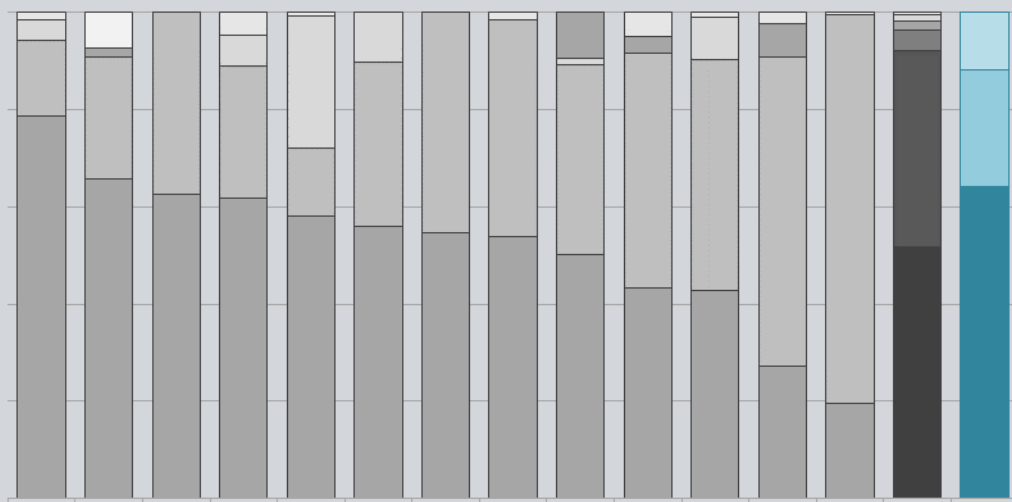


PARTNER REMUNERATION SURVEY - PART II

GLOBAL

An Examination of Partner Compensation Structures



Pay-mix

Component Structure

Relative Component Value

Calculation of Variable Income

Performance Evaluation

Version 1.0

This is an Example Version of Partner Survey Part II; all data contained within this Example document is illustrative only

- This version of Partner Survey Part II (“ParSur II”) is an Example Version only.
- It is designed to allow the reader to better understand the contents, scope, layout and format of a purchased report.
- All data contained within this Example Version is purely illustrative, i.e. it is not a sample of data but an example of how data will appear. As such, the reader should not attempt to draw any conclusions from the illustrative data itself.
- This Example Version has been set-up to include the following illustrative market data:
 - » 6 Accounting-Based Firms (ACFs)
 - » 6 IT-Based Firms (ITFs)
 - » 6 Operations-Based and Full-Service Firms (OPFs)
 - » 6 ‘Pure’ Strategy Consulting Firms (SCFs)
- Further, this Example Version contains illustrative “Your Firm” data to highlight how your firm’s data could/would be included in the report. In, ParSur II, Your Firm’s data is included on specific Survey Results slides only and not in the Detailed Summary section.
- Certain Survey Results slides have been purposefully omitted to expedite the reading of this Example Version. Pages 27, 28, 30 and 33 will each be presented again but for the Experienced and Senior Levels in a purchased report.
- In a purchased report the Detailed Summary section will comprise of 1 separate Summary for each Market Firm.
- Finally, certain headings may appear incomplete due to the natural inconclusive nature of the data in this Example Version. In a purchased version, all headings will be complete and relevant to the data.

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All of the data contained herein may be changed without prior notice, but we undertake no obligation to update any of them in light of new information or future events. Furthermore, this material can only be regarded as complete in connection with the verbal comments and discussions given during the course of a presentation of the material by Vencon Research.

An Introduction from Vencon Research

Vencon Research International is pleased to present **Part II** of the **Partner Remuneration Survey for 2025** which benchmarks, details, describes and summarises the models of the remuneration in place at the participating competitors.

Vencon Research's surveys are designed to help you successfully recruit and retain professionals of the highest quality.

If you have any further questions or issues you wish to discuss, please contact your representative at Vencon Research, who will be pleased to assist you.

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| Report content at a glance | |
|-------------------------------|--|
| Type | ParSur Part II |
| Period | 2025 |
| Firm Types | ACFs, ITFs, OPFs and SCFs |
| Country | Global |
| Reference Currency | USD |
| Number of participating Firms | 24 |
| Your Firm’s Data | Included* in report but not included in market calculations. |
| Reference Date | September 30 th , 2025 |

* Included in certain charts only and not included in the Detailed Summary section.

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Introduction and Methodology

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* In a purchased report, these sections will each contain 2 additional pages. ** In a purchased report, this section will contain a Detailed Summary for each firm.

Vencon Research's Partner Remuneration Survey is made up of four parts: This Survey is Part II

Vencon Research's Partner Remuneration Survey Parts I - III

- Vencon Research has gathered detailed information on current Partner remuneration and remuneration structures as used by relevant international management consulting firms.
- The Partner Remuneration Survey is made up of **three parts**:
 - **Part I** allows participating clients to establish the competitiveness of their Partners' / Vice Presidents' / Senior Executives' total remuneration package. This includes a tabular comparison of the current and deferred cash remuneration (both target and actual) components, as well as detailed analyses of the remuneration being offered.
 - **Part II** of the Partner Remuneration Survey allows participating clients to understand the structures behind the numbers, i.e. the systems of remuneration in place. Here, key aspects including career development, career tracks, calculation of Variable Bonus, equity-based components, evaluation procedures and management of poor performance are summarised as well as detailed Firm by Firm.
 - **Part III** of the Partner Remuneration Survey examines the statistics behind the results found in Part I and Part II by comparing participating Firms according to Firm type. The analyses compare and contrast performance factors and other key influencing background parameters such as: Firm Revenue per Partner, Sales Revenue per Partner (by Level), Partners' Target Income with respect to Firm/Sales Revenue, Partner and Incumbent Ratios, Target vs Achieved Income with respect to Total Incumbents and Partner 'At Risk' Income.

Part II's main objective was to benchmark the remuneration structures of the participating Firms

Main Objectives

- The main objectives of the Partner Remuneration Survey Part II were to benchmark, detail, describe and summarise the models of the remuneration in place at the participating competitors.
- This survey aims to:
 - provide an overview of key results and remuneration structures via the Executive Summary
 - visually present the main results of the survey
 - explain remuneration structures in detail Firm by Firm
- The data sets presented should thus allow detailed insights into the remuneration structures employed by the participants.
- Furthermore, this survey should allow conclusions about the remuneration structure and resulting performance-related compensation of each of the participants.

Part II included Firms for whom both remuneration data and global structure/performance data were available

Participants of Partner Remuneration Survey Part II

- The names of participating Firms are not specified and will not be disclosed due to the level of commercially sensitive structural and financial detail divulged within our Partner Remuneration Surveys.
- Instead, the number of Firms from within a series of broad categories is quoted, together with a profile table indicating the essential characteristics of each Firm in terms of size, revenue per consultant, geographic coverage etc.
- The broad categories (consulting Firm Types) are specified as follows:
 - **ACFs:** Accounting-Based Firms
 - **ITFs:** IT-Based Firms
 - **OPFs:** Operations-Based and Full-Service Firms
 - **SCFs:** 'Pure' Strategy Consulting Firms
- The overview provided on the next page, that includes a list of firms to indicate which Firms fall into the respective category ('Firm Type') is purely exemplary. The naming of a firm on this list did not indicate that this Firm has actually been included in this report/survey nor should the inadvertent exclusion of a firm name infer that that Firm has not been included in the report.
- No participating Firms were identified by name, instead, they were randomly assigned a 'Firm' number that corresponds only to this version of this (Part II) survey.

Relevant Firms from four types of firms were included in the comparisons

Competitors compared – Breakdown by Firm Type




| Firm Type | Example Firms for each Firm Type ¹⁾²⁾ | Number of Market Participants |
|--|--|-------------------------------|
| “ACFs” Accounting-Based Firms | Baker Tilly, Begbies Traynor, BDO, Crowe, Deloitte, DFK, EY, Grant Thornton, Haines Watts, Kingston Smith, KPMG, Leading Edge Alliance, Mazars, MHA MacIntyre Hudson, Moore Stevens, Nexia, PKF, Praxity, PwC, RSM, Rödl & Partner, Smith & Williamson, UHY Hacker Young, Zolfo Cooper, ... | 6 |
| “ITFs” IT-Based Firms | ATOS, Avanade, Capgemini, Cisco, CGI Group, Cognizant, CSC, Dell, EMC, Genpact, GeP, Hitachi Consulting, HP, IBM, Infosys Consulting, MHP, NTT Data, Oracle, SAP, Swisscom, Tata (TCS), Tech Mahindra, T-Systems, Unisys, Wipro Technologies, ... | 6 |
| “OPFs” Operations-Based & Full-Service Firms | Accenture, Analysys Mason, AON Hewitt, Alvarez & Marsal, Barkawi (Genpact), Bates White, BearingPoint, Booz Allen Hamilton, BNP, Brattle Group, BTS, Capco (Wipro), Capgemini Invent, Charles River Associates (CRA) / CRA International, Deallus, dss+ (Dupont), FTI Consulting, Gartner, GE Healthcare Partners, Guidehouse (formerly Navigant), Heidrick & Struggles, Hitachi Consulting (formerly Celerant), Huron Consulting, IQVIA, Korn Ferry Hay Group, Kurt Salmon (Accenture), MasterCard Advisors, MAVENS of London, Mercer, NERA, Nielsen, North Highland, PA Consulting, Oxera, Palladium Group (The), Point B, Porsche Consulting, Proudfoot, PublicisSapient, Ramboll, Simon-Kucher & Partners, Slalom Consulting, Syneos Health, West Monroe Partners (WMP), Willis Towers Watson (WTW), ... | 6 |
| “SCFs” ‘Pure’ Strategy Consulting Firms | Arthur D. Little (ADL), Bain & Company, Boston Consulting Group (BCG), Cambridge Associates (CA), Corporate Value Associates (CVA), FTI Delta (FTI), Estin, EY-Parthenon, Kearney (formerly ATK), L.E.K., Marakon (CRA), Mars, McKinsey & Company, Monitor Deloitte, OC&C, Oliver Wyman, Partners in Performance (PiP), Roland Berger, Seabury (Accenture), Strategy& (PwC), Value Partners, ZS Associates, ... | 6 |
| Total | | 24 |

1) PLEASE NOTE: These examples of Firm Type have been given to indicate which firms fall into these four categories. These are examples only. Thus, named firms do not necessarily represent participating Firms (available data) and non-named firms may have participated (available data).

2) PLEASE NOTE: Vencon Research categorises firms according to their original or main services offering. All data included in our reports, however, pertain only to the consulting and/or advisory services. We specify this in our documentation by using the capitalised ‘Firm’ in place of ‘firm’.

To indicate the essential characteristics of each Firm, the Firms were categorised according to specific criteria

Categories of Firms (within Firm Type) ¹⁾

| Category of Firm | | Low  | Medium  | High  |
|------------------|--|---|--|--|
| Criteria | A: Size - Revenues (USD Mio.) | < 150 | 150 – 1,000 | > 1,000 |
| | B: Size - Consultants (Number) | < 1,000 | 1,000 – 4,000 | > 4,000 |
| | C: Revenue per consultant (USD 000's) | < 200 | 200 – 400 | > 400 |
| | D: International presence (Countries with offices) | < 20 | 20 – 40 | > 40 |
| | E: Industries served (Scope / Number) | Limited Only specific industry sectors; specialist | Extensive Has clear and specific exceptions, e.g. Government or Financial Services | Comprehensive Across many industries (incl. e.g. Government, Not-for-profit, Technology etc.) |
| | F: Services / Functions offered (Scope / Number) | Limited Clear limits, e.g. no implementation; strategy & planning only | Extensive Clearly not full-service, specific exemptions | Comprehensive Across many functions (e.g. from corporate strategy through implementation to technology services) |

¹⁾ To ensure utmost anonymity Firm names will not be disclosed; instead, Firms will be allocated to the above mentioned categories indicating the essential characteristics of each Firm in terms of size, revenue per consultant, geographic coverage etc.

24 relevant competitors (or relevant divisions thereof), i.e. ‘Firms’, were included in the comparisons

Firms Selected for Comparison ¹⁾

| Firm Number <i>(for this version of this Survey only)</i> | | Firm 01 | Firm 02 | Firm 03 | Firm 04 | Firm 05 | Firm 06 | Firm 07 | Firm 08 | Firm 09 | Firm 10 | Firm 11 | Firm 12 | Firm 13 | Firm 14 | Firm 15 | Firm 16 | Firm 17 | Firm 18 | Firm 19 | Firm 20 | Firm 21 | Firm 22 | Firm 23 | Firm 24 |
|--|--|---------|---------|---------|---------|---------|---------|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Firm Type | | ACF | ACF | ACF | ACF | ACF | ACF | ITF | ITF | ITF | ITF | ITF | ITF | OPF | OPF | OPF | OPF | OPF | OPF | SCF | SCF | SCF | SCF | SCF | SCF |
| Criteria | A: Size - Revenues (USD Mio.) | ● | ● | ● | ◐ | ◐ | ◐ | ● | ● | ● | ◐ | ◐ | ◐ | ● | ● | ● | ◐ | ◐ | ◐ | ● | ● | ● | ◐ | ◐ | ◐ |
| | B: Size - Consultants (Number) | ● | ● | ● | ◐ | ◐ | ○ | ● | ● | ● | ◐ | ◐ | ○ | ● | ● | ● | ◐ | ◐ | ○ | ● | ● | ● | ◐ | ◐ | ○ |
| | C: Revenue per consultant (USD 000's) | ◐ | ◐ | ◐ | ◐ | ◐ | ○ | Illustrative data only | | | | | | ◐ | ◐ | ◐ | ◐ | ◐ | ○ | ◐ | ◐ | ◐ | ◐ | ◐ | ○ |
| | D: International presence (Countries with offices) | ● | ● | ● | ◐ | ◐ | ○ | | | | | | | ● | ● | ● | ◐ | ◐ | ○ | ● | ● | ● | ◐ | ◐ | ○ |
| | E: Industries served (Scope / Number) | ● | ◐ | ◐ | ◐ | ◐ | ○ | | | | | | | ● | ◐ | ◐ | ◐ | ◐ | ○ | ● | ◐ | ◐ | ◐ | ◐ | ○ |
| | F: Services offered (Scope / Number) | ● | ◐ | ◐ | ◐ | ◐ | ○ | ● | ◐ | ◐ | ◐ | ◐ | ○ | ● | ◐ | ◐ | ◐ | ◐ | ○ | ● | ◐ | ◐ | ◐ | ◐ | ○ |

Low



Medium



High



¹⁾ To ensure utmost anonymity Firm names will not be disclosed; instead, Firms will be allocated to the above mentioned categories indicating the essential characteristics of each Firm in terms of size, revenue per consultant, geographic coverage etc. Please note that Firm numbers are random and do not relate to Firm numbers in Parts I, II, IV or any other survey.

A generic three level Partner career structure was applied to align and present market data

Vencon Research's Generic 3-Level Partner Career Structure

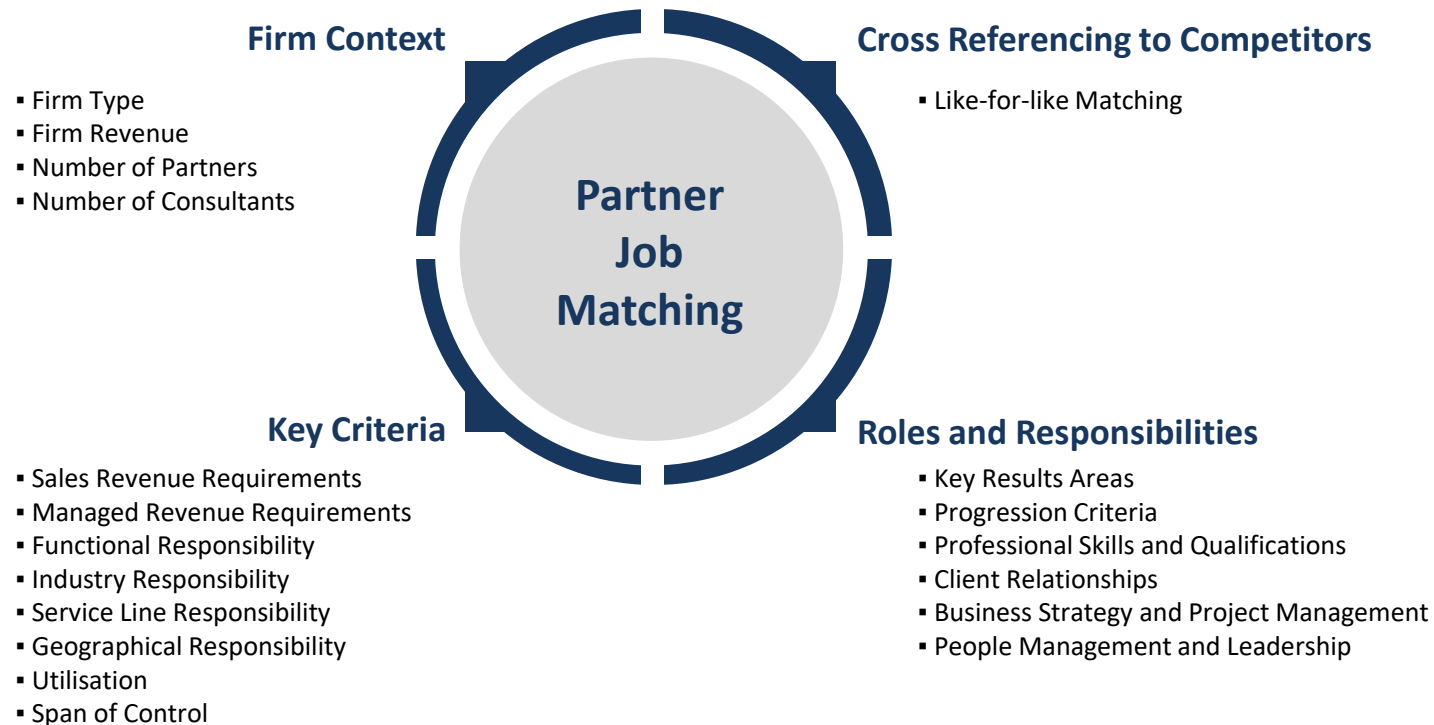


- A generic three level Partner career structure was applied to align and present market data.
- Vencon's generic Partner career structure begins at the Primary Partner level, continues on through the Experienced level and ends with the Senior Partner level.
- The levels of Partner represent different levels of seniority, each with different degrees of responsibility, competency and expected contribution.
- **Extent of matching was context dependent.** For example, large firms may well have been matched up to and including Senior Partner while small firms may well have been matched only to Primary Partner.

