Impact of increased cost of living (inflation) on pay

Rumbold | CBMN | November 10th, 2022

CBMN RUMBOLD

RESULTS
NOVEMBER 2022

Conclusions so far

(based on reward professional's input)

Impact Inflation

- Not Proportionate (Q4)
- Temporary spike, not for HYPER inflation countries (Q9-17-25)
- However, structural salary increases still the norm (Q11-19-27)
- Salary growth '23 trends lower than inflation (Q9-17-25)

Expand focus beyond base pay

- Not only base pay (Q11-14-19-22-27-30)
- Multiple pay cycles in HYPER inflation mode (Q12-14)
- Consider programs for Financial Wellbeing (Q22-38-41)

Allocation of additional measures

- More to smaller shoulders (Q6/7) gains ground
- Surgical approach is good (Q6)
- Grab opportunity to resolve equal pay issues (Q48-51)
- Balance with local government initiatives (Q40-41)

Segmentation is preferred

- Key Talent, Critical Jobs, Low earners (Q7)
- Resolve compression "new – current" workforce (Q5)
- Review Pay Philosophy (if not catering for such segmentation)

Budget drivers

- Budget (current) is lower than inflation (Q45)
- Reward grounded in COL is under pressure (Q45-47)

IT IS ALL ABOUT THE NARRATIVE | COMMUNICATIONS

- How do we explain our choices
- See participant comments per question where applicable

AND ABOUT ADHERENCE TO GUIDANCE (OR NOT)

- (Central) Budget guidance lower than locally deployed (Q2-Q45)

Survey Approach

PART 1 - Additional measures specific to inflation

- Governance
- Principles & drivers for justification (or not)
- Considerations regarding additional measures (if any)
- Mandatory Inflation
- Communication

PART 2 - Context (optional)

- Budget Process & Cycle
- Performance Mngt and Salary Round Process & Cycle
- Benchmarking & Salary Structure

DEFINITION INFLATION (for purposes of this survey):

- Inflation represent increase of costs for a basket of goods & services (including housing and energy)

For this survey we distinguish three levels of inflation:

HYPER:	20% and above per annum
HIGH:	5% up to 20% per annum
LOW to MODERATE:	Up to 5% per annum

CBMN RUMBOLD

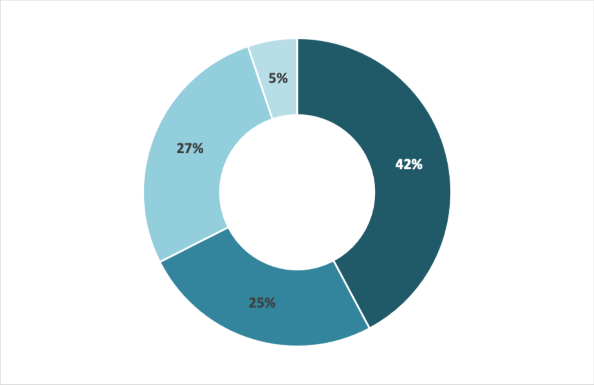
DEMOGRAPHICS | COMPANY SIZE & TYPE | WHERE FROM

	Q64 Respondent based in	Q63 HQ Based in
Australia	1	1
Bahrain		1
Belgium	8	4
Canada	1	1
China		1
Czech Republic	3	1
Finland	1	3
France	9	8
Germany	10	12
Iceland		2
India	4	2
India	4	2
Ireland (Republic)	1	
Israel		1
Liechtenstein		1
Luxembourg	1	
Mexico	1	1
Netherlands	64	36
Norway	1	1
Poland	1	1
Romania	2	
Saudi Arabia		1
Singapore	3	2
Slovakia	1	
Spain	2	
Sweden	2	4
Switzerland	6	11
Turkey	2	1
United Arab Emirate	6	3
United Kingdom	12	11
United States	9	43
Not reported	37	37
	192	192

	Q62 Industry
Agriculture / Forestry	5
Automotive	8
Aviation	1
Banking / Financial Services	10
Chemical / Oil & Energy	10
Construction & Property	3
Consumer Electronics	1
Distribution & Logistics	1
Education	1
Engineering & Manufacturing	9
Entertainment / Hospitality	1
FMCG	12
Health Care	5
High Tech	27
Information Services / IT	13
Insurances	2
Internet / New Media	3
Logistics / Transportation	3
Other (please specify)	9
Pharmaceutical / Biotech	11
Professional Services / Legal	2
Real Estate	1
Retail & Wholesale	5
Telecommunications	2
Utilities / Energy	5
Other	9
Not Reported	33
	192

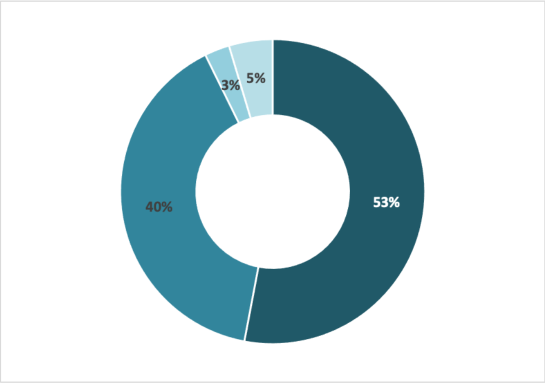
Q61 **Company Size**

Total	Large multi-national (more than 25.000 employees, in more than 10 countries)	Mid size multi-national (between than 5.000 and 10.000 employees, in more than 5 countries)	Small multi-national (between 250 and 3.000 employees, in more than 1 country)	Local company - based in one country	Not reported
154	42%	25%	27%	5%	38



Q66 **Type**

Total	Publicly traded	Privately Held	(Semi) Public	Part of Conglomerate	Not reported
151	53%	40%	3%	5%	41



Survey submitted by reward professionals (N=192)

CBMN RUMBOLD

DEMOGRAPHICS
Accountable for reward guidance in the following countries:

Q10	Top 10 Countries	
	HYPER	#
	Turkey	71
	Argentina	31
	Pakistan	5
	Nigeria	4
	Nigeria	4
	Ukraine	4
	Romania	3
	Russian Federation	3
	Sri Lanka	3
	Venezuela	3

Q18	Top 10 Countries	
	HIGH	#
	United Kingdom	65
	Netherlands	60
	United States	46
	Germany	40
	Poland	32
	Belgium	19
	India	14
	Spain	14
	France	13
	Romania	10

Q26	Top 10 Countries	
	MODERATE	#
	Switzerland	45
	Japan	23
	China	19
	France	17
	Singapore	15
	United Arab Emirates	14
	United Kingdom	13
	Israel	7
	Indonesia	6
	Netherlands	6

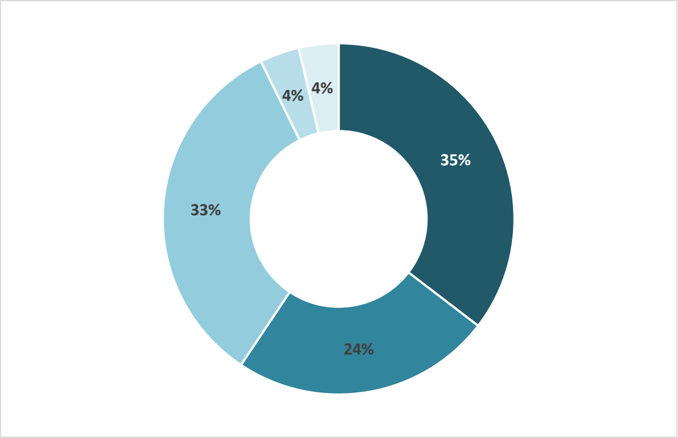
Q33	Top 10 Countries	
	MANDATORY INCR.	#
	Belgium	99
	Brazil	23
	Netherlands	8
	Luxembourg	7
	Austria	5
	Finland	4
	Germany	4
	Spain	4
	Oman	3
	Hungary	2

CBMN RUMBOLD

GOVERNANCE

Q1 In our company, the governance applied in these kind of matters is closest to (guidance):

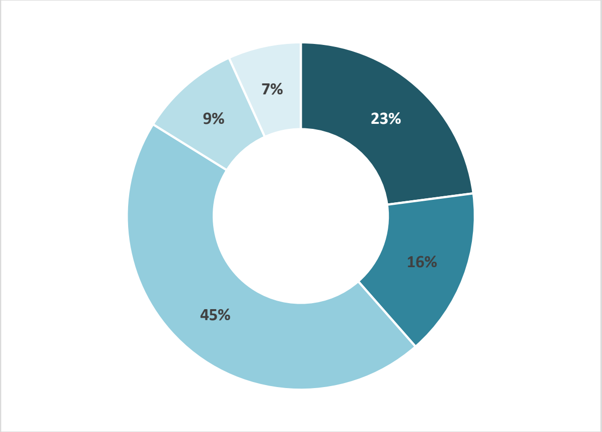
	Total	1 (Central (Group Guidance - Top Down))	2	3 (Mixed)	4	5 (Decentral (Local Discretion - Bottum Up))	DNK
OVERALL	192	35%	24%	33%	4%	4%	0%



	Total	1	2	3	4	5	DNK
HYPER	97	33%	23%	39%	3%	2%	0%
HIGH	93	38%	26%	27%	4%	5%	0%
MODERATE	38	47%	24%	24%	5%	0%	0%

Q2 In our company, the execution in these kind of matters is closest to (adherence to guidance):

