

<h1>PERFORMANCE MANAGEMENT SYSTEM POLICY AND GUIDELINES</h1>	DOCUMENT NUMBER	CHRD-C06-P03
	DIVISION/DEPARTMENT	HR/OD.
	REVISION/ISSUE NO.	01-01
	TO BE REVIEWED ON	AS NECESSARY
	EFFECTIVITY DATE	January 02, 2018

1.0 POLICY STATEMENT

Performance management is an integral part of the organization, thus it shall be the policy of the Company to manage work performance through a continuous process of guiding people to achieve desired results. The Performance Management System is a management tool that aims to systematically and intermittently monitor results against established individual or organizational goals, it is also an approach that when done properly, improve the overall performance of the company and its employees. The objectives of the PMS are the following:

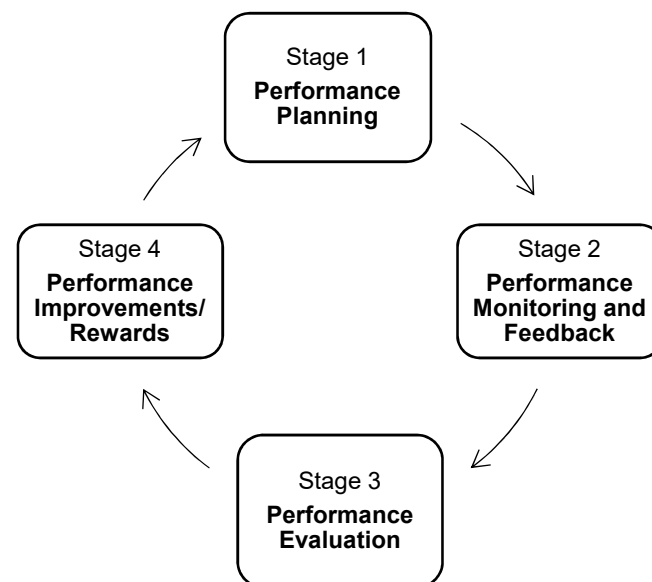
- Support a culture of continuous improvement
- Ensure that all objectives are linked to strategic vision
- Define and ensure continuing development of employees
- Reinforce core values and team contribution

2.0 APPLICABILITY

This policy is applicable to all employees of Blaine Corporation, Blaine Food Corporation, Blaine Personal and Home Care Corporation, and Refamed Research Laboratory Corporation.

3.0 OVERVIEW

3.1.1 The Performance Management Cycle



		SIGNATURE	DATE
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Activities			Timeline
Stage 1	<i>Performance Planning</i>	<ul style="list-style-type: none"> ▪ Setting of goals and identifying action plans; ▪ Determining performance measures/standards; ▪ Assigning weights to goals; ▪ Documenting goals, action plans, performance measures/standards and weights and signing performance agreements; ▪ Signing of Performance Agreements 	January
Stage 2	<i>Performance Monitoring</i>	<ul style="list-style-type: none"> ▪ Documenting critical incidents; gathering information/feedback; ▪ Conducting formal and informal performance feedback discussion and coaching 	January (Mid-Year) July (Year End)
Stage 3	<i>Performance Evaluation</i>	<ul style="list-style-type: none"> ▪ Documenting and rating the employee's actual performance; ▪ Conducting performance review discussion; ▪ Accomplishing development plans/ Performance Improvement Plan; 	Mid-Year: July Year-End: December
Stage 4	<i>Performance Improvements/ Rewards</i>	<ul style="list-style-type: none"> ▪ Learning and Development Interventions; ▪ Rewards and Recognition 	January onwards of the following year

3.1.2 Performance Evaluation Report (PER)

The Performance Evaluation Report (PER) is divided into two parts, Part 1 is the Target Agreements or the Balanced Score Card and the Part 2 is the set of Competencies.

