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One with
on **Peter Boucher**
One Executive Vice President,
Human Resources

Pay and Benefits

Transcript

Hi, I'm Peter Boucher, Executive Vice President of Human Resources. I recently gave you an update about how we're enhancing employee development at First Data – actions we're taking in response to your feedback from the 2011 engagement survey. Today, I'd like to talk with you about Pay & Benefits – another area we included in our Global Action Plan based on what we learned through the employee survey. It's really important that all First Data employees have a good understanding of our overall philosophy as it pertains to Compensation and Benefits. In a nutshell, our philosophy, and the overall goal of our compensation and benefits programs, is to maintain a competitive and sustainable operating model, that includes a comprehensive total rewards program for all employees, and to provide additional financial opportunity for exceptional company and individual performance. I know this is a subject that is really important to all of you. This is about your livelihood; the care and well-being of you and your family; vacations; retirement; education. Those are very important things, and so it's certainly understandable why we ALL care a lot about them. There are two main points about pay and benefits that I'd like to address today: number one – Total Rewards, meaning, it's not just about base pay. There are many different forms of pay and benefits available to First Data employees – and it's the combination of all of these things that make up your total rewards package. Number two - we pay for performance. That means we can earn opportunities to increase our pay when our performance is exceptional – both at the company level and as individuals.

First, let's talk more about total rewards. As I mentioned, there are many different elements that make up your total rewards package. In addition to your pay check, the company provides additional compensation through things like paid vacation and sick time, medical, dental, vision and wellness benefits, bonuses and incentives, retirement programs, recognition and rewards – like Bravo, scholarships and tuition reimbursement, company paid taxes, life insurance and disability programs – just to name a few. Of course, the total rewards package that we offer is not exactly the same from country to country. There are many different country-specific laws and programs that shape the various components we offer within each rewards package. We tailor our programs and practices to meet local needs and requirements, and to ensure that we remain competitive in the global markets where we operate. But regardless of the offerings we include, we compare each key element of our total rewards package to other companies in the locations where we have a significant employee population and in similar industries. We participate in salary surveys, market analysis and competitive benchmarking. And we do this on a continuous and regular basis. The highest impact elements of total rewards – things like pay and healthcare – are benchmarked annually. Healthcare is benchmarked by industry, and pay benchmarking is done by job. We look at similar jobs at other companies in the same market, and compare the pay we offer. For instance, we'll look at a Customer Service Representative role in Greece and compare the pay for that job to what other companies in Greece offer for a similar job. Then we use this data to develop our salary structures, our annual salary increase budgets and make recommendations when and where we believe market-based adjustments are needed. Another real-

time gauge we use is closely monitoring our attrition levels and understanding the reasons why people leave. So, we are doing many things on a regular and ongoing basis to ensure we maintain a competitive and sustainable operating model that includes a comprehensive total rewards program for all employees.

Now, let's talk about Pay for Performance. To be a truly high-performing company, we want to establish a clear and continuous link from our company strategy, to goal setting, to the tracking and measurement of those goals – both at the company level and at the individual level. And then, how we perform against those goals directly influences our pay. This is the framework for pay for performance. It all stems from the First Data Destination – designed to keep us focused on our six strategic pillars, and to assist us in operating with more consistency. The Blueprint for High Performance outlines the specific initiatives that we have in place across the company to support each of our strategic pillars. These are most important things – that we should all be focused on – because they will make the biggest impact on our success. So each year when you set your goals and objectives – there should be alignment with your team, with your organization, and ultimately with the Blueprint for High Performance and our six strategic pillars. Next, we need specific and measurable ways to track our progress. At a company level, this is done through the Blueprint Management program and the Scorecard. At the individual level, we track our goals and progress in FirstDialogues. Based on our results as a company, things like the amounts for bonus funding, long term incentives and different company budgets are determined. Then we take the total dollars that are included in these funding pools and budgets, and we reward employees for their efforts based on individual performance. This is done through things like merit increases, bonus payouts, sales incentives or long-term incentive awards. Your manager is responsible for making and explaining these compensation decisions based on the work that you get done, the results that you deliver, and ensuring that their logic supports our pay or performance philosophy. Differentiating pay is an important part of a manager's role and it's not always an easy thing to do. Managers have to work within their assigned budgets, and allocating available funds across the team can be challenging. But while these aren't easy decisions to make, that's what differentiating awards and pay for performance is all about. We're increasing our training with managers to make sure they are well equipped to make thoughtful, fair and well-reasoned decisions. We provide guidelines to managers at the onset of the process about distributing performance ratings, pay increase ranges, and bonus allocations; but it's important that we take a broader look afterwards and make sure there is fairness and objectivity. At the conclusion of this annual compensation and performance planning process, there should be open dialogue between managers and employees. This is really critical. I would argue that the quality of these conversations is the single most important aspect of the entire process. Every employee deserves the opportunity to both give and receive feedback about performance and compensation. Through these individual manager-employee conversations, we should be discussing achievements against the goals that were set, where there was success, where there is opportunity for improvement, as well as attitudes and behaviors. Are we acting in a way that supports our company values? Or seeing the behaviors we expect from our leaders? This is how we make sure there is alignment, ownership and a very clear understanding of how we succeed – as a company, as teams and as individuals. This consistent, annual process of goal setting, tracking and measurement, performance reviews and compensation planning is important; but it's not the only way we manage performance or have opportunity to pay for performance. Performance management is not just about the appraisal process. It's part of a manager's job every day – having ongoing conversations, giving feedback, coaching and mentoring. And while the annual appraisal process is a big part of how compensation decisions are made, there are other opportunities to pay for performance – for instance, through Bravo. From celebrating a small success with an Applause Award, up to being recognized as a Center Stage winner, we have the opportunity to recognize and reward great performance on a daily basis – across teams,

across geographies, and across all levels. We also have opportunities to pay for performance through promotions or other career opportunities that may arise. At the end of the day, pay for performance is about recognizing and rewarding those who produce outstanding results, and we have many opportunities to do that at First Data.

Our philosophy and the overall goal of our compensation and benefits programs is to maintain a competitive and sustainable operating model that includes a comprehensive total rewards program for all employees, and to provide additional financial opportunity for exceptional company and individual performance. We strive to fairly compensate for the skills and the value delivered by employees for the requirements of their jobs; to provide assistance in protecting the personal welfare of our employees and their families; and to assist our employees in saving to meet their retirement goals. Our goals and philosophy are the same in every First Data location around the world. I hope that I've helped you better understand our total rewards and pay for performance approach to compensation and benefits. As part of our global action plan, we committed to providing additional education and communication on this topic, and will have many opportunities to do that in the coming months as we approach the year-end process. So look for additional communication coming soon, and if you have any questions, don't hesitate to reach out to your manager or to your Human Resources partner. Thanks for your time today.