	Total	1 (Comply, no exceptions (strictly adhering to guidance))	2	3 (Comply or explain)	4	5 (Local Discretion (loosely adhering to guidance))	DNK
OVERALL	192	23%	16%	45%	9%	7%	0%



	Total	1	2	3	4	5	DNK
HYPER	97	21%	15%	48%	6%	9%	0%
HIGH	93	26%	16%	42%	12%	4%	0%
MODERATE	38	37%	11%	42%	11%	0%	0%

Specific to the decision making process regarding additional compensatory measures the following applies in our company:

* 1. In our company, the governance applied in these kind of matters is closest to (**guidance**):

Central (Group Guidance -Top down) — Mixed — Decentral (Local Discretion - Bottom Up)

* 2. In our company, the execution in these kind of matters is closest to (**adherence to guidance**):

Comply, no exceptions (strictly adhering to guidance) — Comply or explain — Local Discretion (loosely adhering to guidance)

HYPER: Survey participants reported to have operations in hyper inflation countries (they might also have operations in HIGH & MODERATE inflation countries)

HIGH: Survey participants reported to have operations in HIGH inflation countries, not in HYPER inflation countries. They may have operations in MODERATE inflation countries

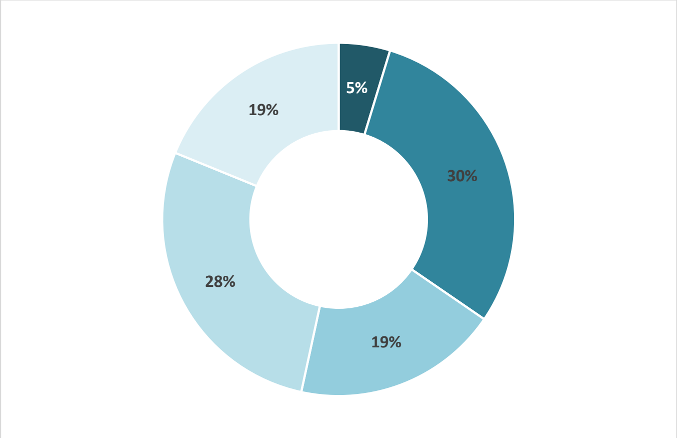
MODERATE: Survey participants reported to have operations in moderate inflation countries, not in HYPER inflation countries. They may have operations in HIGH inflation countries

CBMN RUMBOLD

WHO SHOULD ACT

Q3-1 Employees have a choice about where they live or work and what they buy

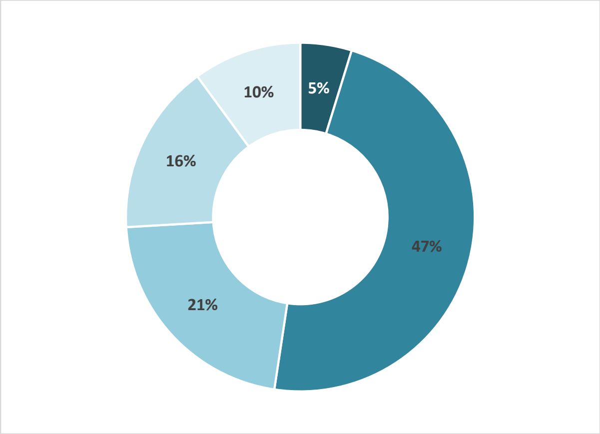
	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
OVERALL	192	5%	30%	19%	28%	19%	1%



	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	97	5%	33%	16%	30%	15%	0%
HIGH	93	3%	27%	22%	26%	23%	0%
MODERATE	38	8%	29%	24%	24%	16%	0%

Q3-2 With unemployment rate historically low, employers need to act to mitigate (part of) increased cost of living

	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
OVERALL	192	5%	47%	21%	16%	10%	2%



	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	97	0%	51%	20%	15%	12%	2%
HIGH	93	10%	44%	23%	16%	6%	1%
MODERATE	38	5%	45%	18%	21%	8%	3%

* 3. WHO SHOULD ACT?

	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	No opinion - Do not know
Employees have a choice about where they live or work and what they buy. It is not the employer to act	○	○	○	○	○	○
With unemployment rate historically low, employers need to act to mitigate (part of) increased cost of living	○	○	○	○	○	○

HYPER: Survey participants reported to have operations in hyper inflation countries (they might also have operations in HIGH & MODERATE inflation countries)

HIGH: Survey participants reported to have operations in HIGH inflation countries, not in HYPER inflation countries. They may have operations in MODERATE inflation countries

MODERATE: Survey participants reported to have operations in moderate inflation countries, not in HYPER inflation countries. They may have operations in HIGH inflation countries

Who should act?

It's not up to an employer to comment on how free employees are to control cost of living. I agree that there is no automatic or general obligation for an employer to compensate for loss of buying power.

Employers should act on changing cost of labour not inflation

Although formally not related, it is important to consider inflation rates in defining budgets for salary increases.

Companies need to balance dogmatic vs pragmatic

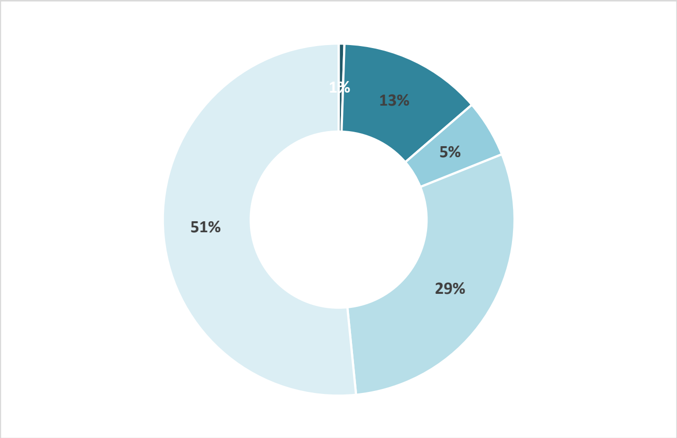
our philosophy remains to stay in line with market. Howerever, as we anticipate the inflation driving market rates up, we anticipate a big jump in market data

CBMN RUMBOLD

IMPACT PROPORTIONATE (OR NOT)

Q4-1 Increased cost of living (inflation) hits employees proportionally the same (correlates directly with salary)

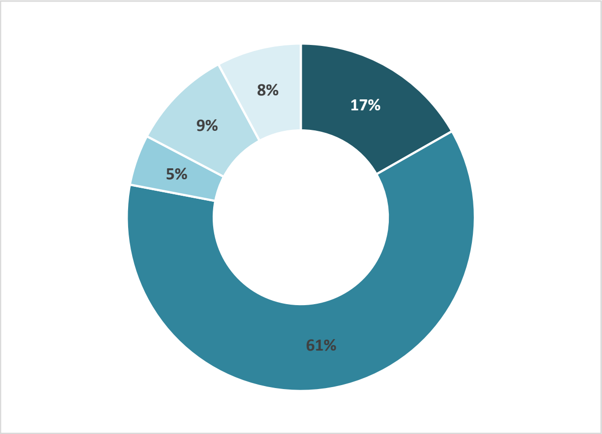
	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
OVERALL	192	1%	13%	5%	29%	51%	1%



	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	97	0%	12%	7%	31%	47%	2%
HIGH	93	1%	14%	3%	28%	54%	0%
MODERATE	38	3%	21%	0%	24%	53%	0%

Q4-2 Increased cost of living (inflation) hits employees disproportionally (the higher the pay, the lower the pain)

	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
OVERALL	192	17%	61%	5%	9%	8%	1%



	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	97	21%	62%	2%	8%	6%	1%
HIGH	93	12%	60%	8%	11%	10%	0%
MODERATE	38	5%	68%	5%	13%	8%	0%

* 4. IMPACT PROPORTIONATE (OR NOT)

	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	No opinion - Do not know
Increased cost of living (inflation) hits employees proportionally the same (correlates directly with salary)	○	○	○	○	○	○
Increased cost of living (inflation) hits employees disproportionally (the higher the pay, the lower the pain)	○	○	○	○	○	○

HYPER: Survey participants reported to have operations in hyper inflation countries (they might also have operations in HIGH & MODERATE inflation countries)

HIGH: Survey participants reported to have operations in HIGH inflation countries, not in HYPER inflation countries. They may have operations in MODERATE inflation countries

MODERATE: Survey participants reported to have operations in moderate inflation countries, not in HYPER inflation countries. They may have operations in HIGH inflation countries

IMPACT PROPORTIANATE (OR NOT)

Most employees live "to their means", any increased costs at the supermarket impacts everyone.

I personally agree that lower income groups are impacted more by inflation, but there are more factors (family size, medical situation, etc).

Higher pay goes together with higher expenses, thus the pain is same

An employer should refrain from formally deciding what employee groups are impacted more than others.

