

# Salary Survey

Presidents and Executive Officers  
Brazil 2013

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# Presentation

In these times of economic uncertainty, Brazil continues to be one of the most important players on the global economic stage. As in years past, multinational organizations have remained attentive, investing in our market's exciting growth potential. Recently national enterprises have started to be approached aggressively by private equity funds as well as strategic buyers, leading to a wave of consolidation and initiation of new companies.

Due to this activity, the competition to hire highly qualified executives has become fierce and the retention of these same executives is becoming a common dilemma for both our Brazilian and multinational clients.

Aiming to help our fellow clients and business partners in this understand compensation, we hereby present the results of a new survey specifically focused on understanding the elements of remuneration for CEOs and their Officers. It is our sincere hope that this study will make a positive difference in the recruitment and retention of key professionals.

The Exciting story resides within our national enterprises as they are experiencing a wave of consolidation and new business development. Much of this change is being driven by the continuing development and appetite of the private equity buyers.

Kind Regards,

Page Executive Brazil Team

# Methodology

Our survey includes a group of 3,000 active executives belonging to our relationship network and with whom we have had contact with over the last four years. During this period we have had the opportunity to place executives in companies of different nationalities, sectors, sizes and maturities of Corporate Governance.

From the total survey base, we interviewed over 700 executives whom occupy the principal executive seats of their respective companies and whom belong to various sectors of the economy. These companies come from a variety of backgrounds in terms of not only size but also regions of the country. As such, we are comfortable that this survey provides a relevant and broad scope.

The survey utilized a systematic tool to guarantee the complete confidentiality as to the identity of the respondent, as well as the accuracy of information collected.

The values for Annual Bonus and Long-term Compensation, are based on the total achievement of goals. However, these can vary depending on the results according to factors that accelerate or reduce directly the range of distinct amounts.

See the results for each position to get a more detailed view of senior executive compensation in Brazil.

# Highlights

Even with the poor performance of the economy throughout 2012, the Brazilian market continues to consolidate, mergers and acquisitions, through M&A. Also, the trend of new business development marches on especially within the consumer goods, healthcare and insurance sectors.

As a result, the demand for executives remains strong and, in this scenario, design of executive compensation is a hot topic in the board room of every company.

As this research highlights, we have identified:

## I - Fixed and Variable Remuneration

**Base Salary:** we checked a variation of the basic salary for all sectors in line with the market's inflation expectations. In none of the analyzed positions, we've found significant increases in this item;

**Short Term Incentives:** we noted a slightly downward trend in this portion of executive compensation when compared with the previous year's data. In our view, this factor was due to the poor performance of the economy and corporate earnings as compared to 2012;

**ILP (long-term incentive):** the compensation package was the one that stood out compared with last year. This fact was due to a high demand scenario for executives, combined with a reduction in short-term bonds in response for companies' results in 2012. Thus, we find that many companies have implemented new programs or extended this benefit to a greater number of executives.

# Highlights

## II - Benefits

Executive benefits are still aligned with our 2012 survey. Interestingly, we discovered that a significant amount of executives don't have a deep knowledge about their package of benefits nor how much they represent of their total compensation.

**Armored Car:** the demand by the companies for armored cars for their executives has risen this year. 10% of all the executives that have a car as a benefit, have their vehicle armored, as well as 50% of the CEOs interviewed.

## III - Other Benefits

**Rise of hiring for Statutory Directors:** the tendency for hiring statutory directors in national enterprises has risen this year, demonstrating a concern with the corporative governance applied to those organizations. Similarly we verified a decrease of 10% on hires of Service Providers (PJ), reaffirming that tendency.

