

The logo consists of the letters 'CR' in a bold, white, sans-serif font, centered within a solid red square.

CR



Life
Sciences

Human Capital Cost

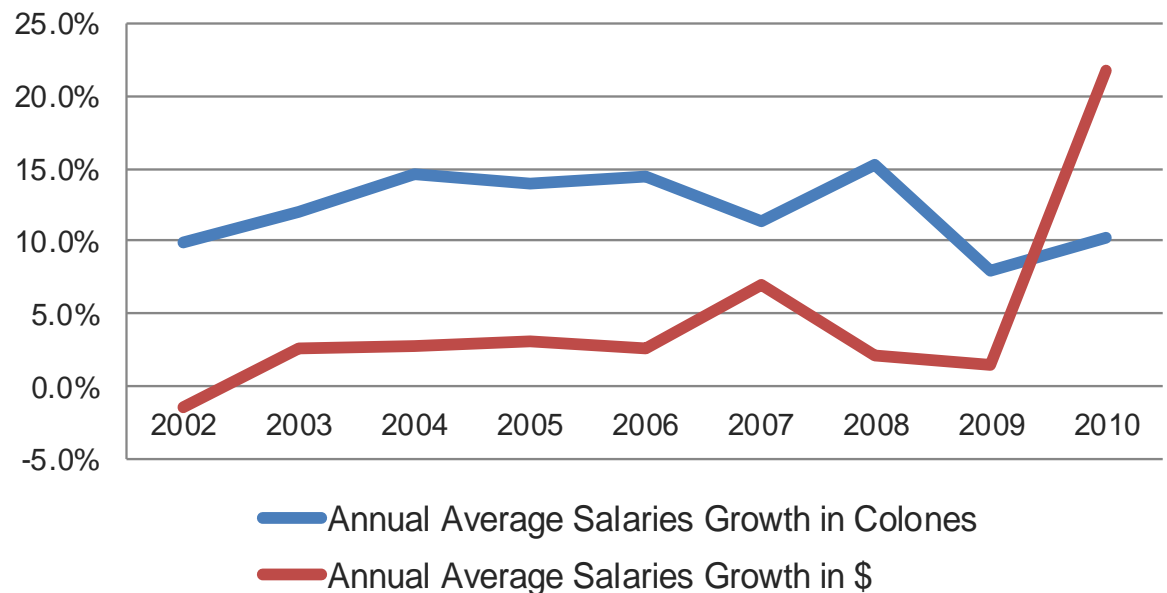
***CINDE's Research
Department
August, 2011***

August 2011. All Rights Reserved. The facts of this report are believed to be correct at the time of publication. Please note that the contents delivered are based on information gathered in good faith from both public and proprietary sources. As such, CINDE's Department of Research can accept no liability whatsoever for loss or damage arising as a result of the use of this report, either in its published or online format

The annual average salaries, in dollars, have grown 4.7% every year since 2002

- Most multinational companies pay salaries in colones and they report these figures to HQ in US\$
- The difference between the growth of annual average salaries in colones and in dollars is explained by the devaluation

