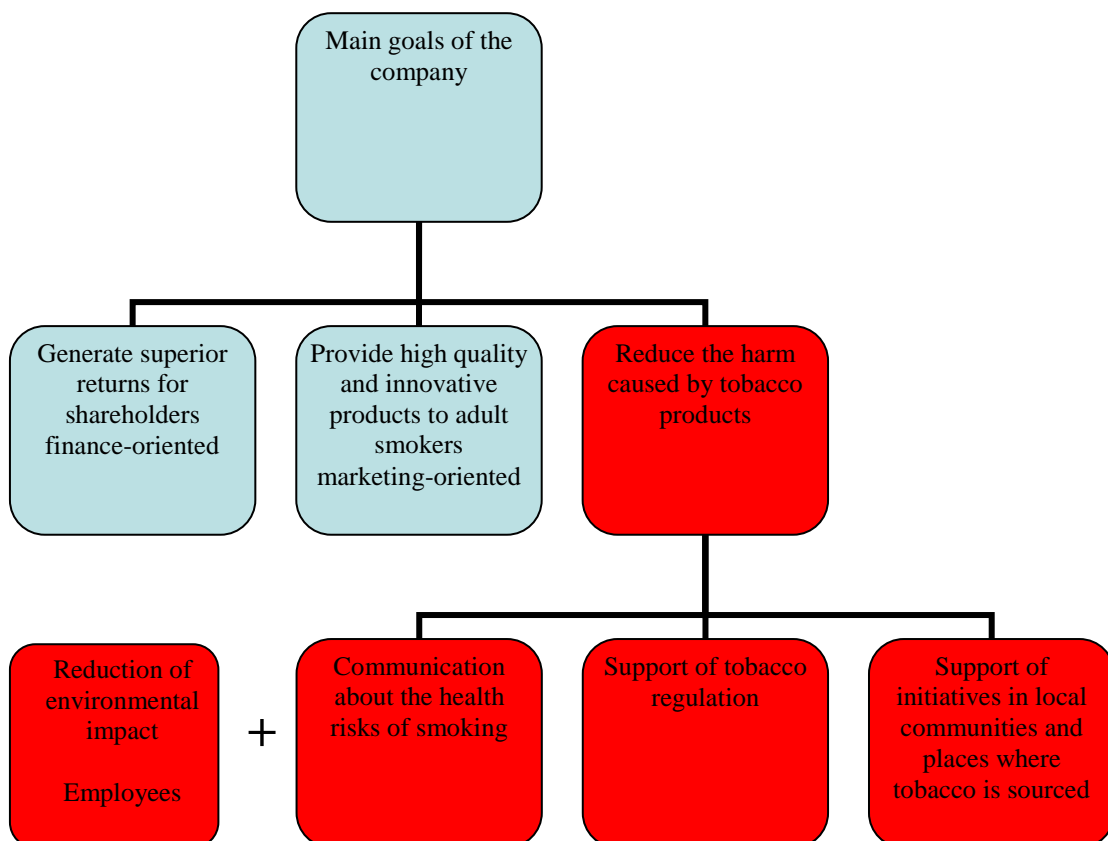

Figure 8. Structure of CSR for PMI

In Fig. 5, the CSR-topics of the websites are marked in red. The figure is created on the basis of the content of the website. The main goals of the company are placed on the second level of the diagram. The third goal indicated by the company is the corporate ambition in terms of the company's CSR policy. CSR, for PMI, means reducing the harm caused by tobacco products. "Reduce the harm caused by tobacco products" is meant in its broadest sense, and summarizes the company's intentions in terms of CSR. Apparently, in the concept of 'harm', the company includes all the social damages that it causes on different levels, from that of local communities and suppliers, to that of consumers.

This structure is not clearly showed in the website: CSR is presented in different sections and from different angles. In the 'Philip Morris International Goals' section, four key goals are listed:

-to meet the expectations of adult smokers by offering innovative tobacco products of the highest quality available in their preferred price category;

-to generate superior returns to our stockholders through revenue, volume, income, and cash flow growth and a balanced program of dividends and share repurchases;

-to reduce the harm caused by tobacco products by supporting comprehensive regulation and by developing products with the potential to reduce the risk of tobacco-related diseases; and

-to be a responsible corporate citizen and to conduct our business with the highest degree of integrity.

The company doesn't refer directly to CSR, but the last two points can be included in it on the basis of a comparison with other statements in the website. CSR is clearly mentioned in the presentation of the company in the 'Company Overview' section.

After a short description of the size and the financial situation of the company, a connection with CSR appears in this sentence: "*Our aim is to generate superior returns for shareholders, provide high quality and innovative products to adult smokers, and reduce the harm caused by tobacco products*". In fact, the third point – **'reduce the harm caused by tobacco products'- is included by the company in the list of the social-performance activities** in another section of the website. Hence, the company considers it one of the CSR-related topics in the website, and place it together with the main goals of the company. Then, the last paragraph of the Company Overview page is dedicated to what the company **officially names "Social Responsibility"**, and in which three main kinds of activities are included: 'communicating about the health risks of smoking' and 'supporting tobacco regulation' are indicated as the starting point of the CSR policy of the company, then 'supporting initiatives in local communities and places where tobacco is sourced'. In the 'How We Operate' section, CSR is again addressed with a **list of activities that are used to describe in which ways the company strives to be a socially responsible one**.

One of our principal goals is to be a socially responsible company, at both a local and global level. Because of this, we are passionate about our social performance:

- We communicate about the serious health effects of smoking.

- We advocate for comprehensive tobacco regulation focused on harm reduction.

- We support the enactment and strict enforcement of laws that set a minimum age to purchase tobacco products. We also work closely with retailers and other partners to implement youth smoking prevention programs.

- We work with regulators, law enforcement agencies, and retailers to combat the illicit trade in counterfeit and contraband cigarettes.

- We have adopted policies and implemented programs to consistently reduce our environmental impact, using fewer natural resources, reducing greenhouse gas emissions, and producing less waste.

- We work with growers and suppliers to promote sustainable tobacco farming.

- We work with suppliers, interest groups, and governments to address the problems of child labor and other abuses in labor markets related to our supply chain.

- We contribute to improving our local communities through charitable giving, volunteer activities, and support of a wide network of non-profit organizations.

In this list, the activity consisting of 'communicating about the serious effects of smoking' is placed again at the first point of the list. New activities are included in the domain of CSR: supporting the enactment and strict enforcement of laws that set a minimum age to purchase tobacco products, combating the illicit trade in counterfeit and contraband cigarettes, reducing the environmental impact.

The 'employees' topic can also be included in the CSR domain. In particular, the 'Occupational health and safety' section refers to the company's commitment to what it calls "responsible manufacturing". What is more, in relation to the 'employees' topic, the company shows a socially responsible attitude encouraging diversity and individual self-development.

4.2 CSR issues in PMI

On the basis of the observation of the company's website, and the identification of the structure through which the topic of CSR is presented (see previous chapter), it was possible to determine which are the main CSR topics PMI addresses in its website:

- Communication about the health risks of smoking

- Tobacco regulation

- Environmental responsibility

- Employees

- Local communities (sustainable tobacco farming, child labour and other abuses)

- Philanthropy ("Our charitable giving program").

The following chapter presents the results from the analysis of the corpora corresponding to the different topics here illustrated. 'Communication about the health risks of smoking' and 'tobacco regulation' were combined into one corpus, as well as 'Local communities' and 'Philanthropy'.

4.2.1 Communication about the health risks of smoking & tobacco regulation

The text corpus used for analyzing the communication of health risks of smoking and tobacco regulation was formed by the content of three broad sections, namely: 'Youth smoking prevention', 'Smoking and Health' and 'Regulating Tobacco Products'.

'Regulating Tobacco Products' is a very large topic and constitutes a sub site by itself. Still, it could not be separated from the two other topics because they are interrelated with each other (for example, issues related with youth smoking prevention are presented both in the 'Smoking and Health' section and in the 'Regulating Tobacco Products', as well as in the dedicated section). For this reason, the 'Communication about the health risks of smoking & tobacco regulation' corpus required two phases of analysis, in order to isolate the unbalancing effect of the biggest topic. In the first phase, only the main page of each of the three sections was included in the analysis, so that the three topics would be balanced. Second, also the sub-topics were included, so that the corpus was complete.

Here are the findings from the first phase of the analysis.

First, the findings from the text analysis are reported (frequencies and concordances were computed through WordSmith Tools).

The most frequent lexical lemmas, in the 'Communication and Regulation' corpus are shown in table 7:

Table 7. 'Communication and Regulation' frequency list

smoke-smoking-smoked-smokers	34 times
tobacco	29
regulation-regulations-regulating-regulatory-regulators	26
disease-diseases	21
health-healthy	14
product-products	13
cigarette-cigarettes	10
law-laws	9
prevent-prevents-prevention	9
public	9
support-supports-supporting	9
children	8
lung-lungs	8

It is possible to list, in order of importance in the text, the main lexical areas that characterize the text : tobacco smoking (smoke + tobacco + cigarette = 73), health (disease + health + lung = 43), regulation (regulation + laws = 35).

The verb 'to smoke', is always used in a negative sense. The concordance analysis presented in table 8 shows that it is either associated with words referring to the concept of 'avoidance' or with words referring to the negative side-effects of smoking:

Table8. 'Smoke' concordance analysis

'Youth smoking prevention'(6 times)
'stop them from smoking'
'decide against smoking'
'public place smoking restrictions'
'bans on smoking'
'should not smoke'
'health risks of smoking'
'smoking is addictive' (3 times)
'smoking causes diseases' (3 times)
'smoking increases blood pressure'
'cigarette smoke reduces the amount of oxygen'
'important it is not to smoke'

The most common association of the verb 'to smoke' with a lexical word is 'youth', and the most common group of words containing it, is 'youth smoking prevention' / ' prevent youth smoking'.

The word 'tobacco' is the second most frequent lemma in the corpus. It is mostly used like an adjective, with the purpose of defining a specific world that is being described: tobacco products, tobacco farmers, tobacco manufacturers, tobacco companies, tobacco market. Hence, it indicates farmers, manufacturers, companies, products, markets being part of the 'tobacco world'. On the other hand, it is also used in the area of regulation: tobacco regulation, tobacco control, tobacco regulatory policies.

Apart of the verb 'to smoke', no other lexical verb has high frequency. While the verb 'to smoke ' is used 24 times, the following ones in order of frequency are: 'to prevent' (used only 4 times), 'to support' (3 times), and 'to cause' (3 times).

Second, discourse dimension for each topic will be covered by the processing analysis – asking questions like who are the producers and what are their objectives? What is the context of the production?

<u>Youth smoking prevention</u>

For what concerns youth smoking prevention, the company takes a distance from the problem. Such attitude can be remarked from a number of elements. In regard to the problem of youth smoking, the company present the problem as follows:

*"Children who smoke may become addicted, are likely to keep smoking when they grow up, and risk contracting cardiovascular diseases, lung cancer, and other serious illnesses later in life. No one wants children to smoke. The question is how to **stop** them from smoking, and who can make that happen."* (lines 6-8 'Tobacco Regulation')

The verb used addressing the problem is 'stop', and not 'prevent', which underlies the assumption that children do already smoke. From this angle, the fact that children smoke is a naturally occurring circumstance, and the focus is not on who causes this phenomenon.

Then, talking about possible solutions for youth smoking prevention, the company puts itself in a secondary position, and presents a list of actions that can be taken against the problem, none of which sees the company as able to directly affect it. The company points to a number of actors that play a role in preventing youth smoking: parents, public health groups, governments and (finally) tobacco manufacturers. In this regard, the company lists the ways in which all these actors can contribute to the cause. Tobacco manufacturers' room of action is described as follows: '*Tobacco company actions can range from supporting effective regulation to implementing their own youth smoking prevention programs*' (lines 18-20 'Tobacco Regulation). The first activity is

an indirect one: tobacco companies can **support some other actor** in doing something to address the issue. The second one is a direct activity, seeing companies as able to implement their own programs (implementing something involves a direct participation). But few lines after, this direct involvement is taken back, because, practically, the company's contribution means again supporting some other actor through '*financial support to the efforts of teachers*' (line 35).

The company then lists more in detail the activities it is doing towards the issue:

- supporting effective regulation, by advocating regulations across the globe and encouraging governments to enforce minimum age laws;
- training retailers and giving them signage to indicate that selling to minors is illegal
- supporting educational programs.

None of the listed activities sees the company as directly affecting the issue.

It is interesting to remark that the concept of smoking prevention is exclusively referred to youth, showing that the company is engaged in preventing only young people from smoking, not adults. This is also openly stated by the company, which declares: '*…we do not support regulation that prevents adults from buying and using tobacco products or that impose unnecessary to the operation of the legitimate tobacco market*' (line 51-53 in 'Tobacco Regulation'). Also, it can be remarked that the form 'not to smoke' is associated only to children, and never to adults.

The topic of the negative side-effects of smoking involves a difference in tone depending of which subject is taken: when talking about the general effects of smoking, its negative effects are stated with confidence, while when referred to young people smoking (often defined as children), the negative impact of smoking is softened. The following quotations show this tendency:

*' Our products, like all tobacco products, **cause** diseases and **are addictive'***
*'Public health authorities **have concluded** that smoking **causes** many other diseases.'*
(line 2 'Communicating about the health risks of smoking').

On the other hand:

*'Children who smoke **may become** addicted, **are likely to** keep smoking when they grow up, and **risk contracting** cardiovascular diseases, lung cancer, and other serious illnesses later in life.'* (lines 6-7 'Tobacco Regulation')

As the example shows, the verbs associated with children indicate a possibility, while in the general sentences they indicate certainty. It may be, though, that this difference is due to the fact that in the sentences related to children there is a subject while in the others there isn't, meaning that, on a general level, smoking is certainly a cause of addiction and diseases, but this is not necessarily the case for every smoker.

The tone in this piece of text, at times, is very direct towards the reader, with sentences that are more suitable to the spoken language. For example, the following quotations seem like answers replying to accusations against tobacco companies:

'No one wants children to smoke' (line 7 'Tobacco Regulation')
'The question is how to stop them from smoking and who can make that happen' (line 8)
'we are not education experts' (line 34*)*
'you will not find us in classrooms'(line 34).

The issue of educating children against smoking seems to be a sensitive one for the company, as the tone used is stronger and more defensive:

'We are not education experts, and you will not find us in classrooms. But we do give financial support to the youth smoking prevention efforts of teachers, community groups, and other specialists around the world.' (lines 34-35).

Smoking and Health

In this section the company reports the main findings of the scientific community in terms of connections between smoking and serious diseases. The company here states that its position is aligned with that of health organizations, and doesn't give any personal comment, but simply reports what the medical community say.

The language is quite plain, with the use of the same structure for each sentence: subject + "states" + quotation ("*The World Health Organization states on its website…*").

Regulating tobacco products

In terms of tobacco regulation, the company shows deep interest, but stresses its own view on the topic, which is that "*Regulatory policy must consider the potential to trigger adverse consequences which undermine public health objectives, such as increasing the demand for illicit cigarettes, other tobacco products, and/or cheap cigarettes.*" (lines 48-50 'Tobacco Regulation') In this sense, the company warns from '*prohibitionist policies*', (line 56) pointing at the side effects of a too strict regulation. According to the company, tobacco regulation has to be oriented towards harm reduction, but in the same time protect fair competition in the sector. PMI supports therefore a comprehensive regulatory framework including:

- mandated health warnings on packs and in advertising;
- limitations on tobacco advertising, including bans on television and radio ads;
- public place smoking restrictions, including bans on smoking in places where people must go and places catering to minors;

- minimum age laws;
- product regulations, including ingredient and smoke emissions reporting requirements;
- strict penalties for selling contraband or counterfeit cigarettes;
- tobacco tax policies that are integrated with health policies; and
- regulations governing products that have potential to reduce risk.

Here, the findings from the second phase of the analysis are presented.

Considering this larger corpus, comprising also of the sections of the 'Tobacco Regulation' sub site, the top frequency-lemmas' list changes slightly, as shown in table 9:

Table 9. 'Tobacco Regulation' frequency list

smoke	243
tobacco	243
product	188
cigarette	164
regulation	130
health	120
reduce	101
country	87
public	85
pack	72
brand	70
ban	62
risk	62

Compared to the previous list, which had been created on the basis of a text corpus containing only the main pages of the three topics (and not comprising the sub-topics that can be accessed through the links provided in those web pages) some differences can be remarked. While 'smoke' and 'tobacco' remain the most frequent lemmas in the text, some lemmas have disappeared in the broader corpus: disease, law, prevention, support, children, lungs. The lemma 'disease' which accounted for 1,37% of the text, now accounts for the 0,37% of the text. In other words, if on a general level the topics of 'communicating about the health risks of smoking' and 'tobacco regulation' are more balanced, and their weight in the text is more or less equivalent, when the topics are deepened further, the latter becomes more important than the former.

For what concerns the processing analysis, which entails the interpretation of the text, it can be observed that, when the sample for the analysis is enlarged to encompass also the sub-chapters of the Tobacco Regulation sub-site, the points listed above are clarified, and reveal, in some cases, a different tone. In fact, in this general overview, some of the goals indicated are ambiguous and become more specific only when a deeper research is done in the website, and show some discrepancy. For example, the second point in the list (limitations on tobacco advertising, including bans on television and radio ads) is developed further in the 'Advertising and Marketing' section. Here the company states that: "*Tobacco products **should be marketed** and sold to adults only*". Hence, it is the company right to advertise tobacco products, and the limitations mentioned in the main page of Regulation is subordinated to the case of minors. Also, the company states that it is against bans on the retail display of tobacco products, because they impede competition, impose significant costs and other burdens on retailers, encourage price competition (and cheaper cigarettes), and foster illicit trade in tobacco products. The company sustains that marketing is fundamental for its activity ("*The ability for manufacturers to market their products to adult smokers is fundamental to vigorous competition*") and defends the need of "*preserving the ability of tobacco companies to communicate with adult smokers*".

Also the third point ("public place smoking restrictions, including bans on smoking in places where people must go and places catering to minors") is softened in the related sub-chapter. Here the company, while accepting the fact that second hand smoke is harmful, sustains that "*a balance should be struck, however, between the desire to protect non-smokers, especially minors, from exposure to second-hand smoke, and allowing the **millions of people who smoke** to do so in some public places*". There is a strong contraposition between 'non-smokers' and 'millions of people who smoke', which sounds quite unbalanced in favor of smokers, who weight more in the sentence. The company also states that: "*We do not believe that banning smoking in outdoor public places or in private places such as cars and homes is the right approach.*" Again, such measures are justified only in the case of protecting minors, or in particular cases in which smoke could be dangerous.

In the same way, the point of ingredients-reporting requirement is covered again with a different tone, because it is stated that: "*an ingredients ban will impact the majority of brands in the United States, Germany, France, Italy, Russia, Brazil, Mexico, Japan, and many other countries. Smokers in these countries will **lose the ability to purchase** and smoke the brands they prefer, for no reason other than WHO and others have decided that their brands are "too appealing."* ". The tone here is sarcastic. The company sustains that ingredient regulation should be addressed towards avoiding a toxicity in cigarettes, but that "*the "make it taste bad" approach to ingredients regulation is also flawed because it ignores the evidence that strongly suggests that an ingredients ban will not result in less smoking*".

4.2.2 Environmental responsibility

The topic of environmental responsibility is described with a practical and proactive attitude, describing facts and providing evidences for them.

First, the findings from the text analysis are reported (frequencies and concordances were computed through WordSmith Tools).

The most frequent lemmas in the 'Environmental responsibility' corpus are shown in table 10:

Table 10. 'Environmental responsibility' frequency list

animal	18
reduce	14
use	10
factory	8
study	8
tobacco	8
consume/consumption	7
environmental	7
waste	6
water	6

As the list shows, the most frequent lemma in the text is 'animal'. This is due to the fact that, apart of a general overview of the company's programs in terms of environmental responsibility, the only topic which is developed further is that of animal testing. In fact, the Concordance analysis reveals that the word 'animal/animals' is mostly used in the sense of animal testing in laboratory, and never refers to wild animals and their natural environment. In terms of environmental responsibility, PMI is therefore mostly committed towards softening the practice of animal testing and making it less painful for animals. In this sense, the company states that its policy is called "3R": reduce, replace, refine. In practice, that means:

- replace: whenever possible, using existing state-of-the-art approaches and methods to replace animal studies (advanced computer modeling technologies, and in vitro biological systems);
- reduce: using the absolute minimum number of animals needed to obtain valid results, which is decided by dedicated investigators;
- refine: using the least invasive procedures to minimize pain and distress, through bio-imaging technologies to study organ functions in a non-invasive way, and laboratory technicians and veterinary specialists to manage and care for the animals in the best possible way.

In other words, the position of the company towards animal testing is to reduce it as much as possible, replacing it with other techniques when viable alternatives exist, but not eliminating it. The company seems to apologize for such practice and transfers the responsibility for it to external circumstances: "*If we could do research without animal studies, we would. At present we cannot*" (lines 43,44 'Environmental responsibility').

The second most frequent group of words are those referring to the lemma 'reduce'. The concordance analysis shows that they are mostly referred to the negative impact of tobacco manufacturing, hence it indicates the company's effort in reducing energy/water consumption, greenhouse gas emissions, animal testing, and environmental impact. The word consumption is either referred to water consumption or energy consumption. The "3r" model is readapted to suit also for the topic of water consumption, with this meaning: reduce, reuse, recycle.

In this corpus a relatively high use of numbers can be remarked: numeric data is used consistently to make the environmental-friendly policy of the company more concrete and credible to the reader. More specifically, percentages are often used to indicate the results achieved by the company, as shown in Table 11:

Table 11. Use of percentages in 'Environmental Responsibility'

'consumption by 6%'	line 10
'7% reduction'	line 11
'reduced by 18%'	line 15
'we recycle approximately 75% of…'	line 19
'more than 99%'	line 21
'more than 99%'	line 30

Also, dates show the time span that it took for the company to achieve its goals, as shown in Table 12:

Table 12. Use of dates in 'Environmental Responsibility'

'in 2008'	line 12
'from 2004 to 2009'	line 14-15
in 2008'	line 22
'by the end of 2010'	line 24
'in 2008'	line 30

Second, the findings from the processing analysis are presented.

