

## Directors' Remuneration Policy

### Overview

The Group's policy is to provide remuneration that reflects the contribution of senior executives to the business, the performance of the Group, the size and complexity of the Group's operations and the need to attract, retain and incentivise executives of the highest quality.

The Remuneration Committee (the "Committee") seeks to provide remuneration packages which are straightforward, easily comprehensible and which align the interests of the Directors with those of shareholders. The general principles underpinning the Group's remuneration policy are that the policy should support and incentivise the delivery of the Group's strategy, while providing an appropriate balance between fixed and variable pay.

The Group's policy statement, was approved by shareholders at the 2017 Annual General Meeting, held on 12 May 2017 and supersedes the previous policy approved by shareholders in 2014.

This policy remains in effect until the Group's 2020 Annual General Meeting, or earlier if amended by shareholders.

### Main elements of the Remuneration policy

Link to strategy	Operation	Maximum opportunity	Metrics
<b>Base salary</b>			
<p>To pay Executive Directors at a level commensurate with their contribution to the Company and appropriately based on skill, experience and performance achieved.</p> <p>The level of salary paid is considered appropriate for motivation and retention of the calibre of executive required to ensure the successful formation and delivery of the Group's strategy and the management of its business in the international environment in which it operates.</p>	<p>Base salary is paid monthly in cash.</p> <p>The Executive Directors' salaries are set having regard to typical pay levels at companies of a similar size, internationality and complexity.</p> <p>Salaries are normally reviewed annually and are typically effective from 1 January each year. When reviewing salaries, the Committee considers all relevant factors including:</p> <ul style="list-style-type: none"> <li>• prevailing market and economic conditions;</li> <li>• scope and responsibilities of the role;</li> <li>• the level of increase for other roles within the business; and</li> <li>• company and individual performance.</li> </ul>	<p>There is no prescribed maximum salary.</p> <p>Salary increases will normally be broadly in line with the general annual salary increase received by Group employees in the relevant Director's country of residence.</p> <p>The Committee retains the discretion to award larger increases, for example, to reflect a change in role, development and performance of a director or to reflect an increase in complexity of the Group.</p>	<p>While there are no performance targets attached to the payment of salary, Company and individual performance is a factor considered in the salary review process.</p>

Link to strategy	Operation	Maximum opportunity	Metrics
<b>Benefits</b>			
<p>To provide a range of market-competitive benefits to facilitate the recruitment of high calibre individuals and encourage their retention.</p>	<p>Executive Directors are eligible for a range of benefits that may include:</p> <ul style="list-style-type: none"> <li>• life assurance cover;</li> <li>• critical illness cover;</li> <li>• private medical and dental cover;</li> <li>• car allowance; and</li> <li>• professional tax and financial advice.</li> </ul> <p>Additional benefits may also be provided in certain circumstances which may include relocation and associated expenses.</p> <p>Other benefits may be offered if considered appropriate, reasonable and necessary by the Committee and any reasonable business related expenses can be reimbursed (including tax thereon if determined to be a taxable benefit).</p> <p>Executive Directors are eligible for other benefits introduced for the wider workforce on broadly similar terms.</p>	<p>No overall maximum level has been set since some costs may change in accordance with market conditions.</p> <p>Benefits are reviewed by the Committee on an annual basis and set at an appropriate market rate.</p>	<p>No performance metrics apply.</p>
<b>Pension</b>			
<p>To provide a market-competitive benefit for retirement, to facilitate the recruitment of high calibre individuals and encourage their retention.</p>	<p>Executive Directors are eligible to participate in the relevant pension arrangements offered by the Group or to receive a cash salary supplement in lieu of pension entitlement.</p> <p>The Committee may amend the form of any Executive Director's pension arrangements in response to changes in legislation or similar developments, provided that the amendment does not materially increase the cost to the Company of the pension provision.</p>	<p>The maximum opportunity, either by way of a contribution to a Group pension arrangement or payment of a cash salary supplement, is 20 per cent of base salary.</p> <p>The maximum cash salary supplement for any new Executive Director would be limited to 15 per cent of base salary.</p>	<p>No performance metrics apply.</p>

