Performance Appraisal Policy Template

For Indian Companies | Structured Guidelines for Fair and Transparent Reviews

# 1. Purpose

This policy outlines the process and framework for evaluating employee performance in a fair, consistent, and transparent manner. It aims to align individual goals with organizational objectives, recognize employee contributions, and support continuous development.

# 2. Scope

This policy applies to all permanent employees across departments and functions. It may also apply to contractual and probationary staff based on business needs and discretion of management.

# 3. Appraisal Frequency & Cycle

Performance appraisals will be conducted annually, typically at the end of the financial year. Mid-year reviews may also be conducted to track progress and provide interim feedback.

# 4. Appraisal Methodology

The appraisal process consists of the following steps:  
- Goal setting at the beginning of the appraisal cycle  
- Mid-year review to assess progress and recalibrate goals if needed  
- Final performance evaluation at year-end  
- Review meetings between employee and manager  
- Final rating approval by management and HR

# 5. Performance Rating Scale

A 5-point rating scale will be used for performance evaluation:  
5 – Outstanding  
4 – Exceeds Expectations  
3 – Meets Expectations  
2 – Needs Improvement  
1 – Unsatisfactory

# 6. Roles & Responsibilities

- Employee: Responsible for understanding performance expectations, setting goals, and participating actively in reviews.  
- Manager: Responsible for setting clear objectives, providing continuous feedback, and conducting fair evaluations.  
- HR Department: Responsible for process facilitation, training, calibration, and documentation.

# 7. Linkage to Rewards & Promotions

Performance ratings will be linked to annual salary increments, bonuses, promotions, and developmental opportunities. Employees with higher performance scores will be prioritized for rewards and career growth.

# 8. Employee Feedback & Appeals

Employees may provide feedback on the appraisal outcome during the review meeting. In case of dissatisfaction, an appeal can be raised in writing to the HR department within 7 working days.

# 9. Confidentiality

All performance-related discussions and documentation will be treated as confidential and accessed only by the employee, reporting manager, and HR.

# 10. Review & Amendments

This policy will be reviewed periodically and updated as per evolving business needs or changes in HR best practices.