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NEWSLETTER • November 2010



Banking on Good Behaviours from You!

The performance year has closed and Unite members will breathe a collective sigh of relief the pressure to meet end of year target deadlines is lifted. However, NAG has just rolled-out a significant change to the Performance Management Framework which will measure employees' performance based on their behaviours as well as their Scorecard outcomes. Employees' behaviours will be rated A to D (A being the best and D being the worst) alongside their normal Scorecard assessment outcome of Outstanding, Commendable, Fully Competent, Needs Improvement etc. The Enterprise Framework, as it is known, applies from 1st October 2010, however, it will not be until the 2012 pay round that the pay impacts will be felt but Union members will be balloted on the proposals so they can have their say.

Unite has been in consultations with NAG for some time over this initiative which has been introduced in Australia and now New Zealand and the UK. The idea is that all colleagues globally will be measured against the same behaviour standards and there is a consistent global approach to these standards. Whilst Unite supports management efforts to promote positive behaviours and tackle bullying and dysfunctional management styles and practices which impact on our members, we have strong reservations about:

- The extra burden the Enterprise Framework places on managers who will have to carry out the assessment
- The potential for subjective criteria to be applied (one manager's view of what constitutes 'working together' for example may be very different from another)
- The number of potential challenges arising from the ratings applied where members will need Union support
- The governance of the Compliance Gateways, particularly in ensuring members have every support from their manager via an action plan to move them back to Green
- The impact on base pay. We do not believe that staff should be penalised further on their base pay given the already triple jeopardy of Red and Amber Gateways, IIP and disciplinary sanctions which all affect pay.

Enterprise Framework

The Enterprise Framework follows the lead set by other banks such as RBS, Lloyds Banking Group and HSBC who have all introduced a 'behaviours' framework in the wake of the financial crisis, changes to regulation and the negative media focus on banks and their role in the credit crisis. Whilst NAG's raison d'être for introducing the framework is that it is seeking to mark out NAG as a different player in the market through building a culture and reputation based on behavioural standards which apply globally, the core principles of the Enterprise Framework require that each employee will:

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- Be authentic and respectful
- Work Together
- Create Value through Excellence

The intention is that these core behaviours are embedded in every part of the business providing a consistency of approach across the organisation. This means that managers too should understand and demonstrate the behaviours making it clear to you the basis on which you will be assessed from the start of the performance year. From the employee perspective you need to understand what the behaviours expected are and the impact this could have on your rating.

How Are My Behaviours Assessed?

Underlying the key behaviours are a set of 'proof points' like the one below with supporting descriptors which explain what level of standards are required for each rating A to D.

A rating means your behaviours classed as a role model for others

B rating means you demonstrate the proper behaviours

C rating means you partially demonstrate the required behaviours

D rating means you rarely or never demonstrate the required behaviours.

These 'HOW' you do it behaviour ratings (A to D) sit alongside your 'WHAT' you do ratings defined by your Scorecard (Outstanding, Commendable, Fully Competent, Needs Improvement etc) which will in future be more aligned to business strategy. The two ratings together will produce your Performance Outcome (Outstanding B, Commendable C, Fully Competent A and so on) which will impact on your base pay in 2012. When a rating of D is given for any one of three core Enterprise Behaviours, an overall rating of D is automatically given. What these combinations mean for A and B staff who are subject to the matrix and for Group C staff will not be clear until salary negotiations have taken place in October 2011 which Unite members will be balloted on. However, you should note that the assessment process starts on 1st October 2010 with the introduction of the Framework.

What about Behaviour and Compliance Gateways?

There will be no Behaviour quality gates. From 1st October 2010 there will only be the Compliance Gateway. Behaviour issues previously dealt with through the Behaviour Gateway will be dealt with through the Compliance Gateway process as a breach of the code of conduct.

The Compliance Gateway defines and measures the minimum level of Compliance expected of employees and will be clear for all to see in the Performance and Potential section of BRIAN under 'My Career'.

Red, Amber, Green - What will these mean from 1st October 2010

- Employees rated Green will be eligible for bonus and base pay review
- Employees rated Amber at the end of the performance year will receive a 25% reduction in the bonus payment due but will be eligible for a base pay review
- Employees on Red will not be eligible for a bonus and will forfeit any deferred incentive from a prior period. They will also not be eligible for a base pay review.

Following representations from Unite, the Company has agreed to issue clear guidance to managers applying an Amber or Red Compliance rating. Where an Amber or Red Gateway is applied, the manager must work with the employee to ensure there is an action plan in place to remove the negative compliance rating.

There will be a new performance template incorporating Scorecard, Behaviour and Compliance ratings which will show your overall Performance Outcome which should be signed by you and your manager. If you are not comfortable with the Performance Outcome rating, **do not sign the template**. Follow the appeals process set out below and contact your Unite representative for further information.

A Quick Guide to what's new with the Performance Management Framework

1. The 17 Behaviour frameworks, codes and leadership models including the corporate principles are history and have all been replaced by the Enterprise Framework.
2. Your base pay increase will be affected by your Behaviour rating and Performance rating including Scorecard and Compliance rating.
3. There will be a Behaviour assessment rating A to D as well as the Scorecard outcome rating (Outstanding, Commendable, Fully Competent, Needs Improvement, Unsatisfactory). The Behaviour assessment and Scorecard outcome combined will give you your Performance Outcome such as Fully Competent A, Commendable C, Outstanding B, Needs Improvement C.
4. There will be no Behaviour quality gates but there will be a Compliance Gateway with clear guidelines as to what constitutes a compliance breach.
5. A rating of D for any one of the three Enterprise core behaviours attracts an overall rating of D.
6. A 25% reduction in bonus payment will be applied if you are rated Amber at the end of the year. However, you will be eligible for a base pay review.
7. Employees on a Red Gateway will not be eligible for a bonus including any deferral from a previous period. They will also not be eligible for a base pay review.
8. Breaches of Code of Conduct will come under the new Framework and constitute a Compliance Gateway.

When does the clock start ticking on the new behaviours and what does my manager need to do?

Your manager should understand and demonstrate the behaviours expected and communicate to you what is expected going forward. As with the Scorecard process, your manager should be having regular conversations with you around the behaviours and Scorecard expectations so that your rating does not come as a surprise when the first formal assessment takes place at mid-year 2011.

Unhappy With Your Rating? – Next Steps

If you are unhappy with the rating and it is subsequently imposed, then you should take the following steps:

1. Review performance template expectations and supporting documentation which clearly defines evaluation rating expectations for your role.
2. Reflect on 1-2-1 review conversations, documentation and other evidence relevant to your objectives to ensure your progress and achievements have been recognised.
3. Talk to your line manager and explain how your performance evidence supports your performance evaluation. Ask your line manager to explain their evaluation of your performance, the evidence behind it and what account they have taken of any circumstances which got in the way of you achieving your objectives.
4. If your concerns are still not resolved, then you should submit a letter in writing to your review manager and request a meeting to discuss your concerns about your performance outcome. Your manager will be able to tell you who the review manager is.
5. If the matter is still not resolved, you can ask for the matter to be referred to a more senior manager who was not directly involved in assessing your rating and request a meeting.
6. If you are still unhappy with your rating, please contact your Union representative for support and further advice. Members can, of course, contact their Union Representative for advice and support at any time during the process.

Did you know you can find out more about Unite and NAG by clicking on the "my Career" tab at the top of your business unit home page. Scroll down to and click on the Unite logo. From there you can access details of Unite's Workplace Representatives.