

Key Area : MANAGEMENT OF HUMAN RESOURCES

1. RECRUITMENT AND SELECTION

1.1. Assumptions

- 1.1.1. The availability of high calibre management staff committed to the success of the Company and the tobacco industry is a pre-requisite to the Company's achievement of its goals.
- 1.1.2. There will be an increasing requirement for key staff to work outside their home country as a member of international staff, and progress to expatriate status if required.

1.2. Policies

- 1.2.1. To compete seriously with other companies in the national economy for the very highest quality of young managers, professionals and graduates.

1.3. Action Required

- 1.3.1. Ensure that recruitment for managerial positions takes account of potential to meet longer-term local and BATCo succession needs, as well as supporting a high standard of performance in the immediate job.
- 1.3.2. Ensure that recruitment of high potential younger managers, and at midcareer levels with middle and senior managers takes account of willingness and suitability to work outside the home country if required, either within a Region or, where appropriate, at an international level.
- 1.3.3. Involve senior management directly in recruitment and keep them in touch with early progress of those recruited.

2. PERFORMANCE APPRAISAL/JOINT WORK PLANNING

2.1. Assumptions

- 2.1.1. There is a need for a systematic approach to the assessment of the performance and potential of employees and the identification of training/development requirements.
- 2.1.2. Employees are entitled to have their performance and potential appraised competently and fairly; they must also have an opportunity to record their own aspirations and any constraining personal circumstances.

2.2. Policies

- 2.2.1. To use the Performance Appraisal Process to ensure that there is full agreement between manager and subordinate about the principal objectives and key tasks. It will serve as the main means for assessing performance against agreed work objectives and for identifying training and development needs.

2.3. Action Required

- 2.3.1. Define principal objectives/goals to be achieved and the standards/means by which attainment is to be judged.

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- 2.3.2. Identify training, experience and development needs in the light of an employee's current and next projected post as revealed primarily by job performance against agreed objectives.
- 2.3.3. Record an individual's career aspirations and any factors which could restrict the employee's promotability.
- 2.3.4. Provide internal training courses for managers in the techniques of appraisal interviewing.

3. SUCCESSION PLANNING

3.1. Assumptions

- 3.1.1. Systematic forward planning and action are necessary to ensure the development - in sufficient quality and numbers and at the appropriate time - of trained and effective managers. This activity is necessary also to underpin the OF & SP process.
- 3.1.2. Operating Companies will become progressively more capable of effective self-management under the control of a Territorial Director, with decreasing reliance on expatriates for staffing of key posts.
- 3.1.3. An increasing number of senior staff employed at BAT Co. HQ will have international status.

3.2. Policies

- 3.2.1. The annual OF and SP exercise will be undertaken by means of a direct review with the General Manager and Territorial Director, the basis of which will be a written Report submitted to Millbank.

3.3. Action Required

- 3.3.1. Taking account of economic, social and environmental change, identify and analyse the professional and managerial knowledge and experience content of the key posts which are critical to business success (Board, head of function and senior specialist levels).
- 3.3.2. Regularly and critically review the organisation with a view to achieve flatter structures in order to push decision-making down to the lowest appropriate level.
- 3.3.3. Identify candidates at all levels within the management structure who have potential to meet the requirements of key posts and plan their career progression.

4. MANAGER TRAINING

4.1. Assumptions

- 4.1.1. The increasing complexities of work requirements and the rising expectations of employees will require that managers and supervisors are well trained in a variety of managerial skills.
- 4.1.2. A substantial proportion of training will take place on the job.

4.2. Policies

- 4.2.1. To ensure the identification and meeting of training needs for managers/supervisors in the basic skills of management and in the operations of their business - each manager being responsible for the identification of training and development needs of his subordinates.

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4.2.2. With opportunities now being available for training at the local, regional and international level, to ensure that the most appropriate development option is selected.

4.2.3. Provide opportunities for self-development either through time off work for study purposes or in the provision of facilities/materials for use by employees in their own time.

5. DEVELOPMENT OF STAFF OF HIGH POTENTIAL

5.1. Assumptions

5.1.1. It is a specific competitive strategy to have better management at every level than our competitors. The Company will have ambitious performance targets which will be attainable only by high-calibre management.

5.1.2. Capability is partly a function of skills and knowledge acquired to date and partly a function of success in developing that latent aptitude (potential). The need is therefore both for high-quality people and for excellent development action.

5.1.3. The most effective form of management development is the experience of managing under an excellent manager in a well-managed environment.

5.2. Policies

5.2.1. To give high priority to the systematic early identification of managers of high potential and to provide them with challenging and varied job experience.

5.2.2. To make the development of talented subordinates a principal Objective for every manager-of-managers.

5.3. Action Required

5.3.1. Allocate a high priority to the systematic early identification of exceptional potential through the use of appraisal and, where possible, of Assessment Centre techniques.

5.3.2. Ensure that high-potential candidates are regularly reviewed and that their development plans are stretching but realistic.