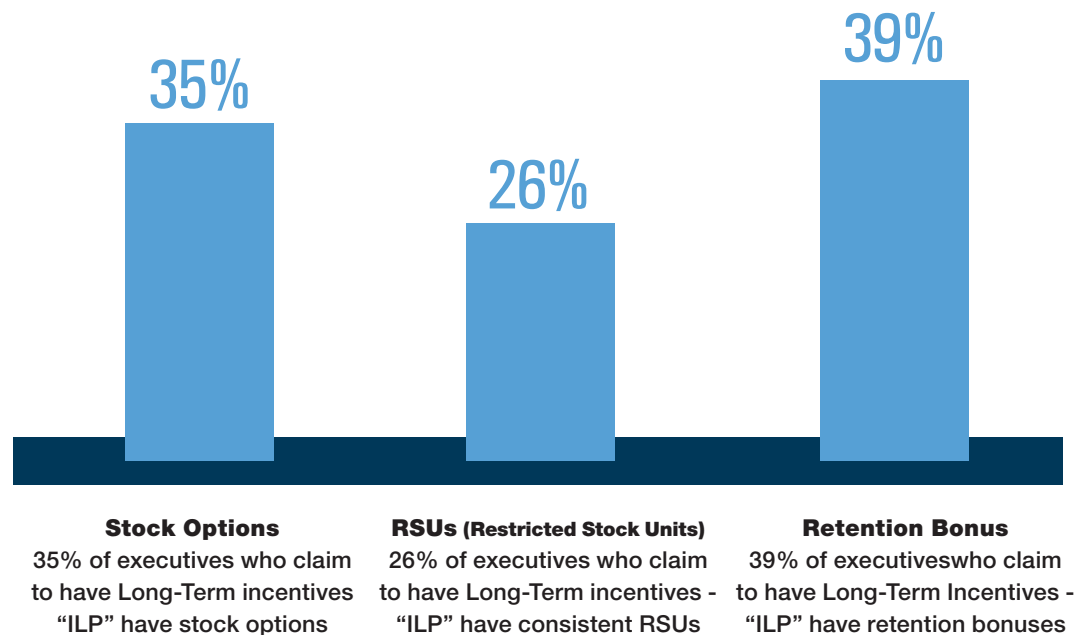
**D&O Insurance:** When comparing with the information from our previous survey, we noticed an increase in the number of executives with statutory officer with insurance of civil responsibilities and criminal liability (D & O). In our view, this increase shows a growing concern in the market with the involvement of its executives in operation and the broad responsibilities of those who lead.

# Benefits

## Long-Term Incentives (LTI):

- In Brazilian companies, 63% of executives claim to have long-term incentives;
- In Multinational companies, 66% of executives claim to have long-term incentives.

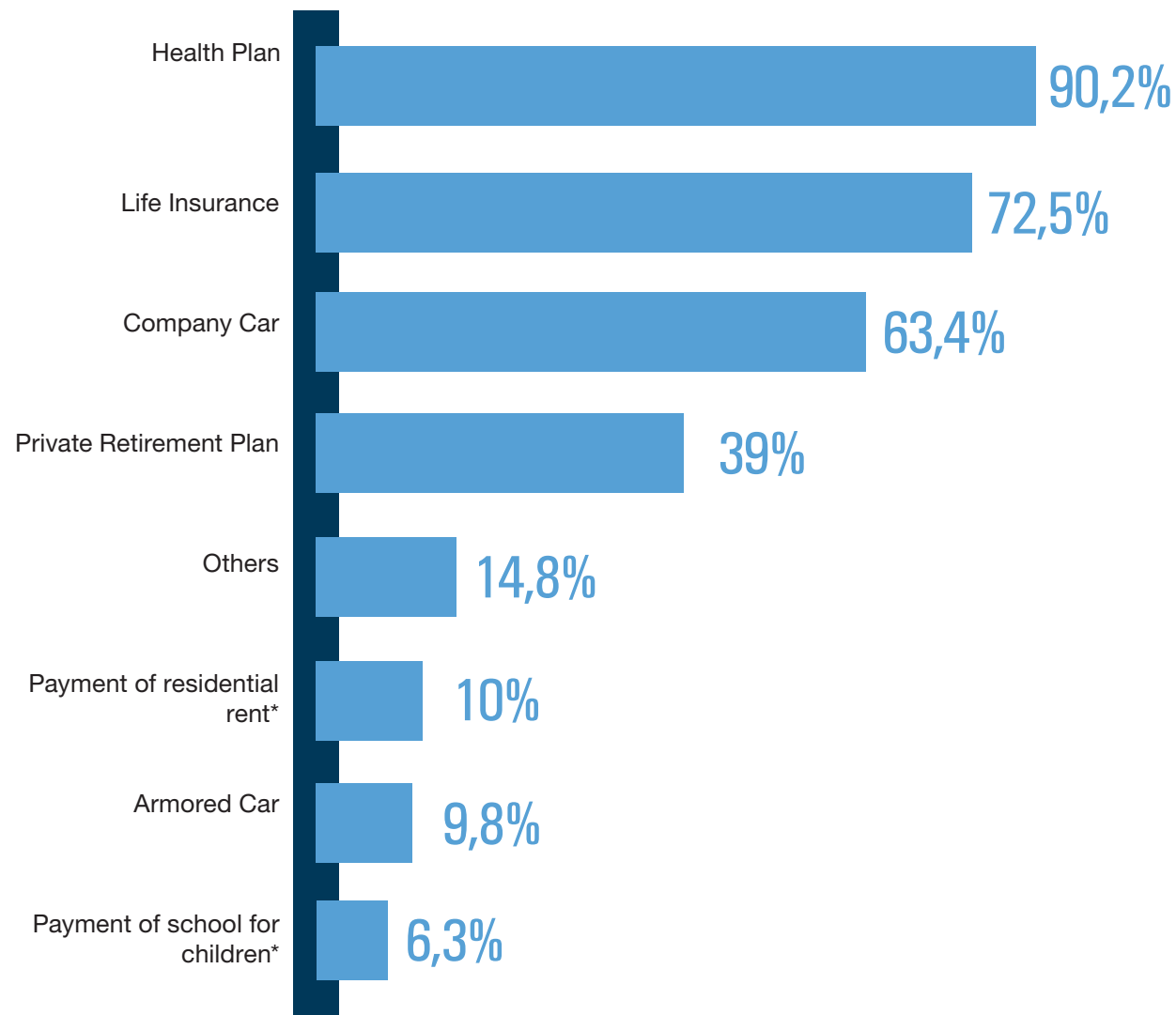
The charts below show the distribution by type of Long-Term Incentive (“LTI”), for executives who claim to have such an incentive.



