



Policy

Performance Management Policy

13.0

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| Policy Owner: Chief Human Resource Officer | Policy Number: BCGP-7-77 Revision Number: 13.0 | Date: 2018/09/03 |
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| Document review and approvals | | |
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| | Group Remuneration | |
| Reviewed by: | Group HR EXCO | 2019/04/01 |
| Approved by: | Group CEO | 2019/04/01 |

| Legal and Regulatory Service for Laws and Regulations impacting this policy | | |
|---|-------------------|------------|
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| Quality Control (Central area) | | | | | |
|--------------------------------|--|------------|---|----|---|
| Effective Date | This policy comes into effect from | 2019/12/03 | | | |
| Type: | Group wide | Yes | √ | No | |
| | Divisional Specific - (Name of Division) | Yes | | No | √ |
| Risk Level | Policy Review | | | | |

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|-----------|---|-----|---|----|--|
| Level 1 | Every 3rd year or if there are any significant changes | Yes | √ | No | |
| Level 2 | Every 3rd year or if there are any significant changes | Yes | | No | |
| Level 3 | Every 3 rd year and no later than 5 years or if there are any significant changes | Yes | | No | |
| Level 4 | On an ad hoc basis | Yes | | No | |
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| Version Control – Summary of Changes | | | |
|--------------------------------------|---------------|--|------------|
| Version Number | Paragraph | Description (changes since last version) | Date |
| BCGP-7-77 | Full document | Renamed to Performance Management Policy Policy aligned with Telkom Group | 2019/11/25 |
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1 POLICY STATEMENT

The Telkom Group is an equal opportunity employer, committed to:

- A systematic approach to talent management to attract, select and invest in the best talent.
- Promoting a diverse high performing workforce through transparent, fair and evidence-based processes.

2 PURPOSE

The purpose of this Policy is to ensure:

- a. A high-performance culture that supports the overall business strategy through effective performance management.
- b. The performance management process translates business strategy into a comprehensive set of business drivers and objectives which aims to achieve sustainable business results. Business strategy is cascaded through a Balanced Scorecard approach.

3 APPLICABILITY AND SCOPE

This Policy provides the minimum standards and common principles for the Telkom Group regarding:

- a. Performance Management – guiding group wide employee performance management standards to ensure sustainable performance that will create value for all stakeholders.

This policy applies to:

- a. The Telkom Group and respective BU's across all countries in which it operates
- b. Line Management.
- c. All BCX employees
- d. HR Business Partners supporting Line Management

4 KEY PRINCIPLES

- a. *The entire Performance Management process is a line manager's responsibility.*
- b. *The performance objectives/goals shall be aligned to the overall business strategy.*
- c. *The achievement of key strategic objectives should be clear and highlight what contribution is required to achieve the objective.*
- d. *The following Balance score categories should be utilised to link the strategic goals to performance measures:*



- e. The balance scorecard ensures strategic alignment
- f. Line management shall ensure that the management of employee performance is a continuous and consistent process characterised by immediate, ongoing and regular feedback and coaching to help employees to meet deliverables.
- g. Employees are responsible for ensuring they have a clear understanding of performance expectations and standards and actively seek and act on feedback.
- h. The formal performance cycle shall coincide with the financial year and entails:
 - i) Planning and Contracting
 - ii) Coaching and Feedback
 - iii) Assessment and rating
- i. Performance contracting takes place or changes when:
 - i) A new employee joins;
 - ii) A job changes; and/or
 - iii) There is a change in performance requirements.
- j. Planning and contracting shall occur prior to the commencement of the new financial year.
- k. All employees must have a performance contract; new and/or promoted employees must have a performance plan on the system within their first month of assuming the new position.
- l. Performance contracting is the dual responsibility of the line manager and employee.
- m. Performance objectives/goals can be modified during the evaluation period provided such modifications are discussed with the employee and documented in advance of the interim/final assessment.

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- n. The Line Manager's manager shall take corrective action where there is no valid performance contract in place and where formal performance discussions have not taken place.
- o. Formal performance appraisals in line with the policy shall only take place after announcement of the Group financial results.
- p. Ratings will be aligned with overall BU and Group performance with a view of not impacting negatively on individual performance.
- q. In the case of any performance related disagreement/concern the employee may raise such a concern with the Line Manager's manager.
- r. The Line Manager's manager, together with the relevant HRBP, will consider the issue and provide written feedback to the employee as soon as possible, but no later than 10 days from the date that the concern was raised.

