

# Compensation Survey

Presidents and Executive Officers

Brazil 2014

PageExecutive

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# Presentation

The year of 2013 was marked by a challenging context in the domestic market and for major changes on the global stage. Many of the companies established in Brazil failed to reach the expected results, as a consequence of a large increase in cost base and the smaller sales volume than those expected. Last year was also marked by an increasing number of mergers and acquisitions, such as a smaller volume of start-ups, when compared with the two previous years.

In this scenario, companies keep pressured for short-term results, which brought significant impact on executives changes and, consequently, on the compensation packages.

In order to assist our customers and business partners in such challenging issue by highlighting changes and trends in our economic scenario, we elaborated a new edition of the our compensation survey, in which we present models, formats and values for the compensation of Presidents and Directors of organizations with different sizes.

We hope that it could be useful for you and your company.

Page Executive Team

# Methodology

The questionnaire was directed to a group of executives from our network to which we had contact over the last five years. During this period, we had the opportunity to hire executives for companies of different nationalities, sectors, sizes and stages of Corporate Governance. We have a base of 4,000 executives for this research, these being only active executives in the Brazilian market.

Of our total base of guests, we interviewed more than 1,040 executives belonging to various sectors, occupying the main positions of their companies.

The survey was performed through a systematic tool that guarantees the total confidentiality of identity, as well as the accuracy of the information collected.

The tabulation of data sought to emphasize all aspects of the composition of the compensation of a high executive, analyzed under the various variables that impact the Brazilian executive market. The current bonus values and LTI addressed, for example, are based in range of 100% of the targets. However, these may vary in accordance with the results according to the “accelerators” and “gears” factors, which influence directly on the range of distinct values.

See our detailed results at every position and have a comparative vision within the framework final summaries.

## **Important notes:**

- To make the study more practical, the payment packages were divided by origin of the company (national or multinational subsidiary) and sizes (annual revenues);
- The values of bonuses and LTI (long-term incentive), consider the variable remuneration expected for the achievement of 100% of the annual goals;
- Approximately 35% of the companies do not offer long-term incentives (LTI). For these cases, the remunerations described as LTI are incorporated (wholly or partially) to the total compensation package.

# Highlights

## **Compensation increase when moving between companies**

In the processes managed by Page Executive in 2013, the average increase in fix salary was 15%. The expectation of increase in bonus (variable compensation), however, is 25%.

In 62% of our cases, companies paid a higher compensation package for the new Executive. It means that in more than 1/3 of the cases the executives agreed to change for another company with a compensation package that was smaller or equal the previous one. These data reinforce companies' will to "share the risk" of its performance with the executives.

## **LTI (Long-term Incentive)**

In 2013 has been increased the number of companies that began to offer long-term incentive in the total compensation package. We highlight the increase of long-term Incentives in national firms. In 2014, 68% of the executives affirm to receive some kind of long-term incentive.

## **D&O Insurance**

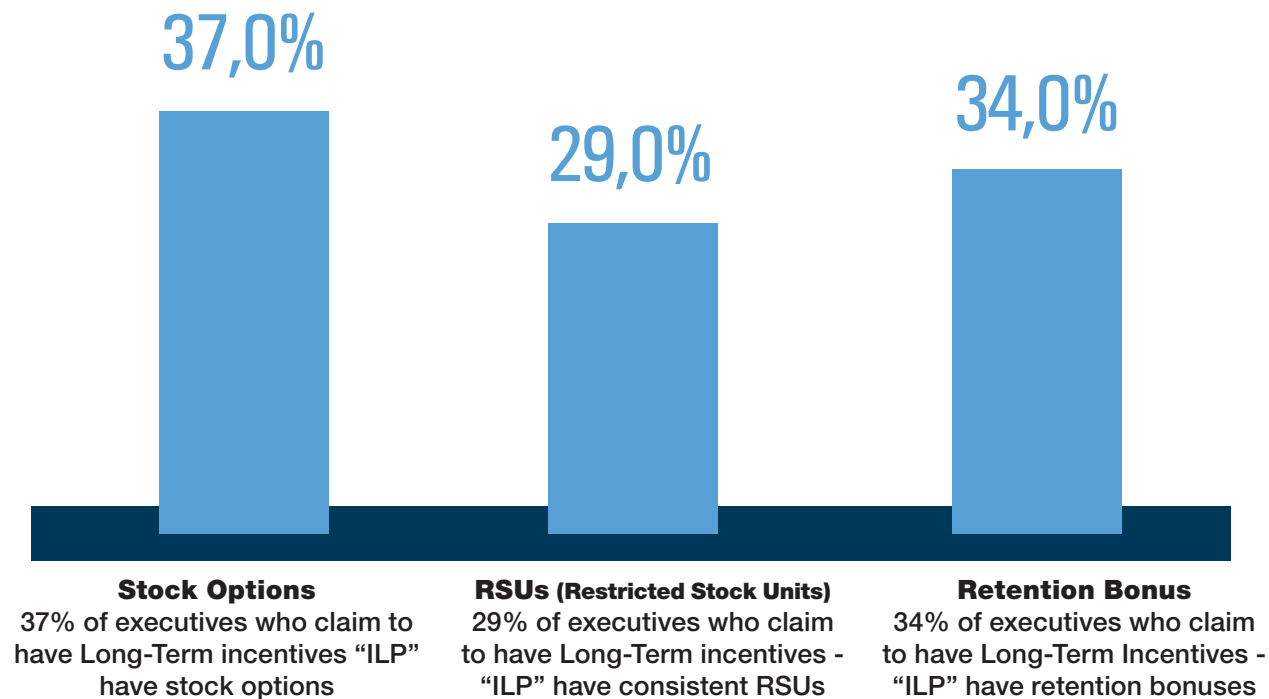
In 2013 was also noticed significant increase of executives with statutory responsibility that affirm that their companies have civil and criminal liability insurance. In 2013, 67% of Statutory Directors affirm to be covered by this insurance, against 55% for the previous year.

