

DRAFT - 10.7.73.

PROPOSED RESPONSIBILITIES FOR THE TOBACCO DIVISION IN
RELATION TO C.P.C.

1. The C.P.C. is accountable to the B.A.T. Board for the overall supervision of all Divisions and, it is assumed, will concern itself with the following:-
 - a) Profitability, including divisional capital and revenue budgets and performance against budgets.
 - b) Group financing and money management including all medium (3 years or more) and long-term financing by tobacco companies or their subsidiaries.
 - c) Annual and interim Group Reports & Accounts, reserves and dividends.
 - d) Group development, including expansion, acquisitions, trade investments, joint ventures, etc.
 - e) Long range corporate planning.
 - f) Group employment policies and practices.
 - g) Top management matters - identification, development and rewards, Senior Mess admissions.
2. The Tobacco Division is accountable to the Board, via the C.P.C. for the profitable operations and development of the Group's tobacco companies and their subsidiaries.
3. Matters to be reported by the Tobacco Division to C.P.C. in conformity with para. 1 would be:-
 - a) Divisional operating budget and 3-year plan summarising all operating companies' budgets and plans (including capital and revenue expenditure) by territorial areas except that separate information will be shown for the companies shown on List A attached.
 - b) Quarterly performance reviews against budget.
 - c) Any unusual matter severely affecting normal performance of an associated company.
 - d) Cash requirements for stockpile and other major leaf purchases.
 - e) New tobacco acquisitions, joint ventures, etc., and disinvestments.
 - f) Proposed non-tobacco investments and disinvestments by tobacco companies.

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- g) Board appointments and No.1 succession plans for the major tobacco companies shown on List B attached.
 - h) Political moves of significance.
4. The following matters will be dealt with by the Tobacco Division Board of Management and will not be referred upwards except, perhaps, for information purposes at intervals in order to keep the C.P.C. informed of important positions taken. These will, of course, be in addition to those which will be dealt with by the Tobacco Division Board of Management before reporting to the C.P.C. as listed above.
- a) Group Brand Goodwill and international advertising budget.
 - b) All other Board appointments to Tobacco Board companies.
 - c) Expatriate transfers and proposed redundancies.
 - d) Terms and conditions of service and salary gradings for expatriate, international and U.K. management staff. The Tindley committee will be absorbed into the Tobacco Division.
 - e) Reporting of U.S. stockpile leaf purchase plans and possibly other major leaf purchase plans and central machinery pool plans.
 - f) No. 1s visiting Millbank will be asked to report verbally and C.P.C. and other Board members will be invited to attend.
 - g) Tobacco Division expense statements (dealt with by EJS as at present). It was felt that Group Headquarters and other expense statements should be dealt with separately from those of the Tobacco Division.

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List A (separate budgets)

U.S.A.
Germany
Brazil
I.E.D.

List B (Board appointments and No.1 succession plans)

U.S.A.
Canada
Germany
Australia
South Africa
Brazil
India
Mexico
Argentina
Malaysia
Benelux
Nigeria
I.E.D.

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