Partner Job Matching considered Key Criteria, Roles and Responsibilities, Firm Context, and Cross Referencing to Competitors

Partner Job Matching - Considerations

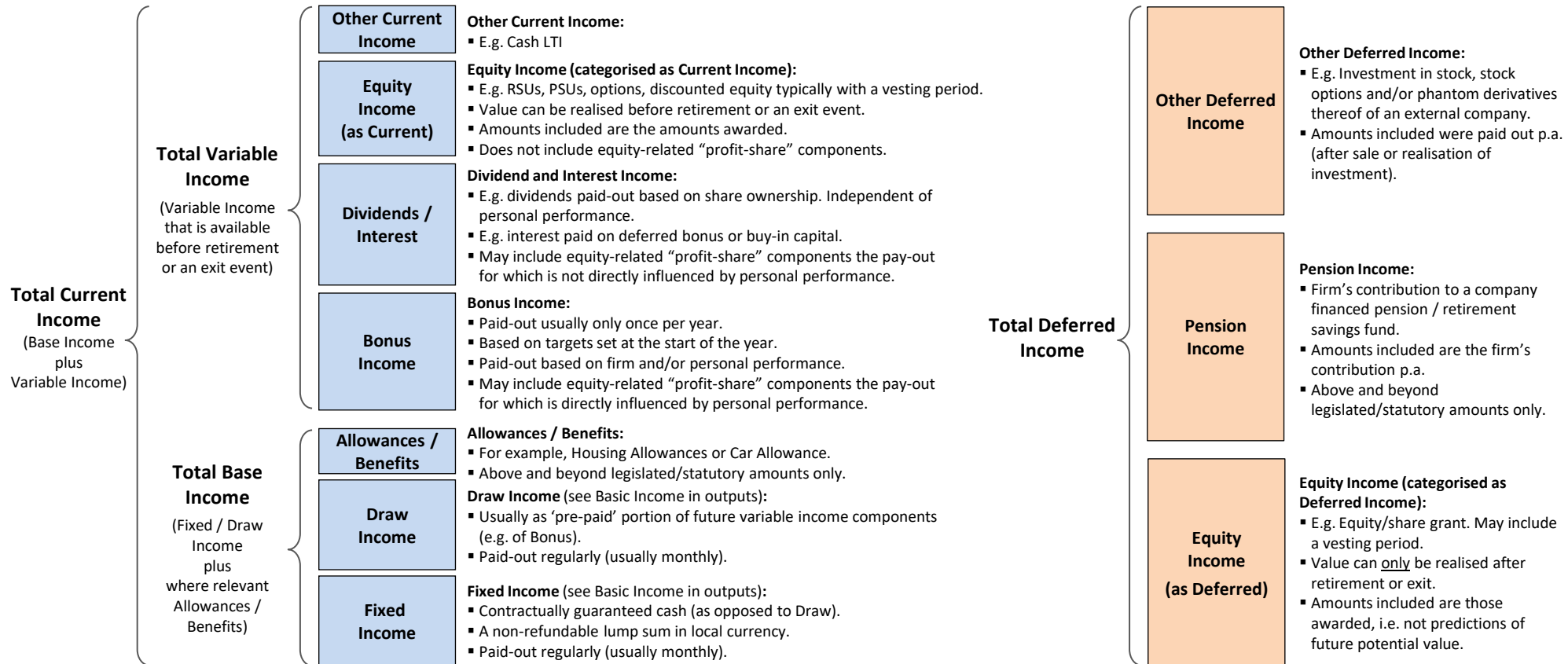
- Partner Job Matching was undertaken on a level/sublevel basis, i.e. not on an individual incumbent basis.
- The process took into account the following relevant information:



For further details on the Key Criteria and Roles and Responsibilities, please see pages 67 to 70 in the Appendix section.

Remuneration was categorised into various components for best comparison and included deferred remuneration

Partners' Compensation: Current and Deferred Remuneration



Current or Deferred?

Any income that is only available at retirement or an exit event was categorised by Vencon as Deferred Income. All other income was categorised as Current Income.

Therefore, some remuneration components, while technically deferred, may have been categorised as Current Income, particularly with due consideration of a 'steady state' concept.

Data being analysed and included were current and ‘first sourced’; Income data refers to Target data unless stated

Sources

- Vencon Research’s analyses were based on ‘first source’ data, i.e. remuneration and recruiting data were provided directly by the legitimate representatives of the Firms included.
- The report included only current data sets:
 - Responses included in the reports were based on Vencon Research’s data base which was continually compiled and updated according to the HR teams of the participating Firms up until at least September 30th, 2025.
 - Received data was compared and contrasted. Obvious anomalies were rechecked and/or discarded with the agreement of the participant Firm.
- Vencon Research Partner Survey II included results from competitors from around the globe. Data presented was based on the participating Firms’ international remuneration models.
- All income data contained within this report should be considered as Target data and not Achieved data unless otherwise stated.
 - For example, the term ‘Variable Bonus’ should be assumed to mean Target Variable Bonus in each case (unless otherwise stated).
 - To be clear, ‘paid out’ Bonus or Bonus ‘pay-out’ are terms that refer to Achieved Variable Bonus Income (as opposed to Target Bonus Income).

References to Equity Income referred to open market equity and/or internal equity unit systems

References to Equity Income and Other Information

- References made to company equity units (i.e. shares, equity, stock or options, etc.) did not necessarily refer to open-market, traded vehicles.
- In many cases this referred to company internal systems, based upon equity 'units' (i.e. stock, options, phantom shares and/or other derivatives) thereof.
- N.d.a. denotes that data was not available (i.e. Firm does not have the data or has not provided the data).
- N.a. denotes that the provision of data was not applicable (e.g. Firm does not have Senior Partner Level).
- Averages were presented as simple arithmetic mean.
- The report describes the number of different Partner levels for each Firm, which Vencon Research has defined as follows:
 - Limited = 2 or less Partner levels
 - Several = 3 to 5 Partner levels
 - Many = 6 or more Partner levels

Component Value Factors allow actual 'value' comparison within Firms and a relative comparison between Firms

Component Value Factors

- To understand the importance and 'value' of the various components offered by Firms, where relevant, a range of factors for each component for each Partner level is provided. The following table is an example:

| Partner Level | Base Income (Fixed/Draw) | | |
|---------------|--------------------------|----|---------|
| Primary | 1.0 x's | to | 1.5 x's |
| Experienced | 1.5 x's | to | 2.0 x's |
| Senior | 2.0 x's | to | 2.5 x's |

In this example, a 'top end' Experienced Partner (2.0 x's) would receive twice the amount of Base Income as a 'low end' or 'entry level' Primary Partner (1.0 x's).

Note - the factor for Base Income for the 'low end' of the range for Primary Partners will always be, by definition, 1.0 (see below).

- For each Firm, the lowest (target) Base Income for Primary Partners ('entry level' Base Income) is taken as the comparison point for that Firm only. Thus, other components are displayed as a multiple (factor) of this 'entry level' Primary Partner Base Income.
- This allows actual value comparisons between components and between levels within each individual Firm.
- This does not allow actual value comparisons between components between Firms as Base Income for 'entry level' Primary Partners generally differs from Firm to Firm. A factor of 1.0 at Firm A for Base Income does not necessarily represent the same actual value of Base Income at Firm B where the factor is also 1.0. Likewise, a factor of 3.0 at both Firm C and Firm D for Variable Bonus does not mean that the actual amount of bonus is the same at both Firms.
- These factors do allow for relative comparison of component value between Firms. For example, it should be possible to determine whether Firm A offers a remuneration structure with a bigger emphasis on Variable Bonus in comparison to Firm B or whether Firm C offers a much wider spread of Base Income across Partner levels than Firm D.

Where relevant the following exchange rates were used

Exchange Rates

- To ensure a consistent comparison with the other reports exchange rates from September 30th, 2025 have been applied. Some 'key' exchange rates are displayed below for quick reference:

| Exchange Rates: September 30 th , 2025 | | | | | | | | | |
|---|--------|---|--------|-----|-----|--------|---|--------|-----|
| USD | 1.0000 | = | 0.8524 | EUR | EUR | 1.0000 | = | 1.1731 | USD |
| USD | 1.0000 | = | 0.7443 | GBP | GBP | 1.0000 | = | 1.3435 | USD |

- When other company internal exchange rate coefficients were given, these were used.
- For simplicity, the data sets available were referenced to the USA; where reference data were provided in respect to a country other than the USA, these have been converted at the rates for the date given above.

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Detailed Summaries of Remuneration Structures by Firm

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Appendix

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* In a purchased report, these sections will each contain 2 additional pages. ** In a purchased report, this section will contain a Detailed Summary for each firm.

Current Income, mostly ‘fixed’, dominated ...

Key Findings (1/4)

Illustrative data only

- Career path and development:
 - Participating Firms offered wide ranging numbers of career levels to their Partners.
 - The majority of Firms (16 of 24) did not enforce an ‘up or out’ principle on their Partners.
- Pay-mix / Structure of Partners’ Total Income (Current vs. Deferred*):
 - Primary Partners’ Current Income was between 80% and 95% of Total Income.
 - Experienced Partners’ Current Income was between 80% and 95% of Total Income.
 - Senior Partners’ Current Income was between 80% and 95% of Total Income.
- Pay-mix / Structure of Base Income (vs. Total Income):
 - Primary Partners’ Base Income was between 50% and 70% of Total Income.
 - Experienced Partners’ Base Income was between 50% and 70% of Total Income.
 - Senior Partners’ Base Income was between 50% and 70% of Total Income.

* Any income that is only available at retirement or an exit event was categorised by Vencon as Deferred Income. All other income was categorised as Current Income.

The relative value of Variable Bonus Income, offered by all firms, ...

Key Findings (2/4)

Illustrative data only

- Base Income - Structure:
 - 12 of 24 participating Firms offered a Fixed Income component as Base Income to their Partners
 - 12 of 24 Firms offered a Draw Income, i.e. an advance on a 'variable' portion, instead of a Fixed Income.
 - Growth of Base Income across all three Partner Levels within Firms, varied between 2.5 and 4.0 x's.
 - *Example: a growth of 5.0 x's would indicate that the highest Base Income found at a particular Firm was 5 times that of the lowest Base Income found at the same Firm.*
 - When Draw was offered to Partners as Base Income, half of Firms required payback and half of Firms enforced payback.
- Pay-mix / Structure of Current Income (Variable Bonus vs. Total Current Income):
 - Primary Partners' Variable Bonus was between 18% and 33% of Total Current Income.
 - Experienced Partners' Variable Bonus was between 18% and 33% of Total Current Income.
 - Senior Partners' Variable Bonus was between 18% and 33% of Total Current Income.

Variable Bonus pay-out calculations were ...

Key Findings (3/4)

Illustrative data only

■ Variable Bonus:

- Some Firms (5 of 24) calculated a Partner's Variable Bonus pay-out based on both the Partner's performance and Firm results (and not the Partner's shares*).
- Most Firms (16) used a formulaic approach to determine a Partner's Variable Bonus pay-out. 8 of those 16 Firms allowed for some additional discretionary adjustment.
- Half of Firms (12 of 24) employed a cap on an individual's Variable Bonus pay-out.
- Half of Firms (12 of 24) did not explicitly limit a Partner's Variable Bonus pay-out to 100% of their Target Variable Bonus.
- Half of Firms (12 of 24) confirmed that they paid out Partner's Variable Bonus 100% in 'cash', i.e. part of Variable Bonus was not converted into another form, e.g. equity units.
- Half of Firms (12 of 24) did not employ a deferral or withholding (of a portion) of a Partner's Variable Bonus pay-out beyond the year of award and/or following year.
- Half of Firms (12 of 24) 'guaranteed' at least some Variable Bonus to Partners; usually there was a risk of getting no Bonus at all.

* The term 'shares' was used for any type of equity participation in a Firm (e.g. real or phantom).

In half of Firms, Partners were not required to buy shares* in order to become and remain a Partner

Key Findings (4/4)

Illustrative data only

▪ Equity-related Remuneration:

- In half of Firms (12 of 24), Partners could hold relevant shares in the Firm as a consequence of either awarded equity, discounted equity, distributed equity or required purchase equity.
- In half of Firms (12 of 24), Partners were not required to purchase shares in order to become and remain a Partner.
- In half of Firms (12 of 24), shares could be awarded due to personal performance and/or in the event of promotion.
- In half of Firms (12 of 24), shares were not distributed as a standard consequence of the remuneration structure.
- In half of Firms (12 of 24), Partners could not receive additional income by purchasing discounted shares.

▪ Pension-related Remuneration:

- In half of Firms (12 of 24) offered above legislated Pension benefits.

▪ Partner Performance Appraisal:

- At most Firms (18 of 24) the Performance Appraisal Process was based on a 'formulaic'/BSC-like process.
- Most Firms used contribution and competence related criteria in Balanced Scorecard evaluation of Partners.
- Half of Firms (12 of 24) reported that underperforming Partners were counselled out; some reported flexibility.
- The time before Partners were considered for 'counselling out' varied between 1 and 3 years.

* The term 'shares' was used for any type of equity participation in a Firm (e.g. real or phantom).

Relevant shares: shares that Vencon Research considers as directly contributing to Total Income in our comparisons. See page 51 for further details.

A wide range of remuneration structures were offered implying that there was no single 'solution'

Summary of Structure of Firm Remuneration Being Offered

| Firm Number (for this version of this Survey only) | | | Firm 01 | Firm 02 | Firm 03 | Firm 04 | Firm 05 | Firm 06 | Firm 07 | Firm 08 | Firm 09 | Firm 10 | Firm 11 | Firm 12 | Firm 13 | Firm 14 | Firm 15 | Firm 16 | Firm 17 | Firm 18 | Firm 19 | Firm 20 | Firm 21 | Firm 22 | Firm 23 | Firm 24 |
|---|-----------------------------|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Firm Type | | | ACF | ACF | ACF | ACF | ACF | ACF | ITF | ITF | ITF | ITF | ITF | ITF | OPF | OPF | OPF | OPF | OPF | OPF | SCF | SCF | SCF | SCF | SCF | SCF |
| Current Income | Base | Fixed Income | ✓ | ✓ | ✓ | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ | ✗ | ✗ | ✗ |
| | | Draw Income | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ |
| | Bonus | Variable Bonus Income | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Other Relevant | Dividend / Interest Income | ✓ | ✓ | ✗ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | ✗ | ✓ | ✓ | ✓ | ✓ | ✗ | ✗ | ✓ | ✓ |
| | | Equity Income (as Current) | ✓ | ✗ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | ✓ | ✗ | ✓ | ✗ | ✓ | ✗ | ✓ | ✗ | ✓ | ✗ |
| | | Other Current Income | ✗ | ✗ | ✗ | ✗ | ✓ | ✗ | ✗ | ✗ | ✗ | ✗ | ✓ | ✗ | ✗ | ✗ | ✗ | ✗ | ✓ | ✗ | ✗ | ✗ | ✗ | ✗ | ✓ | ✗ |
| Deferred Income | Equity Income (as Deferred) | | ✗ | ✓ | ✗ | ✗ | ✗ | ✗ | ✗ | ✓ | ✗ | ✗ | ✗ | ✗ | ✗ | ✓ | ✗ | ✗ | ✗ | ✗ | ✗ | ✓ | ✗ | ✗ | ✗ | ✗ |
| | Pension Income | | ✓ | ✓ | ✓ | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ | ✗ | ✗ | ✗ |
| | Other Deferred Income | | ✗ | ✗ | ✗ | ✓ | ✗ | ✗ | ✗ | ✗ | ✗ | ✓ | ✗ | ✗ | ✗ | ✗ | ✗ | ✓ | ✗ | ✗ | ✗ | ✗ | ✓ | ✗ | ✗ | ✗ |

Illustrative data only

Offered



Not offered



Please note that Firm numbers are random and do not relate to Firm numbers in any other parts of our Partner Surveys.

