

# Functional Documentation - Compensation

## 1.0 Overview

Compensation  
Menu

### Business Context and Application Overview

Compensation reports is part of the HR Data domain and it is composed of 3 reports. Data came from Compensation tools: Success Factor module Compensation Easy Comp. The aim of these reports is to make data relating to the Compensation Campaign available to managers and HR. They can follow the progress of the campaign with Progress Status report and look into Merit and Variable pay data.

Variable compensation is the part of total cash compensation that will vary in amount from year to year considering the performance of the employee individually, the Entity and the Group.

There are multiple types of variable compensation and recognition programs that can be short term (evaluation of achievements and performance less than or one year) or long term (evaluation cycle longer than one year) as well different considering the type of program – is it local or group-wide.

The Compensation Campaign is held every year in March.

### Application User Profile

HR - Team Reward & Self Services Support Team

Managers

\*Compensation data is not available for Non-HR scope

#### Target Users:

HR - Team Reward & Self Services Support Team and Managers

VERSION	DATE	MODIFIED BY	DESCRIPTION
0.01	04.10.2023	Emma Glasson	Initial draft

### Application Type

#### Data Product Type

- Dashboard
- Report
- Advanced analytics
- AI
- Others <specify which one>

#### Technologies

- BW
- Tableau
- QlikSense
- Talend
- Dataiku
- Others <specify which one>

#### Data Sources

*Note: list of all applications and various environment*

- SAP PF1 (Production environment)
- SAP WP1
- SAP PI1
- BW (versions)
- iCare CRM
- CORE CRM
- Others Success Factor module Compensation EasyComp

## 2.0 Business Process

### 1) Annual salary review

Annual salary review is part of the Compensation campaign (usually in March/April of each year) salaries are being reviewed by the Line managers for alignment with pay for performance, internal pay fairness and external market competitiveness. During Compensation Campaign Line managers recommend salary increases for direct reports within allocated Total Merit Budget that is given by the COMEX each year depending of the group performance.

### 2) Variable compensation :

#### Non Cadre employee :

Locally Graded Employees (S14 and below) are eligible to participate in the Global Performance Sharing program intended to provide a motivational element that recognizes employees' contributions by involving them in the Group's results at the global level, thereby strengthening their sense of belonging to the Solvay Group.

Besides that, specific Short Term Incentive programs at local (country) or GBU level can be prevalent and are intended to recognize individual or team achievements, similar to the objectives of the Solvay STI plan.

## Cadre employee :

### A) Short Term Incentive (STI) plan

All S15 and above graded employees (except employees on Solvay's Sales Incentive Plan - see below) are eligible to participate in the Solvay STI program, which is designed to reward employees for the results delivered by individuals, by teams, and by the Group as a whole, thus reinforcing our purpose and working as ONE Team.

The STI Bonus Target is determined as a percentage of annual base salary for positions graded at S15 and above and has been set by region and grade. For grades S23 and above, the @Target percentage of annual base salary is set globally and is the same in all countries.

STI Targets for eligible participants as a percent of Annual base salary:

Grade	Americas	Asia Pacific	Europe, Middle East & Africa	Local targets:	
				Bulgaria, Latvia, Russia & Ukraine	Saudi Arabia
<b>S26</b>	50% - same target for all Regions				
<b>S25</b>	45% - same target for all Regions				
<b>S24</b>	35% - same target for all Regions				
<b>S23</b>	30% - same target for all Regions				
<b>S21 - S22</b>	20%	20%	15%	22%	22%
<b>S19 - S20</b>	15%	18%	12.5%	18%	20%
<b>S17 - S18</b>	10%	17%	10%	14%	18%
<b>S15 - S16</b>	8%	16%	8%	10%	15%

The payout of Solvay STI plan is based on the achievement of predetermined annual Group and Entity specific goals as well as individual objectives. The weight of these elements varies by the grade of the employee. Since 2022 the link between STI payout and our progress towards One Planet objectives is being strengthened by linking 15% of total STI results to One Planet progress and this equally applies to all Employee categories participating in the Plan.

