In the matter of
BP WEST COAST PRODUCTS LLC: ARCO Brand

ASSURANCE OF VOLUNTARY COMPLIANCE

BACKGROUND

WHEREAS, the undersigned Attorneys General believe that underage access to tobacco products constitutes a serious and continuing threat to public health based upon the following:

- more than 80 % of regular adult smokers began smoking as children;
- every day in the United States about 2,000 children begin smoking cigarettes, and one third of those children will one day die from a tobacco-related disease;
- studies show that the younger a person begins smoking, the more likely it is that he or she will be unable to quit in later life and will suffer a disease attributable to tobacco use;
- studies indicate that youth demonstrate signs of addiction after smoking only a few cigarettes;
- according to United States Food & Drug Administration ("FDA"), on average among all U.S. retailers, one in every four attempts by a person 15 to 17 years old to purchase cigarettes over the counter results in a sale;
- an estimated 690 million packs of cigarettes are sold illegally to children each year nationwide, and 47 % of youth who report buying cigarettes identify retail outlets that sell gasoline as their primary point of purchase, and another 27 % identify convenience stores;
- more than 400,000 Americans die each year from diseases caused by tobacco use;

WHEREAS, BP West Coast Products LLC (hereafter referred to as “BP Products”) is proud of its tobacco marketing policies and programs, and believes them to be in full compliance with laws and regulations;

WHEREAS, BP Products nevertheless is committed to doing more to demonstrate its commitment to the health and welfare of our nation’s youth, and to step forward voluntarily to lead additional efforts against youth access to tobacco;

THEREFORE, BP Products agrees to enter into the following Assurance of Voluntary Compliance on the terms set forth below.

AGREEMENT

1. This Assurance of Voluntary Compliance (“Assurance”) is entered into by the Attorneys General of the States of Arizona, California, Nevada, Oregon, and Washington (collectively "the undersigned Attorneys General") on behalf of their respective states (collectively "the States") and BP Products.

2. This Assurance follows an analysis of compliance check data collected by the FDA and by state authorities under the Synar Amendment, section 1926(b)(2) Public Health Service Act [42 USC 300x-26(b)(2)] 1992. Such data indicate that retail outlets operating under the BP and/or Amoco trademarks made tobacco sales to persons under the age of 18 in controlled compliance checks. The Attorneys General believe that such sales, and/or the corporate policies and practices that result in such

sales, may violate the Consumer Protection statutes[1] of their respective states. BP Products believes that it sells tobacco products in full compliance with applicable laws and regulations.

3. BP Products is a Delaware Limited Liability Company having its principal place of business in California. BP Products sells branded motor fuel under the ARCO trademark through more than 1500 outlets in the states of Arizona, California, Nevada, Oregon, and Washington. BP Products directly owns and operates approximately 500 of these retail outlets. The remaining outlets are owned or operated by third party independent businesses and entrepreneurs, who contract with BP Products for permission to sell motor fuel under the ARCO trademark. Some of these independent operators are dealers who sell motor fuel to consumers at retail; others function as wholesalers or jobbers who in turn sell to other independent retailers. BP Products maintains that it does not control whether or how these independent operators choose to sell tobacco products.

4. BP Products has expressed its continuing commitment to employing tobacco retailing practices that are designed to prevent the sale of tobacco products to minors. Without admitting liability for any acts, practices or policies described or referred to herein, BP Products voluntarily agrees to enter into this Assurance and to abide by the provisions set forth herein in connection with its ARCO branded retailing activities in each signatory state. The undersigned Attorneys General, for their part, also agree to abide by the provisions set forth herein.

5. The parties reserve the right to discuss the appropriateness of any or all of the provisions of this Assurance as they are implemented, having due regard for changes in laws and regulations, as well as changes in equipment, technology, or methodology of retail sales over time. Any modifications to these provisions shall be by prior written agreement of BP Products and the affected undersigned Attorneys General.

6. The undersigned Attorneys General, on behalf of their respective States, agree to release and hold harmless BP Products, and its officers, employees, directors, successors, assigns, principals, members, and agents, from any and all causes of action as may arise under the laws referred to in footnote 2 above, insofar as those causes concern tobacco sales occurring on or before the Date of Execution of this Assurance, as defined below. Nothing herein shall affect other remedies available to any state or local jurisdiction in connection with a past or future underage sale of tobacco at a particular retail location. Before seeking to enforce this Assurance, a signatory Attorney General shall contact BP Products to attempt to resolve the State's concerns. Failing resolution, the Attorneys General agree to provide BP Products thirty (30) days advance written notice before instituting any proceeding alleging a violation of this Assurance.

