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Rice Global E & C Forum Roundtable

C-Suite Global Mobility Metrics

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Introduction

- As an industry, Engineering & Construction firms face significant challenges managing a global workforce across a broad spectrum of projects and geographies.
- Effective global mobility program leaders require comprehensive and current Industry-specific benchmarking data to support their expatriate programs.
- Since 2007, the Mercer E&C Industry benchmarking group has provided an ongoing global mobility benchmarking resource for the largest global organizations, addressing a range of policy types, assignment types, and assignee types all of which cover the full spectrum of critical expatriate policy elements.
- Mercer provides participants with individual assessment metrics that detail their program areas above, at and below market for the cost impact of their assignment policies, the provision of employee support, and overall program compliance.
- This session will highlight the type of information global mobility program managers need to make the best decisions and recommendations to senior management.

2010 E&C Benchmarking Participants

- **Aker Kvaerner**
- **Alcoa**
- **Bechtel**
- **Black & Veatch**
- **CB&I**
- **CDM**
- **CH2M HILL**
- **Fluor**
- **J Ray McDermott**
- **Jacobs**
- **KBR**
- **Kiewit Corporation**
- **Parsons**
- **Shaw Energy & Chemicals Group**
- **URS Washington Division**
- **Worley Parsons**

2010 E&C Industry Individual Assessment Report

Introduction

- In coordination with the E&C Industry Benchmarking Group's Steering Committee, Mercer has created management-ready metrics tools and reports to enable participants to identify their position relative to market in three key areas:
 - Cost impact of core policy choices
 - Four sample assignment types/location combinations
 - Program compliance
 - Provision of employee support
- Mercer establishes a series of assumptions and parameters
- Participants complete a brief series of questions in each area
- Mercer assigns a value to each company's response, and prepares individual Assessment Reports

Assessment Survey

Cost Impact of Policy Choices

To ensure that all survey participants based their responses on the same assumptions and parameters, the following assignment details were established.

Home-Host:	Family Size:	Salary Level:	Job Title:	Assignment Type:	Work Week:	Assumed Assignment Length:
U.S. to Saudi	2 (accompanied)	USD 100,000	Project Manager	Commercial	60 hours	3 years
U.K. to Saudi	2 (accompanied)	GBP 75,000	Project Manager	Commercial	60 hours	3 years
Philippines to Saudi	1	PHP 1,000,000	Electrical Engineer	International Contractor	60 hours	3 years
India to Saudi	1	INR 400,000	Piping Welder	OCN	60 hours	3 years

Based on each policy response, Mercer has established an assignment cost value for every element

Assessment Survey

Cost Impact of Policy Choices

Assignment Cost

- i.e. ‘What level of host housing is assumed?’
 - Exclusive
 - Expensive
 - Moderate
 - Inexpensive
- What type of accommodation is assumed?
 - Apartment
 - House
- How many bedrooms?
 - 1 2 3 4

Assessment Survey

Cost Impact of Policy Choices

2010 Mercer E&C Assessment Report Data

Base Salary (USD)	100,000
Family Size	4
Exchange Rate (US:KSA)	6.816

Hardship Premium	10%
Data Provider Housing Norm	24,120
Home TEQ	10,369
Tax Protected	10,369
Laissez faire	TBD
Dependent Education	41,493
COLA - Expensive - Standard	19,634
COLA - Expensive - Red. Trans	18,625
COLA - Moderate - Standard	14,794
COLA - Moderate - Red. Trans	13,662
COLA - Inexpensive - Standard	136
COLA - Inexpensive - Red. Trans	0
1 Car, luxury, with driver	45,938
1 car, luxury, w/out driver	40,657
1 Car, moderate, with driver	18,126
1 Car, moderate, w/out driver	12,844
1 Car, inexpensive, with driver	12,893
1 Car, inexpensive, w/out driver	7,611
2 Car, luxury, with driver	86,595
2 Car, luxury, w/out driver	81,313
2 Car, moderate, with driver	30,969
2 Car, moderate, without driver	25,688
2 Car, inexpensive, with driver	20,504
2 Car, inexpensive, without driver	15,223

