
TOP EXECUTIVE SALARY BENCHMARK



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INTRODUCTION

CONTEXT

INFORMATION SOURCE

For the results of this study, we used the salary data of the Hudson 'Top & Senior Executives Compensation' database.

This database is updated, completed by Hudson and contains at present more than 5,000 individual observations of members of the Management Committee, the Board of Directors and Senior Executives from more than 750 companies of different sizes and in different sectors. The database does not only give an elaborate overview of the most recent trends in management remuneration, it also provides a fixed basis for benchmarks with regard to remuneration packages of members of the management team. In 2016, the data of the Top Executives Survey 2016 was added to the results.



METHODOLOGY

The Hudson TopEx database contains data of TopEx positions with an employee statute. Nevertheless, directors of a Belgian company are legally presumed to be self-employed directors for social security purposes. Furthermore, we also notice on the Belgian market that directors often set up a management company. Therefore, our database also includes salary information for self-employed directors and directors working through a management company.

In order to benchmark the salary data correctly, we applied the following procedure:

- | Based on the data above (position, responsibilities, sector, turnover, number of employees, etc.), a reference market was determined.
- | On the basis of reference jobs, the demanded positions were matched to similar positions, taking into account the position's scope and responsibilities.
- | In the following steps, the benchmark analysis was executed for the different remuneration elements.

JOB MATCHING & REFERENCE MARKET

JOB MATCHING

Within this report the internal positions of organisation X were matched to similar positions within the companies in the reference market defined below. To this end the internal position was matched to well-defined functional fields and sub-fields.

Below you will find the matching performed by Hudson based on the communicated positions and responsibility descriptions. Of course, the 'span of control' of the positions within organisation X was also taken into account and the observations which did not satisfy were not included in the sample.

Internal Job Title	Similar positions Hudson
Position X	Reference position X

REFERENCE MARKET

To obtain an optimal comparison, only the companies that showed sufficient similarities to the company characteristics described in the context description were included in the sample.

Furthermore, the sample composition (reference market) only includes observations from organizations with a similar turnover and workforce.



RESULTS

INTRODUCTORY REMARKS

The market statistics below were calculated independently for each of the remuneration components. Each line is therefore separately calculated for the total of the sample. This means that the difference between the median of the base salary and the median of the total cash package does not equal the median of the bonus.

This can be explained by the fact that one individual is e.g. situated on the market median for the base salary, but therefore not automatically receives a bonus at the median level. Dependent on the company's strategy, this bonus could be located above or below the median.

The analysis below focuses on the management fee and the bonus. The other remuneration elements, such as representation allowances, share-related remuneration, company cars and group insurance are discussed in the following chapter.

POSITION X

REFERENCE POSITION									
N = 14	To compare	% Receivers	PCT 10	PCT 25	MEDIAN	CR median	PCT 75	CR pct 75	PCT 90
Management Fee									
Actual Bonus									
Target Bonus									
Actual Total Cash <i>(Taking the "actual bonus" into account)</i>									
Target Total Cash <i>(Taking the "target bonus" into account)</i>									

ADDITIONAL BENEFITS

Companies tend to provide their employees with a number of fringe benefits and allowances. In case the managers work with a management company, it is common that those elements are taken into account to determine the total management fee invoiced to the company.

Hereby, we provide you with some more information regarding representation allowances, share-related remuneration, company cars and group insurance on the Belgian market. **This information only applies to employee statutes and self-employed directors who are not working with a management company.**

REPRESENTATION ALLOWANCE

Based on our analysis, we notice that it is a common practice in the Belgian market to grant net representation allowances to executives.

These fixed representation allowances are considered to be a cost proper to the employer and are exempt from Belgian social security and personal income tax.

It is clear that these allowances should be based on supporting documents and evidence that it indeed regards costs proper to the employer. In this respect, it is a common practice in Belgium that a ruling is concluded with the tax authorities.

The table below gives an overview of the median value for the representation allowances

Internal Position	Representation allowance Median / year	Representation allowance Median / month
Position X		

MEAL ALLOWANCES

Meal vouchers or lunch allowances are commonly provided to members of the executive committee and (senior) management within the Belgian market. The current maximum contribution of the employer is limited to € 6.91 per day.