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The PERs are classified accordingly:

1. For Supervisors and Managers – Sales and Marketing Group
2. For Supervisors and Managers – Support and Plant Operations Group
3. For Technical Sales Executives (TSEs)
4. For Rank and File Employees

PART 1 – TARGET AGREEMENTS

<i>For Supervisors, Managers and Technical Sales Executives (TSEs)</i>	<p>Balanced Scorecard</p> <ol style="list-style-type: none"> 1. Financial 2. Business Process 3. Customer 4. Learning and Growth
<i>For Rank and File Employees</i>	<p>Target Agreements</p> <p>Work accomplishment based on agreed Key Result Areas (KRAs)</p>

Rating Codes:

	P0	P1	P2	P3	P4	P5
Support and Plant Operations Group	Below 50%	51 – 75%	76 – 95%	96 – 105%	106–120%	121% up
Sales and Marketing Group	Below 40%	41 – 70 %	71 – 95%	96 – 105%	106–120%	121% up

PART 2 – COMPETENCIES

All Officer (Supervisor level and up) employees will be rated on the following competencies:

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FOR OFFICERS	
<i>Strategy Development</i>	The ability to create and align plans and strategies to company strategy; the ability to create long term business directions and strategies
<i>Change and Innovation</i>	The ability to generate and implement new ideas that will improve organizational efficiency through policies, processes, systems and technology
<i>Learning Agility</i>	The ability to learn quickly and apply learnings to the job; displays initiative to learn on his/her own and nurtures oneself to become more effective in his/her job
<i>Critical Thinking</i>	The ability to draw conclusions and develop or recommend solutions from relevant data, including unstructured identification of implications based on analysis
<i>Personal Mastery</i>	The ability to identify and manage one's strengths and weaknesses, emotions/feelings (e.g. maintain composure, clarity and focus in all situations, drive one's thoughts and actions in a positive direction, commit to a course of action, despite feelings to the contrary, demonstrate willingness to make tough decisions and take accountability for them, ability to bounce back from a challenging situations)
<i>Interpersonal Relations</i>	The ability to build and maintain positive relationships with colleagues, superior and management (e.g. by being open, pleasant, easy to get along with, initiating conversation, investing in the emotional bank account of others and manifesting sincerity in interactions)
<i>Planning and Organizing</i>	The ability to plan and organize daily, weekly and monthly plans and build the right resources to achieve desired results on time, within standards and cost effectively
<i>Performance Management</i>	The ability to develop performance objectives; ability to perform daily, year-round, continuing appraisal, coaching and feedback to his/her subordinates, understand the nature and quality of their performance, identify what they need to do to improve and motivate them to do it

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<i>External Stakeholders Management</i>	The ability to develop and maintain partnership with external stakeholders (i.e. customers, suppliers, government and regulatory agencies, and general public) and utilize appropriate network to achieve organizational goals
<i>People Engagement</i>	The ability to inspire and motivate employees resulting to higher levels of individual/team performance and commitment towards the attainment of organizational goals
<i>People Development</i>	The ability to enable employees to perform at optimal levels in their current role and prepare them for future role by creating a culture of continuous learning

All Rank and File employees will be rated on the following competencies:

FOR RANK AND FILE	
<i>Technical Competence</i>	The extent by which the employee knows the full scope of his/her job, understands details, procedures of assigned tasks and able to apply/demonstrate the same in his/her function. The level of proficiency with which the assigned tasks are handled and executed.
<i>Work Quality</i>	The ability to meet required correctness, accuracy, completeness, orderliness and neatness of work. The ability to meet work standards the first time, without need for correction and re-work.
<i>Customer Service</i>	The level of courtesy, promptness and care in providing services to internal and external clients; the willingness to perform assigned tasks that will enhance the company's ability to attract, maintain and satisfy its clients.
<i>Dependability/Reliability</i>	Degree to which employee can be depended upon to carry out instructions, be on the job, and perform assigned tasks with acceptable results; the ability to work with minimum supervision.

