

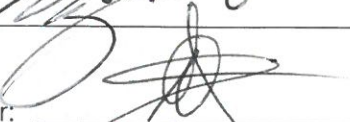
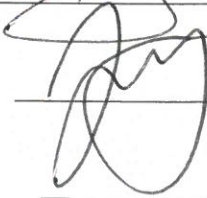





Performance Management Policy



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DATE:	27/07/21
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1. PREAMBLE

AMCE's mission of 'continuously providing quality professional services to our clients, driven by our dynamism, innovation and creativity through the clinical application of our high standards for engineering excellence' will be realised through the philosophy of Performance Management being that of 'development', as improved people performance leads to improved company performance.

The purpose of the Performance Management System (PMS) is to ensure that AMCE's overall performance goals and strategic objectives are met through the effective management of employee performance. It also aims to drive individual performance, facilitate employees' personal and career development, through identifying training needs and managing poor performance.

Performance Management Policy covers the rules, regulations, standards and guidelines that manage performance of individuals, providing performance feedback and planning personal development in support of the PMS

2. OBJECTIVES

The objectives of the policy is to:

- Establish a performance driven culture which will promote individual performance and productivity.
- Safeguard that performance at AMCE is evaluated fairly and objectively.
- Ensure that job performance is linked to the overall organisational objectives as outlined in the business measurement tool, the Balanced Scorecard (BSC).
- Ensure that all employees know and understand what is expected of them.
- Identify and manage employees' training and development needs, to select appropriate and targeted interventions that will enhance performance and inform the Workplace Skills Plan.

3. SCOPE OF APPLICATION

This policy applies to all AMCE employees (including Fixed Term Contractors).

4. DEFINITIONS

Performance Management System (PMS) - the continuous systematic process of identifying, measuring and developing performance in the organization by linking each employee performance and objectives to the organization's overall mission and goals.

Performance Planning - formal structured process for identifying and communicating the organizational and individual goals expected of the employee.

Performance Plan/Contract - is an agreement between manager and employee consists of performance expected from an employee and accountability of meeting set standards and measurement thereof.

Company Goals - Operational plans set by the company over a period of time, usually over a year.

Departmental Goals - Departmental operational plans derived from the companywide plans.

Employee Goals - Individual deliverables derived from the departmental goals expected to be delivered within a set period of time.

Job profile/description - the deliverables of a job to help employees carry out the duties required of the position. It clearly outlines KPA's and KPI's.

KPA's - refers to key performance areas which mean the main areas of responsibility for any particular position;

KPI's - refers to key performance indicators which mean any specific measurable standard that indicates how well the employee performed in the specific KPA. Ideally there should be at least three KPI's per KPA;

Performance Rating - Numerical rating of 1 -5 used to rate performance of each KPI

Review - refers to the formal process where the discussion between the manager and employee is documented, as per the KPA's and KPI's outlined in the performance contract, the result of performance discussed and such feedback given to HC;

Mentoring & Coaching - continuous process of giving and receiving feedback to an individual that seeks to develop so that he or she might achieve specific goals and perform at a more effective level.

Personal/Individual development plan (PDP or IDP) - the recorded development and training initiatives as suggested by the manager, employee and HC, related to the position requirements and the organisational requirements.

Training intervention - any form of formal education, workshops, skills training, on-the-job training and related initiatives.

Senior Management - most senior employee in the Department, normally reporting to directly to the CEO.

AMCE – hereto referred to as 'company'

Permanent – Employee with no defined employment end date on the employment contract

Fixed Term Contract – Employee with a defined employment end date.

Recognition – Acknowledgement and/or rewarding of good performance.

HC – refers to the Human Capital department and the appropriate delegated person/s in such department;

5. REGULATORY FRAMEWORK

Basic Conditions of Employment Act 75 of 1997; the purpose of this act is to give effect to the right to fair labour practices referred to in section 23(1) of the Constitution by establishing and making provision for the regulation of basic conditions of employment.

