

SCIENCE MUSEUM GROUP

SENIOR REMUNERATION POLICY

CONTEXT

Science Museum Group is a national museum group which operates a complex structure requiring expansive and specialist leadership skills to achieve its wide-ranging ambitions.

In order to attract, retain and motivate the high calibre of senior leaders that SMG requires, it needs to offer remuneration levels that are competitive within a local and national context, and reflect the broad range of accountabilities that leaders at SMG are required to hold.

While SMG does not use remuneration as a means to drive performance for senior leaders (i.e. through direct incentivisation), it does however consider reward as an effective means to value and recognise employees for exceptional contribution.

All remuneration will be applied in a manner that is fair, consistent, discrimination free and in line with the Seven Principles of Public Life ('Nolan Principles').

The following principles set out SMG's approach to remuneration for senior leaders:

SALARY LEVELS

- When determining salary increases for senior leaders, several factors are taken into account:
 - The annual pay settlement for the wider organisation which considers government guidance
 - Salary levels internally and in the marketplace (through salary surveys and benchmarking)
 - Job size and whether this has changed over the period.
- Benchmarking is carried out on behalf of the Remuneration Committee annual for the Director and at least every 3 years for the wider senior leadership team, and is considered in relation to comparable sectors, and where relevant, specific organisations.
- Starting salaries will reflect the scale and challenge of the role as well as the experience and capability of the individual (e.g. developing hire vs experienced hire).
- In the case of the SMG Director, the ratio of remuneration to the median earnings of the whole organisation is also considered.
- While individual annual pay increases may from time to time be influenced by performance, in general exceptional performance will be rewarded mainly by annual unconsolidated bonus rather than basic pay.

PERFORMANCE RELATED PAY

- Senior leaders may be considered for discretionary performance related pay within a range of 0 to 15% of their annual salary.
- This is determined by an annual assessment by the Director, Managing Director or Group Executive member of overall performance and contribution and considers the extent to which they have achieved their objectives.
- The Chairman of the Board of Trustees assesses and rates the Director's performance.
- An appraisal rating is given which determines the bonus percentage as follows:

Meeting expectations	0%
Meeting/Exceeding expectations	3-5%
Exceeding expectations	6-10%
Exceeding/Outstanding expectations	11-12%
Outstanding expectations	13-15%

- Any bonus payment awarded is non-consolidated and does not form part of pensionable pay.

PROCESS

The Remuneration Committee of SMG, which is a sub-committee and advisory body of the Board of Trustees of the Science Museum¹ (SMG Board), oversees the process of determining remuneration for senior leaders in line with the above principles.

The Remuneration Committee comprises members of the Board of Trustees including the Chair of the Board of Trustees. The Director attends the Remuneration Committee, save for any discussions related to his own remuneration, however, is not a member.

The Remuneration Committee's responsibilities are to:

- Review annually the performance, pay and bonus of the SMG Director and agree recommendations to the SMG Board;
- Receive reports on performance of designated SMG senior leaders (those reporting to Director, and Managing Director) and agree recommendations as to their remuneration for approval by the SMG Board;
- Have oversight of the performance, effectiveness and wellbeing of the leadership team, providing support as necessary to the Director;
- Approve and periodically review the design of any performance bonus scheme;
- Keep succession planning under review;
- Have oversight of severance awards for senior staff and ensure any payments are made in line with the appropriate Cabinet Office and Treasury guidance;
- Review annually a register of external income for which senior leaders are eligible (including retained and donated income where relevant)

REPORTING

SMG is required to report remuneration in line with the Government Financial Reporting Manual, which requires disclosure of information about directors' remuneration, where 'directors' is interpreted to mean those having authority or responsibility for directing or controlling the major activities of the Science Museum Group. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or sections within the entity.

It is the view of the Science Museum Group that this requirement encompasses the two roles of Director and Managing Director.

¹ The formal name for the SMG Board is the Board of Trustees of the Science Museum