Internal Position	Percentage Occurrence	Median Value
Position X		

COMPANY CARS

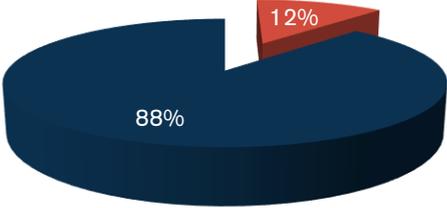
The table below indicates the most occurring models and makes of company cars.

Internal Position	Most frequent makes/models
Position X	

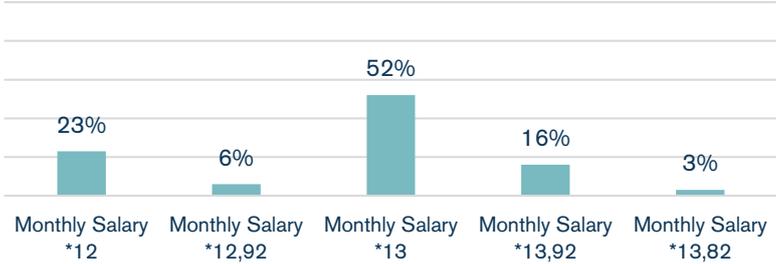
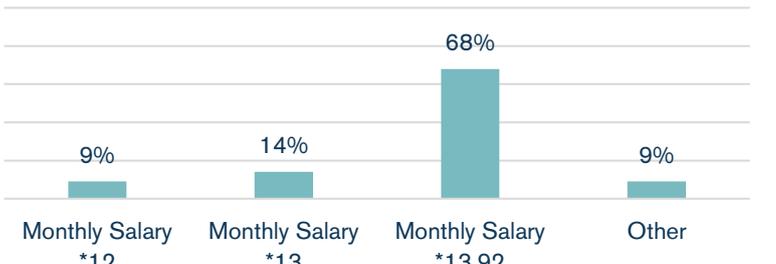
GROUP INSURANCE

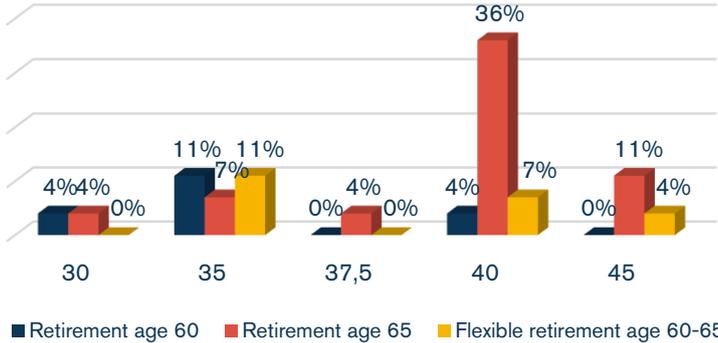
The following pages describe the general occurring market practice regarding Group Insurances (for members of the Board with employee statute). Please keep in mind that these findings originate from our general salary surveys we conduct every year.