Expensive, 1 Bdrm, House	n/a	n/a
Expensive, 1 Bdrm, Apt	44,894	2,491
Expensive, 2 Bdrm, House	n/a	n/a
Expensive, 2 Bdrm, Apt	65,141	3,222
Expensive, 3 Bdrm, House	91,549	4,120
Expensive, 3 Bdrm, Apt	81,866	3,944
Expensive, 4 Bdrm, House	108,275	4,665
Expensive, 4 Bdrm, Apt	99,472	4,313
Expensive, 5 Bdrm, House	124,120	5,634
Expensive, 5 Bdrm, Apt	n/a	n/a
Moderate, 1 Bdrm, House	n/a	n/a
Moderate, 1 Bdrm, Apt	33,451	2,491
Moderate, 2 Bdrm, House	n/a	n/a
Moderate, 2 Bdrm, Apt	44,894	3,222
Moderate, 3 Bdrm, House	66,901	4,120
Moderate, 3 Bdrm, Apt	59,859	3,944
Moderate, 4 Bdrm, House	80,986	4,665
Moderate, 4 Bdrm, Apt	71,303	4,313
Moderate, 5 Bdrm, House	96,831	5,634
Moderate, 5 Bdrm, Apt	n/a	n/a
Inexpensive, 1 Bdrm, House	n/a	n/a
Inexpensive, 1 Bdrm, Apt	21,127	2,491
Inexpensive, 2 Bdrm, House	n/a	n/a
Inexpensive, 2 Bdrm, Apt	30,370	3,222
Inexpensive, 3 Bdrm, House	47,535	4,120
Inexpensive, 3 Bdrm, Apt	42,254	3,944
Inexpensive, 4 Bdrm, House	58,979	4,665
Inexpensive, 4 Bdrm, Apt	53,257	4,313
Inexpensive, 5 Bdrm, House	70,423	5,634
Inexpensive, 5 Bdrm, Apt	n/a	n/a

Home Leave, Business, 1	21,954
Home Leave, Business, 2	43,908
Home Leave, Business, 3	65,862
Home Leave, Business, 4	87,816
Home Leave, Un Econ, 1	14,191
Home Leave, Un Econ, 2	28,382
Home Leave, Un Econ, 3	42,573
Home Leave, Un Econ, 4	56,764
Home Leave, Re Econ, 1	6,428
Home Leave, Re Econ, 2	12,856
Home Leave, Re Econ, 3	19,284
Home Leave, Re Econ, 4	25,712
Inception, Business	10,977
Inception, Un Econ	7,096
Inception, Re Econ	3,214

*All figures expressed in USD

Cost Assessment

2010 Assignment Cost Assessment

US to AK/Dammam

\$100,000 / FS: 2

	Median	Company XYZ			
UserID		302	322	310	305
Provide Incentive		No	Yes	Yes	Yes
Incentive %			15	10	10
Incentive Cap					
INCENTIVE ALLOWANCE	10,000	0	15,000	10,000	10,000
Provide Hardship		Yes	Yes	Yes	Yes
Hardship %		35	25	10	30
Hardship Cap					
HARDSHIP ALLOWANCE	15,000	35,000	25,000	10,000	30,000
Provide Overtime		Yes	Yes	Yes	Yes
Formula		Gov't	Gov't	Gov't	Home unless req'd by local law
OVERTIME ALLOWANCE	65,000	65,000	65,000	65,000	65,000
Provide Completion Bonus		Yes	Yes	Yes	Yes
Formula		15%	Gov't	Gov't	Do not provide unless req'd by law
COMPLETION BONUS	4,000	15,000	4,000	4,000	4,000

Explanation of Metrics

- Rank
 - Participants' element values were summed and ranked from lowest to highest. The participant with the highest total assignment cost received a "1."
- Color coding
 - Percentage difference between participants' element values and average element values were calculated
 - Differences greater than 10% = **red**
 - Differences lower than 10% = **yellow**
 - Differences between -10% and 10% = **green**
- Mercer "grade"
 - Participants with total assignment costs closest to average received highest "grades." Plus (+) denotes 'generous' deviation from average; minus (–) denotes less 'generous'

