US Compensation Training Series

- **Q218:**
  - Compensation Overview (Today's Session)
  - Focal Process and Managing Pay

- **Q318:**
  - US Compensation "Office Hour"

- **Q418:**
  - Equity Program
Program Agenda

- Global Job Architecture
- Compensation Transactions
- Questions
# Oracle Global Job Architecture

Jobs are classified using a consistent global framework.

<table>
<thead>
<tr>
<th>Job Code</th>
<th>Job Title</th>
<th>Function</th>
<th>Specialty Area</th>
<th>Global Career Level</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>46020</td>
<td>Business Analyst 2- Ops</td>
<td>BUSPRAC</td>
<td>BUSPRAC</td>
<td>IC2</td>
<td>N.07</td>
</tr>
<tr>
<td>10530</td>
<td>Software Developer 3</td>
<td>PRODEV</td>
<td>SWENG</td>
<td>IC3</td>
<td>E.08</td>
</tr>
<tr>
<td>3313</td>
<td>Application Sales Rep IV</td>
<td>SALES</td>
<td>SPECPROD</td>
<td>IC4</td>
<td>E.10S</td>
</tr>
</tbody>
</table>

**Components of a job**

- **Job Code**: unique identifier for the job globally.
- **Job Title**: brief description of the job—"system title".
- **Function**: describes the general type of work performed.
- **Specialty Area**: subset of function to further identify the work performed.
- **Global Career Level**: broad steps in job families that indicate increased skill, knowledge, responsibility, & performance expectations.
- **Grade**: assigned to each job, determines the salary range for the role.
Global Career Level Guidelines
Includes typical experience levels

Support level staff (IC0)
Primary duties are routine, service-focused, and/or minimal independent judgement

Individual Contributor
Non-supervisory staff, discretion and independent judgement are critical job functions

Management
Manager and supervisors in charge of tactical and operational teams with two or more individuals

Executive
Top executives, VP level and above

*Yrs Exp/ Yrs Mgmt

There is no direct correlation between levels.
The infographic demonstrates the different levels within each career level category and does not guarantee progression through the levels as pictured above.
Grades and Salary Ranges

- Salary ranges are developed locally using 3rd party salary survey information
  - Market data is reviewed relative to the particular job and it is typical to find a variance between functions.
  - Currently there are HQ and Non-HQ ranges.
    - Sales roles only have HQ ranges.
    - Typically are updated at the beginning of the fiscal year (June 1st).

- Each job is mapped to a grade which corresponds to a salary range
  - In the US, grades start with either an “N” or an “E.”
    - Grades that start with an “N” on an Hourly salary basis (salaried eligible for overtime) whereas grades that start with an “E” are on an Annual salary basis (salaried not eligible for overtime).
    - Grades that end with an “S” represent sales roles.
Salary Ranges

Minimum

1st Quartile

Employees new and learning their role

2nd Quartile

Employees gaining proficiency & experience

Midpoint

Seasoned, fully competent employees whose experience exceeds peers

3rd Quartile

4th Quartile

Maximum

Employees, who are ready for promotion whose experience far exceeds fully competent and ready for the next level

Midpoint reflects the external market for an experienced, fully competent employee and represents the 50th percentile of market

Those possessing a "hot skill" may also use this area of the range
Compensation Components at Oracle
It's more than just base pay

**Base Salary**
Linked to an employee's skills and competencies in their current role, sustained performance and local labor market conditions

**Short-term Incentives**
- Provides a mechanism to reward short-term (less than one year) performance and results.
- Payouts are intended to vary based on performance.
- Examples of Short-term incentives at Oracle are:
  - Sales Incentive Plans - tied to individual or team performance against a quota
  - Corporate Bonus - discretionary bonus funded based on company performance

**Long-term Incentives**
- Intended to be a retention tool. Equity awards also tie individual awards to adding shareholder value.
- Oracle uses:
  - Stock Options
  - Restricted Stock Units

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**Compensation Programs**

**Corporate Bonus**
- The Global Performance Bonus Plan is an annual plan for the performance period: June 1st through May 31st.
- Bonuses are discretionary; designed to reward employees for assisting the company in meeting key strategic company goals and objectives; including profitability. Bonuses are not entitlements.

**Annual Focal**
- Oracle management reviews all eligible employees' salaries and assignment changes at one point in time. This process is called the salary review process or the focal review process. Employees are not guaranteed a salary increase. Salary increases are offered at the discretion of your manager.

**Annual Equity**
- The Annual Equity Process operates at the sole discretion of the Company, including what factors to consider when exercising its discretion.
- Employees are given a CHOICE – 100% stock options, 100% RSU's or 50% options/50% RSU's.

The programs listed above and the estimated timelines are not guaranteed. When approved, communication regarding programs will be provided.