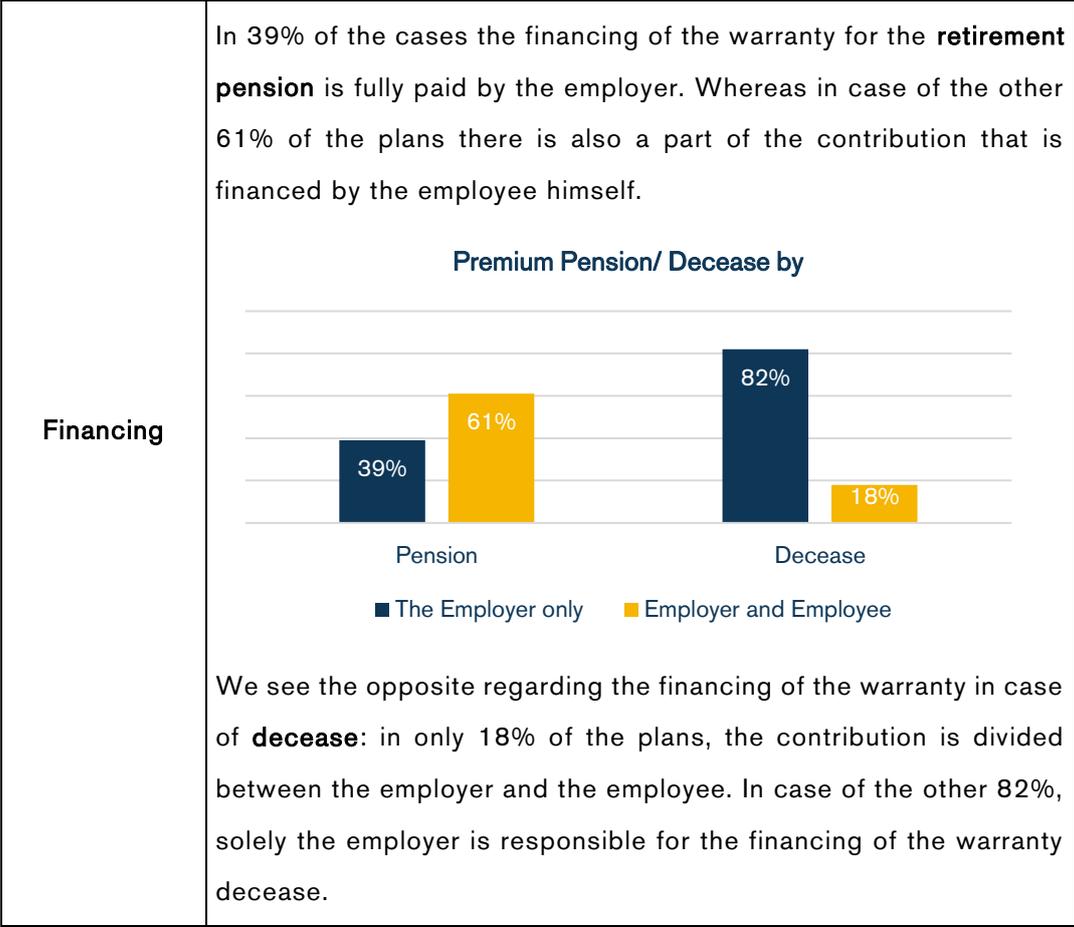
PENSION (LIFE) / DECEASE

Criteria	General Belgian Market								
Type of Pension Plan	<p>In our analysis, we distinguish 2 types of pension plans:</p> <ul style="list-style-type: none"> ▮ Plans of the type “Defined Achievement”, the LSP¹ term for a ‘defined benefit’ plan ▮ Plans of the type “Defined Contribution”, the LSP term for a ‘defined contribution’ plan <p>The following chart shows the occurrence:</p> <p style="text-align: center;">Type of Formula Pension Plan</p>  <p style="text-align: center;"> ■ Defined benefit ■ Defined contribution </p>								
Pension Formula (capital life)	<p>The table below shows the median formula as it appears <i>on the Belgian market for members of the Management Committee</i> for “defined contribution” plans.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Formula for the calculation of the amount “Life”</th> </tr> </thead> <tbody> <tr> <td>Percentile 25</td> <td>2,49%*S1 + 8,25%*S2</td> </tr> <tr> <td>Median</td> <td>3,50%*S1 + 10,00%*S2</td> </tr> <tr> <td>Percentile 75</td> <td>5,19%*S1 + 13,00%*S2</td> </tr> </tbody> </table> <p><i>S1 = portion of the pensionable salary below the legal pension ceiling</i> <i>S2 = portion of the pensionable salary above the legal pension ceiling</i></p>		Formula for the calculation of the amount “Life”	Percentile 25	2,49%*S1 + 8,25%*S2	Median	3,50%*S1 + 10,00%*S2	Percentile 75	5,19%*S1 + 13,00%*S2
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¹ LSP = Law on Supplementary Pensions