From an interpretative point of view, it can be observed that the communication stresses three main points:

- practical action ('*we have adopted policies',* line 1; *'implemented programs'* line 1*; 'realistic objectives'* line 7*; 'concrete programs'* line 7*; 'achieve',* lines 8, 11, 21, 30*; 'dramatic results',* line 14; *'significant progress',* line 16; *'one outstanding example',* line 19; *'implemented',* line 20; *'we have developed'* line 27; *'we are actively seeking',* line 33);

- policy of reduction *('consistently reduce', line 1; 'using fewer', line 1; 'producing less', line 2; 'reduce', lines 2, 10, 11, 14, 15, 29, 45, 50; 'consuming less', line 16; 'minimize', line 20)*;

- control (*'we have evaluated the environmental impact of our activities', line 5; 'track the impact', line 24; 'identify opportunities of improvement', line 28; 'we have developed guidelines to assess', line 27*).

The company wants to communicate its concrete attitude addressing environmental related issues, which is focused on the reduction of whatever form of impact its activities cause on the environment. A serious concern is shown through the explanation of the many ways in which the company verifies the effects and results of its corporate responsible policies.

4.2.3 Employees

The employees-topic is presented in the 'Careers' section, but a link to access it is provided also in the Home page.

First, the findings from the text analysis are reported (frequencies and concordances were computed through WordSmith Tools).

The most frequent lemmas are shown in Table 13:

Table 13. 'Employees' frequency list

employee	11
team	7
work	7

behavior	5
factories	5
leader	5
people	5

The most frequent lemma is 'employee'. The concordance analysis showed the employees are often described through numbers: they are "**more than 70.000/over 70.000** employees" (3 times), speak **80** languages and represent more than **100** nationalities. Throughout the text, the concept of employees is expressed through different synonyms, always indicating cohesion: our employees (4 times), our people (2 times), our global workforce, PMI's employees, teams.

Second, the text is interpreted.

In general, employees are presented as a fundamental part of the organization:

"Our employees are one of our greatest strengths" (line 1)*;*
"PMI's employees are its foundation"(line 12)*.*

The company stresses the aspects of cohesion and sense of belonging of "its people" through the use of expressions such as: 'our employees' (lines 1, 10, 21, 37); 'our people' (lines 1, 34); 'our global workforce' (line 2); 'teams' (line 10); 'PMI's employees' (line 12); 'our workforce' (line 45).

The employees-topic is presented from different angles: 1) a general description of the company's employees (many sentences in the website describe PMI's workforce as skilled, diverse and multicultural); 2) requirements for getting to work in the company; 3) occupational health and safety (the safety programs in the company's facilities are documented). Points 1 and 2 are connected, because, necessarily, while describing the

characteristics needed to apply to the company, it defines how its employees are. In doing so, a strong statement can be remarked:

"Working for a global leader in a highly competitive and challenging market takes a ***special person***" (line 24).

This sentence means that, since it takes a special person to work in a context such as PMI's one, PMI's employees are special people. The company further describes the qualities that make its employees special (= that are needed in order to work in the organization): courage, ability to communicate clearly and constructively, entrepreneurial spirit, efficiency, and emotional intelligence.

Hence, for what concerns points 1 and 2, employees are described from the angle of their usefulness to the organization. Cultural diversity is not presented as a human right to be protected, but as a tool to adapt to a global market (as the company is present in about 160 countries in the world), and a competitive advantage for attracting talented workers.Point nr. 3 concerns more directly the corporate responsibility towards its workers.

"*We take responsibility for our workers and for the environment in which they live and work, very seriously" (*line 45 'Employees').

The company addressed the topic of workers' health and safety with a concrete plan of action, whose aim is to achieve Zero Loss Time Injury (LTI). In other words, it is focused not only on what has to be done, but also how it has to be done.

The text in the 'occupational health and safety' chapter is characterized by the use of verbs of action, such as : achieve, reach, attain, track, tackle (from line 45 to 59).

Among the most frequent lemmas, there are no words referring to CSR-related topics (such as diversity, safety, respect etc.). Nevertheless the concept of diversity is repeated several times, in different positions in the website: "our global workforce of more than 77,000 employees is truly diverse representing 100 nationalities", " …more than 77,000 employees hailing from all corners of the globe", "our employees represent more than 100 different nationalities and speak over 80 languages", "at PMI you will meet people from all around the world…", "with over 77,000 employees speaking 80 different

languages across the world, we are proud of our cultural diversity. As an employee here, you will expand your horizons in a truly international environment". The global dimension is stressed more than one time by terms such as "global", "globe", "world", "expand your horizons". Employees are therefore presented as a group with great diversity but strong synergy. The employee discourse is built on a sort of oxymoron, according to which the company is formed by a very united workforce that contains many different kinds of people. This gives an idea of the multinational configuration of the company. The company is not only an international company (more than 100 nationalities represented), but also a multicultural organizations (over 80 languages spoken). The linguistic diversity is used as an evidence for the multicultural feature of the company. The employee topic is presented from two different angles: on one hand, a discourse of self-development and independent thinking is used to enhance individuality, while on the other hand a discourse of team work and common values and goals is used to prove the unity of the employees' group.

4.2.4 Local communities & philanthropy

The web site deals with the topics of local communities and philanthropy in the 'How We Operate' and 'Corporate Contributions' sections (which can be accessed from the 'About us' page). Philanthropy for the company is strongly connected with local communities, as explained by the company itself: "*We also support initiatives in local communities where our employees live and work, as well as in places where we source our tobacco… We contribute to improving our local communities through charitable giving, volunteer activities, and support of a wide network of non-profit organizations*".

The topic is articulated in a number of web pages, giving a very detailed description of the company's charitable program. The program focuses on five critical societal issues: hunger and extreme poverty, education, environmental sustainability, domestic violence, and disaster relief. Each of these issues is described in a dedicated page, in which also concrete examples are documented with detailed information.

First, the findings from the text analysis are reported (frequencies and concordances were computed through WordSmith Tools).

The most frequent lemmas in this corpus are shown in Table 14:

Table 14. 'Local Communities and Philanthropy' frequency list

program	43
tobacco	37
child	35
support	24
school	23
fund	11
provide	21
education	20
community	19
farm	18
live	16

The most frequent lemma is 'program', which confirms the fact that the company deals with the topic with a practical and efficient attitude. The word program is always referred to a CSR activity of the company (our charitable giving program, Good Agricultural Practices program, social aid program, school program, poverty alleviation program, child labor awareness program etc.), and most of the times is accompanied by a verb in the first plural person form indicating the company's contribution (we support, we fund, we select and manage etc.).

The second most frequent lemma is "tobacco". In this corpus, tobacco is referred either to 'tobacco suppliers', or to a disease called 'green tobacco sickness'. In other words, tobacco is here considered exclusively as the material input of the production process,

from the perspective of the farmers who grow tobacco (and who run the risk of contracting a disease for harvesting the tobacco wet leafs).

The word 'smoke' is not present at all in this corpus, and the word 'cigarette' appears only one time. More specifically, the word 'cigarettes' is included in the following sentence: "*none of the programs we support involve cigarette branding of any sort*". While cigarette branding was considered as a "right" for the company when talking about tobacco regulation (in the Regulation section the company defines the generic packaging measures against cigarette branding as *" an untested, speculative measure likely to backfire"*).

Second, the findings from the processing analysis are discussed.

Child labor and green tobacco sickness are two social problems directly connected with the tobacco business: they are both diffused among the tobacco farming world. In fact, in the case of child labor, the company states that its programs focus on eliminating the root causes of the problem by improving the quality and accessibility of education for **children of tobacco farmers**, as well as living conditions in **tobacco growing communities** (lines 12,13)**.** In the case of the tobacco sickness issue, the company explains that such illness can result from the absorption of nicotine through the skin **when workers harvest wet tobacco** (lines40).

It is interesting to remark that in both cases the connection of the social issues indicated (child labor and green tobacco sickness) is vague. Concerning the former, the company states that "*It is impossible to know exactly how many children work in tobacco farming"* and that "*some major tobacco growing countries **may** count among those with child labor records*" (lines 8, 9). For what concerns the latter, it is reported that "*Green Tobacco Sickness is an illness that **can result** from the absorption of nicotine through the skin"*.

To address these problems, the company says it develops and implement programs to improve the quality and accessibility of education and of living conditions in the tobacco growing communities, as well as to inform and educate towards prevention from the illness indicated. Regarding the child labor topic, the company lists a number of programs it implements in poor countries where tobacco is sourced. These programs are described in detail through the use of precise data (names of places, number of people who benefited from the aid). Also in the case of tobacco sickness the company provides a list of actions it takes to address the problem, but in this case it is less detailed, with only generic descriptions of the company's programs.

4.3 Characteristics of the communication in general

On the basis of Morsing and Schultz's (2006) classification, PMI's CSR communication strategy can be described as a 'stakeholder response strategy'. As it is also confirmed by PMI's internal documents reported in Hirschhorn's (2004) study about the company's CSR communication, which are presented in chapter 2.1 in this study, PMI built its CSR communication in response to current and possible future attacks by its stakeholders. What is more, the company assumes that its key stakeholders (adult smokers) are concerned about all aspects of its operations, not only products. Hence, CSR policy and communication are tailored to these interpretations of stakeholders' expectations. This is also evident from some expressions used by the company, which, at times, seems replying to accusations against tobacco companies:

'No one wants children to smoke' (line 7 'Tobacco Regulation');
'we are not education experts' (line 34*).*

More in detail, the following characteristics of PMI's CSR communication were remarked.

The structure of the information is complex

The interconnectedness of web pages and the corresponding topics is complex and not linear. The "skeleton" of the website is a sort of net, where each topic can be accessed following more than one path, thanks to a frequent use of internal links. In every page, an index of topics is shown on the left side of the screen, allowing the user to see where he/she is navigating at the moment. When the main page of each topics is opened, also in the central area of the screen an overview of the main topics is shown, with few sentences introducing to each of them. Often, the selection of these main topics does not correspond to that on the left side of the screen, making it difficult for the user to orient through the information provided. As appendix 1 shows, the user can read both on the left side of the screen and in the middle of the page, which are the main topics of the area in which he/she is browsing (About Us). But there is a mismatching of the two lists of links provided in the page: the main topics in the section presented in the central area of the page, are different from those indicated on the left ('Our charitable giving program' is not in the list on the left and it is not clear whether it is part of not of the 'About Us' section).

The communication about CSR focuses on facts rather than ideas

The focus of the communication is not only on what should be done concerning corporate social responsibility, but also on how it should be done. The communication insists on programs to address social issues, ways of measuring the results, and gives real examples of how corporate social responsibility activities work.

For example, in the case of the 'occupational health and safety' issue, the case company explains that the problem of injures at work is tackled through a program that includes ongoing job safety and behavioral analyses and employee training courses. The results of this program are measured through an index defined as 'Loss Time Injuries' (LTI) per man-hour. What is more, concerning the Green Tobacco Sickness problem, the company states that it is taking a number of steps to address the issue. Specifically:

- *"We have developed GTS safety awareness materials for distribution to our contract leaf growers and suppliers worldwide. These materials include information about GTS symptoms, risk factors, preventive measures, and treatment. Please see the links on the right to view these materials.*
- *We will incorporate a mandatory compliance clause in all new supplier contracts and tobacco purchase orders, requiring suppliers to implement protocols on GTS.*
- *We are implementing specific protocols on documentation and monitoring practices, and we and our suppliers will conduct random checks of tobacco farms to assess workers' awareness of the issue".*

The issue of animal testing is addressed in a similar way: the company is guided by widely-recognized principles known as the "3Rs" of animal research, which are Replace, Reduce and Refine. These, according to the company, are implemented as follows:

- replace: whenever possible, using existing state-of-the-art approaches and methods to replace animal studies (advanced computer modeling technologies, and in vitro biological systems);
- reduce: using the absolute minimum number of animals needed to obtain valid results, which is decided by dedicated investigators;
- refine: using the least invasive procedures to minimize pain and distress, through bio-imaging technologies to study organ functions in a non-invasive way, and laboratory technicians and veterinary specialists to manage and care for the animals in the best possible way.

Often, numbers are provided to give an idea of the dimensions of the issues addressed. For example, concerning the environmental responsibility topic, specific percentages are provided to express numerically the results of the company's environmental responsibility policy:

"*reduce energy consumption by 6%*" (line 10);

"*achieving a 7% reduction*" (line 7);

"*consuming 66% less water*" (line 16).

Together with numbers, names of places are also provided to add credibility to the CSR programs shown in the web site:

"*renovate and equip 39 schools in the tobacco growing communities of Ovejas and Capitanejo*" (lines 16,17 'child labor');

"*The program is benefiting nearly 2,000 tobacco farmer children in the tobacco growing communities of San Vincente, Salta, and Jujuy*" (line 22 'child labour);

"*One outstanding example of is our Brazilian facility in Santa Cruz do Sul*" (line 20 'Environmental Responsibility').

CSR is "spontaneous"

The company presents its CSR policy as being 'spontaneous' and not pushed by rules, or by the trend of the moment. CSR is something the company does because it wants to do it, not because it has to do it.

"*we are **passionate** about our social performance*"

"*as we have done on our Web site for many years*" (regulation of descriptors, line 19);

"*More than 40 years ago, long before corporate social responsibility became a catchphrase, our predecessors at Philip Morris Companies were granting money to causes they held dear*" (line 9, 'philanthropy')*;*

*"in countries where health warnings are not required, we **voluntarily** place them on packaging, in the official language or languages of the country. This is the case in many African countries, where we **voluntarily** put local language health warnings on cigarette packs even **when local laws do not require them**".*

Children are one of the focuses of the case company's CSR policy

Children are a central element in the company's communication. In fact it is included in different topics: youth smoking prevention, children education against smoke, children safety from second-hand smoke, charitable programs that provide education for children. If grouped together all the synonyms for child and their plural (child + children + youth + kids + minor + minors + kids), this group of words accounts for 0.62% of the total number of tokens in the corpus formed by the topics of: communication about the health risks of smoking, tobacco regulation, local communities and philanthropy (environmental sustainability and employees were not considered because the topic of children would probably not fit in them). The ratio is high, considering that the most frequent lexical word in the so-formed corpus accounts for 0.69% (health).

Also the topic of education is very important: in the same corpus (communication about the health risks of smoking, tobacco regulation, local communities and philanthropy) it accounts for 0.44% in terms of frequency.

4.3.1 Replication of neo-liberalism discourse

The main discourse entailed in the communication strategy of the case company can be identified as a neo-liberal perspective (see language and power) where CSR partly justified as compliance to the law (in particular in the case of youth smoking

prevention) and partly by a spontaneous corporate attitude towards societal issues, which is anyway always submitted to economic goals.

Neo-liberal perspective

The company uses textual and rhetorical features that imply the naturalization of some values that can be associated with neo-liberalism. According to Amable (2011), a common theme of neo-liberalism is that liberal values, 'liberty' according to Hayek (1960), should be placed above all others, including democratic values. Also, Fitzsimons (2002) states that through minimal state intervention in their lives, individuals are "free" to pursue their interests, though they must bear the costs and responsibility to do so.

In line with these assumptions, in PMI's communication, fundamental values are personal freedom, which entails freedom of thought and of action as long as others' rights are not offended, and the need of open and complete information about the risks of smoking. The position of the company is to defend adult smokers who have to be informed about the health risks of such habit but who must not be forced to stop smoking if that is something they don't spontaneously want to do. The only limitations accepted for the tobacco business, in terms of law, marketing, distribution, are accepted in the case this helps preventing youth smoking, not in the case of adult smokers. The existence of the tobacco business, in other words, is legitimated by the fact that people must be free of doing what they want, unless they don't prevaricate other people's rights, and hence, as long as adult smokers exist, tobacco companies have the right to exist and provide their customers with the best offer they can provide. For this reason the company sustains its right of being protected through a regulation promoting fair competition in the tobacco market and fighting illicit trade of counterfeit cigarettes. In fact, according to Amable (2011), neo-liberalism is based on the idea that the ideal world order should be a "free" and "fair" competition between individuals. Public intervention is thus legitimated when it tries to restore the conditions of fair competition and "level the playing field".

CSR is placed in this framework, in which the company supports actions towards youth smoking prevention, complete information about the health risks of smoking, and a regulation on tobacco that finds a balance between the rights of smokers and the protection of non-smokers (but which must not propend for non-smokers). In addition to that, the company goes beyond what it feels like it is due in terms of CSR and "spontaneously" embeds CSR principles in its operations. For example, regarding environmental sustainability, it tries to reduce as much as possible pollution and the practice of animal testing. What is more, the company states that it invests in a charitable giving program, which is a free corporate choice.

The company stresses the need for comprehensive regulatory frameworks for the tobacco industry, but the acceptance of a governmental activity through tobacco regulation is limited and counterbalanced by a liberal perspective. Fair capitalism and free trade are untouchable points for the company, and great emphasis is given to individual freedom.

In fact, on one hand the company recognizes the importance of regulatory frameworks:

"The focus of regulators, the public health community, and legitimate tobacco companies should be on establishing comprehensive regulatory frameworks based on harm reduction. They should include:

1. *mandated health warnings on packs and in advertising;*
2. *limitations on tobacco advertising, including bans on television and radio ads;*
3. *public place smoking restrictions, including bans on smoking in places where people must go and places catering to minors;*
4. *minimum age laws;*
5. *product regulations, including ingredient and smoke emissions reporting requirements;*
6. *strict penalties for selling contraband or counterfeit cigarettes;*
7. *tobacco tax policies that are integrated with health policies; and*

8. *regulations governing products that have potential to reduce risk."*

On the other, it limits the room of action of such regulations to the extent that they do not interfere with the liberal principles that the company strongly defends. Here are some examples:

Regarding point nr1, the company states: *"we do not support excessive warning sizes. Warnings that are larger than the trademarks, logos, and pack designs impede competition by reducing if not eliminating our ability to distinguish our brands from those of our competitors"*.

Regarding point nr.2, the company explains: *"The ability for manufacturers to market their products to adult smokers is fundamental to vigorous competition"*.

Regarding point nr.3, it is stated: *"A balance should be struck, however, between the desire to protect non-smokers, especially minors, from exposure to second-hand smoke, and **allowing the millions of people who smoke to do so in some public places**"*.

Regarding point nr.5, the company states: *"Regulations should not force manufacturers to market products that consumers do not want and take away from adult smokers the ability to buy the products they find appealing"*.

The liberal-oriented discourse can be remarked also in regard of the employees-topic. PMI considers employees as a group of individuals who work and perform in order to constitute and develop their own self identity.

"You will join a company that invests in you. We will support your growth as a PMI employee through individual development and structured career management" (lines 17, 18 'Employees').

What is more the company stresses the importance of the freedom of thought, which is highly valued by the company:

"We are always looking for those rare leaders who possess the self assurance to stand-up for their ideas. True leadership sometimes means being a lone voice, but it always means having the courage of your conviction" (lines 27, 28 'Employees').

The company also uses an interesting expression such as **'***prohibitionist policies*' (line 56) referring to tobacco regulation, which underlies a criticism against regulatory policies.

4.4 Interpretation of the rhetorical analysis

The present chapter summarizes the interpretation of the rhetorical features identified through a model developed by Nielsen & Thomsen (2007).

4.4.1 Rhetorical features

On the basis of this model, rhetorical features in PMI's communication are classified on the basis of four dimensions for the analysis: perspective, stakeholder priorities, context, ambition. In addition, narrative scenario (the context in which the communication is placed, which can be inferred from the web site in general) and main discourse in the web site are identified, as suggested by Nielsen and Thomsen (2007).

Table 15. Rhetorical analysis of PMI's CSR communication

Perspective	Triple perspective: profit maximization, customer satisfaction, and CSR are the main goals. Profit maximization is dominant.
Stakeholder priorities	Investors, customers, local communities.
Context	Global
Ambition	Profit and care driven
Narrative scenario	Investors' and customers' satisfaction is a priority. CSR is part of the company's culture and the corporate values, but it should not interfere

	with the economic goals.
Main discourse	Primarily business driven discourse.

The dominant perspective is profit maximization. On a superficial level, PMI embeds a triple perspective between profit maximization, customer satisfaction and CSR. In fact, the main goals of the company are:1) to create value for stakeholders, 2) to provide quality products to the customers, 3) to reduce he harm caused by tobacco products. The company's task is therefore to work efficiently in order to make earnings, and to provide smokers with products that satisfies them. From the CSR perspective, the company communicates a spontaneous and truthful interest in social issues (see section 4.2.5), and reserves large space in the website to CSR topics. On the other hand, nevertheless, even if the company seems to reflect a highly consistent CSR reporting style, some discursive elements show that the profit maximization perspective is eventually always prevailing on other corporate concerns. CSR policies are implemented as long as they do not conflict with the economic interests of the company.

The most relevant stakeholders for the company are: 1) investors, 2) tobacco products' consumers, 3) tobacco growing communities. 1) PMI's most important stakeholders seem to be its investors. For the company, profit making is a priority. Hence it strongly defends its ability to compete effectively in the market, and to address adult customers with all the marketing tools used by any other company. The company stresses its power in the tobacco market and the skills of its workforce, presenting itself as a global leader in the international tobacco business. 2) Customers are also consistently addressed in the communication. The company promotes the high quality of its products and defends the right of smokers to purchase the tobacco products they like and smoke freely, as long as they don't cause damage to anyone. 3)The company recognizes it has a strong impact on local communities, and particularly on those where tobacco is sourced. Therefore its CSR activities are mostly focused on positively affecting those tobacco growing communities.

Employees are relevant stakeholders as well, but the strong emphasis given to their role as a working resource to achieve economic objectives, gives the perception that their interests are secondary to those connected with the profit maximization of the company.