Assessment Survey

Cost Impact of Policy Choices

- Individualized Reports
 - Metrics
 - Rank
 - Mercer Grade
 - USD Diff from Average
 - % Diff from Average

Assessment Survey

Cost Impact of Policy Choices

E&C Industry Benchmarking Group

2010 Assignment Cost Assessment

US to AK/Dammam

\$100,000 / FS: 2

	Median	Company XYZ	CoID 2	CoID 3	CoID 4
UserID					
Summary of Allowances	129,278	187,081	168,381	147,130	142,334
Company Rank Order		1	2	3	4
Percentage Difference from the Median		45%	30%	14%	10%
Difference from the Median		57,803	39,103	17,852	13,056
Mercer Grade		F+	C+	B+	B+

Assessment Survey

Cost Impact of Policy Choices

E&C Industry Benchmarking Group
 2010 Assignment Cost Assessment
 US to AK/Dammam
 \$100,000 / FS: 2

	Summary of Allowances	Company Rank Order	Percentage Difference from the Median	Difference from the Median	Mercer Grade
CoID A	221,925	1	62%	84,531	F+
CoID I	177,092	2	29%	39,698	C+
CoID M	154,590	3	13%	17,196	B+
CoID XYZ	150,881	4	10%	13,487	B+
CoID F	144,199	5	5%	6,805	A+
CoID J	137,989	6	0%	595	A
CoID B	137,753	7	0%	359	A
CoID E	137,036	8	0%	(359)	A
CoID K	126,199	9	-8%	(11,195)	A-
CoID D	124,158	10	-10%	(13,236)	A-
CoID H	118,455	11	-14%	(18,939)	B-
CoID L	116,725	12	-15%	(20,669)	B-
CoID C	108,803	13	-21%	(28,591)	C-
CoID G	60,803	14	-56%	(76,591)	F-

Program Compliance

Compliance

- A review of critical compliance issues including:
 - Assignment ‘status’
 - Host severance
 - W-2s
 - Tax & Immigration audits
 - Capturing imputed income
 - Notice prior to exercise of stock options
 - Tracking trailing liabilities
 - Penalties for missing tax filing deadlines

Program Compliance

Compliance – Sample Question

- Does your company pay termination benefits per host country labor laws (i.e. severance)?
 - Yes, always [Mercer Ranking: 4]
 - No [Mercer Ranking: 1]
 - Case by case [Mercer Ranking: 3]

- Mercer Ranking: 4 = more risk averse / 1 = more risk tolerant

Program Compliance

G	For which of the following does your company capture and report imputed income?	Home leave airfare Education Housing Transportation Relocation		4	4 = 5 responses 3 = 4 responses 2 = 3 responses 1 = 2 or 1 responses
H	How much advance notice do you require of an employee prior to the exercise of a stock option?	Number of days advanced notice			4 = 22-28 days 3 = 15-21 days 2 = 8-15 days 1 = 0-7 days
I	Following the completion of an assignment, for what period of time do you track and pay host country tax for trailing liabilities?	As long as necessary		4	4 = As long as necessary 3 = 3-5 years 2 = 1-2 years 1 = Do not track
K	What is the most difficult compliance related issue facing your company?				No ranking

Total Compliance Ranking

24

Potential Range of Ranking

7-28

Median Total Response

22

Company Rank Among 16 Comparators

3

Percentage Difference from the Median

7%

Mercer Grade (A: 28-24 / B: 23-19 / C: 18-14 / D: 13-9 / F: 8-7)