7. This Assurance may be executed in counterparts. This Assurance shall not be effective or considered executed until July 29, 2003 (hereinafter "Date of Execution"), by which date the signature of BP Products and all of the Attorneys General of the States listed in Paragraph 1 shall have been affixed.

[1] A.R.S. § 44-1521 et seq. (AZ); Cal. Bus. & Prof. Code § 17200 et seq. (CA); Nevada Revised Statutes Chapter 598; ORS 646.605, et seq. (OR); Wash. Rev. Code Ann. § 19.86.020 (WA).

8. No provision of this Assurance is intended or shall be interpreted to authorize conduct in violation of applicable local, state or federal law, which law supersedes any and all terms of this Assurance in conflict with such law.

9. The tobacco retailing practices set forth herein relate to efforts to prevent persons under legal age from having access to and using tobacco. Although tobacco is not the only item to which youth access is restricted, the term "youth access" is used herein as a shorthand reference to age restrictions on tobacco only. The term "tobacco" is intended to include cigarettes of all kinds (including bidis), cigars, loose tobacco, chewing tobacco, and snuff, and any other form of tobacco whose sale to minors is prohibited by state law, to the extent such substances are or in the future may be offered for sale at ARCO branded retail outlets.

I. *EMPLOYEE POLICIES FOR SALE OF TOBACCO PRODUCTS TO MINORS*

BP Products voluntarily agrees to implement the following hiring and training policies relating to youth access to tobacco at all retail outlets it owns and operates under the ARCO brand:

A. *Employee Hiring*

1. BP Products shall attempt to minimize the use of persons under the legal age for purchasing tobacco in positions that may involve selling tobacco.

2. As part of the interview process, BP Products shall inform applicants for positions that may involve selling tobacco, or may involve supervising anyone who sells tobacco, of the importance of complying with laws relating to youth access. The information BP Products provides shall include references to company policies, legal consequences, and health concerns associated with youth access.

3. BP Products shall ask all applicants for positions as store managers about past violations of prohibitions on selling or supplying tobacco to minors by that person or anyone under that person's supervision, and BP Products in its discretion shall give appropriate consideration under the circumstances to such violations in making hiring decisions.

4. BP Products shall inform each new hire for a position that may involve the sale of tobacco, before he or she assumes any job responsibilities, that: (a) the employee's compliance with youth access laws and policies will be taken into account in connection with promotion and retention decisions; (b) BP Products monitors employee compliance with youth access laws and policies; and (c) failure to comply with youth access laws and policies may constitute grounds for discharge. BP Products also shall provide the new hire this information in writing and shall require the employee to sign an acknowledgment that he/she has read and understands the information provided.

B. *Employee Training*

1. Before assuming any job duties that involve or may involve the sale of tobacco, a BP Products employee shall receive a copy of the company’s policies and procedures regarding the sale of tobacco products and shall review them with his or her site manager. Within two (2) weeks of assuming such job duties, the BP Products employee shall receive training in the laws and company policies relating to tobacco.

2. Such training shall be performed by a person experienced in providing youth access training, or if conducted electronically shall be overseen by such person, and shall include, at a minimum, the following components:

    a. A review of applicable federal, state, and local laws relating to youth access;

    b. A review of all BP Products' policies relating to youth access;

    c. An explanation of the reasons that the law and company policy deem youth access an important matter, including for example appropriate references to: (i) the age of most beginning users (currently the average age is 14); (ii) the fact that nicotine is addictive, and that young people may show signs of addiction after smoking only a few cigarettes; (iii) the fact that the younger a person becomes a regular tobacco user the more likely it is that he or she will become addicted and will suffer serious health damage; and (iv) the fact that more than 400,000 Americans die each year from tobacco-related diseases;

    d. A review of the range of tobacco products, and, where applicable, smoking paraphernalia sold by BP Products, if any, to which BP Products' policies and/or youth access laws apply;

    e. A review of the law and company policies and procedures relating to requiring identification, including: (i) the age that triggers the I.D. requirement; (ii) acceptable forms of I.D.; (iii) features of an I.D. that must be checked, with particular emphasis on the government-issued forms of identification most commonly possessed by adults in the market area; (iv) how to tell if an I.D. may have been altered or is being misused; and (v) what an employee is to do if an I.D. appears altered or misused;