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<i>Personal Mastery</i>	The ability to identify and manage one's strengths and weaknesses, emotions/feelings (e.g. maintain composure, clarity and focus in all situations, drive one's thoughts and actions in a positive direction, commit to a course of action, despite feelings to the contrary, demonstrate willingness to make tough decisions and take accountability for them, ability to bounce back from a challenging situations).
<i>Interpersonal Relations</i>	The ability to relate and communicate effectively with co-employees and clients in order to accomplish set goals and to contribute to a productive, healthy work environment.
<i>Teamwork</i>	The extent of cooperation and joint action with management/supervising officers and co-employees to achieve business objectives. The willingness to help others in order to achieve the department's objectives.
<i>Respect for authority</i>	Adherence to company policies, rules and regulations and general business decorum. The extent to which the employee supports and manifests the company's mission, vision and values.
<i>Resourcefulness/Efficiency</i>	Attainment of results with the least expenditure of time, resources, funds and equipment. The ability to suggest improvements in work procedures to enhance the delivery of services to internal/external clients, to reduce the company's operating costs.
<i>Judgment</i>	The extent by which the decision at work are made based on facts, objective and sound reasoning and concern for the company's welfare.

3.1.3 Rating Scale

The Performance Evaluation Report (PER) makes use of the following rating scale for overall rating:

Rating Code	Rating Definition
P0	Performance Needs Improvement
P1	Performance Sometimes Meet Job Requirements
P2	Performance Usually Meets Job Requirements
P3	Performance Consistently Meets Job Requirements
P4	Performance Exceeds Job Requirements
P5	Very Exceptional Performance

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Below is the corresponding weights per competency and the basis of the computation of the total score in Part 2:

Competencies	Support & Plant Ops	Sales & Marketing
Technical Competence	0.18	0.16
Work Quality	0.18	0.12
Customer Service	0.12	0.18
Dependability/ Reliability	0.10	0.10
Personal Mastery	0.09	0.09
Interpersonal Relationship	0.10	0.12
Teamwork	0.08	0.08
Respect for Authority	0.04	0.04
Resourcefulness/ Efficiency	0.04	0.04
Judgment	0.07	0.07

Competencies	Officers
Strategy Development	1.0
Change & Innovation	1.0
Learning Agility	1.0
Critical Thinking	1.0
Personal Mastery	1.0

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Interpersonal Relationship	1.0
Effective Communication	1.0
Planning & Organizing	1.0
Performance Management	1.0
External Stakeholders Management	1.0
People Engagement	1.0
People Development	1.0

The expected level of performance from an employee is P3 which means that the performance of the employee consistently meets job requirements. This standard is used for everyone in the Company across all levels and business units.

For the support and plant operations group, the weight score of the Part 1 (target agreements) is sixty percent (60%), and for the part 2 (competencies) is forty percent 40%.

For the sales and marketing group, the weight score of the Part 1 (target agreements) is eighty percent (80%), and for the part 2 (competencies) is twenty (20%).

3.1.4 Frequency of Performance Appraisal

Performance Appraisal shall be conducted twice a year: Mid-year to be conducted in July and Year-end in December.

3.1.5 Annual Rating

To compute for the annual rating, the Mid-Year and the Year-End score shall be added to get the average score. The average score will be the final annual rating of the employee.

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4.0 GUIDELINES

4.1.1 Performance Planning

- It shall be the responsibility of the Department Heads to ensure that the targets of the employees are accurate, aligned with the departmental goals, and promote accountability and teamwork. They shall also ensure that planning is completed in a timely manner to allow adequate time and opportunities for individuals to work for their goals for the given period.
- Any change in targets during the planning or monitoring period must be communicated to all concerned parties, along with the justification for the changes.
- Targets must be documented at the beginning of the performance period. The Immediate Superior and the subordinate must sign on the documented targets to signify that a discussion on targets and goals occurred.
- Copies of the Performance Targets must be submitted to the Immediate Superiors for reference and documentation.

