Global Compensation Training
Compensation Processes
Compensation Training Overview

- The Oracle Compensation Training for managers includes the following modules:
  - Introduction
  - Job Classification and Global Job Table
  - Salary Ranges
  - Managing Pay
  - Compensation Processes
  - Region specific modules
    - Americas
    - Asia Pacific
    - Europe, Middle East and Africa
    - Latin America
Compensation Workbench (CWB) Processes

- Salary Increase Process (Sales & Non-Sales)
- Global Corporate Bonus Process
- Stock Process

*This training is not intended to be a "how to" session on Compensation Workbench and using the system for our annual processes. For specific training on using CWB, please go to the 'Information and Links' section of your CWB home page and click on the 'Training' link.
Managing the Annual Salary Increase Process & Budget

- Budgets are set at the very top exec level & each LOB head has his/her own method of allocating.
- Each LOB will have its own timeline for the salary increase process.
- The Allocation Wizard is available to assist in pushing down budgets based on specific criteria.
- In EMEA & LAD there are some countries with mandatory increases.
- When budget is lean, extra care and attention must be given to awarding the top performers with low compa-ratios.
As most of you are probably aware, the annual salary increase process is not a guarantee. Each year, the global compensation team conducts internal and external research to determine how much of a salary increase budget we need to remain competitive. While senior management takes our recommendations into consideration, the budget decisions and whether we have a salary increase process at all is based entirely on the business climate.

If we have a budget, it is determined by country and function, and allocated at the very top executive level. Each LOB head uses the budget in the way that he or she believes is appropriate for the LOB. The budgets are pushed from the top down, and some LOBs may stop at a specific level of management when allocating. For example, some organizations don’t push the budgets any further than the M4 level. Even if a budget is not pushed all the way down to you in CWB, you may still allocate money to your employees. Your budget summary shown in CWB will just be negative, but your management hierarchy will be able to see your recommendations. This isn’t to say that your recommendations won’t be changed by someone further up in your hierarchy, but it’s a way to inform your manager of how you would like to allocate increases to your team.

Corporate compensation will establish the key deadlines necessary to hit various payroll dates, and the LOB heads generally work within those guidelines. However, the exact timeline that is set for you will depend on your LOB head and the process that he or she lays out for the line of business.

The Allocation Wizard will help you to allocate based on specific criteria, such as career level, quartile, country, performance rating, etc. CWB allows you to model various scenarios and save each model so that you are able to compare how each distributes the budget. It is a wonderful tool when used correctly, and it is very useful, particularly for larger organizations.

There are some countries with mandatory increases that are processed outside of CWB. While these increases aren’t technically part of the salary increase process, the money spent for these increases will be taken out of the overall budget for the appropriate LOB.

As noted on the slide, be sure to pay special attention to your top performers with low compensation. You most likely will not be able to address all problem areas in your organization, so you’ll have to prioritize.

DO NOT COMMUNICATE anything regarding salary increases until we have final LJE approval. Your LOB head will be notified when we have approval and the word will spread quickly when it’s okay to communicate.
Managing Your Salary Increase Worksheet in CWB

- You are responsible for the accuracy of the information in your worksheet.
- Part-time employees will appear with the full-time equivalent base salary. Allocate the salary increase based on the FTE and the amount will be prorated at the time of processing.
- Eligibility guidelines & FAQs are posted in CWB.
- If you are missing an employee, or if there is inaccurate information, please contact your HR Rep.
- International transfers may appear as new hires.
The salary increase data is cut around the same time that budgets are approved, so the data is as updated as we can get it without letting too much time lapse between budget approval and process roll out. The database is static, so any changes to your employee population will have to be made manually.

If you are missing an employee from your worksheet, please check the eligibility guidelines first to be sure that the missing employee should be eligible. It is very rare that the script causes us to miss employees completely. They are usually ineligible for a valid reason, or they appear on another worksheet due to a recent manager change.

International transfers move to the new country with a new hire date and employee number. We try to catch these and fix their eligibility, but we don't always catch all of them. If you have an international transfer with incorrect eligibility, please contact your HR Rep.

