

# Alpha Unlimited Inc. Employee Performance Management Policy

Document Number: ACU-HR-POL-002

Version: 1.0

Effective Date: September 1, 2025

Issuing Department: Human Resources & Organizational Development

Approved By: \_\_\_\_\_ (CEO/General Manager)

## Foreword: Our Performance Philosophy—Driving Impact, Achieving Excellence Together

At Alpha Unlimited Inc. (hereinafter referred to as "the Company"), we believe the core purpose of performance management is not merely to evaluate past contributions but to empower the future, unlock potential, and tightly connect personal growth with the Company's ambitious mission. We are committed to fostering a high-challenge, high-support, and high-transparency environment where every team member can clearly see how their efforts translate into tangible impact for our customers, our products, and the world.

This policy aims to establish a systematic and forward-looking performance management framework. It is more than just a set of procedures; it is a manifestation of our culture. We value data and facts, encourage candid and constructive dialogue, reward actions that create genuine value, and firmly believe that everyone has the potential to strive for excellence. Our goal is to make performance management an engine for innovation, not a rigid administrative burden.

## Table of Contents

### Part I: General Principles & Performance Culture

- **Chapter 1: Fundamental Principles**
  - Article 1: Purpose and Guiding Principles
  - Article 2: Scope of Application
  - Article 3: Roles and Responsibilities
  - Article 4: Definition of Terms
- **Chapter 2: The Alpha Performance Culture**
  - Article 5: Core Philosophy of Performance Management
  - Article 6: Connection to Leadership Principles
  - Article 7: Continuous Feedback and Dialogue
  - Article 8: Confidentiality and Code of Conduct

### Part II: Performance Management Cycle & Execution

- **Chapter 3: Goal Setting: The OKR (Objectives and Key Results) Framework**

- Article 9: OKR Cycle and Cadence
- Article 10: Principles for Setting Objectives (O)
- Article 11: Principles for Setting Key Results (KR)
- Article 12: Types of OKRs: Committed vs. Aspirational
- Article 13: OKR Alignment and Transparency
- Article 14: OKR Review and Finalization Process
- **Chapter 4: Performance Tracking and Continuous Dialogue**
  - Article 15: 1-on-1 Meetings
  - Article 16: Progress Reviews and Check-ins
  - Article 17: Mid-cycle Performance Review

### **Part III: Performance Evaluation & Calibration**

- **Chapter 5: Year-End Performance Evaluation Process**
  - Article 18: Performance Evaluation Cycle
  - Article 19: Overview of the Evaluation Process
  - Article 20: Evaluation Inputs
- **Chapter 6: Detailed Evaluation Components**
  - Article 21: Self-Assessment
  - Article 22: Peer Feedback / 360-Degree Feedback
  - Article 23: Manager Assessment
- **Chapter 7: Performance Calibration**
  - Article 24: Purpose and Principles of Calibration
  - Article 25: Composition and Responsibilities of the Calibration Committee
  - Article 26: Calibration Meeting Process
  - Article 27: Avoiding Common Calibration Biases
- **Chapter 8: Performance Ratings and Result Communication**
  - Article 28: Performance Rating Definitions
  - Article 29: The Performance Conversation
  - Article 30: Appeals and Review Mechanism

### **Part IV: Application of Performance Results & Talent Development**

- **Chapter 9: Performance and Compensation**
  - Article 31: Performance and Annual Salary Increases
  - Article 32: Performance and Performance Bonuses
  - Article 33: Performance and Equity Awards
- **Chapter 10: Performance and Talent Development**
  - Article 34: Identifying and Developing High-Performing Talent
  - Article 35: Performance and Promotions
  - Article 36: Individual Development Plan (IDP)
- **Chapter 11: Managing Underperformance**
  - Article 37: Initiating Performance Coaching
  - Article 38: Performance Improvement Plan (PIP)
  - Article 39: PIP Execution and Outcomes

## Part V: Appendices

- **Chapter 12: Policy Management**

- Article 40: Policy Interpretation and Amendment
- Article 41: Effective Date

## Part I: General Principles & Performance Culture

### Chapter 1: Fundamental Principles

#### Article 1: Purpose and Guiding Principles

This policy aims to establish a fair, transparent, and motivating performance management system guided by the following principles:

1. **Alignment:** Ensure individual goals are tightly aligned with team and company-level strategic objectives, so that every employee's effort contributes collectively to driving the company forward.
2. **Enablement:** Treat performance management as a continuous development process that helps employees enhance their capabilities and achieve their career aspirations through goal setting, timely feedback, and coaching.
3. **Fairness & Accuracy:** Strive to objectively and accurately assess employee performance and impact by using multiple data inputs (self-assessments, peer feedback, business data) and a calibration process, thereby minimizing personal bias.
4. **Incentivizing Excellence:** Clearly differentiate levels of performance and provide corresponding rewards and recognition to high-performing contributors, fostering a culture that pursues excellence.

#### Article 2: Scope of Application

This policy applies to all full-time and part-time regular employees at all Company locations worldwide. The performance management for contractors, interns, consultants, and other non-regular workers should be conducted in the spirit of this policy and in accordance with their individual contracts or project agreements.

#### Article 3: Roles and Responsibilities

1. **Human Resources & Organizational Development (HR & OD):**
  - Formulates, interprets, and updates this performance management policy and related tools.
  - Designs and implements a globally consistent performance management process, timeline, and system platform.
  - Provides training and enablement for managers and employees on topics such as setting high-quality OKRs, giving and receiving feedback, and conducting effective performance conversations.
  - Organizes and facilitates performance calibration meetings to ensure the fairness and consistency of the process.
  - Analyzes performance data to provide insights on organizational talent health to senior leadership.
2. **Managers (All Levels):**

- As key executors of performance management, work with employees to set clear and challenging goals (OKRs).
- Provide continuous, timely, and actionable feedback and coaching through regular 1-on-1 meetings.
- Objectively gather information on employee performance and write fair, fact-based performance assessment reports.
- Represent their teams in calibration meetings, accurately conveying employee contributions and impact.
- Conduct candid and constructive performance conversations with employees.

### 3. **Employees:**

- Proactively think about and draft personal OKRs that drive business outcomes.
- Take ownership of their performance and development, regularly tracking goal progress and actively seeking feedback.
- Complete self-assessments thoughtfully and objectively, and provide constructive peer feedback when requested.
- Actively participate in performance conversations and co-plan future growth paths with their managers.

## **Article 4: Definition of Terms**

- **OKR (Objectives and Key Results):** A goal-setting and management framework used to define a challenging "Objective (O)" and measure its achievement through several quantifiable "Key Results (KRs)."
- **Performance Cycle:** The complete loop from goal setting, through mid-cycle review, to year-end evaluation, calibration, and result communication, typically lasting for half a year.
- **Continuous Conversation:** The ongoing informal and formal communication between a manager and an employee throughout the performance cycle, including 1-on-1 meetings and real-time feedback.
- **Calibration:** A process where a group of managers, facilitated by a senior leader or HR, meets to review and discuss their team members' draft performance assessments to ensure that performance standards are applied consistently and fairly across the organization.
- **Performance Improvement Plan (PIP):** A time-bound, goal-oriented coaching and improvement plan for employees who are consistently not meeting performance expectations.

## **Chapter 2: The Alpha Performance Culture**

### **Article 5: Core Philosophy of Performance Management**

We believe that performance is not just about "what" was accomplished, but also about "how" it was accomplished. a comprehensive performance evaluation gives equal weight to the following two dimensions:

1. **Results & Impact:** Did the employee achieve their OKR goals? What measurable positive impact did their work have on the team, product, or customers?

2. **Behaviors & Values:** In achieving their goals, did the employee exemplify the company's "Leadership Principles"? Did they collaborate effectively with the team? Did they make a positive contribution to the organizational culture?

#### Article 6: Connection to Leadership Principles

The Company's "Leadership Principles" are the cornerstone of performance evaluation; they define the highest standards for "how" we work. All aspects of performance evaluation (self-assessment, peer feedback, manager assessment) must include descriptions and evaluations of specific behavioral examples of how the employee has practiced these principles. For example:

- **Customer Obsession:** Did the employee work backward from the customer to solve a deep-seated problem?
- **Ownership:** Did the employee proactively take on tasks outside their defined responsibilities to ensure project success?
- **Dive Deep:** Did the employee uncover key insights missed by others through in-depth data analysis?
- **Have Backbone; Disagree and Commit:** Did the employee voice a well-reasoned, different opinion during a meeting, and then fully support the decision once it was made?

