

EARN EXECUTIVE (Confidential)

Principles for compensation to EARN employees working abroad

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To have a guideline for paying EARN staff I have consulted IBM and DEC and I have the following proposal for EARN procedures for employment and relocating people:

- We pay the present salary
- We adjust to level in foreign country for same work. Here we use OECD cost of living figures or DEC or IBM figures or any other objective measure we can get hold of and agree with the employee on.
- We pay up to 25% of salary for extra housing. This means that if the employee tells us he has to keep two houses/apartments and give us a number which is below 25% limit, we pay that. If he says the cost is larger, we have a problem.
- We pay relocation cost for employee and family, ie. travel and necessary baggage and things within reasonable limits. (No first class, no relocations of wine cellars, art collections etc. that require insurance, extra handling cost etc.).
- We pay an international tax consultant for an hour or two to advise the employee and get the best arrangement of payment for both himself and EARN. As many costs as possible should be billed to EARN so that it cannot be regarded as income for the employee.