5 ROLES AND RESPONSIBILITIES

| Duty | Responsible Party |
|------------|--|
| Owner | Corp Centre : Group Remuneration/ BCX : Talent Management |
| Compliance | Line management All employees Human Resource Business Partners |

6 PERFORMACNE MANAGEMENT PROCEDURE:

6.1 Performance planning and contracting

- i) All Line Managers and individual employees will need to meet to discuss and contract on performance goals/objectives and deliverables in accordance with the performance cycle and business / organisational imperatives.
- ii) Objective/goal setting is a dual responsibility of both Line managers and employees.
- iii) All objectives/goals and expectations need to be captured on a defined organisational platform.

6.2 Informal Assessment Coaching and feedback

- i) Feedback on performance against objectives/goals and expectations should be communicated on an ongoing and regular basis.
- ii) Feedback should be provided in real time whenever exceptional or poor performance is observed.
- iii) It is the dual responsibility of Line managers and employees to ensure that employees develop their expertise to maximise their potential to meet deliverables.

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6.3 Interim & Final Assessment and rating

- i) All employees need to provide a self-assessment with documented evidence of performance over the assessment period.
- ii) Line managers are required to continuously evaluate employee's performance against agreed upon deliverables by sourcing and using a range of evidence / feedback on the employee's performance.
- iii) Line managers must decide on a provisional rating per employee based on their evaluation of the employee's performance as well as the employee's self-assessment and submit to their Line manager for approval;
- iv) On approval, Line managers are required to have a performance discussion with employees where the focus is on sharing performance related information and providing feedback on interim/final rating decision.
- v) Line managers and employees must agree and record appropriate action with clear objectives/goals dependent upon assessment outcomes and implement accordingly.

6.4 Performance rating scale

The following rating scale will apply

| Rating | Description | Definition |
|--------|----------------|---|
| 1 | Exceptional | Performance is so clearly outstanding and superior that it is easily recognisable to all <ul style="list-style-type: none">• Consistently displays expected behaviour• Widely recognised throughout the organisation as superior to others• Fully Competent• Results are proven outcome |
| 2 | Above Standard | Performance exceeds expectations <ul style="list-style-type: none">• Display expected behaviour• Sustained strength of performance over performance period• Competency level is developed to a degree higher than required.• Outputs are met before deadline dates• Has made contributions over and above the stated objectives |
| 3 | On Target | Performance completely satisfactory and sufficient in every respect <ul style="list-style-type: none">• Highly competent in current position in terms of meeting job requirements• Displays the expected behaviour |

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| | | <ul style="list-style-type: none">• Meets outputs/deliverables within expected deadline dates• Type of results you would expect from a seasoned well-qualified employee |
| 4 | Requires Improvement | <p>Does not meet the majority requirements/results of the objectives based on weighting</p> <ul style="list-style-type: none">• The employee often displays the expected behaviour• Results/outputs fall below expected requirements• Hardly ever meets expected deadlines |
| 5 | Unsatisfactory | <p>Does not meet all job requirements/results of the objectives based on weightings</p> <ul style="list-style-type: none">• The employee very seldom displays the expected behaviour• Performance is unsatisfactory.• Person is not capable of meeting expectations• Does not meet expected deadlines• Results are noticeably below the expected level• Employee should be replaced if no major improvements occur |
| | No Basis | <p>Cannot be assessed/ insufficient opportunity or time in role for meaningful assessment.</p> |

7 PERFORMACNE MANAGEMENT OUTCOMES

7.1 Performance consequence management

- a. Performance that meets or exceeds performance standards will be managed in accordance with the Remuneration, Talent Management and People Investment policies.
- b. Where a line manager is concerned about an employee's level of performance it should be discussed with the employee in a timely manner to mitigate the risk of performance continuing below expected standards or worsening.
- c. Continued non-performance will be managed in accordance with the performance improvement plan process and the incapacity process in the ER Policy

7.2 Performance improvement

- a. As soon as continuous underperformance is observed it must be addressed as part of the performance improvement process.