#### Article 7: Continuous Feedback and Dialogue

We reject a "once-a-year" surprise-based performance review. Instead, we champion a culture of continuous communication.

- **Timeliness:** Feedback, whether praise or constructive advice, should be given as soon as possible after an event occurs.
- **Specificity:** Feedback should be based on specific behaviors or events, not vague personal impressions. The "SBI Model" (Situation, Behavior, Impact) is recommended.
- **Bi-directionality:** Managers should not only give feedback but also actively seek feedback from employees on their own management style.
- **Normalization:** Through tools and systems (like 1-on-1 meetings), the acts of giving and receiving feedback should be internalized as a routine part of work.

#### Article 8: Confidentiality and Code of Conduct

All individuals involved in the performance management process, especially managers and HR personnel, are obligated to maintain strict confidentiality regarding personal information, peer feedback content, calibration meeting discussions, and final rating and compensation outcomes. Any breach of confidentiality will be considered a serious violation of work rules and will be handled accordingly.

## Part II: Performance Management Cycle & Execution

### Chapter 3: Goal Setting: The OKR (Objectives and Key Results) Framework

#### Article 9: OKR Cycle and Cadence

The Company operates on a semi-annual performance cycle, with OKRs set and tracked on a quarterly basis.

- **First Half (H1):** January to June.

- **Second Half (H2):** July to December.
- The first two weeks of each quarter are designated for setting and finalizing that quarter's OKRs.

#### Article 10: Principles for Setting Objectives (O)

An Objective (O) is a qualitative description of "where we want to go." It should be:

1. **Inspirational:** It should motivate the team and individuals, painting a clear picture of success.
2. **Ambitious:** It should be set beyond the comfort zone. An achievement rate of 60%-70% is considered a good performance. If it can be easily achieved at 100%, the objective was not ambitious enough.
3. **Time-bound:** It must be clearly scoped to be completed within one quarter.
4. **Actionable:** It should be within the control of the team or individual, not entirely dependent on external teams.

#### 【Example】

- *Poor Objective:* Improve user satisfaction.
- *Good Objective:* Launch the industry's most seamless new user onboarding experience.

#### Article 11: Principles for Setting Key Results (KR)

A Key Result (KR) is a quantitative description of "how we know we are getting there." It should be:

1. **Outcome-oriented:** It measures business results, not the completion of tasks or activities.
2. **Measurable & Verifiable:** It must contain specific numbers and have a clear success criterion, allowing anyone to objectively determine if it has been met.
3. **Specific & Ambitious:** It provides a clear roadmap for achieving the objective.
4. **Limited in Number:** Each objective should have 2-5 key results to ensure focus.

#### 【Example】

- **Objective:** Launch the industry's most seamless new user onboarding experience.
  - *Poor KR:* Finish developing the new login page. (This is a task)
  - *Good KR 1:* Increase the successful login rate for new users from 85% to 95%.
  - *Good KR 2:* Reduce customer support tickets related to login failures by 50%.
  - *Good KR 3:* Decrease the average time for a new user's first login from 45 seconds to under 15 seconds.

#### Article 12: Types of OKRs: Committed vs. Aspirational

1. **Committed OKRs:** These are goals that the team agrees must be achieved, with an expected completion rate of 100%. They are typically tied to core business metrics, product launches, etc.
2. **Aspirational OKRs:** Also known as "moonshots," these are highly challenging goals designed to push the team to think outside the box. Even achieving 60%-70% of an aspirational OKR is considered a huge success.

When setting OKRs, employees and their managers should clearly label each OKR's type.

### Article 13: OKR Alignment and Transparency

- **Vertical Alignment:** Individual OKRs should support team OKRs, which in turn support department OKRs, ultimately aligning with company-level OKRs.
- **Horizontal Alignment:** Cross-functional teams (e.g., product, engineering, marketing) are encouraged to set shared OKRs to break down silos and promote collaboration.
- **Full Transparency:** Except for highly sensitive information, all employees' OKRs should be visible to the entire company in an internal system to foster understanding, collaboration, and accountability.