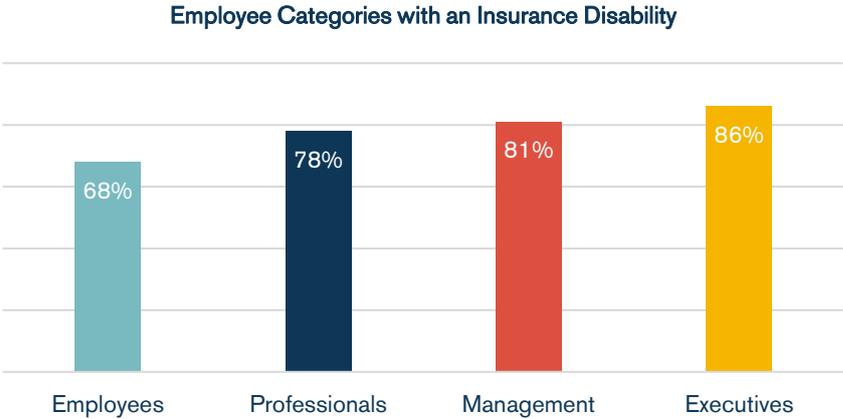
Criteria	General Belgian Market												
Pensionable Salary	<p>Among the plans that apply a 'defined benefit' formula, 23% multiplies the monthly pay by factor 12 to define the salary factor. In 6% of the cases the monthly pay is multiplied by 12.92. 52% uses a factor 13 to define the salary factor. In 3% of the cases the monthly pay is multiplied by 13.82. The remaining 16% of the plans uses factor 13.92 to define the salary factor.</p> <p style="text-align: center;">Base Calculation Salary</p>  <table border="1" data-bbox="497 672 1273 936"> <thead> <tr> <th>Factor</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Monthly Salary *12</td> <td>23%</td> </tr> <tr> <td>Monthly Salary *12,92</td> <td>6%</td> </tr> <tr> <td>Monthly Salary *13</td> <td>52%</td> </tr> <tr> <td>Monthly Salary *13,92</td> <td>16%</td> </tr> <tr> <td>Monthly Salary *13,82</td> <td>3%</td> </tr> </tbody> </table>	Factor	Percentage	Monthly Salary *12	23%	Monthly Salary *12,92	6%	Monthly Salary *13	52%	Monthly Salary *13,92	16%	Monthly Salary *13,82	3%
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<p>More than half of the plans (68%) that use a 'defined contribution' formula, multiply the monthly pay by factor 13.92. Furthermore, especially factor 12 (9%) and factor 13 (14%) are used to define the salary factor. The remaining 9% uses another factor, which can be: factor 14, taking the bonus into account, commission, ...</p> <p style="text-align: center;">Base Calculation Salary</p>  <table border="1" data-bbox="497 1310 1273 1574"> <thead> <tr> <th>Factor</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Monthly Salary *12</td> <td>9%</td> </tr> <tr> <td>Monthly Salary *13</td> <td>14%</td> </tr> <tr> <td>Monthly Salary *13,92</td> <td>68%</td> </tr> <tr> <td>Other</td> <td>9%</td> </tr> </tbody> </table>	Factor	Percentage	Monthly Salary *12	9%	Monthly Salary *13	14%	Monthly Salary *13,92	68%	Other	9%			
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Criteria	General Belgian Market																								
<p>Years of service</p>	<p>The number of years in service is an important factor in order to determine the pension capital in a “defined benefit” plan. The table below provides an overview of the number of years in service required to obtain the maximum foreseen pension benefit on the Belgian market:</p> <p style="text-align: center;">Required number of years for a full retirement benefit (Defined Benefit Plans)</p>  <table border="1" style="margin-left: auto; margin-right: auto;"> <caption>Data for Required number of years for a full retirement benefit (Defined Benefit Plans)</caption> <thead> <tr> <th>Years of service</th> <th>Retirement age 60 (%)</th> <th>Retirement age 65 (%)</th> <th>Flexible retirement age 60-65 (%)</th> </tr> </thead> <tbody> <tr> <td>30</td> <td>4%</td> <td>4%</td> <td>0%</td> </tr> <tr> <td>35</td> <td>11%</td> <td>7%</td> <td>11%</td> </tr> <tr> <td>37,5</td> <td>0%</td> <td>4%</td> <td>0%</td> </tr> <tr> <td>40</td> <td>4%</td> <td>36%</td> <td>7%</td> </tr> <tr> <td>45</td> <td>0%</td> <td>11%</td> <td>4%</td> </tr> </tbody> </table>	Years of service	Retirement age 60 (%)	Retirement age 65 (%)	Flexible retirement age 60-65 (%)	30	4%	4%	0%	35	11%	7%	11%	37,5	0%	4%	0%	40	4%	36%	7%	45	0%	11%	4%
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<p>Formula 'Decease'</p>	<p>In case of decease before retirement, a capital is paid to the beneficiaries. This capital is usually expressed as a multiple of the annual salary, as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Married</th> <th>Single</th> <th>Child</th> </tr> </thead> <tbody> <tr> <td>Pct 25</td> <td>2 x S</td> <td>1 x S</td> <td>0.35 x S</td> </tr> <tr> <td>Pct 50</td> <td>2 x S</td> <td>1 x S</td> <td>0.50 x S</td> </tr> <tr> <td>Pct 75</td> <td>3 x S</td> <td>2 x S</td> <td>0.50 x S</td> </tr> </tbody> </table> <p>S= annual salary</p>		Married	Single	Child	Pct 25	2 x S	1 x S	0.35 x S	Pct 50	2 x S	1 x S	0.50 x S	Pct 75	3 x S	2 x S	0.50 x S								
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DISABILITY

