

RECALIBRATING YOUR EMPLOYEE COMPENSATION STRATEGY

Company Y's Compensation Philosophy

EXAMPLE #2

Company Y's compensation philosophy is to provide competitive and equitable compensation so Company Y can attract, reward and retain qualified Associates in support of our mission to help people through difficult times.

Company Y offers a market competitive base pay range that is built around the target rate percentile for each job's relevant labor market. The labor market is defined by geography, industry and company size (i.e., annual revenue, assets and number of fulltime employees) and is based on the type of organizations Company Y competes against for talent in each job. The Labor Market Matrix on the following page provides guidance for each job's relevant labor market.

Jobs are assigned to our pay structure based on market analysis data provided by an independent third-party. If market data are not available, jobs are slotted into the pay structure along with jobs of similar scope and responsibility that do have market data available. Internal job value is also considered as jobs are assigned to or slotted into the pay structure. Cost of labor adjustments may be made to provide equitable compensation in Company Y's various locations.

Associates new to a job will be placed in their job's pay range based on their experience, skills, education and certifications. Associates will be moved through their job's pay range based on job performance. Associates performing below expectations can expect to be paid between their pay range minimum and midpoint. We strive to provide base pay that meets the target rate in the market when Associates are meeting expectations. Associates whose performance exceeds expectations can expect to be paid between their pay range midpoint and pay range maximum. Workforce supply and demand may also be considered when making pay decisions.

For some jobs, variable pay may be used to reward performance and results. The mix of base pay and variable pay will relate to each job's role and level in the organization. The pay mix will be more leveraged on the variable pay side for upper level roles in the organization.

The compensation system will be kept up-to-date by (1) annually reviewing compensation planning data and updating the pay structure to be effective January 1st of each year, and (2) conducting a periodic market analysis on benchmark jobs to ensure proper pay grade placement. Company Y will communicate with Associates to ensure understanding of the compensation philosophy and pay administration guidelines.

In addition to providing competitive and equitable compensation, Company Y offers its Associates a comprehensive and valuable benefits package. Furthermore, Company Y places the utmost importance on providing its Associates with an ethical, innovative work environment that allows extraordinary Associates to create extraordinary experiences and strong business relationships. Company Y Associates can take pride in knowing our organization provides great customer service and operates in a financially secure manner focusing on the long-term interests of all our stakeholders.

	Corporate Law & Compliance	Executive	Finance	Human Resources	Investments	Operations	Sales
Senior Directors	Midwest Region All Industries Size Specific	Midwest Region All Industries Size Specific	Midwest Region All Industries Size Specific	Midwest Region All Industries Size Specific	Midwest Region All Industries Size Specific	Midwest Region All Industries Size Specific	Midwest Region All Industries Size Specific
Directors	Midwest Region All Industries Size Specific	Midwest Region All Industries Size Specific	Midwest Region All Industries Size Specific	Midwest Region All Industries Size Specific	Midwest Region All Industries Size Specific	Midwest Region All Industries Size Specific	Midwest Region All Industries Size Specific
Senior Managers	Midwest Region All Industries Size Specific	Midwest Region All Industries Size Specific	Midwest Region All Industries Size Specific	Midwest Region All Industries Size Specific	Midwest Region All Industries Size Specific	Midwest Region All Industries Size Specific	Midwest Region All Industries Size Specific
Managers	Local up to Regional All Industries Size Specific	Local up to Regional All Industries Size Specific	Local up to Regional All Industries Size Specific	Local up to Regional All Industries Size Specific	Local up to Regional All Industries Size Specific	Local up to Regional All Industries Size Specific	Local up to Regional All Industries Size Specific
Supervisors	Local up to Regional All Industries All Sizes	Local up to Regional All Industries All Sizes	Local up to Regional All Industries All Sizes	Local up to Regional All Industries All Sizes	Local up to Regional All Industries All Sizes	Local up to Regional All Industries All Sizes	Local up to Regional All Industries All Sizes
Staff	Local up to Regional All Industries All Sizes	Local up to Regional All Industries All Sizes	Local up to Regional All Industries All Sizes	Local up to Regional All Industries All Sizes	Local up to Regional All Industries All Sizes	Local up to Regional All Industries All Sizes	Local up to Regional All Industries All Sizes