# Benefits

## Long-Term Incentives (LTI):

- In Brazilian companies, 68% of executives claim to have long-term incentives;
- In Multinational companies, 52% of executives claim to have long-term incentives.

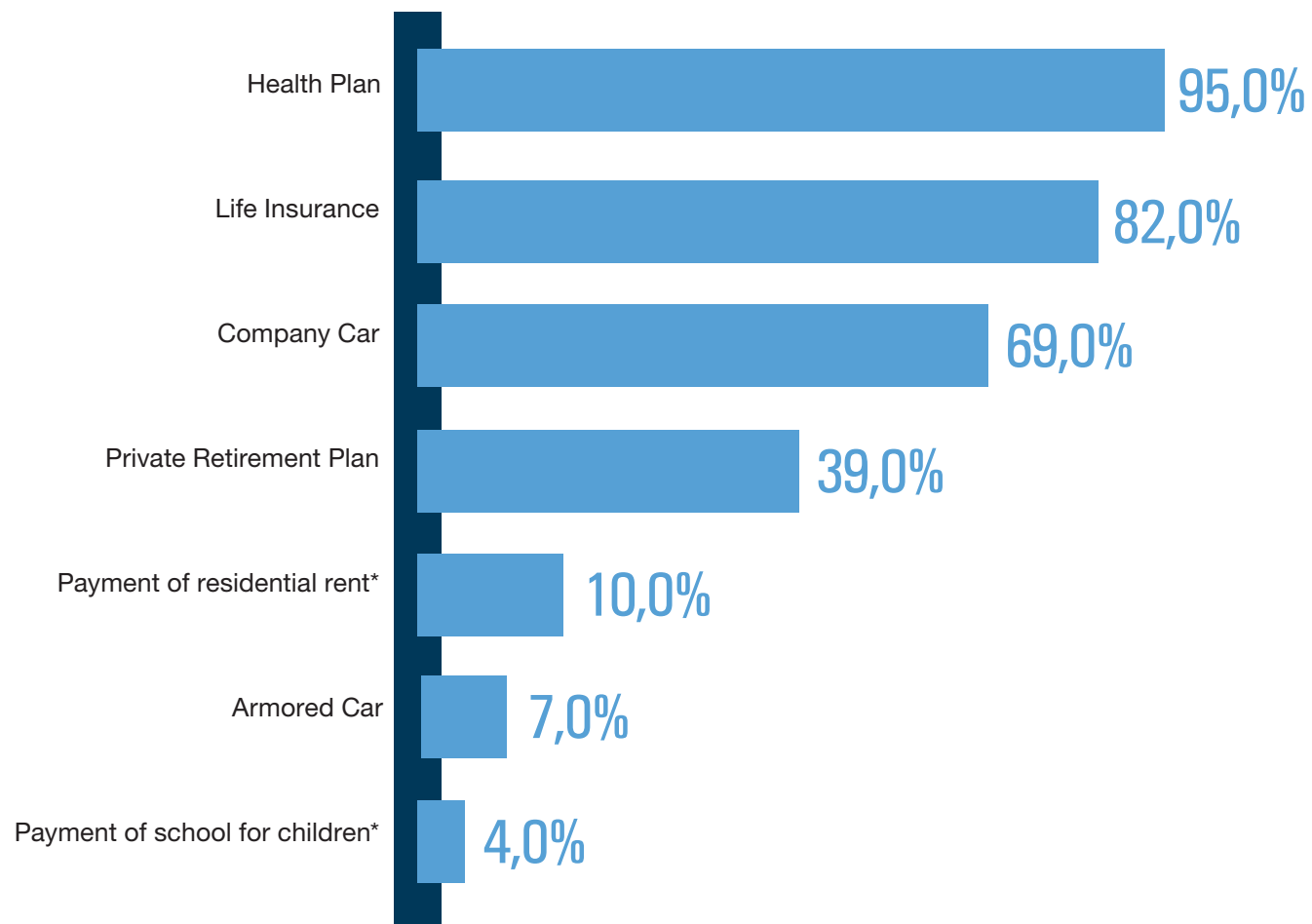
The charts below show the distribution by type of Long-Term Incentive (“LTI”), for executives who claim to have such an incentive.



