On behalf of the Board I am pleased to present the Remuneration Committee's annual report on Directors' remuneration for the year ended 30 November 2018.

Denise Collis
Chair of the Remuneration Committee
25 January 2019

Committee composition and attendance

	Jan	Oct	Nov
Denise Collis (Chair)	●	●	●
James Bilefield	●	●	●
Barrie Brien	●	●	●
Anne Fahy	N/A	●	●

N/A – joined Committee after meeting date.

Full biographies are available on page 78-79.

As a Board, we are keenly aware of the sensitivities of the topic of executive pay for companies, employees and shareholders. During the year we have reviewed alignment of our policy to the business strategy, as well as recent changes to the regulatory environment and investor guidance and we are comfortable that the current Directors' remuneration policy (approved by shareholders at the 2017 AGM) remains appropriate for the final year of the three-year policy period. Our review of the policy and its application included a shareholder engagement exercise in October 2018, where our largest shareholders were contacted to provide feedback on our policy and governance approach. We have already incorporated points from this feedback in our target setting processes and have expanded our explanation of this process. We are pleased to say that the views of those shareholders who responded were that the policy and its application remains appropriate and this confirms our view that our pay policy reflects the business strategy, with remuneration payments that are strongly linked to performance.

Summary of Remuneration Policy

The fixed elements of the remuneration packages are set so that they reflect the calibre and experience of the individuals and the complexity of their roles. The annual bonus measures are based on specific areas that require immediate focus, whereas our Long Term Incentive Plan ('LTIP') looks to drive sustainable improvements at a more macro level over the longer term. Culturally, the setting of both financial and broader non-financial measures serves to focus scheme participants on a more holistic view of business success and hence serves to drive performance on a broad, sustainable front.

Remuneration Payable for Performance in 2018

In relation to the annual bonus, despite the uncertain economic environment, the Group delivered a good result for the year, with a strong finish in the final quarter and overall performance that was ahead of our internal plans and market expectations. This was driven by strong growth in Continental Europe, robust growth in the USA, with a continued recovery in Energy and solid growth in Life Sciences. Against the financial targets that were set for the annual bonus, there was strong PBT growth versus the prior year and solid operating profit conversion. The cash conversion achieved was lower than hoped due to the increased rate of growth in our Contract runner book, where more cash has been absorbed into working capital. In addition, the operational challenges associated with the relocation of our support function to Glasgow had a temporary adverse impact on our Days' Sales Outstanding ('DSOs'). Looking at the wider context, good progress was also made on many of our KPIs, including our strategic and personal objectives.

One such key objective was the relocation of our support function to Glasgow, which will deliver significant year on year cost savings, ahead of expectations.

Reflecting this strong overall performance, the average annual bonus paid to the Executive Directors was 73.7% of the maximum.

The 2016 LTIP award was based on our performance over the three financial years to the end of 2018. For the half of the award based on the EPS performance condition, this required adjusted EPS growth to be between RPI +6% and RPI +19% per annum. Actual EPS performance for 2018 was 30.7 pence, equating to growth of RPI +7.0% over the performance period and resulting in 36% vesting of the EPS part of the award. For the remaining half of the award based on our Total Shareholder Return ('TSR') performance, our TSR was required to be between median and upper quartile performance against a peer group. Whilst our TSR was +6.7%, this placed us below median, resulting in zero payout of this part of the award.

The Committee has considered whether the formula-driven payouts under the incentive plans and resultant total remuneration for Directors is appropriate, looking at the broader context within which the performance has been delivered. In particular the Committee has noted the following points:

- The profit performance represents strong year on year improvement in a challenging market.
- Targets for the incentive plans were stretching. For example, despite the increasing uncertainty at the time the targets were set at the start of 2018, the entire target range for PBT was ahead of the prior year figure and ahead of the range set for the prior year bonus.
- This has been a year of significant internal change, with the realignment of the executive team around a new operating model, the creation of the Centre of Excellence in Glasgow and a major reorganisation of the UK business.
- Total pay for the Executive Directors has reduced year on year, despite an overall strong performance.

Taking the above into account the Committee is comfortable that there has been a robust link between remuneration and performance and that there was no need to use discretion to adjust the level of remuneration payable.