A

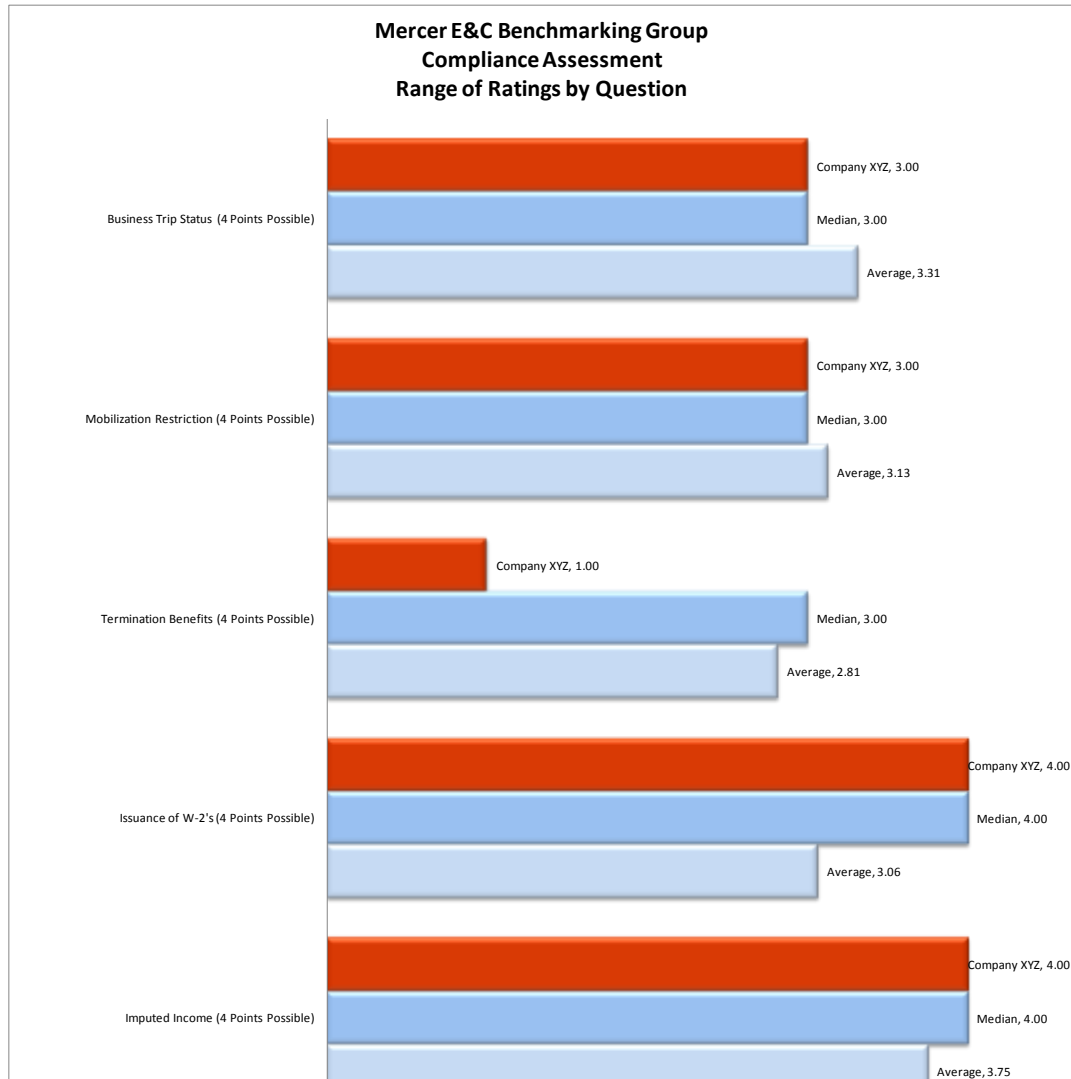
Program Compliance

E&C Industry Benchmarking Group 2010 Assessment Summary - Compliance

A review of critical compliance issues, including work permits, host severance, W-2s, capturing imputed income, immigration and tax audits and tracking trailing liabilities

CoID	% Difference from Median	Total Response (Possible Range: 7-28)	Participant Rank Order (1-10)	Mercer Grade
Company H	16%	26	1	A
Company J	11%	25	2	A
Company E	7%	24	3	A
Company XYZ	7%	24	3	A
Company D	2%	23	5	B
Company F	-2%	22	6	B
Company G	-2%	22	6	B
Company C	-7%	21	8	B
Company I	-7%	21	8	B
Company B	-38%	14	10	D
	Top Quartile	24		
	At Market	23		
	Bottom Quartile	21		