When we consider the complete generic market, without taking the size of the companies into account, we determine that disability insurance is offered to 68% of the employees, 78% of the professionals, 81% of the management and 86% of the executives. We also notice that, similar to the plan 'Life/Decease', the executives are mostly affiliated.



The majority of companies guarantee a replacement income amounting from 60% to 80% of the salary (incl. legal interventions).



MEDICAL PLAN

More than 90% of the job holders of a position in the Management Committee is affiliated to a medical plan, through the employer.

72% of all plans is fully financed by the employer.

15% of all plans is financed partly by the employer and partly by the employee.

13% of all plans is fully financed by the employee.

All plans cover major medical costs, which include medical treatment in hospital, including room and board, doctors' fees, medicines, prostheses and therapeutic assistance.

- | 87% of the plans also cover ambulant care for serious illnesses.
- | Only 16% of the companies also reimburse ambulant care (doctor's visits), including medicines, and dental care.
- | 13% of the companies include the reimbursement of glasses and 18% of the companies cover dental treatment.

ANNEXES

On this page you will find additional information regarding the used terms and definitions.

REMUNERATION ELEMENTS	
MANAGEMENT FEE	The management fee is defined as the monthly Fee x 12.
ACTUAL BONUS	<p>Bonus contains all monetary cash elements that are not acquired; this means:</p> <ul style="list-style-type: none"> ▫ A bonus or premium based upon predetermined objectives. ▫ A discretionary premium. ▫ A premium for an exceptional performance.
TARGET BONUS	The target bonus refers to the predetermined bonus, expressed as a percentage of the base salary that can be realised if all objectives are obtained.
ACTUAL TOTAL CASH	Actual Total Cash is the base salary and the actual bonus, taking the number of receivers into account.
TARGET TOTAL CASH	Target Total Cash is the base salary and the target bonus, taking the number of receivers into account.
STATISTICAL ELEMENTS	
PERCENTILE 10	10% of the observations fall below this value, 90% above.
PERCENTILE 25	25% of the observations fall below this value, 75% above.
MEDIAN	<p>The value under and above which 50% of the observations are situated.</p> <p>The median is the value that divides a sample of salaries in two equal parts. As a result, extreme low or high salaries have less influence here.</p>
PERCENTILE 75	75% of the observations fall below this value, 25% above.
PERCENTILE 90	90% of the observations fall below this value, 10% above.