The context is global. The company operates in 160 countries and is made up of a multicultural workforce.

The ambition of the company can be defined as profit and care driven, in that its main goals are to create value for its shareholders, provide customers with quality products and reduce the harm caused by tobacco.

The communication in the company's website can be summarized as follows: investors' and customers' satisfaction is a priority; CSR is part of the company's culture and the corporate values, but it should not interfere with the economic goals. Hence, the main discourse is primarily business driven, in that economic concern is always the principal one.

4.5 Discourse types

On the basis of the model adopted for this study (Nielsen & Thomsen 2007:36), for what concerns their communication, companies nowadays have to face two kinds of discourse orders: profit maximization and social responsibility. In fact, Nielsen and Thomsen (2007, pag.37) state that society may be approached by the company as a power and control instance, putting pressure on the company in terms of specific stakeholder needs and demands to which the company has to respond in order to prevent social conflicts, but society may also be approached as an economic, social and political environment, which in metaphorical terms constitutes the company's 'family' to whom they have an obligation to care for the weakest ones by demonstrating good corporate citizenship and so forth.

In this section, the discourse types emerging from these two discourse orders will be presented in correspondence of each CSR topic addressed by the case company.

Table 16. Discourse orders and discourse types in PMI's communication

CSR topic	Profit maximization discourse types	Social responsibility discourse types
Communication about the health risk of smoking and tobacco regulation	Regulation has to be limited by the need of protecting fair competition and the normal economic rules of a legitimate business (as long as it is addressed towards adult consumers) illicit trade of counterfeit cigarettes	- Clear information about the consequences of smoking - Youth smoking prevention
Environmental responsibility	Efficient use of resources	Environmental-friendly attitude
Employees	Working resource	Self development Occupational health and safety
Local communities and philanthropy	-	Charitable giving

Communicating about the health risks of smoking and tobacco regulation

From the profit maximization perspective, communicating about the health risks of smoking and supporting tobacco regulation could be considered as being against the economic interests of a tobacco company. Nevertheless, if looking with attention at how the company interprets them, the topic of tobacco regulation is adapted in order to satisfy the profit maximization objectives of the company.

First of all, the company does not support "*regulation that prevents adults from buying and using tobacco products or that imposes unnecessary impediments to the operation of the legitimate tobacco market*" (lines 74, 75). A strict regulation is accepted **to the**

extent that it focuses on protecting children from starting to smoke/being influenced in buying cigarettes/ being victim of second-hand smoke. Hence, according to the company, a right interpretation of tobacco regulation should not be in contrast with the survival of the business in question, but rather solve a problem which is actually creating image problems to tobacco companies. What is more, the company states that it supports comprehensive regulation of tobacco products **based on the principle of harm reduction**. In other words, the target of the regulation should not be to eliminate tobacco smoking, but rather to study and develop ways in which it could be less harmful (which would eventually help the tobacco industry rather than stopping it). The topic of tobacco regulation is also addressed from the perspective of tobacco companies' rights. For example, PMI insists on the importance of fighting illicit trade of counterfeit cigarettes, which, according to the company, leads to the reduction of cigarettes' prices, and therefore make cigarettes more affordable and attractive. At the same time, even if it is not openly stated, such measure would also protect legitimate tobacco companies.

From the perspective of social responsibility, the case company suggests that consumers have to be informed about all the risks of smoking and that children should be protected from smoke. The company recognizes its responsibility in such issues and shows its commitment in addressing them.

Environmental responsibility

From the profit maximization perspective, the company stresses the concept of efficiency. For example, the company promotes a responsible use of resources that entails a strong reduction in water and energy consumption. It is also stated that, through such policy, the company will acquire soon an external certification for ISO 14001, which can be interpreted by its stakeholder as a guarantee for a good management.

Compliance to the law is never mentioned in the environmental responsibility topic: all the CSR related initiatives in the area of environmental sustainability are presented as free choices of the company and not as responses to legal requirements. This element is somehow encouraging for investors because it underlies the fact that the company is even above the minimum standards required by law in terms of environmental responsibility, and therefore it is prepared for possible future increase of the requirements.

From the social responsibility perspective, environmental sustainability is presented as a normal behaviour by the company: the reasons for environmental-friendly policies are not explained, but they are given for granted. According to the way in which the topic is presented, using as little resources as possible and polluting as little as possible are logical guidelines for a company. From a social responsibility point of view, also the topic of animal testing is addresses. The company explains that it is used only in cases in which no other viable alternative is possible. The company shows ethical concerns about such practice, but in the same time admits it can't completely avoid it.

<u>Employees</u>

From the profit maximization perspective, employees are presented as skilled and talented people who constitute a productive working resource. PMI's workforce is described as diverse and multicultural, which is a benefit for a global company operating in more than 160 countries.

On the other hand, PMI's employees are considered also from a human angle. The company states that it invests in its employees' development and defines them 'our people'. The working environment in PMI is presented as motivating and challenging, and it is even asserted that it takes special people to be part of such context.

From a societal point of view, the company cares also for its workers' health and safety.

<u>Local communities and philanthropy</u>

The company takes also the responsibility of the local communities it sources tobacco from.

In all, it can be assumed that the main discourse is profit-driven, in that the primary concern is the economic one, and social responsibility discourse is supported as long as it doesn't interfere with the former.

4.6 Web survey

This chapter presents the results from the web survey that involved 49 respondents. The summary of the answers is summarized in fig. 2 in the Appendix. The survey results were analyzed through a spread sheet, through which totals could be computed and data could be sorted in order to make comparisons between answers to different questions.

First, the percentages for each answer to multiple choice questions were calculated. The charts in Appendix 2 represent the distribution of the answers to the multiple choice questions. Second, open choices were analyzed. Third, concordances were computed between some pairs of questions, through data sorting in the spread sheet, creating sub-groups of respondents according to their answer to a particular question.

The following findings were determined.

1) <u>The respondents represented a relevant sample for the survey</u>. 98% of them are regular Internet users (they browse the Web more than one hour per day). The internet is a tool used for searching information about companies by the majority of respondents: only 4/49 respondents say that they never search for information about companies on the Web. More precisely, 28 do it sometimes, and 17 do it often.

2) <u>CSR is generally a relevant aspect for the respondents</u>: 63% declare it affects the image they have of a company, and 24% say it affects their buying decisions. For 14% of the respondents, CSR affects both the image they have of a company, and their buying decisions. In all, **76% of the respondents are in some way influenced by CSR**. No one among the respondents suggested any other form of influence CSR might cause. For 24% of the respondents CSR is not a relevant aspect. Only one respondent declared that he/she doesn't know what CSR stands for.

3) <u>There is evidence that the more the respondents search for companies' information on the Web, the more they are concerned about CSR</u>:
- among those who stated that they **often** search for companies' information on the Web, **92%** are affected by CSR (buying decisions + image of the company);
- among those who stated that they **sometimes** search for companies' information on the Web, **67%** are affected by CSR (buying decisions + image of the company);
- among those who stated that they **never** search for companies' information on the Web, **50%** are affected by CSR (buying decisions + image of the company).

4) <u>Respondents think that tobacco companies do less than what they should do in terms of CSR</u>.

Tobacco companies are expected to perform better than average concerning CSR: almost all the respondents (except for 1) think that tobacco companies should be at least as much concerned about CSR as other types of companies, 41% think they should invest as much as other types of companies and 57% think that tobacco companies should be more concerned about CSR than average. On the other hand, only 39% of the respondents think (or expect) that tobacco companies invest more than average in CSR, 35% think (or expect) there is no difference from other industries, 10% think (or expects) tobacco companies invest less than other types of companies in CSR, and 16% have no idea.

5) <u>The majority of respondents do have an opinion about the position of tobacco companies in relation to CSR</u> (only 16% flagged the option 'I have no idea')

6) <u>All the CSR activities suggested in the questionnaire were considered relevant by the respondents</u>: no other activity was suggested by the respondents, and none of the activities suggested was given zero preferences.

7) <u>Respondents are generally sceptical regarding the credibility of the CSR policies presented by the case company's CSR policy</u>. 11% of the respondents considered the CSR policy presented credible, 68% would consider it credible, but with the condition of being provided with more data, and 21% think that it is not credible because they don't associate big tobacco multinationals with ethical concerns.

8) <u>Among those who are influenced by CSR (image of the company + buying decisions) most respondents would consider the reported policies credible, but as long as provided with more data.</u>
Among those who stated that CSR influences the image they have of a company/ affects their buying decisions, 75% would consider the reported CSR policies credible if provided with more data, 14% wouldn't consider it credible in any case, and 11% considers it credible as it is reported.

4.7 Comparison with PMI's communication strategy

In this chapter, the findings from the critical discourse analysis of the case company's website and those from the web survey are compared. From the comparative analysis, the following findings can be remarked.

In general, CSR resulted as a relevant aspect for the web survey respondents. What is more, respondents think that tobacco companies should invest more than other kinds of

companies in CSR. The case company's communication on the corporate website meets these expectations, in that much space is dedicated to the topic of CSR.

Regarding the contents, all the CSR activities carried out by PMI are in line with the expectations of the respondents of the web survey. This is confirmed by the answers to question nr. 12 in the questionnaire (Appendix, fig. 2) in which respondents were asked to indicate in which CSR activities a tobacco company should invest. They could mark one or more activities from a list that was taken from PMI's website, or add other activities they would consider relevant: no other activity was suggested by the respondents, and none of the activities suggested was given zero preferences. In other words, PMI's CSR activities are all relevant for a tobacco company according to the respondents, and no missing activities were identified.

Nevertheless, while PMI strongly emphasizes the topic of tobacco regulation, respondents consider it the least relevant. In fact, the classification of the text in the website, showed that the text corpus corresponding to tobacco regulation is by far the largest. On the contrary, among the activities provided in the list in question nr. 12, 'Advocating for comprehensive tobacco regulation focused on harm reduction' was given the lowest number of preferences. On the contrary, the activity to which respondents gave most preferences consists of environmental responsibility policies, which are not much emphasized in the website.

Regarding the case company's ability to communicate its CSR message, PMI's communication strategy is in line with the expectations of the respondents concerning the information supporting the CSR policy statements. In fact, while the findings from the web survey show that respondents who care about CSR would need data to believe the company CSR communication, PMI's communication is actually based on detailed information about its CSR policy. Still, it can be remarked that the website is not easy to navigate and sometimes information is hard to find.

5 DISCUSSION

Hirschhorn (2004:452) rises PMI's dilemma between tobacco business and CSR. In fact, he states:

"PM [also] claims that one of its key stakeholders is the "adult smoker" who makes the informed choice to smoke; and that the company must defend this right of choice. But here is the dilemma. This corporate entity has a profound and disturbing effect on the public's health with a product that kills half its users, as well as a smaller portion of non-users exposed to second-hand tobacco smoke. Moreover, the alleged right to choose to smoke is undermined by the company's forthright admission that its product is addicting, and made deliberately more so as industry documents show; that the majority of American smokers wish they did not; and, disturbingly, that nearly half of tobacco consumed in the USA is by persons with mental illness. No other major corporation espousing CSR is so burdened. While the literature and case studies on CSR mostly support the positive contributions to major industries to social responsibility, one must conclude that being in the cigarette business is antithetical to CSR ".

But also large corporations in general are accused for the inconsistency of their CSR policies with their operations (Heath & Ryan, 1989; Maignan & Ralston, 2002, Hamann & Acutt, 2003). Some authors (Hooghiemstra, 2000; Elkington, 1997; Neu et al., 1998) consider corporate social responsibility reports to be primarily public relations instruments, meant to influence the perceptions of stakeholders to achieve public acceptance for the company. For example, Lindblom (1994) suggests that disclosure if information may be employed by organizations to manage/manipulate the stakeholder to gain approval and distract opposition.

A well known report from Christian Aid (2004:2) states:

"CSR, in other words, can become merely a branch of PR. Sometimes this looks like the only reason for spurts of development activity by large companies."

And:

"Business, moreover, has consistently used CSR to block attempts to establish the mandatory international regulation of companies' activities. Its basic argument is that CSR shows how committed corporations already are to behaving responsibly and that introducing mandatory regulation could destroy this good will. Business leaders are also constantly saying that regulation is bad for their profits – the two statements are, of course, not unconnected."

Nowadays, in other words, it seems that it is not enough for companies to convince stakeholders that they actually implement CSR policies. In particular, this is not enough for companies that operate in controversial businesses, such as the tobacco industry. In this case, the public opinion questions the genuine motivations behind CSR and the coherence between ethical oriented activities and the business in which the company operates. For a tobacco company, it is not enough to explain with fancy CSR statements about their true involvement in social issues, because CSR is not consistent with its overall activities. The case company here studied, fails to address this dilemma: CSR communication is broad and detailed, but the fundamental question of why a tobacco company should invest in CSR and how this can be combined with such a business is not explained. What is more, the CSR communication is based on assumptions that have recently been questioned, for example the assumption that is should be voluntary essence of it. Hence, the case company's communication analyzed in this study is to some extent not up-dated with the most recent discussions about CSR.

Using Morsing and Schultz's (2006) classification, PMI's communication strategy is a 'stakeholder responsive strategy': it detects stakeholders' expectations and concerns and builds communication upon it. Nevertheless, as the authors underline, the interpretation of stakeholders' opinions is still unilateral and is biased by the company's perspective. It may be useful to develop the strategy further and take it to a higher level of 'stakeholder involvement strategy'. From this perspective, companies should not only influence, but also be influenced by their stakeholders, and when necessary, change accordingly. For this purpose, surveys, rankings and opinion polls are necessary, but not sufficient, in that stakeholders need to be involved in order to develop and promote positive support as well as for the company to understand and concurrently adapt to their concerns. Through an open discussion with stakeholders on the website, it would be possible for the company to recognize the limits of its communication and openly discuss about these open issues.

6 CONCLUSIONS

The purpose of this study was to investigate on a tobacco firm's CSR communication policy on the web from a critical discourse analytical perspective and evaluate some aspects of it on the basis of web users' expectations. Philip Morris International (PMI) was selected as the case company for this study, in that it is the leading international tobacco company in the world.

The empirical part of the thesis consisted of a critical discourse analysis of the communication material about CSR on the case company's website on one hand, and a web survey regarding CSR and tobacco companies on the other.

The analysis shows that the case company focuses a good part of its communication efforts to CSR on the corporate website. The CSR topics that the case company communicates about are: communication about the health risks of smoking and tobacco

regulation, environmental responsibility, employees, local communities and philanthropy. On the basis of Morsing and Schultz's (2006) classification, PMI's CSR communication strategy can be described as a 'stakeholder response strategy', in that it is adapted to stakeholders' expectations and concerns.

Building on Fairclough's (1989) theory on language and power, it can be argued that the case company exploits the naturalization of some of the neo-liberal principles, such as personal freedom and limited state-regulation, to affirm its position in society and defend its room for action in spite of governmental intervention. The voluntary basis of CSR is affirmed, even though part of the recent literature (behind the mask) has pointed at it as the cause for a bad use of CSR by companies.

The company fails to address also some other challenges that have been recently raised in front of CSR communication. First, the company seems to base its communication on the so-called dominant paradigm, without considering, if not partially, the contradictions that exist with CSR: globalization and competition - which Korhonen (2002) define as aspects of the dominant paradigm that collide with CSR - are positively emphasized by the company. What is more, many authors (Maignan & Ralston, 2002; Lewis, 2003; Aaronson, 2003; Sjoberg, 2003) underline the fact that the public opinion tends to be skeptical regarding the real motivations behind companies' CSR involvement. The case company doesn't address the issue and does not provide explanations about the 'why' aspect of its CSR policies.

Regarding the web survey, the findings show that: 1) the case company's communication on the corporate website meets the respondents' expectations, in that much space is dedicated to the topic of CSR; 2) all the CSR activities carried out by the case company are in line with the expectations of the respondents of the web survey, but while the company strongly emphasizes the topic of tobacco regulation, respondents consider it the least relevant; 3) the case company's communication strategy is in line

with the expectations of the respondents concerning the information supporting the CSR policy statements.

It can be argued that, even if CSR communication in the case company's website is broad and detailed, it is based on assumptions that recent literature is questioning, and might therefore fail to solve its underlying credibility problem.

One limitation for this study arises from the fact that the analysis is based on personal interpretation of the textual material, therefore it could be affected by personal biases. What is more, the sample used for the web survey is rather small (49 respondents) and homogeneous. Hence care should be taken in generalizing the results. The topic could therefore be investigated further, through the analysis of other tobacco companies as well (or even other 'controversial' industries' companies) and/or through a survey involving a larger and more diverse group of respondents.

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LIST OF APPENDICES

Appendix 1. 'About Us' page (www.pmi.com)
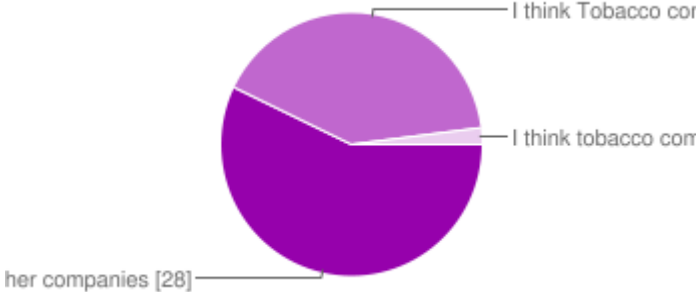
Appendix 2. Summary of responses

Appendix 3. Questionnaire

Appendix 4. Text corpora for the analysis

Appendix 1. 'About Us' page (www.pmi.com)

Appendix 2. Summary of responses

Respondents' occupation		
study	27	55%
work	21	43%
Other	1	2%

Smokers/non smokers		
Yes	11	22%
I smoke only from time to time	4	8%
No	34	69%

Frequency of the use of internet

Not at all/ Occasionnally 0 0%
Weekly 0 0%
Daily, less than 1hr 1 2%
Daily, more than 1hr 48 98%

|	
Informative use of internet Not at all/ Occasionally 0 0% Weekly 0 0% Daily, less than 1hr 1 2% Daily, more than 1hr 48	
Influence of CSR CSR affects my buying decisions (I tend to prefer products from companies that invest in CSR) 12 24% CSR affects the image I have of a company 31 63% CSR is not a relevant aspect for me 12 24% Other 1 2%	
What respondents think tobacco companies should do in terms of CSR I think tobacco companies should be more concerned about CSR than other companies 28 57% I think Tobacco companies should be as concerned about CSR as any other kind of company 20 41% I think tobacco companies should be less concerned about CSR than other companies 1 2%	

What respondents think tobacco companies do in terms of CSR

I think/ I expect tobacco companies invest more than average in CSR 19 <mark>39%</mark>

I think/ I expect that there is no difference from other Industries 17 <mark>35%</mark>

I think/ I expect tobacco companies invest less than average in CSR 5 <mark>10%</mark>

I have no idea 8 <mark>16%</mark>
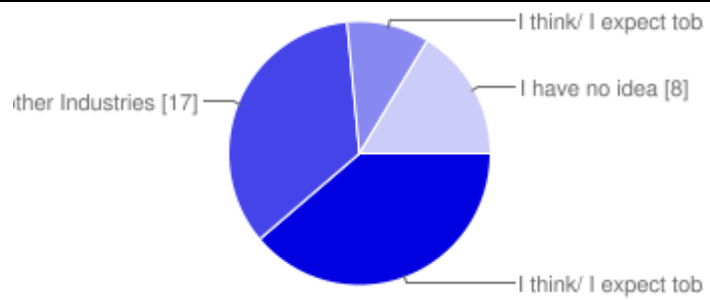
CSR areas

Communicating about the serious health effects of smoking 32 65%

Advocating for comprehensive tobacco regulation focused on harm reduction 17 35%

Supporting the enactment and strict enforcement of laws that set a minimum age to purhase tobacco products 25 51%

Working with regulators, law enforcment agencies, and retailers to combat the illicit trade in counterfeit and contraband cigarettes 19 39%

Adopting policies and implementing programs to consistently reduce the environmental impact, using fewer natural resources, reducing greenhouse gas emissions, and producing less waste 33 67%

Working with growers and suppliers to promote sustainable tobacco farming 31 63%

Working with suppliers, interest groups, and governments to address the problems of child labor and other abuses in labor markets related to the supply chain 30 61%

Contributing to improving local communities through charitable giving, volunteer activities, and support of a network with non-profit organizations 18 37%

Other 0 0%
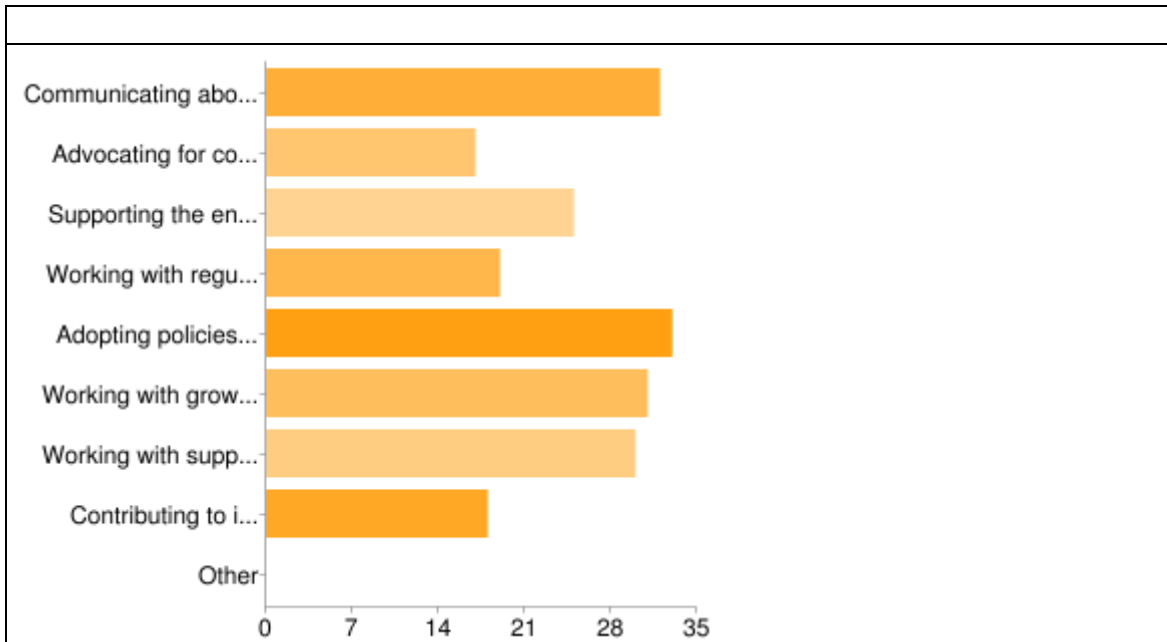
Comments on the list

"Before, the industry worked for increasing the availability of tobacco products, not for limited availability".

