

**APPENDIX E**  
**INTERVENTIONS AND CORRECTIVE ACTIONS**

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Scenario <sup>1</sup>	Description	Cost <sup>2</sup> (per million of cigarettes)	Implication	Probability	Cost type
1	Higher utility costs due to tariff increases.	• R 37,99 in 2004	-	100%	I (b)
		• R 18,18 in 2005			
2	Employee replacement resulting from mortality due to HIV/AIDS.	• R 3,00 in 2004	5	50%	IV
		• R 6,00 in 2005		25%	
3	Increase in COID assessment arising from industrial accidents.	• R 0,15 in 2004	2	50%	III
		• R 0,15 in 2005		40%	
4	Higher waste disposal costs due to tariff increases.	• R 0,20 in 2004	-	100%	I (a)
		• R 0,39 in 2005			
5	Losses due to electricity supply interruption.	• R 27,00 in 2004	3	70%	III
		• R 27,00 in 2005		50%	
6	Negative impact of noise and odour pollution on community relations.	• R 25,00 in 2004	4	30%	IV
		• R 25,00 in 2005		20%	
7	External environmental impact of emissions to air.	• R 5 180,00 in 2004	4	10%	V
		• R 5 271,00 in 2005	3	2%	

Notes:

- 1 Refer upcoming forms for a detailed report on each scenario.
- 2 For calculation purposes, an average production rate of 20 billion cigarettes per annum was applied.

FUTURE EXPENSE RISK SCENARIO NUMBER		1	
DESCRIPTION	Higher utility costs due to tariff increases.	TYPE OF COST	I (b)
BACKGROUND, PROBABILITY, ASSUMPTIONS, COST AND IMPLICATION			
<p>A project is proposed to reduce electrical energy consumption by 3% by installing variable speed motor drives on both supply and return air fans on 30 air handling units at an approximate capital cost of R 30 000,00 per air handling unit<sup>1</sup>. These drives are depreciated by straightline depreciation over a period of 10 years. Due to the project, the amended expenditures are R 37,99 and R 18,18 for 2004 and 2005 respectively with a 100% probability of occurrence. A decrease in expenditure is only observed for 2005, anticipated that the drivers would only be functional at the end of 2004.</p>			
<p><b>Sources</b></p> <p>1 <b>BUISSINE B (2004)</b> Environmental Accounting at BATM, <i>personal communication</i>, Environmental Health and Safety Department, British American Tobacco Manufacturers, Heidelberg, (016) 341 5141 [9 February 2004].</p>			

FUTURE EXPENSE RISK SCENARIO NUMBER			2
DESCRIPTION	Employee replacement resulting from mortality due to HIV/AIDS.	TYPE OF COST	IV

**BACKGROUND, PROBABILITY, ASSUMPTIONS, COST AND IMPLICATION**

R 25 000 per annum will be spent in the clinic to increase awareness of modes of HIV transmission and the provision and training of peer educators<sup>1</sup>. A cumulative decrease of 50% per annum in the probability of occurrences of deaths related to HIV/AIDS in the company is anticipated.

**Sources**

1 **BUISSINE B (2004)** Environmental Accounting at BATM, *personal communication*, Environmental Health and Safety Department, British American Tobacco Manufacturers, Heidelberg, (016) 341 5141 [9 February 2004].



FUTURE EXPENSE RISK SCENARIO NUMBER			3
DESCRIPTION	Increase in COID assessment arising from industrial accidents.	TYPE OF COST	III
BACKGROUND, PROBABILITY, ASSUMPTIONS, COST AND IMPLICATION			
<p>A reduction in the number and consequences of industrial accidents is anticipated related to a project of R 30 000,00 per annum expenditure aimed at reducing the frequency of accidents<sup>1</sup>. This expenditure will result in an expected R 30 000,00 rebate in 2005. Although a fiscal expenditure, no amendments are made to the risk scenarios for 2004 and 2005. This is due to the fact that the COID is a national fund, over which the company has no control in increases of assessments<sup>1</sup>.</p>			
<p><b>Sources</b></p> <p>1 <b>BUISSINE B (2004)</b> Environmental Accounting at BATM, <i>personal communication</i>, Environmental Health and Safety Department, British American Tobacco Manufacturers, Heidelberg, (016) 341 5141 [9 February 2004].</p>			

Form E.5 Risk scenario number 4 (inclusive of interventions and corrective actions).