    f. An explanation of the fact that many illegal sales are made to minors who produce I.D.'s showing that they are in fact under the legal age, and the importance of devoting the time and effort needed to perform the necessary calculation to establish that a customer is of age;

    g. A review of prescribed methods, practical techniques, or stock phrases (if any are employed) for handling the following recurring situations: (i) asking for I.D.; (ii) making the necessary age calculation; (iii) declining to make a sale based on concerns relating to whether the I.D. has been altered or is being misused; (iv) declining to make a sale for failure to have an I.D.; (v) recognizing a potential "third party" sale; (vi) declining to make a sale that appears to be a "third party" sale; (vii) declining to make a sale of smoking paraphernalia (if any are sold); (viii) resisting customer pressure and handling a customer's abusive conduct; (ix) meeting special challenges associated with declining to sell tobacco to underage persons who are friends, acquaintances and/or peer group members; and (x) contacting the police when required by store policy to do so;

    h. Actual practice of the methods, techniques, and phrases (if any are employed) to be used in the situations described in the preceding paragraph;

i. A written test to establish that the employee has fully acquired the knowledge required to perform in accordance with the laws and BP Products' policies relating to youth access. BP Products shall provide supplemental training to ensure that any weaknesses identified by such testing are remedied before tobacco responsibilities are assumed. The company shall retain for a reasonable period of time written tests completed by each employee;

j. Instruction that an employee is not required to make a tobacco sale, and must decline to do so, if the circumstances reasonably suggest that doing so would violate the laws or company policies regarding youth access, and notification that the videotapes are periodically reviewed to ascertain whether youth access policies are being violated.

3. BP Products shall provide all employees who have responsibilities relating to tobacco additional training periodically to ensure that they maintain the requisite knowledge, skill, and motivation. Such training shall include a review of applicable youth access laws and BP Products' policies on youth access. BP Products shall require that each employee upon completion of such training sign an acknowledgment that he or she has read and understands the policy statements and other information provided.

4. In the event an employee sells tobacco products to minors in violation of state or local laws, or fails to pass a compliance check pursuant to Section III.B below, BP Products shall provide such employee with appropriate remedial attention.

II. *SUPPORT TOOLS*

BP Products voluntarily agrees to use, to the extent reasonable and practicable, the following support tools relating to youth access to tobacco at all retail outlets it owns and operates under the ARCO brand:

A. To the extent practicable, BP Products agrees to program its existing cash registers and, as existing cash registers are replaced with programmable ones, agrees to program new or replacement cash registers, to: (i) lock when a tobacco product is scanned; (ii) prompt the employee to I.D. the customer; (iii) require the clerk to enter the birth date shown on the I.D. or, if it cannot be programmed in that manner, display the date on or before which the customer must have been born in order to make a legal tobacco purchase; and (iv) indicate whether the tobacco sale can proceed. The cash register operator, in his or her discretion, may override the lock if the customer is beyond the age at which I.D. must be produced under prevailing company policies.

B. BP Products agrees to post the statement "WE ID under 35" in the following locations: (i) a static cling sign attached to the front door, facing out; (ii) employee buttons; (iii) a 6" x 8" counter card, placed so as to be visible to customers; and (iv) 2" x 3" register toppers. Where required by local statute or company policy, BP Products may post instead a signage package with the same elements described in the previous sentence but with the message, "We ID Everyone." BP Products reserves the right to change the manner in which it communicates the above message to employees and customers through signage to the extent that the overall effectiveness in communicating the message is not significantly diminished. In addition, BP Products agrees to make available to employees for distribution (as appropriate) to customers cards that provide a

phone number through which a customer may obtain further explanation of BP Products' youth access policies.

C. To the extent that BP Products determines in its discretion that youth access performance at a given retail outlet would significantly benefit, each employee at such outlet with responsibility for selling tobacco shall be reminded each time he or she begins a shift of the importance of performing proper I.D. checks for tobacco purchases, through a sign-in sheet, a cash register prompt, or other means.

D. BP Products agrees periodically to monitor developments in technology relating to electronic age verification devices and systems and consider employing such devices and systems to the extent reasonable and practicable. This Assurance does not require or authorize BP Products to retain specific information identifying individual purchasers, nor does it require BP Products to use any particular device or system.

