



**BRITISH AMERICAN  
TOBACCO**

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04 June 2014

Dear Ms Arnott,

Thank you for your letter of 29 April 2014 addressed to our Chairman. Mr Burrows has asked that I provide a detailed response on his behalf.

British American Tobacco (BAT) operates in a highly regulated industry and as such we invest in our ability to engage openly and transparently with the Government on new and upcoming legislation, and seek to inform all relevant stakeholders of our legitimately held views in relation to corporate and regulatory issues.

As I stated in my 18 June 2013 letter, BAT spent a total of £2million in relation to corporate and regulatory issues for the period April 2012 to April 2013 in the UK. This figure was broadly in line with expenditure for April 2013 to April 2014.

We do not provide projected budgetary figures.

In relation to question 2. of your letter of 29 April, Herbert Smith Freehills LLP sent seven correspondences to the Department of Health between 20 December 2013 and 29 April 2014. The correspondences were all in relation to the UK Government's proposals concerning plain packaging and the then upcoming Chantler review.

Letters comprise one of 20 December 2013 (the initial substantive letter which challenged the Government's proposals and the Chantler review), with subsequent correspondence on 9 January 2014, 7 February 2014 and 4 April 2014 (that you reference in your letter).

In addition, Herbert Smith Freehills LLP sent a letter on 7 March 2014 chasing for the Department of Health's response to its 7 February 2014 letter. There was also an email on each of 14 and 17 February 2014 regarding a freedom of information request received by the Department of Health pertaining to the earlier correspondence of December 2013 and January 2014.

BAT deems the costs incurred in connection with this correspondence, and all other legal issues concerning plain packaging in the UK, as legitimate expenditure in relation to defending our legal right to conduct business and protect our intellectual property.

With regards to your question about campaigns against plain packaging, as we have indicated in previous correspondences to you, we have been and we will continue to take part in such campaigns, including in the UK.



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Where we do fund campaigns we are open and transparent about our involvement for all to see. The amount of funding for the next phase of the campaign in the UK has not been set.

We will continue to actively engage in the debate around plain packaging, regulation which we believe is a step too far. Along with failing to respect our minimum guaranteed rights on trade mark protection, we have seen no credible evidence that plain packaging is necessary, adequate or that it will have an impact on smoking rates.

We have been clear and open throughout the debate in the UK about our views on plain packaging and will continue to do so through all appropriate channels.

In response to your question about the Institute for Economic Affairs, in 2013, BAT contributed £40,000. No funds have yet been released for 2014.

In relation to questions 5, 6, and 7. of your 29 April letter, BAT is happy to support organisations where areas of commonality exist. As I noted in my letter of 20 May 2013, we have provided financial assistance in the UK to FOREST, the Common Sense Alliance, the Rural Shops Alliance, the Scottish Wholesalers Alliance and the Tobacco Manufacturers' Association.

All funding is in line with our investment in our ability to engage openly and transparently with the Government on new and upcoming legislation, and seek to inform all relevant stakeholders of our legitimately held views in relation to corporate and regulatory issues.

Our support is openly acknowledged for all to see on their websites or campaign materials.

(By the way, in my letter to you on 20 May 2013, I stated in relation to the National Federation of Retail Newsagents (NFRN) that we 'have only contributed our normal annual subscription'. The NFRN does not have corporate members and deals with BAT on the same terms as it does all other commercial suppliers. We support the NFRN via support for its annual conference dinner and various trade events throughout the year.)

With regards to funding for work at the EU level, BAT, as a legitimately active contributor to the EU processes, does not budget specifically for activities related to the Transparency Register. We invest appropriately in our ability to engage openly and transparently with the EU institutions on new and upcoming legislation, and seek to inform all relevant stakeholders of our legitimately held views in relation to corporate and regulatory issues. This information will however be published in the fullness of time for all to see.



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It remains the case that BAT has no immediate plans to join the Adam Smith Institute, nor have we provided any direct or indirect funding to the ASI in 2013 or 2014.

If at any time you would like to meet to discuss any of the issues addressed in this letter or any other topics, I would be very happy to arrange a suitable time and place.

Yours sincerely

**Simon Millson**  
**Group Head of Corporate Affairs**