|                 | General | Multinational | National |
|-----------------|---------|---------------|----------|
| STOCK OPTIONS   | 35%     | 37%           | 32%      |
| RSU's           | 26%     | 26%           | 27%      |
| RETENTION BONUS | 39%     | 37%           | 41%      |

# Other benefits

Those executives who have answered to the survey have the following benefits:



*\*When doing a qualitative analysis of the answers, we note that the payments of residential rent and school for children are common benefits for executives who are transferred to other cities.*



# Classification of Hire

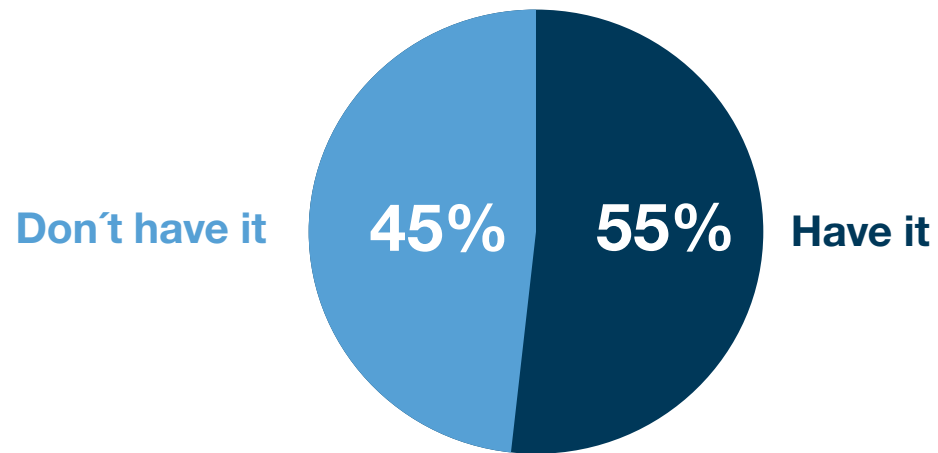
The table below shows the schemes used when hiring the main executives within Brazil.

| <b>Category</b>                             | <b>Brazilian Companies</b> | <b>Multinational Companies</b> |
|---------------------------------------------|----------------------------|--------------------------------|
| Statutory officer                           | 26.3%                      | 11.4%                          |
| Regular employee                            | 37.2%                      | 66.5%                          |
| Regular employee with statutory liabilities | 6.8%                       | 16.9%                          |
| Service Provider ("PJ")                     | 29.7%                      | 5.2%                           |

# D&O Insurance

## Insurance for criminal and non criminal liability

55% of the interviewed executives who have statutory liability, state to have "D&O Insurance".



