



US PAY EQUITY FAQ FOR MANAGERS AND HR

Updated January 8, 2018

Audience and Objective

Effective October 31, 2017, managers, Human Resources, and all others acting as agents of Oracle when hiring in the United States must understand and comply with the below hiring Salary Practices.

YOU MAY NOT ASK A CANDIDATE FOR HIS/HER CURRENT OR PRIOR SALARY HISTORY

Introduction

As you may be aware, several US states and local municipalities recently passed equal pay laws that aim to prevent gender discrimination and salary inequity by banning questions regarding salary history during the hiring process. The belief is that by shifting the focus of pay conversations away from salary history, companies will begin to close any existing gender wage gaps.

These laws prohibit companies from requesting or requiring candidates to disclose their current or prior salary during the hiring process and prohibit retaliation against candidates who withhold this information. **To ensure Oracle is compliant with these laws**, Oracle removed the current salary field from the iRecruitment Job Offer Form, and will prohibit questions regarding salary history during the hiring process for all US locations effective October 31, 2017.

- **If you are currently hiring in the US:** Familiarize yourself with these changes and work with your HR Business Partner or Talent Advisor if you need assistance or have questions about these changes or creating and providing a salary offer.
- **If you are not currently hiring in the US:** No action is required at this time; however, should you be hiring in the US in the future, please visit the resources noted in this FAQ and work with your HR Business Partner or Talent Advisor.

Frequently Asked Questions

Legislation

Q: Legislation prohibiting employers from asking candidates to provide their current or prior salary appears to apply

only to certain US locations, however, Oracle is implementing across the US. Why?

A: With the ever-changing legal landscape, the number of states Oracle hires in, the size of Oracle, and the number of individuals involved in the hiring process, Oracle made a determination to make this one time change on a nationwide basis. Oracle's practice is similar to its peer companies.

Q: What is the purpose of this new legislation?

A: As mentioned earlier, the stated purpose of the law is to combat gender-based pay inequities that can continue over the course of an individual's career. Seeking salary history from job applicants and relying on current or past salaries may contribute to the gender wage gap by perpetuating wage inequalities.

Q: Does this mean that Oracle cannot ask a candidate for his/her current or prior salary history?

A: Yes. It means you can no longer ask a candidate for his/her current or prior salary. It is permissible to ask a candidate for his/her salary expectations. You may also ask the candidate about any financial benefit he/she would have to forego in order to take the new job (e.g., unvested equity or a future bonus through a current employer). For those moving into a sales opportunity with a variable pay component, you can ask a candidate about their sales attainment percentage, and how they rank in sales compared to their peers.

Oracle's systems reflect these changes and no longer ask for current or prior salary. As has always been the case, a candidate's expectations may or may not align with the compensation appropriate for the role.

Q: Does this apply to all hires?

A: This change impacts all external US hires, regardless of level (to include Executive hiring). Hiring managers, recruiting, human resources, and any employee participating in the interviewing process, recruiting agencies, and the US background check team are expected to comply with this change.

Q: Can current salary be a factor considered in determining an offer for an internal transfer?

A: Yes, at this time, employers may consider the salary information it has in its systems for current employees.

Exhibit P-40

Salary Conversations with Candidates

Q: As a hiring manager, how will I know what to offer a candidate without the prior salary data?

A: As with any prior salary offers, you should consider the experience, skills, knowledge, education (if applicable), internal pay equity, job level, location, salary range, the competitive market, and budget when determining the appropriate offer.

You should proactively work with your [Human Resource Business Partner](#) and [Talent Advisor](#) to set a target salary prior to posting an opportunity, especially in areas that are difficult to hire in because of location, limited talent pools, or specialized skills.

Q: Who can assist me in determining the appropriate compensation for the role and then discuss it with the candidate?

A: Your Talent Advisor will be able to provide you an overview of the external hiring market (information such as the work location hiring trends; competitive landscape; limited talent pools based on skills) and will be able to assist throughout the entire process. The Talent Advisor is skilled at discussing and negotiating compensation with a candidate based upon the candidate's salary expectations, experience, and skills needed to ensure alignment for a particular candidate.

