MERCER WEBCAST
COMPENSATION PLANNING FOR 2015
EMEA FORECASTS AND TRENDS
OCTOBER 20, 2014

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TODAY’S SPEAKERS

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AGENDA FOR OUR SESSION TODAY

- Context for Planning
- Mercer Research Insights
- Trends for 2015 and Beyond
- Call to Action
CONTEXT FOR PLANNING
The European economy is positioned to experience growth end of 2014/start of 2015

Economic recovery continues at a modest pace, though is expected to accelerate, in particular in Central and Eastern Europe.

More signs of modest economic improvement:
- Inflation is either limited and/or in decline
- Salary freezes are down significantly from 2013 and projected to decline further in 2015
- There is a risk posed by unemployment with some particularly hot spots in Greece, Spain and Serbia. Generally though it is declining in many European countries

The world economy is growing slowly - due to weakening trends in emerging economies

Salary freezes expected to drop to single digits% by end of 2014.
ECONOMIC CONTEXT IN 2014

Source: Global Compensation Planning Report, July 2014
MIDDLE EAST – POLITICAL AND ECONOMIC CONTEXT

1. One region, two worlds

2. Deteriorated security

3. Sharp decline in oil prices

4. GCC (Gulf Cooperation Council) countries remain relatively stable and continue to grow
PAY INCREASES AND ECONOMIC TRENDS IN 2014
A CROSS COUNTRY VIEW

SOURCE: Global Compensation Planning Report, July 2014
Do you think that limited salary increase budgets have led to adjustments elsewhere in the total reward package?

a – Yes – in all markets
b - Yes – in at least some markets
c – No
d – I don’t know

* of those responding
COMPANIES CONTINUE TO INCREASE FOCUS ON THE BROADER DEFINITION OF TOTAL REWARDS

<table>
<thead>
<tr>
<th>EMPLOYER PERSPECTIVE...</th>
<th>CAREERS</th>
<th>WORK/LIFE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MONEY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PAY</td>
<td>BENEFITS</td>
<td></td>
</tr>
<tr>
<td>Base pay</td>
<td>Retirement Savings</td>
<td>Time off</td>
</tr>
<tr>
<td>Short-term incentives</td>
<td>Medical/Dental/Vision/</td>
<td>Wellness programs</td>
</tr>
<tr>
<td>Long-term incentives</td>
<td>Prescription Drug, etc.</td>
<td>Dependent care</td>
</tr>
<tr>
<td>Allowances</td>
<td>Life insurance</td>
<td>Workplace flexibility</td>
</tr>
<tr>
<td>Financial recognition</td>
<td>Short- and long-term</td>
<td>Non-financial and</td>
</tr>
<tr>
<td>programs</td>
<td>disability</td>
<td>status recognition</td>
</tr>
<tr>
<td>Deferred compensation</td>
<td>Accident coverage</td>
<td>Commuter programs</td>
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<tr>
<td></td>
<td></td>
<td>Workplace facilities and perquisites</td>
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<table>
<thead>
<tr>
<th>EMPLOYEE PERSPECTIVE...</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>My value today</td>
<td>My financial security and protection</td>
<td>My future value</td>
</tr>
<tr>
<td>My future value</td>
<td>My quality of life</td>
<td></td>
</tr>
</tbody>
</table>

“EMPLOYEE EXPERIENCE”
INVESTMENTS IN CAREER DEVELOPMENT AND TRAINING ARE KEY IN MATURE MARKETS LIKE WESTERN EUROPE

Source: Mercer 2014 Total Rewards Survey of 355 Organizations
IT AND ENGINEERING CONTINUE TO BE VIEWED AS “HOT” IN MATURE MARKETS

Source: Mercer 2014 North American Total Rewards Survey of 355 Organizations
2014/2015 EMEA SALARY MOVEMENT SNAPSHOT SURVEY

PARTICIPANT PROFILE

6,605 PARTICIPANTS
82 MARKETS

financial services: 4%
other non-manufacturing: 6%
retail and wholesale: 4%
consumer goods: 24%
mining and metals: 1%
services (non-financial): 6%
insurance: 2%

energy: 8%
life sciences: 17%
high tech: 12%
other non-durable goods manufacturing: 4%
other durable goods manufacturing: 9%
transportation equipment: 3%

source: Mercer EMEA SMS September 2014
2014/2015 EMEA SMS SURVEY
PARTICIPANT PROFILE