	General	National	Multinational
Stock Options	37%	38%	38%
RSUs	29%	26%	30%
Retention Bonus	34%	36%	32%

# 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.

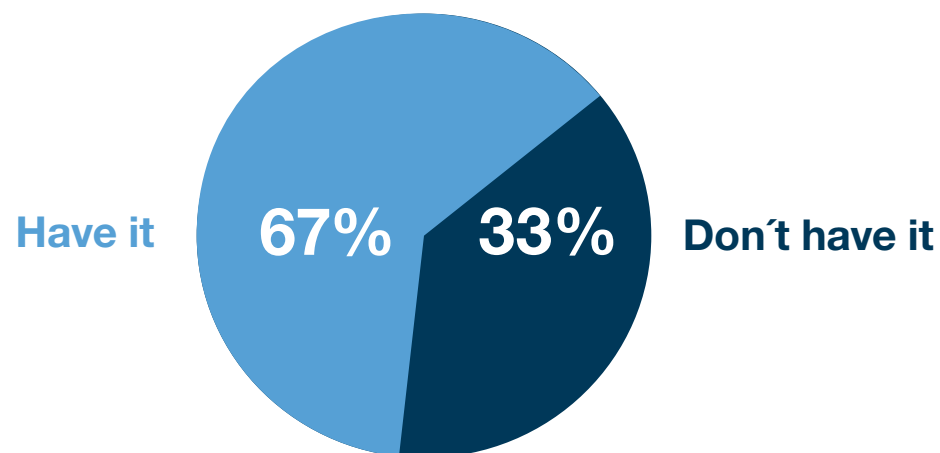
Category	Brazilian Companies	Multinational Companies
Statutory officer	35%	72%
Regular employee	24%	10%
Regular employee with statutory liabilities	7%	11%
Service Provider ("PJ")	34%	7%



# D&O Insurance

## Insurance for criminal and non criminal liability

33% of the interviewed executives who have statutory liability, state to have "D&O Insurance".



### Brazilian Companies

Statutory - D&O Insurance	
Have it	58%
Don't have it	42%

### Multinational Companies

Statutory - D&O Insurance	
Have it	79%
Don't have it	21%

## Brazilian Companies

# 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.

Company size*	Total compensation average (Salary + Annual bonus + LTI)	Monthly Base Salary Compensation Average	Annual Bonus (by monthly salaries)*	LTI (by monthly salaries)*
Range 1	R\$ 935.180,00	R\$ 46.000,00	5	2
Range 2	R\$ 1.130.490,00	R\$ 53.000,00	6	2
Range 3	R\$ 1.384.460,00	R\$ 62.000,00	6	3
Range 4	R\$ 1.925.080,00	R\$ 76.000,00	7	5

## Percentage distribution of annual compensation:

* Company size	Base Salary	LTI	Bonus
Range 1 - Until R\$ 100 million/year	66%	10%	25%
Range 2 - From R\$ 100 to R\$ 500 million/year	62%	9%	28%
Range 3 - From R\$ 500 million to R\$ 1 billion/year	60%	13%	27%
Range 4 - Over R\$ 1 billion	53%	20%	28%