For GBUs	Financial		One Planet		Individual	Total
	GROUP	GBU	GROUP	GBU		
<b>GBU Presidents</b>	45%	20%	10%	5%	20%	100%
<b>Executives (S23+)</b>	20%	45%	5%	10%	20%	100%
<b>Professional &amp; Managerial (S15-S22)</b>	20%	25%	5%	10%	40%	100%

For Functions / BSA's*	Financial		One Planet	Individual	Total
	GROUP	Budget + Strategic Milestones	GROUP		
<b>Heads of Functions / BSA's</b>	45%	20%	15%	20%	100%
<b>Executives (S23+)</b>	20%	45%	15%	20%	100%
<b>Professional &amp; Managerial (S15-S22)</b>	20%	25%	15%	40%	100%

*Functions with direct impact on critical elements of One Planet (like Industrial, Procurement, MBU & Platforms) besides Group One planet objectives will have their own set One Planet objective similar to ones of GBU's.*

## B) Sales Incentive Plan (SIP) - Commercial team ONLY

Solvay is customer obsessed and your role, as part of the Commercial team, is key to bond with our clients, ensuring that we create long-term shared value and top line growth. To support and reward those efforts, the leadership and the significant contributions, a new Solvay Global Sales Incentive Plan (SIP) has been recently implemented for the professional development and personal motivation of Solvay's Commercial teams.

## C) Long Term Incentive plans

The purpose of the Long Term Incentive plans is to align compensation, decisions and interests of our senior leaders with Solvay's long term strategy and the company's sustained performance. Currently, these plans are applicable to grades S23 and above.

## 3) Recognition programs

Recognition programs are periodical or ad-hoc (as needed, "spot") award programs that can be monetary or non-monetary programs to formally recognize an achievement, a performance, a behavior or celebrate the success of a particular initiative, project or individual contribution.

There is a wide spectrum of recognition programs in Solvay that are usually GBU or country specific, with the exception of the **Solvay Special Recognition Award** program, which is consistent around the globe in multiple GBUs/Functions.

The Solvay Special Recognition Award program is designed to provide a cash vehicle for recognizing individual employees or small teams for outstanding achievement that clearly demonstrates elements of Solvay Management and People Models.

Business Processes :

**Exemple of a compensation campaign timing :**



HR Service Center	Line Manager	Manager of Manager (M+1)	GBU Leadership Team (incl.HR)	ELT Review	Line Manager
<b>Data import and updates</b> in collaboration with Local Comp. Payroll Coordin. (LCPCs)	<b>Record salary increase recommendations</b>  Send proposals to M+1 for approval	<b>Approve / Reject</b> recommendations of Line managers	<b>Budget control and Pay for Performance review</b>  Validation of "Adjustment requests"	<b>Group Budget control</b> in alignment with Pay for Performance principle	<b>Communication of Campaign results</b>  Objective setting / Performance calibration / Clarification of Expectations

### Propose and approve salary increases

## Merit Budget and types of increases

**DECEMBER** Total Merit Budget is approved by Chief People Officer for each country for Carde population and consist of:  
 1. general increase or indexation,  
 2. merit increase - % allocated to reward high performers,  
 3. adjustment increase mostly applied to correct low compa-ratio situations

**MARCH** Managers use "Easy Comp-Tool" to allocate the merit budget for employees (excl. Indexation type of increase)

Managed by payroll team during the year

Managed by Manager

**In Easy Comp Manager's Envelope ("Budget")**

General increase  
Discretionary increase taking into account market movements and aiming at maintaining proper position in the pay range. *Default value in Annual Increase column which is the same for all employees by Country (Editable)*

Merit increase  
To reward highest-performing employees at full manager's discretion (can also be given to employees with rating Solid when justified)

Lump Sum  
It is a percentage of base salary paid in a lump for high performing employees whose salary levels are already over the maximum (120%) of their salary range for their job grade.