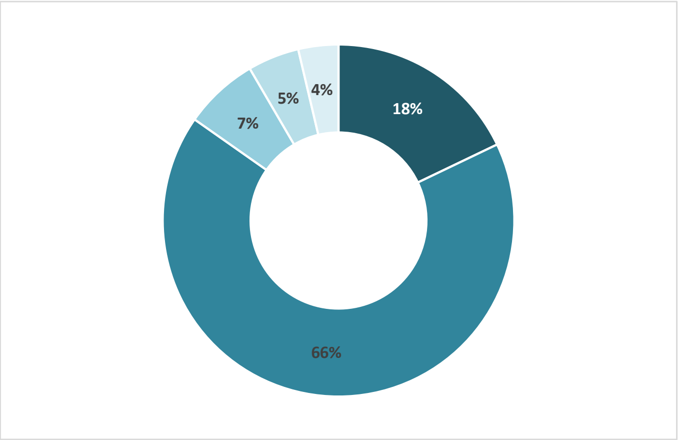
True for cost of living but not for competitive aspect

CBMN RUMBOLD

SALARY TRENDS - I

Q5-1 New hire salaries are trending higher than salaries for current employees

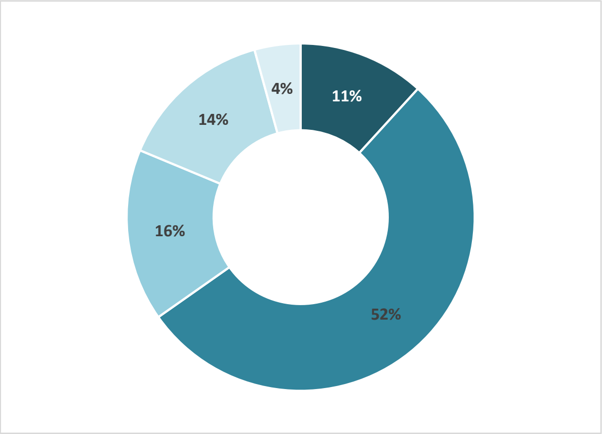
	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
OVERALL	192	18%	66%	7%	5%	4%	1%



	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	97	16%	72%	7%	2%	1%	1%
HIGH	93	13%	43%	18%	14%	8%	4%
MODERATE	38	13%	55%	8%	11%	11%	3%

Q5-2 Regional differences (within one country) are OK

	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
OVERALL	192	11%	52%	16%	14%	4%	3%



	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	97	10%	61%	13%	13%	1%	1%
HIGH	93	13%	43%	18%	14%	8%	4%
MODERATE	38	11%	47%	16%	13%	11%	3%

SALARY TRENDS

We have established a clear market ambition from a pay perspective but need time to better align the existing population, so we see a big gap between existing people and new hires

The salaries for new hires are comparable to current employees but including also experience in equation, we see that less experienced new hires get more or less same salary as much more experienced current employees.

Whether regional differences within one country are ok also depends on the size of the country, cost of living between regions and if the market differentiates between regions

* 5. SALARY TRENDS

	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	No opinion - Do not know
New hire salaries are trending higher than salaries for current employees						
Regional differences (within one country) are OK						
We are paying our employees at market levels we aspire in that country (or region)						
We are paying our employees minimum "living" wages (or better)						

HYPER: Survey participants reported to have operations in hyper inflation countries (they might also have operations in HIGH & MODERATE inflation countries)

HIGH: Survey participants reported to have operations in HIGH inflation countries, not in HYPER inflation countries. They may have operations in MODERATE inflation countries

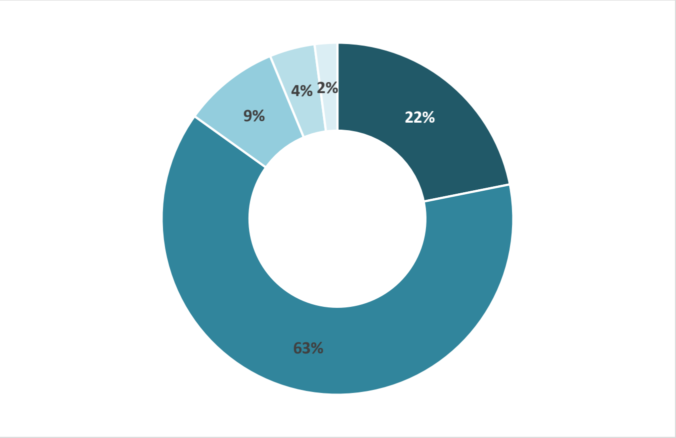
MODERATE: Survey participants reported to have operations in moderate inflation countries, not in HYPER inflation countries. They may have operations in HIGH inflation countries

CBMN RUMBOLD

SALARY TRENDS - II

Q5-3 We are paying our employees at market levels we aspire in that country (or region)

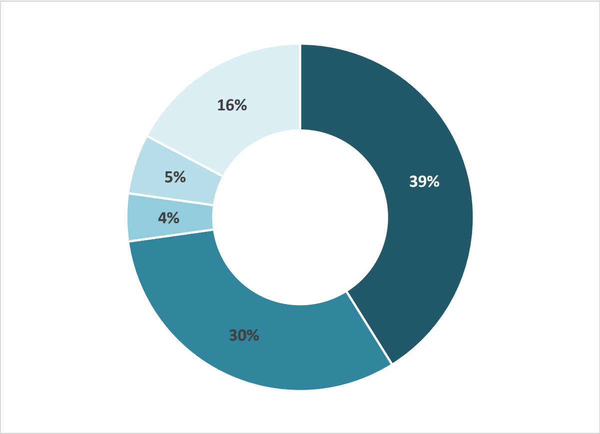
	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
OVERALL	192	22%	63%	9%	4%	2%	0%



	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	97	24%	61%	9%	4%	2%	0%
HIGH	93	20%	65%	9%	4%	2%	0%
MODERATE	38	13%	74%	5%	5%	3%	0%

Q5-4 We are paying our employees minimum "living" wages (or better)

	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
OVERALL	192	39%	30%	4%	5%	16%	6%



	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	97	34%	25%	7%	6%	18%	10%
HIGH	93	42%	35%	1%	4%	15%	2%
MODERATE	38	32%	39%	0%	0%	24%	5%

SALARY TRENDS

We're currently not at our ideal market position yet but are aiming to fix it by 2023

We aim for market midpoint against our industry, which is at market level and always above minimum wages

We are a high-wage employer so the NLW/NMW questions do not really apply in a meaningful way

* 5. SALARY TRENDS

	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	No opinion - Do not know
New hire salaries are trending higher than salaries for current employees	○	○	○	○	○	○
Regional differences (within one country) are OK	○	○	○	○	○	○
We are paying our employees at market levels we aspire in that country (or region)	○	○	○	○	○	○
We are paying our employees minimum "living" wages (or better)	○	○	○	○	○	○

HYPER: Survey participants reported to have operations in hyper inflation countries (they might also have operations in HIGH & MODERATE inflation countries)

HIGH: Survey participants reported to have operations in HIGH inflation countries, not in HYPER inflation countries. They may have operations in MODERATE inflation countries

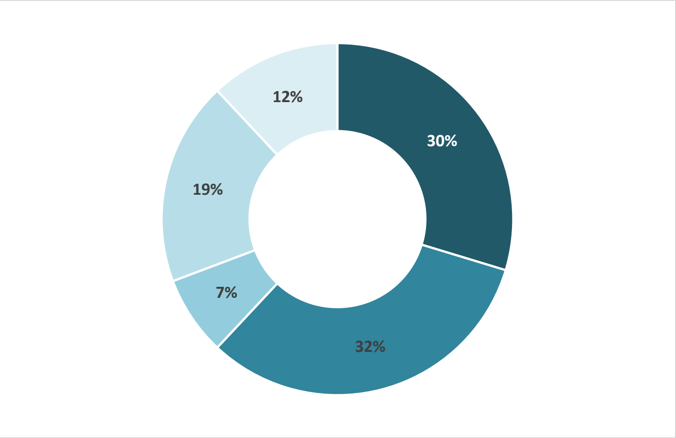
MODERATE: Survey participants reported to have operations in moderate inflation countries, not in HYPER inflation countries. They may have operations in HIGH inflation countries

CBMN RUMBOLD

ALLOCATION OF ADDITIONAL MEASURES - I

Q6-1 Individual performance and relative salary position

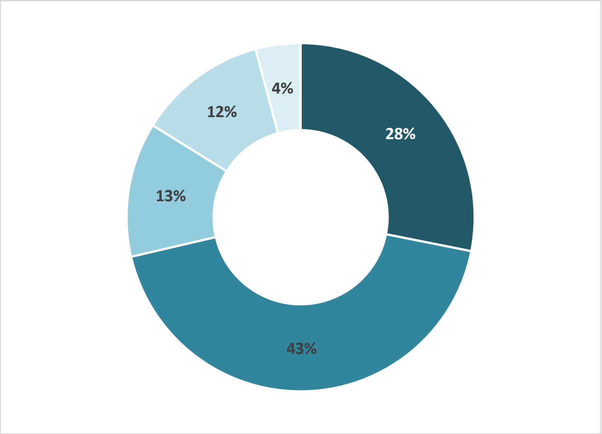
	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
OVERALL	192	30%	32%	7%	19%	12%	0%



	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	97	34%	26%	8%	20%	12%	0%
HIGH	93	25%	39%	6%	18%	12%	0%
MODERATE	38	32%	45%	5%	11%	8%	0%

Q6-2 Proportionally more to low(er) earning employees rather than high(er) earning employees

	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
OVERALL	192	28%	43%	13%	12%	4%	0%



	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	97	34%	37%	15%	9%	4%	0%
HIGH	93	22%	51%	9%	15%	4%	0%
MODERATE	38	18%	42%	13%	24%	3%	0%

* 6. Allocation of additional financial measures (if any) should be based on the following:

	Fully agree	Partly agree	Neutral	Partly disagree	Disagree
Individual performance and relative salary position	○	○	○	○	○
Proportionally more to low(er) earning employees rather than high(er) earning employees	○	○	○	○	○
Blanket approach - same rules for everyone	○	○	○	○	○
Surgical approach - segmentation is OK	○	○	○	○	○

HYPER: Survey participants reported to have operations in hyper inflation countries (they might also have operations in HIGH & MODERATE inflation countries)

HIGH: Survey participants reported to have operations in HIGH inflation countries, not in HYPER inflation countries. They may have operations in MODERATE inflation countries

MODERATE: Survey participants reported to have operations in moderate inflation countries, not in HYPER inflation countries. They may have operations in HIGH inflation countries

CONSIDERATIONS REGARDING ADDITIONAL MEASURES

we prefer a fixed increase amount of salary, so lower salaries have a higher percentage of increase

In the end we as a company do want to pay for performance. On the other hand decisions on performance are sometimes still too subjective.