### Brazilian Companies

| Statutory - D&O Insurance |     |
|---------------------------|-----|
| Have it                   | 40% |
| Don't have it             | 60% |

### Multinational Companies

| Statutory - D&O Insurance |     |
|---------------------------|-----|
| Have it                   | 73% |
| Don't have it             | 27% |

# Chief Executive Officer

(CEO, President, General Officer, Managing Officer,  
General Manager and Country Manager)

This item shows the Compensation of top executives, considering the above positions. In order to make the presentation more practical, Compensation was organized by company size (annual sales) and nationality.

## Brazilian Companies

| Company size* | Total compensation average<br>(Salary + Annual bonus + LTI) | Monthly Base Salary<br>Compensation Average | Annual Bonus<br>(by monthly salaries)* | LTI<br>(by monthly salaries)* |
|---------------|-------------------------------------------------------------|---------------------------------------------|----------------------------------------|-------------------------------|
| Range 1       | R\$ 798,000                                                 | R\$ 42,000                                  | 5.0                                    | 2.0                           |
| Range 2       | R\$ 940,000                                                 | R\$ 47,000                                  | 6.0                                    | 2.0                           |
| Range 3       | R\$ 1,134,000                                               | R\$ 54,000                                  | 6.0                                    | 3.0                           |
| Range 4       | R\$ 1,560,000                                               | R\$ 65,000                                  | 8.0                                    | 4.0                           |

## Percentage distribution of annual compensation

| *Company size:                                       | Base salary | Bonus | LTI |
|------------------------------------------------------|-------------|-------|-----|
| Range 1 - Less than R\$ 100 million/year             | 63%         | 26%   | 11% |
| Range 2 - From R\$ 100 to R\$ 500 million/year       | 60%         | 30%   | 10% |
| Range 3 - From R\$ 500 million to R\$ 1 billion/year | 57%         | 29%   | 14% |
| Range 4 - From R\$ 1 billion to R\$ 2 billion/year   | 50%         | 33%   | 17% |

# Chief Executive Officer

(CEO, President, General Officer, Managing Officer,  
General Manager and Country Manager)

## Multinational Companies

| Company size* | Total compensation average<br>(Salary + Annual bonus + LTI) | Monthly Base Salary<br>Compensation Average | Annual Bonus<br>(by monthly salaries)* | LTI<br>(by monthly salaries)* |
|---------------|-------------------------------------------------------------|---------------------------------------------|----------------------------------------|-------------------------------|
| Range 1       | R\$ 648,000                                                 | R\$ 36,000                                  | 4.0                                    | 2.0                           |
| Range 2       | R\$ 963,500                                                 | R\$ 47,000                                  | 5.0                                    | 3.5                           |
| Range 3       | R\$ 1,071,000                                               | R\$ 51,000                                  | 5.0                                    | 4.0                           |
| Range 4       | R\$ 1,430,000                                               | R\$ 65,000                                  | 6.0                                    | 4.0                           |

## Percentage distribution of annual compensation

| * Company size:                                      | Base salary | Bonus | LTI |
|------------------------------------------------------|-------------|-------|-----|
| Range 1 - Less than R\$ 100 million/year             | 67%         | 22%   | 11% |
| Range 2 - From R\$ 100 to R\$ 500 million/year       | 59%         | 24%   | 17% |
| Range 3 - From R\$ 500 million to R\$ 1 billion/year | 57%         | 24%   | 19% |
| Range 4 - From R\$ 1 billion to R\$ 2 billion/year   | 55%         | 27%   | 18% |

# Chief Financial Officer

## (CFO)

Valid for the positions of Financial Officer / Administration and Financial Officer.