Program Compliance



Employee Support

- A review of key employee support areas, including:
 - IEAP's
 - Destination services
 - Provision of orientation
 - Language lessons
 - Cultural training
 - Pre-assignment trips
 - Dual career policies
 - Employee opinion surveys
 - Student travel to the assignment location
 - Repatriation support

Employee Support

Employee Support– Sample Question

- For whom do you provide a formal orientation?
 - Expat & Family [Mercer Ranking: 4]
 - Expat & Spouse [Mercer Ranking: 3]
 - Expat Only [Mercer Ranking: 2]
 - Not Provided [Mercer Ranking: 1]

- Mercer Ranking: 4 = more generous / 1 = less generous

Employee Support

L	Which of the following types of assistance or compensation does your company provide to expatriate spouses?	Allowance to cover some or all of spousal assistance	\$5,000	3	4 = Company provides for loss of spousal income 3 = Allowance / multiple forms of assistance 2 = One form of assistance 1 = No assistance
N	Does your company offer financial support to pay for pre-school education costs?	Company pays a differential between home and host pre-school costs		3	4 = Pays for all pre-school costs 3 = Pays for pre-school costs to a limit 3 = Pays pre-school differential between home/host costs 2 = Pays a flat amount 1 = Does not pay for pre-school
O	Provide for travel for student to visit assignment location	Company provides trips to assignment location for approved university student dependents	1	3	4 = Pays for 2 trips per year 3 = Pays for 1 trip per year 1 = Does not pay for trips
Q	Please specify what repatriation support is provided for the expat	Company does not provide repatriation support		1	4 = 3-4 types of assistance 3 = 2 types of assistance 2 = 1 type of assistance 1 = no assistance

Total Support Ranking

62

Potential Range of Ranking

23 - 92

Median Total Response

52

Company Rank Among 16 Comparators

3

Percentage Difference from the Median

19%

Mercer Grade (A: 92-78 / B: 77-63 / C: 62-49 / D: 48-34 / F: 33-23)

