

STHREE PLC (OR 'THE COMPANY')
TERMS OF REFERENCE
OF THE NOMINATION COMMITTEE
OF THE STHREE BOARD

1. Purpose

The Nomination Committee is established as a Committee of STThree plc pursuant to Article 96 of the STThree plc Articles of Association. It has full power and authority to carry out a formal selection process of candidates and then propose to the Board any new appointments, whether as Executive or Non-Executive Directors

All subject to the limitations of authority as detailed within the 'Schedule of Matters Reserved for the STThree plc Board/Committees and subsidiary company control framework' and Group Authorities Matrix, as amended from time to time.

2. Membership

- (a) Other than the Chairman of the Company, the Nomination Committee shall consist of independent Non-Executive Directors appointed by the Board with no personal financial interest other than as shareholders in the matters to be decided, no potential conflicts of interest arising from cross-directorships and no day-to-day involvement in running the business. The Chairman of the Company shall chair the Nomination Committee except that he shall not chair the Nomination Committee where it is dealing with the appointment of a successor to the Chairmanship.
- (b) There shall be a minimum of three members of the Nomination Committee who will normally serve for a period of up to three years. This term may be extended (but by no more than two additional three-year periods) and may be terminated earlier with the agreement of the Board and subject to the provisions in the Articles of Association of the Company regarding retirement of Directors by rotation.
- (c) In appointing members of the Nomination Committee the Board will have regard to the Combined Code on Corporate Governance set out in the Listing Rules of the UKLA ("the Combined Code").

3. Meetings

- (a) The Nomination Committee shall meet at the call of its chairman. The Company's Chief Executive Officer will be required, on request, to attend meetings of the Nomination Committee.
- (b) The Company Secretary shall be the Secretary of the Committee

4. Authority

The Board authorises the Nomination Committee to investigate any matter within its terms of reference and seek any information it requires from any employee (all employees being directed to co-operate with any such request by the Nomination Committee) and to obtain internal or external legal or other independent professional advice at the cost of the Company including obtaining advice from third parties with relevant experience and expertise in connection with the matters within these terms of reference.

5. Responsibilities

- (a) The Nomination Committee in carrying out its duties under these terms of reference will have regard to the Combined Code (and in particular have regard to the relevant provisions of the Combined Code relating to the independence of Non-Executive Directors).
- (b) The Nomination Committee shall consider nominees put forward by any member of the Board, and in addition may employ the services of search consultants and/or other recruitment advisors at the Company's expense.
- (c) All decisions in respect of appointment of Directors shall be referred to the Board and shall take effect only upon approval thereof by resolution of the Board at a meeting which is properly convened and constituted and in accordance with the Company's Articles of Association.
- (d) In accordance with the terms of the Combined Code the Nomination Committee will:
 - (i) evaluate the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment;
 - (ii) for the appointment of the chairman, prepare a job specification, including an assessment of the time commitment expected, recognising the need for availability in the event of crises;
 - (iii) establish a formal, rigorous and transparent procedure for the appointment of new directors to the board, based on merit measured against objective criteria;
 - (iv) establish a procedure to ensure orderly succession for appointments to the Board and to senior management, so as to maintain an appropriate balance of skills and experience within the company and on the Board;
 - (v) review annually the time required from a non-executive director, using performance evaluation to assess whether the non-executive director is spending enough time to fulfil his duties;

- (vi) review regularly the structure, size and composition (including the skills, knowledge and experience) of the board and make recommendations to the Board with regard to any changes;
 - (vii) keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the market place;
 - (viii) ensure that on appointment to the board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.
- (e) The Nomination Committee shall review annually its terms of reference and its own effectiveness and recommend any necessary changes to the Board.

6. Quorum

The quorum for decisions of the Nomination Committee shall be two.