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Detailed Summaries of Remuneration Structures by Firm

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Appendix

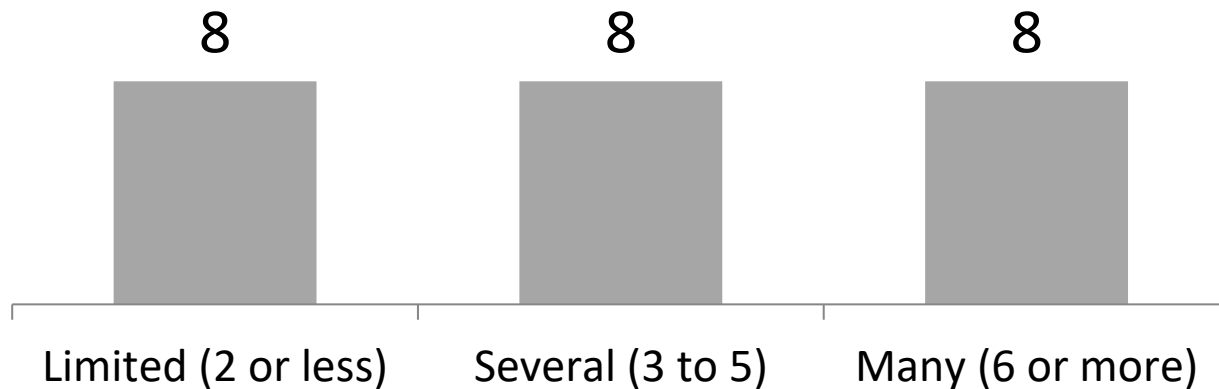
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* In a purchased report, these sections will each contain 2 additional pages. ** In a purchased report, this section will contain a Detailed Summary for each firm.

Participating Firms offered wide ranging numbers of career levels to their Partners

Number of Partner Levels*

Illustrative data only

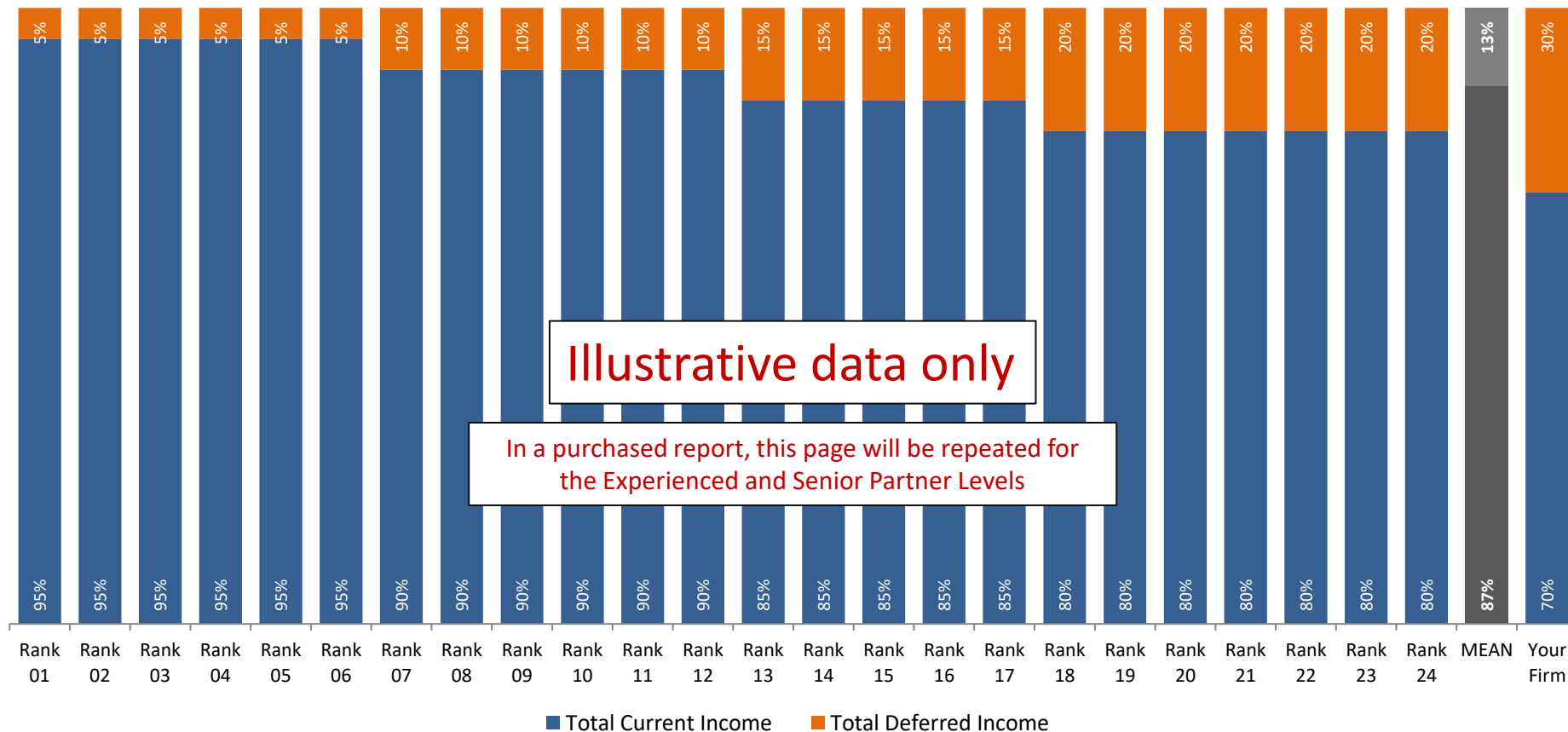


- The Partner remuneration structures found at the participating Firms varied by number of Partner levels.
- Many participating Firms (8 out of 24) offered between 3 and 5 levels to their Partners.
- 8 of 24 Firms offered 2 or less levels.
- A third of Firms (8 out of 24) offered 6 or more levels.

* Partner levels as matched to Vencon Research's generic Partner levels (Primary, Experienced, Senior). Levels may have sublevels.

Current Income for Primary Partners was between 80% and 95% of Total Income

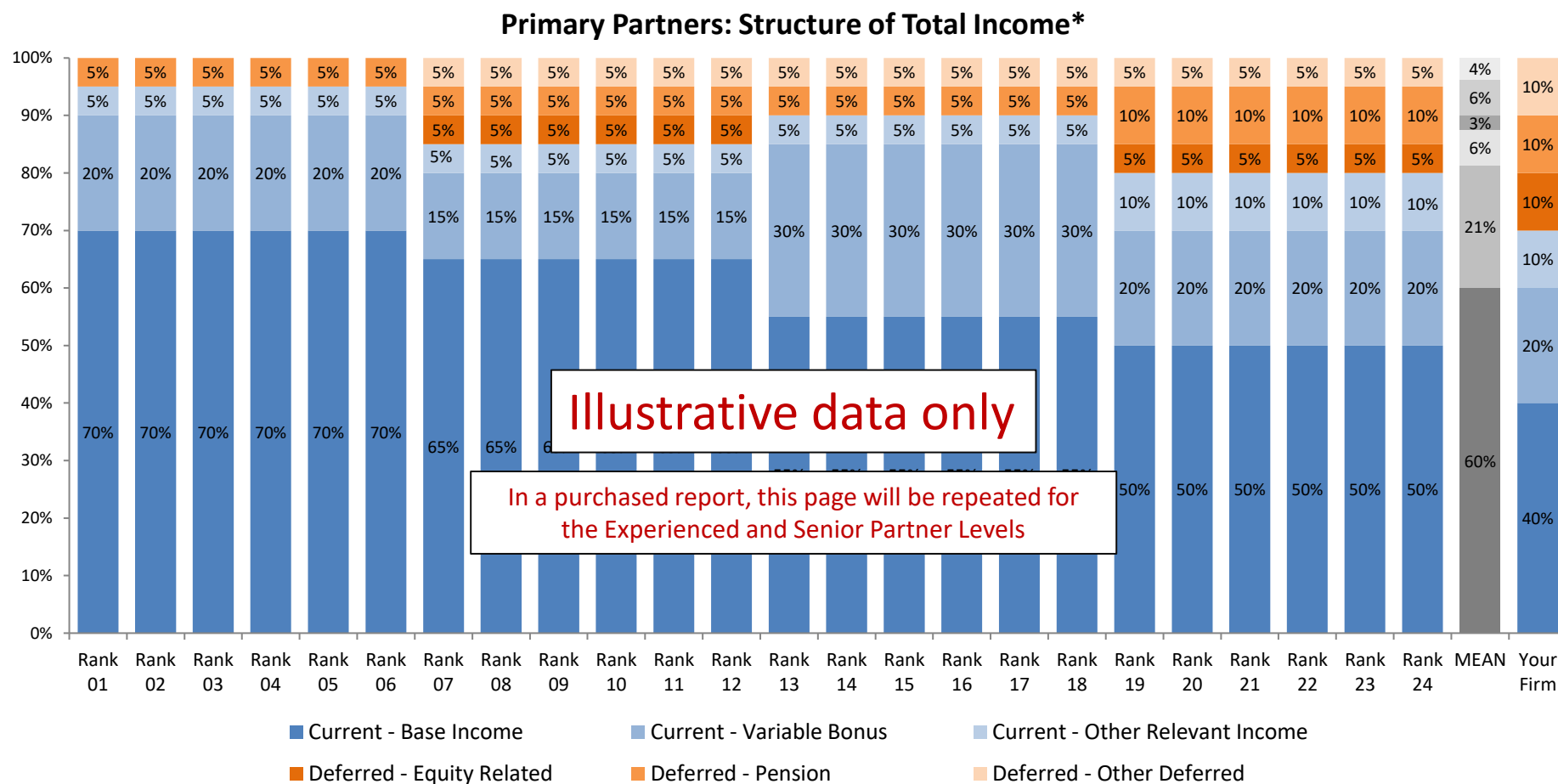
Primary Partners: Main Remuneration Structure – Current vs. Deferred Income*



* 'Current Income': annualised Income paid out before retirement or an exit event; 'Deferred Income' = annualised contributions to Income paid out after retirement or an exit event.

Ranking: Firms were ranked from highest Total Current Income percentage to lowest.

Income components offered to Primary Partners varied significantly, in terms of structure and weighting



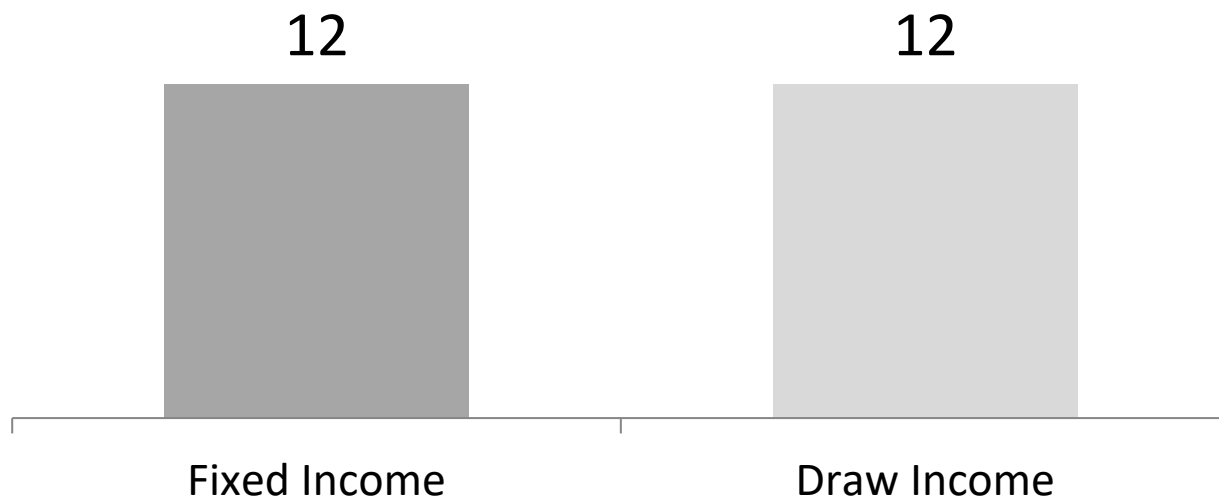
* 'Current Income': annualised Income paid out before retirement or an exit event; 'Deferred Income' = annualised contributions to Income paid out after retirement or an exit event.

Ranking: Firms were ranked from highest Base Income percentage to lowest.

Half of participating Firms offered a Fixed Income as Base Income to their Partners

Structure of Base Income*

Illustrative data only

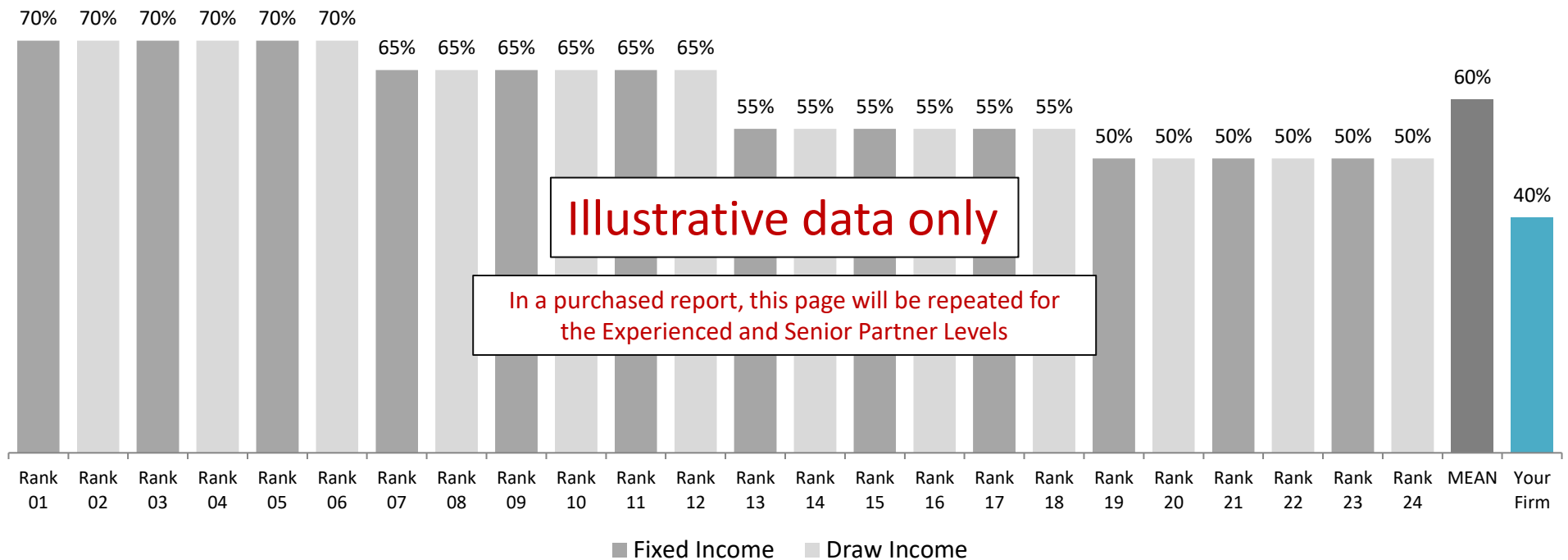


- Half of participating Firms (12 out of 24) offered a Fixed Income as Base Income to their Partners.
- No difference was found when comparing the different Partner levels; thus one remuneration structure was used throughout all Partner levels.
- Draw is usually as 'pre-paid' portion of future income components (e.g. Variable Bonus) paid-out regularly (usually monthly) as Base Income to Partners.
- Fixed Income is contractually guaranteed cash paid-out regularly (usually monthly) as Base Income to Partners.

* Base Income is a component of Current Income and consists of a Fixed Income and/or a Draw and Allowances/Benefits.

Base Income was between 50% and 70% of Total Income for Primary Partners

Primary Partners: Structure of Base Income*



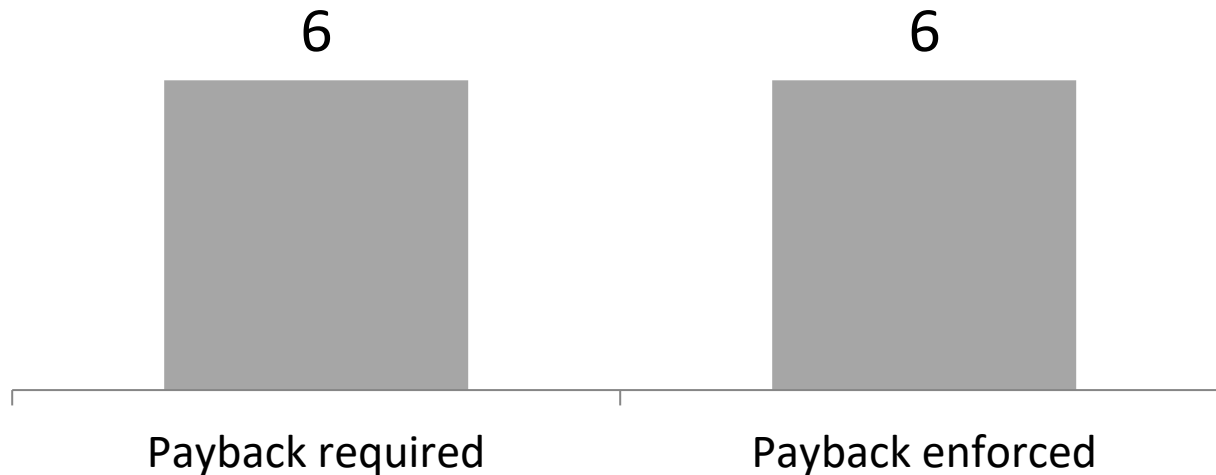
* Base Income consists of a Fixed Income and/or a Draw and Allowances/Benefits. Percentages are based on Total Income.

Ranking: Firms were ranked from highest Base Income percentage to lowest.