Markets covered – no of participants

- Albania
- Armenia
- Botswana
- Cameroon
- Dem Rep of Congo
- Ethiopia
- Ivory Coast
- Macedonia
- Malawi
- Malta
- Mauritius
- Moldova
- Montenegro
- Mozambique
- Namibia
- Palestine
- Senegal
- Tanzania
- Uganda
- Yemen
- Zambia
- Zimbabwe

- Angola
- Azerbaijan
- Belarus
- Bosnia & Herzegovina
- Cyprus
- Georgia
- Ghana
- Iraq
- Jordan
- Kenya
- Kuwait
- Libya
- Luxembourg
- Oman
- Pakistan
- Tunisia
- Uzbekistan

- Algeria
- Bahrain
- Bulgaria
- Croatia
- Egypt
- Estonia
- Israel
- Kazakhstan
- Latvia
- Lebanon
- Lithuania
- Morocco
- Nigeria
- Qatar
- Serbia
- Slovenia

- Austria
- Belgium
- Czech Republic
- Denmark
- Finland
- Greece
- Hungary
- Ireland
- Norway
- Portugal
- Romania
- Saudi Arabia
- Slovakia
- South Africa
- Sweden
- Switzerland
- Turkey
- UAE
- Ukraine

- France
- Germany
- Italy
- Netherlands
- Poland
- Russia
- Spain
- Sweden

< 20
20-49
50-99
100-199
200+

Source: Mercer EMEA SMS September 2014
SALARY FREEZES
2015 FORECASTS

Source: Mercer EMEA SMS September 2014
## SALARY INCREASE FORECASTS FOR 2015
### AFRICA – ALL RESPONSES

<table>
<thead>
<tr>
<th>Country</th>
<th>Increase</th>
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</thead>
<tbody>
<tr>
<td>Egypt</td>
<td>10.0%</td>
</tr>
<tr>
<td>Ghana</td>
<td>10.0%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>10.0%</td>
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<tr>
<td>Malawi</td>
<td>9.5%</td>
</tr>
<tr>
<td>Angola</td>
<td>9.0%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>9.0%</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>8.5%</td>
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<tr>
<td>Kenya</td>
<td>8.5%</td>
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<tr>
<td>Libya</td>
<td>7.3%</td>
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<tr>
<td>Namibia</td>
<td>7.0%</td>
</tr>
<tr>
<td>South Africa</td>
<td>7.0%</td>
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<tr>
<td>Zambia</td>
<td>7.0%</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Increase</th>
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<tbody>
<tr>
<td>Algeria</td>
<td>6.9%</td>
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<tr>
<td>Botswana</td>
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</tr>
<tr>
<td>Uganda</td>
<td>6.5%</td>
</tr>
<tr>
<td>Tunisia</td>
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</tr>
<tr>
<td>Mauritius</td>
<td>5.8%</td>
</tr>
<tr>
<td>Mozambique</td>
<td>5.4%</td>
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<tr>
<td>Morocco</td>
<td>5.0%</td>
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<tr>
<td>Zimbabwe</td>
<td>5.0%</td>
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<tr>
<td>Ivory Coast</td>
<td>4.6%</td>
</tr>
<tr>
<td>Senegal</td>
<td>4.5%</td>
</tr>
<tr>
<td>Cameroon</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

Source: Mercer EMEA SMS September 2014
## SALARY INCREASE FORECASTS FOR 2015
### MIDDLE EAST–ALL RESPONSES

<table>
<thead>
<tr>
<th>Country</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yemen</td>
<td>8.0%</td>
</tr>
<tr>
<td>Iraq</td>
<td>6.0%</td>
</tr>
<tr>
<td>Jordan</td>
<td>6.0%</td>
</tr>
<tr>
<td>Lebanon</td>
<td>5.8%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>5.3%</td>
</tr>
<tr>
<td>Kuwait</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oman</td>
<td>5.0%</td>
</tr>
<tr>
<td>Qatar</td>
<td>5.0%</td>
</tr>
<tr>
<td>UAE</td>
<td>5.0%</td>
</tr>
<tr>
<td>Palestine*</td>
<td>5.0%</td>
</tr>
<tr>
<td>Bahrain</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

* New with this edition!