*Oracle*
Compensation Transactions
Types of Transactions

- New Hire
- Rehire
- Internal Transfer
- Promotions
- International Transfers
General Principles of Managing Pay

- Compensation and benefits must be in line with the standard for the job
- Balance external and internal equity
- Consider the relevant knowledge, skills, abilities and experience of the employee
- Differentiate rewards by performance but manage within your budget
- Be honest and open with communications on rewards and performance
- These principles apply globally
Workflow Justifications

- An effective justification should include:
  - New Hires/Transfers
    - Description of the job and the business need for it
    - Skills and experience of the candidate and how they meet the requirements of the job
    - Data used to determine salary offer
  - Off-Cycle Promotions
    - Attach relevant information on the scope of the new job
- Justifications should be thorough yet concise and be based on facts not feelings
Questions To Consider

- Was the right job code/family selected based on the information provided in the justification? Is this job family used on the team? If not, what makes this role different?
- How many years of relevant and related, professional, full-time work experience does the candidate have?
- What is the breadth of that experience as compared to job requirements?
- Where does the proposed base salary fall within the salary range? What is the position in range?
- How does the employee's background, skills, knowledge, work experience and education compare to the job requirements for the job to determine the appropriate level?
- How does the base compare to peers in the organization in the same work location/management hierarchy who have similar skill sets and have been doing the job?
Appendix
## HR Career Level Reference - IC Levels

This chart is meant to be a general guide for leveling purposes.

<table>
<thead>
<tr>
<th>Career Level</th>
<th>Typical Yrs Relevant Exp</th>
<th>Breadth of Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>IC1</td>
<td>0-2</td>
<td>- Follows standard practices and procedures in analyzing situations or data from which answers can be readily obtained.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Builds stable working relationships internally.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Contributes through FOLLOWING DIRECTIONS: Activity with guidance and problem solving with assistance.</td>
</tr>
<tr>
<td>IC2</td>
<td>2+</td>
<td>- Exercises judgment within defined procedures and practices to determine appropriate action.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Builds productive working relationships internally and externally.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Contributes INDEPENDENTLY: Completes own role largely independently with some assistance and guidance.</td>
</tr>
<tr>
<td>IC3</td>
<td>5+</td>
<td>- Demonstrates good judgment in selecting methods and techniques for obtaining solutions.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Networks with senior internal and external personnel in own area of expertise.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Contributes through EXPERTISE: Duties and tasks are varied and are complex requiring independent judgment.</td>
</tr>
<tr>
<td>IC4</td>
<td>8+</td>
<td>- Exercises judgment in selecting methods, techniques and evaluation criteria for obtaining results.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Networks with key contacts outside own area of expertise.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Contributes through OTHERS: Leading contributor providing direction and mentoring to others.</td>
</tr>
<tr>
<td>IC5</td>
<td>12+</td>
<td>- Exercises independent judgment in methods, techniques and evaluation criteria for obtaining results.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Creates formal networks involving coordination among groups.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Contributes through LEADERSHIP: Manages and plans implementation of company policy for achieving business goals.</td>
</tr>
<tr>
<td>IC6</td>
<td>15+</td>
<td>- Works on issues that impact design/selling success or address future concepts, products or technologies.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Creates formal networks with key decision makers and serves as external spokesperson for the organization.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Contributes through STRATEGY: Develops and advises on company policy, contributing through strategy definition and implementation.</td>
</tr>
</tbody>
</table>
# HR Career Level Reference - MGR Levels

This chart is meant to be a general guide for leveling purposes.