## Multinational companies

# 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.

Company size*	Total compensation average (Salary + Annual bonus + LTI)	Monthly Base Salary Compensation Average	Annual Bonus (by monthly salaries)*	LTI (by monthly salaries)*
Range 1	R\$ 773.200,00	R\$ 40.000,00	4	2
Range 2	R\$ 1.045.170,00	R\$ 49.000,00	5	3
Range 3	R\$ 1.228.150,00	R\$ 55.000,00	5	4
Range 4	R\$ 1.800.420,00	R\$ 74.000,00	7	4

## Percentage distribution of annual compensation:

* Company size	Base Salary	LTI	Bonus
Range 1 - Until R\$ 100 million/year	69%	10%	21%
Range 2 - From R\$ 100 to R\$ 500 million/year	62%	14%	23%
Range 3 - From R\$ 500 million to R\$ 1 billion/year	60%	18%	22%
Range 4 - Over R\$ 1 billion	55%	16%	29%

## Brazilian Companies

## Chief Financial Officer

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

Company size*	Total compensation average (Salary + Annual bonus + LTI)	Monthly Base Salary Compensation Average	Annual Bonus (by monthly salaries)*	LTI (by monthly salaries)*
Range 1	R\$ 604.890,00	R\$ 33.000	4	1
Range 2	R\$ 792.870,00	R\$ 39.000	5	2
Range 3	R\$ 938.520,00	R\$ 44.000	5	3
Range 4	R\$ 1.317.160,00	R\$ 52.000	7	5

## Percentage distribution of annual compensation:

* Company size	Base Salary	LTI	Bonus
Range 1 - Until R\$ 100 million/year	73%	5%	22%
Range 2 - From R\$ 100 to R\$ 500 million/year	66%	10%	25%
Range 3 - From R\$ 500 million to R\$ 1 billion/year	62%	14%	23%
Range 4 - Over R\$ 1 billion	53%	20%	28%

## Multinational Companies

# Chief Financial Officer

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

Company size*	Total compensation average (Salary + Annual bonus + LTI)	Monthly Base Salary Compensation Average	Annual Bonus (by monthly salaries)*	LTI (by monthly salaries)*
Range 1	R\$ 606.550,00	R\$ 35.000	3	1
Range 2	R\$ 734.540,00	R\$ 38.000	4	2
Range 3	R\$ 874.530,00	R\$ 41.000	5	3
Range 4	R\$ 1.166.500,00	R\$ 50.000	6	4

### Percentage distribution of annual compensation:

* Company size	Base Salary	LTI	Bonus
Range 1 - Until R\$ 100 million/year	77%	6%	17%
Range 2 - From R\$ 100 to R\$ 500 million/year	69%	10%	21%
Range 3 - From R\$ 500 million to R\$ 1 billion/year	62%	14%	23%
Range 4 - Over R\$ 1 billion	57%	17%	26%

## Brazilian Companies

# Chief Commercial Officer / Chief Marketing Officer

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

Company size*	Total compensation average (Salary + Annual bonus + LTI)	Monthly Base Salary Compensation Average	Annual Bonus (by monthly salaries)*	LTI (by monthly salaries)*
Range 1	R\$ 630.230,00	R\$ 31.000,00	5	2
Range 2	R\$ 731.880,00	R\$ 36.000,00	5	2
Range 3	R\$ 893.200,00	R\$ 40.000,00	7	2
Range 4	R\$ 1.283.150,00	R\$ 55.000,00	7	3

## Percentage distribution of annual compensation:

* Company size	Base Salary	LTI	Bonus
Range 1 - Until R\$ 100 million/year	66%	10%	25%
Range 2 - From R\$ 100 to R\$ 500 million/year	66%	10%	25%
Range 3 - From R\$ 500 million to R\$ 1 billion/year	60%	9%	31%
Range 4 - Over R\$ 1 billion	57%	13%	30%

## Multinational Companies

# Chief Commercial Officer / Chief Marketing Officer

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

Company size*	Total compensation average (Salary + Annual bonus + LTI)	Monthly Base Salary Compensation Average	Annual Bonus (by monthly salaries)*	LTI (by monthly salaries)*
Range 1	R\$ 579.900,00	R\$ 30.000,00	5	1
Range 2	R\$ 746.550,00	R\$ 35.000,00	6	2
Range 3	R\$ 853.200,00	R\$ 40.000,00	6	2
Range 4	R\$ 1.161.160,00	R\$ 52.000,00	6	3

### Percentage distribution of annual compensation:

* Company size	Base Salary	LTI	Bonus
Range 1 - Until R\$ 100 million/year	69%	5%	26%
Range 2 - From R\$ 100 to R\$ 500 million/year	62%	9%	28%
Range 3 - From R\$ 500 million to R\$ 1 billion/year	62%	9%	28%
Range 4 - Over R\$ 1 billion	60%	13%	27%

## Brazilian Companies

# Chief Operation Officer

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.