Full details of the annual bonus and LTIP measures, performance against them and resultant payments are set out in the Annual Report on Remuneration.

Chief Executive Officer succession

On 14 December 2018, we announced that Gary Elden will step down from his role as Chief Executive Officer in early 2019. Gary was given 12 months' notice by the Company and payments to Gary after he steps down will comprise salary, pension and benefits, paid monthly for the duration of the notice period (subject to offset against earnings, excluding a single NED role in a publicly quoted company, elsewhere). Gary will be entitled to be considered for an annual bonus, pro rata for the part of 2019 actively worked. Outstanding LTIP awards will remain subject to performance conditions and scaled back pro rata for the period of employment as a proportion of the three year vesting period. Gary will not receive an LTIP grant in 2019.

Policy Implementation for 2019

The Committee has awarded all continuing Executive Directors salary increases of 2.5%, which is in line with the average increase for employees generally.

As this is the final year of the three-year policy period, the Committee decided not to consult with shareholders in making any substantive changes at this time. The annual bonus opportunity will therefore remain capped at 120% of base salary, with deferral in shares for any bonus earned above 100% of salary. The mix of measures will remain unchanged, with 65% financial, 25% shared strategic and 10% based on personal objectives. Relevant and objective measures have been set for the shared strategic and personal elements, with commensurate stretching targets.

There will be full retrospective disclosure of target ranges and performance for the bonus in the following Annual Report on Remuneration.

The LTIP will continue to be based on SThree's performance over three years and subject to a two-year holding period post-vesting. For 2019, the grant level will be unchanged at 150% of base salary.

As explained last year, the Committee previously reviewed the performance measures for the LTIP and decided to rebalance these to give a higher weighting on the three-year EPS targets and a reduced weighting on the strategic element. This allowed a greater focus on the financial metrics, as well as more simplicity and was aligned to feedback received from shareholders. Accordingly, it is again proposed that the weighting should be 50% EPS, 30% TSR and 20% strategic.

The Committee has given very careful consideration to the setting of targets for 2019, looking to balance the forward momentum from a strong performance in 2018 with the increasingly uncertain macro-economic and political conditions. For the annual bonus, the financial target ranges are set at a level which is above the prior year outturn and contain significant stretch. Similarly, for the 2019-21 LTIP award, the EPS range requires significant growth from the strong 2018 outturn in order for awards to reach threshold, with a very high level of stretch required in order to achieve full vesting. Furthermore, the Committee retains discretion to ensure that annual bonus payments and vested awards under the LTIP can be scaled back if the formula driven outturn does not reflect the broader overall performance of the business. Full details of the annual bonus measures and the measures and targets for the 2019-21 LTIP awards are set out in the Annual Report on Remuneration.

Changes to Committee composition

In April 2018, Anne Fahy joined the Committee. Anne also serves on the Audit and Nomination Committees.

Shareholder engagement and response to UK Corporate Governance Code changes and new reporting requirements for Directors' pay

The Committee values the opinions of its shareholders and other stakeholders and took their views into account in designing the remuneration policy and also in assessing its application for 2019. We will consult investors again regarding our new policy, during the year.

We will also gather broader stakeholder input, as required by the UK Corporate Governance Code reforms announced by the Financial Reporting Council in July 2018. To this end, the Board has already taken steps towards further improving its engagement with employees, by my appointment on 1 December 2018 as the designated NED responsible for employee engagement. In this role, I will be responsible for gathering employees' views and ensuring that they are fully considered at Board level.

In addition, the Committee has already taken proactive action to ensure that it is well placed to comply with the new Code requirements, as follows:

- Enhanced role of Remuneration Committee – our Committee Terms of Reference now include a widened remit of setting senior management pay and oversight of remuneration and workforce policies and practices;
- Remuneration principles, structures and discretion – when setting policy, the Remuneration Committee already considers clarity, simplicity, risk, predictability, proportionality and culture;
- LTIPs have a minimum five-year vesting/holding period and we will be reviewing our policy on post-employment shareholding requirements as part of the policy review. Discretion will be used where necessary to adjust incentive plan payments to take account of wider circumstances and we have amended the incentive plans to enable the Committee to override any formula driven outcome;
- Shareholder views – we routinely seek investor feedback on our governance and remuneration approach and to understand those reward matters that are currently front of mind. We did this again in October 2018, where there were positive comments from those who responded. Through positive proactive engagement we hope to avoid situations where there is a significant vote against any resolution, or where we are only made aware of adverse voting intentions at the last minute;
- Clawback and malus – incentive schemes have been updated to allow recovery of payments in specific additional circumstances such as (i) serious reputational damage and (ii) corporate failure.