An increase based on % of salary so it's proportionate but also equal

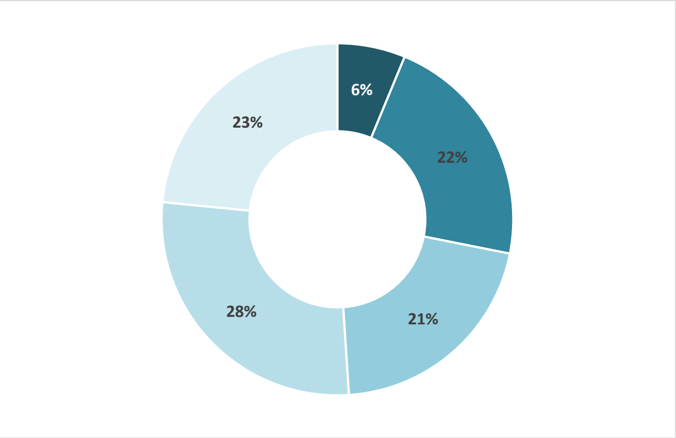
merit is determined by merit budget, performance, position in pay range and level

CBMN RUMBOLD

ALLOCATION OF ADDITIONAL MEASURES - II

Q6-3 Blanket approach - same rules for everyone

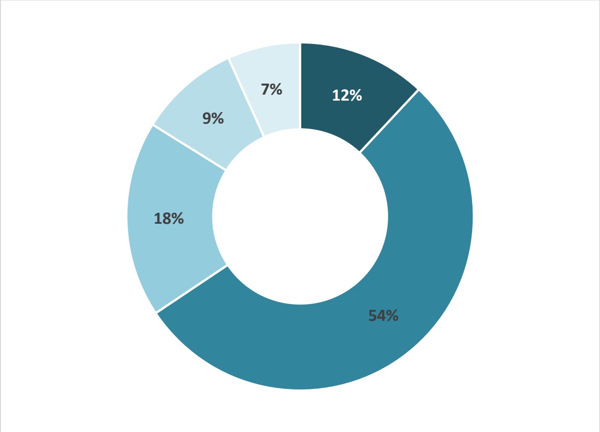
	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
OVERALL	192	6%	22%	21%	28%	23%	0%



	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	97	7%	23%	25%	20%	26%	0%
HIGH	93	5%	22%	16%	37%	20%	0%
MODERATE	38	8%	18%	18%	39%	16%	0%

Q6-4 Surgical approach - segmentation is OK

	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
OVERALL	192	12%	54%	18%	9%	7%	0%



	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	97	12%	51%	24%	8%	5%	0%
HIGH	93	12%	57%	13%	10%	9%	0%
MODERATE	38	16%	53%	8%	11%	13%	0%

* 6. Allocation of additional financial measures (if any) should be based on the following:

	Fully agree	Partly agree	Neutral	Partly disagree	Disagree
Individual performance and relative salary position	○	○	○	○	○
Proportionally more to low(er) earning employees rather than high(er) earning employees	○	○	○	○	○
Blanket approach - same rules for everyone	○	○	○	○	○
Surgical approach - segmentation is OK	○	○	○	○	○

HYPER: Survey participants reported to have operations in hyper inflation countries (they might also have operations in HIGH & MODERATE inflation countries)

HIGH: Survey participants reported to have operations in HIGH inflation countries, not in HYPER inflation countries. They may have operations in MODERATE inflation countries

MODERATE: Survey participants reported to have operations in moderate inflation countries, not in HYPER inflation countries. They may have operations in HIGH inflation countries

CONSIDERATIONS REGARDING ADDITIONAL MEASURES

Blanket approach with a ceiling allows to share a message about a single inflation context while segmenting or including performance will introduce a mixed message of what is the Company's intention

Blanket approach would be applied only in cases of hyper inflation

While looking at position in range during an offer, we look at segmentation but for additional measures same rules apply to all.

Beware rewarding temporary performance/need with a permanent measure and the cost or equal pay issues it may lead to

CBMN RUMBOLD

SEGMENTATION

Q7 In case of segmentation, we (would) give priority to:

OVERALL

	Total	1 (Highest Priority)	2	3	4	5 (Lowest Priority)
Key talent	192	27%	23%	23%	19%	8%
Low(er) earners	192	32%	10%	11%	11%	35%
High performers	192	13%	21%	21%	22%	23%
Critical jobs	192	23%	28%	24%	19%	6%
Jobs Scarcity	192	5%	18%	21%	29%	28%

HYPER

	Total	1 (Highest Priority)	2	3	4	5 (Lowest Priority)
Key talent	97	25%	23%	25%	22%	6%
Low(er) earners	97	35%	10%	11%	7%	36%
High performers	97	15%	22%	16%	21%	26%
Critical jobs	97	24%	26%	26%	18%	7%
Jobs Scarcity	97	1%	20%	22%	33%	25%

HIGH

	Total	1 (Highest Priority)	2	3	4	5 (Lowest Priority)
Key talent	93	28%	24%	22%	17%	10%
Low(er) earners	93	29%	10%	12%	15%	34%
High performers	93	11%	20%	25%	24%	20%
Critical jobs	93	23%	30%	23%	19%	5%
Jobs Scarcity	93	10%	16%	19%	25%	30%

MODERATE

	Total		1 (Highest Priority)	2	3	4	5 (Lowest Priority)
Key talent	38	0	42%	18%	8%	24%	8%
Low(er) earners	38	0	18%	11%	18%	13%	39%
High performers	38	0	11%	21%	29%	18%	21%
Critical jobs	38	0	21%	34%	21%	21%	3%
Jobs Scarcity	38	0	8%	16%	24%	24%	29%

* 7. In case of segmentation, we (would) give priority to:
(1 = highest priority | lowest priority is 5)

- Key talent
- Low(er) earners
- High performers
- Employee in critical jobs
- Employees with jobs scarce in the market

HYPER: Survey participants reported to have operations in hyper inflation countries (they might also have operations in HIGH & MODERATE inflation countries)

HIGH: Survey participants reported to have operations in HIGH inflation countries, not in HYPER inflation countries. They may have operations in MODERATE inflation countries

MODERATE: Survey participants reported to have operations in moderate inflation countries, not in HYPER inflation countries. They may have operations in HIGH inflation countries

CBMN RUMBOLD

INFLATION TRENDS

Q 9-17-25

Current inflations levels are a temporary spike and will likely decrease within the next 12 months

	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	97	2%	18%	23%	16%	24%	18%
HIGH	93	6%	51%	12%	15%	9%	8%
MODERATE	38	11%	53%	11%	13%	8%	5%

Pay increase trend keeps up with inflation trend in period 2017 - 2027

	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	97	2%	27%	21%	27%	5%	19%
HIGH	93	2%	26%	17%	25%	15%	15%
MODERATE	38	8%	37%	24%	16%	5%	11%

(Base) Salary growth for 2023 will trend (significantly) lower than local inflation levels

	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	97	9%	46%	9%	18%	7%	10%
HIGH	93	11%	57%	13%	11%	3%	5%
MODERATE	38	8%	39%	26%	5%	16%	5%

Significant compensatory measures (by employer and/or government) have accelerating inflationary impact

	Total	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	97	6%	39%	18%	11%	3%	23%
HIGH	93	10%	38%	22%	14%	6%	11%
MODERATE	38	13%	32%	24%	16%	5%	11%

* 9. INFLATION TRENDS - HYPER

	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	No opinion - Do not know
Current inflations levels are a temporary spike and will likely decrease within the next 12 months	○	○	○	○	○	○
Pay increase trend keeps up with inflation trend in period 2017 - 2027	○	○	○	○	○	○
(Base) Salary growth for 2023 will trend (significantly) lower than local inflation levels	○	○	○	○	○	○
Significant compensatory measures (by employer and/or government) have accelerating inflationary impact	○	○	○	○	○	○

HYPER: Survey participants reported to have operations in hyper inflation countries (they might also have operations in HIGH & MODERATE inflation countries)

HIGH: Survey participants reported to have operations in HIGH inflation countries, not in HYPER inflation countries. They may have operations in MODERATE inflation countries

MODERATE: Survey participants reported to have operations in moderate inflation countries, not in HYPER inflation countries. They may have operations in HIGH inflation countries

INFLATION TRENDS

Hyperinflation because of a variety of country-centric reasons plus wider macro-economic issues everyone else is facing. No foreseen end unless there are significant structural changes which are not on the horizon.