<table>
<thead>
<tr>
<th>Career Level</th>
<th>Typical Yrs Relevant Exp</th>
<th>Typical Yrs Managing EE</th>
<th>MANAGER LEVEL Guidelines</th>
<th>Breadth of Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>M1</td>
<td>2+</td>
<td>0+</td>
<td>First line supervisor within a single function or work group.</td>
<td>- First line supervisor within a single function or work group.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Provides direction to employees according to established policies and management guidance.</td>
<td>- Provides direction to employees according to established policies and management guidance.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Administers company policies that directly affect subordinate employees.</td>
<td>- Administers company policies that directly affect subordinate employees.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Contributes INDEPENDENTLY</td>
<td>- Contributes INDEPENDENTLY</td>
</tr>
<tr>
<td>M2</td>
<td>4+</td>
<td>0+</td>
<td>First line manager with operational focus within a single function or work group. Must have a minimum of 2 full-time direct reports on an ongoing basis.</td>
<td>- First line manager with operational focus within a single function or work group. Must have a minimum of 2 full-time direct reports on an ongoing basis.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Provides tactical direction to staff and executes against stated objectives.</td>
<td>- Provides tactical direction to staff and executes against stated objectives.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Ensures that operational policies are followed. Responsible for delivery of agreed service standards/levels.</td>
<td>- Ensures that operational policies are followed. Responsible for delivery of agreed service standards/levels.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Contributes through OTHERS</td>
<td>- Contributes through OTHERS</td>
</tr>
<tr>
<td>M3</td>
<td>6+</td>
<td>2+</td>
<td>First line manager within a single department or work group; or second line manager of two to three multi-functional areas, departments or work groups.</td>
<td>- First line manager within a single department or work group; or second line manager of two to three multi-functional areas, departments or work groups.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Responsible for tactical direction of staff including IC's, high-level contributors.</td>
<td>- Responsible for tactical direction of staff including IC's, high-level contributors.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Modifies and executes company policies that affect immediate operation(s) and may also have company-wide effect.</td>
<td>- Modifies and executes company policies that affect immediate operation(s) and may also have company-wide effect.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Contributes through OTHERS</td>
<td>- Contributes through OTHERS</td>
</tr>
<tr>
<td>M4</td>
<td>8+</td>
<td>4+</td>
<td>Senior-level manager with designated revenue targets below line VP level.</td>
<td>- Senior-level manager with designated revenue targets below line VP level.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Responsible for maintaining strategic direction and goal attainment of staff. Responsible for a team of managers/high level contributors who manage teams/departments.</td>
<td>- Responsible for maintaining strategic direction and goal attainment of staff. Responsible for a team of managers/high level contributors who manage teams/departments.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Negotiates resources and quality control standards across departments.</td>
<td>- Negotiates resources and quality control standards across departments.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Contributes through LEADERSHIP</td>
<td>- Contributes through LEADERSHIP</td>
</tr>
<tr>
<td>M5</td>
<td>12+</td>
<td>6+</td>
<td>Senior level manager with designated revenue targets greater than Director, but below VP level. Manages first line managers, senior managers and directors.</td>
<td>- Senior level manager with designated revenue targets greater than Director, but below VP level. Manages first line managers, senior managers and directors.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Responsible for a team of managers/senior managers/directors and/or high level contributors who manage teams/departments</td>
<td>- Responsible for a team of managers/senior managers/directors and/or high level contributors who manage teams/departments</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Negotiates resources and quality control standards across departments.</td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Contributes through LEADERSHIP</td>
<td>- Contributes through LEADERSHIP</td>
</tr>
<tr>
<td>M6</td>
<td>15+</td>
<td>10+</td>
<td>Executive (VP) responsible for multiple functions, departments, and/or diverse geographic marketplaces. Reports to an SVP.</td>
<td>- Executive (VP) responsible for multiple functions, departments, and/or diverse geographic marketplaces. Reports to an SVP.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Manages a team of directors and/or high-level individual contributors.</td>
<td>- Manages a team of directors and/or high-level individual contributors.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Develops and ensures the implementation of strategic plans and objectives.</td>
<td>- Develops and ensures the implementation of strategic plans and objectives.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Contributes through STRATEGY</td>
<td>- Contributes through STRATEGY</td>
</tr>
</tbody>
</table>
# Manager Compensation Reference Tools

<table>
<thead>
<tr>
<th>Career Level</th>
<th>How to get there</th>
<th>Access Name</th>
<th>What it does</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-Business Suite (GSI)</td>
<td>Log into SSA → Other Self Service Applications</td>
<td>Information Workbench (IWB)</td>
<td>Direct report work history, salary ranges, equity, and/or bonuses.</td>
</tr>
<tr>
<td>HCM</td>
<td>Log into SSA → MyHR</td>
<td>My Team</td>
<td>Team Compensation: Enables you to view the job assignment, salary, and annual target variable history of employees in your organization.</td>
</tr>
<tr>
<td>HCM</td>
<td>Log into SSA → MyHR</td>
<td>Workforce Compensation</td>
<td>Location where managers can enter promotions and base and/or “other compensation (i.e. annual target variable) changes of employees in their organization. IMPORTANT: Salary ranges only reflect HQ ranges.</td>
</tr>
</tbody>
</table>
Additional Compensation Resources on the HR Portal

**U.S. Compensation**

REWARDS:
Did you know about the GLOBAL SERVICE AWARD PROGRAM?

FYI: THE ORACLE GLOBAL SERVICE AWARD PROGRAM rewards employees who reach a service milestone of 5, 10, 15, 20, 25, 30, 35 and 40 years. After receiving a notification via email, eligible employees may place an order for the award of their choice via the Service Award web site. There are different award levels according to an employee’s years of service and position.

SELECT a Compensation topic below:

**U.S. Compensation Information**
- Relocation Expenses
- Employee Referral Program in the U.S.
- Patent Awards
- Mat and Pat Awards for overtime eligible employees
- Overtime Eligible
- Salary Changes

**Payroll Topics**
- Payroll Related Questions
- How to Contact Payroll
- Sign up for direct deposit
- View Your Paycheck Online
- Access the payroll schedule
- Minimum Wage Information
- Poster

**Global Compensation Information**
- What is total compensation?
- What is base salary?
- Salary Increases
- Global Corporate Bonus
- Other Incentives
- Employee Referral Program
- Allowances
- Overtime
- Benefits
- Employee Stock Purchase Plan
- Stock Option Program
- Domestic Transfers
- International Transfers
- Promotions
- Disability and Illness
- Global Career Levels
- Global Compensation Contacts
- Oracle's Compensation Philosophy