

EMPLOYMENT POLICY

Performance Appraisals

CONTENTS

1. Scope & Purpose
2. Definitions
3. Key Principles
4. The Performance Appraisal Process at Lothian
5. Performance Development Plans
6. Linked Policies
7. Version Control
8. Appendix A: Performance Appraisal Process Flow Chart
9. Appendix B: Setting SMART Objectives

1. Scope & Purpose

- 1.1. This policy provides employees of the Lothian Group with the process for conducting performance appraisals and the purpose of conducting performance appraisals for the benefit of the business and employees. This policy also sets out the purpose of a performance development plan. The Lothian Group believe employees should be given formal recognition of their achievements and be given the opportunity to request tools to assist them in the career development.
- 1.2. This policy applies to all non-driving employees of the Lothian Group, including Head Office, Operations Managers, and Engineering staff.

2. Definitions

Performance: The level to which you accomplish your job role.

Personal Development Plan: A personal development plan or (PDP) is a detailed and written action plan to achieve career or role-based objectives detailing the goal, what's needed to achieve the goal, and when it will be achieved by.

Objective: An objective is an aim or a goal created to allow you to excel in your role and at Lothian. Objectives must be SMART: Specific, Measurable, Achievable, Realistic, and Time-Bound.

3. Key Principles

- 3.1. A performance appraisal is a regular review between a line manager and employee of an employee's job performance, contribution to Lothian and a chance to discuss future career goals, aspirations, and training needs.
- 3.2. The benefits to Lothian of conducting a performance appraisal include:
 - Improved employee performance and motivation
 - Improved employee/manager relationships
 - Identifying barriers to performance

- Identifying future talent and aiding succession planning

3.3. The benefits to employees of engaging in the performance appraisal process include:

- Achieving goals and shaping their role
- Increased motivation and job satisfaction
- Clarifying role responsibilities and sharing career aspirations
- Identifying training needs and facilitating development opportunities

3.4. Performance appraisals are a meeting between line managers and employees and are focused on being a two-way discussion. Employees should be empowered to speak openly and feedback should be constructive.

3.5. Performance appraisals are not a replacement for ongoing feedback conversations throughout the year and shouldn't be a forum to raise grievances or have initial conversations about performance management.

3.6. Performance appraisals are to be used for analysing performance and behaviour and not personality traits. Performance appraisals also shouldn't be used to have conversations around salary negotiations.

4. The Performance Appraisal Process at Lothian

4.1. The performance appraisal process at Lothian starts each year in March with six-monthly check-in meetings occurring in September. All managers and employees must have a performance appraisal meeting each March.

4.2. The performance appraisal process is mandatory. Should the start of the appraisal process fall within an employee's probationary period, the performance appraisal will not replace the probation process. Objectives can still be set for employees upon successful completion of their probation and a full appraisal will take place in the following March.

4.3. Although meetings must be held every six-months, more regular meetings are encouraged where objective deadlines are sooner to check on progress and ensure no further support is required.

- 4.4. Managers should send employees the Performance Appraisal Form two weeks before the scheduled appraisal meeting for the employee to complete their comments ahead of the meeting.
- 4.5. Meetings should be scheduled with at least two weeks' notice and for at least one hour.
- 4.6. Managers should complete their comments ahead of the performance appraisal and ensure an agenda is set to keep conversations relevant and provide an opportunity for both sides to speak freely.
- 4.7. Following the performance appraisal, development and training needs should be passed to the HR Team in order for training courses to be scheduled. A list of available training courses is available from the HR Team.
- 4.8. Appendix A provides a full process flowchart for the Performance Appraisal process at Lothian.

5. Performance Development Plans

- 5.1. A Performance Development Plan sets out an employee's objectives for the year in line with Lothian's business strategy.
- 5.2. Performance Development Plans should:
 - Support employees to develop within their own job
 - Enable career development at Lothian
 - Support employees to reach their maximum potential
- 5.3. Performance objectives must be SMART: Specific, Measurable, Achievable, Relevant, and Time-Bound. More information on how to set SMART objectives can be obtained from the HR Team or can be found in Appendix B.
- 5.4. Performance objectives should be agreed between the line manager and employee and recorded on the Performance Development Plan on the Performance Appraisal Form.
- 5.5. Support that can be offered to achieve performance objectives includes:

- Coaching
- Mentoring
- Shadowing
- Formal Training Courses or Professional Qualifications
- Teaching others