Employment Equity Act of 1998; the purpose of the act is to achieve equity in the workplace by promoting equal opportunity and fair treatment in employment through elimination of unfair discrimination and implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure equitable representation in all occupational categories and levels in the workforce.

Skills Development Amendment Act 2003; the purposes of this act is to develop the skills of the South African workforce, to improve the quality of life of workers, their prospects of work and labour mobility, to improve productivity in the workplace and the competitiveness of employers.

Labour Relations Act (LRA) of 1995; the purpose of this act is not only to protect everyone in the workplace but to also promote economic development, fair labour practices, peace, democracy and social development. Through the *Code of Good Practice*, the act provides guidelines in managing poor performance. It provides legal basis for the implementation of performance management.

6. GUIDING PRINCIPLES

6.1 Performance Management must be conducted in such a way that it is directly linked to company's strategic yearly operational plans.

6.2 The management of performance and staff development shall be the responsibility of every line manager in conjunction with the employees in a supportive manner.

6.3 All employees will have signed standardised Performance Management Contracts compiled at by the **end of March** where practically possible, at least two formal feedback/review sessions one mid-year in September and the final one by the **15th March** the following year.

6.4 Two informal feedback sessions (half-way through the defined formal sessions) between line manager and employee must be undertaken during the contracting year.

6.5 Line manager and new employee shall create a performance contract for the new employee within 14 working days of successful completion of probation.

6.6 AMCE authorizes only line managers to enter into performance agreements with employees.

6.7 An employee who support multiple projects shall be contracted/reviewed by his "official" line manager, who may request input from the other manager on the deliverables supported by the employee. An employee appointed on a short period (less than a year), his/her performance management process will be for the duration of his/her employment.

6.8 Performance management must be development-orientated and aimed at cultivating good human capital management and career development practices.

6.9 Any amendments on the Performance Management shall be mutually agreed upon by all parties to the agreement (the relevant manager and employee).

6.10 A 5 point rating scale will be used to rate performance.

6.11 The weighting will be allocated to each key performance area according to its relative importance, impact, priority and the time investment required to execute the key performance area.

6.12 The final scores will be calculated to the weighting.

6.13 The sum total of all weights must be equal to 100.

6.14 The line manager and the employee need to identify the appropriate learning and development activities and initiatives as well as ensure that these are agreed to and documented.

6.15 The Individual Development Plan (IDP) or Personal Development Plan (PDP) is person-specific and consists of two components:

- Learning and development on core competencies and performance required to achieve AMCE's strategic objectives, Strategic and Operational plans; and
- Learning and development that is needed in order to advance the employee's career at AMCE.

6.16 The line managers will determine what study is to be supported and when. This support can be in the form of Employee Study Assistance, Training, and Mentoring & Coaching, Self Study etc.

6.17 Not all learning and development activities may be endorsed by the company in a given year and factors to be considered will amongst others include:

- Priorities and operational requirements of the company;
- Fairness and equal opportunities for all staff;
- Cost (availability of funds and time)
- The company's Training and Development Policy/Procedure
- BBBEE Policy and compliance thereto

7. THE KEY ROLE PLAYERS

7.1. The employee will:

- 7.1.1 Achieve and maintain the standards as set out for him/her in the performance agreement.
- 7.1.2 Assess his/her own progress according to his/her performance contract, for the defined assessment purpose and allocate performance ratings accordingly for assessment purpose.
- 7.1.3 Ensure that feedback is sought from line manager to which the employee reported during the period under review;
- 7.1.4 Bring to his/her line manager's attention, significant other key results that were delivered during the period, which are not contained in the performance agreement, where applicable, and/or performance which she/he regards as being of value, and to motivate why she/he regards the performance as such;
- 7.1.5 Give input on areas of performance, which the line manager has identified as not being satisfactory, together with relevant remedial actions;
- 7.1.6 Deliver the key performance areas according to the standards contained in the performance contract;
- 7.1.7 Document and maintain records of all key areas achieved (Portfolio of Evidence).