Salary increase budgets are typically set as a percentage of total eligible salaries, so your budget will change as employees are added and removed from your worksheet. Please be sure that your worksheet is accurate before you begin working on allocations, because any change to the population will throw off your numbers. If an employee has recently transferred out of your group, but still appears on your worksheet, please be honest and assign the employee to the new manager. It is extremely unfair to the employee to keep him or her on your worksheet just to hold on to the budget with no intention of giving him or her an increase, or giving a very low increase, because he or she is no longer on your team. Please do the right thing and let the new manager take care of the employee.
Managing the Global Corporate Bonus Process

- Budgets are generally approved and allocated after the June earnings announcement. Each LOB head has their own method/strategy for allocation.
- Managers should look for specific LOB communication, which will include timelines.
- Eligibility for recent Mergers & Acquisitions are evaluated on a case by case basis.
Managing Your Bonus Worksheet in CWB

- CWB worksheet is populated with eligible employees and eligible salaries.
- Eligibility guidelines and FAQs posted in CWB.
- It is your responsibility to check the accuracy of the data.
- Closely review international transfers.
- Do not communicate bonus awards until final approval has been received.
Managers are responsible for ensuring that all of their eligible employees are accounted for with the correct eligible salary. Not all job codes or all countries are eligible for the Global Corporate Bonus Plan. Some employees are not eligible due to contractual agreements. Other employees may be not be fully eligible depending upon date of hire, being in an ineligible job code for part of the year, working in an ineligible country, etc.

CWB worksheet has been pre-populated with eligible employees and eligible salaries based upon the eligibility guidelines posted in CWB. It is your responsibility to check the data for accuracy.

If you are missing any employees who you believe should be eligible, please first review the eligibility requirements posted on the homepage of CWB. If you determine that the employee meets the eligibility requirements, please contact your HR Representative or HR Manager to assist you. If a data change is required, HR will ask that you submit the change via Manager Self Service in order to correct the HR database. Once the change has been committed in the HR system, we can then make the change within the module.

Alternatively, if you have an employee on your worksheet who no longer works for your organization; please move this employee using “reassign an employee”. If an employee is reassigned and he or she is a manager, all the direct reports will be reassigned as well. To prevent this from happening you'll need to reassign all the direct reports to the appropriate manager prior to reassigning the manager to another organization.

An international transfer is termed in one country and hired in another. As such, the employee's eligible salary may be incorrect because the system treats the employee as a new hire in the new country, not knowing the employee is actually an international transfer. When this occurs you must contact Corporate Compensation to correct the CWB employee record.

Bonuses should not be communicated until LJE approval has been received. You can track the approval status in CWB.
Managing Your Bonus Budget

- Allocation Wizard can assist you in distributing your budget - in USD or local currency.
- Focus on your key contributors; reward the completion of a critical project or initiative.
- When deciding on the bonus recommendation, review the employee’s total cash compensation.
- Employees should understand the link between the reward and the performance.
Let's face it, the bonus pool is never big enough. So, it is important to spend wisely. The allocation wizard is a tool that allows you to model different ways of distributing your budget - by location, career level, quartile, etc. You can then publish your budget based on these results.

Some managers elect not to distribute a budget to their direct reports. Budgets typically are distributed at the higher levels of management. The lack of a budget does not prevent you from entering your bonus recommendations in the worksheet. If you choose to allocate bonuses to your team, but you weren't formally given a budget in CMB, your budget summary shown in CMB will be negative. However, your management hierarchy will be able to see your recommendations. As mentioned in the focal section, this isn't to say that your recommendations won't be changed by someone further up in your hierarchy, but it is a way to inform your manager of how you would like to allocate bonuses to your team.

When working within your worksheet, please remember to SAVE often. You may also download your worksheet and work offline. Be sure to follow the system instructions carefully.

