

**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 Company Chair, Executive Directors, Group Company Secretary, members of the Executive Committee (Senior Leadership Team, SLT or such other names as this committee is known), and such other members of management as it is designated, to consider and determine specific remuneration packages (including pension rights) and compensation packages on employment or partnership and termination of office for each of the aforementioned.

The Committee will also oversee workforce remuneration and related policies, ensuring alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive Director remuneration.

All powers are 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**

2.1 The Committee shall comprise at least three members, all of whom shall be independent Non-Executive Directors. The Chair of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chair. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Chair of the Remuneration Committee.

2.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, the Chief People Officer, and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

2.3 Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for further periods of up three-six years, provided the Director still meets the criteria for membership of the Committee.

2.4 The Board shall appoint the Committee Chair who shall be an independent Non-Executive Director who should have served on a Remuneration Committee for at least 12 months. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to Chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board. The Chair of the Board shall not be Chair of the Committee.

**3. Secretary**

The Group Company Secretary or his or her nominee shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

#### **4. Quorum**

The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

#### **5. Meetings**

The Committee shall meet at least twice a year and otherwise as required.

#### **6. Notice of meetings**

6.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee Chair.

6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and (if agreed), to all other Non Executive Directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

#### **7. Minutes of meetings**

7.1 The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

7.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless, exceptionally, it would be inappropriate to do so.

#### **8. Engagement with Shareholders**

The Committee Chair should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities. In addition, the Committee Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

#### **9. Duties**

The Committee should carry out the duties below for the parent Company, major subsidiary undertakings, and the Group as a whole, as appropriate.

The Committee shall

9.1 determine and agree with the Board the framework or broad remuneration policy for the Company Chair, Executive Directors, Group Company Secretary, members of the Executive Committee (SLT) and such other members of management as it is designated to consider and set their remuneration, in accordance with the Principles and Provisions

of the UK Corporate Governance Code (“the Code”). The remuneration of Non-Executive Directors shall be a matter for the Company Chair and the Executive members of the Board. No Director or manager shall be involved in any decisions as to their own remuneration

9.2 in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code - namely the requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture - and other associated guidance. The objective of such policy shall be to ensure that members of the Executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company

9.3 Establish remuneration schemes that promote long-term shareholding by Executive Directors that support alignment with long-term shareholder interests

9.4 Design remuneration policies and practices to support strategy and promote long-term sustainable success, with executive remuneration aligned to company purpose and values, clearly linked to the successful delivery of the company’s long-term strategy, and that enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate specified circumstances. The choice of financial, non-financial and strategic measures is important, as is the exercise of independent judgment and discretion when determining remuneration awards, taking account of Company and individual performance, and wider circumstances

9.5 when setting remuneration policy for Directors, review and have regard to the remuneration trends across the Group, especially when determining annual salary increases

9.6 review the ongoing appropriateness and relevance of the remuneration policy, having regard to the views of shareholders, the workforce, and other stakeholders,

9.7 within the terms of the agreed policy and in consultation with the Chair and/or Chief Executive Officer, as appropriate, determine the total individual remuneration package of the Chair, Executive Directors, Group Company Secretary, members of the Executive Committee, SThree Regional Managing Directors and other designated senior Executives, including pension arrangements, bonuses, incentive payments, share options or other share awards, as well as all drawings, incentive profit share or capital rights awarded to such individuals as partners.

9.8 obtain reliable, up-to-date information about remuneration in other companies, particularly of other companies of comparable scale and complexity. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board. The Committee should however avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants

9.9 be exclusively responsible for establishing the selection criteria, selecting, appointing, and setting the terms of reference for any remuneration consultants who advise the Committee

9.10 approve the design of, and determine measures and targets for, any performance related pay or partner incentive schemes operated within the Group and approve the total annual payments made under such schemes

9.11 review the design of all share or partner incentive plans, including the measures and performance targets to be used, for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to the Chair, Executive Directors, Group Company Secretary, members of the Executive Committee, SThree Regional Managing Directors and other designated senior Executives

9.12 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 loss is recognised

9.13 review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for executive director remuneration, whilst also overseeing any major changes in employee remuneration or partner equivalent structures throughout the Company or Group

9.14 agree the policy for authorising claims for expenses from the Directors

9.15 work and liaise as necessary with other Board Committees, ensuring the interaction between Committees and with the Board is reviewed regularly

## **10. Reporting responsibilities**

10.1 The Committee Chair shall report to the Board on its proceedings after each meeting on the nature and content of its discussion, recommendations and actions to be taken, as well as on all other matters within its duties and responsibilities.

10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be available for Board discussion when necessary.

10.3 The Committee shall also ensure that provisions regarding disclosure of information as set out in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the Code are fulfilled, and that a report on the Directors' remuneration policy and practices is included in the company's annual report and put to shareholders for approval at the AGM as necessary.

10.4 If the Committee has appointed remuneration consultants, the consultant should be identified in the annual report alongside a statement about any other connection it has with the Company or individual directors.

## **11. Other matters**

The Committee shall

11.1 have access to sufficient resources to carry out its duties, including access to the Company secretariat for assistance as required

11.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members

11.3 give due consideration to laws and regulations, the provisions of the Code and published guidelines or recommendations regarding the remuneration of Company Directors and the formation and operation of share incentive plans, the requirements of the FCA's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate

11.4 arrange for periodic reviews of its own performance and, at least bi-annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **12. Authority**

The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.

**November 2020**