When Draw was offered to Partners as Base Income, payback was sometimes required and enforced

Conditions on Payback when Draw was offered as Base Income*

Illustrative data only



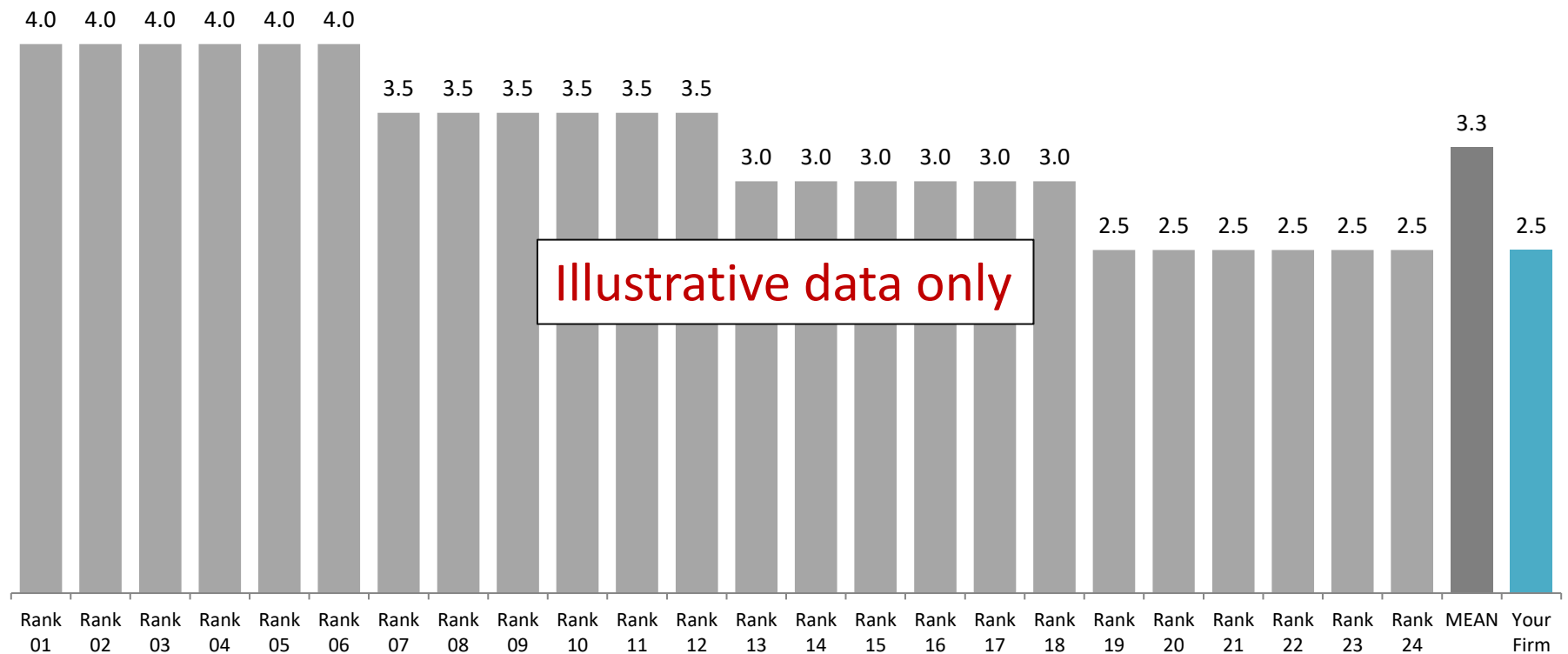
- 'Payback' refers to any paid-out Draw Income that a Partner then gives back to a Firm.
- 12 of 24 Firms offered Draw to their Partners as the main part** of Base Income.
- When Draw was offered, payback was partly required or enforced:
 - 6 of 12 Firms required payback
 - 6 of 12 Firms enforced payback

* Draw is usually as 'pre-paid' portion of future income components (e.g. Variable Bonus) paid-out regularly (usually monthly) as Base Income to Partners.

** Base Income consists of a Fixed Income and/or a Draw and Allowances/Benefits

Growth of Base Income component across all three Partner levels within Firms varied significantly between 2.5 and 4.0x

Base Income 'Growth': Maximum Base Income as a factor of entry level Primary Partner Base Income

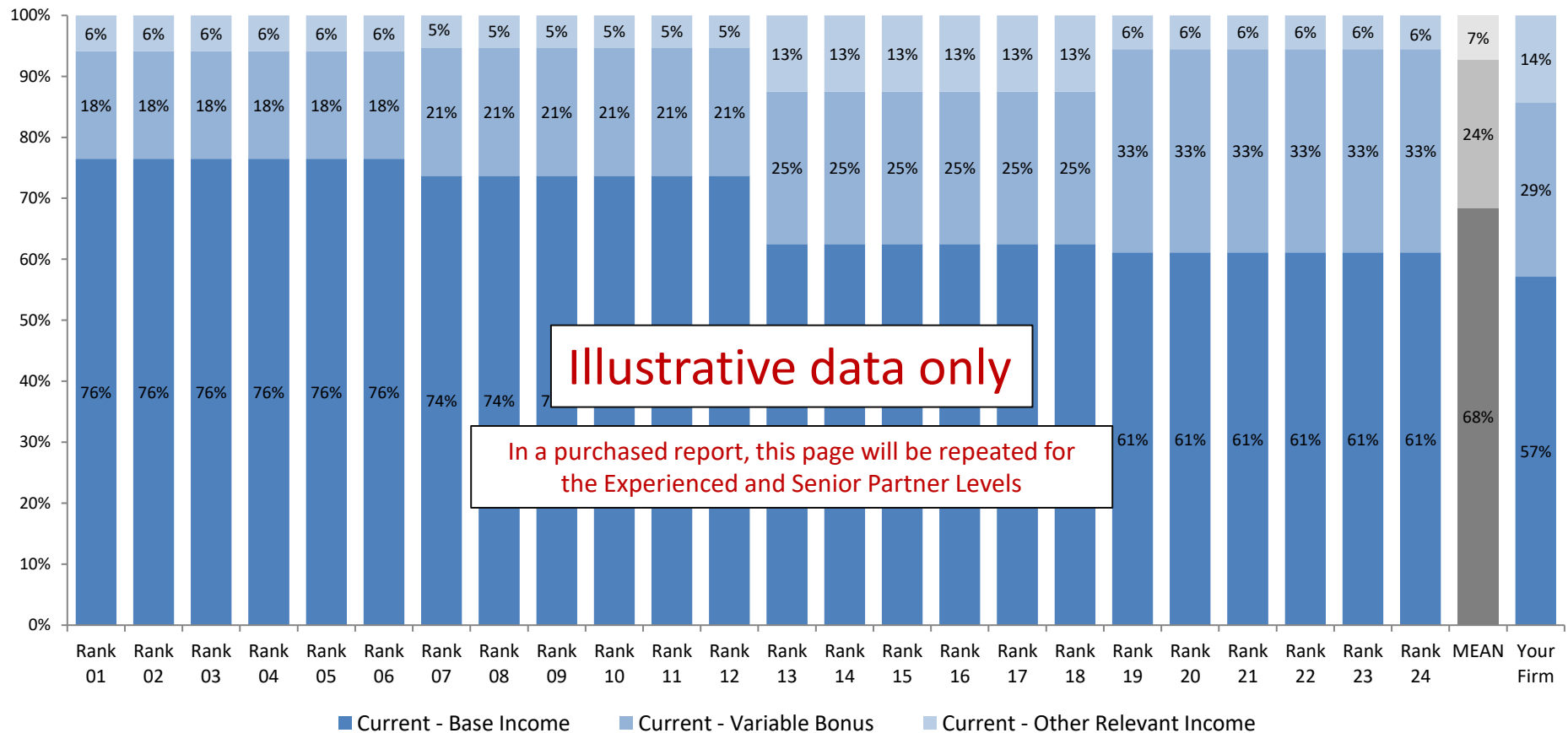


* Base Income consists of a Fixed Income and/or a Draw and Allowances/Benefit.

Ranking: Firms were ranked from highest 'Growth' of Base Income to lowest.

Variable Bonus offered to Primary Partners was between 18% and 33% of Total Current Income

Primary Partners: Structure of Current Income*



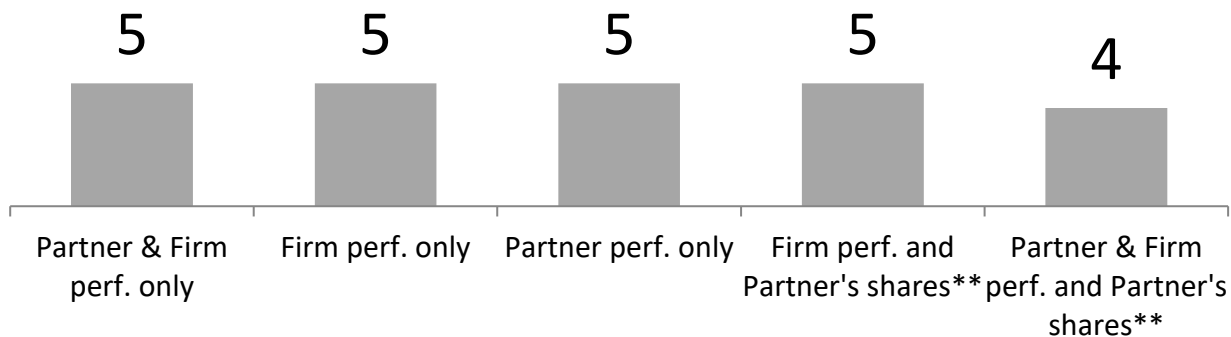
* Current Income consists of three components: Base Income, Variable Bonus, and Other Current Income. Percentages are based on Total Current Income.

Ranking: Firms were ranked from highest Base Income percentage to lowest.

Firms calculated Partner's Variable Bonus pay-out based on different criteria

Variable Bonus Pay-out: Performance Influencing Parameters*

Illustrative data only



- When determining parameters were examined, the following results were shown:
 - Some Firms (5 out of 24) calculated Partner's Variable Bonus based on both the Partner's personal performance and the Firm's results (and not directly on Partner's shares).
 - 5 Firms reported that bonus pay was only based on a Partner's personal performance.
 - 5 Firms based pay-outs only on Firm results. It should be noted that in these cases, poor Partner performance had a delayed impact on career level and associated bonus amounts.
 - 9 (5 & 4) Firms calculated pay-outs based on Partner and/or Firm performance as well as a Partner's shares.

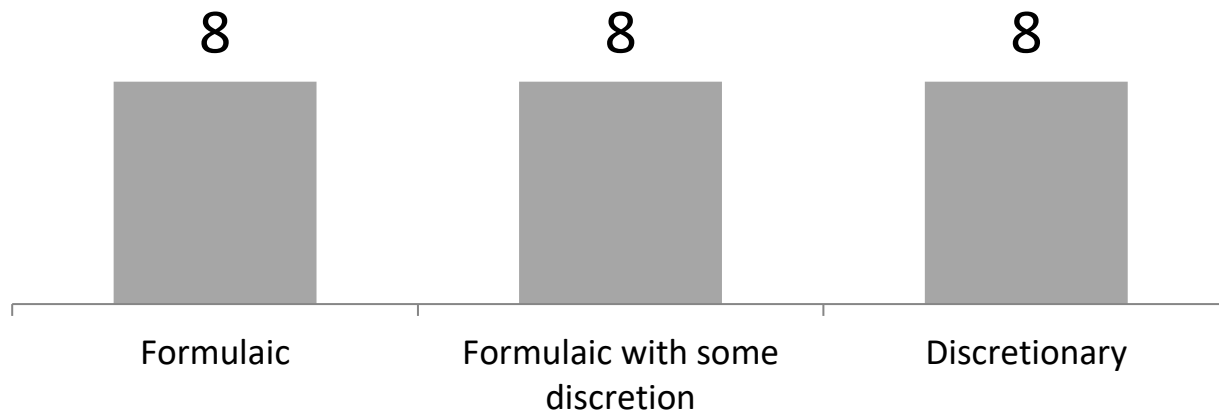
* Directly influencing parameters only. It does not take into account mid- to long-term Partner performance that may have an indirect effect on a Partner's career level and thus bonus. Likewise, it does not take into account a Partner's shares if amount of shares owned does not directly influence current year bonus calculations.

** The term 'shares' was used for any type of equity participation in a Firm (e.g. real or phantom).

A third of Firms used a formulaic only approach to determine Partner's Variable Bonus

Variable Bonus Pay-out: Calculation Process*

Illustrative data only



- When processes for determining Variable Bonus were examined, the following results were shown:
 - 8 Firms reported that the bonus was determined based only on a discretionary approach.
 - 8 of 24 Firms used both a formulaic and discretionary approach.
 - A third of Firms (8 out of 24) used a formulaic approach.

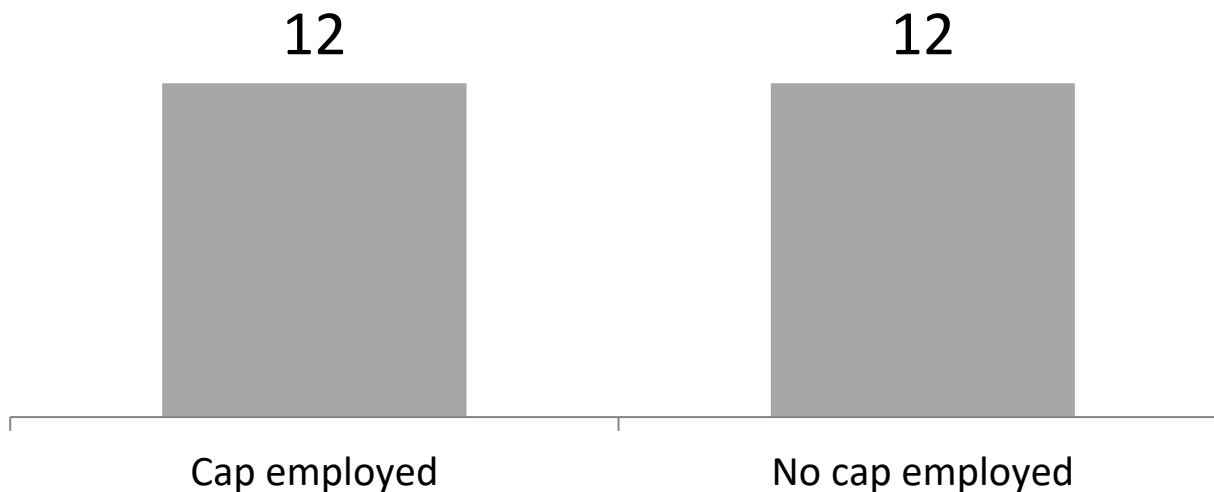
* Process

- *Formulaic: Pay-out determined based directly on a Balanced Scorecard or equivalent approach. This is mainly a quantitative assessment. It can be considered to be highly objective.*
- *Discretionary: Pay-out not determined based directly on a Balanced Scorecard or equivalent. Generally a highly subjective assessment.*

Half of Firms employed a cap on an individual's Variable Bonus pay-out

Variable Bonus Pay-out: Caps*

Illustrative data only



- Half of Firms employed an explicit or implicit cap on Variable Bonus pay-out.
- Explicit caps included clear and defined limits (e.g. maximum fixed amount or maximum percentage of target bonus).
- Implicit caps were the result of formulaic approaches to bonus calculation with respect to a bonus pool or the distribution of a pool amongst individuals.

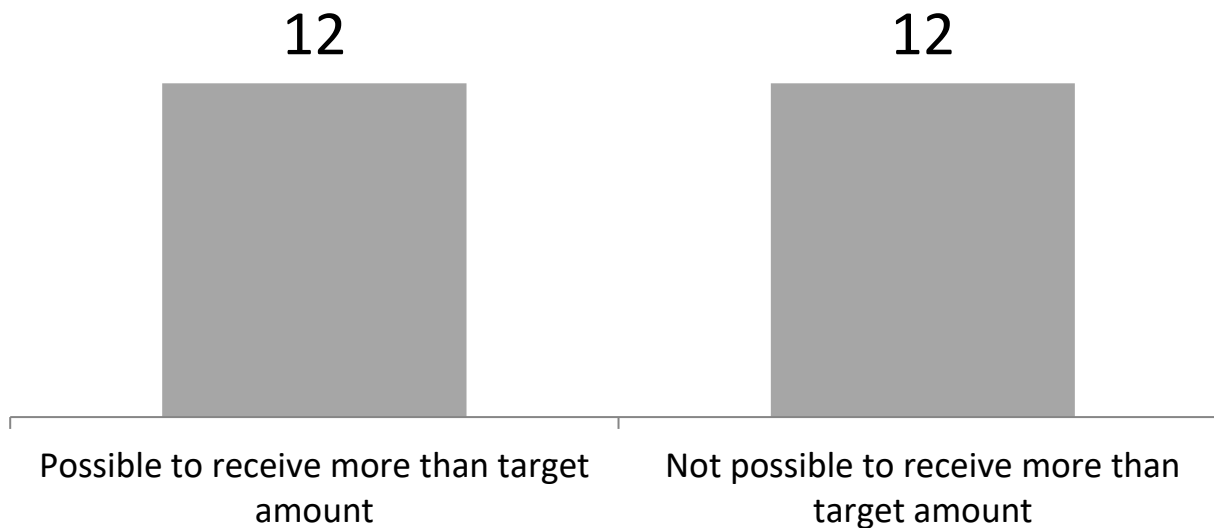
* Caps are employed to determine the maximum Variable Bonus to be paid to Partners.

Half of Firms did not limit a Partner's Variable Bonus pay-out to the Target Variable Bonus

Variable Bonus Pay-out: Above or Below Target Pay-out

- 12 out of 24 Firms employed a variable bonus system that allowed for above target pay-out.
- 12 of the 24 Firms utilised systems that did not allow for above target pay-out.