To ensure maximum transparency and accountability we have chosen to comply early with the new reporting regulations for Directors' pay, including publication of the ratio of our Chief Executive's pay as compared to that of the workforce.

Chairman and NED fees

The Committee and Board have reviewed the fee levels for the Chairman and NEDs respectively and, after a review of market benchmarks and taking account of the increased time commitment and responsibility, have increased the fee levels modestly.

Conclusion

The Committee appreciates the support received from shareholders to date on its executive remuneration and governance approach. We are required to seek shareholder approval for a new remuneration policy at the 2020 AGM and we will be consulting with investors again in 2019 on this. I look forward to maintaining a constructive ongoing dialogue.

Denise Collis
Chair of the Remuneration Committee
25 January 2019

Remuneration at a Glance

How have we performed?

Bonus – maximum potential 120% of base salary

Metric	Threshold	Maximum	Actual	Achievement %
PBT	£44.5m	£53.3m	£53.4m	100.0%
Operating Conversion Ratio	15.6%	17.2%	16.8%	83.3%
Cash Conversion Ratio	63.0%	77.0%	67.0%	37.1%
Average Shared Strategic Achievement			59.5%	59.5%
Average Personal Achievement			73.3%	73.3%
Average Total Achievement				73.7%

2016 LTIP Award – grant 150% of base salary

Metric	Threshold	Maximum	Actual	Achievement %
EPS (adjusted)			30.7p	
TSR	Median	Upper quartile	24th out of 39	0%

Summary of Total Reward

	Reward Component	CEO	CFO	COO
2018	Base Pay £'000	£453.1	£341.6	£292.1
	Total Remuneration £'000	£1,064.0	£813.1	£665.1
2017	Base Pay £'000	£442.0	£333.3	£330.0
	Total Remuneration £'000	£1,228.8	£940.1	£864.5

* Explanation of any changes can be found in the relevant section within the Annual Report on Remuneration.

Remuneration Policy Summary – no changes proposed for 2019

Key Reward Component	Key features
Base Salary and Core benefits	Salaries increased by 2.5% in line with employees
Annual Bonus – 65% Group Financial Target – 25% Strategic Target – 10% Personal Target	Maximum of 120% of salary, with any achievement above 100% of salary paid in shares vesting in equal tranches over 2 years
LTIP Award – 50% EPS – 30% TSR – 20% Strategic Targets	Maximum award of shares worth 150% of annual salary, performance tested, vesting after 3 years with a further 2 year holding period
Shareholding Requirements	Requirement to hold shares equivalent to 200% of salary

Policy Report

The Group's remuneration policy set out below was approved by shareholders at the AGM held on 20 April 2017 and applies for three years from that date. The remuneration policy is designed to support the strategic business objectives of the Group in order to attract, retain and motivate Directors and senior managers of a high calibre, to deliver sustainable increases in long-term shareholder value.

