

2017 PBT ANNUAL BONUS TARGETS

In response to feedback on the FY 2017 Directors' Remuneration Report, the Remuneration Committee is publishing additional information on the target-setting process for the annual bonus scheme.

In line with normal practice the Committee reviews the range of PBT (and other) financial targets it sets each year at the start of the financial year.

This process includes having regard to SThree's internal budget (and our sensitivity analysis), external expectations for performance (consensus) and wider economic conditions. As a recruitment business, we are sensitive to the impact of economic conditions and the general trading environment. All of these factors help ensure that our target-setting process is robust.

With regards to the range of targets set for the FY 2017 bonus, these reflected our assessment of the above factors at the start of the financial year. This was reflected in the range of PBT targets that we set for FY 2017 of £36.9m-£45.1m. This was a lower range than the PBT target range for the 2016 bonus scheme of £39.6m-£48.4m.

At the time the targets were set, market consensus for FY 2017 PBT was £38.3m, with many analysts forecasting a fall in PBT from the amount achieved for FY 2016. Our assessment of the trading environment was reflected in our FY 2016 preliminary results announcement (Jan 2017) where the CEO stated "Looking ahead, the heightened level of political and economic uncertainty remains the primary feature of our trading outlook." There are other separate comments in that announcement about uncertainty in specific markets. The factors underpinning this uncertainty in early 2017 included the results of the US election, upcoming elections in France and Germany and the ongoing uncertainty related to the outcome of the EU referendum in the UK. The changed political landscape created global macro-economic uncertainties, making this a difficult environment in which to plan. In this context, the range was felt similarly challenging to the FY 2016 range of targets.

The PBT targets which have been set for the FY 2018 bonus have been calibrated following a similar process. While the range is considered commercially sensitive and will be disclosed in the 2018 Remuneration Report, what we can state is that the bonus requires FY 2017 PBT of £44.5m to be achieved for any bonus relating to PBT to be earned. Therefore, a higher PBT range has been set, reflecting current market conditions which, while challenging, contain less uncertainty than was the case a year ago. This revised range has been set to be similarly challenging in the current circumstances to the range set for FY 2017.

The Committee is comfortable that it strikes the right balance in its financial target-setting between setting realistic targets at the lower end of the range through to demanding targets at the top end of the range that do not inadvertently result in undue risk taken.

PENSION PAYMENTS

The Company wishes to correct an error of reporting in the DRR. Note (iv) to Section 1.1 Directors' Remuneration for FY17 and Basis for Payments Under Incentive plans (Audited) contains the statement "Steve Quinn's FY2016 and Justin Hughes' FY2017 pension figures include amounts to rectify underpayment of this supplement to them from prior years. For Justin Hughes, the majority of this catch up occurred between FY2011 and FY2013 shortly following him moving to Hong Kong as he transitioned to local contribution arrangements. However, the table above includes pre-payments of £33.7k in respect of FY2018." The wording referring to a pre-payment was included in error. Justin Hughes was overpaid £33.7k in 2017 as a payroll error. This amount has been clawed back and will be fully reported in the 2018 DRR.