Q: When is the appropriate time to discuss salary expectations with a candidate?

A: Consult with your HRBP and Talent Advisor when you open your vacancy. Early engagement with HR will help you determine an appropriate salary target for the position and allow you to compare Oracle's target against your candidate's expectations. Discussing salary expectations with candidates very early in the screening process is helpful.

Q: If a candidate voluntarily and without prompting discloses his/her salary information, am I able to use this information in determining what salary to offer to the candidate?

A: This may vary depending on location, but, in general, you should not rely upon salary information disclosed by a candidate. You may write down information shared by the candidate, indicating it was voluntarily shared with you.

Q: How do we handle competitive offer information when submitting a new hire offer?

A: If the candidate has a competing offer, you may ask the candidate how the competing offer changes his/her expectations. When submitting the offer, you should only include the total compensation of the competing offer as in the example below.

Q: I have provided a candidate with an offer that aligns both with the defined salary expectations identified for the job and the candidate's expectations. Now the candidate indicates he/she has received a counteroffer from the current employer, or has received an offer from another company. May I ask the candidate what the competing offer is?

A: The counter or competing offer may change the candidate's salary expectations. You may ask the candidate if he/she wants to share updated salary expectations, and what it would take for the candidate to accept an Oracle offer. The candidate's updated salary expectations may not align with the manager's originally outlined salary expectations, and no adjustments may be possible (i.e., budget constraints, peers, job scope).

EXAMPLE: "Candidate is currently employed at [current employer] and informed us that in order to make the move to Oracle, his/her expectations are \$X base salary + \$X annual equity (total comp is \$X). Candidate also indicated he/she is talks with [Competitor] and currently has an offer from [other Company] for a total compensation of ~\$X. Based on the candidate's skills and experience, the range for the position, the competitive market, and salary expectations, factoring in his competing offer, we are making the candidate an offer of \$X base salary + \$X sign on bonus and X RSUs (to be competitive with competing offers). With this offer we are confident Candidate will join Oracle and be a successful member of the team."

Q: Do you think candidates will inflate their salary expectations?

A: Maybe, however, if a candidate's expectations do not align with the compensation for the role, including relevant factors unique to the candidate, then it might not be the right candidate. Remember, prior to posting an opportunity, hiring managers should have an idea of the salary that aligns with business needs, peers performing the same job, and the budget.

Q: Will this change increase the cost to bring in an external candidate?

A: It is unknown. In the past, a candidate's prior salary was just one of many factors considered when determining the

appropriate offer. In response to this legislation, Oracle is requiring that you take this one factor out of consideration and rely on the other factors that have always been part of the offer process, including candidate experience, skills, education (if applicable), scope of the job, work location, peers performing the same or similar role, the assigned Global Level, salary range and the budget.

Salary Conversations with Employees

- Q:** When considering a counteroffer for a current employee with an external job offer, can we ask him/her for details of their offer?
- A:** If the employee is willing to provide the details of his/her offer to the manager (base, bonus, RSU, RSU value, etc.), it is ok to request these, as well as the offer letter. These may then be included when submitting the counteroffer for approval. Please consult with your HRBP when considering a counteroffer.
- Q:** Is it permissible to ask departing employees if they are willing to share the salary they are being offered in their new role?
- A:** Yes. Since we are not asking this information of a candidate for the purpose of setting salary, it is acceptable

to ask the departing employee if they are willing to share this information.

Support/Resources

- Q:** Whom should I contact with questions?
- A:** Contact your assigned [Human Resource Business Partner](#) or [Talent Advisor](#). When managing the approval of a job offer, please consult with your HRBP on all responses to the Board of Directors (BOD).
- Q:** What other resource are available to help me understand and comply with these changes?
- A:** View the [Role Checklist for a Successful Hire—New US Legislation](#) and other resources available on the [Recruit and Hire section of Manager Essentials](#).

Integrated Cloud Applications & Platform Services

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