

Appendix

Index Scope

This section provides details on the companies, countries, and products in the scope of the 2020 Tobacco Transformation Index. Additional details are available in the 2020 Index Methodology report.

Company Scope

Company	Country	Ownership	Cigarette Volume Sales 2019 (mn sticks)
Altria Group Inc	US	Publicly traded	104,553.4
British American Tobacco Plc	UK	Publicly traded	669,155.3
China National Tobacco Corp	China	State owned	2,311,433.3
Djarum PT	Indonesia	Privately held	38,395.8
Eastern Co SAE	Egypt	State owned	79,294.6
Gudang Garam Tbk PT	Indonesia	Privately held	87,178.3
Imperial Brands Plc	UK	Publicly traded	219,006.9
ITC Ltd	India	Publicly traded	66,554.0
Japan Tobacco Inc	Japan	Publicly traded	475,886.2
KT&G Corp	South Korea	Publicly traded	80,856.8
Philip Morris International Inc	Switzerland	Publicly traded	706,260.2
Swedish Match AB	Sweden	Publicly traded	-
Swisher International Group Inc	US	Privately held	-
Tobacco Authority of Thailand	Thailand	State owned	17,840.6
Vietnam National Tobacco Corp	Vietnam	State owned	47,412.1

Source: Data estimates from Euromonitor International Passport's Tobacco database.

Note: 'Ownership' refers to the company's majority ownership. Eastern Co SAE is 50.5% owned by the Egyptian Ministry of Investment; Gudang Garam Tbk PT is 75.5% owned by the Wonowidjojo Family; ITC Ltd is publicly traded but state enterprises own 24.2% of the company; Japan Tobacco Inc is publicly traded but the Government of Japan owns 33.3% of the company.

Country Scope

Country	Type	Cigarettes Volume Sales 2018 (mn sticks)	Retail Cigarettes Volume Sales 2018 (mn sticks)	Illicit Cigarettes Volume Sales 2018 (mn sticks)	Reported No. of Smokers 2018 ('000)
Argentina	HMIC	39,765.6	34,820.4	4,945.2	7,324.3
Australia	HMIC	14,488.1	12,951.8	1,536.2	2,650.8
Bangladesh	LMIC	94,235.7	91,572.9	2,662.9	n/a
Brazil	HMIC	104,183.0	48,291.7	55,891.2	18,244.7
Bulgaria	HMIC	11,915.2	11,228.1	687.1	1,872.4
Canada	HMIC	34,372.8	27,301.5	7,071.3	4,474.0
China	HMIC	2,466,115.3	2,368,760.3	97,355.0	305,866.6
Egypt	LMIC	100,683.8	96,251.9	4,431.9	17,510.2
Ethiopia	LMIC	8,776.0	6,222.8	2,553.2	n/a
France	HMIC	49,697.0	40,277.4	9,419.6	13,348.2
Germany	HMIC	82,186.0	75,226.1	6,959.9	14,871.5
India	LMIC	108,960.3	82,504.2	26,456.1	58,030.7
Indonesia	LMIC	331,556.1	307,094.1	24,461.9	65,790.9
Italy	HMIC	73,236.9	68,618.2	4,618.8	10,697.2
Japan	HMIC	132,739.3	132,685.0	54.3	18,804.1
Kenya	LMIC	8,136.1	7,301.9	834.3	10,697.2
Mexico	HMIC	35,870.5	29,827.6	6,043.0	15,916.4
Myanmar	LMIC	9,267.1	9,248.0	19.0	n/a
Nigeria	LMIC	22,083.3	17,171.2	4,912.0	10,603.8

Pakistan	LMIC	79,126.4	51,986.9	27,139.4	25,156.4
Philippines	LMIC	72,930.0	64,402.8	8,527.2	15,560.1
Poland	HMIC	47,742.0	42,897.5	4,844.5	7,446.4
Russia	HMIC	258,519.9	236,519.9	22,000.0	38,533.1
Saudi Arabia	HMIC	24,641.0	22,679.0	1,962.0	7,104.6
Singapore	HMIC	2,803.3	2,701.0	102.2	592.1
South Africa	HMIC	22,520.7	16,939.8	5,581.0	7,120.7
South Korea	HMIC	63,990.6	63,350.3	640.3	8,577.6
Spain	HMIC	52,752.9	47,820.5	4,932.4	8,351.8
Sweden	HMIC	5,940.0	5,640.0	300.0	827.9
Switzerland	HMIC	9,740.3	9,209.9	530.4	1,785.6
Thailand	HMIC	41,516.3	39,311.8	2,204.5	11,904.5
Turkey	HMIC	128,405.5	118,541.7	9,863.7	16,055.7
UK	HMIC	34,470.1	30,095.7	4,374.4	7,293.7
Ukraine	LMIC	63,641.7	60,881.7	2,760.0	7,058.7
USA	HMIC	250,468.1	240,888.3	9,579.8	33,952.8
Vietnam	LMIC	98,039.0	80,865.8	17,173.2	15,088.2

Source: Data estimates from Euromonitor International Passport's Tobacco database.