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- b. The line manager must (prior to any action) firstly establish the reason for underperformance by referring to the ER policy (e.g. substance abuse, lack of training etc) and to rule out any mitigating factors that are impacting on performance.
- c. Managers should discuss the options/case with their HRBP prior to meeting with the individual concerned.
- d. The PIP process requires line managers to set targets, clarify objectives, assist with the prioritisation of actions and agreed timescales in real time using the standard and applicable tools and templates.
- e. Line managers must provide employees with the opportunity to give input and feedback on the process.
- f. All PIPs need to be documented and signed by the employee and line manager.
- g. Line managers must have regular follow up meetings with the employee as established and outlined in the performance improvement plan.
- h. The employee must be given time to improve his/her work performance, up to a maximum of 3 months.
- i. A line manager may continue or discontinue with the plan depending on the progress or regress on the agreed plan after agreed timelines.
- j. Line managers must invoke the incapacity due to poor performance process with employee who does not improve or refuse to commit to or comply with a performance improvement plan

8 POLICY ENFORCEMENT AND VIOLATION

Failure and or refusal to abide by the rules detailed in this policy shall be deemed as misconduct and BCX may initiate the appropriate investigation and disciplinary action against employees, which may lead to dismissal and or civil action.

A claim of ignorance as to the existence and or application of this policy shall not be grounds for justification of non-compliance.

9 DEFINITIONS, ABBREVIATIONS AND ACRONYMS

For definitions, acronyms and abbreviations refer to Annexure A of this document.

10 EXCEPTIONS

There are no exceptions allowed for this Policy.

11 LAWS AND REGULATIONS

For the laws and regulations applicable to this policy refer to Annexure A of this document.

12 POLICY REVIEW

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This policy will be reviewed as and when required to comply with Telkom Group changes and applicable legislation or BCX administrative rules, and or to enhance its effectiveness.

Furthermore, ad-hoc changes and improvements will be made as and when they are identified.

13 POLICY AUTHORITY

Any changes to this Policy must be approved by BCX Risk and Compliance for submission to BCX EXCO for approval.

14 APPENDIX A

14.1 Definitions

| Definitions | Description |
|------------------------|--|
| Line Management | Employee's direct line manager |
| Line manager's manager | Direct line managers' manager |
| Performance Cycle | 1 April to 31 March of each financial year |
| Permanent Employee | Employees employed full-time at BCX |
| Project Consultant | Employees employed on a contractual basis |
| Objective | An Objective is an area of focus where the greatest impact can be made for the best performance. These are typically short term in duration (generally 3-6 months) to enable focus on what is important now. They can be shared with others to clarify how our work intersects and identify opportunities for collaboration. |
| Category | These are balance score card themes against which BCX is measure |
| Tasks | Task can be defined to assist in achieving the objective, similar to a project plan. |
| Cascading | Cascading an objective enables you to align your team's objective with the company's strategic objectives |

14.2 Acronyms

| Acronyms and Abbreviations | Description |
|----------------------------|---------------------------------|
| PIP | Performance improvement Plan |
| HRBP | Human Resource Business Partner |

14.3 Reference Documents

N/A

14.4 Laws and Regulations

All BCX employees and management shall comply with applicable legislation, codes and regulations.

STRICTLY CONFIDENTIAL
May not be shared with 3rd parties

BCX EXECUTIVE COMMITTEE
("the Committee")

EXTRACT OF THE DRAFT MINUTES OF THE EXECUTIVE COMMITTEE MEETING NO FY20/07 HELD AT THE BCX CENTURION BUILDING, EAST PODIUM, BOARDROOM P-4 ON 03 DECEMBER 2019 AT 09H00

9.3 Performance Management Policy

9.3.1 Ms Lukoto took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to approve the Performance Management Policy.

9.3.2 The Committee was advised that the process was already aligned with the Telkom Group Policy where applicable. BCX is currently operating on the same Group Success Factors Performance platform that enables a company-wide view. The design of this system is informed by the Group Performance policy and three core fundamentals i.e. Goal setting, Formal Reviews and Continuous Performance.

RESOLVED that the Committee approved the Performance Management Policy.

FY20/07/08

Certified a true and correct extract.



Gherdia Prinsloo

Designated Company Secretary

Date: 6 January 2020