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	PERFORMANCE MANAGEMENT POLICY	Issue Date:16.03.2026 Next Review:10.12.2026
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Prepared and Verified by	Approval L1	Approval L2
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PERFORMANCE MANAGEMENT

POLICY STATEMENT

This policy establishes a structured performance management framework at Sumadhura to align individual, team, and organizational goals. It ensures accountability, transparency, and continuous improvement through **Key Performance Indicators (KPIs)**, **Key Result Areas (KRAs)**, and continuous feedback mechanism.

PURPOSE

The Performance Management Policy reflects Sumadhura's commitment to employee development and organizational success. It fosters continuous improvement and ensures that individual efforts are aligned with the company's goals and values.

SCOPE

This policy applies to all employees across departments and levels. It promotes a culture of growth, accountability, and feedback, while outlining performance metrics, evaluation methods, feedback mechanisms, development opportunities, and the appraisal process.

OBJECTIVE

The objectives of this policy are to:

- Align employee performance with Sumadhura's strategic priorities.
- Define measurable KPIs and KRAs for all roles.
- Apply the Balanced Scorecard to evaluate performance across financial, customer, internal process, and learning & growth perspectives.

- Promote a culture of accountability, constructive feedback, and continuous improvement.

- Environmental, Social, and Governance (ESG) aspects are embedded within the performance framework and reflected in KRA setting and performance evaluation for applicable roles.
- The PMS Policy shall be reviewed and updated, as applicable, to reflect any changes arising from ESG integration and to ensure continued alignment and adherence to the organization's performance management framework.

ROLES AND RESPONSIBILITIES:

ROLES	RESPONSIBILITIES
Employee	Set goals and complete self-evaluation sheets.
Reporting Manager	Define KRAs and KPIs for team members, conduct evaluations, provide feedback, and recommend training as required.
HCM Department	Manage KRA/KPI documentation, oversee the Performance Management System (PMS), handle escalations, and facilitate training programs.

GUIDING PRINCIPLES

- Sumadhura provides employees with opportunities to advance their careers and contribute to organizational goals. Defining performance measurement criteria is a vital aspect of this process.

- The appraisal approach emphasizes introspection as a tool for personal development. Performance management is designed to be open, humane, and sensitive.

- While subjectivity is inherent in any assessment, data-driven evaluations ensure fairness and informed decision-making.

- Performance-linked variable payouts are based on organizational and individual performance, at the sole discretion of management.

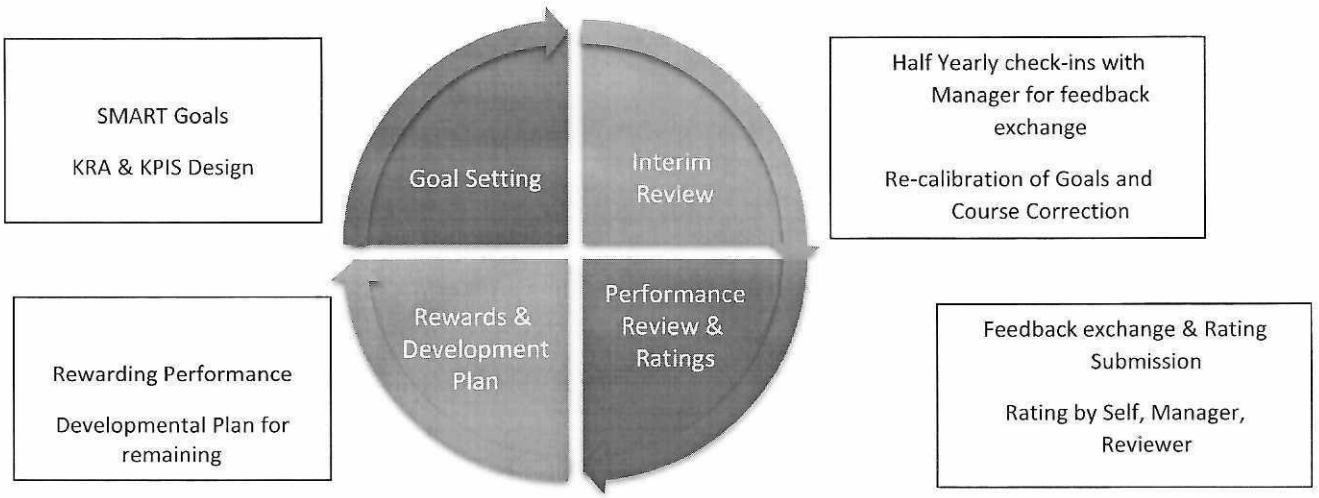
- Communication is a two-way process: employees and managers engage in ongoing discussions, evaluations, and feedback throughout the year.

