

Senior Executive Pay at IChemE

IChemE's HR & Remuneration Committee, which is a sub-committee of Council, has responsibility for:

- Setting and monitoring the remuneration package for the Chief Executive;
- Reviewing and monitoring the salary banding and benchmark salaries for the senior staff as recommended by the Chief Executive;
- Approving the design of any performance related pay schemes and approving the total annual payments made under the scheme as recommended by the Chief Executive;
- Approving the annual percentage increase (which can be zero) in benchmark salaries for all other staff as recommended by the Chief Executive; and
- Ensuring that IChemE has appropriate policies in place for human resource management, staff development and recruitment, and that suitable processes for job evaluation are in use.

The members of the Committee are the Honorary Treasurer, President, Past President, Deputy President and two other members of Council. The Chief Executive attends the Committee meetings but leaves for any discussion on the Chief Executive's remuneration. No members of the executive team are members of the committee.

Remuneration Policy

IChemE's remuneration policy sets out the underlying basis for setting the benchmark salaries for staff as follows:

- IChemE senior staff will, in addition to normal business skills, often require a familiarity with the process industries and/or with part of the academic world. Experience has shown that such a familiarity is an essential factor in establishing and maintaining productive relationships with members and stakeholders. Staff requiring some technical knowledge are likely to be drawn from the same areas that employ chemical and process engineers, typically the oil & gas industry, consulting, etc, and in some instances the position of chartered Engineer or Chartered Scientist in an appropriate discipline will be either a prerequisite or a very strong advantage. These staff will be recruited on a national or international basis.
- Other staff will typically be recruited on a regional, sometimes national basis, with skills and experience appropriate to their particular function. In many cases experience within a relevant industry or academic sector will be required in order to maintain the necessary credibility with members and other stakeholders.
- IChemE will have regard to market levels for disciplines and industries relevant to each position in relation to the size of the job and, where recruitment is on a regional basis, to the market within that region. We will secure specialist professional advice where appropriate in order to establish appropriate benchmark levels for each position or group of positions.
- Based on this advice, benchmark rates will be established for each job size band and these benchmarks will be reviewed regularly. When inflation is relatively low this review may not need to be annual and so in the interim, a modest inflation adjustment to benchmark salary levels may be made.
- IChemE's aim is to be able to recruit competitively which means that typically salaries will be in line with the median benchmark salary for the appropriate job size while for senior positions, a hybrid between the median and upper quartile positions is found to be a useful benchmark.
- New staff will normally be appointed between 80% and 100% of the benchmark rate for their position depending on prior experience and the calibre of the appointee. They should expect to advance to the benchmark levels by approximately five percentage points a year assuming

a fully satisfactory performance. This rate can be increased or decreased depending on the performance review process.

- Exceptional performance may be recognised in one of three ways:
 - if sustained over extended periods of time, by an increase in the salary level up to a maximum of 120% of benchmark rate,
 - through the performance review process, allowing performance related pay for the highest performing staff in a particular year,
 - in the case of one-off achievements going beyond the day-to-day job, by a modest one-off incentive payment or 'spot award'
- We do not employ interns without pay and we will comply with the living wage for all our staff.
- In addition to financial remuneration, IChemE will seek to provide staff with a supportive working environment and will wherever possible work to promote the wellbeing of staff and satisfactory work-life balance.

The aim of the policy is to ensure that IChemE pays its staff fairly and in a way which ensures it attracts and retains appropriately qualified staff to lead, manage, support and deliver its charitable objects.

Current benchmark salaries

At the time of appointment in 2016, the remuneration package for the CEO was benchmarked against other comparative engineering institutions and the relevant market sector.

The remuneration package for the senior management team was last benchmarked by an external consultant in 2015, in accordance with the remuneration policy, and was reviewed by the HR & Remuneration Committee.

Due to the recent financial performance, the benchmark rates for the senior management team were not increased in 2015 or 2016. An inflationary increase of 2.5% was applied to the benchmark rates from 1 June 2017.

A proposal was put forward by the senior management team in May 2016 that the senior management team and operational management team should receive a reduction in pay of 10% and 5% respectively to help manage the financial situation. Council did not endorse the proposal as it did not reflect a strategic response to the situation and was likely to have a detrimental effect on staff.

The CEO and senior management team have not received any performance related pay for the 2015 and 2016 financial year, and neither is a payment proposed or budgeted for 2017.

The current banding for senior staff salaries as at July 2017 is as follows:

Salary banding £	Number of employees
60,001 – 70,000	2
70,001 – 80,000	2
80,001 – 90,000	3
110,001 – 120,000	1
170,001 – 180,000	1

The figures include the CEO, 5 UK based directors, 2 Australian based directors and 1 Malaysian based director. Salaries for non-UK staff have been converted to Sterling at the current exchange rate.

Comparison to other UK based professional engineering institutions

Salary banding £	IET (2016)	IMechE (2015)	ICE (2016)	IStructE (2016)	IOM3 (2016)	IMarEST (2016)	RSC (2015)
60,001 – 70,000	15	13	18	1	2	3	11
70,001 – 80,000	11	2	3	4	1	2	5
80,001 – 90,000	3	5	6	-	-	-	6
90,001 – 100,000	2	2	-	-	-	-	4
100,001 – 110,000	5	1	2	-	-	1	-
110,001 – 120,000	-	-	2	-	-	-	-
120,000 – 130,000	1	1	1	-	-	-	1
130,001 – 140,000	1	1	1	-	-	-	1
140,001 – 150,000	1	1	-	-	-	-	1
150,001 – 160,000	1	-	-	1	-	-	-
160,001 – 170,000	1	-	1	-	1	1	-
170,001 – 180,000	1	-	-	-	-	-	1
180,001 – 190,000	1	-	-	-	-	-	-
190,001 – 200,000	1	-	-	-	-	-	-
200,000 – 210,000	1	-	1	-	-	-	-
260,001 – 270,000	-	1	-	-	-	-	-
400,001 – 410,000	1	-	-	-	-	-	-

Summary

The CEO and senior management team remuneration packages are set by the HR & Remuneration Committee, a sub-committee of Council, and not the executive team.

The remuneration packages are in line with the remuneration policy, set by the HR & Remuneration Committee, and are regularly reviewed.

The pay for all other staff is in line with the remuneration policy.

The CEO's salary is in line with other comparable UK Professional Engineering Institutions and is below that of the three larger institutions, IET, IMechE and ICE.

July 2017