III. *SELF-MONITORING MEASURES*

BP Products voluntarily agrees to implement, to the extent reasonable and practicable, the following self-monitoring measures relating to youth access to tobacco at all retail outlets it owns and operates under the BP and Amoco brands:

A. *Supervision and Accountability of Employees*

1. BP Products agrees to instruct the on-site supervisor immediately upon assuming responsibility for supervising employees selling tobacco to monitor staff compliance with youth access laws and policies on an ongoing basis, and agrees to inform the supervisor that instances of compliance and non-compliance with youth access laws and policies on the part of those supervised will be given serious consideration in connection with that supervisor's periodic performance review and in connection with subsequent decisions relating to the supervisor's compensation, promotion, and retention.

2. Each store manager shall report all violations of federal, state, and local laws concerning the sale of tobacco products to minors occurring at the store to a designated person in the appropriate Business Unit within a reasonable time following the violation.

B. *Compliance Checks*

For a period of five (5) years from the Date of Execution of this Assurance, BP Products agrees to arrange for an independent entity to perform annual compliance checks of 50 percent of its company operated outlets that sell tobacco in the States whose Attorneys General are party to this Assurance. The independent entity will be instructed to perform the checks for the purpose of obtaining an accurate and reliable indication of actual employee practices in connection with tobacco sales, rather than for the purpose of ensuring favorable results. The compliance checks will proceed as follows:

1. The independent entity will randomly select which outlets will be checked from among the States whose Attorneys General are party to this Assurance. No outlet selected to be checked will be identified to BP Products, directly or indirectly, until after the check of that outlet is completed.

2. The compliance checks will be conducted using a person of legal age to buy tobacco who is within the age range requiring that he or she be asked to produce identification to test whether identification is requested as required by store policy. The check will determine whether the employee selling the tobacco product asked the purchaser to produce identification.

3. For purposes of retaining an independent entity to perform the compliance checks, BP Products agrees to evaluate the performance of the entity on the basis of the competency of the entity's performance in obtaining an accurate and reliable indication of actual employee practices in connection with the sale of tobacco, rather than on the basis of whether the results were favorable.

4. The undersigned Attorneys General agree not to institute legal proceedings under the laws referred to in footnote 2 above, insofar as those proceedings are based on any tobacco sales that are made during compliance checks conducted pursuant to this section.

C. *Videotapes*

In all ARCO branded company owned and operated outlets that have one or more security cameras designed and placed to videotape transactions at the cash register, BP Products agrees to adopt the following policies and procedures:

1. The security cameras will continuously videotape sales transactions at the cash register.

2. Supervisory personnel will periodically review portions of the tapes to monitor employee performance, including but not limited to compliance with youth access laws and policies.

3. Such reviews will be conducted in a manner that does not permit an employee to predict which shifts or transactions are likely to be reviewed.

4. As soon as practicable after a review discovers an apparent violation of youth access policies, the supervisor shall meet with the employee whose performance was reviewed for the purpose of informing him/her of the fact that a review was performed and discussing the employee's performance. In addition, if BP Products intends to retain the employee, BP Products will inform the employee of the consequences of the violation and any subsequent violations, will provide such employee appropriate remedial attention, and will inform the employee that he or she may be the subject of additional reviews in the future.

D. *Youth Access Designee*

BP Products agrees to designate an appropriate employee in its corporate offices to be responsible for monitoring implementation of this Assurance, including reviewing reports of violations of laws concerning the sale of tobacco products to minors.

IV. *VENDOR-ASSISTED SALES*

BP Products voluntarily agrees to implement, to the extent reasonable and practicable, the following vendor-assisted sales practices relating to youth access to tobacco at all retail outlets it owns and operates under the ARCO brand:

A. BP Products agrees to display and store all cigarettes in a format that does not permit a customer to take possession of them without requesting an employee's assistance in retrieving them from a restricted-access location. To the extent that BP Products determines, in its discretion, that physical lay-out, customer service considerations, and other relevant circumstances make it feasible to apply this restricted-access policy to other tobacco products, BP Products agrees to consider doing so.

B. BP Products agrees not to use vending machines to sell tobacco products at any retail outlets that it owns and operates under the ARCO brand.

V. *OTHER TOBACCO POLICIES*

A. *Written Employee Policies*

BP Products agrees to put into writing the employee policies regarding the sale of tobacco products that it adopts pursuant to this Assurance. BP Products agrees to include in such employee policies the following:

1. A policy requiring that no one under the legal age for purchasing tobacco is permitted to purchase smoking paraphernalia including lighters, matches, cigarette papers and pipes.