It all depends on how you define inflation and what measure you base increases on. Temporary government support might play the role as well

Figures have spiked but will not go into reverse. Many employers will feel the need to take profits that their talent competitors (for investment not people) are taking and so wages will remain suppressed

assuming that current spike can last for 18-24 months, rather than 12 months

CBMN RUMBOLD

ADDITIONAL MEASURES | PAY MIX

	Total	Fixed Salary	Variable salary	Total salary (fixed and variable)	Allowances (one off - temporary)	Allowances (structural - permanent)	Other rewards
Q11				**HYPER**			
HYPER	138	44%	4%	13%	23%	10%	5%
HIGH	108	43%	8%	9%	25%	6%	9%
MODERATE	74	50%	4%	18%	8%	4%	16%
Q19				**HIGH**			
HIGH	144	42%	6%	12%	22%	6%	13%
MODERATE	50	56%	8%	18%	8%	4%	6%
Q27				**MODERATE**			
HIGH	59	46%	8%	15%	14%	2%	15%
MODERATE	51	55%	8%	18%	8%	4%	8%

* 11. To mitigate impact of increased cost of living in this situation of **HYPER INFLATION** and specific to **pay mix** we put **most weight** on increasing (you can select multiple):

- ☐ Fixed salary
- ☐ Variable salary
- ☐ Total salary (fixed and variable)
- ☐ Allowances (one off - temporary)
- ☐ Allowances (structural - permanent)
- ☐ Other rewards

HYPER: Survey participants reported to have operations in hyper inflation countries (they might also have operations in HIGH & MODERATE inflation countries)

HIGH: Survey participants reported to have operations in HIGH inflation countries, not in HYPER inflation countries. They may have operations in MODERATE inflation countries

MODERATE: Survey participants reported to have operations in moderate inflation countries, not in HYPER inflation countries. They may have operations in HIGH inflation countries

CBMN RUMBOLD

ADDITIONAL MEASURES | SALARY ROUNDS

	Total		Same as before, we apply single salary round in a twelve month cycle	Same as before, we apply multiple salary rounds in a twelve month cycle	Introduced an additional salary round in the CURRENT budget year, not done previous year(s)	N/A
Q12				**HYPER**		
HYPER	97		18%	34%	33%	15%
HIGH	97		57%	6%	9%	28%
MODERATE	97		60%	0%	3%	37%
Q20				**HIGH**		
HYPER	93					
HIGH	93		62%	10%	14%	14%
MODERATE	93		34%	0%	3%	62%
Q28				**MODERATE**		
HYPER	38					
HIGH	38	0	63%	11%	16%	11%
MODERATE	38	0	87%	0%	8%	5%

* 12. To mitigate impact of increased cost of living in this situation of **HYPER INFLATION** and **specific to salary rounds** we:

- ◯ Same as before, we apply **single** salary round in a twelve month cycle
- ◯ Same as before, we apply **multiple** salary rounds in a twelve month cycle
- ◯ Introduced an **additional salary round** in the **CURRENT** budget year, not done previous year(s)
- ◯ Other (please specify)

HYPER: Survey participants reported to have operations in hyper inflation countries (they might also have operations in HIGH & MODERATE inflation countries)

HIGH: Survey participants reported to have operations in HIGH inflation countries, not in HYPER inflation countries. They may have operations in MODERATE inflation countries

MODERATE: Survey participants reported to have operations in moderate inflation countries, not in HYPER inflation countries. They may have operations in HIGH inflation countries

CBMN RUMBOLD

ADDITIONAL MEASURES | OTHER

	Total	Implemented one off (other) compensatory measures in CURRENT budget year and are reviewing additional steps for next year(s)	No changes this budget year (yet) , considering additional steps in the CURRENT & NEXT budget year	No changes this budget year, considering additional steps in the NEXT budget year	Business as usual, not preparing for additional measures, continuing monitoring the situation	N/A
Q13				**HYPER**		
HYPER	97	54%	12%	8%	13%	12%
HIGH	97	24%	11%	23%	19%	24%
MODERATE	97	4%	8%	9%	41%	37%
Q21				**HIGH**		
HYPER	93					
HIGH	93	27%	23%	23%	20%	8%
MODERATE	93	3%	6%	8%	20%	62%
Q29				**MODERATE**		
HYPER	38					
HIGH	38	24%	16%	24%	29%	8%
MODERATE	38	11%	16%	18%	50%	5%

* 13. To mitigate impact of increased cost of living in this situation of **HYPER INFLATION** and specific to **other compensatory measures** we:

- Implemented **one off (other) compensatory** measures in **CURRENT** budget year and are **reviewing additional steps** for next year(s)
- No changes this budget year (yet) , **considering additional steps** in the **CURRENT** & **NEXT** budget year
- No changes this budget year, **considering additional steps** in the **NEXT** budget year
- **Business as usual,** not preparing for additional measures, continuing monitoring the situation

HYPER: Survey participants reported to have operations in hyper inflation countries (they might also have operations in HIGH & MODERATE inflation countries)

HIGH: Survey participants reported to have operations in HIGH inflation countries, not in HYPER inflation countries. They may have operations in MODERATE inflation countries

MODERATE: Survey participants reported to have operations in moderate inflation countries, not in HYPER inflation countries. They may have operations in HIGH inflation countries

CBMN RUMBOLD

ADDITIONAL MEASURES | WHAT - WHY - WHEN

	Q14 HYPER	Q22 HIGH	Q30 MODERATE
WHAT	Quarterly salary range reviews (not neccesarilly leading to adjustments) and increases if required based on market movement	One time payment of 1.000 EUR for high performers under certain income threshold and 500 EUR for rest of the employees on lower income brackets	Nothing specific. We continue to look at the top performers and critical skills.
	Increased meal and transportation allowance; in case of real hyper inflation (increase month on month > 50%), we implement an allowance	implemented a 4% inflation correction for all employees below certain income level	Added inflationary consideration in our merit increase
	We have a variable monthly allowance to buffer employees against changes in the unofficial fx rate. This is reviewed every quarter.	Increased allowances (transport, housing, energy)	One-off premiums to compensate impact of inflation instead of salary increase
	Extra salary round and an one-off for lower grades.	Divisions | Countries can request additional budget if they have a business case. For some it is difficult to find people, for others they are doing fine.	One time lump sum payments for low wage earners; increased benefits
	COLA that can be converted to base upon evaluation of market movement and inflation impact	For selected countries either additional salary round for base pay or one off payments were made	Higher travel compensation
	Periodic increase 3-4 time per year corresponding to price increases so increased cost is neutralised.	Remain a national living wage employer - one-off payment to lower earners - financial support/ financial wellbeing initiatives	Encourage to use part of the budget to award bonus targets according to our communicated incentive framework.

The key trigger point for us to implement additional compensatory measure is (or has been) (WHY & WHEN):

	Q15 HYPER	Q23 HIGH	Q31 MODERATE
WHY	Social risks; Turnover increased; Difficulty in recruiting	Very fast moving employment market	increased turnover; employee feedback.
	Inflation & currency devaluation still increasing and no projections when it will stabilize.	High inflation and employee dissatisfaction	Social climate
	Stay in line with external market, following spot survey data	Position to market (weighted average), inflation and unemployment rates	Compensate for high inflation with merit cycle
	Hitting 50% inflation, and local flagging of the issues	Significant inflation increase compared to plan assumptions, talent pressures (increased attrition, recruitment experience) coupled with affordability analysis	
	Government imposed increases for min wages	Employees with financial issues to pay bills	
WHEN	Grouped market movement intelligence to act at an earlier interval	Lower salaries disproportionally impacted, effective per April 2022	Fuel prices in 2022
	Inflation % exceeded plan assumption by 10%	High attrition - additional merit amount in October 2022	
	3 to 4 monthly intervals according to price hikes enforced locally	Increased attrition rate with difficulty hiring specific roles, summer 2022	
	To keep up with market and implement twice a year i.s.o. once a year (in June and January)	High fuel prices in 2022	
	Market data with adjustments quarterly	Inflation and the removal of the work from home allowance. We implemented it in summer 2022.	

* 14. In countries with **HYPER INFLATION** the **additional compensatory measure** we implemented, or are considering to implement, is (**WHAT**):

* 15. In countries with **HYPER INFLATION**, the key **trigger point** for us to implement additional compensatory measure is (or has been) (**WHY** & **WHEN**):

CBMN RUMBOLD

MANDATORY INCREASES

Q34	Specific to mandatory increases, the one thing that I would like to see changed in how we deal with salary progression is:
	Possibility to pay for performance, while the mandatory increases have 'eaten' more than the budget room, we don't have budget left to promote pay for performance. Would prefer that the mandatory inflation increases would cease to exist.
	Better forecast of future mandatory increases
	Put a ceiling on annual salary to which we need to apply the mandatory increase
	Earlier warning for the actual amount of the government mandated for better planning purposes
	Increases being flat amounts rather than % of pay, would be more beneficial for low earners and less costly for company
	Understand more how these mandatory increase work to anticipate better and better articulate with the other increases (merit)
	Understand more how these mandatory increase work to anticipate better and better articulate with the other increases (merit)
	Apply tougher scrutiny on non-statutory increases, merits and other, to ensure overall increase levels don't go off the roof.
	Make mandatory increase budget part of overall merit budget and no longer pay that on top.
	Incorporate mandatory increases in annual pay cycle
	To remove low performers from this list with high compa ratio
	We have lowered additional budgets.

