



Relocation & Global HR Solutions

EMPLOYMENT IN CHINA (BEIJING)

COMPENSATION AND BENEFITS SURVEY

- 1. Supplier Quality Manager**
- 2. Supplier Quality Engineer**



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Compensation Survey

Survey Highlights

1. The survey is based on remuneration information from HRBS (HR Business Solutions) and was validated by a local partner in China.
2. The salary information includes base salary and target variable components (bonus & commission).
3. The salary information does not include Social Benefits.
4. The salary information does not include Salary Benefits.
5. The range does not take into account exceptional numbers (both directions).
6. All figures are annual and were aged to July 2012. Salary increases forecast for H2-12 average 3.0%
7. All numbers are in Chinese Yuan.

Definitions:

Annual Base Salary: Monthly basic salary X 12 + any legally mandated or guaranteed payments.

Target Variable Salary: Performance based bonus/incentive and commissions. Based on 100% goals achievement and/or 100% quota attainment.

Total Cash Compensation: The annual base salary + target variable salary. It excludes items such as perquisites or car allowances and benefits.

Range: Minimum value to Maximum value (excluding exceptional values).

25% (Q1): The point of a range of data for each survey item at which 75% of cases are above it, and 25% of cases are below it.

Median: The value in the middle of a range of data for each survey item, i.e. the point at which 50% of cases are below it and 50% of cases are above it.

75% (Q3): The point of a range of data for each Survey Item at which 25% of cases are above it, and 75% of cases are below it.



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Job Descriptions

<u>Supplier Quality Manager</u>	
Experience	At least 5 years of relevant SQE/QA/QC experience.
Educational Background	An undergraduate degree in Mechanical / Materials/ EE
Reporting Level	Quality Manager
Scope of Position	<u>Territory:</u> China
	<u>Functions reporting directly:</u> <u>In matrix:</u> -
	<u>Number of employees reporting directly:</u> <u>In matrix:</u> -
	<u>Budget:</u> -
	<u>Annual Target Revenues:</u> -
Job Description	<p>Manages the development, application, and maintenance of quality standards for supplier processes and products. Develops and executes product and production test plans. Responsible to set test standards and procedures. Responsible to define the product and production functionality and to define corrective action plan if required. Perform supplier quality systems audit.</p> <p>Receives predetermined work assignments with specific instructions. Directs employee and suppliers to achieve assignments using established guidelines, procedures, and policies. Interacts daily with employees, suppliers and functional peer groups. Provides matrix supervision to a unit or group of employees, assigning tasks and checking work at frequent intervals. A portion of time is normally spent performing individual tasks.</p>



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<u>Supplier Quality Engineer</u>	
Experience	2-4 years of relevant SQE/QA/QC experience.
Educational Background	An practical/undergraduate degree in Mechanical / Materials/ EE
Reporting Level	Supplier Quality Manager
Scope of Position	<u>Territory:</u> China
	<u>Functions reporting directly:</u> - <u>In matrix:</u> -
	<u>Number of employees reporting directly:</u> <u>In matrix:</u> -
	<u>Budget:</u> -
	<u>Annual Target Revenues:</u> -
Job Description	<p>Responsible for developing, applying, and maintaining quality standards for supplier processes and products. Develops and executes product and production test plans. Analyzes and writes test standards and procedures. Maintains documentation of test results to assist in enhancing and modification of production processes and methods. Analyzes test results to ensure existing functionality and recommends corrective action. Perform supplier quality systems audit.</p> <p>Works on problems of moderate scope where analysis of situations or data requires a review of identifiable factors. Exercises judgment within defined procedures and practices to determine appropriate action.</p>



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Cash Compensation Information – Supplier Quality Manager

- The following table provides the annual total cash compensation as derived from the salary surveys for the above job description:

Currency: CNY

	<u>Range</u>	<u>25% (Q1)</u>	<u>Median</u>	<u>75% (Q3)</u>
Base Salary	144,000 – 270,000	175,000	193,000	222,000
Target Variable Salary	12,000 – 47,000	18,000	23,000	30,000
Total Target Cash Compensation	144,000 – 301,000	186,000	207,000	235,000

Variable Salary Structure

- 78% of the surveyed companies provide some form of performance bonus for this position with a range of 6% to 23% and an average of 11.8% from the total cash compensation. Those bonuses are dependent on 100% achievement of objectives by the employee/group/company.

Variable Salary Target

% From T. Cash Compensation	No bonus	Up to 10%	10% to 15%	15% to 20%	Above 20%
% Of Companies	22%	32%	26%	17%	3%

- 58% of the companies pay a bonus of up to 15% of the Total Cash Compensation.

Type of Bonus

Bonus Type	Any Bonus Type	Individual Bonus	Group Bonus
% Of Companies Using Bonus Type	78%	31%	70%

- 70% of the companies are paying a group based bonus.
- In 31% of the companies the bonus for this position is also individual based.