"I would LOVE to smoke ecological free-trade cigarettes..."

"Not really; they have to make profitable business to give a fair deal to farmers and stakeholders but yet realize the fatalness of attracting young new product fans and customers".

"Why would a company invest in "communicating about serious health effects" when it will damage the company's sales?"

Credibility

Not credible, because I don't associate big tobacco multinationals with ethical concerns 10 (20%)

If the company would provide data to support it, I would consider it credible 33 (67%)

Credible, because I believe that companies do/have to write the truth on their websites 6 (12%)

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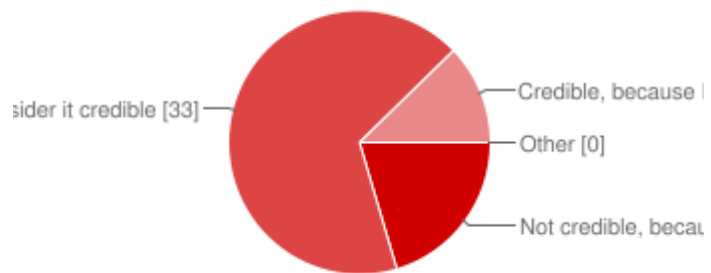
Appendix 3. Questionnaire
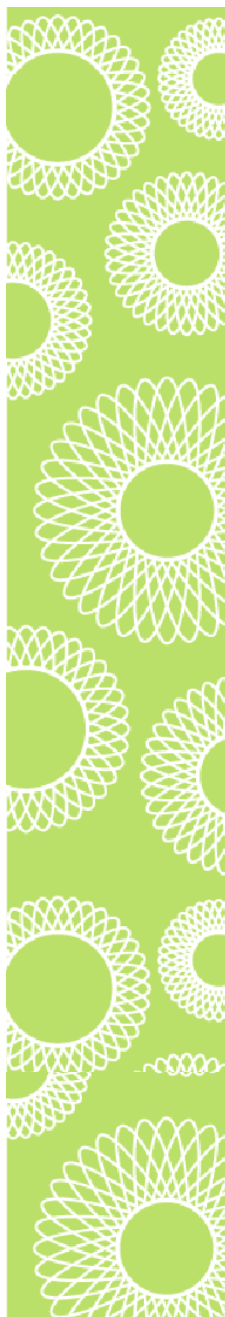
Survey: Communicating about Corporate Social Responsibility

Thank you for making your contribution to this survey!
Your answers will be treated anonymously and will be used for a study regarding the communication strategy of CSR* in the Tobacco Industry.

*CSR is here defined as a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis. The purpose of this study is to investigate about the expectations of web users in terms of CSR communication on corporate websites.

* Required

Personal Information

1) What is your age? *

[   ]

2) What is your gender? M/F *

[   ]

3) What is your nationality? *

[   ]

4) What's your occupation? *

○ study

○ work

○ Other: [   ]

6) Are you a smoker?

○ Yes

○ I smoke only from time to time

○ No
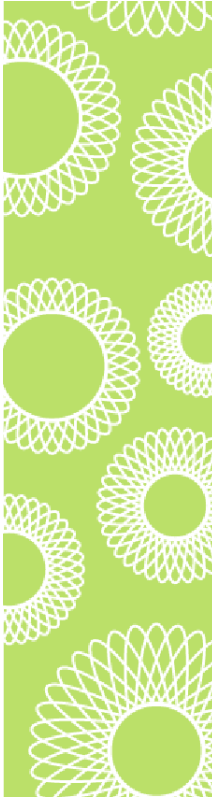
Questionnaire

7) How often and how much do you browse the Internet? *

○ Not at all/ Occasionnally

○ Weekly

○ Daily, less than 1hr

○ Daily, more than 1hr

8) Do you search for companies' information on their website? *

○ No, never

○ Yes, sometimes

○ Yes, often

9) How concerned are you about Corporate Social Responsibility? *

The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere.

☐ CSR affects my buying decisions (I tend to prefer products from companies that invest in CSR)

☐ CSR affects the image I have of a company

☐ CSR is not a relevant aspect for me

☐ Other:
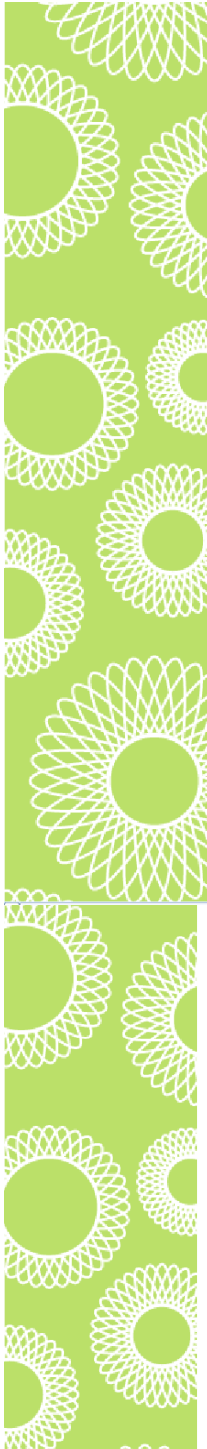
10) What do you think the position of the Tobacco Industry should be in terms of CSR? *

○ I think tobacco companies should be more concerned about CSR than other companies

○ I think Tobacco companies should be as concerned about CSR as any other kind of company

○ I think tobacco companies should be less concerned about CSR than other companies

11) What is your idea about the investments in CSR by the Tobacco Industry in comparison with other Industries? *

If you're not informed about this topic, what would you expect?

○ I think/ I expect tobacco companies invest more than average in CSR

○ I think/ I expect that there is no difference from other Industries

○ I think/ I expect tobacco companies invest less than average in CSR

○ I have no idea

12) In which of the following CSR areas do you think a tobacco company should invest? *

☐ Communicating about the serious health effects of smoking

☐ Advocating for comprehensive tobacco regulation focused on harm reduction

☐ Supporting the enactment and strict enforcement of laws that set a minimum age to purhase tobacco products

☐ Working with regulators, law enforcment agencies, and retailers to combat the illicit trade in counterfeit and contraband cigarettes

☐ Adopting policies and implementing programs to consistently reduce the environmental impact, using fewer natural resources, reducing greenhouse gas emissions, and producing less waste

☐ Working with growers and suppliers to promote sustainable tobacco farming

☐ Working with suppliers, interest groups, and governments to address the problems of child labor and other abuses in labor markets related to the supply chain

☐ Contributing to improving local communities through charitable giving, volunteer activities, and support of a network with non-profit organizations

☐ Other: [   ]

13) Do you have any comments on the list above?

[   ]

14) The list above was taken from the 'How We Operate' section in the website of a big tobacco multinational company. With only this information, how would you evaluate the credibility of it? *

○ Not credible, because I don't associate big tobacco multinationals with ethical concerns

○ If the company would provide data to support it, I would consider it credible

○ Credible, because I believe that companies do/have to write the truth on their websites

○ Other: [   ]

[Submit]

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Appendix 4. Text corpora for the analysis

1   Communication about the health risks of smoking

2 Our products, like all tobacco products, cause disease and are addictive. We
3 communicate about the health risks of smoking and advocate for comprehensive
4 regulation of tobacco products.

5 *Smoking and Health*

6 Smoking causes many serious diseases including cardiovascular disease (heart disease), lung cancer, and
7 chronic obstructive pulmonary disease (emphysema, chronic bronchitis). Smokers are far more likely to
8 become sick with one of these diseases than non-smokers. Smoking is also addictive and can be
9 extremely difficult to stop. These are the views of every leading medical and scientific organization
10 around the world. And they are the views of Philip Morris International.

11 **Cardiovascular Disease (Heart Disease):**

12 • The World Health Organization (WHO) states on its website, "Tobacco use is a major risk factor for
13   cardiovascular disease. If fewer people smoked, there would be fewer heart attacks and strokes."
14 • The American Heart Association states on its website, "Smoking increases blood pressure, decreases
15   exercise tolerance, and increases the tendency for blood to clot."
16 • The British Heart Foundation states on its website, "The carbon monoxide in cigarette smoke reduces
17   the amount of oxygen that the blood can carry to your heart and body."

18 **Lung Cancer and Other Cancers:**

19   • WHO states on its website, "Tobacco's role in increasing the chance of lung cancer is one of the most
20 widely known of tobacco's harmful effects on human health. What many people, smokers and non-
21 smokers alike, may not know is that tobacco use increases risks of cancer at many sites in the body in
22 addition to the lungs."
23   • WHO also states, "On average, smokers increase their risk of lung cancer between 5 and 10-fold…"
24   • **Chronic Obstructive Lung Disease (Emphysema, Chronic Bronchitis):**
25   • WHO states on its website, "Chronic obstructive pulmonary disease (COPD) encompasses two
26 groups of lung disease, chronic bronchitis and emphysema...there is a dramatic synergy with smoking
27 such that smokers have higher COPD prevalence and mortality."

28 Public health authorities have concluded that smoking causes many other diseases.

29 For more detailed information from other public health authorities on tobacco, cigarette smoking, and
30 disease, please refer to the links below.

31 **Addiction and Quitting**

32 All tobacco products are addictive, and it can be very difficult to quit smoking cigarettes or to stop using
33 other tobacco products.

34 Public health authorities such as the World Health Organization (WHO), the U.S. Surgeon General, and
35 the U.K. Royal College of Physicians, have concluded that nicotine is the addictive component in
36 tobacco.

37 It is also important to know that millions of people have successfully quit smoking.

38 Smokers who want to quit should get the right information about how to do so. We agree with public
39 health authorities that cessation should be an integral focus of a comprehensive tobacco policy. In that
40 regard, Article 14 of the Framework Convention on Tobacco Control recommends that countries "take
41 effective measures to promote cessation of tobacco use and adequate treatment for tobacco dependence."

42 **Secondhand Smoke**

43 Secondhand smoke, also known as environmental tobacco smoke (ETS), is a combination of the smoke
44 coming from the lit end of a cigarette and exhaled smoke.

45 Public health officials have concluded that secondhand smoke from cigarettes causes diseases, including
46 lung cancer and heart disease, in non-smoking adults, as well as conditions in children such as asthma,
47 respiratory infections, cough, wheezing, otitis media (middle ear infection) and sudden infant death
48 syndrome. In addition, public health officials have concluded that secondhand smoke can exacerbate adult
49 asthma and cause eye, throat, and nasal irritation.

50 The World Health Organization (WHO) provides information on its website which states that secondhand
51 tobacco smoke is dangerous to health and that it causes cancer, heart disease, and many other serious
52 diseases in adults.

53 As with the health effects of primary smoking, the public should be informed about public health
54 officials' conclusions on the health risks of secondhand smoke to non-smokers. The public should be
55 guided by these conclusions in deciding whether to be in places where secondhand smoke is present, or, if
56 they are smokers, when and where to smoke around others. Smokers should not smoke around children or
57 pregnant women

58 **Smoking and Pregnancy**

59 Pregnant women should not smoke. According to the U.S. Surgeon General, women who smoke before or
60 during pregnancy:

61   •   are more likely to experience premature births, pregnancy complications, and stillbirths;

62   •   have babies with a lower average birth weight than women who do not smoke;

63   •   put their babies at an increased risk of sudden infant death syndrome; and

64   •   are more likely to put their babies at risk for reduced lung function.

65 Health Canada states on its website, "Cigarette smoking by pregnant girls and women has been shown to
66 increase risks of complications in pregnancy and to cause serious adverse fetal outcomes including low
67 birth weight, still births, spontaneous abortions, decreased fetal growth, premature births, placental
68 abruption, and sudden infant death syndrome."

69 In short, if you are pregnant or think that you may be, do not smoke. You should seek help from your
70 doctor to stop smoking during your pregnancy.

71 If you are pregnant, you should also know that public health officials have concluded that exposure to
72 secondhand smoke can increase the risk of giving birth to a low birth weight baby.

73

Tobacco regulation

2 We are proactively working with governments and other stakeholders to advocate for regulation that
3 applies to all tobacco products and is based on the principle of harm reduction. Our support for regulation
4 extends across every market where our products are sold.

5 **Youth Smoking Prevention**

6 Children who smoke may become addicted, are likely to keep smoking when they grow up, and risk
7 contracting cardiovascular diseases, lung cancer, and other serious illnesses later in life. No one wants
8 children to smoke. The question is how to stop them from smoking, and who can make that happen.

9 Parents play an influential role, educating their children about healthy lifestyles and telling them how
10 important it is not to smoke. Adult smokers should keep their cigarettes out of the reach of children and
11 should not smoke when kids are around

12 Many public health groups are also working hard to prevent youth smoking by developing educational
13 programs designed for children.

14 Governments can contribute by passing laws that make it a crime to sell cigarettes to children, and by
15 strictly enforcing those laws. It might seem surprising, but there are still countries today without
16 minimum age laws for tobacco purchase. And even where laws do exist, many countries are not taking
17 effective steps to enforce them. As everyone knows, where minimum age laws are not enforced, kids can
18 buy cigarettes.

19 We also believe that tobacco manufacturers can and should take action to prevent youth smoking.
20 Tobacco company actions can range from supporting effective regulation to implementing their own
21 youth smoking prevention programs.

22 Here is what Philip Morris International is doing:

23 **Supporting Effective Regulation**

24 We are advocating regulations across the globe that will help prevent youth smoking. For example, where
25 minimum age laws do not exist we are advocating for governments to adopt them, such as in Indonesia
26 and South Africa.

27 We actively encourage all governments to strictly enforce minimum age laws, arguing that in order to be
28 effective there must be a tangible impact on retailers who flout them. We also support other measures
29 such as licensing of retailers and penalties for adults who buy or provide cigarettes to kids.

30 **Implementing Retail Access Prevention Programs**

31 We train retailers by informing them about the law, their responsibilities, and how best to prevent sales to
32 children. In line with Article 16 of the Framework Convention on Tobacco Control, we also give retailers
33 signage to indicate that selling to minors is illegal.

34 **Supporting Educational Programs**

35 We are not education experts, and you will not find us in classrooms. But we do give financial support to
36 the youth smoking prevention efforts of teachers, community groups, and other specialists around the
37 world.

38 While we do not have any input on content of the educational programs we fund, it is our hope that
39 children are taught to:

40 • understand that smoking is addictive and causes serious, life-threatening diseases;
41 • think independently and resist peer pressure; and
42 • decide against smoking.

43

44 **Regulating Tobacco Products**

45 Philip Morris International (PMI) supports comprehensive regulation of tobacco products based on the
46 principle of harm reduction.

47 To be effective, tobacco regulatory policy must be evidence-based. Regulations must be applied to all
48 tobacco products and all tobacco manufacturers, and should take into account the views of all legitimate
49 stakeholders including public health authorities, government finance authorities, tobacco manufacturers
50 and other members of the legitimate tobacco supply chain, tobacco farmers, and consumers. Regulatory
51 policy must consider the potential to trigger adverse consequences which undermine public health
52 objectives, such as increasing the demand for illicit cigarettes, other tobacco products, and/or cheap
53 cigarettes.

54 While we support comprehensive, effective tobacco regulation, we do not support regulation that prevents
55 adults from buying and using tobacco products or that imposes unnecessary impediments to the operation
56 of the legitimate tobacco market. In that regard, we oppose measures such as generic packaging, point of
57 sale display bans, total bans on communications to adult consumers, and bans on the use of all ingredients
58 in tobacco products.

59 Regulations like these reflect prohibitionist policies that severely restrict, if not eliminate, the ability of
60 tobacco companies to compete. The consequences, which are often overlooked or ignored to the
61 detriment of public health, are to open the door to the illicit cigarette market—a market that will not
62 comply with regulations, cooperate with regulators, or have any reason to act in the public interest.

63 The focus of regulators, the public health community, and legitimate tobacco companies should be on
64 establishing comprehensive regulatory frameworks based on harm reduction. They should include:

65   •   mandated health warnings on packs and in advertising;

66   •   limitations on tobacco advertising, including bans on television and radio ads;

67   •   public place smoking restrictions, including bans on smoking in places where people must go and
68   places catering to minors;

69   •   minimum age laws;

70   •   product regulations, including ingredient and smoke emissions reporting requirements;

71   •   strict penalties for selling contraband or counterfeit cigarettes;

72   •   tobacco tax policies that are integrated with health policies; and

73   •   regulations governing products that have potential to reduce risk.

74 **Advertising and Marketing**

75 For many years, countries have imposed partial or total bans on tobacco advertising, marketing and
76 promotion. In the vast majority of countries, tobacco product advertising is no longer permitted on
77 broadcast media such as television and radio. Many countries also have prohibited tobacco advertising on
78 billboards, and a growing number of countries prohibit advertising in print media such as newspapers and
79 magazines. Where tobacco product advertisements are permitted, most countries require that they include
80 health warnings.

81 Some people have the mistaken belief that regulations restricting tobacco advertising and marketing are
82 not common outside of Western Europe and the United States. In fact, many countries in Latin America,
83 Asia, Africa, and Eastern Europe have implemented broad based bans on tobacco advertising. These
84 countries include Brazil, Chile, Egypt, Gambia, Kazakhstan, Malaysia, Peru, Singapore, Thailand, and
85 Turkey.

86 Article 13 of the Framework Convention on Tobacco Control (FCTC) calls for a "comprehensive ban on
87 advertising, promotion, and sponsorship" and requires governments that have no constitutional constraints
88 to ban all forms of advertising. Where constitutional constraints exist, the FCTC requires governments to
89 restrict or ban radio, television, print media, other media (including the Internet), and sponsorship of
90 international events. Many public health officials contend that marketing bans lead directly to a reduction
91 in smoking rates.

92 <u>Our View</u>

93 Tobacco products should be marketed and sold to adults only. While we do not agree that marketing
94 causes people to smoke, we have been a strong advocate for regulations that restrict the advertising and
95 promotion of tobacco products, including complete bans in some media, such as television, radio, and
96 billboards. We also believe that health warnings should be required on those forms of tobacco advertising
97 that are permitted. In fact, we voluntarily apply such warnings on our advertisements in countries that do
98 not require them. Like many in the public health community, we believe that regulations restricting
99 advertising and marketing are more effective than voluntary codes. That's because regulation, if enforced,
100 can ensure that all companies follow the same rules.

101 We do not support complete bans on tobacco advertising and marketing. On this point we disagree with
102 the World Health Organization and the FCTC. The ability for manufacturers to market their products to
103 adult smokers is fundamental to vigorous competition. We believe that regulations can strike the right
104 balance between effectively limiting tobacco product marketing and preserving the ability of tobacco
105 companies to communicate with adult smokers.

106 <u>Our Practices</u>

107 Marketing is one of Philip Morris International's great strengths, and it remains a core pillar of our
108 competitive strategy.

109 Our marketing is based on three fundamental principles:

110   1. We do not market to children or use any images or content that might appeal to minors.
111   2. We put health warnings on all our marketing materials and packaging.
112   3. All our marketing respects global standards of decency as well as local cultures, traditions, and
113   practices.

114 Here are a few examples of what these rules mean for our day-to-day marketing practices:

115   • We do not use cartoons, youth-oriented celebrities, or models under age 25 in our advertising.
116   • We do not advertise on the front or back cover of any print publications for general circulation.
117   • We do not engage in product placement in movies or on television—in fact, we routinely decline
118   all such requests.
119   • We do not place the names or logos of our cigarette brands on any promotional items that are
120   likely to be used by minors

121 **Regulation of Public Place Smoking**

122 Regulations that restrict or ban smoking in some or most public places are commonplace in many
123 countries today. Over the past decade, the scope of public place smoking restrictions has increased as
124 countries have reduced the number of places outside the home where smoking is permitted. In the
125 European Union, for example, Italy, Ireland, the U.K., France, Finland, and Sweden have banned virtually
126 all indoor public smoking.

127 Public health authorities have concluded that exposure to environmental tobacco smoke (also
128 called second-hand smoke) causes serious diseases in non-smokers and, as a result, regulators have
129 prohibited smoking in public places such as government office buildings, shopping centers, movie
130 theaters, airplanes, public transportation, and the workplace. Many countries have also banned smoking in
131 hospitality venues such as restaurants, nightclubs, bars, and discos. Some public health groups have called
132 for, and some municipalities have adopted or proposed, bans on smoking in outdoor places. Some tobacco
133 control groups have advocated banning smoking in cars when minors are present.

134 The Framework Convention on Tobacco Control requires parties to the treaty to adopt restrictions on
135 public smoking, and the Conference of the Parties has adopted guidelines on public smoking bans. The
136 guidelines call for total bans in all indoor public places, and reject any exemptions based on the type of
137 venue (such as nightclubs). On smoking in private places such as cars and homes, the guidelines
138 recommend increased education on the health effects of second-hand smoke.

139 <u>Our View</u>

140 We believe that the conclusions of public health officials on the health effects of second-hand smoke
141 warrant restrictions on public place smoking, including bans in many locations. A balance should be
142 struck, however, between the desire to protect non-smokers, especially minors, from exposure to second-
143 hand smoke, and allowing the millions of people who smoke to do so in some public places.