### Brazilian Companies

| Company size* | Total compensation average<br>(Salary + Annual bonus + LTI) | Monthly Base Salary<br>Compensation Average | Annual Bonus<br>(by monthly salaries)* | LTI<br>(by monthly salaries)* |
|---------------|-------------------------------------------------------------|---------------------------------------------|----------------------------------------|-------------------------------|
| Range 1       | R\$ 464,000                                                 | R\$ 29,000                                  | 3.0                                    | 1.0                           |
| Range 2       | R\$ 576,000                                                 | R\$ 32,000                                  | 4.0                                    | 2.0                           |
| Range 3       | R\$ 780,000                                                 | R\$ 39,000                                  | 5.0                                    | 3.0                           |
| Range 4       | R\$ 1,080,000                                               | R\$ 45,000                                  | 7.0                                    | 5.0                           |

### Percentage distribution of annual compensation

| *Company size:                                       | Base salary | Bonus | LTI |
|------------------------------------------------------|-------------|-------|-----|
| Range 1 - Less than R\$ 100 million/year             | 75%         | 19%   | 6%  |
| Range 2 - From R\$ 100 to R\$ 500 million/year       | 67%         | 22%   | 11% |
| Range 3 - From R\$ 500 million to R\$ 1 billion/year | 60%         | 25%   | 15% |
| Range 4 - From R\$ 1 billion to R\$ 2 billion/year   | 50%         | 29%   | 21% |

# Chief Financial Officer

## (CFO)

Valid for the positions of Financial Officer / Administration and Financial Officer.

### Multinational Companies

| Company size* | Total compensation average<br>(Salary + Annual bonus + LTI) | Monthly Base Salary<br>Compensation Average | Annual Bonus<br>(by monthly salaries)* | LTI<br>(by monthly salaries)* |
|---------------|-------------------------------------------------------------|---------------------------------------------|----------------------------------------|-------------------------------|
| Range 1       | R\$ 480,000                                                 | R\$ 30,000                                  | 3.0                                    | 1.0                           |
| Range 2       | R\$ 612,000                                                 | R\$ 34,000                                  | 4.0                                    | 2.0                           |
| Range 3       | R\$ 703,000                                                 | R\$ 37,000                                  | 4.0                                    | 3.0                           |
| Range 4       | R\$ 990,000                                                 | R\$ 45,000                                  | 6.0                                    | 4.0                           |

### Percentage distribution of annual compensation

| * Company size:                                      | Base salary | Bonus | LTI |
|------------------------------------------------------|-------------|-------|-----|
| Range 1 - Less than R\$ 100 million/year             | 75%         | 19%   | 6%  |
| Range 2 - From R\$ 100 to R\$ 500 million/year       | 67%         | 22%   | 11% |
| Range 3 - From R\$ 500 million to R\$ 1 billion/year | 63%         | 21%   | 16% |
| Range 4 - From R\$ 1 billion to R\$ 2 billion/year   | 55%         | 27%   | 18% |

# Chief Commercial Officer/ Chief Marketing Officer (CCO / CMO)

Represents executives who report directly to the president and who hold responsibility for sales, marketing and their P&L.

## Brazilian Companies

| Company size* | Total compensation average<br>(Salary + Annual bonus + LTI) | Monthly Base Salary<br>Compensation Average | Annual Bonus<br>(by monthly salaries)* | LTI<br>(by monthly salaries)* |
|---------------|-------------------------------------------------------------|---------------------------------------------|----------------------------------------|-------------------------------|
| Range 1       | R\$ 486,000                                                 | R\$ 27,000                                  | 4.0                                    | 2.0                           |
| Range 2       | R\$ 589,000                                                 | R\$ 31,000                                  | 5.0                                    | 2.0                           |
| Range 3       | R\$ 665,000                                                 | R\$ 35,000                                  | 5.0                                    | 2.0                           |
| Range 4       | R\$ 858,000                                                 | R\$ 39,000                                  | 7.0                                    | 3.0                           |

## Percentage distribution of annual compensation

| *Company size:                                       | Base salary | Bonus | LTI |
|------------------------------------------------------|-------------|-------|-----|
| Range 1 - Less than R\$ 100 million/year             | 67%         | 22%   | 11% |
| Range 2 - From R\$ 100 to R\$ 500 million/year       | 63%         | 26%   | 11% |
| Range 3 - From R\$ 500 million to R\$ 1 billion/year | 63%         | 26%   | 11% |
| Range 4 - From R\$ 1 billion to R\$ 2 billion/year   | 54%         | 32%   | 14% |

# Chief Commercial Officer/ Chief Marketing Officer (CCO / CMO)

Represents executives who report directly to the president and who hold responsibility for sales, marketing and their P&L.