Variable Salary Goals

Goal Type	Individual Goals	Company/Group Goals
% In Variable Salary	32%	68%

- 32% of the bonus is being paid according to individual goals
- 68% of the bonus is being paid according to company/group goals



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Cash Compensation Information – Supplier Quality Engineer

- The following table provides the annual total cash compensation as derived from the salary surveys for the above job description:

Currency: CNY

	<u>Range</u>	<u>25% (Q1)</u>	<u>Median</u>	<u>75% (Q3)</u>
Base Salary	117,000 – 240,000	142,000	159,000	184,000
Target Variable Salary	6,000 – 30,000	13,000	17,000	22,000
Total Target Cash Compensation	110,000 – 245,000	148,000	168,000	200,000

Variable Salary Structure

- 70% of the surveyed companies provide some form of performance bonus for this position with a range of 4% to 18% and an average of 10.0% from the total cash compensation. Those bonuses are dependent on 100% achievement of objectives by the employee/group/company.

Variable Salary Target

% From T. Cash Compensation	No bonus	Up to 5%	5% to 10%	10% to 15%	Above 15%
% Of Companies	30%	5%	41%	17%	7%

- 58% of the companies pay a bonus of 5% to 15% of the Total Cash Compensation.

Type of Bonus

Bonus Type	Any Bonus Type	Individual Bonus	Group Bonus
% Of Companies Using Bonus Type	70%	42%	30%

- 42% of the companies are paying an individual based bonus.
- In 30% of the companies the bonus for this position is also group based.

Variable Salary Goals

Goal Type	Individual Goals	Company/Group Goals
% In Variable Salary	72%	28%

- 72% of the bonus is being paid according to individual goals
- 28% of the bonus is being paid according to company/group goals



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China: Statutory and Market Practice Benefits

Social Insurance

- Employers in China are subject to social insurance taxes at a rate of 30% to 40% of gross income up to a ceiling.

Housing Allowance

- Employers are required to contribute 10% to 15% of the salary to a housing fund up to a ceiling.
- Most multinational employers supplement the statutory housing allowance in the following ways:
 - ✓ Cash housing allowance.
 - ✓ Low-interest loans to key staff.
 - ✓ Housing saving programs.
- 48% of multinational companies supplement this allowance. The average supplementary housing allowance is CNY 40,000 p.a.

Retirement

- The Social Insurance Fund provides pension benefits.
- Supplementary pension insurance is at an early stage of development. Currently employers are not obligated to set up supplementary pension for employees and only several multinational companies offer supplementary retirement plans.

Life Insurance

- The Social Insurance Fund provides post-retirement death benefits.
- In case of a pre-retirement death the employer is required to pay the following:
 - ✓ Lump sum death benefit of 6 to 12 of local salary base.
 - ✓ Dependants' pension.
 - ✓ Funeral subsidy.
- Group life insurance became more customary in the multinational Chinese market. Approximately 71% of multinational employers are currently providing such insurance. Most employers provide life insurance at the level of 24 to 36 monthly salaries.

Sick and Disability Benefits

- The statutory sick leave is 3 to 24 months (dependant upon length of service).
- Companies must provide a sick-pay allowance for all employees, equal to four-fifths of the minimum wage.
- The employment contract may be terminated after the employer demonstrated that the employee can not perform the required job duties. In such cases the employer is



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required to pay 12 months of severance pay + not less than 6 months' salary based on the previous years' average monthly salary.

Medical Benefits

- The Social Security Insurance covers about 85% of medical claims.
- Most international companies provide a supplementary medical coverage including outpatient and in-patient to employees and their dependants.

Work Injury

- The employer is required to provide medical coverage in case of work-related injury, accident or occupational disease. This includes all admission, hospitalization, treatment, drugs and related transportation costs.
- The employer is also required to pay a disability subsidy, equal to the employee's average monthly salary of the last 12 months, for a period of 3 to 24 months as 'Rehabilitation Period' of 3 to 36 months.
- After the Labor Classification Committee has classified the disability the employee is entitled for a lump sum disability allowance and for disability welfare.

Company Car

- 69% of the companies provide a company car to senior managers while 26% are providing a car allowance.
- 20% of the companies provide a company car to sales positions while 46% are providing a car allowance.
- 7% of the companies provide a company car to non-sales positions while 4% are providing a car allowance.

Public Holidays

- Following are the statutory public holidays:

<u>Holiday</u>	<u>Date</u>
New Year's Day	January 01
Lunar New Year (3 days)	End of January – beginning of February
Women's Day (Women Only)	Mach 08
International Labor Day	May 01-03
National Day	July 01
National Day Holiday	Oct 01 - 03

Vacation

- Annual leave is statutory.
- The average annual vacation begins at 10 days up to 17 days.



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Termination Notice Period

- Employers are entitled to set a probationary period of up to six months. During that period both the employer and the employee are entitled to terminate the employment without any notice.
- After the probationary period both the employer and the employee are required to provide a 1-month notice period.

Severance Payments

- In case of termination of no cause the employer is required to pay a severance of 1-month salary for every year of service up to 12 months salary.

Meals

- The market practice is to provide a 100% subsidized cafeteria or a meal allowance.