

**Actions following the Environmental Steering Group Meeting
held on Monday, 25 JULY 1994 at Staines**

Present :

Mr D J Stimson (Chairman)
Mr S H Beamish
Mr D C Bedding
Dr T Hirji
Mr J A Luke
Mr T G Mitchell
Mrs I Norwell
Mr G A Read - BTC
Mr J Reed - Leaf

BAT Co file

1 Introduction

Actions

The minutes of the meeting held on 9 NOV 93 were adopted without amendment.

The Chairman tabled a revised environmental strategy document for the BATCo company plan which restates overall goals for the management of environmental issues and includes 'key performance indicators' and 'measures'. This is to be presented to the board for approval.

DJS

2 Environmental Management

(i) Environmental Auditing

Environmental audits have been carried out in seven European operations to date with one more planned for 1994. Each audit involves three BAT international auditors and covers nine management areas. Audit reports focus on exceptions to regulations, company policies and good environmental management practice. Follow-up actions are fully documented. The audits have been well received and instrumental in promoting awareness in companies on objectives and solutions.

One lesson from the audits is that 'Product Stewardship' protocols need to be revised to include impacts that arise in leaf growing.

JAL/JR

Training of Latin American and Far East environmental auditors took place at Selsdon Park from 13-15 JUNE 94. Auditors will carry out internal audits of their own operations before end-1994. International audits in these regions will begin in 1995.

JAL

(ii) Self assessment by Operating Companies

All operating companies were asked to complete and return to BATCo, the "Road-Map" and a detailed environmental questionnaire. Over 90% returns have been received. A preliminary assessment of the "Road-Maps" using

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company positioning suggests that a wide range of performance levels exist within the group and geographic region is only one factor in relative positioning. In companies where auditors have assessed positioning good agreement with company positioning has been found.

Information in the questionnaires will be compiled into databases as reference documents and used to refine "Road-Map" positioning ahead of formal auditing. JAL

3 Environmental Awareness Programme

A proposal for a group internal communication programme was tabled by IN. It emphasised the importance of using existing systems wherever possible and the need for information to flow continuously rather than one-off, to demonstrate long-term concern for environmental management. Preferred options were: BAT Bulletin, Business Briefing Forum, modular briefing packs for GM's, video. The next issue of BAT Bulletin will contain the first of a series of articles on the environment explaining issues and the steps that the company is taking to manage them.

IN/JAL

4 Afforestation

(i) Actions

Further information has been obtained from operating companies to clarify afforestation programmes status since the last survey. The picture is slightly better than in February 1993. 10 out of 15 companies are either in a good position or making good progress. 4 companies (India, Pakistan, Sierra Leone and Zaire), are making only very slow progress. Guatemala, Guyana and Nicaragua are running down their activities due to cancellation of leaf growing programmes. Argentina also are scaling down their programme partly because of a switch to gas curing.

A new and more detailed survey will be carried out in NOV/DEC 1994.

SHB

A key area paper for company plans was sent to all companies. For those who do not cause leaf to be grown the intention was to raise awareness. It was suggested that these companies should consider contributing to BATCo programmes or to afforestation programmes in their own countries. No requirements have been placed thus far on centrally purchased leaf suppliers.

The draft afforestation guideline was reported as still being in preparation.

JR

Some work is in progress with ATC looking into the quality of genetic material used in afforestation.

JR/GAR

(ii) Progress on Measures

The 1994 survey will seek information on a wider range of measures than before, including number of trees planted, species, survival rate, growth rates, wood yields per hectare, wood consumption rates etc.

5 Agro-chemicals

1994 Reviews

(i) A preliminary summary of agro-chemical returns for 1993 was tabled. 21 out of 24 companies had responded. El Salvador, Panama (leaf operation discontinued) and VST had not.

The overall position was not encouraging. No improvement in stock levels were evident whilst the introduction of new materials which do not conform to guidelines continued, notably in Honduras and Venezuela.

The chairman called for tougher action to deal with these. The final report will highlight the exceptions and re-state the guideline requirements. The report will be sent to Area Directors, GM's as well as leaf directors and managers. The chairman will write also to Mr K Dunt explaining the situation and stating what should happen.

TGM

DJS

This is an issue which can be verified by auditors from 1995.

JAL

(ii) 41 returns were received on infestation control. A review of these is in progress. The following issues have emerged; 9 companies hold significant stocks of phosphine preparations (1 tonne total); 7 companies continue to use DDVP although 3 are phasing it out. BAT Zaire hold 4.5 tonne DDVP, far in excess of foreseeable needs.