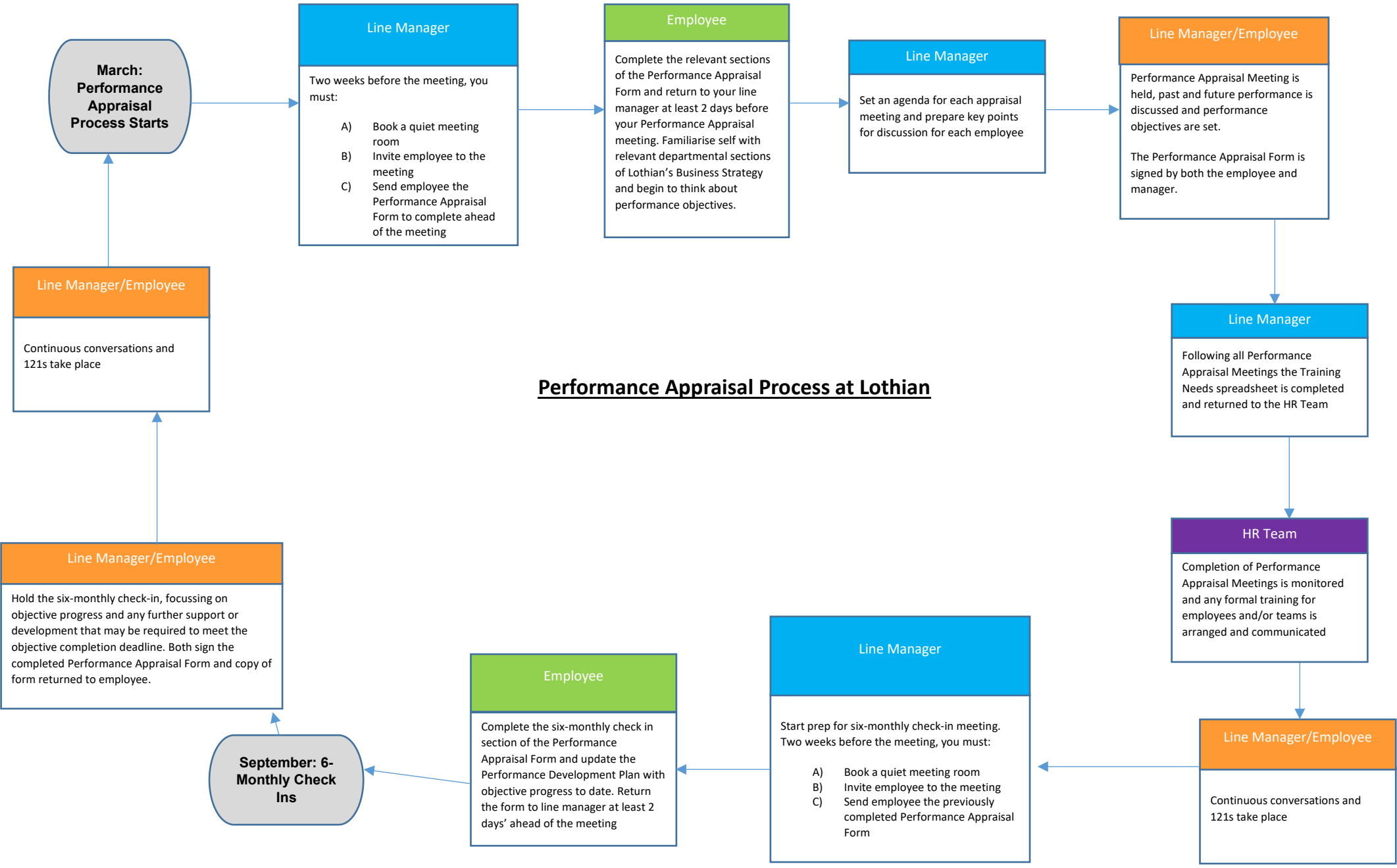
6. Linked Policies

- Managing Performance Policy
- Probationary Policy

7. Version Control


Version No.	Date of Change	Change made by:	Key Amendments
V1.0	March 2023	P Butler	
V2.0	April 2026	H Devereux	Amendment to 4.1 with milestones February and August changed to March and September respectively; HR People Team changed to HR Team throughout

Appendix A: Performance Appraisal Process Flow Chart




Setting SMART Objectives

Smart Objectives should be: Specific, Measurable, Achievable, Relevant, Time-Bound




Specific

- Use action-oriented verbs such as analyse, change, create, or identify
- What outcome are you looking for?
- What needs to happen?
- Does anyone else need to be involved?
- How will this be achieved?




Measurable

- The outcome of the objective should be related to a percentage, frequency, rate, or number
- How will I know that the change has occurred?
- How will I obtain these measurements?




Achievable

- Objectives need to be attainable and mutually agreed
- Who will carry out the actions and do they have the necessary skills to do them well?
- Are the resources to achieve the objective available or can they be obtained?
- Who has responsibility for what?



Relevant

- Is the objective realistic and attainable?
- Is the objective aligned to the departmental business strategy and job role?



Time-bound

- When should the objective be completed?
- Are there any milestones or key steps that need to identified?