FUTURE EXPENSE RISK SCENARIO NUMBER			4
DESCRIPTION	Higher waste disposal costs due to tariff increases.	TYPE OF COST	I (a)
BACKGROUND, PROBABILITY, ASSUMPTIONS, COST AND IMPLICATION			
<p>A project will be implemented from the beginning of 2004, regarding an agreement with a brick manufacturer to remove boiler coal ash free of charge to be used as a fill material<sup>1</sup>. The project will result in amended expenditures of R 0,20 and R 0,39 in 2004 and 2005 respectively.</p>			
<p><b>Sources</b></p> <p>1 <b>BUISSINE B (2004)</b> Environmental Accounting at BATM, <i>personal communication</i>, Environmental Health and Safety Department, British American Tobacco Manufacturers, Heidelberg, (016) 341 5141 [9 February 2004].</p>			

Form E.6 Risk scenario number 5 (inclusive of interventions and corrective actions).

FUTURE EXPENSE RISK SCENARIO NUMBER			5
DESCRIPTION	Losses due to electricity supply interruption.	TYPE OF COST	III
BACKGROUND, PROBABILITY, ASSUMPTIONS, COST AND IMPLICATION			
<p>No intervention or corrective action can be anticipated to decrease the probability or costs of electricity supply failures<sup>1</sup>.</p>			
<p><b>Sources</b></p> <p>1 <b>BUSSINE B (2004)</b> Environmental Accounting at BATM, <i>personal communication</i>, Environmental Health and Safety Department, British American Tobacco Manufacturers, Heidelberg, (016) 341 5141 [9 February 2004].</p>			

FUTURE EXPENSE RISK SCENARIO NUMBER			6
DESCRIPTION	Negative impact of noise and odour pollution on community relations.	TYPE OF COST	IV
BACKGROUND, PROBABILITY, ASSUMPTIONS, COST AND IMPLICATION			
<p>A project is proposed to install automatic combustion controls on each of four coal fired boilers at an approximate capital investment of R 55 000,00 per boiler aimed at improving combustion efficiency to reduce coal consumption and associated CO<sub>2</sub> emissions by 3%<sup>1</sup>. It is assumed for illustration purposes these units will decrease noise and odour pollution due to newer technology innovations. The amended probabilities of community complaints are 20% for 2005. It is assumed the equipment will only be functional from end 2004.</p>			
Sources			
<p>1 <b>BUISSINE B (2004)</b> Environmental Accounting at BATM, <i>personal communication</i>, Environmental Health and Safety Department, British American Tobacco Manufacturers, Heidelberg, (016) 341 5141 [9 February 2004].</p>			



FUTURE EXPENSE RISK SCENARIO NUMBER			7
DESCRIPTION	External environmental impact of emissions to air.	TYPE OF COST	V
BACKGROUND, PROBABILITY, ASSUMPTIONS, COST AND IMPLICATION			
<p>A project is proposed to install automatic combustion controls on each of four coal fired boilers at an approximate capital investment of R 55 000,00 per boiler aimed at improving combustion efficiency to reduce coal consumption and associated CO<sub>2</sub> emissions by 3%<sup>1</sup>. An amended probability of 2% and implication value of 3 in 2005 is anticipated due to lower CO<sub>2</sub> emissions that will decrease the probability of being forced by legislation to internalise the external cost of CO<sub>2</sub> emissions.</p>			
<p><b>Sources</b></p> <p>1 <b>BUISSINE B (2004)</b> Environmental Accounting at BATM, <i>personal communication</i>, Environmental Health and Safety Department, British American Tobacco Manufacturers, Heidelberg, (016) 341 5141 [9 February 2004].</p>			