2. A policy that youth access to tobacco will be given comparable treatment to underage access to alcohol in employee training and discipline, except where differences in the law require differences in policy.

3. A policy against selling single cigarettes or other modes of packaging cigarettes in quantities less than otherwise commercially available (e.g., so-called "kiddie packs" of fewer than twenty cigarettes).

4. A policy against distribution of free samples of tobacco products on store property.

5. A policy requiring that an I.D. be checked in connection with tobacco purchases and tobacco paraphernalia purchases by persons under age 35.

6. Unless otherwise required by law, a policy that only the following forms of photo-I.D. are acceptable for purposes of establishing legal age to purchase tobacco: (a) a valid driver's license; (b) a valid state-issued photo identification card; or (c) other approved means of identification specifically allowed by particular state laws.

B. *Implementation*

BP Products voluntarily agrees to abide by this Assurance for implementation at all retail outlets it owns and operates under the ARCO brand. BP Products agrees to implement this Assurance at such outlets within ninety (90) days following the Date of Execution of this Assurance. BP Products will provide to employees who sell tobacco at company operated outlets a copy of the tobacco policies adopted pursuant to this Assurance, within ninety (90) days following the Date of Execution of such Assurance, or upon hiring if that occurs thereafter. BP Products will provide a copy of such policies to new employees as part of BP Products' training program for newly hired employees.

C. *Retail Outlets Not Owned and Operated by BP Products*

The parties agree that the foregoing provisions of this Assurance apply to tobacco retailing policies, practices and procedures only at retail outlets owned and operated by BP Products under the ARCO brand. None of the foregoing provisions of this Assurance is intended to apply to ARCO branded retail outlets that are owned or operated by independent third parties, including jobbers and dealers. BP Products maintains that it has no control over the tobacco retailing policies or practices of these third parties. Nothing in this Assurance is intended to alter or affect in any way the status of such third parties as independent contractors of BP Products, or the rights or obligations between BP Products and any of its jobbers or dealers, including but not limited to any contractual or lease or indemnity relationships.

If not already undertaken, within ninety (90) days following the Date of Execution of this Assurance, BP Products voluntarily agrees to take the following actions intended to reduce youth access to tobacco through ARCO branded retail outlets that are not owned and operated by BP Products:

1. Provide to each ARCO branded jobber or dealer written correspondence reminding them of the importance of preventing underage sales of tobacco products, the seriousness of complying with laws regarding youth access to tobacco, and noting the fact that failure to comply with such laws could constitute grounds for termination or non-renewal of their right to operate under the ARCO trademark at the non-complying outlet. Thereafter, correspondence bearing the same message will be sent twice a year to each such jobber or dealer.

2. Offer each ARCO branded jobber or dealer the opportunity to participate in BP Products' tobacco compliance program as described in Section III.B. above, provided that each jobber or dealer pays the reasonable cost of its participation.

3. In evaluating available legal options to discipline, terminate or non-renew a dealer or jobber's authorization to operate outlets under company trademarks, BP Products will give appropriate consideration under the circumstances in its discretion to tobacco violations, if any, by the jobber or dealer.

4. At the time a jobber or dealer enters into a written contract or contract renewal authorizing use of the ARCO trademark, BP Products agrees to the extent permitted by law, including the Petroleum Marketing Practices Act, to incorporate provisions into such authorization agreement specifically requiring compliance with laws regarding youth access to tobacco and expressly providing that violation(s) of such laws could constitute grounds for termination or non-renewal of the trademark authorization agreement.

VI. *COSTS*

In recognition of the States' commitment of resources to this initiative, BP Products agrees voluntarily to pay, within sixty days of the Execution Date of this Assurance, the monetary sum of $15,000, made payable to such accounts and addresses as the Attorneys General may direct. Such sum is to be divided by the States as they may agree, and is to be used by the individual States for attorneys fees or costs of investigation, or it shall be placed in or applied to consumer education, public protection, or local consumer aid funds, including for implementation of programs designed to decrease possession

and use of tobacco by minors, or for any other purpose authorized by state law at the sole discretion of each State's Attorney General or as otherwise required by law.

DATED this 25th day of July, 2003.

BP West Coast Products LLC

By: _____
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Regional Vice-President

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