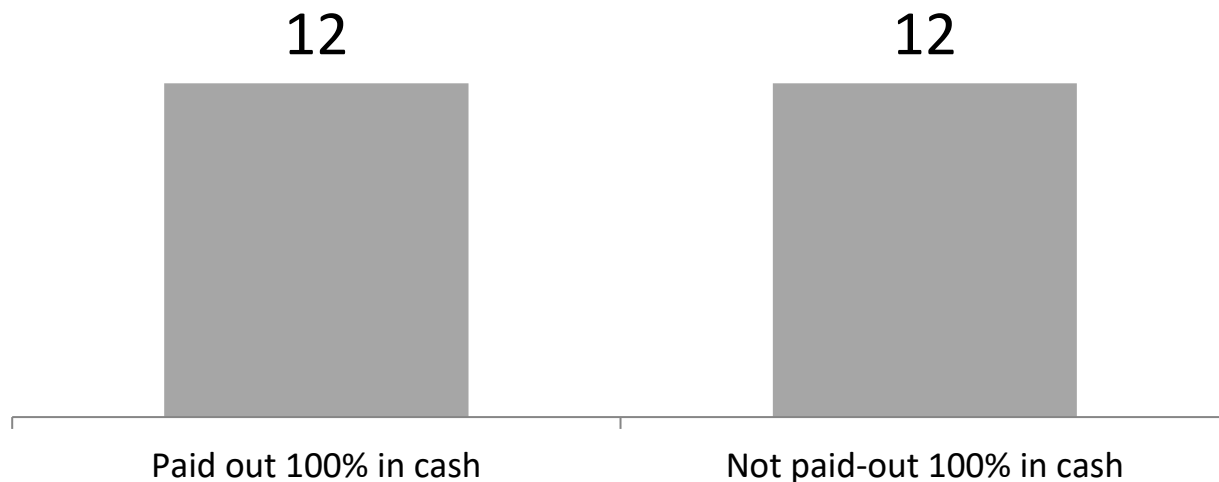
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Half of Firms paid out Partner's Variable Bonus 100% in 'cash'

Variable Bonus Pay-out: Cash Pay-out or Converted?

Illustrative data only



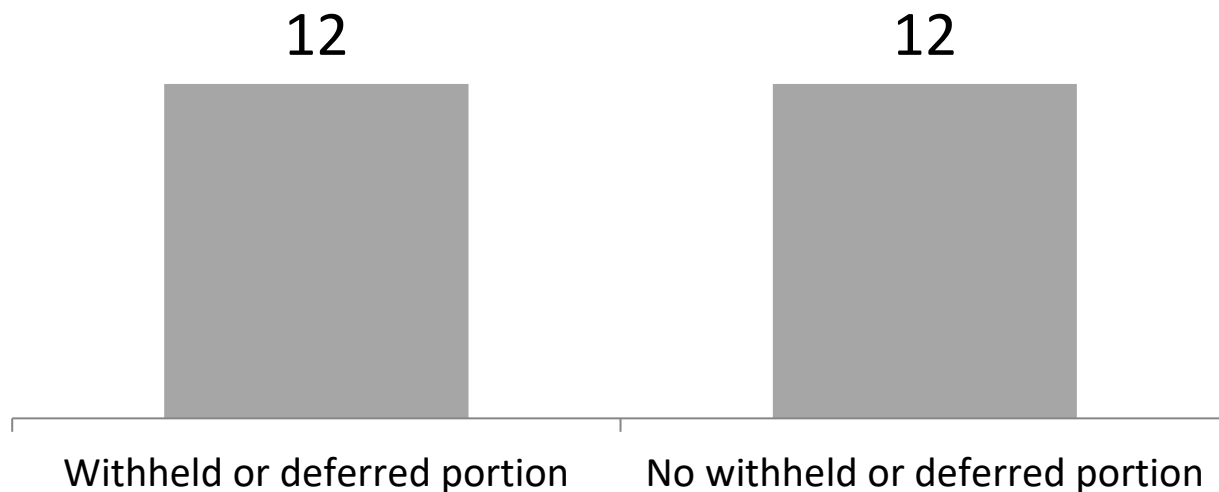
- Half of Firms (12 out of 24) paid out Partner's Variable Bonus 100% in 'cash'.
- The other half (12) offered other forms of pay-out for at least part of the bonus.

- *100% Cash: Variable Bonus Income is paid out fully, either during the current year or in instalments over several years and is not 'converted', in part, into a component of a different form, e.g. equity units*

Half of Firms did not employ a deferral or withholding (of at least a portion) of the Partner's Variable Bonus

Variable Bonus: Deferral and/or Withholding*

Illustrative data only



- Half of Firms (12 out of 24) did not employ a deferral or withholding (of at least a portion) of the Partner's Variable Bonus.
- 12 Firms deferred or withheld a portion of awarded variable bonus for pay-out at a later date.

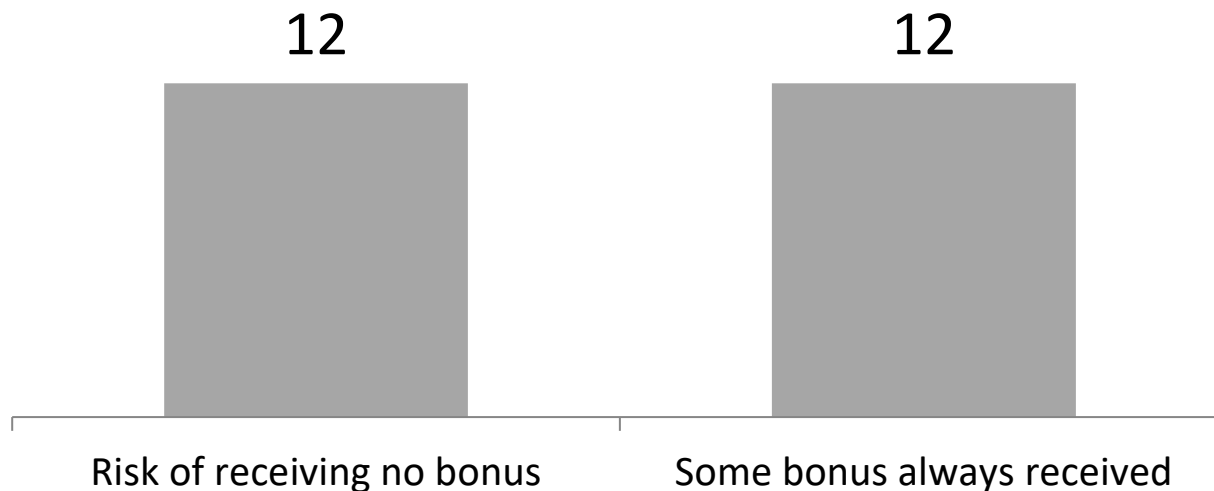
- *Deferred/Withholding: Variable Bonus Income awarded for current year is not paid out fully during the current year and/or following year. Deferred or withheld portion may be given as cash, equity or in any other form.*

It may still be categorised as Current Income in the Steady State.

50% of Firms 'guaranteed' a Variable Bonus to Partners; often there was a risk of getting no Bonus at all

Variable Bonus: Pay-out

Illustrative data only



- 50% of Firms (12 out of 24) 'guaranteed' some amount of Variable Bonus pay-out to Partners.
- At 12 out of 24 Firms there was some risk of getting no Bonus at all.

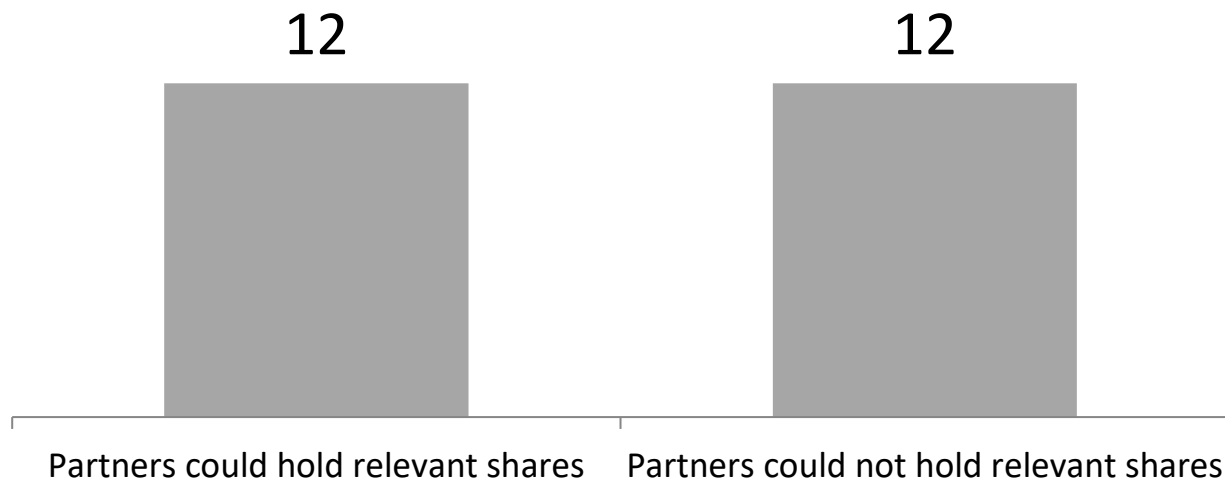
- *'Guaranteed' Bonus: The concept of a 'guaranteed' bonus disregards extreme scenarios such as a Firm severely underachieving.*

A Partner is 'guaranteed' a bonus payout if, by virtue of the payout calculation methodology employed by the Firm, they would receive more than 0% of their overall Target Bonus regardless of their personal performance.

In half of Firms, Partners could hold relevant shares* in the Firm

Equity-related Remuneration: Opportunity/Necessity to Relevant Hold Shares*

Illustrative data only



- 12 Firms did not provide the means for their Partners to hold relevant shares in the Firm.
- At half (12) of Firms, Partners could hold relevant shares in the Firm.
- **Relevant shares** were held as a consequence of distributed equity, discounted equity, awarded equity or required purchase equity.

- *Shares purchased at full price: shares purchased at full 'market' price, at either private or public Firms, were not considered as relevant shares. These were seen as equivalent to any other private investments that individuals could make.*

*Exception to this rule: Full 'market' price **required purchase shares**, i.e. shares that Partners had to purchase and hold, were considered as relevant.*

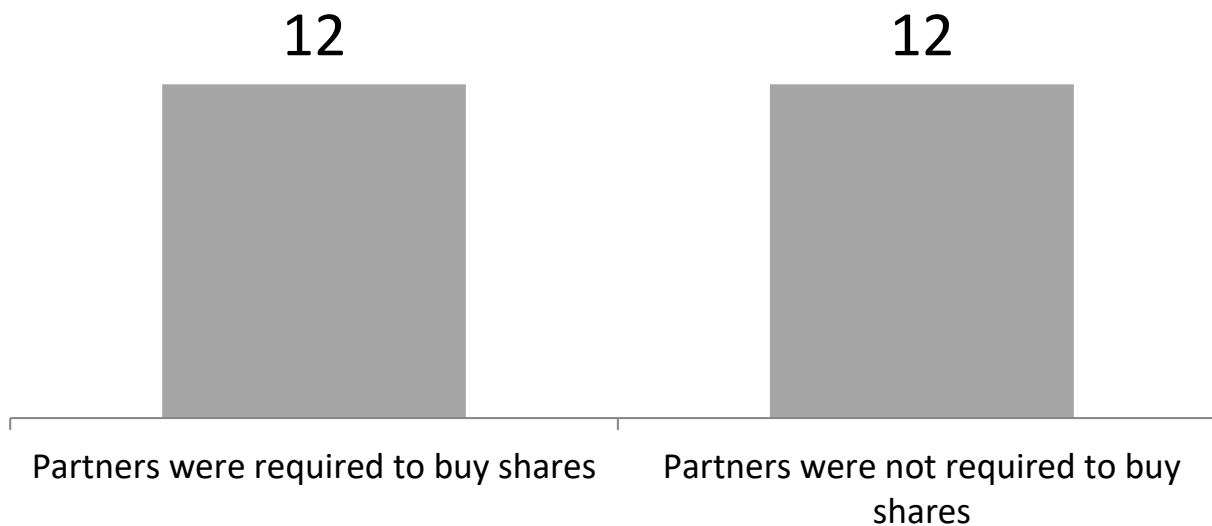
* The term 'shares' was used for any type of equity participation in a Firm (e.g. real or phantom).

In half of Firms, Partners were not required to purchase shares, but some Firms required the purchase of shares

Equity-related Remuneration: Requirement to Purchase Shares*

- In half of Firms (12 of 24), Partners were not required to purchase shares.
- In 12 Firms, all Partners were required to buy shares.

Illustrative data only



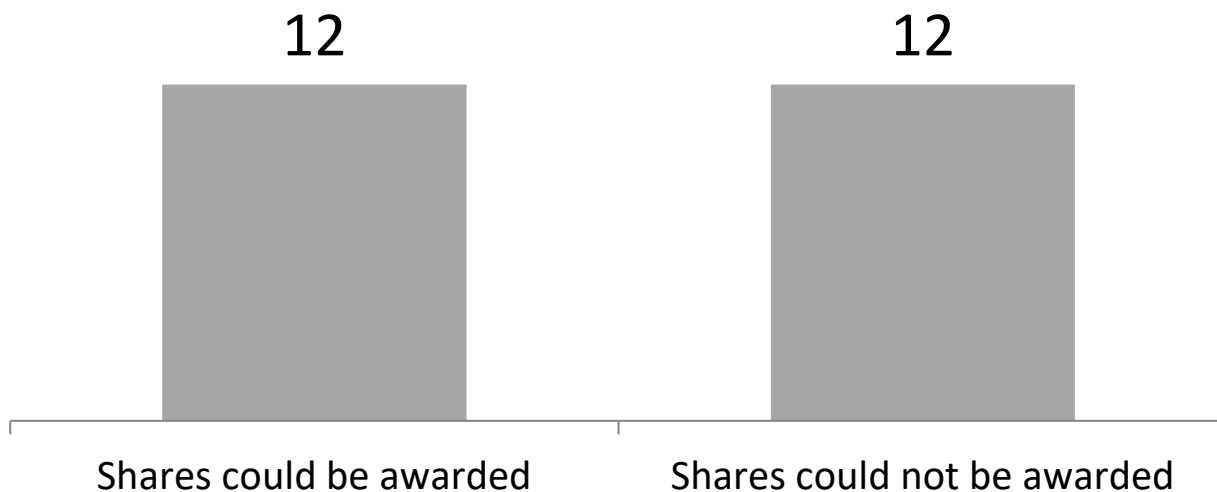
- *Required Purchase Shares: shares that Partners were obliged to purchase and hold in order to become and remain a Partner.*

* The term 'shares' was used for any type of equity participation in a Firm (e.g. real or phantom).

In half of Firms, shares could be awarded due to personal performance and/or in the event of promotion

Equity-related Remuneration: Awarded Shares*

Illustrative data only



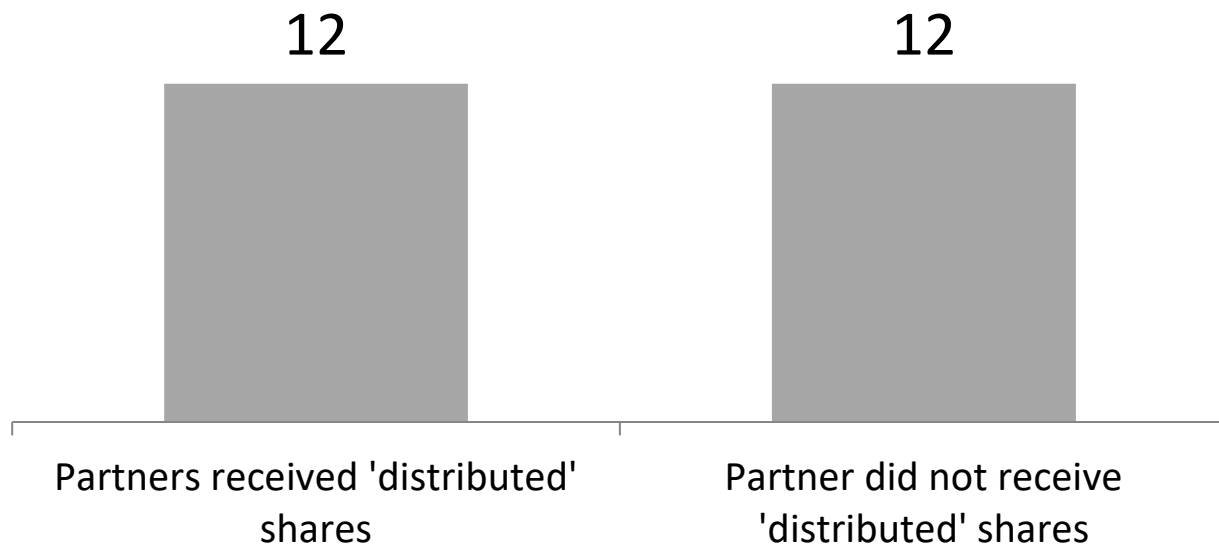
- In half of Firms (12), shares could be awarded, while in 12 Firms shares could not be awarded.
- Some Firms awarded shares due to personal performance and/or in the event of promotion.
- Awarded shares may have been fully-awarded or partially-awarded, i.e. the shares were received by Partners at no cost to themselves or at a cost less than 'market value'.
- *Awarded: Awarded shares are allocated to Partners only on the basis of achieved performance-related criteria.*
- *Distributed: Distributed shares are received by Partners as a standard consequence of a Firm's remuneration structure. i.e. distributed shares are NOT performance related, although there may be minimum thresholds that must be met.*

* The term 'shares' was used for any type of equity participation in a Firm (e.g. real or phantom).

