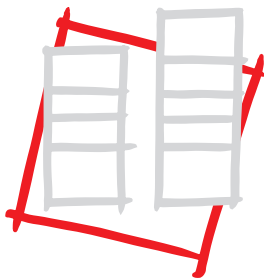


International Compensation



Compensation is complex: international compensation doubly so

The design and construction of compensation systems has always been a key HR responsibility, but in today's increasingly globalized business environment, managers handling international compensation face a particularly complex challenge.

The roots of this complexity lie in differences in salary levels and benefit provisions between the countries where multinational companies operate. Differences that are due to varying local costs of living, taxation and purchasing power, as well as to divergent national compensation structures.

Add to this the challenge of coping with changing exchange rates and inflation levels, and it becomes clear that creating a consistent, fair and competitive international compensation system is no easy matter.

Compensation must support corporate strategies

International compensation systems need careful design if they are to achieve their purpose of supporting corporate and HR strategies through:

- attracting, motivating and retaining highly qualified employees,
- establishing and maintaining consistent and equitable employee compensation at all affiliates,
- facilitating transfers throughout the global organization, and
- providing compensation that is competitive yet justifiable.

With the modern mobile workforce a colorful mix of Short-Term Transferees, permanent transferees, Expatriates, Third Country Nationals, Glopats and other international personnel, it's clear that compensation systems need to be both flexible and transparent in order to meet these objectives.

International pay structures may look like home pay + allowances

Total compensation is usually composed of:

- Base pay
- Performance-based pay (variable pay)
- Incentive pay
- Perquisites (perks)
- Benefits, and
- Other special payments e.g. hiring bonuses, etc.

International pay structures involve all these elements, and may also include special mobility premiums plus allowances for housing, education, relocation and hardship, etc.

There are numerous compensation issues to consider

However, this is far from the whole story, and there are many essential elements to deal with when designing international compensation:

● Calculation bases

Should mobile employees' total compensation elements be based on those of their home country; the host country of assignment; or some other variation – perhaps the headquarters country or a “virtual” international base? What currencies should be used?

● Reward philosophy

To what extent and how should international employee compensation make use of competitive compensation, partnering or profit-sharing?

● Taxation

What is the most effective way to protect employees' compensation packages against the effects of additional foreign taxation? Tax protection – through adding the tax amount to the

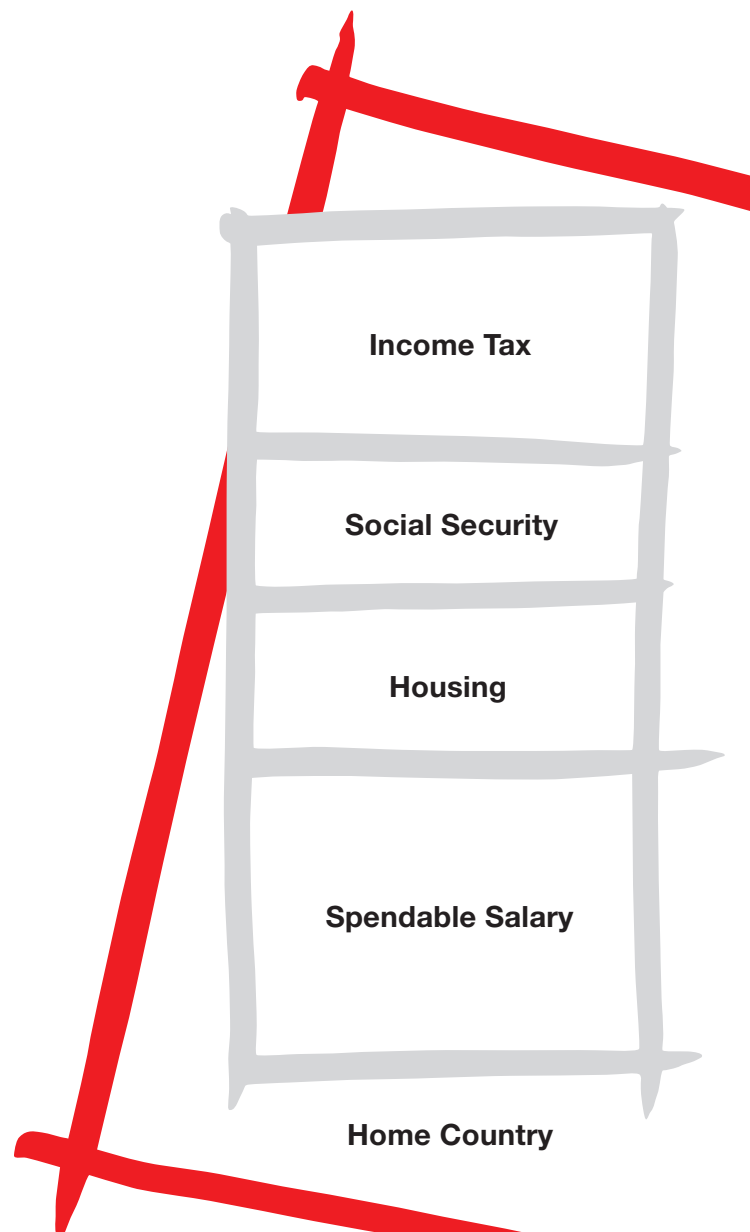
international compensation package? Or tax equalization – which will guarantee equal net pay abroad since the employer bears all tax costs?

● Who pays?

Does it make sense to split compensation payments between home, host and parent companies?

