MERCER
TOTAL REMUNERATION SURVEYS 2012
A closer look at regional, industry-specific and
gender pay differences in Switzerland

Christa Zühlmann, Geneva
WHO WE ARE

A global leader in human resource consulting and related services:

- $3.8 billion in revenue
- 65-year history
- 4 business segments
- Offices in more than 40 countries
- 20,000+ colleagues
We help clients optimize the value of their human and financial resources.

**Business Segments**
- Talent
- Health
- Retirement
- Investments

**Mercer’s Clients**
- 80% of top US public companies
- 70% of FTSE 100 companies
- 70% of CAC 40 companies
- 65% of Nikkei 225 companies
- 75% of DAX 30 companies
- 80% of clients <5,000 employees
Agenda

• Mercer’s Total Remuneration Surveys
• Worldwide Pay in 2012
• What is equal pay ?
• A closer look at salaries in Switzerland
Three distinct HR challenges to expand and grow to meet the global economic challenges

**LOCAL PAY**
Understand and determine COMPETITIVE LOCAL COMPENSATION elements and pay levels for all positions within all countries

**EXPATRIATE PAY**
Understand and manage COMPETITIVE EXPATRIATE COMPENSATION elements and pay package levels for all expats across all home/host locations

**GLOBAL MEMBERSHIPS**
Access to local pay benchmarking databases + high-value services

**GLOBAL MOBILITY**
Calculate competitive pay packages + manage compensation function globally + integrate into new country
Mercer Total Remuneration Survey (TRS)
Compensation Elements

Comp 1
- **Annual Base Salary**
  - Monthly base salary: The monthly base salary excluding all allowances that your incumbent receives from your organization.
  - Number of month paid: The number of times the incumbent receives monthly basic salary in a full year, including Fixed / Guaranteed Bonus.

Comp 2
- **Annual Base Salary**
  - Meal allowance: The monthly fixed allowance for meals.
  - Transportation allowance: The monthly fixed allowance for transportation.
  - Position/Job based allowance: The monthly fixed allowance for holding a position.
  - Skill allowance: The monthly fixed allowance for a specific skill/ license.
  - Other monthly allowance: Other monthly fixed allowance not listed above.

Comp 3
- **Annual Base Salary**
  - Annual Fixed Allowance
  - Annual Variable Cash

Comp 4
- **Annual Base Salary**
  - Annual Fixed Allowance
  - Annual Variable Cash
  - Stock Options
  - Stock Grants

Comp 5
- **Annual Base Salary**
  - Annual Fixed Allowance
  - Annual Variable Cash
  - Stock Options
  - Stock Grants

Key Benefits
- Flexible Benefit
- Car Subsidized
- Car Loan
- Housing Loan
- Personal Loan
- Leave
- Holiday Bonus
- Health Insurance
- Dental reimbursement
- Life Insurance
- Accidental Insurance
- Medical Check-up
- Membership
- Employee and the Children’s Education

*: Long-term incentive cash
<table>
<thead>
<tr>
<th>PC Range</th>
<th>Position Class</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>40 – 47</td>
<td>Employees</td>
<td>White collar employees, generally clerical</td>
</tr>
<tr>
<td>47 – 51</td>
<td>Professionals</td>
<td>White collar employee with a university degree and up to five years experience / or equivalent professional experience</td>
</tr>
<tr>
<td>50 – 54</td>
<td>Junior Management</td>
<td>University degree, at least 5 years of experience (supervisors, coordinators)</td>
</tr>
<tr>
<td>54 – 58</td>
<td>Middle Management</td>
<td>Sub-department heads in larger organizations (e.g. HR manager)</td>
</tr>
<tr>
<td>57 – 62</td>
<td>Senior Management</td>
<td>Department heads in larger organizations (HR director, finance director, IT director)</td>
</tr>
<tr>
<td>60 +</td>
<td>Top Management</td>
<td>Head of organization in mid-sized or larger organizations</td>
</tr>
</tbody>
</table>
Position evaluation is based on size of organization, number of employees and turnover

Benchmark positions and corresponding position class

Benchmark Position: **Human Resource Manager**

*Position Code: 120.100.220*

*Position Description:* Implement the organisation's human resource strategy so that the organisation attracts, manages, develops and retains the employees it needs to achieve its current and future business objectives. Normally reports to. Head of HR or HR Executive; e.g. HR Director.
Worldwide Salary Comparison 2012
Annual Total Guaranteed Cash

Annual Total Guaranteed Cash (in EUR)

IPE Position Class

Blue collar
Professional
Specialist
Manager
Director
VP

Switzerland
Germany
France
Russia
India
Brazil
China (Beijing)
United States

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<table>
<thead>
<tr>
<th>Number of organizations</th>
<th>201</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of incumbents</td>
<td>51,001</td>
</tr>
</tbody>
</table>

Mainly large multinational companies
2012 Switzerland TRS
Survey Participants – Industry Representation

- Consumer Goods: 24%
- Durable: 29%
- Nondurable: 9%
- Services: 8%
- High-Tech: 7%
- Energy: 4%
- Retail/Wholesale Trade: 3%
- Finance/Banking: 1%
- Pharma: 5%
- Other: 10%
What is equal pay?

