

Compensation Philosophy Example

Note to reader: This is a compensation philosophy example, intended to illustrate what a complete statement might look like. What you choose to include may be more or less detailed than what is included here. To learn even more about why your Compensation Philosophy is so valuable, [read our blog article](#).

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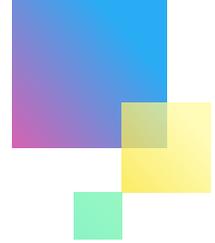
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Last Updated: {DATE}

{Company} Compensation Philosophy Statement

Purpose

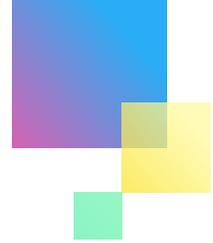
The goal of {Company}'s Compensation Philosophy is to offer a transparent, thoughtful policy framework that enables us to make systematic decisions around employee compensation.

The purpose of our compensation programming is to:

- Ensure every employee at {Company} feels valued and fairly compensated
- Attract, motivate, and retain a high bar of talent
- Support our core mission and business objectives:
 - <mission>
 - <business objectives>

This compensation philosophy is intended to ensure all of our compensation decisions are:

- Fair across positions and locations
- Equitable among employees
- Competitive with our market
- Consistent with our policies and beliefs
- Explainable to our employees



Compensation Types

We offer the following compensation types at {Company}:

Salary

We commit that all salaries offered to our employees are fair for their position and location.

Variable Cash Compensation

At {Company}, we utilize variable compensation in Sales and Leadership roles to incentivize consistent achievement of business objectives:

- All quota-bearing Sales roles will receive commissions based on attainment against performance-based criteria discussed with their managers.
- All Customer Success roles will receive variable compensation tied to individual performance-based criteria discussed with their managers.
- A proportion of the total compensation for employees that are director-level and above will be variable and tied to the overall company sales number on a quarterly basis.
- All other positions at {Company} are not eligible for incentive-based variable cash compensation.

Recurring Bonuses (MBOs)

At {Company}, we use recurring bonuses for certain positions (e.g., management) to incentivize consistent achievement of key business objectives. Eligible employees will receive recurring bonuses based on performance against agreed upon business objectives and subject to the company's financial performance.

Equity Compensation

At {Company}, all of our full-time employees receive equity as part of their total compensation package. This is for two reasons:

1. We believe that compensation in equity is the best way to align our employees with the long-term goals of the company and our investors.
2. We believe that it's important that our employees are able to participate in long-term value creation brought about by their contributions to {Company}.

We award employees:

1. Stock Options
2. Restricted Stock Units (RSUs)
3. A combination of Stock Options and Restricted Stock Units (RSUs), depending on their specific offer package.

Benefits

Healthcare Benefits

All full-time employees are eligible for a competitive health insurance program, including medical, dental, and vision insurance for themselves and up to three dependents.

Financial Benefits

We offer life insurance and a 401k program. We do not do any 401k matching at this time.

Other Benefits

All full-time employees are eligible for 1 month of paid maternity or paternity leave.

Allowances and Perks

Allowances and Stipends

All full-time employees receive the following allowances, which are automatically added to their paychecks.

- Cell phone stipend
- Gym stipend

Work from Home Set-up

All remote employees receive a 1-time work from home set-up allowance.

Ongoing Education

All employees are eligible to apply for funds to attend educational conferences or online training through our Continuous Learning Program.

Competitiveness

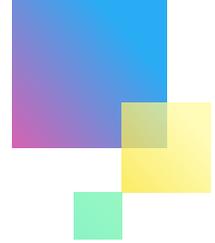
We aim to compensate employees at the 75th percentile of the market across all positions. We define our market as public companies in the computer software industry.

Location-based Compensation

Compensation varies by location. We use a tiered approach to group different locations and use a Cost-of-Living Adjustment (COLA) to build location-based Compensation Bands off our core Compensation Bands (at HQ).

These are our Tiers:

- Tier 1: San Francisco (HQ) and Vancouver, Canada
- Tier 2: Los Angeles and Seattle
- Tier 3: Remote



Currencies

We pay all employees in their local currency, using a currency exchange rate that is set annually by our Compensation Committee.

Employee Compensation Decisions

All employee compensation is determined by ladder, location, level, experience, and contract type (full time vs. contractor vs. consultant). For certain positions, certain relevant skills or certifications may also be factored in (e.g., fluency in Spanish for Support Associates).

All compensation decisions are approved by the Compensation Committee, a group that consists of the Director of Total Rewards, CHRO, COO, and CFO.

All employees hired into {Company} are assigned a position upon hire and given a compensation package that is approved for that position and location without exceptions.

Promotions, Performance, and Market Adjustments

Promotions

A promotion is a change from one position to another within the same ladder (such as moving from a Marketing Specialist to a Marketing Associate).

Performance Adjustments

A performance adjustment is an increase in compensation within a Compensation Band for the same position.

Market Adjustments

A market adjustment is an increase in compensation resulting from an update to our Compensation Bands.

Promotions, performance, and market adjustments are considered twice annually, in conjunction with our performance review process.

Transfers and Relocations

Relocations

If an employee permanently changes their residence to a different location, their compensation will be adjusted to reflect our rate for their position in that location.

Internal Transfers

If an employee transfers to a different position within the company, their compensation will be adjusted to reflect our rate for their new position in that location.

Review of Compensation Policies

We review our compensation philosophy annually as part of the annual planning process.

We review compensation across our job architecture twice annually to ensure that our compensation remains consistent with our competitiveness targets, accounts for inflation, and accounts for any cost-of-living changes to our location tiers.

If adjustments to any positions are warranted, we will make those adjustments twice annually during the normal review process.

Commitment to Pay Equity

We are committed to providing equal pay for equal work. To ensure that we are meeting our target of universal pay equity, we conduct a formal pay equity audit with an independent law firm once per year. In addition, we evaluate all compensation decisions to ensure that there is no impact to pay equity across our employee base.

Transparency and Access Control

We believe in transparency, but not at the expense of confidentiality. Since pay is private, we will not discuss the pay of one employee with another.

We believe that every employee should feel confident that they are being paid fairly and competitively. We make educational materials available to employees upon request, related to the following topics:

- Information that ensures an employee understands the full value of their equity awards
- Information about the market competitiveness of their position and location
- Information about pay equity at [{Company}](#)

We encourage all employees to speak to their manager or HR if they ever have any questions about compensation.



Assemble is a cloud-based total compensation platform that helps mid-size and enterprise organizations make better compensation decisions faster.

To learn more, visit assemble.inc.