144 Clearly, smoking should be prohibited in hospitals and health institutions, as well as in schools and other
145 facilities for youth. In addition, smoking should be prohibited in public places where people must go,

146 such as public transportation vehicles and businesses offering general public services (e.g., supermarkets,
147 banks, and post offices). In such places, signs should be posted clearly stating that smoking is not
148 permitted.

149 In restaurants, bars, cafes, discos, and other entertainment establishments, proprietors should be free to
150 decide whether to permit, restrict, or prohibit smoking. If signage is posted communicating the smoking
151 policy, and includes the public health view that exposure to smoke is harmful to non-smokers, then an
152 individual can make an informed decision about whether or not to enter an establishment.

153 We do not believe that banning smoking in outdoor public places or in private places such as cars and
154 homes is the right approach. We believe smoking should be allowed in outdoor public spaces, except
155 areas intended primarily for children or where smoking could be dangerous. For private places, we
156 believe that education, rather than legislation, is a more appropriate way forward.

157 As governments continue to consider regulation of public place smoking, future rules should not lose
158 sight of the fact that tobacco products continue to evolve, and that future products may produce minimal
159 or no second-hand smoke. Thus, any regulatory frameworks should provide an option to exempt these
160 products, subject to approval from appropriate regulatory authorities.

161 **Regulation of Descriptors**

162 Descriptors such as the term 'lights' are used by manufacturers to differentiate a cigarette brand's strength
163 of taste and flavor, usually in comparison to a parent brand and usually reflecting lower tar yields, as
164 measured by machine test methods.

165 Public health advocates have argued that descriptors mislead consumers into believing a low-tar cigarette
166 brand is safer than a full-flavor brand, and some researchers report that consumers who smoke low-tar
167 cigarettes inhale as much tar and nicotine as from full-flavor brands.

168 As a result, many countries, including all members of the European Union, have prohibited the use of
169 certain descriptors. In addition to the E.U. countries, approximately 35 countries, including Australia,
170 Brazil, Hong Kong, Mexico, Singapore, Thailand, Turkey, and Venezuela, have banned the use of
171 descriptors such as 'lights.'

172 The Framework Convention on Tobacco Control also requires countries to adopt and implement measures
173 to ensure that tobacco product packaging does not include terms that create "the false impression that a
174 particular tobacco product is less harmful than other tobacco products." The FCTC states that misleading
175 terms "may include…'low-tar,' 'light,' 'ultra-light,' or 'mild.'"

176 Our View

177 Because smokers have varying preferences, we offer products with differing yields of tar and nicotine, as
178 measured by one of the machine methods. Where permitted, we use terms such as 'low-tar,' 'light,'
179 'ultra-light,' 'medium,' and 'mild' to facilitate consumers' ability to distinguish among these different
180 product offerings.

181 We agree that manufacturers should not be permitted to state that one brand of tobacco products is less
182 harmful than another if it is not. We also believe that smokers should be informed, as we have done on
183 our Web site for many years now, that they should not assume that brand descriptors indicate with
184 precision either the actual amount of tar and nicotine that they will inhale from any particular cigarette or
185 the relative amount of tar and nicotine as compared to competing cigarette brands.

186 However, we believe that it is appropriate to continue to differentiate on this basis, and that descriptors
187 such as 'light' and 'ultra-light' help communicate these differences to adult smokers. Rather than banning
188 descriptors, regulations should mandate communicating to consumers (as we do on this website) that
189 descriptors do not mean that a cigarette brand is safer or that a brand will necessarily deliver lower tar and
190 nicotine yields. While we believe this is a better approach than a ban, we have not and will not challenge
191 legislation that bans the use of terms such as 'low-tar,' 'light,' 'ultra-light,' 'medium,' or 'mild.'

192 We are firmly opposed to laws that seek to prohibit terms, trademarks, and other packaging elements that
193 under any reasonable interpretation have nothing to do with the underlying rationale of descriptor bans
194 (i.e., the concern about consumer understanding of low tar yields).   For example, a few countries
195 recently enacted regulations that prohibit the use of descriptive terms such as 'famous,' 'premium,' or
196 'international,' and one country has restricted cigarettes to one pack variation per brand. Such laws are
197 attempts to prevent manufacturers from competing by limiting innovation, preventing the use of
198 trademarks and other intellectual property, and restricting the normal course of trade far beyond that
199 necessary to address public health.

200 Finally, it is important to remember that as of today, there is no cigarette on the market which the public
201 health community endorses as offering reduced risk. If smokers are concerned about the risks of smoking,
202 quitting is by far their best alternative for reducing those risks. In the future it may be possible to
203 substantiate that a product has the potential to reduce the risk of smoking-related diseases. Developing
204 regulations governing consumer communications about such products is an important component of
205 tobacco policy.

206 **Health Warning Labels**

207 Most countries require health warnings on cigarette packs. Warning sizes vary from country to country,
208 but the trend is for large warnings on the front and back of the pack. In the European Union, for example,
209 health warnings must cover 30% of the front and 40% of the back of cigarette packs. The Framework
210 Convention on Tobacco Control requires health warnings that cover, at a minimum, 30% of the front and
211 back of the pack, and recommends warnings covering 50% or more of the front and back of the pack.

212 Most countries also mandate rotating warning messages, meaning that tobacco product packaging must
213 carry several alternating messages. For example, E.U. legislation provides for a number of different
214 warning messages, including "Smoking Kills," "Smoking Causes Fatal Lung Cancer," "Smoking is
215 Highly Addictive, Don't Start," "Smoking When Pregnant Harms Your Baby," and "Stopping Smoking
216 Reduces the Risk of Fatal Heart and Lung Diseases."

217 A growing number of countries require pictorial or graphic health warnings. These warnings show images
218 of the health effects of smoking or other graphic depictions of health-related messages. Graphic warnings
219 are accompanied with mandated textual warnings. The E.U. warning legislation permits countries to
220 mandate graphic health warnings on the back of the pack and Belgium, the United Kingdom, Ireland,
221 Latvia and Romania have enacted legislation requiring graphic warnings. Other countries that have
222 adopted graphic warnings include Australia, Brazil, Canada, Chile, Egypt, Jordan, Malaysia, Mongolia,
223 Peru, and Singapore.

224 <u>Our View</u>

225 We support laws mandating health warnings on consumer product packaging. Providing consumers with
226 accurate information about the serious adverse health effects of smoking is a fundamental objective of
227 tobacco regulation and should be a core component of government tobacco policy. In fact, in countries
228 where health warnings are not required, we voluntarily place them on packaging, in the official language

229 or languages of the country. This is the case in many African countries, where we voluntarily put local
230 language health warnings on cigarette packs even when local laws do not require them. In these instances,
231 we comply with the FCTC 30% placement on the front and back of the packs.

232 Because smoking causes a number of diseases, we support laws that mandate that health warnings rotate
233 to allow for several different messages. We also believe that warnings should be legible and clearly
234 distinguished from the trademarks and brand logos of the pack. However, we do not support excessive
235 warning sizes. Warnings that are larger than the trademarks, logos, and pack designs impede competition
236 by reducing if not eliminating our ability to distinguish our brands from those of our competitors. Our
237 distinctive trademarks, logos, and pack designs are extremely valuable intellectual property, and using
238 warnings for the purpose of debasing or overwhelming that property as opposed to informing consumers
239 is inappropriate. In fact, we are unaware of any credible evidence that excessive warning sizes better
240 inform people about the dangers of smoking and/or reduce consumption of cigarettes.

241 We generally defer to the governments on the content of the warnings. We do not, however, support
242 content that vilifies tobacco companies and their employees, or does not depict the actual health effects of
243 smoking. For example, images of a heart pierced with cigarettes, a dead rat, a baby smoking a cigarette,
244 and a fetus in an ashtray have recently been proposed or mandated as graphic "warnings." Whether or not
245 they are appropriate for a government-sponsored anti-smoking public relations campaign, such images do
246 not depict actual health effects of smoking or tobacco use, and they are not appropriate as part of a
247 mandated health warning on a tobacco company's product

248 **Generic Packaging**

249 Some tobacco control activists and a few regulators have recommended that governments require tobacco
250 products to be sold in plain or generic packaging. All forms of branding—trademarks, logos, colors, and
251 graphics—would be removed, except for the brand name, which would be presented in a uniform
252 typeface for all brands on the market. All packs would be in a plain white, burlap brown, or other neutral
253 color, except for the mandatory health warnings. The goal, according to proponents of generic packaging,
254 is to make all packs look unattractive in order to reduce youth smoking and overall consumption, and also
255 to make health warnings more prominent.

256 The guidelines of the Framework Convention on Tobacco Control issued by the Conference of the Parties
257 in late 2008 recommend generic packaging. To date, generic packaging has not been enacted by any
258 country.

259 Generic packaging proposals first received serious consideration in 1994 in Canada. At that time, the
260 Canadian government concluded that there was not sufficient evidence that plain packaging would be
261 effective in reducing tobacco consumption, and decided to forego the measure pending further research
262 into its effectiveness. In 2008, the U.K. government reviewed the most recent scientific research on
263 generic packaging and came to the same conclusion as the Canadian government 14 years earlier. After
264 extensive public consultation on the subject, the U.K. government also decided not to proceed with
265 generic packaging, citing the lack of evidence of its effectiveness. As the Secretary of State for Health
266 stated, "there is no evidence base that it actually reduces the number of young children smoking." [1]

267 <u>Our View</u>

268 The scientific studies of generic packaging conducted in the last decade and a half have failed to produce
269 credible evidence supporting generic packaging. These studies have not even attempted to establish a
270 meaningful link between youth smoking uptake and cigarette packaging. Indeed, in many studies the
271 underlying data confirm that pack design—or "brand appeal"—does not play a role in uptake of smoking

272 or continued smoking. For example, one of the leading studies cited by supporters of generic packaging
273 states, "Most kids receive their first cigarette from friends. There is no brand choice—the choice is simply
274 to smoke or not to smoke. Therefore, in the uptake process brand and package are very minor
275 components. This means that changing the package will not have any major effect on the decision(s) to
276 smoke or not to smoke." [2]

277 Those who have seriously studied the topic of generic packaging have consistently conceded that the
278 evidence of its effectiveness is, at best, speculative.

279 Experience shows that overall tobacco consumption is not likely to be affected by generic packaging.
280 Smokers are more likely to purchase generic packs at retail or choose other sources for purchasing
281 branded packaging, such as illicit trade, than they are to quit following the implementation of generic
282 packaging. One example of consumer behavior regarding the sale of cigarettes in generic packaging is
283 Canada, where more than 30 percent of the cigarette market is estimated to consist of illicit cigarettes.
284 Between 70 and 80 percent of the illicit trade consists of cigarettes sold in clear plastic bags with no
285 branding. In those Western markets with a tradition of purchasing branded packaged goods, packaging
286 without branding does not deter sales.

287 Also, in other consumer goods industries, many commodities are often sold without branding, such as
288 staple foods, frozen meat, and gasoline, to name only a few. There is no suggestion that consumers
289 purchase fewer of these commodities when they are unbranded, but they are, of course, more sensitive to
290 price.

291 Like those consumer goods, generic packaging for cigarettes will effectively eliminate product
292 differentiation at retail, other than through pricing. This will inevitably lead to increased price
293 competition, which in turn will lead to an increase in low-priced cigarettes and other low-priced tobacco
294 products. These consequences could actually lead to an increased consumption of tobacco products.

295 These are not just abstract predictions of economic theory. Independent analysts following the tobacco
296 industry have commented that "a U.K. tobacco market of plain boxes is likely to become very price-
297 driven, maybe even wiping out the premium sector," [3] and "there is a real risk that growth of generic
298 brands gradually leads to price compression in the industry price spectrum." [4] In a recent report about
299 the pharmaceutical sector, the European Commission found that new market entrants supplying generic
300 products typically price them 25 percent lower than the branded equivalent and that this reduction in price
301 leads to higher consumption.

302 In addition, by creating significant incentives to counterfeiters and smugglers, the introduction of generic
303 packaging will stimulate both the demand and supply of illicit trade, already a significant issue in many
304 countries. First, it will make counterfeit cigarettes easier to produce, given that all domestic brands will be
305 virtually identical. Second, there is no doubt that a black market will develop for branded packaging.
306 While the evidence does not suggest that consumers will reduce smoking because of generic packaging, it
307 is likely that when presented with a choice between a branded product and a generic pack, a smoker will
308 choose a branded pack because it conveys the impression of a higher-quality tobacco product. This will
309 provide more incentive for counterfeiters of branded packs, as well as of contraband sales.

310 The negative consequences of generic packaging—cheaper cigarettes and a bigger illicit market—will
311 affect young smokers the most. It is well recognized that young smokers are more price-sensitive than
312 other consumers of tobacco products. Furthermore, cheap illicit cigarettes fall disproportionately into the
313 hands of young smokers because criminals who sell them do not check identification. Accordingly, young
314 people will be most affected by the overall price decrease of tobacco products, the proliferation of cheap

315 generic cigarettes, and the increased illicit trade that will follow the introduction of the generic packaging
316 measure.

317 Generic packaging also raises serious legal concerns. Trademarks are a form of intellectual property
318 recognized and protected by national laws and international trade agreements. Generic packaging would
319 unjustifiably violate these legal protections. Intellectual property protection extends not only to the brand
320 name but also to other elements such as logos, a distinctive combination of colors, fonts, trade dress, and
321 other design features. Tobacco trademarks are among some of the most valuable in the world, estimated
322 to be worth many billions of dollars. Generic packaging regulation expressly designed to abolish the use
323 of these elements amounts to the expropriation of these intellectual properties and will expose
324 governments to compensation claims by tobacco manufacturers.

325 In lieu of implementing generic packaging—an untested, speculative measure likely to backfire—
326 governments can implement and enforce proven, effective measures to reduce youth smoking and address
327 concerns about the harm caused by tobacco. These include strictly enforcing laws preventing sales of
328 tobacco products to minors, requiring licenses for retailers to sell cigarettes, and supporting educational
329 programs and communications campaigns.

330 **Point of Sale Display Ban**

331 Displaying products at retail is one of the most basic elements of commerce. Product displays allow
332 manufacturers and retailers to show consumers what is available for purchase at stores. Product displays
333 also allow consumers to know when new products are introduced into the market.

334 Public health advocates have called for a ban on the display of tobacco products at retail. Iceland, Ireland,
335 Norway, and the U.K., as well as certain provinces and states in Canada and Australia, have followed
336 these recommendations and enacted display bans. The stated purpose of these laws is to reduce youth
337 smoking and smoking prevalence in general. In addition, the Conference of the Parties to the Framework
338 Convention on Tobacco Control has recommended banning retail display of tobacco products.

339 Some governments have considered and rejected point of sale display bans. For example, in 2009, the
340 government of New Zealand rejected a proposal to ban tobacco product displays. As the Prime Minister
341 explained, "There is no international evidence that [a display ban] actually works, and it's hugely
342 expensive to do it." [1]

343 The effectiveness of display bans in reducing youth smoking or overall smoking prevalence has not been
344 established. In 2006, Health Canada stated that the impact of display bans on public health "remains very
345 speculative." [2] In 2007, the Norwegian government stated in its report supporting a display ban, "there
346 is yet no scientific study published that definitely shows the impact that a ban against public display
347 would have on the number of people who smoke." [3] In 2008, the U.K. Department of Health noted that
348 "it is not conclusive" whether display bans benefit public health, and stated "there has yet to be a full
349 evaluation of a display ban" on youth smoking. [4] Nevertheless, the Canadian, Norwegian, and U.K.
350 governments supported display bans.

351 <u>Our View</u>

352 We are opposed to bans on the retail display of tobacco products. Display bans impede competition,
353 impose significant costs and other burdens on retailers, encourage price competition (and cheaper
354 cigarettes), and foster illicit trade in tobacco products. While we support the objective of preventing youth
355 smoking, there is no evidence from the countries that have implemented display bans that they will reduce

356 youth smoking rates. There are proven measures to prevent youth smoking, such as strictly enforced
357 minimum age laws and educational programs. Display bans are ineffective and unnecessary.

358 In many countries, product displays are one of the few remaining ways for tobacco companies to
359 compete. A ban would make it virtually impossible to launch new brands or brand extensions, and would
360 give brands (and manufacturers) that are already well established in the market a clear competitive
361 advantage, placing a tremendous and unfair disadvantage on manufacturers seeking to enter the market.
362 The result would be to make pricing the primary means of competition between brands.

363 More competition on pricing, and thus cheaper cigarettes, is contrary to public health policy and will
364 undermine the goal of reducing youth smoking. Moreover, it is evident that moving tobacco products
365 "under the counter" will make it easier for criminals to infiltrate the legitimate trade channel with
366 contraband and counterfeited packages and harder for enforcement authorities to determine whether and
367 where illicit products are sold.

368 For retailers, display bans pose additional significant burdens and costs. Having to store and manage
369 tobacco products under the counter means time and effort, angry customers, and, especially for smaller
370 shops, lost sales to larger competitors who can afford to manage the more complex retail environment.

371 **Product Regulation**

372 Product regulation, such as requiring testing and/or reporting of the content and emissions of tobacco
373 products, is a relatively novel area of tobacco regulation. This is likely to change. Under Articles 9 and 10
374 of the World Health Organization's Framework Convention on Tobacco Control, Parties to the
375 Convention are encouraged to adopt measures to implement, respectively, testing/measuring of tobacco
376 products and disclosure of emissions and contents.

377 While product regulation is still in its infancy, many adult consumers may be familiar with some aspects
378 of tobacco products that are already regulated in many countries. These include:

379 • measuring and reporting tar, nicotine, and/or carbon monoxide yields in cigarette smoke (most
380   countries);
381 • ceilings on tar, nicotine, and/or carbon monoxide yields in cigarette smoke (European Union
382   member states plus approximately 50 other countries);
383 • measuring and reporting to governments certain smoke emissions (chemicals) associated with
384   tobacco-related diseases (Canada, Brazil, Venezuela, Taiwan, and Korea);
385 • limiting ingredients permitted in tobacco and/or other components in cigarettes or other tobacco
386   products (France, U.K., Germany); and
387 • standards for reduced cigarette ignition propensity (Canada).

388 A major challenge for regulators in establishing product regulations is the lack of commonly accepted
389 scientific standards and test methods. For example, different opinions exist as to the appropriate test
390 methods to use to measure cigarette smoke. In 2007, the FCTC's Conference of Parties Working Group
391 on product regulation stated that it might take many years to develop analytical methods to measure many
392 of the chemicals in smoke that have been associated with tobacco-related diseases.

393 Public health groups including WHO's Scientific Advisory Group (TobReg), WHO's Tobacco
394 Laboratory Network (TobLabNet), tobacco industry scientists (including our own), and independent
395 scientists are conducting research on these important issues.

396 <u>Our View</u>

397 Our vision for regulation based on harm reduction has always included product regulation as a central
398 component. Regulating the contents and emissions of conventional cigarettes and other tobacco products,
399 like fine-cut tobacco, is an important step in developing an understanding of tobacco products in general
400 and, most important, toward the regulation of reduced-risk tobacco products. While the scientific
401 foundation for product regulation has yet to be fully developed, including consensus on valid test
402 methods, our hope is that regulations can be developed and implemented in the short term.

403 We support the regulation (requiring testing, reporting, and/or performance standards) of ingredients,
404 smoke emissions, tobacco leaf content, packaging materials migrants, product design, and other aspects of
405 tobacco products. We agree with the Working Group of the Conference of the Parties and others that it is
406 critical to resolve the gaps in scientific standards and methods. We also believe that it would be premature
407 to impose performance standards without adequate understanding of the potential public health effects
408 and any adverse consequences.

409 While it is our view that there is, at this time, little that can be done to substantially reduce the risk of
410 current conventional lit-end cigarettes, we do not oppose modifications to conventional products as long
411 as they are feasible and do not render the product unacceptable to adult consumers, and provided that
412 there is a rational basis for the proposed modification. For example, we have worked diligently to reduce
413 tobacco-specific nitrosamines in Virginia tobacco by educating tobacco growers worldwide on alternative
414 ways to cure the tobacco. As a result, TSNA levels in Virginia tobacco have dropped substantially.
415 Although such reductions did not, in our view, reduce the risk of tobacco-related disease, we will
416 continue to work on reducing TSNAs where feasible.

417 One important factor that could lead to the resolution of gaps in knowledge and the impact of regulation
418 is coordination between regulators and tobacco companies. Engagement with tobacco companies is
419 especially important for product regulation, because our technical expertise can provide crucial insight
420 and guidance. As an example, Philip Morris International uses analytical methods to measure and assess
421 tobacco product emissions that could assist regulators in developing regulatory standards.

422 **Regulation of Ingredients**

423 Many countries regulate tobacco product ingredients. Over 50 countries require tobacco manufacturers to
424 report the ingredients used in their products to regulators. These countries include all of the European
425 Union countries, Brazil, Mexico, Ukraine, Turkey, Israel, and Thailand. Several countries, including
426 Germany, the United Kingdom, and France, also regulate the ingredients that are permitted for use in
427 tobacco products.

428 The scientific basis for tobacco product ingredient regulation has not been widely addressed. Today there
429 are no internationally accepted scientific test methods for assessing tobacco product ingredients. To
430 address this, the Framework Convention on Tobacco Control's Conference of Parties has established a
431 Working Group tasked with proposing guidelines for testing and regulation of the contents of tobacco
432 products. The Working Group stated in 2007 that this "is an emerging field" and "more work [is needed]
433 to develop a better understanding of these issues." [1]

434 Tobacco control advocates and public health organizations such as the World Health Organization
435 (WHO) have claimed that ingredients increase the toxicity and addictiveness of cigarettes. However,
436 WHO has also stated that cigarettes without ingredients (e.g., no-additive brands) have "never been
437 demonstrated to be less dangerous or addictive than…cigarettes" with ingredients. Public health groups
438 have also argued that ingredients are detrimental to public health because they make cigarettes more
439 palatable or attractive. Some public health advocates have called for a ban on ingredients solely to reduce
440 tobacco product attractiveness.

<u>Our View</u>

442 We support laws that require manufacturers to report all of the ingredients used in their tobacco products
443 to regulators and the public. The ingredients information we have reported to many countries is available
444 to the public on this website.