Source: Mercer EMEA SMS September 2014
## Salary Increase Forecasts for 2015
### Western Europe – All Responses

<table>
<thead>
<tr>
<th>Country</th>
<th>Increase</th>
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</thead>
<tbody>
<tr>
<td>Germany</td>
<td>3.0%</td>
</tr>
<tr>
<td>Norway</td>
<td>3.0%</td>
</tr>
<tr>
<td>UK</td>
<td>3.0%</td>
</tr>
<tr>
<td>Austria</td>
<td>3.0%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>2.6%</td>
</tr>
<tr>
<td>Belgium*</td>
<td>2.5%</td>
</tr>
<tr>
<td>Denmark</td>
<td>2.5%</td>
</tr>
<tr>
<td>Finland</td>
<td>2.5%</td>
</tr>
<tr>
<td>France</td>
<td>2.5%</td>
</tr>
<tr>
<td>Italy</td>
<td>2.5%</td>
</tr>
<tr>
<td>Luxembourg*</td>
<td>2.5%</td>
</tr>
<tr>
<td>Sweden</td>
<td>2.5%</td>
</tr>
<tr>
<td>Ireland</td>
<td>2.0%</td>
</tr>
<tr>
<td>Portugal</td>
<td>2.0%</td>
</tr>
<tr>
<td>Spain</td>
<td>2.0%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>2.0%</td>
</tr>
<tr>
<td>Malta</td>
<td>2.0%</td>
</tr>
<tr>
<td>Greece</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

*Mandatory indexation included*

Source: Mercer EMEA SMS September 2014
## Salary Increase Forecasts for 2015
### Central & Eastern Europe – All Responses

<table>
<thead>
<tr>
<th>Country</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belarus</td>
<td>10.0%</td>
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<tr>
<td>Uzbekistan</td>
<td>9.7%</td>
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<tr>
<td>Kazakhstan</td>
<td>9.0%</td>
</tr>
<tr>
<td>Ukraine</td>
<td>8.5%</td>
</tr>
<tr>
<td>Russia</td>
<td>8.0%</td>
</tr>
<tr>
<td>Turkey</td>
<td>8.0%</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>7.0%</td>
</tr>
<tr>
<td>Georgia</td>
<td>7.0%</td>
</tr>
<tr>
<td>Armenia</td>
<td>5.8%</td>
</tr>
<tr>
<td>Moldova</td>
<td>5.6%</td>
</tr>
<tr>
<td>Serbia</td>
<td>5.5%</td>
</tr>
<tr>
<td>Romania</td>
<td>4.9%</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>4.1%</td>
</tr>
<tr>
<td>Hungary</td>
<td>3.9%</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poland</td>
<td>3.5%</td>
</tr>
<tr>
<td>Israel</td>
<td>3.2%</td>
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<tr>
<td>Albania</td>
<td>3.0%</td>
</tr>
<tr>
<td>Croatia</td>
<td>3.0%</td>
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<tr>
<td>Czech Republic</td>
<td>3.0%</td>
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<tr>
<td>Estonia</td>
<td>3.0%</td>
</tr>
<tr>
<td>Latvia</td>
<td>3.0%</td>
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<tr>
<td>Lithuania</td>
<td>3.0%</td>
</tr>
<tr>
<td>Macedonia</td>
<td>3.0%</td>
</tr>
<tr>
<td>Montenegro</td>
<td>3.0%</td>
</tr>
<tr>
<td>Slovakia</td>
<td>3.0%</td>
</tr>
<tr>
<td>Slovenia</td>
<td>3.0%</td>
</tr>
<tr>
<td>Bosnia &amp; Herzegovina</td>
<td>2.9%</td>
</tr>
<tr>
<td>Cyprus</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

Source: Mercer EMEA SMS September 2014
2008 VS. 2014 SALARY INCREASES
WESTERN EUROPE – ALL LEVELS

On average 1.72% drop in salary increases in the WE region 2014 vs. 2008

Source: June 2014 Salary Movement Snapshot
2008 VS. 2014 SALARY INCREASES
CENTRAL AND EASTERN EUROPE – ALL LEVELS

On average 5.98% drop in salary increases in the CEE region 2014 vs. 2008

Source: June 2014 Salary Movement Snapshot
INDUSTRY DATA 2015 FORECASTS

AFRICA
- Energy
- Financial Services
- High Tech
- Life Sciences
- Services (Non Financial)

MIDDLE EAST
- Consumer Goods
- Life Sciences
- Energy
- Financial Services
- High Tech
- Insurance
- Retail & Wholesale

W EUROPE
- High Tech
- Insurance
- Consumer Goods
- Energy
- Financial Services
- Services (Non Financial)
- Retail & Wholesale

E EUROPE
- Consumer Goods
- Life Sciences
- Energy
- Financial Services
- Services (Non Financial)
- Retail & Wholesale

Source: Mercer EMEA SMS September 2014
Does your organization use a salary increase matrix, linking increases to individual performance and position within the salary range?