In the case of a service company, normally responds for all areas that have direct responsibility for the services that affect the client.

Company size*	Total compensation average (Salary + Annual bonus + LTI)	Monthly Base Salary Compensation Average	Annual Bonus (by monthly salaries)*	LTI (by monthly salaries)*
Range 1	R\$ 630.230,00	R\$ 31.000,00	5	2
Range 2	R\$ 731.880,00	R\$ 36.000,00	5	2
Range 3	R\$ 895.860,00	R\$ 42.000,00	6	2
Range 4	R\$ 1.161.160,00	R\$ 52.000,00	6	3

## Percentage distribution of annual compensation:

* Company size	Base Salary	LTI	Bonus
Range 1 - Until R\$ 100 million/year	60%	13%	27%
Range 2 - From R\$ 100 to R\$ 500 million/year	62%	9%	28%
Range 3 - From R\$ 500 million to R\$ 1 billion/year	66%	10%	25%
Range 4 - Over R\$ 1 billion	66%	10%	25%



## Multinational Companies

# Chief Operation Officer

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.

In the case of a service company, normally responds for all areas that have direct responsibility for the services that affect the client.

Company size*	Total compensation average (Salary + Annual bonus + LTI)	Monthly Base Salary Compensation Average	Annual Bonus (by monthly salaries)*	LTI (by monthly salaries)*
Range 1	R\$ 560.570,00	R\$ 29.000,00	4	2
Range 2	R\$ 676.550,00	R\$ 35.000,00	4	2
Range 3	R\$ 959.850,00	R\$ 45.000,00	5	3
Range 4	R\$ 1.087.830,00	R\$ 51.000,00	5	3

### Percentage distribution of annual compensation:

* Company size	Base Salary	LTI	Bonus
Range 1 - Until R\$ 100 million/year	69%	10%	21%
Range 2 - From R\$ 100 to R\$ 500 million/year	69%	10%	21%
Range 3 - From R\$ 500 million to R\$ 1 billion/year	62%	14%	23%
Range 4 - Over R\$ 1 billion	62%	14%	23%

## Brazilian Companies

## Chief Human Resources Officer

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

Company size*	Total compensation average (Salary + Annual bonus + LTI)	Monthly Base Salary Compensation Average	Annual Bonus (by monthly salaries)*	LTI (by monthly salaries)*
Range 1	R\$ 424.580,00	R\$ 26.000,00	3	0
Range 2	R\$ 555.220,00	R\$ 34.000,00	3	0
Range 3	R\$ 733.200,00	R\$ 40.000,00	4	1
Range 4	R\$ 1.066.500,00	R\$ 50.000,00	6	2

## Percentage distribution of annual compensation:

* Company size	Base Salary	LTI	Bonus
Range 1 - Until R\$ 100 million/year	82%		18%
Range 2 - From R\$ 100 to R\$ 500 million/year	82%		18%
Range 3 - From R\$ 500 million to R\$ 1 billion/year	73%	5%	22%
Range 4 - Over R\$ 1 billion	62%	9%	28%

## Multinational Companies

# Chief Human Resources Officer

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

Company size*	Total compensation average (Salary + Annual bonus + LTI)	Monthly Base Salary Compensation Average	Annual Bonus (by monthly salaries)*	LTI (by monthly salaries)*
Range 1	R\$ 383.250,00	R\$ 25.000,00	2	0
Range 2	R\$ 571.890,00	R\$ 33.000,00	4	0
Range 3	R\$ 811.860,00	R\$ 42.000,00	5	1
Range 4	R\$ 1.027.180,00	R\$ 46.000,00	7	2

### Percentage distribution of annual compensation:

* Company size	Base Salary	LTI	Bonus
Range 1 - Until R\$ 100 million/year	87%		13%
Range 2 - From R\$ 100 to R\$ 500 million/year	77%		23%
Range 3 - From R\$ 500 million to R\$ 1 billion/year	69%	5%	26%
Range 4 - Over R\$ 1 billion	60%	9%	31%

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