445 Regulations should protect manufacturers' disclosures of by-brand ingredient formulas. Public disclosure
446 of that information would cause serious damage, benefiting a manufacturer's competitors and helping
447 criminal organizations that manufacture counterfeit cigarettes. The public health objectives of ingredients
448 reporting can be met without requiring manufacturers to disclose exact by-brand formulas. Nevertheless,
449 where adequate assurances of trade secrets can be provided, we support laws requiring disclosure of by-
450 brand formulas to regulators.

451 We also believe that regulations should be developed to assess ingredients for use in tobacco products.
452 Test methods should be developed based on objective scientific standards, using existing toxicological
453 testing standards and assays recognized by international bodies such as the OECD and WHO.

454 The guiding principle for ingredient assessment should be to determine whether ingredients significantly
455 increase the inherent toxicity of the tobacco smoke. In 2001 the U.S. Institute of Medicine (IOM) stated
456 that cigarette ingredients should be reviewed "with the objective of identifying those ingredients that add
457 no significant toxicity to tobacco products and therefore can be considered safe in the context of this use."
458 To our knowledge, objective tests do not exist that can measure whether smoke from a cigarette with an
459 ingredient or ingredients is more addictive than smoke from a cigarette without an ingredient or
460 ingredients.

461 Based on both epidemiological observations (comparing countries where most cigarettes have flavor
462 ingredients with countries where most cigarettes do not have flavor ingredients) and our extensive
463 toxicological testing, we believe that the ingredients we use do not increase the inherent toxicity of
464 tobacco smoke. Based on the same epidemiological observations, we believe that the ingredients we use
465 do not increase the inherent addictiveness of tobacco smoke. As WHO and other public health advocates
466 have said, there is no science today that establishes that cigarette brands with ingredients are more toxic
467 or addictive than cigarette brands without ingredients.

468 We strongly disagree that ingredients should be banned to reduce and ultimately eliminate the palatability
469 or attractiveness of tobacco products. Regulations should not force manufacturers to market products that
470 consumers do not want and take away from adult smokers the ability to buy the products they find
471 appealing. The "make it taste bad" approach to ingredients regulation is also flawed because it ignores the
472 evidence that strongly suggests that an ingredients ban will not result in less smoking.

473 Today millions of smokers in countries including China, the United Kingdom, South Africa, Canada, and
474 Australia smoke cigarettes that do not contain flavor ingredients (Virginia-style cigarettes). To these
475 millions of smokers, ingredients do not make brands "more attractive" or "more palatable." Banning
476 ingredients will have little or no impact on the brands manufactured in these countries.

477 However, an ingredients ban will impact the majority of brands in the United States, Germany, France,
478 Italy, Russia, Brazil, Mexico, Japan, and many other countries. Smokers in these countries will lose the
479 ability to purchase and smoke the brands they prefer, for no reason other than WHO and others have
480 decided that their brands are "too appealing." But there are no data that even remotely suggest that
481 smokers in these countries will stop or reduce smoking because they can only buy cigarettes without
482 ingredients. It is more likely that they will smoke cigarettes without ingredients, just as smokers in China,
483 the United Kingdom, South Africa, and Canada do today.

484 The so-called public health benefit of an ingredients ban is thus wholly speculative. At this point, the only
485 clear beneficiaries of an ingredients ban are the manufacturers of cigarette brands without flavor
486 ingredients – and the clear losers are manufacturers of brands that use flavor ingredients and the
487 consumers who prefer those brands.

488 A ban on blended cigarettes is also likely to result in an increase in illicit trade and in the volume of cross-
489 border sales, two phenomena that are already significant in many countries around the world. If
490 consumers prefer traditional blended cigarettes over other styles, they will purchase their preferred
491 product abroad, over the Internet, or on the illicit market. Historically this gives rise to trafficking in
492 cigarettes by gangs or organized crime networks, resulting in increased criminal activity in local
493 communities. It also results in a loss of government revenue with no comparable reduction in
494 consumption, because legitimate product is often just substituted with contraband.

495 **Regulation of Tobacco Smoke**

496 More than 5,000 smoke constituents (or emissions) have been identified in tobacco smoke to
497 date. Approximately 70 smoke constituents have been identified by public health authorities as likely
498 causes of smoking related diseases such as lung cancer, heart disease, and emphysema. These constituents
499 include carbon monoxide (CO), benzene, heavy metals (lead, cadmium), and tobacco specific
500 nitrosamines.

501 Many countries require cigarette manufacturers to print the per cigarette yields of tar, nicotine, and CO on
502 cigarette packs. Some countries, including all of the European Union countries, also have established
503 ceilings--maximum limits--for tar, nicotine, and/or carbon monoxide yields. With the exception of a
504 handful of countries such as the Netherlands, very few countries regulate tar, nicotine, and carbon
505 monoxide yields in other smoked tobacco products such roll-your-own tobacco.

506 Per cigarette tar, nicotine, and carbon monoxide yields are measured by standardized machined test
507 methods. The most widely used test method is the method of the International Organization for
508 Standardization (the "ISO method"). Another method is the more intensive method developed by Health
509 Canada.

510 In addition to requiring testing and reporting of per cigarette tar, nicotine, and carbon monoxide yields, a
511 few countries, including Canada, Brazil, Venezuela, and Taiwan, require testing and reporting of other
512 smoke constituents on a per cigarette by brand basis. These countries require testing of approximately 45
513 smoke constituents that have been identified as likely causes of tobacco-related diseases.

514 No country has imposed ceilings or maximum smoke yields for smoke constituents other than tar,
515 nicotine, or carbon monoxide. However, a few public health advocates have proposed maximum yields
516 for a limited range of smoke constituents, including tobacco specific nitrosamines.

517 Articles 9 and 10 of the Framework Convention on Tobacco Control concern regulation of tobacco
518 product emissions (smoke constituents). Accordingly, the Conference of Parties Working Group on
519 Articles 9 and 10 is developing guidelines for the testing, measuring, and regulation of tobacco smoke
520 constituents. In August 2008, the Working Group identified several "priority" emissions and estimated
521 that it would take five and a half years to develop and validate test methods to measure them.

522 Our View

523 **Regulating Tar, Nicotine, and Carbon Monoxide Yields**

143

524 Manufacturers should be required to report the tar, nicotine, and carbon monoxide yields in the smoke of
525 each of their brands on an annual basis. We believe that the ISO test method should continue to be used
526 as the standard test method for these reports. However, it should be understood that neither the ISO
527 method or any other machine-based measurement can, or is meant to, accurately represent human
528 smoking behavior in all cases and under all circumstances.

529 We would also support requiring dual testing under both the ISO test method and the more intensive
530 Health Canada test method. Based on available data, we believe that the Health Canada method provides
531 a potential upper range for tar, nicotine, and carbon monoxide yields and is an appropriate complement to
532 the current ISO method. Requiring testing under both test methods would reflect a range of smoke intake,
533 better illustrating the wide variability in tar, nicotine, and carbon monoxide intake, depending upon how
534 an individual smokes a cigarette.

535 We do not oppose tar, nicotine, and carbon monoxide ceilings as long as they are technically feasible and
536 are not intended to make cigarettes unacceptable to adult smokers. We note that public health authorities
537 take the position that reducing machine based yields of tar, nicotine, and carbon monoxide does not
538 reduce the adverse health effects of smoking. Public health authorities have raised additional questions
539 about nicotine yields. For example, in 2002, the WHO's Advisory Committee on Tobacco Product
540 Regulation stated, "With respect to nicotine, it remains uncertain at this time whether public health would
541 be better served by increased or decreased levels of nicotine per unit (*e.g.*, cigarette) and further study of
542 this issue is required." [1]

543 <u>Regulating Other Smoke Constituents</u>

544 We support regulation requiring manufacturers to report by-brand information on yields of other smoke
545 constituents that have been identified as likely causes of tobacco related diseases. Knowing the yields of a
546 range of smoke constituents in conventional lit-end cigarettes is an important step in developing a better
547 understanding of the relationship between smoking and disease and, most importantly, in establishing a
548 baseline against which to assess novel products that have the potential to reduce the risk of disease.
549 However, before elaborating specific testing and reporting requirements, several fundamental issues must
550 be resolved.

551 First, there should be agreement among the scientific and public health community on the most important
552 constituents to regulate.

553 Second, the analytical methods for measuring individual constituents must be developed and validated.

554 Third, only a handful of laboratories in the public or private sector have the ability to test for smoke
555 constituents other than tar, nicotine, and CO. The development of adequate laboratory resources therefore
556 is necessary.

557 Unfortunately, because so little is known about how individual constituents or groups of constituents
558 impact the development of smoking related diseases, it is impossible at this point to accurately predict the
559 impact – if any – that reducing, or selectively eliminating, a specific smoke constituent or groups of
560 smoke constituents will have on risks associated with smoking.

561 We believe, therefore, that it would be premature to impose mandatory ceilings on other smoke
562 constituents.

563 <u>Regulating Smoke Constituents in Other Tobacco Products</u>

564 As with other kinds of regulation, regulation of smoke constituents should apply to other tobacco
565 products such as roll-your-own tobacco products. The scientific and regulatory communities should
566 establish regulations governing other tobacco products in order to ensure that consumers receive accurate
567 information across all tobacco product categories, especially with regard to other tobacco products that
568 are marketed and used as substitutes for manufactured cigarettes. Creating equivalent regulations will
569 permit manufacturers to compete on a level playing field, ensuring that regulations do not create an unfair
570 advantage for one product category over another.

571 **Testing Methods**

572 Cigarette companies measure average per cigarette yields of tar, nicotine, and carbon monoxide using
573 standardized machine test methods. Regulations in most countries require that the companies use the test
574 method developed by the International Organization for Standardization (ISO). In the U.S., companies
575 follow the method that was developed in 1967 in cooperation with the Federal Trade Commission (FTC).
576 Another well-known machine test method was developed by Health Canada, the regulatory agency
577 regulating tobacco products in Canada. These methods compare the tar, nicotine, and carbon monoxide
578 yields of different brands of cigarettes when smoked by a machine under identical laboratory conditions,
579 and indicate their relative differences in yields.

580 Machine test methods compare different cigarette brands when "smoked" by a machine under identical
581 laboratory conditions. As regulators have said since their introduction, these tests show the relative
582 differences in yields among brands, assuming that each brand is held and smoked the same way as it is in
583 the machine. For example, in the ISO and FTC methods, the machine takes one two-second puff of a
584 specific volume of smoke (35 milliliters) every minute. In the Health Canada test method, ventilation
585 holes in the cigarette filter are blocked, and larger and more frequent puffs (55 milliliters once every 30
586 seconds) are taken. As a result, the tar and nicotine yields of the same cigarette brand are much higher
587 when the Health Canada method is used. The Health Canada method is often referred to as the Health
588 Canada 'intensive method.'

589 In 1967 the FTC stated, "No test can precisely duplicate conditions of actual human smoking and, within
590 fairly wide limits, no one method can be said to be either 'right' or 'wrong'—the purpose of testing is not
591 to determine the amount of tar and nicotine inhaled by any human smoker, but rather to determine the
592 amount of tar and nicotine generated when a cigarette is smoked by machine in accordance with the
593 prescribed method."

594 A number of public health organizations, including the World Health Organization (WHO), have stated
595 that the ISO and FTC methods provide misleading information about tar and nicotine inhaled by a
596 smoker, and recommended that tar, nicotine, and carbon monoxide numbers should not be disclosed to
597 consumers. However, many countries, including all E.U. Member States, require those numbers to be
598 printed on packs of cigarettes and, in some countries, in advertisements.

599 WHO's Study Group on Tobacco Regulation and the Conference of the Parties' Working Group on
600 tobacco regulation have recommended using both the ISO and the Health Canada method for cigarette
601 smoke constituent testing.

602 Our View

603 No two smokers smoke cigarettes exactly the same way. The tar and nicotine yield numbers that are
604 reported for cigarette brands are not meant (and were never intended) to communicate the precise amount
605 of tar or nicotine inhaled by any individual smoker from any particular cigarette. We have therefore
606 agreed with public health advocates that governments should prohibit the printing of tar, nicotine, and

607 carbon monoxide yields on packs of cigarettes. Alternatively and preferably, we support regulations that
608 would require manufacturers to print both the ISO and Health Canada yields. This would better illustrate
609 to consumers the wide variability in the delivery of tar, nicotine, and carbon monoxide, depending upon
610 how a cigarette is smoked, and allow for differentiation among products offered to consumers, which we
611 believe is preferable to providing no information about these yields.

612 Regardless of the test method applied, smokers should not assume that the numbers printed on packs or in
613 advertisements indicate with precision the actual amount of tar, nicotine, carbon monoxide or any other
614 smoke constituent that they will inhale from any particular cigarette. And smokers should not assume that
615 lower numbers mean that a particular cigarette brand is safe, safer or less harmful.

616 **Regulation of Reduced Risk Products**

617 A number of regulatory authorities and public health officials have recognized the need for regulation to
618 address products marketed with claims that they reduce the risk of tobacco-related diseases. Today novel
619 products, whether tobacco products, nicotine products (such as electronic cigarettes), or other items (such
620 as herbal cigarettes) are often sold with claims that they are safer alternatives to conventional cigarettes,
621 or are effective smoking cessation therapies. To our knowledge, none of these claims has been reviewed
622 and approved by regulators.

623 In 2003, the World Health Organization's Scientific Advisory Committee on Tobacco Product Regulation
624 stated that governments "face the need to make decisions and formulate policies with regard to these
625 products as they come to market." In 2007, the European Commission also recognized that regulations
626 were needed to address the emergence of novel tobacco and nicotine products. [1]

627 A few countries have enacted laws that specifically address products sold with claims that they reduce the
628 risk of smoking-related diseases. One example is the United States, where Congress enacted legislation
629 granting the Food and Drug Administration jurisdiction over tobacco products. The legislation prohibits
630 claims that a tobacco product reduces the risk of disease, except when authorized by the FDA. Another
631 example is Greece, which passed legislation prohibiting manufacturers from claiming that a tobacco
632 product reduces health risks without prior approval from the Ministry of Health.

633 The U.S. Congress explained the need for regulation of claims about reduced-risk tobacco products as
634 follows:

635 "The dangers of products sold or distributed as modified risk tobacco products that do not in fact reduce
636 risk are so high that there is a compelling government interest in ensuring that statements about modified
637 risk tobacco products are complete, accurate, and relate to the overall disease risk of the product." [2]

638 Another perspective on the need for regulation of reduced-risk tobacco products was expressed in 2001
639 by the U.S. Institute of Medicine. The IOM's panel of experts stated that regulation of reduced-risk
640 tobacco products was important because it could provide an "incentive to develop and market products
641 that reduce exposure to tobacco toxicants and that have a reasonable prospect of reducing the risk of
642 tobacco-related disease." [3]

643 Our View

644 We believe regulation of reduced-risk products is a vital component of tobacco product regulation. As
645 recognized by the U.S. Congress and others, regulations can prevent claims from being made without
646 adequate scientific support. Regulations can also ensure that claims are made according to rigorous and
647 uniform standards.

648   Regulations for reduced-risk products should consist of four elements:

649   <u>pre-market review</u>**:** the claim must be approved by a regulator *prior to marketing*;

650   <u>claim substantiation</u>**:** the claim must be supported by valid scientific data;

651   <u>approval of the claim's content</u>**:** the language of the claim must accurately convey the benefits and risks
652   of the product; and

653   post-marketing monitoring: once on the market, the use of the product should be monitored to determine
654   its impact on consumers and the population as a whole.

655   A reduced-risk claim should be substantiated by reliable scientific data establishing that, in comparison to
656   conventional lit-end cigarettes, the product is reasonably likely to reduce the risk of one or more tobacco-
657   related diseases. This is consistent with the U.S. Institute of Medicine's 2001 recommendation that a
658   reduced-risk claim be permitted if the product "can reasonably be expected to reduce the risk of one or
659   more specific diseases or other adverse effects." [4]

660   There is insufficient evidence today that simply reducing exposure to one or several smoke constituents
661   will reduce the risk of disease. Therefore, we do not believe that reduced-risk claims should be permitted
662   solely on the evidence that a product reduces a smoker's exposure to selected smoke constituents.

663   <u>Assessment of Reduced-Risk Products</u>
664   Determining whether a new product will reduce the risk of smoking-related diseases poses substantial
665   challenges. That is because most smoking-related diseases take many years to develop, and the specific
666   mechanisms by which those diseases develop are not well understood. Development of modern scientific
667   methodologies to assess whether a product has the potential to reduce the risk of smoking-related diseases
668   is essential to substantiating reduced-risk claims.

669   The ultimate test of whether a novel product reduces the risk of smoking-related diseases would be to
670   conduct a long-term epidemiological study. As experts have agreed, requiring this kind of study *before* a
671   product is marketed is not practical. Alternative methods for assessing reduced-risk product claims are
672   needed.

673   We believe that recent advances in scientific knowledge and technologies provide opportunities to
674   develop rigorous and reliable methods that will be practical for the pre-marketing assessment of reduced-
675   risk tobacco products.

676   <u>Approving the Content of Claims</u>
677   Regulations should also establish guidelines for the content of claims. They should require that consumers
678   receive accurate information about the relative benefits and risks of a product, and that government
679   substantiation of a claim is not an endorsement of a product. Importantly, claims should inform
680   consumers that using a reduced-risk product will not eliminate risk (unless substantiated to do so), that it
681   is not an alternative to quitting, and that the best way to reduce the risk of smoking-related diseases is to
682   stop smoking.

683   <u>Post-Marketing Monitoring</u>
684   Post-marketing monitoring is an important component of regulation, which will permit regulators to
685   confirm reduced-risk substantiation and track population harm. The specific system for post-marketing
686   monitoring must be developed by regulators, taking into account the nature of the tobacco market.

Harm Reduction

Harm reduction is a policy approach to a harmful activity which seeks to reduce the harm caused by the activity rather than to prevent the activity itself. As applied to smoking and tobacco use, harm reduction is most commonly used to refer to the objective of modifying conventional tobacco products and/or developing novel tobacco products that will reduce the risk of tobacco-related diseases.

Harm reduction policies are based on the view acknowledged by virtually all public health organizations that tobacco use will continue well into the future. As the UN stated in 2004, even assuming current rates of decline in consumption, "the number of tobacco users would still be expected to increase to 1.46 billion by 2025."[1]

The recognition that people will continue to smoke has led many public health authorities to the conclusion that developing tobacco products that have a reduced risk of causing disease is a crucial element of tobacco policy. This is contrasted with those groups who take an abstinence-based approach that focuses solely on preventing people from beginning to use tobacco products and encouraging people to quit using tobacco products.

Our View

Following a harm reduction policy does not preclude governments from pursuing the objectives of prevention of initiation and encouraging cessation. On the contrary, most proponents of harm reduction are vigorous supporters of those important goals. As we see it, tobacco harm reduction should complement prevention and cessation efforts -- not compete with them.

Our support of harm reduction follows two paths: one is through our research and development of products with the potential to reduce the risk of tobacco related diseases. The other path is through our support of regulation based on the principle of harm reduction.

Reduced Cigarette Ignition Propensity

Reduced ignition propensity standards have been adopted in Canada, Australia, and Finland and are being considered by several other governments, notably in New Zealand and the European Union. The intention of these standards is to reduce the propensity of cigarettes to ignite fabrics and other materials when carelessly handled.

Reduced cigarette ignition propensity standards are based on measures first adopted by the State of New York and successively adopted by several other states in the U.S. including California. The standards, which consider the extent to which cigarettes burn to their full length or extinguish on a specified material in a test condition, were developed by the American Society for Testing and Materials (ASTM).

Our View

We believe that reduced ignition propensity standards should be the same as those applied in New York and other jurisdictions to ensure that they are uniform and technically feasible.

It should be clear to the public, and smokers in particular, that these standards do not make cigarettes "fire safe" or even necessarily "fire safer." Anything that burns, if handled carelessly, can cause a fire, including cigarettes manufactured to meet the reduced cigarette ignition propensity standards. It is important for smokers to handle and dispose of all cigarettes with care. Smokers should understand that cigarettes that burn are never fire safe.

Just as important, any standard for reduced ignition propensity is likely to require changes to cigarette design. Any such changes should not result in products that increase the health risks of smoking, or cigarettes that are not acceptable to adult smokers.

WHO and the FCTC

The World Health Organization's (WHO) Framework Convention on Tobacco Control (FCTC) is the first international public health treaty. It was adopted by the World Health Assembly in May 2003 and entered into force in February 2005. Over 160 countries plus the European Union are Parties to the Treaty.

The FCTC's objective is to establish a global agenda for tobacco regulation, with the purpose of reducing initiation of tobacco use and encouraging cessation. The Treaty's provisions are divided into measures to reduce the demand for tobacco products and measures to reduce the supply of tobacco products.