Notes: (1) Smoking population refers to the number of adult smokers aged 18 years and over – i.e., people who currently use any nicotine product (smoking and/or smokeless tobacco) on a daily or non-daily basis.

(2) Low-medium (LMICs) and high-medium income countries (HMICs) are identified based on classifications from the World Bank. Different income groups are identified using gross national income (GNI) per capita, in US dollars, converted from local currency using the World Bank Atlas method. Estimates of GNI are obtained from economists in World Bank country units, and the size of the population is estimated by World Bank demographers from a variety of sources, including the UN's biennial World Population Prospects. In particular, the World Bank currently divides economies into four income groupings: low, lower-middle, upper-middle, and high. For the scope of the index, two main income groups have been identified: LMIC: GNI per capita of USD12,375 or less; and HMIC: GNI per capita of USD12,376 or more.

Product Scope

Product	Type	Definitions	Per Stick Conversion
High-Risk Products			
Chewing Tobacco	Smokeless Tobacco	Chewing tobacco consists primarily of two types of product: Asian-style and US-style available in those specific geographic areas; and other chewing tobacco available in all other markets.	1 gram = 0.7 cigarettes
Cigarettes	Combustible Tobacco	The definition of cigarettes for the purposes of the index is duty-paid, machine-manufactured white-stick products. This product category also includes hand-rolled kretek cigarettes present in Indonesia and other brands of cigarettes that do not use white paper. However, it excludes non-machine-manufactured products such as bidis/beedis (India) and papirosy (Russia), and other smoking products made with tobacco but that either do not resemble cigarettes as recognized in the US or Europe, or those that are not machine-manufactured.	
Cigarillos	Combustible Tobacco	Cigarillos are defined as miniature cigars, with a ring gauge of <29. Ring gauge is usually listed under a brand as Length/Ring and is a number indicating the circumference of the cigar's cross section and is enumerated in sixty-fourths of an inch ($64/64 = 1$ inch). Length does not matter as much in determining cigarillo vs cigars as some cigarillos can be quite long. However, six inches is the maximum length a cigarillo tends to be.	1 unit = 5.4 cigarettes
Cigars	Combustible Tobacco	Cigars are made of tobacco wrapped in leaf as opposed to paper. The product varies considerably in terms of price, quality, and size. Different terms are used to describe the various types of cigar depending on the country. Cigars generally consist of three sections: the filler, the binder, and the wrapper. Cigars are defined as having ring gauges of 30 or more.	1 unit = 8.1 cigarettes
Fine Cut Tobacco	Combustible Tobacco	Fine Cut tobacco is usually sold in plastic or foil pouches, metal tins or plastic tubs. It can also be flavored.	1 gram = 2.0 cigarettes
Moist Snuff	Smokeless Tobacco	Moist Snuff is either loose or pre-portioned in miniature sized 'teabag' pouches that are placed on the gum and sucked on. Moist snuff is distinguished from Snus by its processing: Moist snuff is fermented; compared to snus which is pasteurized (heat-treated).	1 gram = 1.4 cigarettes
Pipe Tobacco	Combustible Tobacco	Western-style pipe tobacco includes cut tobacco sold in packaged format for smoking in pipes and available in pouches, tins, and cans.	1 gram = 3.2 cigarettes

Product	Type	Definitions	Per Stick Conversion
Shisha	Combustible Tobacco	Middle Eastern-style water pipe tobacco is also known as 'shisha', 'hookah' or 'nakhla'. Shisha tobacco is also referred to as molasses tobacco and is moist and sweetly flavored – often with fruit.	1 gram = 0.3 cigarettes
Reduced-Risk Products			
Cartridges	Vapor Products	This product category consists entirely of the sales of pre-filled pods or capsules for use with a non-cig-a-like closed system device. Currently, these are universally proprietary in nature (pods are useable exclusively with a single specific hardware device).	1 ml = 13 cigarettes
E-liquids	Vapor Products	E-liquids include nicotine and non-nicotine bottled e-liquids which are decanted by the consumer into a tank for heating and inhalation. E-liquids can have different nicotine levels and flavors.	1 ml = 13 cigarettes
Heated Tobacco	Vapor Products	Heat-not-burn devices include products, generally manufactured by major tobacco companies, which allow the consumer to heat rather than combust a tobacco product. Heated tobacco is the consumable element of heat-not-burn devices, which comes in the form of pods or in specially designated cigarette sticks.	1 unit = 1 cigarette
Non-Tobacco Nicotine Pouches	Smokeless Tobacco	Non-tobacco nicotine pouches are manufactured in a similar way to snus using ingredients such as filler, flavors, stabilizers, and nicotine but do not contain tobacco.	1 unit = 1 cigarette
NRT Products	NRT Products	Nicotine-based products such as gum, lozenges, patches, and inhalators used to aid smoking cessation. It also includes nicotine-based products sold as capsules, micro-tabs, or sprays.	1 unit = 10 cigarettes (patches) 1 unit = 1 cigarette (non patches)
Snus	Smokeless Tobacco	Snus is either loose or pre-portioned in miniature sized 'teabag' pouches that are placed on the gum and sucked on. Snus is distinguished from Moist snuff by its processing: Snus is pasteurized (heat-treated); compared to moist snuff which is fermented.	1 gram = 1.4 cigarettes