7.2 The line manager will:

- 7.2.1 Manage the employee's performance in full compliance with performance management policies and procedures;
- 7.2.2 Give regular encouragement by means of both formal and informal communication;

7.2.3 Assess the employee's progress according to his/her performance contract for the period under review, provide feedback and allocate performance ratings accordingly.

7.2.4 Where appropriate, give recognition to the employee for good performance rendered during the cycle under consideration, and motivate why such performance is regarded as praiseworthy.

7.2.5 Identify performance areas requiring improvement, to motivate why she/he regards the performance as not being up to standard and record remedial steps to be taken to mitigate factors which hampered the employee's performance.

7.2.6 Review the employee's performance agreement, where appropriate, to ensure that it is valid at all times.

7.2.7 Record his/her comments on all the above;

7.2.8 Give feedback of all performance assessment results to his/her Manager and submit all signed performance management documents (contract and reviews) to Human Capital.

7.2.9 Keep and maintain a record of key performance areas achieved.

7.3. The Human Capital will:

7.3.1 Facilitate the performance management process upon request, and during the company set review times by line manager and/or employee.

7.3.2 Audit to check the process; identify problem areas and adapt the performance management system.

7.3.3 Be the Custodian of the performance management process, policies and procedures and review regularly.

7.3.4 Maintain performance management contracts and assessments once signed by both employee and line manager.

7.3.5 Capture, consolidate and communicate performance ratings data to the company.

7.3.6 Prepare performance management data analytics for use in other Human Capital initiatives such as reward and remuneration, training & development and succession planning.

7.3.7 Facilitate performance management process upon request by line manager and/or employee.

7.4. The Top/Senior Manager will:

7.4.1 Ensure consistent and objective application of the performance management policy; and

7.4.2 Attempt to resolve grievances resulting from performance management process, wherever possible and as speedily as possible.

8. MANAGING POOR PERFORMANCE

- 8.1 The line manager and employee will identify and develop interventions together to address poor and non-performance during review and feedback
- 8.2 Line manager is responsible for the corrective actions supported by Human Capital in facilitating the process.
- 8.3 The procedure of managing poor performance must be followed. Should the employee not respond to continuous attempts to improve performance and an overall performance assessment the Disciplinary Code and Procedure will apply.

9. DISPUTE RESOLUTION

In an instance where an employee is dissatisfied with the nature or reasonableness of duties being expected or deems the procedure followed to be unfair, the employee may lodge a grievance or dispute through the company Grievance Policy Procedures.

AMCE commits to a speedy resolution of these matters, within 14 working days from the date of the lodged grievance.

10. NON-COMPLIANCE

Intentional non-compliance by any party, either line manager or employee to complete the performance management process will lead to disciplinary action.

The employee and line manager must take ownership of the process (and the employee development plan), and actively pursue it.

11. PERFORMANCE MANAGEMENT PROCEDURES

11.1. DRAWING UP THE PERFORMANCE CONTRACT

A performance contract will be:

- 11.1.1 Developed for each employee on an annual basis in March of each year but not later than one calendar month thereafter.
- 11.1.2 Developed for a new employee within two weeks of successfully completing probation;
- 11.1.3 Developed by the line manager, in consultation with the employee for input and ratification by the line manager's manager; and
- 11.1.4 Agreed, signed and dated by the line manager and employee, ratified by the line manager's manager and come into effect from 01st March each year.
- 11.1.5 The performance management cycle shall commence annually on March each year and remain in effect for a period of twelve continuous calendar months.
- 11.1.6 If an employee is appointed on a short period (**less than a year**), the performance management process will be for the duration of his/her employment.
- 11.1.7 A line manager will inform the employee of the criteria used when drawing up his/her the contract and conducting of the mid-term review & the final assessment.