**In Easy Comp Outside of Manager's Envelope**

Adjustments  
Applies to sustain equitable and fair pay among peers and/or external market for the similar job and level of contribution. Most commonly in the situations with very low compa-ratio.  
  
Managers can make adjustments during the Annual Salary Review or at other times during the year as off-cycle salary reviews.  
  
This cost must be budgeted separately by the business or function finance teams, thus if manager decides to give Adjustment increase to employee it must be aligned with SBP to ensure availability of budget

Indexation  
Mandatory increase defined by local legislation or as negotiated with employee representatives. Usually fixed percent for all, timing of application differs from country to country

Not editable value in "Mandatory Increase" column, implemented by payroll.

In countries where Indexation applies general increase is not considered.

## 3.0 Application Feature Overview

Reports	Definition	Prompts	BW Workbook Query	Query Technical Name
<b>Compensation - MERIT data</b>	Report linked to MERIT data.	Functional Roles <span style="color: yellow;">★</span>	n.a	BW_QRY_CPHRCOMP01_0001
<b>Compensation - Progress Status</b>	Report to monitor progress of the compensation campaign.	Calendar Year	n.a	BW_QRY_CPHRCOMP01_0003
<b>Compensation - Variable Pay Data</b>	Report linked to STI/SIP plan data.		n.a	BW_QRY_CPHRCOMP01_0002

★ mandatory field

## 4.0 Functional Specification

### 4.1 General Data/Calculations

Please find bellow general dimension, commun to all BW HR reports:

Dimension	Definition
<b>Company Code</b>	Company code to which an employee belongs on the time period selected in the report
<b>Country of the company</b>	Country of company where the employee has his employment contract
<b>Calendar</b>	Time dimensions available: Day, Month, Year, Year/Month
<b>Division (Entity)</b>	Division (former entity) to which an employee belongs on the time period selected in the report
<b>Employee NR (NS)</b> <b>Employee PERN</b>	Employee payroll number
<b>Employee status</b>	Active, Active Leave, Inactive Leave Dormant, reported No Show Terminated, Inactive
<b>Employment status</b>	Valid for historical data - the period before 1 November 2020. Equivalent to the current dimension Employee status
<b>Employee sub-group grouping (Gr)</b>	Identification of employee by: <ul style="list-style-type: none"> <li>• Cadre</li> <li>• Employee</li> <li>• Blue Collar</li> <li>• Sales Cadre</li> <li>• External</li> <li>• N.A.</li> </ul> <p>The employee sub-group grouping is a grouping definition of the employment type.</p>
<b>Location Grp (Site)</b>	Employee's site
<b>Person ID</b>	Unique identifier code for an employee. EC number. (person name available in the text option for this dimension)
<b>User Name</b>	User account name (to access system/tool)

## 4.2 Process Detail

### 4.2.1. Report/Process Definition

<b>Domain</b>	HR
<b>Application</b>	BW Compensation queries
<b>Provider</b>	CPHRCOMP
<b>Existing Documentation</b>	<a href="#">Variable Compensation</a>

### 4.2.2. KPI's/Calculations/Indicators

Compensation - MERIT data:

Indicadores /KPI's	Definition	Calculation/Extraction of data
Current Salary (EUR)	Current salary in EUR	