- a – Yes – in all markets
- b - Yes – in at least some markets
- c – No
- d – I don’t know

* of those responding
2015 FORECAST SALARY INCREASES

PERFORMANCE MATRIX

Average actual salary increase

France  Germany  Italy  Portugal  Switz  UK

Top Performers
Standard Performers
Low Performers
Market Average

Distribution of employees by performance rating

Source: Mercer EMEA SMS September 2014
2015 FORECAST SALARY INCREASES
PERFORMANCE MATRIX

Source: Mercer EMEA SMS September 2014
TRENDS FOR 2015 AND BEYOND - MIDDLE EAST
TOTAL REMUNERATION MIX
UAE EXAMPLE

- **Base Salary:**
  - <50: 55%
  - 50-54: 58%
  - 55-59: 55%
  - >59: 57%

- **Guaranteed Allowances:**
  - <50: 28%
  - 50-54: 28%
  - 55-59: 28%
  - >59: 28%

- **Short-term Incentives:**
  - <50: 5%
  - 50-54: 5%
  - 55-59: 5%
  - >59: 5%

- **Long-term Incentives:**
  - <50: 1%
  - 50-54: 1%
  - 55-59: 1%
  - >59: 1%

- **Benefits:**
  - <50: 5%
  - 50-54: 5%
  - 55-59: 5%
  - >59: 5%
SALARY DIFFERENCES
GENDER DISPARITY BY CAREER STREAM (Mean of Base)

Para-Professionals  Professionals  Management  Executives

- Females  Males

100,000
200,000
300,000
400,000
500,000
600,000
GUARANTEED ALLOWANCES PREVALENCE IN UAE

Transportation Allowance

Housing Allowance

Meal Allowance

Shift Allowance

Furniture Allowance

Utilities Allowance

National Allowance

Other Guaranteed Allowance

Consolidated Allowance

GUARANTEED ALLOWANCES PREVALENCE IN UAE

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
COUNTRY / CITY COMPARISON (New York City = 100)
COL, QOL, AND ANNUAL TOTAL GUARANTEED CASH (PC 51)

Source: Mercer Cost of Living report, March 2014
Mercer Quality of Living report, September 2013

* Expatriate CoL
<table>
<thead>
<tr>
<th>Non-GCC countries</th>
<th>GCC countries</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong></td>
<td>Security and business continuity</td>
</tr>
<tr>
<td><strong>2</strong></td>
<td>Brain-drain</td>
</tr>
<tr>
<td><strong>3</strong></td>
<td>Inflation (e.g. Egypt, Yemen)</td>
</tr>
<tr>
<td><strong>4</strong></td>
<td>Workforce engagement and productivity</td>
</tr>
<tr>
<td><strong>1</strong></td>
<td>Workforce nationalization</td>
</tr>
<tr>
<td><strong>2</strong></td>
<td>Rising costs of housing, school fees, medical insurance</td>
</tr>
<tr>
<td><strong>3</strong></td>
<td>Regional mobility</td>
</tr>
<tr>
<td><strong>4</strong></td>
<td>Workforce engagement and productivity</td>
</tr>
</tbody>
</table>
TRENDS FOR 2015 AND BEYOND
- EMEA REGION
Does your organization segment salary increases and use different budgets for different groups of jobs within one country?

a – Yes – in all markets
b - Yes – in at least some markets
c – No
d – I don’t know

* of those responding
TREND #1

From one size fits all, to segmentation of the total rewards framework

Common principles expressed differently per employee or region segment
WHAT WE ARE HEARING FROM OUR CLIENTS

“We can’t pay at median for our marketing roles if we want superstars.”

“Limited budgets are not enough for our hourly workforce.”

