

APPRAISAL PROGRAMME

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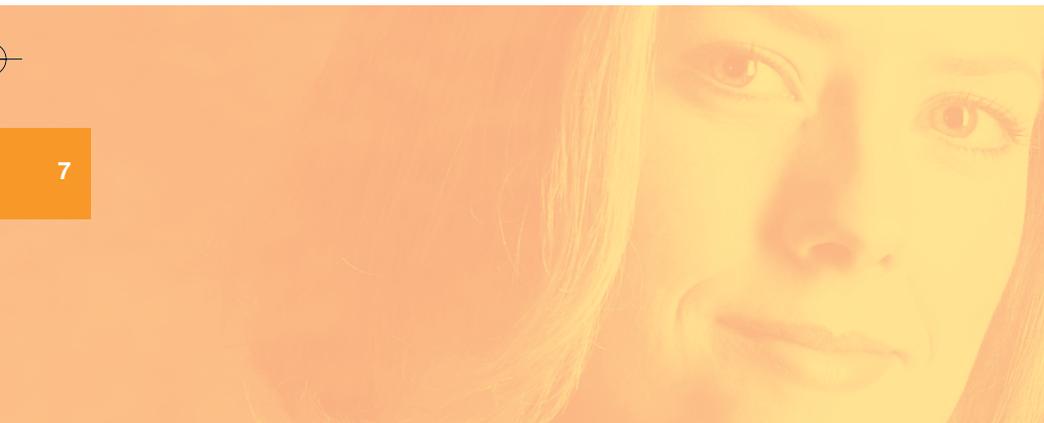


Appraisal Programme

7.1 Objectives

The objective of the programme is to encourage and recognise the development of people by providing direction and support in line with Renishaw's overall goals and objectives. It also gives Managers and the employee an opportunity for consultation and to offer constructive feedback as appropriate.

Performance appraisal is usually carried out once a year. Under certain circumstances (i.e. a change of job or the individual being on a training programme), an interim review may be conducted after six months.



7.2 Purpose

The purpose of the programme is to enhance Renishaw's employees with regard to:-

- Their individual potential.
- Inter-personal skills at all levels.

The programme is designed to:-

- Define employees goals i.e. Key Result Areas (KRAs).
- Define necessary skills and direction required.
- Offer encouragement and motivation by acknowledging excellence, advising on areas of improvement and identifying career goals and aspirations.
- Establish greater understanding.
- Provide a method for feedback on management.

7.3 Benefits

The benefits for job holders:

- An honest assessment of job performance.
- A clear understanding of what is expected of you.
- A clear understanding of the key aspects of the job.
- An opportunity to discuss: training, assistance, concerns, ambitions, career goals etc.



7.4 Performance Appraisal and Effect on Pay

Performance only forms part of the overall equation in determining what people should be paid. The level of pay in all organisations takes into account, to a greater or lesser extent, how well an individual has performed against expectations.

Performance appraisal is a defined measure of performance and is an important component in assessing individual pay levels, especially where merit is concerned, but other key factors will also apply, including the total available budget, market rates, peer comparisons, company performance etc.

The ratings given in performance appraisal should not be regarded as indicating any automatic pay percentage increase, pay scale or guaranteed promotion (or demotion for that matter) but will indicate a qualified measure of performance at a given point in time (see Pay and Benefits section for more information). Comparing ratings year on year can give an indication of whether performance is improving or declining against expectations.