Sources: Euromonitor International Passport's Tobacco and Consumer Health databases, and the National Cancer Institute's Dictionary of Cancer Terms.

Indicators and Weights

The table below summarizes individual indicators and their relative weights in the 2020 index. Additional details are available in the 2020 Index Methodology.

#	Indicator	Rationale	Weight
1	Strategy & Management		10%
1A	Vision and Management Systems		80%
1A.1	Harm Reduction Strategy	A clear commitment and comprehensive strategy signal that tobacco harm reduction is a strategic priority for the company.	25%
1A.2	Disclosure of Harm Reduction Targets and Performance	Transparent reporting of harm reduction targets and performance enables company accountability and enhances visibility for all stakeholders.	25%
1A.3	Governance and Management Systems	Senior-level accountability and integration of tobacco harm reduction into a company's management system increases the likelihood that related strategy(ies) will be prioritized and effectively implemented.	25%
1A.4	Performance Management and Incentives	Monetary or other incentives encourage senior decision-makers to appropriately prioritize and ensure the company's harm reduction objectives are met.	25%
1B	Stakeholder Engagement		20%
1B.1	Stakeholder Engagement	Robust stakeholder engagement enhances accountability and ensures the company is fully aware of the potential impact of its policies and plans.	50%
1B.2	Disclosure of Stakeholder Engagement	Effective disclosure further enhances accountability and enables stakeholders to evaluate the robustness and influence of engagement activities.	50%
2	Product Sales		35%
2A	Volume Sales of Tobacco Products		80%
2A.1	Volume Sales of High-Risk Products	Lower volume sales of high-risk products (relative to other companies) reflect less contribution to ongoing tobacco-related harm.	5%
2A.2	Volume Sales of High-Risk Products – Rate of Change	Declining volume sales of high-risk products (relative to other companies) reflect a decreasing contribution to ongoing tobacco-related harm.	5%

2A.3	Ratio of Volume Sales (Reduced vs High-Risk Products)	A higher ratio of volume sales of reduced-risk products to high-risk products (relative to other companies) reflects a greater degree of transformation, as well as potential progress in transitioning consumers away from high-risk products.	45%
2A.4	Ratio of Volume Sales (Reduced vs High-Risk Products) – Rate of Change	A higher rate of change away from high-risk products (relative to other companies) reflects greater progress toward transformation, as well as potential progress in transitioning consumers away from high-risk products.	45%
2B	Value Sales of Tobacco Products		20%
2B.1	Value Sales of High-Risk Products	Lower value sales of high-risk products (relative to other companies) reflect less dependence on revenues from high-risk products.	5%
2B.2	Value Sales of High-Risk Products – Rate of Change	Declining value sales of high-risk products (relative to other companies) reflect decreasing dependence on revenues from high-risk products, as well as potential progress in transitioning consumers away from high-risk products.	5%
2B.3	Ratio of Value Sales (Reduced vs High-Risk Products)	A higher ratio of value sales of reduced-risk products versus high-risk products (relative to other companies) reflects a greater degree of transformation, as well as potential progress in transitioning consumers from high-risk products to reduced-risk alternatives.	45%
2B.4	Ratio of Value Sales (Reduced vs High-Risk Products) – Rate of Change	A higher rate of change away from high-risk products (relative to other companies) reflects greater progress toward transformation, as well as potential progress in transitioning consumers from high-risk products to reduced-risk alternatives.	45%
3	Capital Allocation		25%
3A	Capital Allocation		100%
3A.1	M&A Expenditure on High-Risk Products	A higher level of M&A expenditure related to high-risk products (relative to other companies) implies the company is investing in developing the market for high-risk products, undermining tobacco harm reduction.	6%
3A.2	Ratio of M&A Expenditure (Reduced vs High-Risk Products)	A higher ratio of M&A expenditure related to reduced-risk versus high-risk products (relative to other companies) indicates a potential structural shift supporting tobacco harm reduction.	10%