### Article 14: OKR Review and Finalization Process

1. **Drafting:** Employees draft their individual OKRs based on company and team goals.
2. **1-on-1 Discussion:** The employee and their direct manager hold a 1-on-1 meeting to discuss the ambition, feasibility, and resource needs of the drafted OKRs.
3. **Team Calibration:** The team holds a meeting to share their respective OKRs, ensuring that goals among team members are coordinated and free of conflicts or overlaps.
4. **Finalization:** All OKRs must be formally finalized in the performance management system by the end of the second week of the quarter.

## Chapter 4: Performance Tracking and Continuous Dialogue

### Article 15: 1-on-1 Meetings

Managers should have regular (weekly or bi-weekly is recommended), uninterrupted 1-on-1 meetings with each of their direct reports. This meeting's agenda is driven by the employee and should focus on in-depth dialogue rather than status reporting. Topics may include:

- Challenges and roadblocks in OKR progress.
- Career development and growth opportunities.
- Work-life balance.
- Team collaboration and communication.
- Feedback for the manager.

### Article 16: Progress Reviews and Check-ins

Employees should regularly (weekly is recommended) update the progress of their KRs in the performance management system. They can add brief text descriptions and a confidence score (e.g., Green - on track, Yellow - at risk, Red - off track). This helps managers and collaborators quickly understand the status and offer help when needed.

### Article 17: Mid-cycle Performance Review

At the midpoint of each performance cycle (i.e., at the end of the first quarter), the manager should conduct a more formal mid-cycle review with the employee.

- **Purpose:** To assess performance in the first half of the cycle, identify strengths and areas for improvement, and calibrate efforts for the second half.
- **Process:** The employee prepares a brief self-assessment, reviewing Q1 OKR achievement and the practice of Leadership Principles. The manager provides feedback based on



their observations.

- **Focus:** This is a developmental conversation, not involving a performance rating, aimed at helping the employee succeed by the end of the cycle.

## Part III: Performance Evaluation & Calibration

### Chapter 5: Year-End Performance Evaluation Process

#### Article 18: Performance Evaluation Cycle

The Company conducts two formal performance evaluations per year:

- **First Half (H1):** In July, evaluating performance from January to June.
- **Second Half (H2):** In January of the following year, evaluating performance from July to December.

#### Article 19: Overview of the Evaluation Process

A complete evaluation process typically takes 4-6 weeks and includes the following steps:

1. **Launch & Communication:** HR announces the start of the performance evaluation cycle.
2. **Information Gathering:**
  - Employees submit their self-assessment reports.
  - Peer feedback nominations and submissions.
3. **Manager Assessment:** The manager synthesizes all information, writes an assessment report, and assigns a preliminary rating.
4. **Calibration Sessions:** Managers at all levels participate in calibration meetings to ensure fairness and consistency in ratings.
5. **Leadership Review:** Senior leadership reviews the calibration outcomes.
6. **Performance Conversations:** Managers deliver the final performance evaluation results to employees.

#### Article 20: Evaluation Inputs

To ensure a comprehensive and objective evaluation, the manager's assessment must be based on the following diverse sources of information:

1. **OKR Achievement Data:** The final completion status of the employee's OKRs from the two quarters within the performance cycle.
2. **Employee Self-Assessment:** The employee's qualitative description of their contributions, growth, and challenges.
3. **Peer Feedback:** Anonymous or named feedback from multiple collaborators.
4. **Business Data and Output:** Objective data such as specific business metrics, project outcomes, code contribution volume, customer satisfaction surveys, etc.
5. **Manager's Direct Observation:** The manager's continuous observation records of the employee's performance in daily work and 1-on-1 meetings.

### Chapter 6: Detailed Evaluation Components

#### Article 21: Self-Assessment

Employees must complete their self-assessment in the performance management system by



the specified deadline. A high-quality self-assessment should include:

- **Summary of Key Achievements:** A bulleted list of the 3-5 most important achievements during the cycle, described using the STAR method (Situation, Task, Action, Result), with a focus on quantifying their "impact."
- **OKR Review:** A review of OKR achievement during the cycle, with an analysis of the reasons for success or shortfall.
- **Practice of Leadership Principles:** 1-2 specific examples illustrating how they have practiced the company's Leadership Principles.
- **Strengths and Growth Areas:** An honest reflection on their strengths and the areas they wish to develop in the next cycle.