11.2. Weighting

- 11.2.1 The weighting will be allocated to each key performance area according to the relative importance, impact, priority and the time investment required to execute the key performance area.
- 11.2.2 The final scores will be calculated to the weighting
- 11.2.3 The sum total of all weights must be equal to 100

11.3. Individual/Personal Development Plan (IDP or PDP)

11.3.1 The line manager and the employee need to identify the appropriate learning and development activities and initiatives as well as ensure that these are agreed to and documented. The PDP/IDP is person-specific and consists of three components:

- Learning and development on performance gaps identified from conducted performance reviews.

- Learning and development on core competencies required to achieve AMCE's strategic objectives, strategic and operational plans; and
- Learning and development that is needed in order to advance the employee's career at AMCE.

11.3.2 The line managers will determine what study is to be supported and when this support can be in the form of Employee Study Assistance, Training, and Mentoring & Coaching etc.

11.3.3 Not all learning and development activities may be endorsed by the company in a given year and factors to be considered will amongst others include:

- a) Priorities and operational requirements of the company;
- b) Fairness and equal opportunities for all staff;
- c) Cost (money and time)
- d) The company's Training and Development Policy
- e) BBBEE Policy and compliance thereto

11.4. MID-TERM ASSESSMENT

11.4.1 The line manager will meet with each employee:

11.4.1.1 To review the performance in early September (halfway through) the performance cycle; and,

11.4.1.2 To assess and rate the actual performance against his/her performance contract.

11.4.2 The purpose of the assessment is to:

11.4.2.1 Assess actual performance against key performance areas and measures and determine the level of such performance against agreed criteria;

11.4.2.2 Ensure that performance improvements plans are developed to improve performance in a supportive manner;

11.4.2.3 Determine the impact of the development initiatives on personal and profit/cost centre;

11.4.2.4 Review the development plan and amend/update the plan where appropriate

11.4.2.5 Recognize achievements and identify achievements that were not part of the original objectives;

11.4.2.6 Identify barriers to performance and through a process of coaching and interaction develop action plans to resolve the barriers to performance; and

11.4.2.7 Give feedback to the line manager on the support agreed in objective setting process.

11.4.3 Any amendment/update done to a performance contract or mid-term assessment (for all employees), must:

11.4.3.1 Be mutually agreed by the line manager and employee;

11.4.3.2 Be signed and dated by the employee, line manager and line manager's manager; and

11.4.3.4 Come into full effect from date mutually agreed by the line manager and the employee.

11.5. FINAL PERFORMANCE ASSESSMENT

11.5.1 The line manager will meet with each employee by the 15th March (latest) every year to conclude the final performance assessment.

11.5.2 In this meeting the employee's performance will be assessed against his/her performance contract; and

11.5.3 This formal assessment will take into consideration the outcome of the mid-term review and determine final performance level of the employee for the period under review.

11.6. PERFORMANCE RATING SCALE

11.6.1 The allocation of performance rating to employee shall be made according to the following five point rating scale:

Description	Rating
Consistently exceeds the required standard of performance	5
Significantly higher than the required standard of performance	4
Fully meets the required standard of performance	3
Meets some but not all requirements	2
Does not meet the required standard of performance	1

11.6.2 Where an employee is given a final (overall) rating of 2 or 1, evidence in validating thereof and as proof of remedial steps taken to address and/or eliminate the performance barriers or other causes for under-performance, must be provided by the line manager. (this must be read in conjunction with the Performance Improvement Procedure-clause below);

11.6.3 Where an employee disagrees with a rating allocated by his/her line manager under any key performance area, such employee shall provide evidence in validating of an alternative rating;

11.6.4 Where he/she cannot provide such, the rating allocated by his/her line manager will be maintained;

11.6.5 Where an employee is given a final (overall) rating of 5 or 4, evidence in substantiation thereof must be provided;

11.6.6 On conclusion of the annual formal performance assessment of an employee, the line manager of such employee shall submit the completed, rated, signed and dated performance assessment form to his/her line manager for submission ratification/approval.