Data interpretations vary:
- By region
- By career stream
- By industry
- By age
- By gender
- By tenure
- By function
- By company nationality
- By Position Class
Regional Pay Differences in Switzerland (1)
Annual Base Salary in CHF - Junior Management

Swiss Italian Region

Swiss French Region

Swiss German Region
Regional Pay Differences in Switzerland (2)
Total Remuneration in CHF - Professionals

Regional comparison

Annual Total Remuneration median (CHF)

- French Region: 140'943
- German Region: 126'689
- Italian Region: 79'300

Source: 2012 TRS Switzerland
Regional Pay Differences in Switzerland (3)
Total Remuneration in CHF - Junior Management SALES

Regional comparison

Source: 2012 TRS Switzerland
Gender comparison – Switzerland: Sales Functions
Senior Management: Female / Male Compensation

Regional comparison

<table>
<thead>
<tr>
<th>Region</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>German Region</td>
<td>161'982</td>
<td>147'962</td>
</tr>
<tr>
<td>French Region</td>
<td>150'777</td>
<td>144'057</td>
</tr>
<tr>
<td>Italian Region</td>
<td>122'171</td>
<td>116'045</td>
</tr>
</tbody>
</table>

Source: 2012 TRS Switzerland

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Regional Pay Differences in Switzerland (4)
Total Remuneration in CHF - Junior Management SALES
Female / Male Compensation

Regional comparison

Source: 2012 TRS Switzerland

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Regional Pay Differences in Switzerland (5)
Total Remuneration in CHF - Human Resources Manager Senior Management: Female / Male Compensation

Regional comparison

- **French Region**
  - Male: 248'074 CHF
  - Female: 225'017 CHF
  - Male Female Ratio: 27% / 73%

- **German Region**
  - Male: 213'051 CHF
  - Female: 213'011 CHF
  - Male Female Ratio: 46% / 54%

Source: 2012 TRS Switzerland
Gender Distribution in Switzerland by Career Stream

- Para-Professional
- Professional
- Management
- Executive

Female - Male

0% 5% 10% 15% 20% 25% 30%
All Data comparison - Switzerland: Annual Guaranteed Cash Female / Male Comparison – Regressed Median

Source: 2012 TRS Switzerland
All data comparison - Switzerland: Annual Total Cash (Target and Actual Bonus) Female / Male Comparison – Regressed Median

Source: 2012 TRS Switzerland
All data comparison - Switzerland: Annual Total Remuneration
Female / Male Comparison – Regressed Median

Source: 2012 TRS Switzerland

CHF

53'500 CHF

Position Class
Functional Pay Differences in Switzerland (1)
Total Remuneration in CHF - Top Management/Head of Organization

Comparison by gender

Annual Total Remuneration median (CHF)

- Female: 319'867
- Male: 435'934
- All Data: 422'681

Comparison:
- Female: 11%
- Male: 89%

Source: 2012 TRS Switzerland
Functional Pay Differences in Switzerland (2)
Annual Base Salary in CHF – Middle Management / Environmental Health & Safety Manager

Comparison by gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Median (CHF)</th>
<th>Female</th>
<th>Male</th>
<th>All Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>205'529</td>
<td></td>
<td></td>
<td>203'354</td>
</tr>
<tr>
<td>Male</td>
<td>207'467</td>
<td></td>
<td></td>
<td>203'354</td>
</tr>
</tbody>
</table>

43% Female
57% Male

Source: 2012 TRS Switzerland
Functional Pay Differences in Switzerland (3)
Annual Base Salary in CHF – Junior Management Process Engineer - Experienced

Comparison by gender

Source: 2012 TRS Switzerland
Functional Pay Differences in Switzerland (4)
Annual Base Salary in CHF – Professional: IT Support Analyst – Experienced

Comparison by gender

<table>
<thead>
<tr>
<th></th>
<th>Female</th>
<th>Male</th>
<th>All Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Total Remuneration median (CHF)</td>
<td>104'226</td>
<td>108'284</td>
<td>105'618</td>
</tr>
</tbody>
</table>

Source: 2012 TRS Switzerland
Pay Differences by company size in Switzerland (1)
Annual Base Salary in CHF – Middle Management

Comparison by company size

Annual Total Remuneration median (CHF)

<table>
<thead>
<tr>
<th>Number of Employees</th>
<th>CHF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5,000</td>
<td>210'123</td>
</tr>
<tr>
<td>5,000 or more</td>
<td>200'291</td>
</tr>
</tbody>
</table>

Source: 2012 TRS Switzerland
Pay Differences by company size in Switzerland (1)
Annual Base Salary in CHF – Middle Management