C

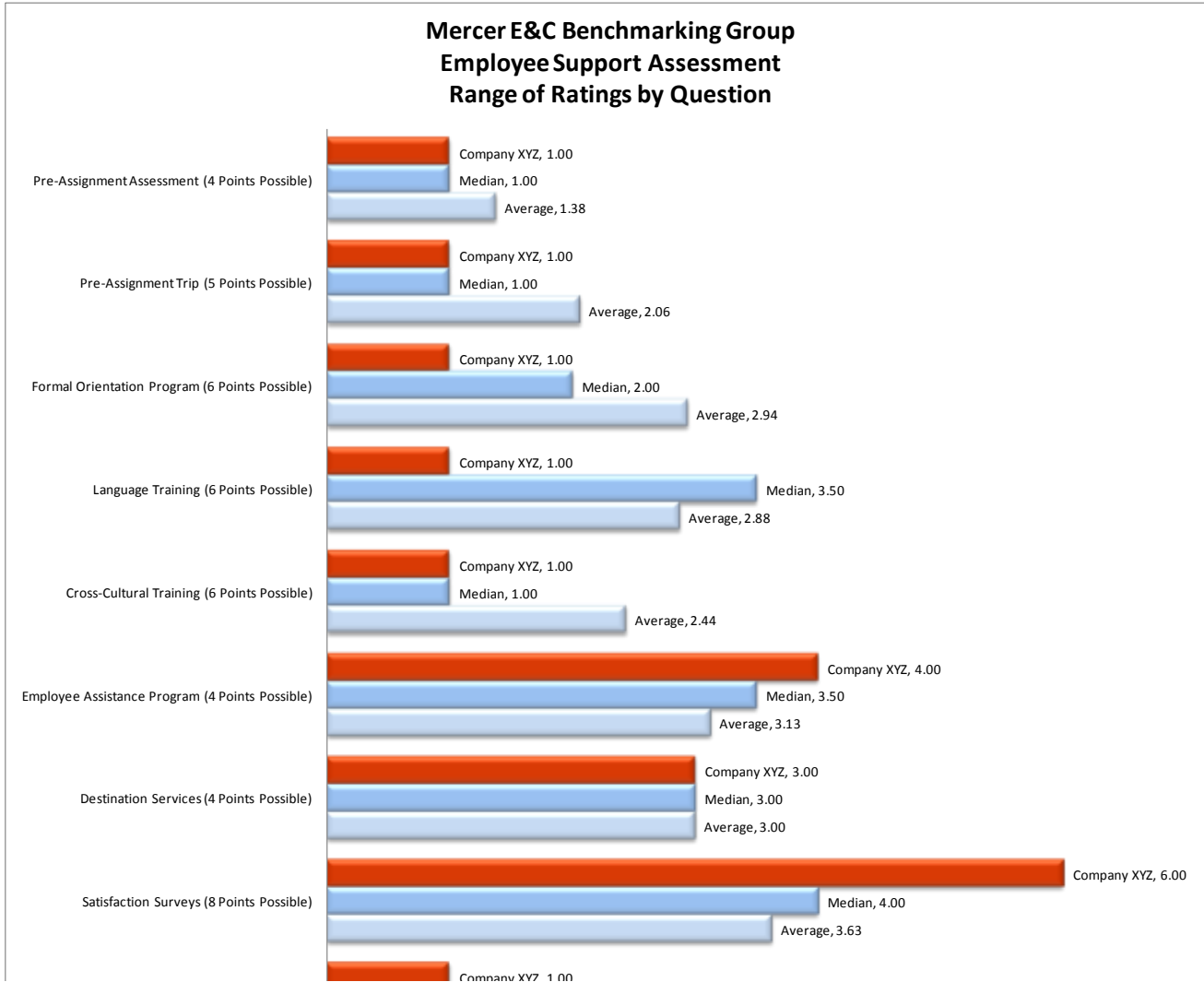
Employee Support

E&C Industry Benchmarking Group 2010 Assessment Summary - Employee Support

A review of key employee support areas, including IEAP's, destination services, provision of orientation, language lessons, cultural training, pre-assignment trips, dual career policies, employee opinion surveys, student travel to the assignment location, and repatriation support

CoID	% Difference from Median	Total Response (Possible Range: 23-92)	Participant Rank Order (1-10)	Mercer Grade
Company F	46%	76	1	B
Company D	33%	69	2	B
Company XYZ	19%	62	3	C
Company G	12%	58	4	C
Company E	2%	53	5	C
Company H	-2%	51	6	C
Company B	-4%	50	7	C
Company C	-8%	48	8	D
Company I	-10%	47	9	D
Company J	-54%	24	10	F
Top Quartile		61		
At Market		52		
Bottom Quartile		49		

Program Compliance



Assessment Summary Dashboard

Employee Support

A review of key employee support areas, including IEAP's, destination services, provision of orientation, language lessons, cultural training, pre-assignment trips, dual career policies, employee opinion surveys, student travel to the assignment location, and repatriation support

Employee - Support Company Response (Range: 23-92)	62
Median High Tech Total Response	52
Company Rank Among 16 Comparators	3
Percentage Difference from the Median	19%
ORC Grade (A: 92-78 / B: 77-63 / C: 62-49 / D: 48-34 / F: 33-23)	C

Areas Below Market
No dual career or family assistance policies

Compliance

A review of critical compliance issues, including work permits, leave accrual, host severance, host OT, W-2s, capturing imputed income, immigration and tax audits and tracking trailing liabilities

Compliance - Company Response (Range: 7-28)	24
Median High Tech Total Response	22
Company Rank Among 16 Comparators	3
Percentage Difference from the Median	7%
ORC Grade (A: 28-24 / B: 23-19 / C: 18-14 / D: 13-9 / F: 8-7)	A

Areas Below Market
Unsure of the number of days prior to the exercise of a stock option that an employee must inform the company; The company is not currently assessing penalties to assignees that miss tax provider filing deadlines.

Questions

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