

Secondly, whilst BAT as a whole endorses the spirit of the Principles, we would find it difficult to state categorically that every single one of our operating companies currently implements every Principle in detail - from wholesale environmental training programmes for employees (4) to "contributing to the development of public policy" (14). We do not yet have our own auditing system fully in place (16). Yet if we sign the Principles, we presumably commit each operating company to every one of them, not as an objective to be achieved in the future, but as a reality for the present. If BAT Industries does decide to sign the Principles, we would ideally like six months notice, so that each individual operating company has a chance to take action if necessary *before* the company signs.

In view of the rapidly changing attitudes and emerging legislation, it is perhaps more appropriate that we try to maintain our own standards in line with government thinking and ahead of legislation. We feel therefore that we cannot recommend that BAT becomes a signatory at this time. However, if asked to report on our compliance with the Principles, we would certainly be in a position to state that BATCo recognises the importance of the areas covered by the Charter and is taking steps to ensure that it applies the same or similar standards in every country in which it operates.

KEY ISSUES

1. Agricultural Chemicals

The use of chemicals in growing tobacco is increasingly seen as a danger to earth and water pollution as well as through residual levels of chemicals left on the tobacco leaf.

BATCo operating companies who cause tobacco to be grown must only use Agricultural Chemicals which are approved for use on tobacco in USA, or in special circumstances Zimbabwe and Canada, where strict regulations and government legislation control the development and usage of such chemicals. When the use of other Agricultural Chemicals is required, prior approval must be obtained from the BAT Additives and Materials Guidance Panel. Where operating companies are involved in exporting unmanufactured tobacco, attention must be given to the residue limits imposed on the manufactured products (Germany), the unmanufactured tobacco imports (USA), or any other relevant residue limits dictated by the purchasers."

Material Safety data sheets must be held for all chemicals. They are essential to fully assess the chemical formulation and safety requirements.

All 22 Operating companies who cause tobacco to be grown are required to report annually on the types of agricultural chemicals in stock and their durations along with their compliance to BATCo safety standards of their usage i.e. Organisation and structure, safety documents and posters, training and stock reduction strategy.

BATCo Leaf and R&D departments will be discussing with operating companies the practical implications of measuring residue levels, including extending to all operating companies.

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