4.1.2 Performance Monitoring

▪ ***On-Going Coaching***

The Immediate Superior must ensure that regular coaching and feedback mechanisms are in place to support the performance of the employee.

▪ ***Changes in Targets/Objectives***

Should there be some inevitable factors that will greatly affect the goal achievement, the Immediate Superior and subordinate may review and adjust the performance plans.

Adjustment shall be done as soon as the need for the adjustment has been identified. As a result of this adjustment, objectives and weights may change as agreed by the Immediate Superior and subordinate. All changes should be validated and approved by the Department Head. Changes should be documented and signed by the Immediate Superior and subordinate.

4.1.3 Performance Evaluation

▪ ***Rater's Evaluation and Validation with the Department Head***

The Immediate Superior shall rate the performance of his/her subordinate based on the job objectives that have been agreed upon at the start of the performance management period. The Immediate Superior must require the

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subordinate to submit an accomplishment report vs. Key Result Areas (KRAs) that will support the performance ratings.

The Immediate Superior shall discuss the subordinate's PER with his/her Department Head for validation purposes and approval. This is being done because everyone's performance is anchored on the performance objectives of the department, this will ensure that there is alignment in the way members of the team were evaluated.

▪ **Performance Evaluation Report (PER) Discussion**

After the validation with the Department Head, the Immediate Superior shall schedule a discussion with the subordinate. This is also an opportunity to tackle any support needed to carry out the roles in the organization and to discuss the development and career plans of the subordinate. The PER shall be signed by the Immediate Superior and the subordinate as proof that the PER discussion occurred. The approved and discussed PER will then be submitted to the HR/OD for reference.

It is highly recommended that the Immediate Superior and the subordinate should also maintain their own copies so that they can keep track of their performance over time.

4.1.4 **Performance Improvements and Rewards**

▪ **Development Plans**

During the discussion of the employee's performance result, the Immediate Superior will also discuss the areas for development and the action plans to address the areas identified.

Development plans may not be limited to training interventions only, these may also include behavioral action plans, exposure/involvement to projects, coaching and mentoring and others. Development Plans shall be implemented and monitored within the next performance period to ensure that continuous improvement takes place.

▪ **Performance Rewards**

- For regular employees, the annual rating shall be the basis for the performance incentives and merit increases which shall be solely determined by the Management.
- For probationary employees, the performance rating shall be the basis for determining whether or not the employee is qualified for regular employment. Overall performance rating should be at least P2 (76 – 95%) for Support and Plant Operations Group and (71 – 95%) for Sales and Marketing Group to qualify for the regular employment. The

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probationary employee must have no disciplinary record during his/her entire probationary employment and must have shown punctuality and good attendance record.

- For promotion to a higher rank, the annual rating of the employee-candidate should be at least P3 (performance consistently meets job requirements) for at least two (2) consecutive rating period and the employee-candidate must have no disciplinary record for at least six (6) months.
- A P0 or P1 rating shall not merit any incentives or salary increase.

▪ **Performance Improvement Plan (PIP)**

- The PIP is an intervention/corrective action designed to address poor performance (P0 and/or P1 performance).
- An employee with a rating of P0 and/or P1 for three (3) consecutive rating period will be automatically placed under the PIP program.
- The Immediate Superior, with the help or inputs from the Department Head and HR/OD, shall discuss with the employee the specific performance improvement plans. The agreement shall be documented and signed by both the Immediate Superior and the subordinate.
- To strictly monitor the improvements of the employee, a monthly review of the performance shall be mandatory to ensure attainment of the set goals.
- An employee under the PIP program should only have a maximum of six (6) months to improve his/her performance (one semester/ evaluation period), he/she must achieve a rating of at least a P2 to pass the PIP program.
- Failure on the part of the employee to improve his/her performance despite the PIP intervention could lead to termination of his/her employment with the company.

5.0 END OF DOCUMENT