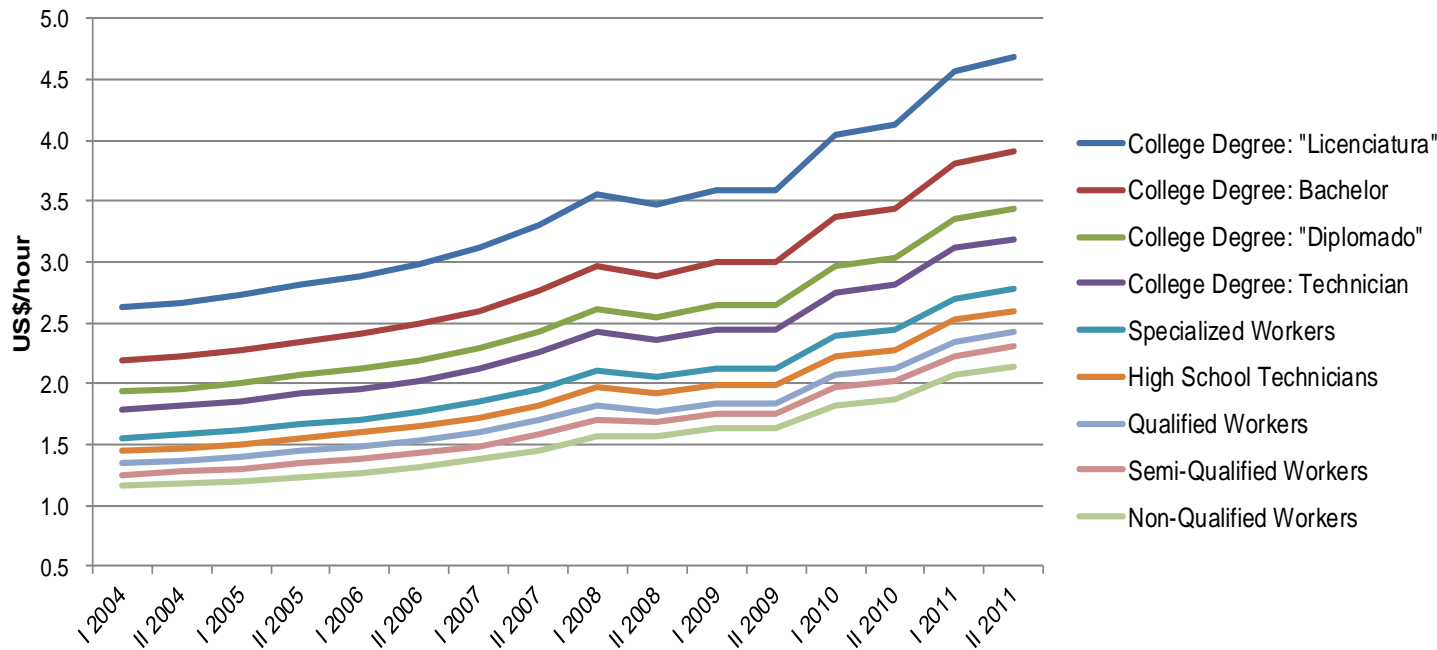
Annual average salaries growth:
Life Sciences



Source: CINDE based on data from PriceWaterhouseCoopers & BCCR

Minimum hourly wages

**Costa Rica: Minimum Hourly Wages
2004 - 2011**



- ✓ The federal minimum wage of the United States is US\$7.25 per hour
- ✓ For that same date, the highest minimum wage in Costa Rica is US\$4.69 per hour

Source: Costa Rican Ministry of Labor

Wages are unloaded and set by regulations

Fringes & Benefits Breakdown

| Mandatory Benefits | Employer Contribution | Employee Contribution |
|--|-------------------------|-----------------------|
| | Monthly Percentages (%) | |
| Social Charges | 26.17 | 9.17 |
| Health and Maternity Benefits | 9.25 | 5.50 |
| Disability, Old Age and Death Benefits | 4.92 | 2.67 |
| Family Allowances (Welfare Benefits) | 5.00 | - |
| National Training Institute Tax (INA) | 1.50 | - |
| Workmen's Compulsory Savings Bank | 0.50 | 1.00 |
| Instituto Mixto de Ayuda Social (IMAS) | 0.50 | - |
| Worker Capitalization Fund | 3.00 | - |
| Compulsory Complementary Pension | 1.50 | - |
| Occupational Hazard Insurance | Variable ^{a/} | - |
| Mandatory reserves | 8.33 | - |
| Christmas Bonus | 8.33 | - |
| Total Mandatory ^{b/} | 34.5 | 9.17 |

Notes:

^{a/}: *Occupational Hazard Insurance*: The National Insurance Institute has a list of rates based on the employee's category. The Occupational Hazard Insurance is the average of all the company's employees' rates, so it varies according to the company's payroll. The range goes from 1.9% to 5%.

^{b/}: Total Mandatory charges do not include insurance charges.