Link to strategy	Operation	Maximum opportunity	Metrics
<b>Annual Bonus</b>			
<p>To incentivise and reward achievement of annual goals consistent with the strategic direction of the business.</p> <p>To create further alignment with shareholders' interests via the delivery and retention of deferred equity.</p>	<p>Rewards annual performance against targets set and assessed by the Committee.</p> <p>Any bonus payable under the annual bonus scheme is paid 50 per cent in cash and 50 per cent in shares deferred for three years under the Deferred Share Bonus Plan ("DSBP") and is not pensionable.</p> <p>A dividend equivalent provision allows the payment of dividends, at the Committee's discretion on vested shares at the time of vesting.</p> <p>Three-year recovery and withholding provisions apply.</p>	<p>The normal maximum annual bonus opportunity for the Executive Directors is 125 per cent of salary.</p>	<p>Performance metrics are selected annually based on the objectives of the business at the time, with the majority of the bonus linked to financial metrics. Annual financial performance targets have historically been focused on profit and cash generation metrics.</p> <p>Performance below threshold results in zero payment. Payments normally rise from 0 per cent to 100 per cent of the maximum opportunity for performance between the threshold and maximum targets.</p>
<b>Long Term Incentive Plan ("LTIP")</b>			
<p>To align the interests of senior executives to those of shareholders in developing the long-term growth of the business and execution and delivery of the Group's strategy.</p> <p>To facilitate share ownership.</p>	<p>Consists of awards of shares that vest subject to the achievement of performance conditions.</p> <p>Participation and individual award levels will be determined at the discretion of the Committee and within the approved limits of the policy.</p> <p>The Committee reviews the LTIP performance measures in advance of each grant to ensure their ongoing appropriateness and, where material changes to performance measures are proposed, it consults with shareholders.</p> <p>Awards made under the LTIP are non-pensionable and will normally require Executive Directors to retain any awards that vest, net of tax, (whether held as</p>	<p>125 per cent of salary or 200 per cent in exceptional circumstances, such as the recruitment or retention of critical talent on a targeted basis.</p>	<p>Awards are subject to the achievement of defined targets measured over three financial years, starting at the beginning of the financial year in which the award is made.</p> <p>In respect of each performance measure, performance below threshold results in zero vesting. The starting point for the vesting of each performance element will be no higher than 25% of the maximum opportunity and will rise on a straight-line basis to 100% of maximum opportunity for attainment of levels of performance between threshold and maximum.</p> <p>Awards will be granted subject to performance conditions that measure the long-term success of the Company. The Committee may</p>

Link to strategy	Operation	Maximum opportunity	Metrics
	<p>shares or options) for a minimum of two further years from the date of vesting.</p> <p>Three-year recovery and withholding provisions apply.</p> <p>Dividend equivalents may be paid.</p>		<p>introduce or reweight performance measures so that they are directly aligned with the Company's strategic objectives for each performance period.</p>
<b>Shareholding requirement</b>			
<p>To motivate and reward the creation of long-term shareholder value. To ensure alignment with shareholders' interests</p>	<p>Executive Directors are expected to retain a minimum shareholding equivalent to 200 per cent of basic salary.</p> <p>Executive Directors are required to retain 50 per cent of shares vesting (after any disposals necessary to pay associated tax charges) under both the deferred share bonus plan and the LTIP until the minimum shareholding is reached.</p>		
<b>Chairman and Non-executive Director fees</b>			
<p>To attract and retain high calibre Non-executive Directors.</p>	<p>Non-executive Director fees are set by the Board.</p> <p>Fees are normally reviewed annually, but not necessarily increased. Reviews take into account the time commitment, responsibilities and fees paid by companies of a similar size and complexity.</p> <p>Fee increases, if applicable, for Non-executive Directors, will take effect from 1 January.</p> <p>Additional fees may be paid to Chairmen of Board Committees and to the Senior Independent Director.</p> <p>If there is a temporary yet material increase in the time commitments for Non-Executive Directors,</p>	<p>Aggregate annual fees to Directors are limited to £500,000 under Company's Articles of Association.</p>	<p>No performance metrics.</p>