#### Article 22: Peer Feedback / 360-Degree Feedback

Peer feedback is a crucial component for assessing collaboration and team impact.

1. **Nomination Mechanism:**
  - Employees can nominate 3-5 colleagues who are best positioned to evaluate their work, including their direct manager, cross-team collaborators, and even direct reports (for managers).
  - The manager may add 1-2 additional nominators to ensure comprehensive feedback.
2. **Feedback Questions:** The feedback questionnaire typically includes open-ended questions such as:
  - "What is one thing that [Employee Name] did exceptionally well or had a significant impact on in the past six months?"
  - "What is one thing that [Employee Name] could do differently or develop further to have an even greater impact in the future?"
3. **Feedback Principles:** Feedback providers should follow the principles of being "specific, sincere, and actionable," avoiding vague praise or criticism.
4. **Confidentiality:** Peer feedback is presented to the manager anonymously or named (as determined by company policy). The manager must synthesize and summarize the key themes of the feedback and share them with the employee without revealing the specific sources.

#### Article 23: Manager Assessment

The manager is the integrator and judge in the performance evaluation. The manager's assessment report is the primary document discussed in the calibration meeting.

1. **Comprehensive Analysis:** The manager needs to carefully read the employee's self-assessment, all peer feedback, and combine it with the objective data and observations they have to form an overall performance judgment.
2. **Writing the Assessment Report:** The report must include a comprehensive evaluation of the employee's performance in both "Results & Impact" and "Behaviors & Values." The content should be based on facts and data, avoiding subjective speculation.
3. **Proposing a Preliminary Rating:** Based on the company's performance rating definitions, the manager proposes a preliminary performance rating for the employee and prepares to provide sufficient rationale and examples to support this rating in the calibration meeting.

## Chapter 7: Performance Calibration

### Article 24: Purpose and Principles of Calibration

Calibration is the core mechanism for ensuring fairness in performance evaluation. Its purposes are to:

- **Establish a Common Standard:** Ensure all managers have a shared understanding of performance standards like "excellence" and "meets expectations."
- **Reduce Personal Bias:** Challenge and correct potential biases of individual managers, such as the "halo effect," "recency effect," or being "too lenient/strict," through group discussion.
- **Identify Top Talent:** Compare talent across a broader scope to identify the most outstanding performers in the organization.
- **Ensure a Reasonable Rating Distribution:** Ensure that the final rating distribution reflects real performance differences, not just variations in managers' rating styles.

### Article 25: Composition and Responsibilities of the Calibration Committee

- **Composition:** Typically chaired by a senior director or VP-level leader, with their direct reports (all managers) as participants. An HRBP (Human Resources Business Partner) serves as the facilitator.
- **Responsibilities:**
  - **Chair:** Ensures the meeting runs efficiently, guides the discussion, and makes final decisions when disagreements arise.
  - **Participating Managers:** Briefly present the performance of their team members, defend their preliminary ratings, and also constructively question the assessments of other managers.
  - **HRBP:** Upholds the fairness of the calibration process, alerts participants to potential biases, and records the meeting outcomes.

### Article 26: Calibration Meeting Process

1. **Pre-meeting Preparation:** All participating managers must submit their team members' draft performance assessments and preliminary ratings in advance. The HRBP will conduct a preliminary data consolidation.
2. **Opening Statement:** At the beginning of the meeting, the chair or HRBP reiterates the purpose and principles of calibration and the recommended rating distribution guidelines for the session.
3. **Level-by-Level Discussion:** The discussion usually starts with high-performing employees to set a benchmark. A manager briefly explains an employee's key contributions, and other managers ask challenging questions. For example: "Do you believe this employee's impact is significantly higher than that of other high-performing employees at the same level in other teams?"
4. **Comparison and Ranking:** During the discussion, employees with similar performance levels are compared to ensure the relative fairness of their ratings.
5. **Handling Borderline Cases:** The meeting will spend considerable time discussing employees who are on the borderline between two ratings, with in-depth debate to

determine their final placement.