Disposal of redundant materials was becoming more difficult because of the Basle Convention prohibiting international transport of hazardous wastes. A strategy should be developed for dealing with this. In the meantime companies should check opportunities for recycling chemicals for other uses before declaring them as hazardous waste.

TGM/JAL

It is already a recommendation that arrangements for return of surplus chemicals should be included in purchasing contracts. This aspect will be re-emphasised in instructions to companies in the current review.

TGM

More generally on hazardous materials, checks would be made to verify statements that asbestos and/or PCB's may have been retained on-site in Cameroon and to establish the situation in Uz Tobacco including their disposal practices.

JAL

The chairman asked for reports to be issued more promptly in future. Returns are for the years ending 31 DEC

TGM

6 Product Issues

(i) Project GOULASH

This is an environmentally more benign product offering for Finland. Qualitative research there had been positive although environmental concerns were not a main issue for consumers. They did volunteer that filter tips do not rot after being discarded. Environmental changes to the product are seen as acceptable providing smoke quality is not affected.

All materials have been identified. Specification includes no overwrap film, one-side wax-coated outer wrap, MONGOOSE adhesive, paper filters, oxygen bleached papers and board, 180 gsm board. Only statements of fact will appear on packs *e.g.*, no film, paper filter *etc.*

Status: all machine trials and modifications completed, packaging materials being printed, blend selected, launch in 4th quarter in two cities. TH

(i) Filter tip degradation - BTC progress

Encouraging progress was reported by GAR. Machine trials on experimental CA/starch extruded rods are continuing with emphasis on checking assembly performance with regard to the surface finish of rods and the effect of the rolling action on pressure drop variability. Filters are considered 'heavy' at present whilst rod handling downstream from the extruder needs development.

Product testing is envisaged when filters are sufficiently developed to display reasonably uniform characteristics. TH emphasised the importance of gaining an early view from expert smokers on the T & F character of these novel filters, before extensive development has occurred. GAR/TH

(iii) Project ISABEL

GOULASH information is being shared with BAT España to support their development of an environmentally focused product TH

7 Packaging Materials

(i) EC Directive - position

The Belgian and Greek presidency's have passed with no resolution of this directive. An attempt to force a compromise based on the DEC 93 common position failed at the crucial Environment Council meeting in June, the final vote being sabotaged by the Belgians, it was suggested in exchange for German support of the Belgian prime ministers candidature for president of the Commission. The directive goes forward now under the German presidency using the *conciliation* process (co-decision) resulting from the ratification of Maastricht. The Germans view the directive as too weak and undermining their Ordinance, so will not treat it as a priority. With a German president of the Council (Töpfer) and a German president of Parliament, a tougher directive can be foreseen if any progress is to be made. JAL/DCB

(ii) Producer Responsibility Group (PRG) Plan (U.K.)

Resulting from a challenge issued to 25 industry chiefs by Secretary of State for the Environment (Gummer) in 1993, the PRG plan is a 'voluntary' industry led self-financing collection and management scheme for used packaging, similar to European schemes. It aims to *recover value* from up to 58% of used packaging by 2000.

Following publication of the plan and a two month consultation period, concern focused on the nature of a levy and the point in the packaging chain it should be applied. An independent arbitrator, has completed a two-month enquiry, recommending that the levy be applied at the converter stage. Gummer clearly wants consumers to pay but retailers will not collect. There is a further period of consultation. Nobody is happy. BAT affected through its U.K. operation, lobby through TMA.

JAL

8 Odour Control up-date

W D & H O Wills (Australia) commissioned a bio-filter on 4 July 94. It was built by Clairetech from the Netherlands. Initial efficiency is over 80% and will increase over the first two months of life as micro-organisms colonies establish themselves.

Specifications and contracts for bio-filters for Southampton Plant and Bangladesh Tobacco Company are well advanced with installation expected early in 1995.

Tech
Services

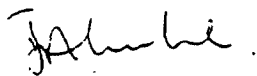
Nobleza-Piccardo are the latest company to show interest in bio-filters. They are selling part of their manufacturing site to a supermarket chain and need to suppress odours as part of the contract.

JAL/BTC
/Tech
Services

Next Meeting

The chairman proposed that meetings should be held twice yearly in future. Agreed. Proposed date for next meeting 6 DEC 94 (To be confirmed).

All



J A Luke
2 August 1994

cc Mr N Davis - BATCo Operations Director
Mr D D Read - B.A.T Industries
Mr J G Lord - BATCo Southampton
Mr D Bacon - Public Affairs, Staines
Mr E Watt - Procurement, Woking
Mr R Beck - Technical Services, Woking
Those present