Current Salary	Current salary in local currency	
Current TCT CR %		
Merit Gdline Low EUR	Each year the COMEX is given a MERIT guideline for the group and then to each GBU and function following the Year group results. This is a range comprising a lowest and a highest amount.  This field provide the lowest Merit amount that can be received in EUR.	
Merit Guidelines Low	This field provide the lowest Merit amount that can be received in local country currency.	
Merit Gdline Hgh EUR	This field provide the highest Merit amount that can be received in EUR.	
Merit Guideline High	This field provide the highest Merit amount that can be received in country local currency.	
Merit Proposal (EUR)	Proposition done by the manager to the employee for his Merit bonus in EUR.	
Merit Proposal	Proposition done by the manager to the employee for his Merit bonus in country local currency.	
Merit Proposal %	Merit proposal in a %.	
Lump Sum (EUR)	When the employee ratio is above 120%, the manager can propose a Lump Sum instead of a Merit increased. It's not a salary increase but a one shot payment once during the year link to Merit.	
Lump Sum	in Country local currency.	
Lump Sum %	% of the current salary propose as a Lump Sum.	
Adjustment (EUR)		
Adjustment		
Adjustment %		
New Salary (EUR)	Salary after compensation in EUR	Current Salary (EUR) + Merit Proposal (EUR) + Lump Sum (EUR)
New Salary in Local	Salary after compensation in country local currency	
New TCT CR %		
Total Increase EUR		Merit Proposal (EUR) + Lump Sum (EUR)
Total Increase		
Total Increase %		
Prop Inc vs Std Inc%		
MERIT Budget Assigned (EUR)		
MERIT Budget Used (EUR)		
MERIT Budget Remaining (EUR)		

Compensation Group B		
Comp Group Budget		
Compensation Budget		
Standard Increase(%)		
Mandatory Increase %		
Target STI		
Current Compa Ratio%		
New Compa Ratio %		
New Salary in Local		
Total Increase %		
Total Increase		

Compensation - Progress Status:

Indicadores /KPI's	Definition	Calculation /Extraction of data
Number of Compensations		
Number Completed	Number of Compensation completed.	
Completed %		
Variable Pay Budget Assigned (EUR)		
Variable Pay Budget Used (EUR)		
Variable Pay Budget Remaining (EUR)		
MERIT Budget Assigned (EUR)	same as previous report ??	
MERIT Budget Used (EUR)	same as previous report ??	
MERIT Budget Remaining (EUR)	same as previous report ??	

Compensation - Variable Pay Data:

Indicadores/KPI's	Definition	Calculation/Extraction of data
Prorated Target %	<i>What are we looking for ? Why has this KPI been created /developed? What is the goal of monitoring this data ?</i>	<i>How is the calculation, or if it's a program what are the steps or how the data is extracted if it's by files</i>
STI/SIP Budget		
STI/SIP Budget EUR		
Current Salary Prorated (EUR)		
Current Salary Prorated		
Total Pro.Target EUR		
Total Prorat. Target		
Indiv. Target EUR		
Individual Target		
Ind Reco Payout Fact		
Ind Reco Payout EUR		
Ind Reco Payout		
Entity Target EUR		
Entity Target Amount		
Entity Calculated EUR		
Entity Calculat. Amount		
Pror. Entity Payout EUR		
Prorated Entity Payout		
Group Target EUR		
Group Target Amount		
Group Calculated EUR		
Group Calculated Amount		
Pror. Group Payout EUR		
Prorated Group Payout		
Tot. Incent. Payout		
Tot Incent. Payout		
Payout as % of Targe		
Payout as % of Base		
Customer Sales Factor		
Entity Factor		
Group Factor		

EPP Budget (EUR)		
EPP Budget		
Variable Pay Budget Assigned (EUR)		
Variable Pay Budget Used (EUR)		
Variable Pay Budget Remaining (EUR)		

## 5.0 Non-functional Descriptions

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### 5.1 Usability

as per standards

### 5.2 Regulatory Compliance

*Reports that contain sensitive data: Salary with People names.*

*GDPR compliant.*

### 5.3 Security

- *Only authorised Users be able to access data.*
- *Data are not yet split between SCO or ECO. The report contains both companies data.*

### 5.4 Performance

as per standards

### 5.5 Reliability

as per standards

### 5.6 Scalability

as per standards

### 5.7 Compatibility

as per standards

### 5.8 Availability

as per standards

### 5.9 Refresh of the Data

Only during Compensation campaign period , 4 times per day, 6am, 12pm, 18pm, 24pm CET.