Link to strategy	Operation	Maximum opportunity	Metrics
	<p>the Board may pay extra fees on a pro-rata basis to recognise the additional workload.</p> <p>No eligibility to receive bonuses, retirement benefits or to participate in the Group's long term incentive plans or employee share plans.</p> <p>Any reasonable business related expenses can be reimbursed (including tax thereon if determined to be a taxable benefit).</p>		

Notes to the policy table:

- 1) Recovery and withholding provisions may be applied to LTIP and DSBP awards in the exceptional circumstances of a material misstatement, gross misconduct, or a material misjudgement of the performance of the Company.
- 2) For the avoidance of doubt, by approval of the policy, authority has been given to the Company to honour any commitments entered into with current or former Directors that have been disclosed to shareholders in previous Directors' Remuneration Reports. Details of any payments to former directors, where required by relevant regulations, will be set out in the Annual Report on Remuneration as they arise.
- 3) The Remuneration Committee retains discretion over the operation of certain elements of pay, particularly variable pay. This includes the discretion to adjust either the annual bonus or LTIP if the outcome is not considered to be reflective of Company performance. In addition, the Committee may adjust elements of the plan including, but not limited to:
  - participation;
  - the timing of the grant and/or payment;
  - the size of an award (up to plan limits) and/or payment;
  - discretion relating to the measurement of performance in the event of a change of control;
  - determination of a good leaver for incentive plan purposes;
  - adjustments required in certain circumstances (e.g. rights issues, corporate restructuring and special dividends);
  - in certain circumstances to grant and/or settle bonus or LTIP awards in cash. In practice this will only be used in exceptional circumstances for Executive Directors;
  - revise any formulaic bonus award downwards or upwards in the event that an exceptional negative or positive event occurs during the bonus year in question, however in practice it would not normally expect to revise any formulaic bonus upwards; and
  - the ability to recognise exceptional events within the existing performance conditions.
- 4) Annual bonus performance metrics are determined at the start of each year based on the key business priorities for the year. The majority will be based on clear financial targets that include a significant weighting towards profit and cash generation as, when combined, these are often strong indicators of sustainable growth.
- 5) LTIP performance metrics are determined at the time of grant. Performance measures may include measures of profitability (such as EPS), measures of capital allocation discipline (such as ROCE) and other measures of long-term success (such as relative TSR). These measures align with the Company's goal of value creation for shareholder through financial growth and above market returns. Performance against targets may also be subject to appropriate discretionary underpins.

### **Executive Directors service agreements and exit payment policy**

The service agreements of the Executive Directors provide for a notice period of 12 months from either party. On termination of their contract by Tyman, and during the period of notice, Executive Directors would be eligible to be paid their salary, pension contributions and other employment benefits (but not annual bonus or grants under long term incentive plans) until the earlier of 12 months from notice of termination or the Director obtaining full time employment, with an obligation on the part of the Director to mitigate.

Payments will normally be made monthly, although the Committee retains discretion to agree settlement terms, which may include a pro-rata bonus in respect of the period worked by the Executive Director up until the date of termination. Bonuses in the final year of employment may also be settled in cash. The Committee may pay reasonable outplacement and legal fees where considered appropriate. The Committee may pay any statutory entitlements or settle or compromise claims in connection with a termination of employment, where considered in the best interests of the Company.

Executive Directors who are categorised as "Good Leavers" by the Committee will generally be eligible to receive historic awards under the LTIP and DSBP (the "Executive Share Plans") as they vest in future years. Awards that vest under the LTIP post-employment may be pro-rated to reflect the fact that the Executive Director was not employed for the entire period under measurement. For LTIP awards made after the 2014 AGM, the Committee retains discretion to waive the post-vesting holding period requirement for Good Leavers depending on circumstances. Similar provisions apply in the event of a change of control.

In the event that an Executive Director is dismissed for reasons constituting gross misconduct, all unvested awards under Executive Share Plans lapse and the Committee has no discretion in this regard.

