



Performance Management Policy

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Performance Management Policy

Objective

To enable and encourage superior performance by aligning individual objectives to business goals, setting performance expectancies and providing a framework for performance achievement.

Scope

The performance management process includes establishing goals, regular performance monitoring, timely performance feedback & coaching, defining development objectives and reward & recognition.

Elements of Performance Management System (PMS)

The performance management system (PMS) will follow an annual cycle from April to March each year. The following are key elements of the PMS:

- KRO (Key Result Objectives) (WHAT)
- Competency setting / Values (HOW)
- Performance monitoring & feedback
- Performance appraisal
- Compensation review (bi-annual)

Eligibility

Confirmed employees of the company as on December 31st, will be part of the performance review process.

Members involved

Members	Roles
Appraisee	The employee whose performance is being reviewed. <ul style="list-style-type: none"> • He/she is responsible for understanding the objectives and working towards achieving those objectives.
Appraiser	The Reporting manager of the Appraisee. <ul style="list-style-type: none"> • He/she is responsible for defining the objectives, providing regular feedback and guidance and conducting final appraisal. • In case an employee has worked with more than one manager for a minimum period of 3 months and above, appraisal inputs from all previous managers will be taken by the current manager / appraiser.
Reviewer	The immediate manager of the Appraiser <ul style="list-style-type: none"> • He/she is responsible for ensuring that objective setting and performance appraisals are conducted as per process • In case an employee does not have a direct reviewer, the next direct manager in line of hierarchy / HOD will sign-off as reviewer.

Setting Key result Objectives (KROs) and competency expectations

I) Goal / KRO Setting

The KROs for the assessment period - April to March will be outlined and documented at the commencement of the appraisal cycle. KRO's will be goals pertaining to the individual's work area / job role. These goals will be drawn up in consultation with immediate manager/ HOD. Not more than 6 most important KROs are to be defined. Under each KRO there could be 3-5 measurable service level agreement (SLA). Weightage for each KRO (totaling to 100%) will be specified and recorded in the KRO form. The measurement criteria will be stated alongside each SLA (Rating 1 being the lowest and 5 being the highest). The Goals will be elaborated using the C-SMART principle, as follows:

C	Challenging
S	Specific
M	Measurable
A	Achievable
R	Relevant
T	Time Bound

After the appraiser and the appraisee have discussed and agreed on the KROs, they will be recorded in the KRO form and the same will be signed off by both of them. All filled KRO forms (manual / electronic) will be handed over to the HR and a copy may be retained by appraisee. Any change in KRO(s) during the appraisal cycle must be recorded and intimated to HR.

II) Pre-Rollout of PMS

The HR will hold separate training sessions for all Appraisers/Reviewers and Appraisees before the launch of the Appraisal cycle explaining the philosophy & purpose of Performance Appraisal, Appraisal Form in detail and the modus operandi of conducting Appraisals. At the end of the training session, HR will also identify SPOC from each Department, who will act as facilitators during this process.

III) Assessment of Performance

This part of the process involves the assessment of performance against set KROs & will be done bi-annually. There will be a self-appraisal by the appraisee who will record achievement/ shortfall against each KRO, keeping in mind the measurement criteria and handed over to the appraiser. The appraiser will share his observations on achievements, areas of improvement and shortfalls of the appraisee against KROs. Post this, performance against KROs would be graded on a 1 – 5 scale (1 – Low; 5 – High *) by the Appraiser. Rating will be communicated to appraisee after the same has been discussed between the appraiser and the reviewer. Sign-off by appraisee the form will be submitted to HR. Appraisee can approach the reviewer if he / she is not satisfied with the discussion with appraiser

Overall Annual Score (Total of What and how)	< 50%	>50% & <67%	>67% & <90%	> 90%
Corresponding Annual Performance Rating	Poor	Reasonable	Good;	Exceptional

IV) Goal / KRO Setting

HR will conduct a PMS Audit for all Departments to ensure that the PMS process has been duly followed in letter and spirit. Upon successful validation of the PMS process, it will be approved by HR Head and Chairman.

V) Increments

Salary Increments will be paid based on the compensation philosophy drawn up every year.

Performance Management System Rules

1) Overall Rating Scale

Performance	Rating
Exceptional	4
Good	3
Reasonable	2
Poor	1

2) Promotions

Promotions will be effective April of each year. In exceptional cases promotion can be done in the mid of the year with approval of Chairman/MD.

Criteria:

- Rating of 3 and above in last two consecutive years and the current year of review
- Promotion can take place only in case of a requirement or role in the function
- Recommendation for promotion should not exceed 20% of population function wise
- An additional increment apart from the normal merit increment will be considered for promotional increase

Timelines

The following timelines will be adhered during PMS Process: -

Activity	Responsibility	Deadline
Appraisal Review for bi-Annual PMS, submission of forms	Appraisee & Appraiser	
Calibration	HR, HOD, Chairman	
Ratings sent to compensation team	HR	
KRO setting for following year	Appraisee & Appraiser	
Letters to employees, communicating the ratings & revised salary.	HR	
Salary increments and performance pay-outs	Payroll Team	

Basic eligibility for promotions:

- Minimum rating of 3 for three consecutive years
- Up to Manager min 3 years in the role, above Manager 4 years in the role
- No disciplinary action pending
- Has displayed values and culture of the company
- Has taken at least one major initiative in the role (Manager & above)
- SOP on Salary Fitment would govern the increments in salaries.