## Multinational Companies

| Company size* | Total compensation average<br>(Salary + Annual bonus + LTI) | Monthly Base Salary<br>Compensation Average | Annual Bonus<br>(by monthly salaries)* | LTI<br>(by monthly salaries)* |
|---------------|-------------------------------------------------------------|---------------------------------------------|----------------------------------------|-------------------------------|
| Range 1       | R\$ 468,000                                                 | R\$ 26,000                                  | 5.0                                    | 1.0                           |
| Range 2       | R\$ 600,000                                                 | R\$ 30,000                                  | 6.0                                    | 2.0                           |
| Range 3       | R\$ 700,000                                                 | R\$ 35,000                                  | 6.0                                    | 2.0                           |
| Range 4       | R\$ 840,000                                                 | R\$ 40,000                                  | 6.0                                    | 3.0                           |

## Percentage distribution of annual compensation

| * Company size:                                      | Base salary | Bonus | LTI |
|------------------------------------------------------|-------------|-------|-----|
| Range 1 - Less than R\$ 100 million/year             | 67%         | 28%   | 5%  |
| Range 2 - From R\$ 100 to R\$ 500 million/year       | 60%         | 30%   | 10% |
| Range 3 - From R\$ 500 million to R\$ 1 billion/year | 60%         | 30%   | 10% |
| Range 4 - From R\$ 1 billion to R\$ 2 billion/year   | 57%         | 29%   | 14% |



# Chief Operation Officer (COO)

The information below is valid for executives responsible for the areas of operations within a company, without responsibility for sales, marketing or finance. Normally they are executives with the greatest number of employees under management.

In the case of an industrial COO, this executive is liable for supplies, manufacturing, logistics, quality and HSE. In the case of a service company, usually she is responsible for all areas that link directly to the services offered.

## Brazilian Companies

| Company size* | Total compensation average<br>(Salary + Annual bonus + LTI) | Monthly Base Salary<br>Compensation Average | Annual Bonus<br>(by monthly salaries)* | LTI<br>(by monthly salaries)* |
|---------------|-------------------------------------------------------------|---------------------------------------------|----------------------------------------|-------------------------------|
| Range 1       | R\$ 459,000                                                 | R\$ 27,000                                  | 4.0                                    | 1.0                           |
| Range 2       | R\$ 576,000                                                 | R\$ 32,000                                  | 4.0                                    | 2.0                           |
| Range 3       | R\$ 666,000                                                 | R\$ 37,000                                  | 4.0                                    | 2.0                           |
| Range 4       | R\$ 990,000                                                 | R\$ 45,000                                  | 7.0                                    | 3.0                           |

## Percentage distribution of annual compensation

| *Company size:                                       | Base salary | Bonus | LTI |
|------------------------------------------------------|-------------|-------|-----|
| Range 1 - Less than R\$ 100 million/year             | 71%         | 23%   | 6%  |
| Range 2 - From R\$ 100 to R\$ 500 million/year       | 67%         | 22%   | 11% |
| Range 3 - From R\$ 500 million to R\$ 1 billion/year | 67%         | 22%   | 11% |
| Range 4 - From R\$ 1 billion to R\$ 2 billion/year   | 54%         | 32%   | 14% |

# Chief Operation Officer (COO)

The information below is valid for executives responsible for the areas of operations within a company, without responsibility for sales, marketing or finance. Normally they are executives with the greatest number of employees under management.

In the case of an industrial COO, this executive is liable for supplies, manufacturing, logistics, quality and HSE. In the case of a service company, usually she is responsible for all areas that link directly to the services offered.