In half of Firms, shares were not distributed as a standard consequence of the remuneration structure

Equity-related Remuneration: Distributed Shares*

Illustrative data only



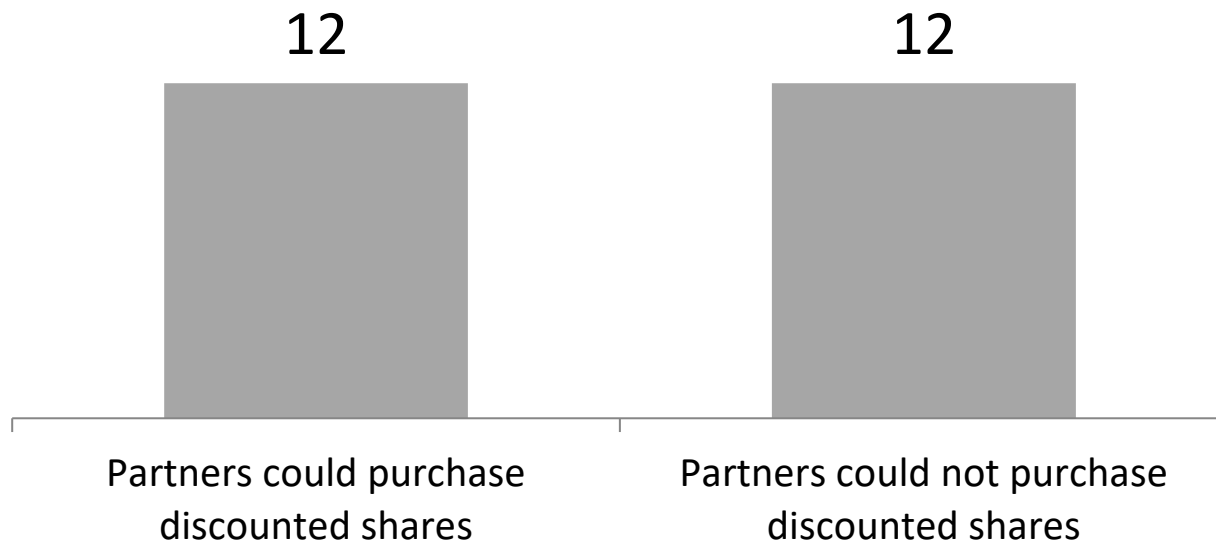
- In half of Firms (12 of 24), shares were not received by Partners as a standard component of the remuneration structure.
- In 12 Firms, Partners received shares regularly as part of the remuneration structure of the Firm. These shares were not awarded for performance but 'distributed' or 'given' at no cost to the Partners themselves.
- *Awarded: Awarded shares are allocated to Partners only on the basis of achieved performance-related criteria.*
- *Distributed: Distributed shares are received by Partners as a standard consequence of a Firm's remuneration structure. i.e. distributed shares are NOT performance related, although there may be minimum thresholds that must be met.*

* The term 'shares' was used for any type of equity participation in a Firm (e.g. real or phantom).

In half of Firms, Partners could not receive additional income by purchasing discounted shares

Equity-related Remuneration: Discounted Shares*

Illustrative data only



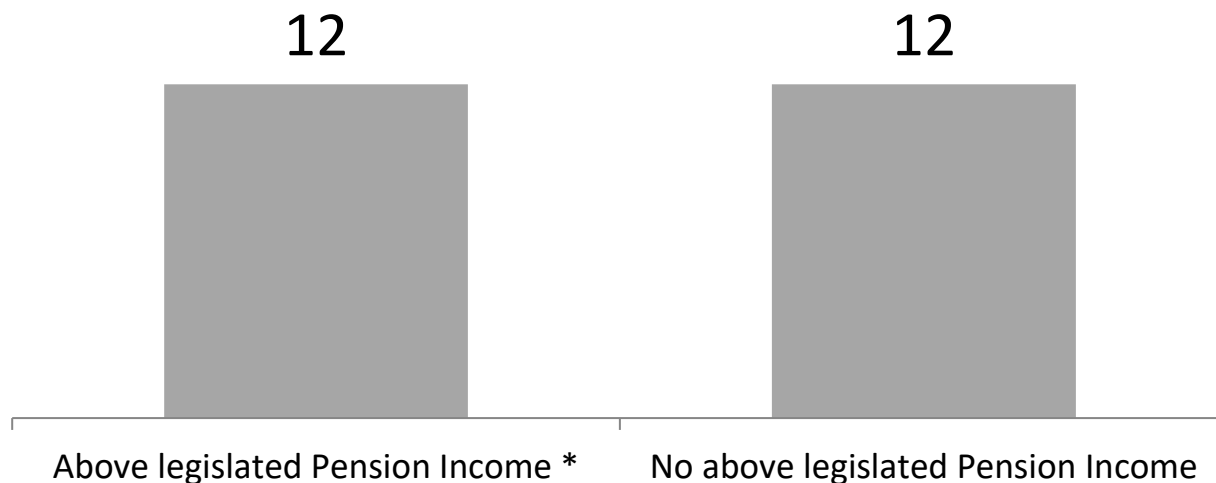
- In half of Firms (12 of 24), the opportunity to purchase discounted shares was not available to Partners.
- In 12 Firms, Partners were able to purchase shares at less than 'market price' and as such effectively received income from shares.
- Discounted shares may have been made available to all or some Partners as a standard part of the remuneration structure.
- *Discounted: Shares were purchased at less than full 'market' price or a share purchase-matching program was made available. The availability of discounted shares did not depend on performance-related criteria.*

* The term 'shares' was used for any type of equity participation in a Firm (e.g. real or phantom).

Half of the Firms offered above legislated Pension benefits

Pension-related Remuneration

Illustrative data only



- Half of the Firms offered above legislated Pension benefits.
- The other half did not offer above legislated Pension benefits or offered no Pension at all.

* Includes Firms where 'above legislated Pension' was offered to at least most Partners in most locations, i.e. it does not include those Firms that offered Pension Income in only certain locations counter to their global structure.

Two-thirds of Firms did not enforce an 'up or out' principle on their Partners

Enforcement of 'Up or Out' Principle

Illustrative data only

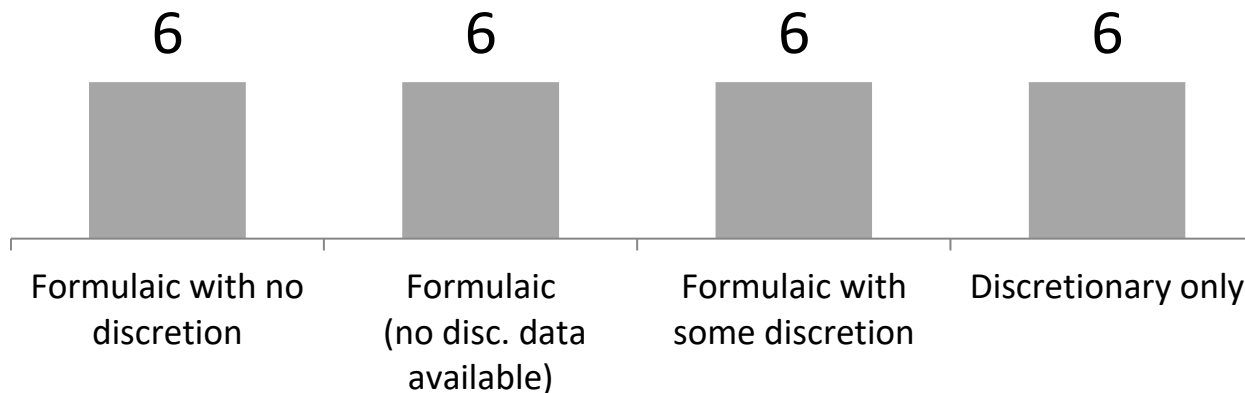


- Two-thirds of Firms (16 out of 24) did not enforce an 'up or out' principle on their Partners.
- A third of Firms enforced an 'up or out' principle on their Primary Partners. As of Experienced Partners a 'perform or go' principle was enforced.

At most Firms the Performance Appraisal Process was based on a 'formulaic'/BSC-like process

Partner Performance Appraisal: Process

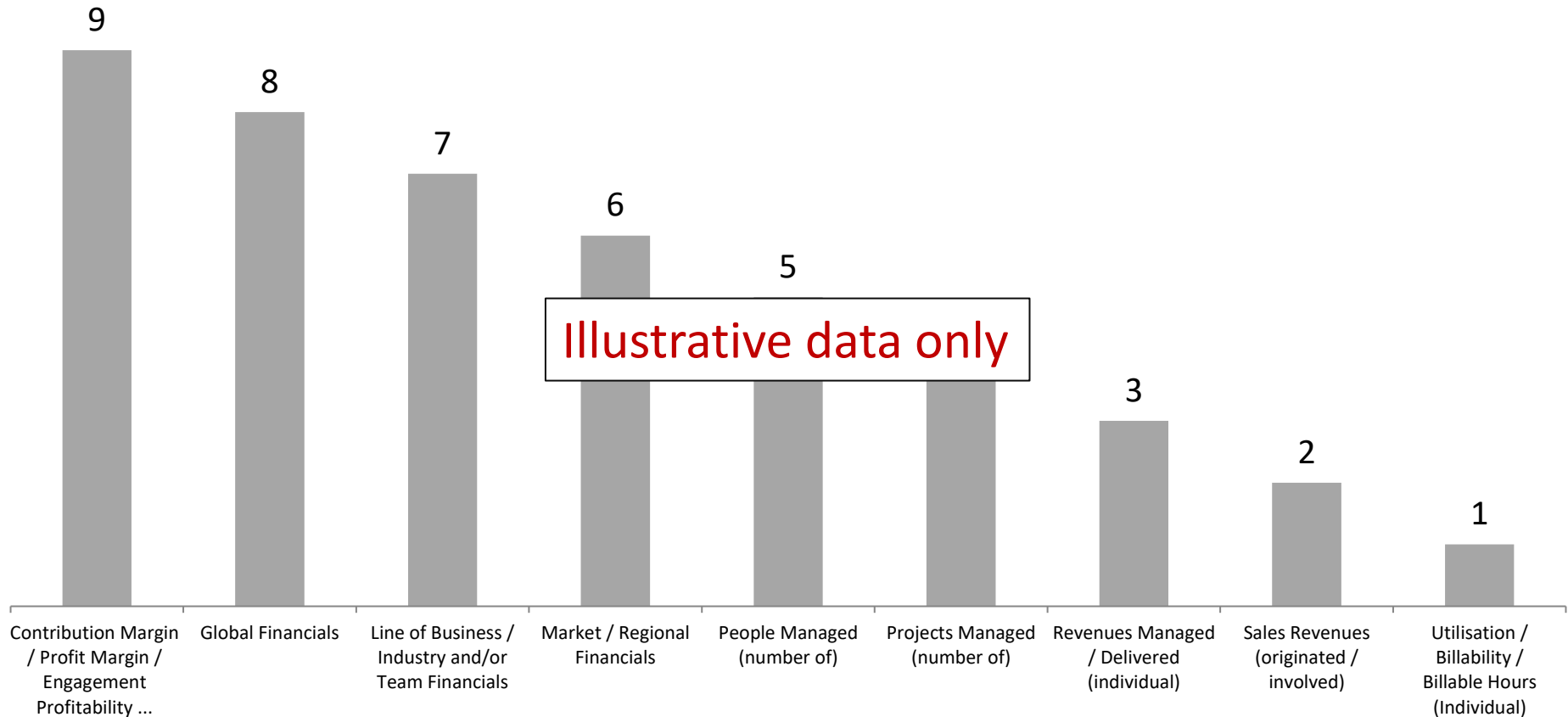
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- The majority of Firms (18) based their Partner Performance Appraisal Process on a 'formulaic'/BSC-like process
- Some Firms (6) followed a formulaic approach with no discretion.
- A further 6 Firms followed a formulaic approach but did not explicitly confirm whether or not there was room for further discretion.
- 6 Firms allowed some discretion within their formulaic approach to performance evaluation.
- 6 Firms followed a discretionary only approach.

Firms used a variety of key quantitative metrics in Balanced Scorecard evaluations

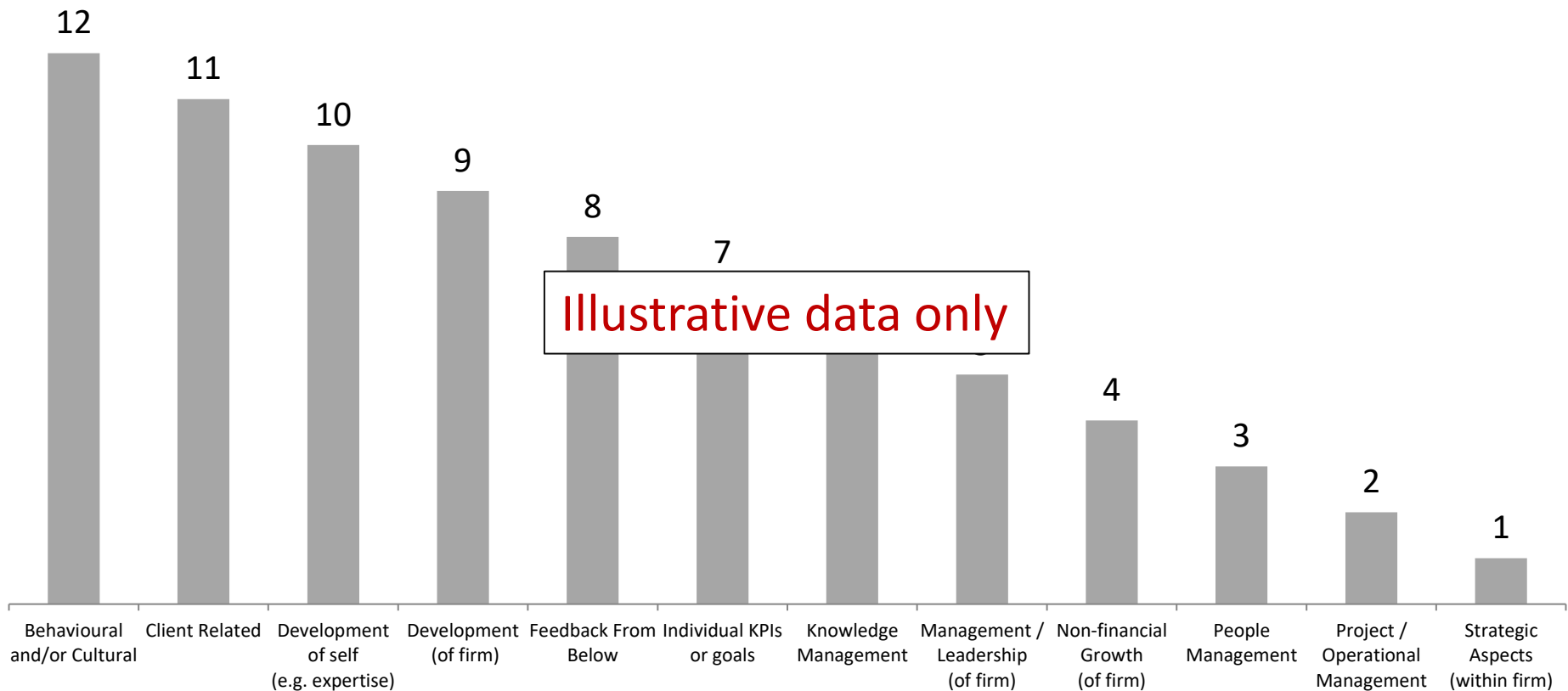
Partner Performance Appraisal: Balanced Scorecard (BSC) – ‘Hard’ Goals / Quantitative Criteria*



* Criteria ranked in order of most commonly stated first. E.g. 9 Firms reported 'Contribution Margin...' as being one of the quantitative criteria they used to evaluate Partner performance.

Firms used a variety of key qualitative metrics in Balanced Scorecard evaluations

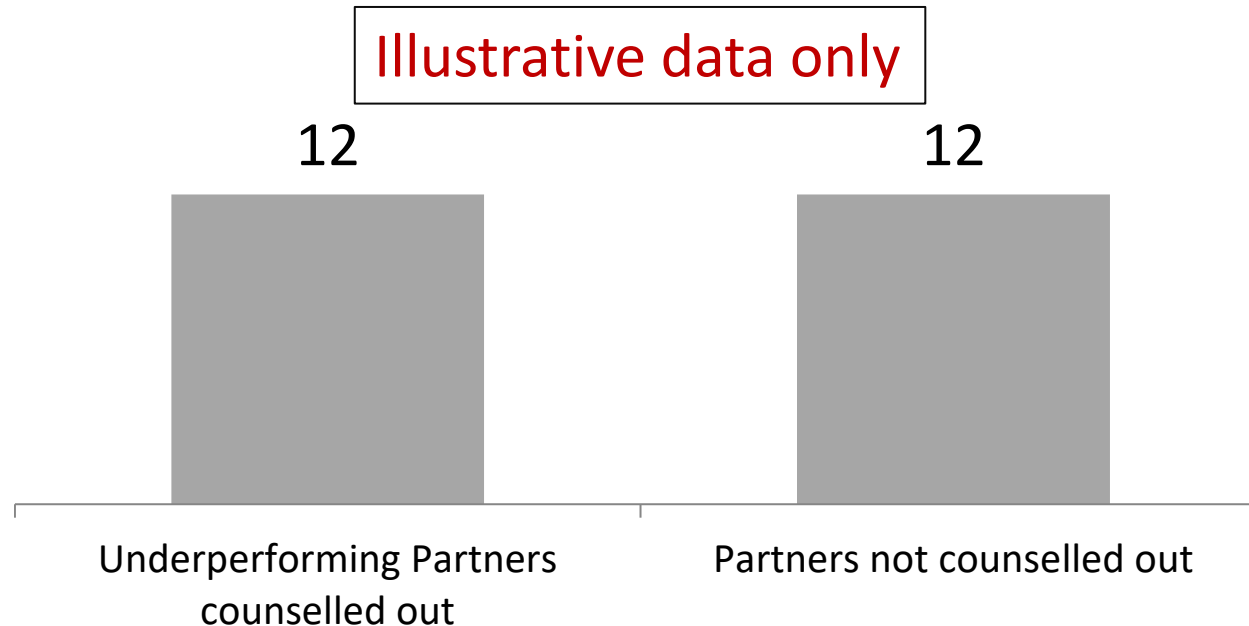
Partner Performance Appraisal: Balanced Scorecard (BSC) – ‘Soft’ Goals / Qualitative Criteria*



* Criteria ranked in order of most commonly stated first. E.g. 12 Firms reported 'Behavioural and/or Cultural' as being one of the qualitative criteria they used to evaluate Partner performance.

