

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

**1. Purpose**

The Remuneration Committee is established as a Committee of SThree plc pursuant to Article 96 of the SThree plc Articles of Association. It has full power and authority to determine the Company's policy on the remuneration of the Chairman, Executive Directors, Company Secretary, members of the Executive Committee and other Managing Directors of SThree brands and determine specific remuneration packages (including pension rights) and compensation packages on employment or termination of office for each of the Chairman, Executive Directors of the Company, Company Secretary, members of the Executive Committee and other Managing Directors of SThree brands.

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

**2. Membership**

- (a) The Remuneration Committee shall consist exclusively 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.
- (b) There shall be a minimum of two members of the Remuneration Committee. Members of the Remuneration Committee will normally serve for a period of up to three years, so long as they continue to be independent Non-Executive Directors. 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. The Remuneration Committee shall be chaired by such member of the Committee who is so appointed by the Board from time to time.
- (c) In appointing members of the Remuneration 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) Meetings of the Remuneration Committee shall be held as and when appropriate but at least twice a year, normally before or after regular

meetings of the full Board. The Company's Chairman and Chief Executive Officer will be required, on request, to attend meetings of the Remuneration Committee.

(b) The Company Secretary shall be the Secretary of the Remuneration Committee.

#### **4. Authority**

(a) The Board authorises the Remuneration 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 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.

(b) The Remuneration Committee shall not:

(i) discuss, or pass resolutions in respect of, the remuneration of, or the terms of any consultancy agreement with, any Non-Executive Director which shall be a matter for the Board itself, subject to the provisions of the Articles of Association of the Company; and

(ii) (ii) determine any other matter which the Board shall advise the Remuneration Committee is reserved to be determined by it

#### **5. Responsibilities**

(a) The Remuneration Committee in carrying out its duties under these terms of reference will:

(i) have regard to the Combined Code; and

(ii) aim to give the Executive Directors every encouragement to enhance the Company's performance and to ensure that the senior management of the Company are fairly, but responsibly, rewarded for their individual contributions.

(b) The Remuneration Committee shall determine the broad policy for the remuneration of the Company's Chairman, Chief Executive, the Executive Directors, the Company Secretary, members of the Executive Committee and other Managing Directors of SThree brands.

(c) In accordance with the terms of the Combined Code the Remuneration Committee will:

(i) provide the packages needed to attract, retain and motivate Executive Directors of the quality required;

- (ii) judge the market comparator peer group of the Company and where to position the Company relative to that peer group;
  - (iii) consider pay and employment conditions elsewhere in the Group, especially when determining annual salary increases;
  - (iv) ensure that the performance-related elements of remuneration form a significant proportion of the total remuneration package of Executive Directors and should be designed to align their interest with those of shareholders and to give these Directors incentives to perform at the highest levels;
  - (v) ensure that executive share options are not offered at a discount save as permitted by the relevant provisions of the Listing Rules;
  - (vi) in designing schemes of performance related remuneration, the Remuneration Committee will embrace the provisions in Schedule A of the Combined Code.
- (d) The remuneration of the Executive Directors and other senior management should be adequate to attract, motivate and retain personnel of a high calibre and should reward for enhancing shareholder value.
- (e) In determining policy on executive remuneration and in considering specific remuneration packages for individual Executive Directors, the Remuneration Committee are entitled to seek independent advice and shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any such independent advisers.
- (f) Without prejudice to the generality of the terms of reference of the Remuneration Committee set out above, the Remuneration Committee will:
- (i) have the power to consider the design of, and recommend the introduction of, long term incentive plans;
  - (ii) have the power to operate the Company's share option schemes (if any), determine grants of options to be made to Executive Directors, recommend the total aggregate amount of any grants to senior executives and other employees (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to amendment);
  - (iii) determine targets for any performance related pay schemes operated by the Company;
  - (iv) ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate is fully recognised;

- (v) review the terms of Executive Directors' service agreements from time to time;
  - (vi) in considering specific remuneration packages for Executive Directors and senior management, determine basic salary, any benefits in kind, any annual bonuses, participation in share option schemes and any pension entitlements;
  - (vii) ensure that the Chairman of the Remuneration Committee (or other member of the Remuneration Committee) is available to answer questions on directors' remuneration principles and practice at the Annual General Meeting of the Company;
  - (viii) consult with the Chairman of the Company and/or the Chief Executive Officer in formulating the Remuneration Committee's remuneration policy and when determining specific remuneration packages (other than in respect of the Chairman and/or Chief Executive Officer);
  - (ix) liaise with the Board in relation to the preparation of a remuneration report to shareholders, as required by the Directors' Remuneration Report Regulations 2002 and ensure that the provisions regarding disclosure of remuneration are fulfilled; and
  - (x) keep the Chairman of the Company fully informed of its actions.
- (g) The Remuneration 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 Remuneration Committee shall be two.