- The performance management cycle follows the **April–March financial year**, with quarterly check-ins and continuous feedback to align personal goals with organizational priorities.

PRE-REQUISITES

- **SMART Goals:** Employees must set goals that are Specific, Measurable, Achievable, Relevant, and Time-bound.
- **KRAs:** Define the core responsibilities of each role, documented in the performance plan.
- **KPIs:** Quantifiable metrics linked to KRAs to assess performance.
- **Performance Cycle:** Annual or semi-annual period during which performance is planned, monitored, and reviewed.
- **Appraisal Cycle:** April 1st to March 31st.

STEPS FOR PERFORMANCE MANAGEMENT



Goal Setting:

- Employees, in collaboration with managers, set SMART goals at the start of the financial year.
- Goals are linked to departmental targets (e.g., lead generation in Sales, compliance in HCM).
- The HCM department provides templates; managers facilitate one-on-one discussions and record finalized goals in the HRIS.

- Goal sheets must explicitly mention 2–3 KRAs and KPIs with measurable targets (percentages, timelines).

Interim Review:

- Mid-cycle evaluation serves as a checkpoint.
- Managers track KPIs using dashboards/reports.
- Interim reviews assess progress and provide corrective feedback.
- Employees are encouraged to self-monitor KPIs.

Performance Review and Rating:

- Managers review goals and provide feedback on annual performance and development activities.
- Each manager ensures timely and equitable assessments.
- The HCM Department publishes schedules, formats, and training for the review process.
- Appraisal forms are completed by the employee, manager, and reviewer (HCM).
- Ratings are based on achievement levels (Exceeds Expectations, Meets Expectations, Needs Improvement).
- Evaluations are documented and discussed in appraisal meetings.

Rating Scale:

Performance Rating	Evaluation Criteria	Description
5 – Outstanding	Consistently exceeds KRAs	Takes ownership beyond defined responsibilities.
4 – Exceeds Standards	Fully delivers KRAs	Often exceeds expectations in some areas.
3 – Meets Standards	Delivers KRAs as expected	Fulfills role responsibilities adequately.
2 – Below Standards	Partial achievement of KRAs	Misses some critical deliverables.
1 – Unsatisfactory	Fails majority of KRAs	Performance is significantly below expectations.

Rewards & Development Plan:

Rewards such as increments, salary corrections, promotions, or bonuses are finalized by the Managing Director after consultation with Department Heads and HCM.

- Promotions reflect career progression and business needs, classified as:
  - Vertical (Career Ladder)
  - Horizontal (Role Expansion)
  - Cross-Functional
  - Role Enrichment
  - Fast-Track
  - Project-Based
  - Geographic

Performance Rating Vs Type of Promotion:

Performance Rating	KPI Achievement Range	Promotion Types Eligible	Policy Notes
Outstanding (5)	≥120%	Fast-Track, Vertical, Geographic, Project-Based	Eligible for accelerated career growth and leadership pipeline.
Exceeds Standards (4)	110–119%	Vertical, Horizontal, Cross-Functional	Considered for promotion based on business needs.
Meets Standards (3)	95–109%	Role Enrichment, Horizontal (case-by-case)	Eligible for enrichment but not fast-track promotion.
Below Standards (2) & **Unsatisfactory (1)**	70–94%	None	Must undergo Performance Improvement Plan (PIP) or Disciplinary measures

Performance Improvement Plan:

- Employees rated Below Standards or Unsatisfactory are placed on a formal PIP.
- The PIP defines KRAs, KPIs, expected deliverables, measurable goals, and support required.
- Progress is tracked within a defined timeline.
- All PIP discussions must involve the HCM Department to ensure fairness and transparency.
- Discussions are formally documented, outlining issues, corrective steps, and timelines.
- Failure to meet targets may result in reassignment or termination.

GOVERNANCE & COMPLIANCE

- The Performance Management System is governed by fairness, transparency, and compliance with applicable laws.
- All evaluations, improvement plans, and reward decisions and announcements must be documented and reviewed by the HCM Department.
- Managers are responsible for consistent application across teams.
- The HR Department will review this policy annually to ensure relevance and alignment with organizational strategy.

Disclaimer This HCM Policy document supersedes and overrides all previously issued policies, guidelines, or communications on the subject. In case of any conflict or inconsistency, the provisions outlined in this document shall prevail and be considered final.

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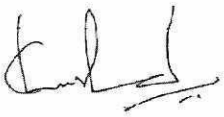
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