Half of Firms reported that underperforming Partners were counselled out; some reported some flexibility

Partner Performance Appraisal: Underperformance of Partners

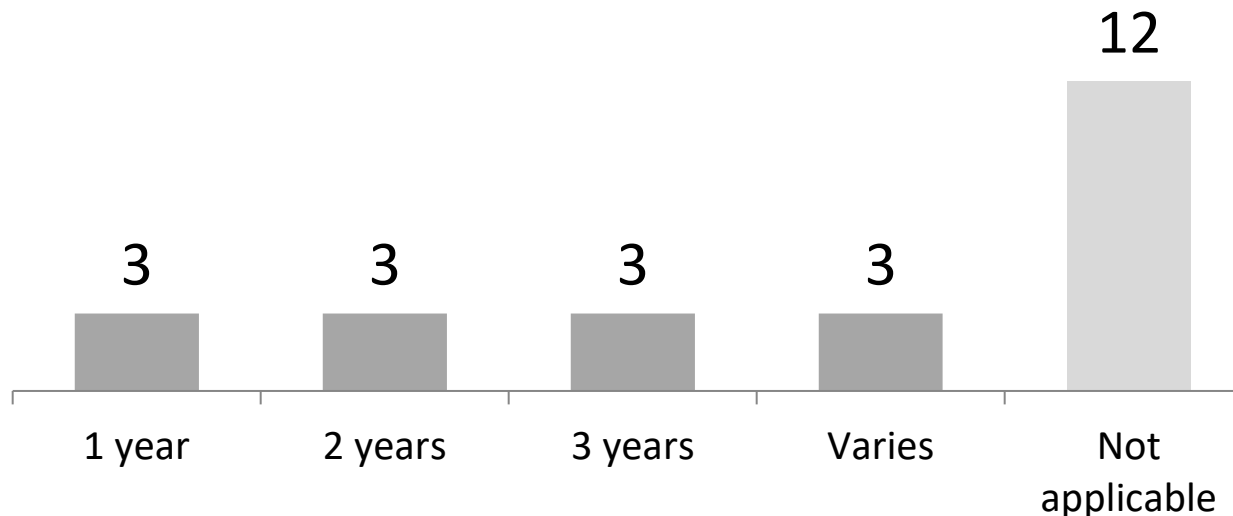


- Half (12) of Firms reported that all underperforming Partners were counselled out.
- Some Firms (6) reported that counselling was strictly enforced while more Firms (6) reported that it was not strictly enforced.
- In addition, some Firms (6) reported that counselling could be handled in a 'flexible' manner and/or was negotiated.
- 12 out of 24 Firms used 'mentoring' to manage the improvement process for underperforming Partners.
- 12 Firms reported that underperforming Partners would not be counselled out.

The time before Partners were considered for 'counselling out' varied between 1 and 3 years

Partner Performance Appraisal: Time to be considered for 'Counselling Out'

Illustrative data only



- The time before Partners were considered for 'counselling out' varied between 1 and 3 years.
- Half of Firms (6 out of 12), that had a policy of counselling out, reported that 2 or less years of poor performance would lead to a counselling out process.
- In addition, 12 out of 24 Firms reported that formal Performance Improvement Plans were used to help underperformers.
- Firms further reported that Partners were then given between half a year and up to 3 years to sufficiently improve.

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Detailed Summaries of Remuneration Structures by Firm

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Appendix

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* In a purchased report, these sections will each contain 2 additional pages. ** In a purchased report, this section will contain a Detailed Summary for each firm.







The following section provides detailed remuneration structure information for each participating Firm

- Firm by Firm details, presented in the following section, allow detailed insights into the various and diverse remuneration structures.
- Aspects of remuneration structures covered, for each Firm where appropriate, herein include:
 - Partner career development
 - Partner career structure
 - Pay mix (i.e. further breakdown into remuneration components)
 - Variable Bonus and incentive mechanics
 - Equity, Pension, and LTIP
 - Performance evaluation process of Partners
 - Management of poor Partner performance

Firm 08 – IT-Based Firm

**The following pages (55 to 65) present a Detailed Summary for one participating Firm.
The complete survey will include a Detailed Summary for each participating Firm.**

Firm Characteristics

| Firm Number <i>(for this version of this Survey only)</i> | | Firm 08 |
|--|---|---|
| Firm Type | | ITF |
| Criteria | A: Size - Revenues (USD Mio.) |  |
| | B: Size - Consultants (Number) |  |
| | C: Revenue per consultant (USD 000's) |  |
| | D: International presence (Countries with offices) |  |
| | E: Industries served (Scope / Number) |  |
| | F: Services offered (Scope / Number) |  |

Low



Medium



High



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Firm 08 offered several levels for Partner progression

PLEASE NOTE – THIS IS AN EXAMPLE REPORT ONLY – ALL DATA IS ILLUSTRATIVE

Career Development

- Firm 08 offered several levels for Partner career path and progression. These were matched to Vencon Research's three generic levels: Primary, Experienced, and Senior Partners.
- Firm 08 also had a significant number of staff at Vencon Research's Principal levels, who fulfilled Partner related tasks.
- Whereas differences between Primary and Experienced Partner salaries were largely influenced and defined by the higher sales and revenue targets, Senior Partners were Regional Leaders or held P&L responsibility for large Lines of Business.
- Promotion through the Partner levels was Balanced Scorecard feedback based.
- There was no prescribed timescale for advancement to the next level, as the levels were indicative of managerial responsibility and revenue delivery, rather than tenure-based seniority.
- Firm 08 did not practice an 'up or out' policy within the Partner group.

Firm 08 used four components of compensation to offer a well balanced remuneration structure

PLEASE NOTE – THIS IS AN EXAMPLE REPORT ONLY – ALL DATA IS ILLUSTRATIVE

Structure of Remuneration – Overview

| Current | Deferred |
|---|--|
| Base income (including fixed income and 'draw'): <ul style="list-style-type: none"> - Paid-out regularly (at least monthly) - Often part of the firm's personnel budget - Sums shown were paid out p.a. | Equity Income (Deferred): <ul style="list-style-type: none"> - Income provided in the form of equity only available at (or after) retirement or an exit event - Sums shown indicate employer contribution p.a. - Sums shown were not discounted |
| Variable bonus income: <ul style="list-style-type: none"> - Paid-out usually only once per year - Based on targets set at the start of the year - Often paid-out based on the profits of the company and/or country - Sums shown were paid out p.a. | Pension contributions and rewards: <ul style="list-style-type: none"> - Firm's contribution to a company financed pension / retirement savings fund - Sums shown are firm's contribution p.a. - Only available at (or after) retirement or an exit event |
| Other relevant income (interest / dividends, equity units / derivatives & other current income): <ul style="list-style-type: none"> - Includes dividends on required purchase equity and interest on loans made by Partner to the firm - Income in the form of equity that is available before retirement or an exit event | Other deferred, e.g. external investment opportunities: <ul style="list-style-type: none"> - Investment in stock, stock options and/or phantom derivatives thereof of an external company - Sums shown were paid out p.a. after sale or realisation of investment |

Offered



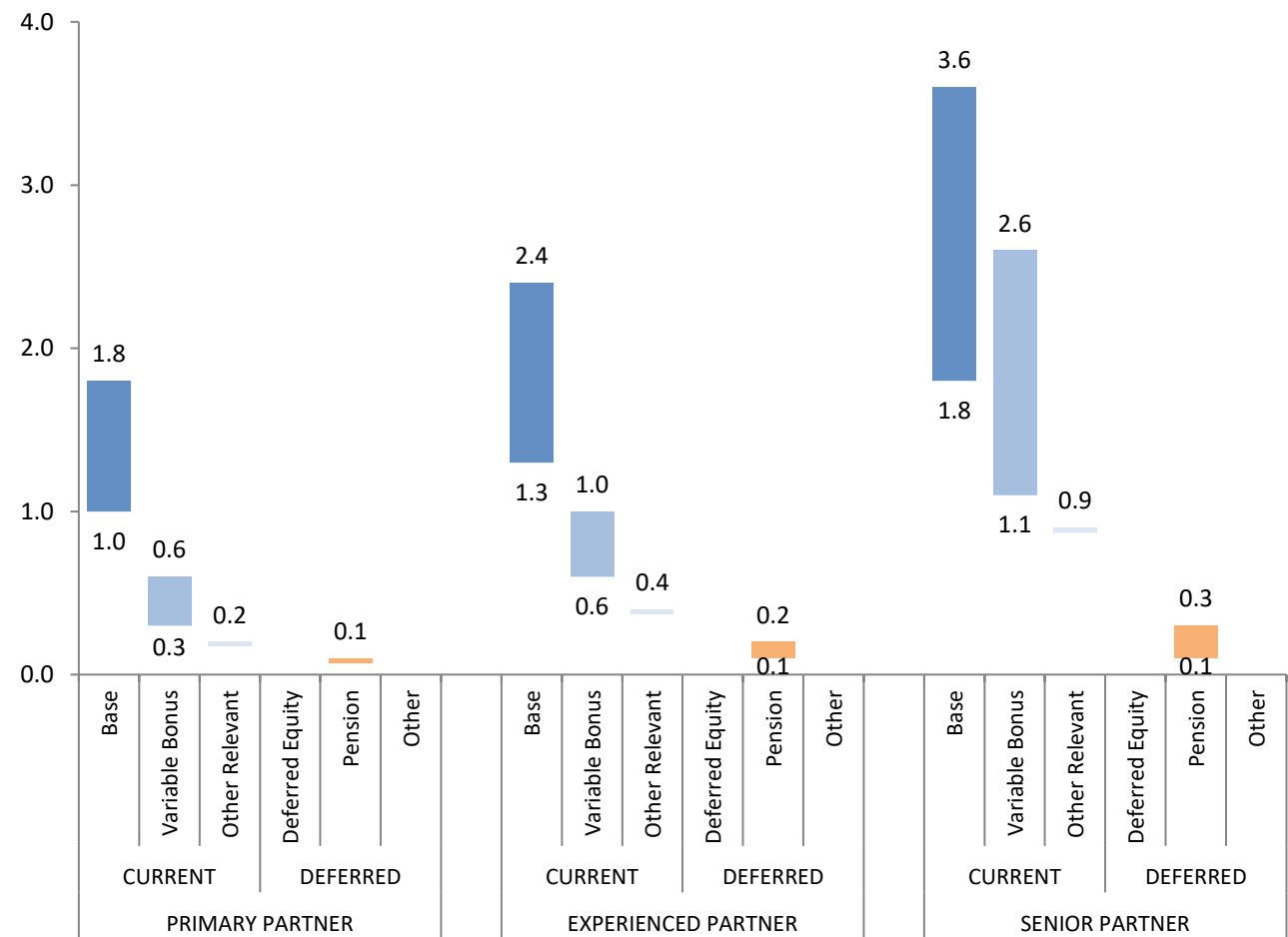
Not offered



Firm 08 offered one component of Base Income, which was salaried, i.e. 100% fixed

PLEASE NOTE – THIS IS AN EXAMPLE REPORT ONLY – ALL DATA IS ILLUSTRATIVE

Component Value as a Factor of Entry Level Primary Partner Base Income



| Partner Level | Base Income | | |
|---------------|------------------------|----|---------|
| Primary | 1.0 x's | to | 1.8 x's |
| Experienced | 1.3 x's | to | 2.4 x's |
| Senior | 1.8 x's | to | 3.6 x's |
| | Variable Bonus Income | | |
| Primary | 0.3 x's | to | 0.6 x's |
| Experienced | 0.6 x's | to | 1.0 x's |
| Senior | 1.1 x's | to | 2.6 x's |
| | Other Relevant Income | | |
| Primary | 0.2 x's | to | 0.2 x's |
| Experienced | 0.4 x's | to | 0.4 x's |
| Senior | 0.9 x's | to | 0.9 x's |
| | Deferred Equity Income | | |
| Primary | - | to | - |
| Experienced | - | to | - |
| Senior | - | to | - |
| | Pension Income | | |
| Primary | 0.1 x's | to | 0.1 x's |
| Experienced | 0.1 x's | to | 0.2 x's |
| Senior | 0.1 x's | to | 0.3 x's |
| | Other Deferred Income | | |
| Primary | - | to | - |
| Experienced | - | to | - |
| Senior | - | to | - |

Firm 08 offered one component of Base Income, which was salaried, i.e. 100% fixed

PLEASE NOTE – THIS IS AN EXAMPLE REPORT ONLY – ALL DATA IS ILLUSTRATIVE

Current Income – Base Income

- Firm 08 offered one element of Base Income, which was salaried, i.e. 100% fixed and:
 - was not based on a draw on variable performance
 - was directly dependent on and defined by the Partner's level
 - was limited to three levels: Primary, Experienced, Senior Partner
 - wherein the Primary level comprised the majority of the total Partner population
- Strong Base Income growth was possible within the Primary and Experienced level, dependent upon performance, BSC appraisal rating, market movements and, in some cases, additional responsibilities.

- Base Income ranged, as a factor of the Base Income of an entry level Primary Partner, as per the table:

| Partner Level | Base Income | | |
|---------------|-------------|----|---------|
| Primary | 1.0 x's | to | 1.8 x's |
| Experienced | 1.3 x's | to | 2.4 x's |
| Senior | 1.8 x's | to | 3.6 x's |

Please note: Base Income consists of a Fixed Income and/or a Draw and Allowances/Benefits.

Structure of Base Income

| Criteria | |
|---|------|
| Includes a 'fixed' portion | Yes |
| Related to level or equity units | Yes |
| Additional remuneration available for administrative responsibilities | No |
| Includes a 'draw' on variable | No |
| Related to level or equity units | N.a. |
| Payback of draw required | N.a. |
| Payback of draw enforced | N.a. |
| Income - local market or geography based | Yes |

Firm 08 offered one component of Base Income, which was salaried, i.e. 100% fixed

PLEASE NOTE – THIS IS AN EXAMPLE REPORT ONLY – ALL DATA IS ILLUSTRATIVE

Current Income – Base Income (continued)

- Target Income per individual Partner was based on their position within the firm and the application of a company wide formula which defined Base Income and the corresponding Variable Bonus Income.
- Base Income emphasised market rates per Partner level per country and were industry and geographically oriented; however, the individual Base Income received also reflected individual positioning (and/or importance) within firm.
- Base Income may also include extra remuneration for additional administrative responsibilities, market or industry orientation, practice or other company leadership roles.
- Higher base salaries could therefore be achieved for example by holding a leading management position, achieving significant sales and revenues, or a combination thereof.
- Hence, a relatively high level of income overlap between Partner levels was possible.