## Multinational Companies

| Company size* | Total compensation average<br>(Salary + Annual bonus + LTI) | Monthly Base Salary<br>Compensation Average | Annual Bonus<br>(by monthly salaries)* | LTI<br>(by monthly salaries)* |
|---------------|-------------------------------------------------------------|---------------------------------------------|----------------------------------------|-------------------------------|
| Range 1       | R\$ 448,000                                                 | R\$ 28,000                                  | 3.0                                    | 1.0                           |
| Range 2       | R\$ 512,000                                                 | R\$ 32,000                                  | 3.0                                    | 1.0                           |
| Range 3       | R\$ 760,000                                                 | R\$ 38,000                                  | 5.0                                    | 3.0                           |
| Range 4       | R\$ 840,000                                                 | R\$ 42,000                                  | 5.0                                    | 3.0                           |

## Percentage distribution of annual compensation

| * Company size:                                      | Base salary | Bonus | LTI |
|------------------------------------------------------|-------------|-------|-----|
| Range 1 - Less than R\$ 100 million/year             | 75%         | 19%   | 6%  |
| Range 2 - From R\$ 100 to R\$ 500 million/year       | 75%         | 19%   | 6%  |
| Range 3 - From R\$ 500 million to R\$ 1 billion/year | 60%         | 25%   | 15% |
| Range 4 - From R\$ 1 billion to R\$ 2 billion/year   | 60%         | 25%   | 15% |

# Chief Human Resources Officer (CHRO)

Represents for the position of Chief Human Resources Officer within Brazilian companies.

## Brazilian Companies

| Company size* | Total compensation average<br>(Salary + Annual bonus + LTI) | Monthly Base Salary<br>Compensation Average | Annual Bonus<br>(by monthly salaries)* | LTI<br>(by monthly salaries)* |
|---------------|-------------------------------------------------------------|---------------------------------------------|----------------------------------------|-------------------------------|
| Range 1       | R\$ 360,000                                                 | R\$ 24,0000                                 | 3.0                                    | 0.0                           |
| Range 2       | R\$ 449,500                                                 | R\$ 29,000                                  | 3.5                                    | 0.0                           |
| Range 3       | R\$ 561,000                                                 | R\$ 33,000                                  | 4.0                                    | 1.0                           |
| Range 4       | R\$ 820,000                                                 | R\$ 41,000                                  | 6.0                                    | 2.0                           |

## Percentage distribution of annual compensation

| *Company size:                                       | Base salary | Bonus | LTI |
|------------------------------------------------------|-------------|-------|-----|
| Range 1 - Less than R\$ 100 million/year             | 80%         | 20%   |     |
| Range 2 - From R\$ 100 to R\$ 500 million/year       | 77%         | 23%   |     |
| Range 3 - From R\$ 500 million to R\$ 1 billion/year | 71%         | 23%   | 6%  |
| Range 4 - From R\$ 1 billion to R\$ 2 billion/year   | 60%         | 30%   | 10% |

# Chief Human Resources Officer (CHRO)

Represents for the position of Chief Human Resources Officer within multinational companies.

## Multinational Companies

| Company size* | Total compensation average<br>(Salary + Annual bonus + LTI) | Monthly Base Salary<br>Compensation Average | Annual Bonus<br>(by monthly salaries)* | LTI<br>(by monthly salaries)* |
|---------------|-------------------------------------------------------------|---------------------------------------------|----------------------------------------|-------------------------------|
| Range 1       | R\$ 350,000                                                 | R\$ 25,000                                  | 2.0                                    | 0.0                           |
| Range 2       | R\$ 448,000                                                 | R\$ 28,000                                  | 4.0                                    | 0.0                           |
| Range 3       | R\$ 544,000                                                 | R\$ 32,000                                  | 4.0                                    | 1.0                           |
| Range 4       | R\$ 700,000                                                 | R\$ 35,000                                  | 6.0                                    | 2.0                           |

## Percentage distribution of annual compensation

| * Company size:                                      | Base salary | Bonus | LTI |
|------------------------------------------------------|-------------|-------|-----|
| Range 1 - Less than R\$ 100 million/year             | 86%         | 14%   |     |
| Range 2 - From R\$ 100 to R\$ 500 million/year       | 75%         | 25%   |     |
| Range 3 - From R\$ 500 million to R\$ 1 billion/year | 71%         | 23%   | 6%  |
| Range 4 - From R\$ 1 billion to R\$ 2 billion/year   | 60%         | 30%   | 10% |

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