Element	Purpose and Link to Strategy	Operation	Maximum	Performance Metrics
Executive Directors				
Base Salary	Sufficient to attract, retain and motivate high calibre individuals.	Reviewed annually with any increases taking effect from 1 December.	Increases will normally be the equivalent to the average salary increase for employees, other than in exceptional circumstances.	Not applicable
Benefits	Market competitive benefits package.	Including Car Allowance, Private Medical Insurance, Permanent Health Insurance, Life Assurance and Housing Allowance (if relocated). Other benefits may be introduced to ensure benefits overall are competitive and appropriate for the circumstances.	Cost of insured benefits will vary in line with premiums. Other benefits will be at a level considered appropriate in the circumstances.	Not applicable
Pension	To provide a competitive pension provision.	Individuals may either participate in a pension plan into which the Company contributes or receive a salary supplement in lieu of pension.	15% of base salary.	Not applicable
Annual Bonus	Incentivises high levels of personal and team performance, focused on the key business strategies and financial/operational measures which will promote the long-term success of the business.	Deferral into shares for achievement over 100% of salary, vesting in equal tranches over two years, subject to continued employment. Dividend equivalent payments accrue on deferred shares, payable in cash or shares. Bonus may be subject to clawback or malus being applied, if appropriate, in the event of financial misstatement, error or misconduct, which has led to an over-payment.	Maximum bonus payment is 120% of annual salary.	Achievement of agreed strategic and financial/operational annual business targets, weighted in line with business priorities. A majority of the performance conditions will be based on financial metrics. Sliding scales are used for each metric wherever practicable with 20% payable for achieving threshold performance. Normally 50% of the maximum bonus is payable for target performance for any financial metric. Within the maximum limit, the Committee may adjust bonus outcomes, based on the application of the bonus formula set at the start of the relevant year, if it considers the quantum to be inconsistent with the Company's overall performance during the year.

Element	Purpose and Link to Strategy	Operation	Maximum	Performance Metrics
Executive Directors				
Long Term Incentive Plan	Incentivises and rewards Executives for the delivery of longer-term strategic objectives and to reward substantial relative and absolute increases in shareholder value.	LTIP awards may be granted each year in the form of a conditional award of shares or a nil cost option. LTIP awards normally vest after three years. Dividend equivalent payments accrue on vested LTIP awards, payable in cash or shares. Vested LTIP awards must be held for a further two years before the shares may be sold (other than to pay tax). LTIP awards may be subject to clawback or malus being applied, if appropriate, in the event of financial misstatement, error or misconduct, which has led to an over-payment.	The maximum award is 150% of salary p.a. in normal circumstances but may be 175% of salary in exceptional circumstances.	Targets are reviewed annually ahead of each grant to ensure they are aligned to the business strategy and performance outlook. A majority of the performance conditions are based on Group financial performance and shareholder value-based outcomes. No more than 25% of an award may vest for the threshold level of performance. Within the maximum limit, the Committee may adjust vesting outcomes, if it considers the quantum to be inconsistent with the Company's overall performance during the year. Regional based financial metrics may be used for Directors for a minority of the award, where appropriate.
All Share Plans	Support and encourage share ownership by employees at all levels.	HMRC approved SAYE and SIP participation is available to all UK employees, including Executive Directors, on similar terms.	In line with HMRC limits or lower limits specified by the Company from time to time.	Not applicable
Share Ownership Requirements	Alignment of Executive Directors' interests with those of investors.	Executive Directors are expected to build and maintain a shareholding equivalent in value to no less than 200% of base salary. Until this threshold is achieved Executive Directors are normally required to retain no less than 50% of the net of tax value from vested LTIP, Deferred Bonus or other awards.	Not applicable	Not applicable

As part of this policy, any payments due under the terms of the previous policy are capable of being made.

Operation of Incentive Plans

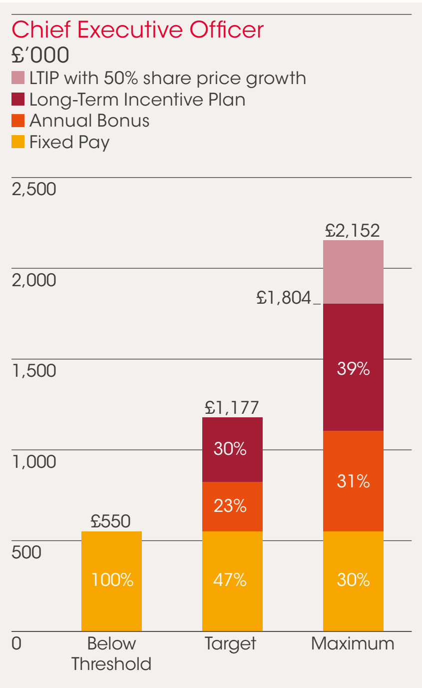
The Committee's policy is to review performance measures for the incentive schemes annually, so that they continually align with strategic objectives. The Committee considers that linking annual bonus and the vesting of LTIP awards to a combination of different measures, capturing share price, financial results and non-financial performance, will ensure that incentive plans provide a reward for rounded performance, while maintaining the alignment of Executive and shareholder interests.