“The technology group wants more from their rewards, pay is not enough — they want development.”
BUSINESS STRATEGY SHOULD DRIVE YOUR REWARDS STRATEGY

How will the organization manage and motivate a workforce that can execute the business strategy?
APPROACHES TO SEGMENTATION CAN DIFFER BASED ON BUSINESS NEEDS

ORGANIZATIONAL
- Geography
- Business Unit
- Business Life Cycle
- Brand
- Job Level

KEY TALENT
- Leadership
- High Performers
- High Potentials
- Hot Skills
- Critical Roles
- Job Family

PREFERENCES
- Age
- Gender
- Culture
- Career Aspirations

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TREND #2

*Integration of talent and reward with focus on communications*

Employees value most what they understand best
THE EMPLOYER PERSPECTIVE

“We need to **build our talent from within** by identifying the right skills and creating career paths.”

“Employees are asking for **clarity** on expectations at each step of the **career journey** as they move up and laterally.”

“There is too much **ad hoc** and discretionary deal-making — leading to manager angst and **employee mistrust.”**
“I would love to navigate future possibilities starting from my current job and company.”

“I don’t see a clear path to progress in this organization.”

“There is no consistency in job level or pay, making me question the organization’s promise to me.”
EMPLOYEES WANT TO EXPLORE OPPORTUNITIES TO MOVE VERTICALLY AND HORIZONTALLY WITHIN THEIR ORGANIZATION

FUTURE OPPORTUNITIES

<table>
<thead>
<tr>
<th>SALES</th>
<th>R&amp;D</th>
<th>OPS</th>
<th>MARKETING</th>
<th>HR</th>
<th>IT</th>
<th>FINANCE</th>
<th>...</th>
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</tbody>
</table>

FUTURE ROLE?

CURRENT ROLE

FUTURE ROLE?
WHAT IS A CAREER FRAMEWORK?
MOVING FROM JOB EVALUATION TO CAREER FRAMEWORKS
TYPICAL PROGRESSION

**JOB EVALUATION**
- De-emphasis of the job grade
- Need for simplicity
- More holistic compensation management
- Better ties to other HR processes

**BANDING**

**Triggers:**
- Need for robust descriptions of reference jobs
- Need for a precise link to other HR activities
- Need for a relatively high level of detail

**CAREER FRAMEWORK**

**Triggers:**
- Need for an accurate structure for both comp management and HR structure
- Need for a robust link to other HR activities
- Less resource intensive

**JOB CATALOGUE**
CAREER FRAMEWORK: OVERVIEW

Career Stream

Career Stage

Career Level

Streams

Support
Professional
Management

M6
M5
M4
M3
M2
M1
M0

P6
P5
P4
P3
P2
S1
S2
S1
CAREER FRAMEWORKS ARE BECOMING MORE COMMON

Don't have a career framework and not planning to implement one 30%

(generally using position evaluation only)

Don't have a career framework, but planning to implement one 55%

Have a career framework 15%

CAREER FRAMEWORKS
REWARD MANAGEMENT & COMPETENCIES MOST OFTEN TRIGGER IMPLEMENTATION OF CAREER FRAMEWORKS

- Reward Management: 65%
- Core and Technical Competencies: 20%
- Employee Communication: 10%
- Other: 5%

TRIGGER FOR CAREER FRAMEWORKS
A CLOSER LOOK: THE CAREER FRAMEWORK SUPPORTING A RANGE OF HR ACTIVITIES

<table>
<thead>
<tr>
<th>Career Streams</th>
<th>Career Framework</th>
<th>Pay Linkages</th>
<th>IPE Position Class Ranges</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>E1</td>
<td>40%</td>
<td>61 - 63</td>
</tr>
<tr>
<td></td>
<td>E2</td>
<td>50%</td>
<td>58 - 60</td>
</tr>
<tr>
<td></td>
<td>E3</td>
<td>38%</td>
<td>56 - 57</td>
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<td>42 - 43</td>
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<td>S1</td>
<td>7%</td>
<td>40 - 49</td>
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<td></td>
<td>5%</td>
<td>45 - 47</td>
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<td></td>
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<td>2%</td>
<td>42 - 43</td>
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</tbody>
</table>
A CLOSER LOOK: THE CAREER FRAMEWORK SUPPORTING A RANGE OF HR ACTIVITIES

Articulating a Career journey

<table>
<thead>
<tr>
<th>Professional</th>
<th>Management</th>
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</thead>
<tbody>
<tr>
<td>P6</td>
<td>M4</td>
</tr>
<tr>
<td>P4</td>
<td>M2</td>
</tr>
<tr>
<td>P3</td>
<td>M0</td>
</tr>
<tr>
<td>P1</td>
<td></td>
</tr>
</tbody>
</table>