Bonuses are discretionary and designed to reward key contributors for assisting the company in meeting strategic goals and objectives. Allocate rewards in proportion to the employee's role and actual contribution to the business and his or her individual performance. Ensure that employees understand how they are being measured. This can be accomplished by setting stretch objectives prior to the beginning of the performance period. And, evaluating performance against these objectives periodically throughout the year.
Managing the Stock Option Process

- Once budget is approved by Comp Committee, email communication is sent to each LOB head and HR.
- Stock budgets are a fixed amount and will not vary if you add or delete employees from your stock worksheet.
- From year to year stock eligibility can change. Important for you to review stock guidelines posted within CWB.
Managing the Stock Option Process (2)

- Review CWB stock history for key members of your organization.
- Consider stock options as part of the Total Compensation package.
- Align grant size with the local market practice.
- The number of shares recommended should be based on total pool available and individual performance.
- Focus on high performing employees who you most want to retain.
Managing the Stock Options Process (3)

- Stock grants are approved by the Compensation Committee.
- Stock services is informed of the approval on the same day.
- Some employees must receive special written communication from Stock Services as their first communication per legal requirements.
- There may be country-specific differences – please refer to regional modules.
- Managers should review approved amounts in CWB prior to communicating to employees.
Summary For All Processes

- Each LOB will have its own timeline for each process.
- Be sure to clean up your worksheet promptly!
- Do not communicate anything until final LJE approval is obtained.
- Always check CWB before you communicate to ensure that amounts haven't changed.
Corporate Compensation kicks off each process by sending a note to the LOB heads, but after that, the specific timelines are determined by the LOB heads and line HR. Corp Comp will provide the key deadlines to hit various payroll dates, and generally the LOB heads work within those guidelines. However, it is not unusual for increases to be effective and bonuses to hit pay checks on different dates across LOBs. The stock process is the only exception to this, as grant date is determined by country and all employees in the country will have the same grant date, regardless of LOB.

With each LOB on its own timeline, there is a limited window of time where we can make changes to employee-manager assignments within the CWB modules. For example, if you discover that you are missing an employee 3 weeks into the process, but the employee is on the worksheet of a manager whose recommendations have already been approved, you have completely lost the opportunity to reward that employee. We cannot move employees once an LOB has submitted, so it is imperative that you catch these situations early in the process.

The recommendations entered into CWB may be changed at any time prior to LJE approval. We have had cases where an EVP has approved and submitted his entire org, but then something changes and Corp Comp is asked to change a recommendation. We can do this, as long as we haven’t submitted for LJE approval.

Given that the time between a manager’s recommendation and LJE approval could be many weeks, there is a lot of opportunity for the amounts to change. It is very important that you check CWB after you get word of final approval to ensure that you communicate the correct amounts to your employees.
Tools and Resources

- Your manager
- The local Compensation/HR department
  - the HR Global Website lists compensation contacts & you will find your HR Rep & Manager by checking your ARIA page
- Internal Websites
  - MEE
  - DBI
  - CWB – used for bonus, stock & salary increase processes
  - IWB – shows salary information and history for all employees within your organization
  - HR Global Website, global HR policies
In a self-service organization like Oracle, there are many resources available to educate you on making compensation decisions.

Your manager should be your number 1 resource for compensation-related discussions. He or she can give you direction about compensation decisions made at the line-of-business level. For example, during the salary increase, bonus, and stock processes, some LOBs may implement specific strategies on how they want to allocate their budget pools.

Another important resource for you is the local Compensation manager or HR manager for the country in which the employee works. He or she will be able to provide expertise on local practices, processes, and requirements for that country. In addition to providing advice on day-to-day comp-decisions, the compensation team and HR team can also provide advice for some of the more difficult compensation-related challenges that you may face. You can find your HR Contact and HR Manager by checking your ARIA page. The appropriate compensation contact can be found on the HR Global website.

In addition to personal resources, Oracle has plenty of online resources available to you. There is a wealth of information available through the global HR website and through HRMS applications like Manager Self Service (often referred to as MEE), Compensation Workbench (or CWB), and Information Workbench (often referred to as IWB).

On the HR Global Website you will find the country HR sites, global compensation information, employee handbooks, and global policies such as the code of ethics and Business Conduct.

Compensation Workbench is used for comp processes such as the Global Corporate Bonus and the Salary Increase Review and on IWB you will find job and salary information and history for all employees within your organization.
Information Workbench (IWB)

* Main View options:
  -- Salary
  -- Job Information
  -- Sales Salary
  -- Total Compensation (summarized - Rolling 12 months)
  -- US hours worked - great tool to track overtime hours

* Filters:
  -- All employees
  -- Direct employees
  -- By team
  -- Per country

* There is also a training video available under: Information and Links / Trainings.