

ESSEX

PROPERTY TRUST, INC.



2018 Operations Performance Evaluation

Manager Handbook

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Introduction

Our mission at Essex is to operate our business with governing core values - integrity, fairness, accountability and an unwavering urgency. This not only applies to our prospects and residents - it applies to our internal customers as well. Our associates are our **greatest** asset.

Associates **need to be recognized** for their achievements – positive feedback builds morale and loyalty. They **deserve to be made aware of issues** and **provided an opportunity to improve**. Evaluations should be about encouraging continued good performance and changing poor performance.

Reviewing performance should not be a “once a year” discussion. Managers who provide on-going feedback to improve or reinforce performance ensure the productivity and engagement of their team. The evaluation form is a tool to document expectations and standards of performance, recognize progress toward achieving results (and how well those results were achieved), and suggestions on areas of improvement and how to follow those suggestions. If you are consistently communicating with your associates during the year, the annual review process should be straightforward.

This handbook is provided as a reference on how to prepare the evaluation, clarify how the ratings work, and how to successfully conduct the performance review meeting.

What is Success Factors

Success Factors is a cloud based software solution that will automate the performance evaluation process! This will make the review process simple and streamlined. You will be able to complete evaluations in the system and “push” the evaluation through the online process, known as a “workflow.” Once the process has been completed, evaluations and performance ratings will be captured in Success Factors. This information will be accessible to you at any time.

Success Factors is more than a performance evaluation tool – it’s a fully integrated solution that we will use to help align associate performance with organizational strategies. Some of the cool features we plan to use Success Factors for in the future are:

- Goal Setting
- Talent Management
- Succession Planning
- On-Going Feedback
- 360 Reviews

Preparation

The performance review will summarize performance since the beginning of the year. It is important that you put a lot of thought into these evaluations, as they do become a part of the associate’s record. Your evaluation of performance should be factual and objective, providing specific examples of both positive performance and performance that requires sustained improvement to meet company standards.

Prior to writing the evaluation, we suggest that you review last year's performance evaluation, compile any backup, notes, reminders, emails, consultations, action plans or performance improvement plans, shop reports, etc. for each associate. The Performance Assessment form (used for internal associate transfers) is also a great tool to help you address performance prior to their tenure at your property. We encourage you to solicit feedback from other managers if needed. Success Factors offers a "feedback tool" that can be used to invite others to comment on your associate's performance.

As you are writing the evaluation, be descriptive yet concise, constructive yet honest, and be conscious of legal pitfalls. Be thoughtful when writing the comments for each section and make sure to provide specifics regarding performance. Should you have concerns about wording or content, please reach out to Human Resources.

Self-Evaluations

Self-evaluations are a vital activity that can help make the performance evaluation process more effective. Including self-assessments as part of the performance management process gives associates an active role to play. Rather than simply being the "recipient" of feedback from their manager, the associate is given a voice, and can inform or shape their performance appraisal and ratings. This active participation helps them to be more engaged with both their performance and the review process overall.

Evaluation Format

The Performance Evaluation has been formatted to provide an objective review based on the critical functions of each position. The evaluation is broken out into five separate sections, Critical Functions, Expectations of Employment, Performance Summary, Long Term Goals, and Performance Goals. The Critical Functions and Expectations of Employment sections are used to "rate" your associates performance compared to company expectations. The Performance Summary section at the end of the evaluation provides your overall rating and an opportunity to capture any last comments.

Ratings and Scores

The use of a "rating scale" provides a structured and standardized approach to measure performance. Each associate is subjected to the same rating criteria, with the same range of responses. This encourages equality in treatment and imposes standard measures of performance across all parts of the organization. The following rating scale is applicable to this year's evaluation:

- 1 Unsuccessful / Unacceptable Performance:** Performance fails to meet minimum expectations for this role, and immediate and sustained improvement is required.
- 2 Partially Successful / Needs Improvement:** Performance does not consistently meet or occasionally falls below what is required of the position; improvement in specific areas is required.