Q35-37	Reasons for mandatory increases per country
	Collective Bargaining Agreement - Industry/Sector Specific
	Collective Bargaining Agreement - Company Specific
	Government dictated increases, e.g. minimum wages
	Statutory indexation

34. In light of recent events (specific to mandatory increases), the one thing that I would like to see changed in how we deal with salary progression is:

35. Reason for mandatory increases in country 1

CBMN RUMBOLD

NARRATIVE

(Quoting peer input)

Q38 The major risk of not (fully) compensating our workforce for the high(er) cost of living is:

Low morale and risk of losing talent. Unrest and dissatisfaction amongst our workforce, especially at junior levels.

Workforce is hurting from the increased costs of living, loose focus at work with financial instability at home. Less productive

Social conflicts (strikes)

Duty of care in jeopardy

Not aligning with our culture and people focus, losing talent in highly competitive market

Increased attrition, employees to companies that do provide full compensation

Risk of attrition through search for higher salary (and not too hard just now given record number of vacancies in many markets)

Risk of attrition through colleagues feeling undervalued and their cost of living increases trivialised.

Losing key talent Pressure on the existing staff

Increased turnover combined with higher replacement costs - effectively we pay anyway but lose experienced talent on the way to a higher cost base

Workforce is hurting from the increased costs of living

* 39. The main reason to justify additional measures (employer perspective) for your company is:

Q39 The main reason to justify additional measures (employer perspective) for your company is:

To keep employees whole, however not at all costs - in countries where the inflation is mainly driving by energy prices, we do expect that employees take measures themselves to decrease energy consumption. However in hyperinflationary countries we have to act, employees cannot bear the burden alone.

Can't afford the talent drain - need to sustain operational continuity. To not jeopardize business and -processes

Company is doing well, we can offset (much of) the increased labor cost and we do not want people to leave

Talent retention, duty of care and social "peace". Sentiment of wanting to help.

Compensation for current energy prices, so employees have a better quality of life

To boost performance and morale and to align with market trends by remaining competitive

Currently, with the low unemployment and competitive labor markets, hiring externally costs more so retaining employees is actually cost saving.

Turnover, employee dissatisfaction and importantly ensuring we are providing a proper living wage

Remain profitable and survive in tough economic conditions

The right thing to do from both a profit and morality perspective

Making sure employees are kept in line with the increased cost of living, can make ends meet

Keep-up our people engaged and focused, not distracted and avoid that inflation hides any other deeper situation to be handled

Maintain market competitiveness and ensuring we stick to our financial wellness standards for our employees

Show we care about employees and live up to our well being purpose statement: financial well-being

Additional measures will depend on business affordability. Due to the huge cost pressure we will consider later if additional measure can be taken

CBMN RUMBOLD

NARRATIVE

(Quoting peer input)

Q40 To explaining our choices to our workforce (employee perspective) we will put most emphasis on:
What our pay philosophy is, how economic factors impact this and how we arrive at our decisions
Ensuring we are maintaining competitive total rewards; demonstrating that we stand by our commitment to our employees, even/also in current economic situation
Explanation of the exceptional context and willingness to support workforce in difficult times
Uncertain economic outlook, raising costs for company resources, risks involved.
Our company is willing to contribute, as much as we can, to the challenging economic times. Not emphasisizing the use of 'were are compensating for inflation'
Be a good employer/take care of financial wellbeing, we understand and that we care
Global situation of high inflation which cannot be solely solved by employer
We are meritocracy, or Pay Philosophy is that we pay for performance and in accordance to the market
What we can afford and other reward areas we can improve ie: leaves, additional allowance, etc
We understand the unrest and financial impact the indlation has on our epleyees, all most bear the impact. governments, companies and employees
Affordability and emphasise opportunity for employees to grow their career within the organisation
We invest more in benefits and flexible working arrangements rather than in extra salary increases
Sustainability of the the measures and impact to the P&L
Employees with most modest salaries and likely to suffer most from the inflation and the rise in living costs.
Economic feasibility / limited possibility to increase external procing (existing customer contracts) and/or achieve productivity gains.
Economic feasibility / limited possibility to increase external procing (existing customer contracts) and/or achieve productivity gains.
Liveable salaries in high inflation times.
The company is committed to assist employees through this crisis, \shared responsibility, in line with market levels
Maintain market competitiveness as well as ensuring our financial wellness for our employees is maintained

Q41 Good argument to explain to employees why inflation is not fully compensated is:
The market is not equal in terms of the rates at which compensation is growing for different job areas. We have to place our limited resources where the organization is at greatest risk.
Anticipating future reduction in energy / food prices
Company needs to remain competitive as well to guarantee jobs
From an organisational perspective the compensation philosophy is mainly grounded on the cost of labor (driven by changes to the supply of and demand of labor),not the cost of living
Uncertain economic outlook, raising costs for company resources, risks involved.
Inflation and Increases cannot move in tandem - assuming Inflation where to go down drastically, do we then peg salary adjustments to Inflation
Energy causes for highest impact this should be temporary situation and should be solved by governments. If we compensate full inflation next year the prices will increase further, inflation continues
We didn't cut wages when inflation was negative or very low as it has been at times over the past decade
Currently it is our position to market, salary cycle timelines, and fixed budget assigned by mother company
Inflation is an external factor the company does not control. We cant just increase our client rates neither with those percentages. your RSP is important as well, what competitors do (pay-trent) our FTE and budget planning, GDP growth (is it sustainable to give high(er) increases? unemployement.
The current inflation is exceptional. This hurts everybody, Governments, companies and people. Fully compensating inflation will most likely result in more inflation. We need to make sure that that doenst happen. Otherwise problems for all will only increase
Increasing employee expenses in coming years which will significantly impact our competitive position in the market
External practice by other companies, as also the upward spiral towards inflation
Sharing the hit of inflation - not all inflation pressures are passed on to the clients
We follow what the market is doing and follow a lagging approach. With other words, we expect that next year the benchmark data will be significantly be higher.
In years of low inflation we also not necessarily follow the inflation and most of the times go beyond.
When inflation returns to normal, we don't want to reduce pay or have expensive staff that need to be let go
(Big) Part of the inflation (especially in Europe) is covered by local government measures, e.g. taxation on energy. And we are not able to charge the full inflation to our clients. Therefor full compensation is not desirable.
Affordability for company, as well as high inflation being a temporary situation while the additional cost for the company is permanent

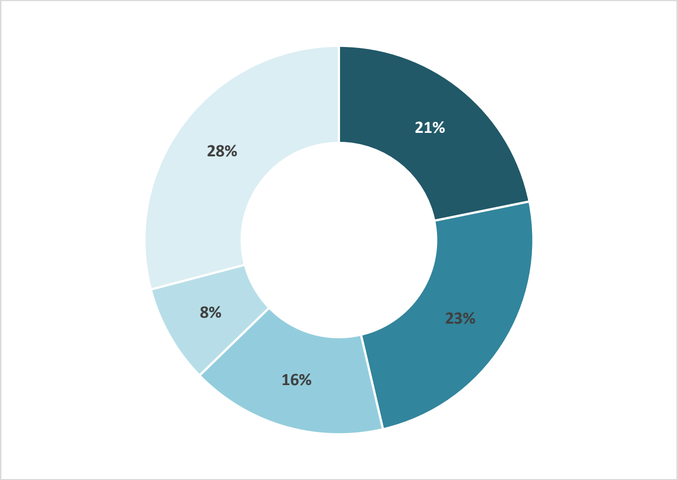
* 40. To explaining our choices to our workforce (employee perspective) we will put most emphasis on:

41. Good argument to explain to employees why inflation is not fully compensated is:

IMPACT CURRENT EVENTS ON BUDGET - I

Q45-1 We anticipate to overspend our salary budget for current budget cycle

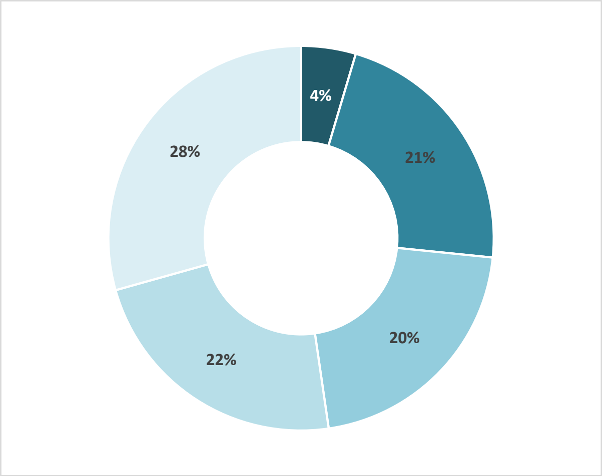
	Total	Fully Agree	Partially agree	Neutral	Partially Disagree	Disagree	DNK
OVERALL	115	21%	23%	16%	8%	28%	4%



	Total	Fully Agree	Partially agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	55	18%	27%	13%	13%	25%	4%
HIGH	60	23%	20%	18%	3%	30%	5%
MODERATE	27	26%	19%	19%	4%	22%	11%