The FCTC's provisions are intended to reduce the demand for and supply of tobacco products. WHO has characterized the following as the core demand reduction measures in the FCTC:

740   •   price and tax measures;
741   •   protection from exposure to tobacco smoke;
742   •   regulation of the contents of tobacco products;
743   •   regulation of tobacco product disclosures;
744   •   packaging and labeling of tobacco products;
745   •   education, communication, training, and public awareness;
746   •   tobacco advertising, promotion, and sponsorship; and
747   •   demand reduction measures concerning tobacco dependence and cessation.
748 The Treaty's key supply reduction measures, according to WHO, are:
749   •   illicit trade in tobacco products;
750   •   sales to and by minors; and
751   •   provision of support for economically viable alternative activities.
752 The Conference of the Parties (COP) is the governing body of the FCTC, comprised of delegates from
753 each of the countries that have ratified the Treaty, as well as the European Union. The COP meets on a
754 regular basis, with past sessions in 2006, 2007, and 2008. It will meet again this year in Uruguay.
755 The COP has published non-binding specific guidelines on several of the articles in the FCTC. To date,
756 the COP has issued guidelines on public smoking bans, limiting tobacco industry involvement in the
757 development of tobacco policy and regulations, tobacco packaging and labeling, and tobacco marketing.
758 <u>Our View</u>
759 We have viewed the FCTC as a positive catalyst for comprehensive regulation of tobacco products,
760 focusing governments on the need to develop and implement effective tobacco policies. In many respects,
761 the areas of regulation we support mirror provisions of the FCTC. However, we disagree with the
762 provisions of the Treaty requiring a total ban on marketing, a total ban on public smoking, a ban on the
763 sale of duty-free cigarettes, and the use of litigation against the tobacco industry. We also believe that
764 excessive taxation can have significant adverse consequences, such as increasing the trade in illicit
765 tobacco products.
766 We also strongly disagree with several of the recommendations in the COP's guidelines, such as generic
767 packaging, point of sale display bans, a ban on the use of colors in packaging, and a ban on all forms of
768 communications to adult smokers. These recommendations reflect extreme applications of the provisions
769 of the FCTC that are punitive measures against the tobacco industry and are not proven to benefit public
770 health. On the contrary, like excessive taxation, they are likely to have adverse consequences such as
771 fostering illicit trade and encouraging cheap cigarettes, both of which undermine public health objectives.
772 Given the complexities of tobacco regulation, we urge governments to work with tobacco companies as
773 well as with public health authorities in implementing the FCTC. Limiting the ability of the tobacco
774 companies to participate in the political process is contrary to the long-established principles of
775 participatory democracy and good governance rules in many countries. Transparency is appropriate;
776 exclusion is not. Regulators should follow the principles of participation, openness, accountability,
777 effectiveness, and coherence. The expertise of tobacco companies is especially important in areas such as
778 illicit trade prevention, fiscal policy, and product regulation.
779 WHO recently emphasized this point in its global strategy to combat obesity, stating that the food
780 industry should be part of the solution: "Reducing the burden of death and disability from [non-
781 communicable diseases] requires a multi-sectoral approach that mobilizes the combined energy,
782 resources, and expertise of all global stakeholders. The strategy sees industry as part of the solution, and
783 recommends joint action with the food industry."
784
785 **What is Illicit Trade**
786 Illicit cigarettes enter or are sold in a market in violation of fiscal laws, custom laws, and other
787 regulations, e.g., without payment of import duties, excise tax, or VAT, and in noncompliance with
788 regulatory measures. Illicit cigarettes can be genuine products manufactured by, or under the authority of,
789 a trademark owner and sold without payment of applicable taxes, or else counterfeit cigarettes, meaning
790 fakes that have been manufactured without the permission of the trademark owner.

791 Regulatory measures and related governmental actions to prevent the illicit manufacture and trade of
792 tobacco products are being considered by a number of jurisdictions. Article 15 of the FCTC requires
793 parties to the treaty to take steps to eliminate all forms of illicit trade, including counterfeiting, and states
794 that national, regional, and global agreements on this issue are "essential components of tobacco
795 control."
796 The Conference of the Parties established an Intergovernmental Negotiating Body (INB) to negotiate a
797 protocol on the illicit trade in tobacco products pursuant to Article 15 of the FCTC. The INB's
798 Chairperson has drafted a text for the protocol, which includes the following main topics
799 • licensing schemes for participants in the tobacco business;
800 • "know your customer" requirements, including measures to eliminate money laundering and the
801 development of an international system for the tracking and tracing of tobacco products and
802 tobacco manufacturing equipment;
803 • the implementation of laws governing recordkeeping, security and preventive measures, and
804 Internet sales of tobacco products;
805 • enforcement mechanisms, including the criminalization of participation in illicit trade in various
806 forms, and measures to strengthen the abilities of law enforcement agencies to fight illicit trade;
807 • obligations for tobacco manufacturers to control their supply chain with penalties for those that
808 fail to do so; and
809 • programs to increase cooperation and technical assistance with respect to investigation and
810 prosecutions and the sharing of information.
811 We agree that manufacturers should implement state of the art monitoring systems of their sales and
812 distribution practices, and we agree that where appropriately confirmed, manufacturers should stop
813 supplying vendors who are shown to be knowingly engaged in illicit trade. However, we disagree with
814 the draft protocol's provision that would impose payments on tobacco product manufacturers in an
815 amount of lost taxes and duties from seized contraband tobacco products regardless of any fault on the
816 manufacturers' part.
817 The illicit trade in cigarettes harms governments, consumers, and manufacturers. We are undertaking a
818 broad series of measures to fight illegal cigarettes, to ensure our brands are protected and consumers get
819 the genuine product they expect. We support strict regulations and enforcement measures to prevent all
820 forms of illicit trade in tobacco products, including tracking, tracing, labeling, recordkeeping
821 requirements, and implementation of strict licensing systems. We are also working with a number of
822 governments around the world on specific agreements and memoranda of understanding to address the
823 illegal trade in cigarettes.
824
825 **Contraband**
826 Contraband cigarettes are smuggled into a country without payment of applicable taxes and duties. We
827 oppose contraband in all its forms, and we have taken a leading role in fighting to eliminate the trade in
828 contraband cigarettes.
829 Everyone loses from the trade in contraband cigarettes:
830 • Governments lose billions of dollars in tax revenues.
831 • Retailers lose jobs and business to the criminal gangs who sell cigarettes on the streets.
832 • Brand owners lose sales and suffer irreparable harm to their brands through counterfeiting.
833 • Consumers lose because they often end up buying fake products of poor quality that are not
834 subject to any regulatory scrutiny by authorities or quality control procedures by manufacturers.
835 Our own efforts to combat contraband include:
836 • Monitoring legitimate retail demand for our brands in the markets where our cigarettes are sold
837 and ensuring that supply is consistent with such demand.
838 • Extensive screening and monitoring of the people with whom we do business.
839 • Working with our business partners to promote anti-contraband practices.
840 • Using state of the art tracking and tracing technology to further our goal of having our products
841 sold only where they are supposed to be sold.
842 • Assisting law enforcement agencies.

843 We are taking important, proactive steps to see the illegal trade in both genuine and fake cigarettes
844 stamped out. But we cannot do it alone. Government commitment and effective law enforcement is
845 critical to the success of any anti-contraband effort. We will continue to work with governments and other
846 organizations that share our commitment in the fight against contraband. Ultimately, consumers are best
847 placed to stamp out the illicit trade in cigarettes by not purchasing them.
848
849 **Counterfeit**
850 The Trade in Fake Cigarettes
851 Around 80 percent of the smuggled cigarettes bearing Philip Morris International brand names seized by
852 law enforcement in 2009 were fakes—counterfeits of our famous brands.
853 The trade in counterfeit cigarettes has been a problem for years, and it is a growing global problem that
854 hurts tobacco manufacturers like us to the tune of hundreds of millions of dollars each year.
855 In addition to tricking smokers into buying fake cigarettes, the trade in counterfeit cigarettes supports
856 organized crime. According to a U.K. Border Agency spokesperson, "Cigarette smuggling is a serious
857 organized crime and often provides the funding for much larger criminal operations such as drug
858 smuggling or people trafficking." [1]
859 It is also important to note that fake cigarettes are often of substandard quality and do not comply with
860 government and industry standards. According to U.K. Customs, "Many of the counterfeit cigarettes are
861 manufactured in underground factories overseas using contaminated tobacco leaves, substantially
862 increasing the health risks associated with smoking, with much higher levels of tar, nicotine, carbon
863 monoxide, lead, cadmium, and arsenic than genuine brand-name cigarettes." [2] In addition, with fake
864 cigarettes, consumers buy cigarettes that are transported and stored in unhygienic conditions.
865 So what can be done?
866 • Governments need to recognize that cigarette counterfeiting is a serious criminal offence. They
867 need to tackle the problem in the same ways that they fight organized crime.
868 • Customs authorities' ability to stop the trafficking in counterfeit cigarettes needs to be
869 strengthened.
870 • Additional enforcement resources are key to the successful fight against counterfeit cigarettes.
871 • The machinery used to produce counterfeit goods, as well as the counterfeit goods themselves,
872 need to be seized and destroyed.
873 • Consumers can be more vigilant and take care to purchase only products from legitimate tobacco
874 retailers.
875
876 **E.C. Agreement**
877 PMI and E.U. Cooperation Agreement
878 On July 9, 2004, Philip Morris International (PMI), the European Commission, and 10 Member States
879 signed a 12-year cooperation agreement to fight the illegal trade in cigarettes.
880 Additional Member States have joined the agreement each year, and since early 2009 all 27 Member
881 States have been party to the agreement.
882 The agreement outlines a long-range and comprehensive framework for national governments, the
883 European Commission, and PMI to fight the illicit trade in cigarettes together.
884 Key points of the agreement:
885 Know your customer
886 This builds on our previously existing review process for selecting and monitoring the persons to whom
887 we sell our products. We know our customers and with whom they do business.
888 Volume monitoring
889 We limit sales to volumes commensurate with legitimate retail demand. Sales volumes are regularly
890 monitored and checked against the estimates of legitimate retail demand.
891 Tracking and tracing
892 Our initiatives include far-reaching product tracking procedures that facilitate our efforts and those of law
893 enforcement to determine the point at which any genuine product is diverted from the authorized sales
894 channels. The PMI Product Marking section of our website provides more details of our tracking and
895 tracing initiatives.

896 <u>Seizures</u>
897 The Agreement establishes a comprehensive system for exchanging information on the seizures of
898 counterfeit and genuine cigarettes between PMI, OLAF, and the Member States. It allows us and law
899 enforcement to get a better sense of the big picture and to identify E.U.-wide trends. As a result, since
900 2005, 30 factories producing counterfeit PMI branded cigarettes were closed down in the E.U.
901 According to Siim Kallas, European Commission former Vice President for Administrative Affairs,
902 Audit, and Antifraud, "this cooperation to date has exceeded all expectations and sets an example of what
903 industry and law enforcement can do when they work together in pursuit of a common goal." (Brussels,
904 June 6, 2006).
905
906 **PMI Product Marking**
907 <u>PMI Product Marking</u>
908 Philip Morris International (PMI) is committed to securing the supply chain and fighting illicit trade by
909 using effective tracking and tracing systems and Codentify^{TM}.
910 <u>Tracking and Tracing</u>
911 Tracking is the ability to monitor the forward movement of finished goods through the supply chain.
912 Tracing is the ability to re-create that movement up to a certain point in the supply chain, to help
913 determine where the product was diverted into illegal channels.
914 <u>Master Case Tracking Technology</u>
915 At the beginning of 2000, PMI introduced Master Case Tracking Technology. Today it is a fully
916 integrated system operating in 124 countries.
917 Each master case is tracked as it moves from the factory to the warehouse and into the supply chain.
918 Every master case carries a unique barcode label and the system automatically links this code to the order
919 from a distributor or wholesaler (first purchaser).
920 <u>The Codentify^{TM} Technology</u>
921 To fight the illicit trade in tobacco products, PMI uses Codentify^{TM}, a bespoke system for enabling carton
922 tracking and tracing, product authentication, and fiscal marking. The basic principle of Codentify^{TM} is
923 simple: a unique, eye-readable, 12-digit code is printed directly onto packs and cartons during
924 manufacturing. The solution works on standard equipment and is easily integrated into the production
925 process.
926 Most recently, we have applied the Codentify^{TM} technology to allow tracking at the carton level. By
927 linking the unique carton codes to the master case barcodes we are able to identify the first purchaser of a
928 seized carton even if it is not found in its original master case.
929 The Codentify^{TM} solution is secure, including various measures to make it impossible for counterfeiters to
930 replicate or steal a valid code.
931 <u>Codentify^{TM} as an Authentication Tool</u>
932 Besides detecting the diversion of legitimate products, Codentify^{TM} combats counterfeiting. It makes
933 authentication fast and easy for consumers, distributors, retailers, and law enforcement officials. No
934 special authentication device is needed—the code can be read by eye. Therefore this simple
935 authentication check can be carried out by retailers, wholesalers, consumers, and law enforcement agents.
936 All it takes is a phone call to a call center and the code on the product is authenticated within a few
937 seconds. This significantly improves the chances of intercepting illicit products.
938 Codentify^{TM} is currently in use in Germany, Ecuador, Peru, Panama, Portugal, Lebanon, Guatemala, and
939 the Dominican Republic.
940 <u>Digital Tax Stamps—Codentify^{TM} as a Fiscal Marking</u>
941 Paper tax stamps represent an outdated technology that is easily copied by counterfeiters.
942 The Codentify^{TM} technology can replace paper stamps with digital tax stamp marking which is secure. No
943 special reading equipment is required and there is no risk of loss or theft. It creates a seamless verification
944 loop between manufacturers, importers, third parties, and governments, and it streamlines the fiscal
945 control process. The digital tax stamp is the twenty-first-century alternative to paper-based stamps, and
946 can make a real contribution to collecting excise taxes in an efficient and effective way and fighting
947 against illicit trade.
948

949	**Tobacco Taxation**
950	Tobacco products are the most heavily taxed consumer goods in the world, with taxes often exceeding
951	half of the retail price, generating more than $200 billion dollars in tax revenues for governments every
952	year.
953	Governments use tobacco taxes to achieve multiple objectives. Excise taxes and other fiscal measures are
954	used by governments to generate revenue. Fiscal measures can be used to further public health objectives
955	by reducing tobacco consumption. Fiscal policy is, for instance, a central feature of the World Health
956	Organization's Framework Convention for Tobacco Control (FCTC). Article 6 of the FCTC states,
957	"Price and tax measures are an effective and important means of reducing tobacco consumption by
958	various segments of the population, in particular young persons."
959	In general, governments levy three types of tax on tobacco:
960	• excise tax—a selective consumption tax, usually applied to alcohol, tobacco, and fuels, and in
961	some countries to a wider range of products such as soft drinks, coffee, and tea;
962	• customs duties, which apply to imported goods only; and
963	• value added tax (VAT)—a general consumption tax that applies to all goods and services.
964	Cigarette excise taxes can be structured in different ways. Some countries, such as Australia, South
965	Africa, or Norway, levy a 'specific' tax, which is a monetary amount per cigarette. Other countries, such
966	as Thailand, Paraguay, Venezuela, and Bosnia, levy an 'ad valorem' tax, which is calculated as a
967	percentage of the price. These tax systems are known as 'single tier' systems, because all cigarettes are
968	subject to a single tax rate (either specific or ad valorem).
969	Many countries have introduced systems that are more complicated. Quite common are the so-called
970	'multi-tiered' systems, which divide cigarettes into a number of categories (for instance based on retail
971	price, the length of the cigarettes, or the packaging type), establishing a different tax rate for each
972	category.
973	'Mixed' tax systems are also common. They combine a specific and an ad valorem component. All
974	European Union countries must adopt mixed tax systems. Countries outside the E.U. with mixed tax
975	systems include Switzerland, Russia, Ukraine, and Mexico. Many countries with ad valorem or mixed
976	structures also apply a 'minimum excise tax,' which guarantees a minimum tax amount per cigarette,
977	irrespective of the tax structure adopted.
978	Minimum Excise Tax
979	Many countries with ad valorem excise taxes have adopted a minimum excise tax in an effort to protect
980	excise revenues and public health objectives. Minimum excise taxes guarantee a minimum tax income on
981	each pack of cigarettes, regardless of their retail sales price. They also limit the tax advantage that ad
982	valorem excise taxes provide to lower-priced brands, and thus help prevent the proliferation of cheap
983	cigarettes which undermine public health.
984	As of January 2010, 24 of the 27 European Union countries apply minimum excise taxes, including
985	Germany, Greece, Italy, Netherlands, Poland, Spain, and Sweden. Countries in other parts of the world
986	that have adopted a minimum excise tax include Argentina, Israel, Russia, Switzerland, Turkey, and
987	Ukraine.
988	Different tax structures can result in large differences in cigarette price levels within each country and
989	between different countries. Under a specific tax system, for instance, all cigarettes in a country pay the
990	same tax amount. With an ad valorem system, on the other hand, low-priced cigarettes pay less excise tax
991	compared to premium (higher quality and priced) cigarettes, which drives larger price differences. The
992	chart below shows the excise tax on low-priced cigarettes as a percentage of the excise tax paid by
993	premium-priced cigarettes in several countries.
994	
995	**Litigation**
996	Tobacco lawsuits may attract media interest but they are not the best way to achieve tobacco control
997	aims.
998	For one thing, litigation is costly, inefficient, and often wasteful:
999	Smokers in the US have filed more than 7,500 cases against tobacco companies in the past fifty years or
1000	so. They have won in trial in less than 30 cases.

1001	In cases filed outside the US against Philip Morris International and other tobacco companies, plaintiffs
1002	have also had little success.
1003	What's more, litigation is unnecessary:
1004	The best way to achieve tobacco control aims is not litigation but regulation. That's why we believe that
1005	developing strong and effective regulation for the tobacco industry makes more sense - for all parties -
1006	than expensive, time-consuming, and often ineffective court action.
1007	See below for more information about smoking and health related litigation.
1008	Individual cases
1009	Most tobacco lawsuits outside the US have been individual cases. In such cases a smoker sues one or
1010	more cigarette companies for an illness that he or she claims was caused by smoking. Courts in many
1011	different countries have dismissed most of those cases.
1012	We've successfully defended individual cases in countries as diverse as Argentina, Australia, Brazil,
1013	Chile, Costa Rica, France, Germany, Hong Kong, Israel, Italy, Kazakhstan, the Philippines, Poland,
1014	Spain, and Turkey. Other cigarette companies have had similar results.
1015	In a handful of cases first level courts found against cigarette companies, but those decisions were
1016	reversed in all instances where higher courts ruled on the cases later on. Brazil and Italy are the only
1017	countries where adverse decisions against subsidiaries of Philip Morris International have not yet been
1018	reversed by a higher court.
1019	Class actions
1020	In class, or consolidated, actions, groups of people with injuries allegedly caused by one or more cigarette
1021	companies try to combine their claims into a single case. In some countries consumer organizations file
1022	these types of cases on behalf of their members.
1023	Currently there are class actions pending in four countries: Brazil, Bulgaria, Canada, and Israel. Previous
1024	attempts to bring such claims in Brazil, Canada, Nigeria, Spain, and the United Kingdom have failed.
1025	The only adverse decision against a subsidiary of Philip Morris International, in a consumer class action
1026	in Brazil, was later reversed on appeal and sent back to the trial court for further proceedings.
1027	Health care cost recovery cases
1028	In health care cost recovery cases governments, insurance companies or health care providers seek to
1029	recover the costs of providing medical care to people who they claim have become sick because they
1030	smoked.
1031	Such suits have been brought in Canada, France, Israel, Nigeria, Spain, and the Marshall Islands. They've
1032	been dismissed in France, Israel, Nigeria, Spain, and the Marshall Islands. Plaintiff's appeal against the
1033	dismissal in Israel is still pending.
1034	
1035	
1036	

Environmental responsibility

3 We have adopted policies and implemented programs to consistently reduce our environmental impact,
4 using fewer natural resources, reducing greenhouse gas emissions, and producing less waste.
5 sustainability - including the use of alternative fuels, the maintenance of forests, and the protection of
6 water resources;

Environmental Initiatives

8 We have evaluated the environmental impact of our activities—from buying tobacco leaf to
9 manufacturing tobacco products to running our various offices around the world—and are taking steps to
10 reduce it. We have defined environmental objectives that are aggressive yet realistic and, by
11 implementing a series of concrete programs, we are achieving them.

Reducing Energy Consumption

13 One of our goals in 2008 was to reduce energy consumption by 6% for every million cigarettes produced.
14 We did even better, achieving a 7% reduction. One of the greatest contributors was our Swiss factory in

15   Neuchâtel. By optimizing its heating, ventilation and cooling systems, the factory reduced its energy
16   consumption by an impressive 17% in 2008.

17   **Reducing Water Consumption**
18   We follow the 3R concept—Reduce, Reuse, and Recycle—for both water and waste, with dramatic
19   results. From 2004 to 2009, we reduced the volume of water used per million cigarettes by 18%
20   throughout all our factories. With the help of an in-house environmental working group, PM Australia has
21   made significant progress, consuming 66% less water in 2009 than in 2004.

22   **Recycling Waste**
23   We recycle approximately 75% of our factory waste, including paper and metal. One outstanding
24   example of is our Brazilian facility in Santa Cruz do Sul, which implemented a series of measures to
25   minimize waste generation and disposal. The factory achieved a recycling rate of more than 99% in 2008.

26   **Meeting International Standards**
27   Under our environmental management system, each of our factories tracks the impact of its operations,
28   including energy consumption, air emissions, waste generation, and water consumption. By the end of
29   2010, Philip Morris International will have acquired external certification for ISO 14001 compliance for
30   all of our factories.

31   **Good Agricultural Practices**
32   We have developed Good Agricultural Practices (GAP) guidelines to assess the farming practices of our
33   suppliers and to identify opportunities for improvement. One of the key focus areas of the GAP program
34   is reducing the environmental impact of tobacco growing.
35   factory achieved a recycling rate of more than 99% in 2008.

36   Animal Testing

37   When we do animal studies, we restrict our use of animals to those occasions where there are no viable
38   alternatives. We constantly review our requirements for animal studies, and we are actively seeking
39   alternatives. We hope that in time we will be able to replace much or all animal testing with alternative
40   (non-animal) methods.

41   The majority of our research using laboratory animals is focused on obtaining information to better
42   understand the mechanisms by which tobacco-related diseases develop. This understanding is critical for
43   the development and validation of potentially reduced-risk tobacco products. We also conduct animal
44   research in limited cases when we make product modifications, such as adding certain ingredients to
45   tobacco, to determine that the modification is appropriate and does not increase the inherent toxicity of
46   the tobacco smoke.

47   We also conduct animal testing as part of our research into identifying compounds of potential therapeutic
48   interest in the tobacco plant. This testing is conducted according to standard pharmaceutical protocols to
49   determine the safety and efficacy of such compounds.

50   We will continue to seek ways to use alternatives to animal testing where possible. If we could do
51   research without animal studies, we would. At present, we cannot.