Average wages are cost competitive

| Job Position | Monthly Average (US\$) | Monthly Average plus Mandatory Benefits ^{a/} (US\$) | Total Annual Cost (US\$'000) |
|--|------------------------|--|------------------------------|
| Plant Manager | 5,099 | 6,858 | 82.3 |
| Quality Control/Product Develop. Manager | 4,664 | 6,273 | 75.3 |
| Quality Engineer | 2,411 | 3,243 | 38.9 |
| Head of Purchasing Department | 2,380 | 3,201 | 38.4 |
| Plant and Process Engineer | 1,882 | 2,532 | 30.4 |
| Quality Engineer | 1,741 | 2,342 | 28.1 |
| Quality Control Supervisor | 1,739 | 2,340 | 28.1 |
| Material Supervisor | 1,050 | 1,412 | 16.9 |
| Specialized Technician | 913 | 1,229 | 14.7 |
| Milling Machine / Lathe Operator | 858 | 1,154 | 13.8 |
| Specialized Plant Operator | 637 | 856 | 10.3 |
| Basic Machine Operator | 487 | 654 | 7.9 |
| Non-Specialized Plant Operator | 451 | 606 | 7.3 |

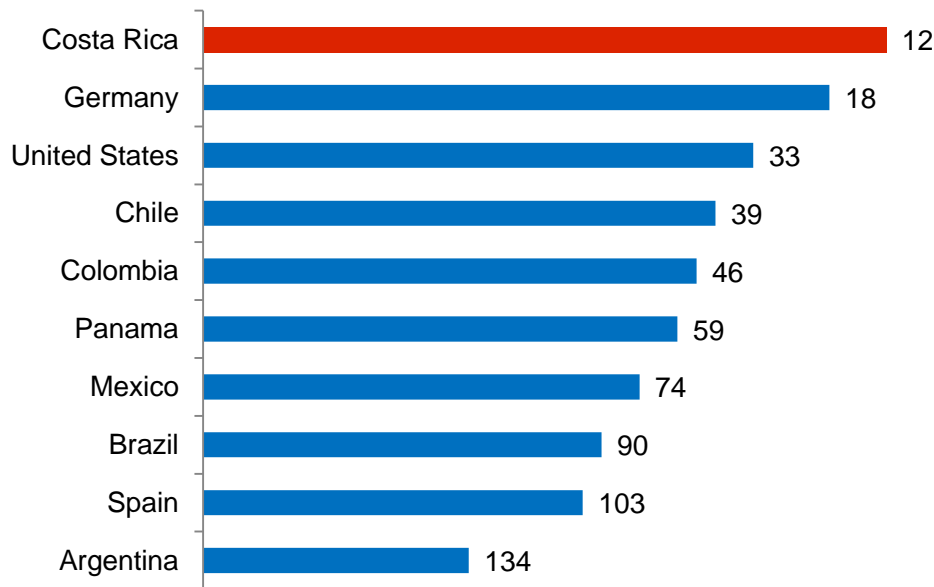
Source: Consulting Companies. Survey for the First Semester 2011.
Data for Multinational Companies.

Notes: Exchange rate for calculations: US\$ 1= 510 colones.

^{a/} Mandatory Benefits = Social Charges (26.17%) + Christmas Bonus (8.33%) = 34.5%

Stable employer-employees environment: “Asociación Solidarista”

Cooperation in labor-employer relations Rank



Costa Rica ranks 1st in Latin America

Source: World Economic Forum.
The Global Competitiveness Report 2010 - 2011

- Employer-sponsored workers' association: operates as a credit union, providing multiple benefits to the employees, who can participate voluntarily
- Both employer and employees contribute to the fund
- They are not sector-wide bargaining instances, unlike American unions
- **97% of the companies in the private sector have the “Asociación Solidarista”.** This high level of participation is a particular tendency in Costa Rica
- There are some similarities to a 401(k) retirement plan, without the stock options

Contact Us

CINDE Costa Rica

Toll free number from US: 1-866-577-4783

invest@cinde.org

Ph: (506) 2201-2800 Fax: (506) 2201-2867

CINDE New York

cindenyc@cinde.org

Ph: (212) 984-0631 Fax: (212) 220-6499

[**www.cinde.org**](http://www.cinde.org)