6. **Confirming Results:** At the end of the meeting, the performance ratings for all employees are provisionally confirmed.

#### Article 27: Avoiding Common Calibration Biases

The HRBP is responsible for alerting participants to the following biases during the meeting:

- **Visibility Bias:** Do not only reward employees who are good at self-promotion or work on high-profile projects.
- **Similarity Bias:** Avoid giving higher ratings to employees who have similar backgrounds or styles to your own.
- **Indispensability Bias:** Be wary of employees who are considered "indispensable" because they manage a critical but legacy system, but who are not actually growing or innovating.

### Chapter 8: Performance Ratings and Result Communication

#### Article 28: Performance Rating Definitions

The Company uses a five-level performance rating system to clearly differentiate levels of contribution:

- **Level 1: Needs Improvement**
  - Consistently performs below the core requirements of the role and fails to achieve most key objectives.
  - Exhibits significant behavioral or collaboration issues that negatively impact the team.
  - Requires immediate performance coaching or a PIP.
- **Level 2: Partially Meets Expectations**
  - Performance is inconsistent, meeting requirements at times but with gaps in some key areas.
  - Achieves some objectives, but core contributions fall short of expectations.
  - Requires more intensive guidance and support from the manager.
- **Level 3: Meets All Expectations**
  - Reliably meets all job requirements and core objectives; a solid contributor to the team.
  - Consistently demonstrates the company's Leadership Principles.
  - This rating is an affirmation for the majority of employees who perform well.
- **Level 4: Exceeds Expectations**
  - Consistently performs beyond the requirements of the role, making significant and measurable contributions to business outcomes.
  - Not only achieves their own goals but also proactively helps others, enhancing the entire team's effectiveness.
  - Serves as a role model for practicing the Leadership Principles.
- **Level 5: Redefines Excellence**
  - Performance far exceeds expectations, with contributions and impact at the level of the next job grade.

- Achieves breakthrough results in highly challenging areas, creating extraordinary value for the company.
- This rating is reserved for a very small number of the most exceptional employees and is a strong signal for promotion.

#### Article 29: The Performance Conversation

After receiving the final, calibrated rating, the manager must conduct a formal, face-to-face performance conversation with each employee.

- **Preparation:** The manager must prepare specific talking points and behavioral examples in advance.
- **Structure of the Conversation:**
  1. **Opening:** State the purpose of the meeting and create an open, safe atmosphere for dialogue.
  2. **Delivering the Result:** Clearly and directly communicate the final performance rating and immediately explain the key reasons behind it.
  3. **Two-Way Discussion:** Allow ample time for the employee to ask questions and share their perspective. The manager must listen actively, not just deliver a message.
  4. **Focus on the Future:** Shift the conversation from looking back to looking forward, discussing the employee's strengths, development areas, and next steps.
  5. **Closing:** Summarize the key points of the meeting and express support for the employee's future development.
- **No Surprises:** There should be no "surprises" in the performance conversation. An employee's performance should be a topic of ongoing conversation throughout the cycle, not something they hear about for the first time in this meeting.

#### Article 30: Appeals and Review Mechanism

If an employee has a significant disagreement with their performance evaluation result and cannot reach a consensus with their manager, they may initiate an appeal.

1. **Submitting an Appeal:** The employee must submit a written appeal to the HRBP within five working days of the performance conversation, including specific reasons and supporting evidence.
2. **Investigation and Review:** The HRBP and the employee's second-level manager will form a temporary review panel to re-examine all performance-related materials and may interview relevant parties.
3. **Final Decision:** The review panel will make a final decision within ten working days and communicate the outcome to the appealing employee and their manager. This decision is final.

## Part IV: Application of Performance Results & Talent Development

### Chapter 9: Performance and Compensation

#### Article 31: Performance and Annual Salary Increases

The magnitude of the annual salary adjustment is directly linked to the performance rating. The company will set a guideline range for the percentage increase for each performance

rating, based on the annual budget. Employees with high performance ratings will receive significantly higher-than-average salary increases.

#### Article 32: Performance and Performance Bonuses

Performance bonus payouts are based on two factors: individual performance and company performance. The Individual Performance Multiplier is determined by the performance rating.