- 3 Fully Successful/Effective Performance:** Performance consistently meets the critical requirements of the position, continually achieves preset goals and performs with distinction.
- 4 Superior/Highly Effective Performance:** Performance is continually and consistently superior and regularly goes beyond what is expected.
- 5 Distinguished Performance and role Model Status:** Clearly and consistently demonstrates extraordinary and exceptional accomplishment in all major areas of responsibility.

When rating performance, beware of central tendency (rating every area or associate equally). Do not rate all areas (or associates) as a “3”; *everyone* has strengths and weaknesses. Taking this approach does not differentiate performance between associates. Our highest performers should have better scores and vice versa. Consistency in your ratings is important to ensure proper assessment.

Score “Weights” by Position

Ratings are “weighted” based on responsibilities per section, e.g., a Porter’s rating in Leadership/Personnel Management holds less value to the overall section score than their rating for Community Operations and Customer Service.

Total Overall Score

The total overall score is weighted based on the scores of both Critical Functions and Expectations of Employment.

Section 1: Critical Functions – 50% of the overall score

Each associate has some level of responsibility in five main operational areas - Community Operations, Fiscal Management, Customer Service/Market Knowledge, Leadership/Personnel Management and Administration/Other Duties. The relative importance of each differs by position, thus each area is weighted accordingly.

Carefully review the list of responsibilities for each area to determine an overall rating. Use the Manager Comments box after each Critical Function, to record specific examples of both good and bad behaviors as they relate to the responsibilities.

Section 2: Expectations of Employment – 20% of the overall score

The purpose of this section is to examine performance alignment in the behavioral competencies required of all associates irrespective of their position. Essex team members are expected to demonstrate proficiency in these competencies as they relate to their role. Use the Manager Comments box at the end of the section to provide specific examples of the areas where associates excel or need improvement.

Section 3: Performance Summary

At the end of the evaluation, in the Performance Summary section, you will see the overall score and a comments box. This is an opportunity to highlight additional achievements, areas of

improvement, performance deficiencies and/or future development needs not captured in the Critical Functions or Expectations of Employment sections.

Unique Situations

Unique situations pertain to associates who; work at more than one property, recently transferred, are working on Corrective Action, or are new to the company.

Recent Hires

Associates hired on or after July 5 will be considered “too new to rate” and an annual evaluation will not be required.

Recent Transfers / Supporting Multiple Communities

Managers with associates who transferred jobs, transferred communities or who are supporting multiple communities will need to solicit feedback from the previous / other manager(s). This is a great opportunity to utilize the “feedback tool” in Success Factors as mentioned above.

Conducting the Evaluation

Upon receipt of the evaluation, make an appointment with your associate. Do not spring the evaluation on them! Meet in a confidential setting, and ensure there are no interruptions.

We suggest that you have a copy of the evaluation ready for your associate. Make sure the associate knows that comments are appreciated. Discussion is good, arguing is not. If the associate disagrees, then he/she should use the comment section to voice those concerns.

Associate Comments

Associate comments are encouraged; perhaps there is a particular accomplishment that the employee is proud of that was overlooked. Invite them to log in to Success Factors and enter comments before they electronically sign their performance evaluation.

Disagreement is not always a bad thing; it opens a dialog that perhaps was not there before.

Listen to associate’s suggestions and incorporate those comments if appropriate. The associates do their job every day and they may have suggestions that you may not have thought of.

Legal Considerations

Be conscious of how you speak with associates during the evaluation meeting.

Don’t promise continued employment to anyone. For example, don’t tell associates that they “have a job as long as they keep up the good work.”

Don’t contradict actual performance. The performance evaluation is part of the overall picture of an associate’s performance. If an associate is not performing well, this should be clear in the performance evaluation. Everyone has room for improvement and this should be documented.

Don’t discuss protected classes. Do not refer to any protected characteristic, such as race, color, gender, National Origin, etc. or make any unlawful references.

Don't comment on protected leaves. Do not comment on workers compensation claims, disability claims, or any leave of absence.

Contacts

The following team members are available to you should you have further questions.

Human Resources – humanresources@essex.com

Associate Relations – associaterelations@essex.com