● Delivery

How should allowances be delivered – as salary, in kind, or in lump sums? How useful are flexible



packages permitting employees to allocate the cash value to personal demands. And what are the advantages of deferred compensation?

What is best practice for your organization?

In a competitive environment, it's vital to take the latest trends and best practices into consideration. But the truth is: the optimal solution for your organization will ultimately depend on its level of international development and expansion, as well as on your corporate culture and policies.

Without any doubt, however, international compensation issues demand the specialist knowledge and experience that only an organization with proven professional expertise can provide.

ASN has the skills to help you achieve your compensation goals.

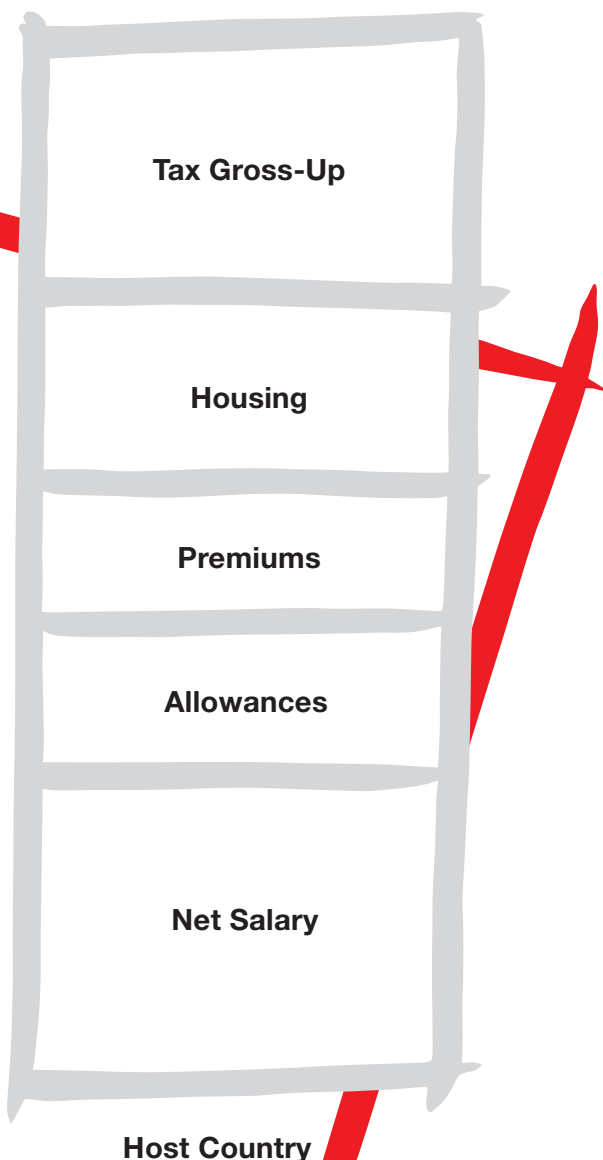
We provide total international compensation systems

Whereas companies in the early stages of internationalization usually send expatriates abroad from headquarters, established multinationals need compensation programs to deal with international employees from many countries working all around the world.

Whatever your requirements, ASN's expert team will help you to review, amend, develop, implement and maintain effective international compensation policies to achieve the results you are looking for.

ASN's comprehensive services cover every aspect of compensation:

- Compensation policies and strategies for international personnel.
- Approaches and methods to structure international compensation.
- Assistance with mobility incentive premiums and allowances.
- Advice on cross-border incentive and performance-related pay systems.
- Review and analysis of all international compensation costs and identification of cost-reduction opportunities.
- Compensation calculations covering total compensation, expatriate pay packages, assignment costs, etc.
- Compensation benchmarking and comparisons.



We'll partner you to success

Every client has different requirements, but our approach is always based on a careful initial analysis of your current compensation policies and practices, and a thorough evaluation of your needs and objectives.

Based on this, we will work closely with you to develop policies that align your compensation strategy with corporate HR and business strategies, and we will benchmark and assess best practice in your industry or region. Our goal: to help you enhance effectiveness, improve competitiveness, and reduce costs wherever possible.

ASN's consultancy services ensure that your employee benefit plans are fully integrated with your total compensation packages. We provide advice on compensation approaches and delivery, backed by reliable data and calculation assistance to ensure budget compliance. We also offer communication and outsourcing services, and will assist you to evaluate the success of your new systems.

Our services are customized for your needs – so whether you require strategic assistance and comprehensive compensation systems, direct help with particular projects, or a solution for a single international assignee, ASN can help.

Working with ASN saves you time and unnecessary effort, and ensures you always have a total overview.

It's your call

Are you satisfied with your current compensation systems for internationally mobile employees? Can you be confident that you have covered all the key international compensation issues? Do your strategies fully meet corporate and HR objectives, and satisfy your employees' expectations?

Whatever your requirements, ASN will work with you to achieve the results you seek.

Contact us to discuss how we can help. It should be a rewarding experience.

Definitions

Definitions of internationally mobile employees are as varied as their needs. We have used the following terms in this brochure:

Short-Term Transferees Employees temporarily assigned to work abroad for a period of 2–12 months.

Expatriates Employees transferred from their home country to work for up to 3–5 years in another country. Also known as transferees or assignees.

Glopats Globe-trotting international employees who complete one foreign assignment after another. Also known as international cadre or globalists.

Third Country Nationals (TCNs) Transferred employees for whom neither the country of the corporation they were hired by, nor the country in which they are working, is their own country of origin.

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