3A.3	R&D Expenditure on High-Risk Products	A higher level of R&D expenditure related to high-risk products (relative to other companies) implies the company is investing in developing the market for high-risk products, undermining harm reduction.	10%
3A.4	Ratio of R&D Expenditure (Reduced vs High-Risk Products)	A higher ratio of R&D expenditure related to reduced-risk versus high-risk products indicates a potential structural shift supporting tobacco harm reduction.	32%
3A.5	Capital Expenditure on High-Risk Products	A higher level of capital expenditure related to high-risk products (compared to other companies) implies the company is investing in developing the market for high-risk products, undermining harm reduction.	10%
3A.6	Ratio of Capital Expenditure (Reduced vs High-Risk Products)	A higher ratio of capital expenditure related to reduced-risk versus high-risk products (compared to other companies) indicates a potential structural shift supporting tobacco harm reduction.	32%
4	Product Offer		10%
4A	Product Portfolio		80%
4A.1	Ratio of Number of Countries (Reduced vs High-Risk Products)	A higher ratio of countries where reduced-risk products are offered (relative to other companies) reflects greater progress in making reduced-risk alternatives available across all markets where the company operates.	25%
4A.2	Ratio of Number of Countries (Reduced vs High-Risk Products) – Rate of Change	Increasing the ratio of countries where reduced-risk products are offered (relative to other companies) reflects greater progress in making reduced-risk alternatives available across all markets where the company operates.	25%
4A.3	Ratio of Product Portfolio (Reduced vs High-Risk Products)	A larger portfolio of reduced-risk compared to high-risk products (relative to other companies) reflects greater progress toward transformation and increases the available options for consumers to migrate away from high-risk tobacco products.	25%
4A.4	Ratio of Product Portfolio (Reduced vs High-Risk Products) – Rate of Change	Increasing the ratio of reduced-risk products compared to high-risk products (relative to other companies) reflects greater progress toward transformation.	25%
4B	Pricing		20%
4B.1	Ratio of Average Lowest Price (Reduced vs High-Risk Products)	A lower ratio of average lowest price between reduced-risk and high-risk products (relative to other companies) decreases the potential for price to be a barrier to consumers transitioning to reduced-risk alternatives.	50%

4B.2	Ratio of Average Lowest Price (Reduced vs High-Risk Products) – Rate of Change	A declining ratio of average lowest price between reduced-risk and high-risk products (relative to other companies) reflects greater progress in improving accessibility of reduced-risk alternatives, in order to support consumers in transitioning away from high-risk products.	50%
5	Marketing		15%
5A	Marketing Policy		55%
5A.1	Marketing Policy	A robust internal marketing policy with a focus on health-risk communication, non-misleading advertising, and preventing new user adoption helps address regulatory gaps and ensure the company responsibly contributes to tobacco harm reduction.	25%
5A.2	Disclosure of Marketing Policy Violations	Disclosure of reported violations of the company's marketing policy and any actions taken in response enhances accountability.	25%
5A.3	Youth Access Prevention Policy	Effective youth access prevention policies help reduce the risk of new adoption of any tobacco or nicotine products by young people.	25%
5A.4	Disclosure of Youth Access Prevention Policy Violations	Disclosure of reported violations of the company's youth access prevention policy and any actions taken in response enhances accountability.	25%
5B	Marketing Compliance		30%
5B.1	Disclosure of Violations	Public disclosure of marketing regulatory violations demonstrates accountability and may help prevent future violations.	100%
5C	Marketing Expenditure		15%
5C.1	Marketing Expenditure on High-Risk Products	A higher level of marketing expenditure related to high-risk products (compared to other companies) reflects greater focus on encouraging consumption of high-risk products, undermining harm reduction.	20%
5C.2	Ratio of Marketing Expenditure (Reduced vs High-Risk Products)	A higher ratio of marketing spend related to reduced-risk products versus high-risk products (compared to other companies) reflects greater focus tobacco harm reduction.	80%
6	Lobbying & Advocacy		5%
6A	Lobbying & Advocacy		100%
6A.1	Disclosure of Policy Positions	Disclosure of policy positions enhances accountability and increases stakeholders' knowledge and insight about the company's approach to tobacco harm reduction.	50%

6A.2	Disclosure of Lobbying and Advocacy Activities	Transparency in political engagement allows scrutiny of whether the company's public stances and engagement activities align, and how the company seeks to influence policies related to tobacco harm reduction.	50%
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