pAI

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9. Purpose

This policy establishes pAI’s framework for performance management and employee appraisals. Its purpose is to foster a culture of continuous improvement, align individual performance with organizational goals, provide constructive feedback, identify development needs, and support career growth, ultimately enhancing overall organizational effectiveness.

1. Scope

This policy applies to all permanent pAI employees (full-time and part-time) globally. It covers the entire performance management cycle, including goal setting, ongoing feedback, formal performance appraisals, and performance improvement plans. This policy does not apply to employees during their initial probationary period (see Policy HR-06).

1. Definitions

| **Term** | **Definition** |
| --- | --- |
| **Performance Management** | An ongoing process of communication between a manager and an employee that involves setting objectives, coaching, providing feedback, and evaluating results to ensure continuous improvement. |
| **Performance Appraisal** | A formal, periodic evaluation of an employee's job performance and overall contribution to pAI, typically conducted annually. |
| **Goal Setting** | The process of establishing clear, measurable, achievable, relevant, and time-bound (SMART) objectives for an employee. |
| **Feedback** | Information provided to an employee about their performance, both positive reinforcement and areas for improvement. |
| **Key Performance Indicators (KPIs)** | Measurable values that demonstrate how effectively an employee or organization is achieving key business objectives. |
| **Performance Improvement Plan (PIP)** | A structured plan designed to help an employee improve their performance when it falls below acceptable standards. |
| **Calibration** | A process where managers discuss and align their performance ratings across different teams or departments to ensure fairness and consistency. |

1. Policy Statement

4.1 pAI is committed to a fair, transparent, and objective performance management process that supports employee development and recognizes contributions.

4.2 All employees shall participate actively in the performance management process, including goal setting, seeking and providing feedback, and engaging in self-assessment.

4.3 Performance appraisals shall be conducted regularly to evaluate employee performance against established goals and competencies, and to identify areas for growth.

4.4 Constructive feedback, both formal and informal, is a cornerstone of pAI’s performance culture.

4.5 Performance management decisions shall be made without discrimination and in compliance with pAI’s Equal Employment Opportunity & Non-Discrimination Policy (See Policy HR-04).

1. Procedures / Guidelines

5.1 Performance Management Cycle

pAI’s performance management cycle is continuous, with formal touchpoints throughout the year.

5.1.1 Annual Goal Setting (Q1):

\* At the beginning of each fiscal year, employees and their managers shall collaboratively set SMART (Specific, Measurable, Achievable, Relevant, Time-bound) goals.

\* Goals should align with departmental and organizational objectives.

\* These goals will form the basis for performance evaluation during the annual appraisal.

5.1.2 Ongoing Feedback and Coaching (Throughout the Year):

\* Managers are expected to provide regular, informal feedback to their direct reports on an ongoing basis.

\* This includes recognizing achievements, providing constructive criticism, and coaching for development.

\* Employees are encouraged to seek feedback proactively and engage in open dialogue with their managers.

5.1.3 Mid-Year Check-in (Q2/Q3):

\* A formal mid-year review meeting shall be conducted between the employee and manager.

\* This check-in will assess progress against annual goals, discuss any necessary adjustments, and address emerging development needs.

\* It is an opportunity to course-correct and ensure alignment.

5.1.4 Annual Performance Appraisal (Q4):

\* Self-Assessment: Employees shall complete a self-assessment reflecting on their achievements, challenges, and contributions against their goals and pAI competencies.

\* Manager Assessment: Managers shall complete a comprehensive appraisal of the employee’s performance, supported by specific examples and data.

\* Discussion: A formal appraisal meeting shall be held to discuss the assessments, provide feedback, and agree on development plans for the upcoming year.

\* Rating: A performance rating will be assigned based on the appraisal, reflecting overall performance.

\* Calibration: Managers' ratings may undergo a calibration process with HR and other managers to ensure consistency and fairness across the organization.

Table 1 – Performance Appraisal Rating Scale

| **Rating Category** | **Description** | **Implications** |
| --- | --- | --- |
| **Outstanding** | Consistently exceeds all expectations; exceptional contribution to team/company goals. | Highest eligibility for merit increases, bonuses, and promotion opportunities. |
| **Exceeds Expectations** | Consistently performs above job requirements; delivers strong results. | Strong eligibility for merit increases and bonuses; considered for promotion. |
| **Meets Expectations** | Consistently performs at the expected level; achieves all key objectives. | Eligible for standard merit increases; solid foundation for career growth. |
| **Needs Improvement** | Does not consistently meet expectations in key areas; requires significant development or support. | May receive limited or no merit increase; often leads to a Performance Improvement Plan (PIP). |
| **Unsatisfactory** | Consistently fails to meet basic job requirements; performance is significantly below expectations. | No merit increase or bonus; immediate initiation of a PIP; potential for disciplinary action/termination. |

5.2 Performance Improvement Plan (PIP)

5.2.1 If an employee’s performance is consistently below expectations (e.g., "Needs Improvement" or "Unsatisfactory" rating), a Performance Improvement Plan (PIP) may be initiated.

5.2.2 Purpose of PIP: To provide a structured process for employees to improve their performance to an acceptable level within a defined timeframe.

5.2.3 PIP Components: A PIP shall include:

\* Specific areas of performance requiring improvement.

\* Clear, measurable objectives and expected outcomes.

\* A defined timeframe for improvement (e.g., 30, 60, or 90 days).

\* Resources and support pAI will provide (e.g., training, coaching).

\* Consequences of not meeting the PIP objectives, which may include disciplinary action up to and including termination of employment.

5.2.4 Review: Regular check-ins shall occur during the PIP period, and a final review will determine if performance has improved to an acceptable level.

1. Responsibilities

| **Role** | **Obligation** |
| --- | --- |
| **Employees** | Actively participate in goal setting. Seek and provide feedback. Complete self-assessments. Strive to meet and exceed performance expectations. Engage in development activities. |
| **Managers / Supervisors** | Set clear, SMART goals with employees. Provide ongoing, constructive feedback and coaching. Conduct fair and objective performance appraisals. Develop and manage PIPs when necessary. |
| **Human Resources** | Design, implement, and administer the performance management system. Provide training to managers and employees. Facilitate calibration sessions. Provide guidance on policy interpretation and disciplinary actions. |
| **Senior Leadership** | Champion a performance-driven culture. Ensure alignment of individual goals with strategic objectives. Support managers in effective performance management. |

1. Compliance & Consequences

7.1 Adherence to this Performance Management & Appraisal Policy is mandatory for all employees and managers.

7.2 **Employee Non-Participation:** Failure of an employee to participate actively in the performance management process (e.g., not setting goals, not completing self-assessments) may negatively impact their performance rating and eligibility for merit increases or promotions.

7.3 **Managerial Non-Compliance:** Managers who fail to conduct timely appraisals, provide adequate feedback, or follow PIP procedures may be subject to managerial accountability measures.

7.4 **Unsatisfactory Performance:** Consistent unsatisfactory performance, even after a PIP, may lead to disciplinary action, including demotion or termination of employment, in accordance with pAI’s general disciplinary procedures.

7.5 **Falsification:** Falsification of performance records or biased evaluations will result in severe disciplinary action.

1. Review & Revision History

| **Version** | **Date** | **Description** | **Author** |
| --- | --- | --- | --- |
| 1.0 | 2025-07-01 | Initial release | HR Director |