12. PERFORMANCE IMPROVEMENT PROCEDURE

This procedure will be followed where an employee does not meet the required standard of performance.

The objective of this procedure is to correct and/or improve performance. The procedure is a positive one and is not meant to be punitive. However, to accommodate the possibility that the poor performance may not always be corrected, the procedure has to also cover the possible termination of the employment contract as guided by the Disciplinary Code.

12.1. Performance Improvement Plan

The number of Performance Improvement Plan meetings will not be defined but rather will depend on the circumstances of each case. The number of meetings may be indicated by factors such as the degree of poor performance, the possible consequences for which the company may suffer as a result of the employee's poor performance. The process described below allow the convening of three meetings but this should be considered a guide; line managers may have fewer or more meetings depending on the circumstances.

12.2. Preliminaries to the first Performance Improvement Plan meeting:

12.2.1. Where an employee does not meet the required standard or performance the manager will give the employee notice to attend a meeting to discuss a Performance Improvement Plan; and

12.2.2. It is desirable that this meeting is held within 7 working days after the review process



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12.3. The first (1st) meeting: Performance

- 12.3.1. The performance requirements that are expected must be clarified. Corrective measures must be discussed. These may include, if deemed necessary, additional on-the-job training, courses, reading, counseling etc.
- 12.3.2. A date for a follow up meeting shall be set to review the employee's performance;
- 12.3.3. The period between meetings may depend on the nature of work performed, the period over which performance can be measured and the seriousness of the poor performance. Informal feedback between the formal reviews should take place; and
- 12.3.4. The Performance Improvement Plan form must be completed.

12.4. The second (2nd) meeting: Review of Performance Improvement Plan

- 12.4.1. Irrespective of whether performance improves, remains the same or deteriorates, the follow up meeting must take place on the scheduled date;
- 12.4.2. If performance has improved to an acceptable level the employee and line manager will complete and the progress reviews that are part of the general performance management system will be used for feedback. This would mark an end to the use of the procedure in this agreement;
- 12.4.3. Should performance not improve to an acceptable level, and depending on the seriousness of the failure to meet required standard of performance, the manager may indicate the possibility of the employment relationship being reviewed with the possibility of the contract being terminated if performance does not improve by next meeting;
- 12.4.4. A date to review performance again shall be set and the informal feedback between the formal reviews should take place.
- 12.4.5. After the meeting, the employee shall be given a copy of the completed Performance Improvement Plan; and
- 12.4.6. Where, Performance hasn't improved and because management has indicated that the employment contract should be terminated should there be no improvement in performance by the next meeting a letter to this effect shall also be given to the employee.

12.5. The third (3rd) meeting

- 12.5.1. Regardless of whether performance has improved, remained the same or deteriorated, the follow-up meeting shall take place on the scheduled date, or within a week of the scheduled date.
- 12.5.2. If the manager believes that the employee's performance has not improved, a chairperson will be nominated to chair the meeting. A member of the Human Capital will be in attendance.
- 12.5.3. The performance Improvement Plan (PIP) Review form must be completed.
- 12.5.4. If the Chairperson finds that performance has improved to an acceptable level, this will mark the end to the use of the procedure in this agreement. Future feedback would follow the procedure detailed in the performance management agreement.
- 12.5.5. If, however, the Chairperson finds that the employee has not achieved the required standard of performance, the Chair may decide to hold further review meetings or to terminate the employment relationship. The contractual period of notice, or payment in lieu of this notice, shall be honored in the event of termination of employment.
- 12.4.6. Formal notice of the outcome of the review meeting shall be given to the employee by the Chairperson. The Chairperson shall keep a full record of the third review meeting and shall make it available to the employee, or his/her representative, on request.



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