52   We always follow the widely-recognized principles known as the "3Rs" of animal research: Replace,
53   Reduce, and Refine.

54   Replace—Whenever possible, we use existing state-of-the-art approaches and methods to replace animal
55   studies:

56   advanced computer modeling technologies (e.g., predictive *in silico* modeling and simulation); and

57   *in vitro* biological systems.

58   Reduce—We use the absolute minimum number of animals needed to obtain valid results:

59 Investigators carefully analyze which animals are most appropriate for each study and calculate the
60 minimum number required to obtain the necessary data.

61 Philip Morris International's Animal Welfare Committee reviews all proposed animal studies to
62 evaluate whether the study objectives can be achieved through other means.

63 Refine—We use the least invasive procedures to minimize pain and distress:

64 We use bio-imaging technologies to study organ function in a non-invasive way (e.g., ultrasound
65 imaging).

66 Our laboratory technicians and veterinary specialists are trained in the latest techniques to
67 manage and care for the animals in the best possible manner.

68

1 Employees

2 Our employees are one of our greatest strengths. Throughout the organization our people are highly
3 motivated, talented, and united by our goal to provide adult smokers with high quality and innovative
4 tobacco products. Our global workforce of more than 77,000 employees is truly diverse representing 100
5 nationalities

6 Welcome to the careers section of the Philip Morris International website. We are the leading
7 international tobacco company with products sold in approximately 160 countries and more than 77,000
8 employees hailing from all corners of the globe. Together, we have built some of the most successful and
9 enduring brands in the world.

10 Do you have the conviction of a natural leader? Are you seeking a workplace where every challenge is
11 met with courage, and curiosity is not only an asset, but also a necessity? Send us your application. You
12 have come to the right place.

13 Our employees represent more than 100 different nationalities and speak over 80 languages. Teams often
14 consist of members with an array of backgrounds and experiences.

15 PMI's employees are its foundation. We look for people who share our unique core values so we can
16 continue building and growing that foundation. At PMI, you will meet people from all over the world
17 who work hard to embody our values.

18 And with over 77,000 employees speaking 80 languages across the world, we are proud of our cultural
19 diversity. As an employee here, you will expand your horizons in a truly international environment.

20 You will join a company that invests in you. We will support your growth as a PMI employee through
21 individual development and structured career management. Our strong reward and recognition programs
22 are designed to encourage your achievements and foster your potential. PMI's diversity of departments
23 and the roles within them provide numerous opportunities for your career to take shape.

24 You will join a dynamic, fast-paced work environment in a constantly evolving industry. Our employees
25 have the courage, curiosity, and conviction to see possibilities where others only see challenges. If that
26 sounds like you, come join our team.

27 Working for a global leader in a highly competitive and challenging market takes a special person. What
28 does it take to join our team?

29 **Courage**

30 We are always looking for those rare leaders who possess the self-assurance to stand up for their ideas.
31 True leadership sometimes means being a lone voice, but it always means having the courage of your
32 convictions.

33 **Clear and constructive communication**

34 Clear communication between team members is vital to avoid potential misunderstandings. A candid,
35 honest exchange of ideas creates an environment of trust and inspiration. That means not only giving
36 constructive feedback, but also being a good listener.

37 **Entrepreneurial spirit**

38 Our people have a boundless curiosity, and are always looking for possibilities where others might not see
39 them. They possess unique insight, and they are not scared of tackling complex problems.

40 **Efficiency**

41 Our employees strive for excellence through efficient work habits and skillful performance. With a
42 combination of well-planned processes, smart priorities, and agile problem solving, our people enjoy
43 doing the job, and doing it right. The results are often impressive.

44 **Emotional intelligence**

45 Our behavior and moods affect everyone around us. Teamwork means being emotionally perceptive to
46 the feelings of others, and having the sensitivity to influence the moods of our teammates in a positive
47 way.

48 Occupational Health and Safety

49 **Our Commitment to Responsible Manufacturing**
50 We take our responsibility for our workforce, and for the environment in which they live and work, very
51 seriously. Our goal is to achieve Zero Loss Time Injury (LTI) at all our manufacturing facilities. This is a
52 challenging goal for all of us but a number of our factories have demonstrated that it is possible. For
53 example, our factories in Turkey and St. Petersburg, Russia have reached 5 million man-hours without
54 LTI. Philip Morris International (PMI) factories in Romania, Portugal, the Philippines, and Kazakhstan
55 achieved 3 million man-hours without LTI, while factories in Germany, Holland, Serbia, Malaysia,
56 Indonesia, Lithuania, Ukraine, and Krasnodar, Russia attained 1 million man-hours without LTI.

57 For several years we have been tracking the safety performance of our factories around the world. We
58 have found, both from those statistics and from discussions with managers and staff, that many accidents
59 are caused by habit, unsafe behavior, and distraction. Clearly, keeping to strict environmental health and
60 safety standards is only the start. Responsible workplace behavior matters just as much. That is why we
61 have developed programs to tackle the behavioral causes of accidents. They include such measures as:

62•   ongoing job safety and behavioral analyses;
63•   employee training courses; and

64 routine and planned inspections conducted by the management team and supervisors.

65

Local communities

We also support initiatives in local communities where our employees live and work, as well as in places where we source our tobacco. We focus on five critical societal issues: hunger and extreme poverty, education, environmental sustainability, domestic violence, and disaster relief. Today, our charitable contributions programs make a difference in communities around the world.

Good Agricultural Practices (GAP)

Philip Morris International (PMI) is one of the world's largest tobacco purchasers. Each year, we purchase approximately 600 thousands tons of tobacco leaf from leaf suppliers and farmers in over 30 countries.

Although we do not grow tobacco, we are committed to promoting the growth of high quality tobacco under conditions that protect the environment and ensure sustainable crops. We are also committed to the prevention of child and forced labor. It is part of our commitment to social responsibility.

To help achieve these goals, we've developed a set of Good Agricultural Practices (GAP) guidelines that are designed to enable us to assess the farming processes of our suppliers and to identify opportunities for improvement.

Good agricultural practices are defined as those that are economically viable, safe, and produce a quality crop, while sustaining, protecting, or enhancing the environment.

We developed our GAP program with the help of tobacco farmers, leaf companies, government agencies, and universities. Implementation of our GAP guidelines is compulsory for all our tobacco suppliers.

The GAP program has six main components:

- farm productivity, farm worker safety, including prevention of Green Tobacco Sickness, and importantly, labor policies preventing child labor and forced labor;
- variety management and integrity - safeguarding the consistency of our products;
- crop management - using best practices in farming;
- integrated pest management - planning combined with protection;
- sustainability - including the use of alternative fuels, the maintenance of forests, and the protection of water resources;
- product integrity - ensuring we receive the right quality of tobacco.

We contribute to improving our local communities through charitable giving, volunteer activities, and support of a wide network of non-profit organizations

Child Labor

34 **Working to Eliminate a Worldwide Problem**
35 The International Labour Organization (ILO) estimates that some 218 million children between the ages
36 of 5 and 17 are engaged in work that is inappropriate for their age. Almost two-thirds of these children are
37 in the worst forms of child labor, ranging from commercial farming to working excessive hours to
38 slavery. Extreme poverty is the basic cause of their plight.

39 At Philip Morris International (PMI) we have a child and forced labor policy, which sets a minimum age
40 and forbids the use of forced labor in all our facilities around the world.

41 However, child labor is a worldwide problem. It is impossible to know exactly how many children work
42 in tobacco farming. Unfortunately, some major tobacco growing countries may count among those with
43 child labor records. We are committed to funding programs around the globe, in cooperation with
44 governments, NGOs, and other stakeholders, to eradicate child labor in tobacco growing communities.

45 Our programs focus on eliminating the root causes of child labor by improving the quality and
46 accessibility of education for children of tobacco farmers, as well as living conditions in tobacco growing
47 communities. Here are a few examples:

48 • In Colombia, we support the Department of Education and municipal authorities in their efforts to
49 introduce a "New School" program to improve the quality of education in tobacco growing
50 communities. As part of our support, PMI is funding a program through a local nonprofit, Dividendo
51 Por Colombia, to renovate and equip 39 schools in the tobacco growing communities of Ovejas and
52 Capitanejo.
53 • In Argentina, we are funding a major child labor eradication program known as 'Porvenir' in
54 cooperation with the Tobacco Cooperative Foundation and the Conscience Association. PMI
55 financing aims to upgrade educational quality by improving teacher salaries and training, and
56 providing schools with teaching aids, educational materials, and supplies. The program is benefiting
57 nearly 2,000 tobacco farmer children in the tobacco growing communities of San Vincente, Salta,
58 and Jujuy.
59 • In Malaysia, we are funding a "back to school" program in the tobacco growing states of Sabah and
60 Kelantan, in cooperation with the Malaysia Salam Foundation, by providing textbooks and supplies
61 to more than 2,200 school age children of tobacco farm families.
62 • In Africa we are funding Total Land Care (TLC), an NGO associated with Washington State
63 University, to alleviate poverty and reduce child labor in Malawi, Mozambique, and Tanzania. TLC's
64 programs currently reach nearly 4,000 villages and more than 460,000 people. Projects include
65 supplying clean water, planting nearly 30 million trees, installing stoves, and constructing 100
66 schools over the next five years.
67 • We are also members of the Eliminate Child Labour in Tobacco (ECLT) foundation, an organization
68 founded in April 2001, which is a partnership between trade unions, tobacco growers, and tobacco
69 companies. The International Labour Organization (ILO) serves as an advisor to the ECLT Board.
70 The ECLT is working with governments in Malawi, Mozambique, Uganda, and Zambia to reduce
71 child labor in tobacco growing communities. Program elements include conducting child labor
72 awareness programs for community leaders, providing safe drinking water, improving food security,
73 financing poverty alleviation programs, and building new schools.

74 Although we do not grow tobacco, we are committed to promoting the growth of high quality tobacco
75 under conditions that protect the environment and ensure sustainable crops. We are also committed to the
76 prevention of child and forced labor. It is part of our commitment to social responsibility.
77 Green Tobacco Sickness

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78 Green Tobacco Sickness (GTS) is an illness that can result from the absorption of nicotine through the
79 skin when workers harvest wet tobacco. It is characterized by headaches, nausea, vomiting, and
80 fluctuations in blood pressure and heart rate, among other symptoms.

81 As part of our Good Agriculture Practices (GAP) program, we are taking a number of steps to address this
82 issue. Specifically:

83 • We have developed GTS safety awareness materials for distribution to our contract leaf growers and
84   suppliers worldwide. These materials include information about GTS symptoms, risk factors,
85   preventive measures, and treatment. Please see the links on the right to view these materials.
86 • We will incorporate a mandatory compliance clause in all new supplier contracts and tobacco
87   purchase orders, requiring suppliers to implement protocols on GTS.
88 • We are implementing specific protocols on documentation and monitoring practices, and we and our
89   suppliers will conduct random checks of tobacco farms to assess workers' awareness of the issue.

90 Education and prevention are important mechanisms to address GTS. We are committed to doing our part
91 to raise awareness among tobacco growers, providing them with the information they need to prevent
92 exposure to this illness. We will also work with governments where appropriate to raise their awareness
93 of this issue and what can be done to address it.

94 As with all of our GAP initiatives, this is an ongoing commitment.

95

96

Philanthropy

Our Charitable Giving Program

Philip Morris International (PMI) supports charitable giving programs that improve living conditions in places our employees reside and work, as well as in the farming communities where we source our tobacco. We have identified five areas of giving that we focus on: <u>hunger and extreme poverty</u>, <u>education</u>, <u>environmental sustainability and living conditions in rural communities</u>, <u>domestic violence</u>, and <u>disaster relief</u>. These areas parallel many of the UN Millennium Development Goals, and we have chosen to focus on them because they are among the most critical issues affecting the countries where we operate.

A Culture of Giving

More than 40 years ago, long before corporate social responsibility became a catchphrase, our predecessors at Philip Morris Companies were granting money to causes they held dear. We have given hundreds of millions of dollars to the arts, including building space for the Whitney Museum in our New York headquarters, the first time a corporation ever included a museum in its offices. As our company started to expand internationally, our giving became increasingly global. We were also in the front lines of the battle against <u>domestic violence</u> when we organized the first U.S. corporate conference on partner abuse in 1996.

PMI has continued to maintain this dedication to philanthropy since becoming an independent entity in 2008. We created a dedicated contributions department and selected focus areas that we believe address the most pressing needs of people around the globe. Of course, we have critics. We cannot do much about those who accuse us of trading philanthropy for goodwill. All we can do is to keep on working to improve people's lives, trusting that our actions and history speak for themselves.

Today, PMI invests in the range of $25 million per year in cash to charitable causes all over the planet: delivering food baskets to impoverished World War II veterans in Krasnodar, Russia, providing schoolchildren in the Philippines with access to a high-quality educational TV channel, helping victims of domestic violence find jobs in Switzerland, supporting relief centers for Australian families displaced by the 2009 Victoria bushfires, and teaching sustainable agriculture methods to small farmholders in Malawi, to give just a few examples.

Getting Involved on the Ground

We select and manage our programs ourselves, working directly with local NGOs. The process starts with the recommendations of our employees, who we feel are best placed to recognize their communities' needs. Of course, it would be easier to write a check and let an international charity take care of the details. We prefer to know where the money is going, and to follow the results on the ground.

This hands-on involvement has other benefits. We expect our partner NGOs to meet strict international standards for grant requests and project evaluation, thereby building their capacity to obtain funds from other international sources. Also, our employees are often able to volunteer on projects and help improve the state of their communities.

Our direct engagement in every project we fund makes it particularly satisfying when we receive positive feedback from beneficiaries such as Marina Firsova, an educational director in Moscow who took part in a PMI teacher training program. "It is truly exciting that there are people in our business community who understand their responsibility for the future of this country," she says.

41 **How Does it Work?**

42 We manage our philanthropy efforts like a business, practically and effectively. We have an in-house
43 department that is dedicated solely to handling our charitable giving. Each year we establish an overall
44 budget, which we allocate to countries around the globe based on our focus giving areas and requests
45 from our in-country organizations. Local charities and not-for-profit organizations apply for funding
46 through our in-country teams.

47 We oversee each project and measure its results. One advantage of being a global corporation is that we
48 can apply the lessons of one country to another. For example, when members of our contributions
49 department learned of an organic method for increasing rice yields during a visit to Indonesia, they
50 introduced it to our partners in the Philippines, who subsequently adopted it.

51 As part of our grant request form, each applicant must provide a line-by-line breakdown of a project's
52 budget. We want to know the rationale for each project, how many people will be affected, and who will
53 benefit. We also require a sustainability plan, as we want to ensure that a project will live on once our
54 funding stops.

55 Disaster can strike anytime and anywhere. In 2009, natural and manmade disasters impacted more than
56 119 million people and resulted in $41.3 billion in economic cost, according to the Centre for Research on
57 the Epidemiology of Disasters.
58 When disasters occur in a place where we operate, our local staff are on hand to find out the most
59 essential needs of the community and how we can help.
60 • In Pakistan, we stepped in to provide emergency relief to some 1,500 tobacco farm families left
61 homeless by raging floodwaters, and also provided relief to more than 10,000 people who fled
62 the recent fighting in northwestern Pakistan on the border with Afghanistan.
63 • In Chile, more than 10,000 earthquake victims were left homeless. We contributed to fund the
64 construction of 66 new houses. With the collaboration of more than 300 volunteers, the houses
65 were constructed through quickly and efficiently assembled specially designed pre-fab kits. Our
66 contribution helped give 66 families a chance to regain their footing after this natural disaster
67 had taken away so much from them.
68 • In Indonesia, Sampoerna Search and Rescue (SAR) Team provided rapid humanitarian response
69 to help victims of major natural disasters that struck this Southeast Asian country – flash
70 flooding in West Papua and the eruption of Mt. Merapi, a volcano near Yogyakarta. The SAR
71 team missions provided: medical services to over 500 people affected by the floods; and, shelter
72 tents for up to 300 victims, food to some 7,000 refugees and medical assistance to over 700
73 patients, all affected by the volcano eruption.
74 Domestic violence is the most common type of violence against women. The problem affects all areas of
75 the world and every sector of society. Women are not the only casualty; children in violent homes
76 develop their own psychological scars—consequences that often follow them their entire lives. Research
77 shows that child abuse and domestic violence often occur in the same homes.
78 We were one of the first corporations to become involved in the fight against violence in the home. In
79 1996, we organized and hosted the first annual corporate conference in the United States on domestic
80 violence. In 1998, our former parent company, Altria, joined the National Network to End Domestic
81 Violence to create a grant initiative called Doors of Hope. The largest corporate giving program of its
82 kind in the United States, it supports shelters, legal services, emergency financial assistance, and child
83 protection across the country.
84 Today, Philip Morris International supports a variety of programs ranging from awareness building to
85 violence prevention, victim protection, and rehabilitation of those affected by domestic violence. We help
86 build shelters, provide access to counseling and medical aid, and assist victims in rebuilding their lives
87 and their self esteem.
88 Here are a few examples of the types of programs we support across the globe:

89 • In Dominican Republic, we support an innovative program that aims to help convicted domestic
90 violence aggressors break their pattern of abusing women and children.
91 • In Japan, we are funding a range of initiatives to help battered women and children, including
92 hotlines, counseling, shelters, awareness campaigns, and financial assistance to help reconstruct
93 broken lives.
94 • In France, we helped renovate a shelter and day care center which is providing a safe haven and
95 counseling for victims of domestic violence and their children.
96 • In Switzerland, home to our global operations center, we support several programs.
97 *Every child has the right to an education. Nonetheless, a significant number of primary school age*
98 *children cannot attend school every year. Education is a crucial factor in eradicating poverty and*
99 *inequality. It plays a key role in human development and teaches invaluable life skills, including*
100 *prevention of diseases such as malaria and HIV/AIDS. Schools can also be a source for nutritional*
101 *supplements and vaccines.*
102 *Through our charitable contributions, we strive to ensure access to schooling for children living in*
103 *communities where we do business, and to improve the quality of education from primary school to*
104 *university and beyond. This includes improving teachers' competencies and building new schools. We do*
105 *not get involved in the content of educational programs, leaving that to the experts who run the*
106 *programs. It goes without saying that none of the programs we support involve cigarette branding of any*
107 *sort.*
108 Here are some of the programs we support to improve education in schools:
109 • In Russia, we fund a program that trains hundreds of school teachers from across the country
110 each year at the Federal Academy for educators in Moscow;
111 • In the Philippines, we fund an innovative school-based TV program to reinforce classroom
112 instruction at public elementary schools;
113 • In China, we fund school construction in poor rural parts of the country;
114 • In Argentina, we fund two educational programs. "Porvenir" provides training and tools to help
115 teachers work with children and their families to instill in them the importance of education and
116 ensure tobacco farm children stay in school and out of tobacco fields. "Somos Capaces" is a
117 vocational training program that provides skills and jobs for unemployed young adults who are
118 no longer in school;
119 • In Colombia, we fund a program in cooperation with the Ministry of Education that is renovating
120 rural public schools and introducing an improved teaching curriculum for children in farm
121 communities;
122 • In Poland, we support integration centers that give disabled people information and tools to live
123 and work independently;
124 • And in Germany, we support a program which helps give students in vocational training the
125 tools they need for the professional world;
126 • In Malawi, we are supporting a multi-year sustainability initiative part of which includes funding
127 the construction of 100 schools over a five-year period.
128 *Philip Morris International supports programs that provide direct relief to poor and hungry people all*
129 *over the world.*
130 Learn more about some of those programs throughout this section.
131 • In Mexico, we funded the construction of a home for orphans in the SOS Children's Village in
132 Mexico City, and are covering living expenses for children living in the village;
133 • In Singapore, we support Food From the Heart which operates 25 food distribution centers in
134 Singapore feeding more than 26,000 people each day;
135 • In Romania, we helped create and continue to fund a local soup kitchen that provides 100 daily
136 meals to those most in need;
137 • In Lithuania, we support a social aid program, in cooperation with a weekly national TV
138 program "Market of Misery," that provides shelter and living support to families in dire
139 economic straits;

140   •   In South Korea, we have donated a [fleet of refrigerated food delivery trucks](#) which provide to the
141   elderly;
142   •   And in Switzerland, we fund a [shelter and counseling](#) for homeless teenagers.
143 But direct aid can only go so far, and at Philip Morris International we believe in empowering people to
144 better their own living conditions. We support programs that reduce their dependence on charity through
145 training, job creation, and micro-financing.
146   •   In southeast Serbia, where unemployment is close to 40 percent, we are partnering with local
147   municipalities for [job creation initiatives](#) supporting start-up businesses, micro-credit programs,
148   and vocational education.
149 *We support programs to protect and enhance natural resources, reforest the land, implement*
150 *conservation agriculture, provide clean water, ensure food security, and improve the livelihoods of*
151 *people living in rural communities. The projects we fund are diverse, but they have key goals in common:*
152 *long-term, sustainable results and self-sufficiency for the people concerned.*
153 Here are a few examples of our programs:
154   •   In Malawi, Mozambique and Tanzania we are partnering with the African NGO Total LandCare
155   (TLC) on a [multi-year initiative to preserve forests, build schools and provide villages with clean](#)
156   [water, eco-pit latrines and fuel-efficient stoves](#). We are also helping to plant tens of millions of
157   trees for household fuel consumption;
158   •   In Indonesia, we are partnering with the local government in Surabaya on a program to [conserve](#)
159   [more than 800 hectares of mangrove forest](#) in Surabaya's East Coast, thereby protecting
160   biodiversity, ensuring employment for mangrove farmers and fishermen and creating eco-
161   tourism opportunities for surrounding villages;
162   •   In Thailand, we support a project, "Water from Health to Wealth," to [construct rainwater](#)
163   [catchment tanks](#) in the drought-stricken northeast of the country. They supply fresh water to
164   more than 70 villages year-round.
165 Philip Morris International publishes a list of political contributions on an annual basis. This list includes
166 details of the recipient organization and the amount provided.
167