Q45-3 We can offset (most of) cost of labor increases against increased revenues

	Total		Fully Agree	Partially agree	Neutral	Partially Disagree	Disagree	DNK
OVERALL	115	0	4%	21%	20%	22%	28%	5%



	Total	Fully Agree	Partially agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	55	7%	25%	24%	24%	16%	4%
HIGH	60	2%	17%	17%	20%	38%	7%
MODERATE	27	0%	19%	15%	26%	37%	4%

* 45. Impact of current events on current budget cycle cost of labor

	Fully Agree	Partially agree	Neutral	Partially disagree	Disagree	No Opinion - Do not know
We anticipate to overspend our salary budget for current budget cycle	○	○	○	○	○	○
We apply more (discretionary) mid year adjustments than planned for this budget cycle (in some of the countries where we operate)	○	○	○	○	○	○
We can offset (most of) cost of labor increases against increased revenues	○	○	○	○	○	○
Ratio of cost of labor against revenue is increasing	○	○	○	○	○	○

HYPER: Survey participants reported to have operations in hyper inflation countries (they might also have operations in HIGH & MODERATE inflation countries)

HIGH: Survey participants reported to have operations in HIGH inflation countries, not in HYPER inflation countries. They may have operations in MODERATE inflation countries

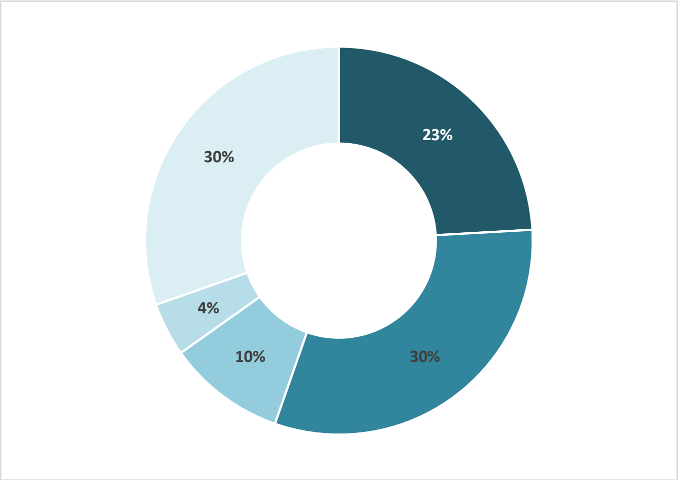
MODERATE: Survey participants reported to have operations in moderate inflation countries, not in HYPER inflation countries. They may have operations in HIGH inflation countries

CBMN RUMBOLD

IMPACT CURRENT EVENTS ON BUDGET - II

Q45-2 We apply more (discretionary) mid year adjustments than planned for this budget cycle (in some of the countries where we operate)

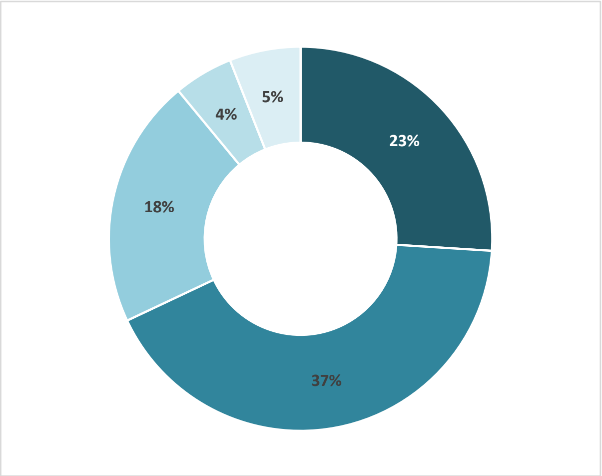
	Total		Fully Agree	Partially agree	Neutral	Partially Disagree	Disagree	DNK
OVERALL	115	0	23%	30%	10%	4%	30%	3%



	Total	Fully Agree	Partially agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	55	24%	38%	13%	4%	18%	4%
HIGH	60	23%	23%	7%	5%	40%	2%
MODERATE	27	30%	26%	7%	7%	30%	0%

Q45-4 Ratio of cost of labor against revenue is increasing

	Total		Fully Agree	Partially agree	Neutral	Partially Disagree	Disagree	DNK
OVERALL	115	0	23%	37%	18%	4%	5%	13%



	Total	Fully Agree	Partially agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	55	22%	36%	20%	4%	4%	15%
HIGH	60	23%	37%	17%	5%	7%	12%
MODERATE	27	19%	41%	19%	4%	4%	15%

* 45. Impact of current events on current budget cycle cost of labor

	Fully Agree	Partially agree	Neutral	Partially disagree	Disagree	No Opinion - Do not know
We anticipate to overspend our salary budget for current budget cycle	○	○	○	○	○	○
We apply more (discretionary) mid year adjustments than planned for this budget cycle (in some of the countries where we operate)	○	○	○	○	○	○
We can offset (most of) cost of labor increases against increased revenues	○	○	○	○	○	○
Ratio of cost of labor against revenue is increasing	○	○	○	○	○	○

HYPER: Survey participants reported to have operations in hyper inflation countries (they might also have operations in HIGH & MODERATE inflation countries)

HIGH: Survey participants reported to have operations in HIGH inflation countries, not in HYPER inflation countries. They may have operations in MODERATE inflation countries

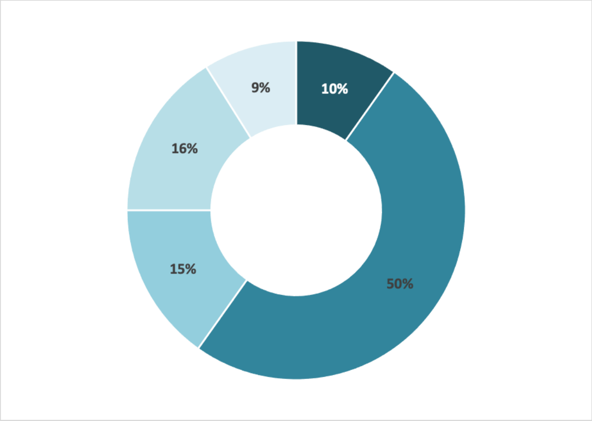
MODERATE: Survey participants reported to have operations in moderate inflation countries, not in HYPER inflation countries. They may have operations in HIGH inflation countries

CBMN RUMBOLD

EXTERNAL DRIVERS BUDGET

Q46-1 **Inflation**

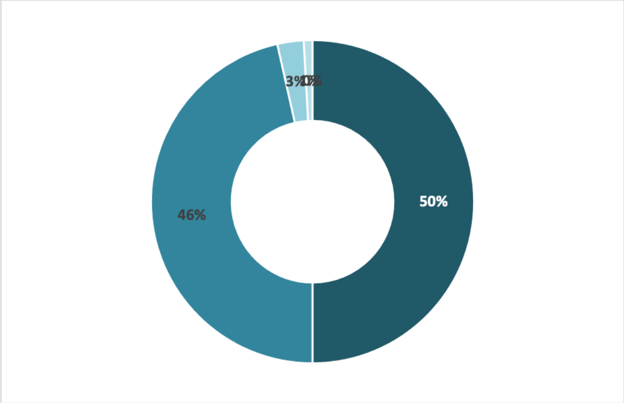
	Total	Fully Agree	Partially agree	Neutral	Partially Disagree	Disagree	DNK
OVERALL	112	10%	50%	15%	16%	9%	0%



	Total	Fully Agree	Partially agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	54	7%	50%	17%	19%	7%	0%
HIGH	58	12%	50%	14%	14%	10%	0%
MODERATE	27	11%	56%	7%	15%	11%	0%

Q46-2 **Market movement**

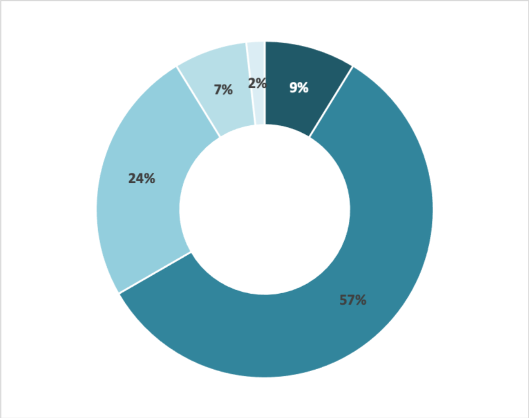
	Total	Fully Agree	Partially agree	Neutral	Partially Disagree	Disagree	DNK
OVERALL	115	50%	46%	3%	1%	0%	1%



	Total	Fully Agree	Partially agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	55	49%	45%	5%	0%	0%	0%
HIGH	60	50%	47%	0%	2%	0%	2%
MODERATE	27	41%	56%	0%	0%	0%	4%

Q46-3 **Recruiting evidence**

	Total	Fully Agree	Partially agree	Neutral	Partially Disagree	Disagree	DNK
OVERALL	115	9%	57%	24%	7%	2%	1%



	Total	Fully Agree	Partially agree	Neutral	Partially Disagree	Disagree	DNK
HYPER	55	4%	56%	25%	11%	4%	0%
HIGH	60	13%	58%	23%	3%	0%	2%
MODERATE	27	11%	59%	22%	4%	0%	4%

* 46. PRINCIPAL EXTERNAL DRIVERS for overall salary growth (within a country) should be:

	Fully Agree	Agree	Neutral	Partially Disagree	Disagree	No opinion - Do not know
Inflation	◯	◯	◯	◯	◯	◯
Market movement	◯	◯	◯	◯	◯	◯
Recruiting evidence	◯	◯	◯	◯	◯	◯

HYPER: Survey participants reported to have operations in hyper inflation countries (they might also have operations in HIGH & MODERATE inflation countries)

HIGH: Survey participants reported to have operations in HIGH inflation countries, not in HYPER inflation countries. They may have operations in MODERATE inflation countries

MODERATE: Survey participants reported to have operations in moderate inflation countries, not in HYPER inflation countries. They may have operations in HIGH inflation countries

CBMN RUMBOLD

INTERNAL BUDGET DRIVERS JUSTIFICATION SALARY GROWTH

Q47

OVERALL

	Total	1 (Highest Priority)	2	3	4	5	6 (Lowest Priority)	NA
Affordability	115	35%	16%	15%	12%	9%	9%	5%
Market Movement	115	32%	31%	17%	6%	6%	5%	2%
Inflation	115	9%	10%	23%	30%	19%	8%	1%
Return on Investment	115	3%	3%	13%	21%	22%	25%	14%
Ability to offset costs in value chain	115	1%	10%	8%	12%	25%	25%	19%
Ability to attract & retain talent	115	20%	30%	23%	18%	5%	3%	1%

HYPER

	Total	1 (Highest Priority)	2	3	4	5	6 (Lowest Priority)	NA
Affordability	55	33%	18%	18%	11%	5%	11%	4%
Market Movement	55	38%	27%	16%	9%	5%	4%	0%
Inflation	55	9%	9%	22%	36%	16%	7%	0%
Return on Investment	55	4%	4%	15%	11%	18%	31%	18%
Ability to offset costs in value chain	55	0%	7%	9%	16%	31%	20%	16%
Ability to attract & retain talent	55	16%	35%	20%	16%	9%	4%	0%

HIGH

	Total	1 (Highest Priority)	2	3	4	5	6 (Lowest Priority)	NA
Affordability	60	37%	13%	12%	13%	12%	7%	7%
Market Movement	60	27%	35%	18%	3%	7%	7%	3%
Inflation	60	8%	12%	25%	23%	22%	8%	2%
Return on Investment	60	2%	2%	12%	30%	25%	20%	10%
Ability to offset costs in value chain	60	2%	12%	7%	8%	20%	30%	22%
Ability to attract & retain talent	60	23%	25%	25%	20%	2%	3%	2%

MODERATE

	Total	1 (Highest Priority)	2	3	4	5	6 (Lowest Priority)	NA
Affordability	27	41%	15%	15%	11%	7%	7%	4%
Market Movement	27	30%	26%	22%	4%	7%	7%	4%
Inflation	27	7%	7%	19%	33%	22%	11%	0%
Return on Investment	27	0%	4%	11%	30%	26%	22%	7%
Ability to offset costs in value chain	27	0%	15%	11%	4%	22%	33%	15%
Ability to attract & retain talent	27	22%	33%	22%	19%	4%	0%	0%

Q48 Other important INTERNAL DRIVERS for justification of our budget for overall salary growth

- Pay mix, gender pay, hot jobs and demand for talent
- Lack of, or little increase in previous corona years
- Current positioning of team members (compa-ratio) relative to the desired position
- Current positioning of our salaries / EVP in the market. Turnover Delta in compa ratio of leavers vs new hires
- Turnover and recruiting evidence relating to pay (competitiveness)
- Current relative market position towards market ambition
- Fair and equitable pay, salary positioning vs tenure and peers

* 47. INTERNAL DRIVERS for justification of our budget for overall salary growth:
(1 = highest priority | lowest priority is 6)

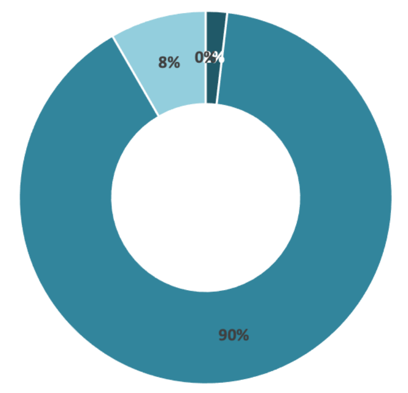
- Affordability ☐ N/A
- Market Movement ☐ N/A
- Inflation ☐ N/A
- Return on Investment ☐ N/A
- Ability to offset costs in value chain ☐ N/A
- Ability to attract & retain talent ☐ N/A

CBMN RUMBOLD

SALARY INCREASES SHOULD BE DEPENDING | HOW

Q51 Salary Increases (insofar discretionary) should be depending:

	Total	Performance (only)	Performance and relative salary position	Relative salary position (only)	Other	DNK
OVERALL	108	2%	90%	8%	0%	0%



	Total	Performance (only)	and relative salary position	Relative salary position (only)	Other	DNK
HYPER	54	2%	89%	9%	0%	0%
HIGH	54	2%	91%	7%	0%	0%
MODERATE	25	0%	96%	4%	0%	0%

* 51. Salary Increases (insofar discretionary) should be depending:

- **Performance (only)**
- **Performance and relative salary position**
- **Relative salary position (only)**

Q51 Answered "other" regarding Salary Increases

The same increase is applied to everyone - Aiming to change based on performance and RSP

Besides performance and relative salary position we also focus on key talent and critical skills

We do not use performance for Base Salary adjustments, this ensures internal pay equity and allows easier transparency

Level and budget

Peer alignment, not just salary relative to market

Development and RSP

Job maturity, pay in relation to peers, pay in relation to the market

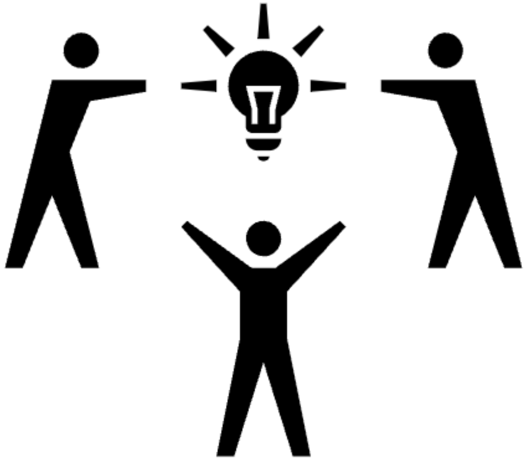
HYPER: Survey participants reported to have operations in hyper inflation countries (they might also have operations in HIGH & MODERATE inflation countries)

HIGH: Survey participants reported to have operations in HIGH inflation countries, not in HYPER inflation countries. They may have operations in MODERATE inflation countries

MODERATE: Survey participants reported to have operations in moderate inflation countries, not in HYPER inflation countries. They may have operations in HIGH inflation countries

CBMN RUMBOLD

Questions from participants



Call to action:

- Do you have a question? Pitch a sparring session
- Story to tell on one o topics? Present a User Case
- Specialist in the field? Provide an expert Perspective

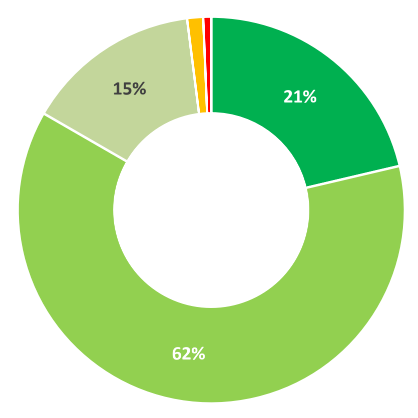
CBMN-Rumbold will facilitate to make it easier of course

- Dollarization of salaries (in countries with volatile currency)
- high inflation impact on employee benefits and allowances
- The rewards strategy of Start up company vs Established Corporate re Inflation and Cost of living.
- C&B package revisions necessary when voluntary attrition is high?
- Use of benefits to offset increased cost of living
- Update again on this topic - what actually happened, what people actually doing in 2023
- Turkey, key problem area, perhaps a survey / online meeting on what actions people are taking?
- How to companies work towards a shift to electric cars and adjust the policy?
- How to reflect YoY market movements when updating salary structures? Data aging approaches?
- How do companies approach pay in markets with insufficient/not solid data?
- What are measures taken (and levels) by others, flat increase vs % increase vs one off payment?
- How to communicate rationale of not fully subsidizing the inflation?
- How to attract talent that is higher than current talent pool cost?
- It would be good to discuss the survey outcome in a meeting, so that we can exchange live.

LESSONS LEARNED

Q69-70-71 **Rating Survey**

	Total	AVG	5	4	3	2	1
OVERALL	150	4,0	21%	62%	15%	1%	1%



GOOD
- Survey was great and covered a lot of interesting topics!
- Really interesting, addressing both important conceptual and practical considerations!
- Quite long but understand why and I chose to do the voluntary part too!
- The survey questions are those that are running through my head lately.
- Well formulated and main pain points addressed.

CHANGE
- Many questions, although relevant. Split? Shorter?
- Same question asked for hyper, inflation & normal. Next time a table format?
- Ask the questions more clearly and easily, sometimes it was hard to understand
- Use consistent answer options, incl. more “not applicable” and comment sections

EXTRA
- Collect salary budget by country, add numbers of actual expected budgets
- Poll the group: what are hot topics, burning questions for the next survey.
- Which source of inflation are companies relying on to do their budgeting

CBMN RUMBOLD