Comparison by company size

Source: 2012 TRS Switzerland

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Company Nationality Differences in Switzerland (1)
Total Remuneration in CHF – Middle/Senior Management

Comparison by parent organization country

Annual Total Remuneration median (CHF)

<table>
<thead>
<tr>
<th>Country</th>
<th>Median Remuneration (CHF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td>230'378</td>
</tr>
<tr>
<td>United States</td>
<td>223'415</td>
</tr>
</tbody>
</table>

Source: 2012 TRS Switzerland
Company Nationality Differences in Switzerland (2)
Total Remuneration in CHF – Middle/Senior Management
Female / Male Compensation

Comparison by parent organization country

Source: 2012 TRS Switzerland
Tenure Pay Differences in Switzerland (1)
Human Resources Manager (Senior Management)

Comparison by tenure

Source: 2012 TRS Switzerland
Pay Differences by age in Switzerland (1)
Total Remuneration in CHF – Middle Management

Comparison by age bracket of employee

<table>
<thead>
<tr>
<th>Age Bracket</th>
<th>Annual Total Remuneration Median (CHF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 - 40</td>
<td>229'346</td>
</tr>
<tr>
<td>40 - 50</td>
<td>220'412</td>
</tr>
<tr>
<td>50 - 60</td>
<td>205'689</td>
</tr>
</tbody>
</table>

Source: 2012 TRS Switzerland
Industry Pay Differences in Switzerland (1)
Total Remuneration in CHF – Middle Management

Comparison by industry super sector

Source: 2012 TRS Switzerland

Annual Total Remuneration median (CHF)

- Consumer Goods: 259'302
- Nondurable (excluding Consumer Goods): 208'741
- Durable: 207'253
Industry Pay Differences in Switzerland (2)
Total Remuneration in CHF – Middle Management
Female / Male Compensation

Comparison by industry super sector

Source: 2012 TRS Switzerland

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Pay Differences by age in Switzerland (2)
Annual Base Salary in CHF – Middle Management
Female / Male Compensation

Comparison by age bracket of employee

Source: 2012 TRS Switzerland
Pay Differences by tenure in Switzerland (1)
Total Remuneration in CHF – Middle Management

Comparison by tenure

Source: 2012 TRS Switzerland
### Pay Differences by tenure in Switzerland (2)

**Total Remuneration in CHF – Middle Management Female / Male Compensation**

<table>
<thead>
<tr>
<th>Remuneration (CHF)</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 3</td>
<td>218'959</td>
<td>216'318</td>
</tr>
<tr>
<td>3 - 5</td>
<td>211'186</td>
<td>216'318</td>
</tr>
<tr>
<td>5 - 10</td>
<td>274'605</td>
<td>284'679</td>
</tr>
<tr>
<td>10 - 20</td>
<td>224'963</td>
<td>224'963</td>
</tr>
<tr>
<td>20 or more</td>
<td>211'618</td>
<td>211'618</td>
</tr>
</tbody>
</table>

**Comparison by tenure**

- **Annual Total Remuneration median (CHF)**
  - 0 - 3: 218'959 (Male), 216'318 (Female)
  - 3 - 5: 211'186 (Male), 216'318 (Female)
  - 5 - 10: 274'605 (Male), 284'679 (Female)
  - 10 - 20: 224'963 (Male), 224'963 (Female)
  - 20 or more: 211'618 (Male), 211'618 (Female)

**Source:** 2012 TRS Switzerland
European country comparison
Human Resources Manager Female / Male Compensation

Comparison by gender

Annual Total Remuneration median (EUR)

Source: 2012 TRS Switzerland

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2012 Pay Mix by Region

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**China**
- Salary: 78%
- Short Term Incentives: 12%
- Long Term Incentives: 10%

**Sweden**
- Salary: 59%
- Short Term Incentives: 24%
- Long Term Incentives: 18%

**Switzerland**
- Salary: 65%
- Short Term Incentives: 27%
- Long Term Incentives: 25%

**Europe**
- Salary: 39%
- Short Term Incentives: 36%
- Long Term Incentives: 25%

**UK**
- Salary: 29%
- Short Term Incentives: 23%
- Long Term Incentives: 48%

**US**
- Salary: 15%
- Short Term Incentives: 22%
- Long Term Incentives: 63%
Conclusion

• Overall women still earn less than men
• The main difference is the bonus (variable part)
• There are far less women in Management and Top Management positions, their salary might sometimes be higher than their male peers
• Differentiation of data sources are also important such as age group, parent company nationality, industry sector, region and function
• Gender pay differences are omnipresent all over Europe
Comparison PC 45 (Total Remuneration – Comp 5)
Gross, Net and Net Salary COL adjusted – married + 1 child, base Frankfurt
Comparison PC 55 (Total Remuneration – Comp 5)
Gross, Net and Net Salary COL adjusted - married + 1 child, base
Frankfurt
Comparison PC 65 (Total Remuneration – Comp 5)
Gross, Net and Net Salary COL adjusted – married + 1 child, base
Frankfurt