- Bonus Calculation Formula (Example):  
Target Bonus Amount x Company Performance Factor x Individual Performance Multiplier  
= Actual Bonus Payout
- The higher the performance rating, the larger the Individual Performance Multiplier. The multiplier for the highest rating can be several times that of the lowest eligible rating.

#### Article 33: Performance and Equity Awards

Long-term equity incentives (such as Restricted Stock Units - RSUs) are a critical tool for rewarding and retaining high-performing talent. In annual equity grants, the performance rating is one of the most crucial factors in determining the number of shares granted.

Employees who consistently receive high performance ratings will have the opportunity to receive larger equity grants.

### **Chapter 10: Performance and Talent Development**

#### Article 34: Identifying and Developing High-Performing Talent

Performance evaluations are a key input for Talent Reviews. The Company will use performance data to identify high-potential, high-performing employees and provide them with customized development resources, such as:

- Priority access to leadership development programs.
- Mentorship from senior executives.
- Opportunities for rotation into core or challenging projects.

#### Article 35: Performance and Promotions

A promotion is a recognition of an employee's sustained high performance. The primary basis for a promotion decision is whether the employee has been consistently demonstrating the capabilities and impact required at the next job level.

- Typically, a candidate needs two or more consecutive "Exceeds Expectations" or higher ratings to be eligible for promotion nomination.
- The promotion review committee will carefully review the candidate's performance evaluation reports from the past several cycles as a key basis for their decision.

#### Article 36: Individual Development Plan (IDP)

One of the outputs of the performance conversation is an Individual Development Plan co-created by the employee and manager. Based on the performance feedback, the IDP should identify 1-3 core competencies the employee wants to develop in the next 6-12 months and outline specific development activities (e.g., attending training, taking on new assignments, seeking a mentor).

### **Chapter 11: Managing Underperformance**

#### Article 37: Initiating Performance Coaching

When an employee's performance first or occasionally falls below expectations, the manager

should immediately initiate informal performance coaching. This includes:

- Increasing the frequency of 1-on-1 meetings.
- Providing more specific and frequent feedback.
- Clearly identifying the performance gap and the desired behavioral changes.
- Documenting all significant coaching conversations in writing.

#### Article 38: Performance Improvement Plan (PIP)

If, after performance coaching, the employee's performance shows no substantial improvement, or if their performance rating is "Needs Improvement," the manager, with assistance from the HRBP, should formally initiate a PIP.

- **Purpose:** The primary purpose of a PIP is to give the employee a clear, structured opportunity to improve their performance to meet the requirements of the role, not as a preliminary step to termination.
- **Content:** The PIP document must clearly state in writing:
  1. **Specific Performance Gaps:** A detailed description of which behaviors or results are not meeting expectations, with concrete examples.
  2. **Clear, Measurable Improvement Goals:** Specific, quantifiable goals that must be achieved during the PIP period.
  3. **Improvement Period:** Typically 30 to 60 days.
  4. **Company Support:** A clear outline of the resources the company will provide, such as additional training or daily check-ins with the manager.
  5. **Consequences of Not Meeting Goals:** A clear statement that failure to achieve the improvement goals by the end of the PIP will result in the termination of the employment contract.

#### Article 39: PIP Execution and Outcomes

- **Execution:** During the PIP period, the manager must conduct a formal progress review meeting with the employee once a week and keep a record of the meeting.
- **Outcomes:**
  1. **Success:** If the employee successfully achieves all improvement goals within the timeframe, the PIP concludes, and they return to the normal performance management process.
  2. **Unsuccessful:** If the employee fails to achieve the improvement goals within the timeframe, the Company will proceed with contract termination in accordance with labor laws and Chapter 11 of the Company's "Comprehensive Talent Acquisition, Employment, and Development Policy."

## Part V: Appendices

### Chapter 12: Policy Management

#### Article 40: Policy Interpretation and Amendment

The authority to interpret this policy rests with the Human Resources & Organizational Development Department. This policy may be amended by a proposal from the HR & OD Department, subject to approval by the Company's senior management, to adapt to company

development, management needs, and changes in regulations.

Article 41: Effective Date

This policy shall take effect on September 1, 2025. All previous related policies are simultaneously repealed.