

*Incorporating amendments  
Resolved in minute 14/9  
+ B. 202, B. 256, X  
B. 363.*

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

1. The B.A.T. Board is responsible for and accountable to the shareholders for the development, management and well-being of the Group as a whole. For administrative convenience, the operational management of the various product divisions will be delegated to appropriate Divisional Boards. The Chairman's Policy Committee will review the progress of all divisions on a quarterly basis and 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.
  - h) Group public relations (including Smoking & Health).
  - i) Research & Development policy and expenditure.
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. The Tobacco Division Board will refer the following to the C.P.C. in conformity with para.1:-
  - a) Divisional operating budget and 5-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 U.S.A., Germany, Brazil, I.E.D., U.K. market and B.A.T. Co.
  - 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.
  - g) Political moves of significance.

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- h) Personnel matters listed in Appendix A.
  - i) Expenditure beyond capital expenditure budgets as listed in Appendix B.
4. In addition, the following matters will be dealt with by the Tobacco Division Board of Management and will not be referred upwards, although all members of the B.A.T. Board will receive copies of all minutes for information:-
- a) Group Brand Goodwill and international advertising budget.
  - b) Reporting of U.S. stockpile leaf purchase plans and possibly other major leaf purchase plans and central machinery pool plans.
  - c) No.1s visiting Millbank will be asked to report verbally and C.P.C. and other Board members will be invited to attend.
  - d) 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.
  - e) Personnel matters listed in Appendix A.
  - f) Expenditure beyond capital expenditure budgets as listed in Appendix B.

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