Target Variable Bonus Income ranged between 0.3x's and 2.6x's Base Income

PLEASE NOTE – THIS IS AN EXAMPLE REPORT ONLY – ALL DATA IS ILLUSTRATIVE

Current Income – Variable Bonus Income

- Firm 08 offered Variable Bonus Income as a performance incentive.
- Incentive payments were factored to reflect overall business performance. Target bonus factors shown assumed 100% funding of the 'target pool', i.e. on-target performance of the business.
- The incentive pool was funded based on the achievement of the planned metrics, e.g. assuming that 90% of the planned results were achieved then the pool would be 90% of the planned pool.
- Individual Partner BSC results would be multiplied by a factor that represented the under or over-performance of the business.
- Target incentive payment was achieved by an individual meeting their BSC targets. Under or over achievement could result in 0% and 300% of the target incentive.
- In theory, actual Variable Bonus Income was not capped and thus not limited.
- The overall incentive funding budget was set on the basis of an 80% cut-off.
 - Thus, incentive payments were made only to the top 80% performing Partners each year, as determined by their BSC evaluation.
 - The lowest 20% performers received no bonus.
- Variable Bonus Income ranged, as a factor of the Base Income of an entry level Primary Partner, as per the table:

| Partner Level | Variable Bonus Income | | |
|---------------|-----------------------|----|---------|
| Primary | 0.3 x's | to | 0.6 x's |
| Experienced | 0.6 x's | to | 1.0 x's |
| Senior | 1.1 x's | to | 2.6 x's |

Structure of Variable Bonus Income

| Criteria | |
|---|----------------|
| Related to Partner level or equity units | Yes |
| Dependent on Firm performance | Yes |
| Dependent on Partner performance | Yes |
| Bonus calculation process | Formulaic only |
| Bonus cap | No |
| Can Partners receive over 100% of target? | Yes |
| Can a Partner receive 0% of target? | Yes |

Top performing Partners were additionally awarded a fixed sum of equity units annually

PLEASE NOTE – THIS IS AN EXAMPLE REPORT ONLY – ALL DATA IS ILLUSTRATIVE

Current Income – Other Relevant Income – Equity Income

- The firm annually awarded the top (ca. 80%) performing Partners a fixed number of equity units.
- Equity units would vest over the mid- to long-term.
- High performing Senior Partners were awarded additional equity units, the release of which was dependent upon the firm's performance over the subsequent vesting period.
- The value of the equity units awarded was dependent on geography and reflected local market rates.
- The equity units vested in two instalments over the full vesting period. Thus, in the steady state a Partner who had received an award every year for the entire holding period would be in receipt of fully vested bundle of equity units in that year, and each year thereafter.
- Fully vested equity units could be cashed in at any time.
- Unvested equity units would normally be forfeited upon leaving the firm.
- Furthermore all new Partners were awarded a one-off additional grant of equity units, to the same value, and under the same vesting period, upon their initial appointment to the Partnership.
- Equity Income was dependent on Partner level and ranged as a factor of entry level Base Income as per the table below:

| Partner Level | Other Relevant Income | | |
|---------------|-----------------------|----|---------|
| Primary | 0.2 x's | to | 0.2 x's |
| Experienced | 0.4 x's | to | 0.4 x's |
| Senior | 0.9 x's | to | 0.9 x's |

Although there was no single firm-wide pension plan in place, plans were offered in most countries

PLEASE NOTE – THIS IS AN EXAMPLE REPORT ONLY – ALL DATA IS ILLUSTRATIVE

Deferred Income – Pension Income

- Firm 08 had no single firm-wide pension plan in place on an international basis.
- However, separate pension plans existed in many countries. These followed local market regulations and conditions, competitor practice and legal and tax requirements.
- The local practices varied from no scheme beyond the statutory minimum to, for example, 0.3x's the Base Income of an entry level Primary Partner in some 'main' countries as per the table below:

| Partner Level | Pension Income | | |
|---------------|----------------|----|---------|
| Primary | 0.1 x's | to | 0.1 x's |
| Experienced | 0.1 x's | to | 0.2 x's |
| Senior | 0.1 x's | to | 0.3 x's |

Individual Partner performance was assessed using Balanced Scorecard results and determined Variable Bonus Income

PLEASE NOTE – THIS IS AN EXAMPLE REPORT ONLY – ALL DATA IS ILLUSTRATIVE

Performance Evaluation

- The performance-based Variable Bonus Income was determined from a scorecard assessment of each Partner's individual performance.
- A number of major relevant and weighted scorecard-criteria were used, including:
 - Project profitability
 - Client revenue generated
 - Client development (including repeat business)
 - Additional qualitative and non-financial elements, for example, people management, customer satisfaction, leadership, practice and intellectual capital development.
- Although function, practice and geographic leadership were recognised and rewarded as management responsibilities, the firm did not employ Partners solely for such functional responsibilities. Major functions such as HR, Finance and Marketing were professionally handled by non-Partners.
- An average performer, achieving all their targets, could expect to receive the targeted bonus for their level. Over or underperformance would be reflected in a multiple of the target bonus, ranging from 0% to 300% of target.
- Revenue targets were assigned individually based on previous performance, market and business (service) line, e.g. strategy consulting typically had a lower target than operations consulting.
- Further differences were made in respect of the geographic location and maturity of the business, e.g. Asia/Pacific typically had lower targets than the mature markets of North America or Europe.
- Evaluation results rated each Partner in percent of achievement against target and were summarised as one of three ratings ('below', 'on-target' or 'above').
- In practice, some Partners could exceed the upper sales target by a considerable margin; this would be recognised through evaluating such performance as in excess of 100%.
- The reviewer was the Partner's coach/mentor, usually a more senior Partner.

Partners receiving two consecutive ‘poor’ annual performance ratings would be put on a ‘PIP’

PLEASE NOTE – THIS IS AN EXAMPLE REPORT ONLY – ALL DATA IS ILLUSTRATIVE

Poor Performance

- There was no formal ‘up or out’ process for the Partners levels.
- However the Principal levels had to achieve significant revenue streams before promotion to full Partnership, which effectively precluded the need for ‘up or out’ at the higher levels.
- If a Partner received two consecutive ‘poor’ annual performance ratings they would be put on a performance improvement plan (‘PIP’), giving them a specified amount of time to improve to acceptable levels.
- If their performance under the PIP did not improve, or the underperformance had originally been too poor to merit a PIP, they would be counselled out of the firm. This process was strictly enforced throughout the firm.

Contents

Introduction and Methodology

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Detailed Summaries of Remuneration Structures by Firm

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Appendix

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* In a purchased report, these sections will each contain 2 additional pages. ** In a purchased report, this section will contain a Detailed Summary for each firm.

The job matching process included consideration of ‘Key Results Areas’ and ‘Progression Criteria’

Partner Job Matching - Additional Information (1/4)

- These overviews of Roles and Responsibilities are a guide rather than a set of prescriptive and absolute criteria.
- They are an example of what Vencon might expect to see, in general, for large international consulting Firms.
- Firm size and scope (Firm Revenue, Number of Consultants, International Presence, etc.) must be taken into consideration.

| Criteria | | PRIMARY PARTNER | EXPERIENCED PARTNER | SENIOR PARTNER |
|----------------------|--|---|--|---|
| Key Results Areas | Development of Firm's Brand / Reputation | • Involved | • Responsible | • Responsible |
| | Strategic Leadership / Direction of Firm | • Involved | • Responsible | • Responsible |
| | Client Relationships | • Key-client relationship leader | • Strategic (trans-) national relationships | • Strategic (trans-) national relationships |
| | Business Generation | • New business | • Significant new business | • Significant new business; often “rainmaker” |
| | Leadership of Service Line / Industry Practice | • Possibly part of national or regional | • National or regional | • Regional or global |
| | Leadership of Major Function | • Possibly national of e.g. Finance, HR | • Possibly regional of e.g. Finance, HR | • Possibly global of e.g. Finance, HR |
| | Business Relationship | • Project direction | • Major business relationships | • Strategic business relationships |
| Progression Criteria | Career Position | <ul style="list-style-type: none"> • Often a career position • ‘Up or out’ policy may be enforced • ‘Perform or go’ policy may be enforced | <ul style="list-style-type: none"> • Career position • No ‘up or out’ policy • ‘Perform or go’ policy may be enforced | <ul style="list-style-type: none"> • Career position • No ‘up or out’ policy • ‘Perform or go’ policy may be enforced |
| | Sales Revenue | • Required to generate revenue equivalent to several multiples of own cost | • Required to generate higher revenue than previous level | <ul style="list-style-type: none"> • Can often be required to generate higher revenue than previous levels • May not be required to generate revenue (in favour of managing revenues) |
| | Managed Revenue | • Often not required to manage revenue (of other Partners) | • May be required to manage revenue of other (often lower level) Partners | • Often required to manage revenue of other (often lower level) Partners |
| | Utilisation / Billable Hours | • Expected to achieve a ‘solid’ rate | • Expected to achieve a minimum rate | • May be expected to achieve a minimum rate |

Job matching included consideration of ‘Professional Skills and Qualifications’ and ‘Client Relationships’

Partner Job Matching - Additional Information (2/4)

- These overviews of Roles and Responsibilities are a guide rather than a set of prescriptive and absolute criteria.
- They are an example of what Vencon might expect to see, in general, for large international consulting Firms.
- Firm size and scope (Firm Revenue, Number of Consultants, International Presence, etc.) must be taken into consideration.

| Criteria | | PRIMARY PARTNER | EXPERIENCED PARTNER | SENIOR PARTNER |
|--------------------------------------|---|---|---|---|
| Professional Skills & Qualifications | Masters / PhD | • Masters degree; possibly PhD | • Masters degree; possibly PhD | • Masters degree; possibly PhD |
| | Negotiation / Conflict Resolution | • Skilled | • Highly skilled | • Eminently skilled |
| | Board-Level Management | • Business and commercial abilities | • Business and commercial abilities • May be 'Member of the Board' at client firms | • Business and commercial abilities |
| | Subject / Service Line / Industry Expertise | • Nationally recognised as reference source | • Nationally recognised expert | • Internationally recognised expert |
| | Creative Thinking | • Leader | • Nationally recognised leader | • Internationally recognised leader |
| | Ethical / Professional Standards | • Embodiment of Firm's standards | • Embodiment of Firm's standards | • Embodiment of Firm's standards |
| Client Relationships | Clients | • Key strategic clients | • Key strategic clients | • Key strategic clients of highest importance |
| | Portfolio | • Building portfolio | • Maintains and grows significant portfolio | • Maintains and grows significant portfolio |
| | Client Relationship Size | • Low to mid | • Mid to large | • Mid to large often including regional or global |
| | General Contact | • Maintains contact at senior levels | • Oversight responsibility | • Oversight responsibility for key clients |
| | With Client's CEO / President / etc. | • Builds these relationships | • Often has these relationships | • Has these relationships |
| | Additional Revenue at Existing Clients | • May generate some additional revenue | • Able to generate additional revenue | • Able to generate significant additional revenue |
| | New Clients | • Possibly new client acquisition | • Significant new client acquisition | • Significant new client acquisition |

Job matching considered ‘Business Strategy and Project Management’ and ‘People Management and Leadership’

Partner Job Matching - Additional Information (3/4)

- These overviews of Roles and Responsibilities are a guide rather than a set of prescriptive and absolute criteria.
- They are an example of what Vencon might expect to see, in general, for large international consulting Firms.
- Firm size and scope (Firm Revenue, Number of Consultants, International Presence, etc.) must be taken into consideration.

| Criteria | | PRIMARY PARTNER | EXPERIENCED PARTNER | SENIOR PARTNER |
|--|--|--|--|---|
| Business Strategy / Project Management | Business Strategy / Plan | <ul style="list-style-type: none"> • Promotes and helps to develop • May be closely involved / responsible for business strategy / plan of a practice area | <ul style="list-style-type: none"> • Assists in determining and directing • Articulates vision and direction of Firm's overall strategic direction and financial goals | <ul style="list-style-type: none"> • Determines and directs • Leads and directs Firm-wide initiatives • Manages business mission and performance |
| | Firm's Capabilities, Presence and Market Share | <ul style="list-style-type: none"> • Leverages to generate and/or deliver revenue | <ul style="list-style-type: none"> • Develops via coordination with Partners in other regions / geographies | <ul style="list-style-type: none"> • Develops via coordination with Partners in other regions / geographies |
| | Development of Service Line / Industry Practice | <ul style="list-style-type: none"> • May be involved; national or regional | <ul style="list-style-type: none"> • Directs, leads and grows; national or regional | <ul style="list-style-type: none"> • Primely responsible for; directs, leads and grows; regional or global |
| | Project Delivery | <ul style="list-style-type: none"> • May directs major projects; delivers cohesive offering to the client | <ul style="list-style-type: none"> • Directs major projects; delivers cohesive offering to the client | <ul style="list-style-type: none"> • Coordinates the execution of largest, complex international projects and teams |
| | Additional Services | <ul style="list-style-type: none"> • Introduces additional services to the client beyond area of expertise | <ul style="list-style-type: none"> • Introduces additional services to the client beyond area of expertise | <ul style="list-style-type: none"> • Introduces additional services to the client beyond area of expertise |
| People Management & Leadership | Functional / Industry / Service Line / Practice Group Responsibility | <ul style="list-style-type: none"> • Member of... | <ul style="list-style-type: none"> • Senior member of... • Leads minor | <ul style="list-style-type: none"> • Leads major • ‘Rainmaker’ |
| | Standards and Policies | <ul style="list-style-type: none"> • Helps determine framework | <ul style="list-style-type: none"> • Helps determine framework | <ul style="list-style-type: none"> • Determines framework |
| | Firm Culture | <ul style="list-style-type: none"> • Influences | <ul style="list-style-type: none"> • Strongly influences | <ul style="list-style-type: none"> • Directs and strongly influences |
| | Mentor | <ul style="list-style-type: none"> • Mentors and develops those below Partner | <ul style="list-style-type: none"> • Mentors and develops other Partners | <ul style="list-style-type: none"> • May mentor and develop other Partners |
| | Knowledge Sharing | <ul style="list-style-type: none"> • Ensures knowledge sharing throughout firm | <ul style="list-style-type: none"> • Ensures knowledge sharing throughout firm | <ul style="list-style-type: none"> • Ensures knowledge sharing throughout firm |

Please note: Extent of matching is context dependent. The example matching above is generally applicable for large firms as opposed to small firms.

Apart from role descriptions, Vencon's Partner matching also considered guideline parameters

Partner Job Matching - Additional Information (4/4)

- In addition to the aforementioned descriptions of typical Partner roles, consideration was also given to a set of parameters.
- Tables, **such as the one below***, were applied to assist the job matching process, while recognising that the parameters were only guidelines and not 'set in stone'. Parameters such as those below were used in conjunction with the role descriptions from the previous pages to help determine appropriate matching.

| | | Primary Partner | Experienced Partner | Senior Partner |
|------------|--|--|---|---|
| Parameters | Common Titles (in generic form) | <ul style="list-style-type: none"> Director (Junior) Partner Vice President | <ul style="list-style-type: none"> (Managing) Director Managing Partner (Senior) Director (Senior) Partner (Senior) Vice President | <ul style="list-style-type: none"> Managing Director Managing Partner Senior Director Senior Partner Senior Vice President |
| | Functional / Industry / Service Line / Practice Group Responsibility | Senior member of Industry and/or Practice Group | Member of Industry / Practice Group May lead an Industry / Practice Group | Often either a "Rainmaker" and/or Leader of a Major Industry / Practice |
| | Geographical Responsibility | Office (Country) | Country / Regional (For smaller firms possibly Global) | (Country) / Regional / Global |
| | Sales / Revenue Target (in USD) ¹⁾ | < 4 million | 3 to 8 million | > 6 million |
| | 'Business Managed' (in USD) ²⁾ | < 8 million | < 12 million | > 10 million |
| | Span of Control (Consultants) ³⁾ | < 20 | < 30 | > 25 |
| | Utilisation ⁴⁾ | > 25% | < 30% | < 25% |

1) May include 'overwrites' from Consultants; nominalised, i.e., single counting

3) Does not include non-client facing staff. Based on revenue per Consultant of 400k USD

2) May include 'overwrites' from other Partner and Consultants

4) Based on the standard working contract e.g. 2000 hours p.a.; includes vacation

* Parameters vary significantly based on e.g. Firm Type, Firm Size, strategic approaches taken by each Firm. The table above is not indicative of most Firms.

Vesting components were treated as being in a 'Steady State'

Vesting Income as Current or Deferred Income – Steady State concept

- Income only available after a period of vesting:
 - and only available (i.e. can be realised) at retirement or an exit event was categorised under Deferred Income.
 - but available (i.e. can be realised) before retirement or an exit event was categorised as Current Income, if also in the 'Steady State'.
- 'Steady State' concept: In the example below, a 'new' \$100k equity component vests over 4 years in 4 equal instalments. In the 5th year it is considered to be in a 'Steady State'. At this point, the income available in 2024 is equal to the award given in 2024. This \$100k would be the income value that goes into our reports.

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|--------|--------------|--------------|--------------|---------------|
| Value of equity given to Partner at time of transfer | \$100k | \$100k | \$100k | \$100k | \$100k |
| Value of equity available to Partner at end of vesting period (and year of source) | - | \$25k (2020) | \$25k (2020) | \$25k (2020) | \$25k (2020) |
| | - | | \$25k (2021) | \$25k (2021) | \$25k (2021) |
| | - | | | \$25k (2022) | \$25k (2022) |
| | - | | | | \$25k (2023) |
| Total Equity Income available | \$0k | \$25k | \$50k | \$75k | \$100k |

Component is now in the 'Steady State'.
This is the value we take into our reports.

- Vencon assumed the 'Steady State' from the beginning.
- Vencon included the value of such components at time of transfer, i.e. predictions of future values were not included.

Vencon Research at a glance

Vencon Research International has been a primary source of remuneration surveys and compensation benchmarking data for the international management consulting industry for over 20 years. Vencon Research produces in-depth benchmarking reports on the size and range of cash compensation - both target and actual - as well as the non-cash benefits offered by the leading management, IT and strategy consulting Firms. Our client list extends to some 85% of the world's major management consulting firms, and includes major global corporations, virtually all the recognised independent management consulting firms plus leading consulting boutique firms in each country.

Vencon Research's Offices:

- Berlin (Germany)
- London (UK)
- Toronto (Canada)
- Zug (Switzerland)

Vencon Research's Surveys and Reports:

- Administration & Support Staff Survey
- Consultant Benefits Survey
- Consultant Salary Survey
- Partner Remuneration Surveys
- Special Request Reports
(e.g. Cross-Market Positioning Tool,
Family Friendly Working Policies)
- Spot Surveys

Over 75 surveyed countries including:



Vencon Research surveys cover a wide variety of compensation-related topics within the consulting industry

Consultant Salary Survey

- Benchmarks cash compensation
- Presents both theoretical & actual compensation metrics
- Covers from Analyst to Principal levels
- National & International consultancies world wide
- Total of 75 countries surveyed annually

Consultant Benefits Survey

- Benchmarking report
- Describes qualitative & quantitative legislated & voluntary benefits
- Provides financial & relative value of benefit

Administration & Support Staff Survey

- Benchmarks the consulting industry's compensation practices
- Refers to non-consulting staff, including Office Services, Finance, IT, Marketing, HR etc.
- Presents theoretical and actual compensation data
- National & International consultancies world wide
- Based on hierarchical levels

Partner Remuneration Surveys

- Analysis of compensation models and practices
- Compares up to 45 major international consulting firms
- Part 1: Partner remuneration data tables (country-based)
- Part 2: Firm remuneration structure (global or country-based)
- Part 3: Firm performance factors (global)

Special Request Surveys

- Family friendly working policies (Cross-industry, multi-national comparison of employment practices)
- Total cash compensation report (e.g. for Middle East, includes all common allowances)
- Cross-market positioning tool (to determine the firm's market position across all markets, at all levels, and for all remuneration elements)

Spot Surveys

- Currency devaluation issues
- Cost of living adjustment
- IT "Hot skills"
- Travel allowances
- Individually tailored surveys

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