5.3.3. Ensure that high-potential staff who require career development outside their home country are identified to Millbank.

5.3.4. Set stretching goals for staff identified as having high potential and ensure that they are employed systematically in jobs and projects of significant experience value - accepting an element of risk where necessary in achieving their accelerated development.

5.3.5. Clear career paths and development opportunities for the exceptionally able, even if it means disrupting the positions of other managers of lesser talent.

5.3.6. Seek flatter structures with fewer layers and shorter chains of command to ensure that lower-level managerial jobs have the challenge and decision-making content to retain and develop top class younger managers.

5.3.7. Broaden the development of high potential staff by creating opportunities for multifunction task forces/project groups, and the exposure to other functions and disciplines within the organisation.

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6. REMUNERATION AND BENEFITS FOR MANAGERS AND PROFESSIONAL STAFF

6.1. Assumptions

- 6.1.1. The Company will need to attract and retain managers and professionals of high calibre to achieve its ambitious plans.
- 6.1.2. Performance-related reward can be a powerful aid to motivation.

6.2. Policies

- 6.2.1. An appropriate "Comparator market" should be established, of Companies employing people of similar calibre, and arrangements should be made for regular Surveys of remuneration and benefits, with a sufficient sample of comparator Companies (at least 8) to obtain a reliable measure of the market.
- 6.2.2. A Board-level Compensation Committee should be established to control remuneration for the Top Team and other key senior management. This must include the Territorial Director. A key role is to define the "Comparator Market" and to establish a target level of reward relativity to that market.
- 6.2.3. Pay reviews should be based on the market and on affordability, not on the cost of living (except to the extent that inflation is reflected in market pay levels). The frequency of pay reviews should be governed by normal practice among Comparator Companies.

6.3. Action Required

- 6.3.1. Establish a Board-level Compensation Committee with membership approved by the Territorial Director.
- 6.3.2. Select and implement a job evaluation system which facilitates market comparisons, is translatable into Hay equivalents, is clearly understood by employees, and is subject to close monitoring so as to ensure its integrity.
- 6.3.3. Organise regular surveys of Comparator Companies, preferably both in-house and through reputable consultants. The recommended approach is to compare "total cash" (i.e. pay plus any normal additional cash elements including bonus) at Target for a Commendable Performance level.
- 6.3.4. Obtain the approval of the Territorial Director to any proposed revision of benefits, including retirement schemes, prior to implementation. Proposals must be supported by a summary of relevant survey findings, showing our present policy and practice against that of comparator companies. Include with the proposals details of costs and of any proposals for cost recovery.

7. EMPLOYEE RELATIONS

7.1. Assumptions

- 7.1.1. The quality of communication with employees is a major influence on the Company effectiveness: it can be a key influence on motivation and commitment to the business as well as of willingness to accept changes in work organisation and practices.
- 7.1.2. The handling of day-to-day E.R. issues is a line management responsibility. The role of Personnel is to advise on request.

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7.2. Policies

- 7.2.1. To develop effective internal communication and involvement mechanisms (distinct from established Trade Union channels) which encourage employees to identify themselves with the company.
- 7.2.2. Train line managers to handle day-to-day E.R. issues.

7.3. Action Required

- 7.3.1. Formulate annually a view of likely trends and pressures over a five years period in the legal, political, trade union and social areas and define the nature and timing of the company's response.
- 7.3.2. Develop sound two-way formal communications systems - such as Joint Consultative/Works Committees, Teambriefing, internal publications, Handbooks, Notice Boards etc. - in addition to any existing Trade Union channel to communicate managerial viewpoints effectively to the workforce and vice versa.
- 7.3.3. Ensure that employees, as well as their representatives, are advised at the earliest convenient opportunity of company/department organisation changes which affect their work.
- 7.3.4. Encourage employee participation in problem solving by creating Quality Improvement Teams within BAT Co.'s Quality Through People programme.

8. INDUSTRIAL RELATIONS

8.1. Assumptions

- 8.1.1. Productivity gains and avoidance of work disruption can be achieved by adopting a planned approach to industrial relations.

8.2. Policies

- 8.2.1. To adopt and institute a planned and quantitative approach to anticipated changes over a five years' period.

8.3. Action Required

- 8.3.1. Forecast manpower costs, based on studies of social and economic trends, likely Trade Union pressures, possible industrial legislation and associated factors (such as changes in working hours, holidays, pensions' costs, etc.).
- 8.3.2. Define, well in advance of periodic trade union negotiations, the benefits and associated savings which management seeks from the bargaining process to offset - wholly or in part - any increase in costs of wages or other benefits which is anticipated.
- 8.3.3. Define, well in advance of negotiations, a set of alternative bargaining strategies and cost these in terms of both the initial and successive years of an agreement.
- 8.3.4. Have well defined policies on such matters as redundancy, early/voluntary retirement, dismissal and grievance procedures.
- 8.3.5. Emphasise the importance of Health and Safety, involving employees to the maximum extent possible. Show a determined and practical commitment by the Company to safe conditions for employees.

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