### **Non-executive Directors letters of appointment and shareholding guidelines**

The Chairman and Non-executive Directors do not have service agreements but the terms of their appointment, including the time commitment expected, are recorded in letters of appointment. Non-executive Directors are employed for terms of three years' duration, terminable on a month's notice by the Company or the Director. All Non-executive Directors are required to undertake that they will submit themselves for re-election at each Annual General Meeting occurring during their term of office and no Non-executive Director will serve more than three terms of three years without prior shareholder approval.

Non-executive Directors do not have a minimum shareholding requirement; however, they are expected to acquire and retain a shareholding in the Group for the duration of their appointment.

### **Other policies**

#### *Recruitment of Executive Directors*

The Committee's general policy on recruitment remuneration is that new Executive Directors should be offered a contract on similar terms to the existing Executive Directors, except for pension contributions which would be capped to 15% of salary. The Committee may agree that the Company will meet certain relocation and associated expenses of a new Executive Director, subject to circumstances.

For a new Executive Director their annual bonus framework and LTIP awards will be in line with the limits set out in the policy table. Depending on the timing of the appointment, the Committee may deem it appropriate to set different annual bonus performance conditions to the current Executive Directors for the first year of appointment. An LTIP award can be made shortly following an appointment (assuming the Company is not in a close period).

Where individuals are promoted to the Board from within the Group, their existing share grants or awards will be allowed to payout on their original terms.

In certain circumstances, and in order to secure the services of an outstanding candidate, it may be necessary to make an award to a new Executive Director to "buy out" unvested performance plan share or cash awards forfeited on leaving their previous employment. Any such reimbursement would be subject to independent confirmation of the existence, forfeiture on departure and probability of these historic awards vesting had the new Executive Director remained in post. In doing so, the Committee will seek to do no more than match the fair value of the awards forfeited, taking account of performance conditions attached to these awards, the likelihood of those conditions being met and the proportion of the vesting period remaining. Such awards may be made using existing arrangements or using the flexibility provided by the Listing Rules to make awards without prior shareholder approval.

Any such reimbursement would be made in cash or in shares in Tyman plc, and may be subject to performance conditions attached to Tyman. No such incentives were paid in connection with the recruitment of Mr Eperjesi or for the promotion of Mr Brotherton to their respective roles, both of which occurred in 2010.

*Recruitment of Non-executive Directors*

New Non-executive Directors recruited to the Board will be paid the same rates and be subject to the same provisions concerning annual re-election and shareholdings as the then current Non-executive Directors.

*Policy on external appointments*

Executive Directors are allowed to accept external appointments as non-executive directors. In respect of quoted companies, this is limited to one other quoted company, subject to Board approval, provided that these are not with competing companies and are not likely to lead to conflicts of interest. Executive Directors would normally be allowed to retain the fees paid from these appointments. Executive Directors may not serve as the Non-executive Chairman of another quoted company.

*Other share plans*

The Executive Directors may participate in any all-employee share plans on the same basis as other employees in their country of residence. The maximum level of participation is subject to the limits imposed by HMRC (or a lower cap set by the Company.)

*Employment conditions elsewhere in the Group*

The Remuneration Policy for Executive Directors is consistent with that for other employees save lower levels of incentive opportunity operate based on seniority and market norms. All senior management employees of the Group participate in bonus arrangements with all permanent UK employees eligible to participate in one or more share schemes. Although the Committee does not consult directly with employees on the Directors' remuneration policy, the Committee does consider the general basic salary increase, remuneration arrangements and employment conditions for the broader employee population when determining remuneration policy for the Executive Directors.

*Consultation with shareholders and shareholder bodies*

The Committee is committed to regular engagement with shareholders and Governance bodies. During the year, the Committee engaged in a consultation exercise with its major shareholders and Governance bodies in order to take account of their views on the proposed changes to the policy on executive remuneration prior to its finalisation. In advance of implementing any material future changes to the Executive Directors' remuneration the Committee would normally engage in further consultation with shareholders.