Start

Core competencies (From Career Stage)

- Critical Thinking/Driving Strategy
- Driving Results
- Innovation & Growth
- Customer Focus
- Coaching & Development

Technical competencies (From Family/Sub-family)

- Applications Development
- Network Architecture
- Network Security
- Knowledge of Emerging & Existing Technologies
- Technical Communication
- Hardware & Asset Management

On the Job Experiences
- Menu of developmental activities that can enhance skills in a particular competency area (e.g., Manage a cross-functional project and take note of varying stakeholder agendas & views)

Feedback & Coaching
- Guides for soliciting quality and actionable feedback, catered to developing skillsets in a given competency area

Formal Training
- List of trainings (in-person & online), books, articles, and other training materials that increase knowledge in a particular competency area
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Articulating a Career journey

- Destination role
- Starting point employee 2 (ready ~3 years)
- Starting point employee 1 (ready ~5 years)
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Role Profile

Performance Development Form

Goals
Convert responsibilities into goals

Goal Achievement—Rating Scale

Core Competencies

Competency | Expected Proficiency | Rating
--- | --- | ---
Critical Thinking/Driving Strategy | Proficient |
Driving Results | Advanced |
Innovation & Growth | Developing |
Customer Focus | Developed |
Coaching & Development | Advanced |
Network Architecture | Advanced |

Competencies—Rating Scale

<table>
<thead>
<tr>
<th>Competency</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not met</td>
<td>Partially meets</td>
</tr>
</tbody>
</table>

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CANDIDATES

INTERVIEWERS

SINGLE INTERVIEW GUIDE
Interviewers use a single interview guide that is rooted in competency based questions

INTERVIEW GUIDE
- Critical Thinking/ Driving Strategy
- Driving Results
- Innovation and Growth
- Customer Focus
- Coaching and Development
- Stakeholder Relationship Management

CRITICAL THINKING/ DRIVING STRATEGY
- Describe an instance where you had to set the strategy for an initiative
- Tell me about a time where you had to structure the approach to an ambiguous problem
- Talk about the most difficult decision you have made in the past few months
- Describe a situation that did not work out as expected. What was your approach to identifying next steps?

COACHING & DEVELOPMENT
- Tell me about a time that you gave critical/constructive feedback to a poor performer
- What are some of the ways you reward and recognize good performance
- Describe a situation in which a supervisee provided you with feedback
- Describe a time that you coached an employee to escalate their performance to the next level

COMPETENCY BASED INTERVIEW QUESTIONS
Questions are designed to learn about a candidates proficiency in each of the core competency areas through behavioral based questions

Supported by Framework
TREND #3

Use more sophisticated workforce analytics, in setting the total reward framework

Expanding use of HR analytics to predict future outcomes
A CLOSER LOOK: THE CAREER FRAMEWORK SUPPORTING A RANGE OF HR ACTIVITIES

IMPROVING CAREER FRAMEWORKS THROUGH ANALYTICS

Once the career framework is in place, it provides a static structure that provides clarity to both the employee and employer.

However, it is important to layer on the TALENT FLOWS and VELOCITY using analytics to determine the right shape of the organization.

The ideal shape will focus on BUILDING TALENT and ELIMINATING CHOKE POINTS AND BLOCKERS.
CALL TO ACTION
WHERE TO FOCUS FOR 2015?

- Examine segmentation and differentiation and start to measure your business outcomes using higher level analytics if not already the case
  - For example, what does pay for performance really look like in your organization?
- Continue to pay attention to base pay… it’s important
  - Based on our research it’s a driver of retention
- Think about how you are communicating your Talent and Reward proposition to employees, is there a need to refresh your reward and talent infrastructure?
- Create an “ecosystem” to optimize and leverage your talent and total reward programs through Career Frameworks
APPENDICES
UPCOMING RESULTS

   www.imercer.com/gcpr

2. Mercer’s Salary Movement Snapshot - December update
   www.imercer.com/sms

3. Mercer Executive Remuneration Guide
   www.imercer.com/merg

4. Mercer’s Total Remuneration Survey
   www.imercer.com/trs
Access to global data:
- the latest country-specific pay increase forecast and economic data
- an interactive charting tool that lets you display up to 15 years of pay increase data by job family

- Covers over 120 countries
- Provides global data and analysis on:
  - actual salary increases for 2013 and 2014 as well as projected increases for 2015
  - economic indicators
  - regional overviews
  - short-term incentives
- The ability to download data into an Excel file

For further information visit: www.imercer.com/gcpr
MERCER TOTAL REMUNERATION SURVEY
THE KEY TO DESIGNING COMPETITIVE PAY PACKAGES WORLDWIDE

TRS IS AVAILABLE IN OVER 120 MARKETS WORLDWIDE

Access common global benchmarks in more than 120 markets and receive all industry or industry specific results.

NEW IN 2013:
LEBANON, JORDAN,
IRAN, IRAQ, LIBYA,
MYANMAR AND
MONTENEGRO.

NEW IN 2014:
LUXEMBOURG

TRS IS BUILT ON A COMMON, GLOBAL PLATFORM THAT DELIVERS WORLDWIDE CONSISTENCY FOR JOBS, DATA, METHODOLOGY, AND TECHNOLOGY.

SURVEYS DELIVERED ONLINE THROUGH MERCER WIN® ACCESSIBLE ANYWHERE, ANYTIME.

- Access to your survey results across industry and across borders
- Unlimited peer cut reports for participants
- Ability to compare your submission to the market instantly
- Analyse and compare market by job, family, career level and/or job size
- More than 40,000 WIN® Users Worldwide

THE TRS DATABASE CONTAINS INFORMATION BASED ON MORE THAN 15 MILLION INCUMBENTS

Visit imercer.com/trs to learn more
2014 ACTUAL SALARY INCREASES
PERFORMANCE MATRIX

Average actual salary increase

<table>
<thead>
<tr>
<th>Country</th>
<th>Top Performers</th>
<th>Standard Performers</th>
<th>Low Performers</th>
<th>Market Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>28%</td>
<td>63%</td>
<td>10%</td>
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<tr>
<td>Switzerland</td>
<td>25%</td>
<td>67%</td>
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<tr>
<td>United Kingdom</td>
<td>22%</td>
<td>70%</td>
<td>8%</td>
<td></td>
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<tr>
<td>France</td>
<td>21%</td>
<td>68%</td>
<td>11%</td>
<td></td>
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<tr>
<td>Germany</td>
<td>21%</td>
<td>70%</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>21%</td>
<td>69%</td>
<td>10%</td>
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</tr>
</tbody>
</table>

Source: Mercer EMEA SMS September 2014
2014 ACTUAL SALARY INCREASES
PERFORMANCE MATRIX

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<th>Low Performers</th>
<th>Market Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungary</td>
<td>27%</td>
<td>64%</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>Ukraine</td>
<td>23%</td>
<td>70%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td>23%</td>
<td>69%</td>
<td>8%</td>
<td></td>
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<tr>
<td>Romania</td>
<td>21%</td>
<td>68%</td>
<td>11%</td>
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</tr>
<tr>
<td>Kazakhstan</td>
<td>20%</td>
<td>71%</td>
<td>9%</td>
<td></td>
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<tr>
<td>Russia</td>
<td>20%</td>
<td>70%</td>
<td>10%</td>
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</table>

Distribution of employees by performance rating

Source: Mercer EMEA SMS September 2014
<table>
<thead>
<tr>
<th></th>
<th>Top performers</th>
<th>Standard performers</th>
<th>Low performers</th>
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<tbody>
<tr>
<td>Austria</td>
<td>4.6%</td>
<td>2.4%</td>
<td>0.3%</td>
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<tr>
<td>Belgium</td>
<td>4.3%</td>
<td>2.5%</td>
<td>1.1%</td>
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<tr>
<td>Czech Republic</td>
<td>4.4%</td>
<td>2.6%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Denmark</td>
<td>4.1%</td>
<td>2.3%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Finland</td>
<td>4.5%</td>
<td>2.3%</td>
<td>0.2%</td>
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<tr>
<td>Ireland</td>
<td>3.1%</td>
<td>2.0%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>4.5%</td>
<td>2.6%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Norway</td>
<td>4.6%</td>
<td>2.9%</td>
<td>0.4%</td>
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<tr>
<td>South Africa</td>
<td>9.4%</td>
<td>6.4%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Spain</td>
<td>3.7%</td>
<td>1.8%</td>
<td>0.3%</td>
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<td>Sweden</td>
<td>4.2%</td>
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<td>Turkey</td>
<td>12.8%</td>
<td>7.7%</td>
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<tr>
<td>UAE</td>
<td>7.3%</td>
<td>4.3%</td>
<td>1.2%</td>
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