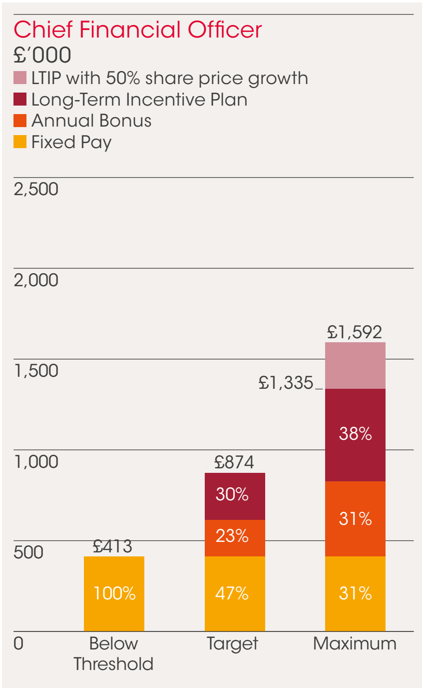
The Committee may exercise discretion in assessing achievement against each stated target where it considers that it would be fair and reasonable to do so. The Committee may also exercise broader discretion in relation to the terms of all incentive plans, for instance (but not limited to) adjustments required for corporate restructuring and change of control.

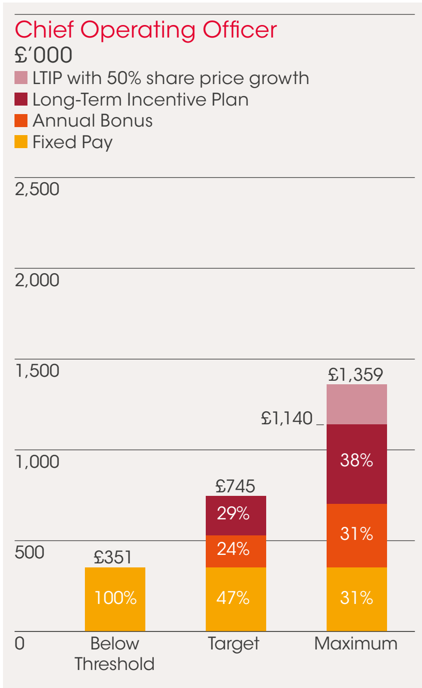
In designing incentive structures and approving incentive payments, the Committee pays due consideration to risk management and environmental, social and governance ('ESG') issues.

Illustration of Potential 2019 Executive Directors' Remuneration

The charts below show the remuneration potentially payable to Executive Directors under different performance scenarios.







Note:
Assumptions for the charts above:
Fixed pay comprises base salary as at 1 December 2018, pension contribution of 15% of salary and the value of benefits received in 2018.

The on-target level of bonus is 50% of the maximum opportunity. The on-target level of the LTIP is taken to be 50% of the value of a single year's award.

The maximum level of bonus and LTIP is the maximum bonus and full vesting of the LTIP award. No share price appreciation has been assumed for deferred bonus or LTIP awards and the value of all-employee share plans has been excluded. The 'maximum' column includes an additional 50% value of the LTIP.

Differences in Remuneration Policy for Executive Directors Compared to Other Employees

The Committee is made aware of pay structures across the wider group when setting policy for Executive Directors, in particular in relation to any base salary review. Overall the remuneration policy for Executive Directors is weighted more to performance based pay and, in particular, long-term share-based incentives. This is to ensure that the relatively higher pay levels are justifiable internally and externally to shareholders as a clear link between the value created for shareholders and the remuneration received by Executives.

Consideration of Employment Conditions Elsewhere in the Group

When setting the Executive Directors' remuneration policy, the Committee takes into account the pay and conditions of employees more generally. Also, following the Corporate Governance Code reforms announced by the Financial Reporting Council in July 2018, the Board has appointed Denise Collis as designated NED for employee engagement, from 1 December 2018, to gather views from employees and ensure that these are fully considered at Board level.

Consideration of Shareholders' Views in Determining the Remuneration Policy

The Committee actively consults with shareholders on executive remuneration policy changes. Feedback is taken on board and any proposals are adjusted, as appropriate, given the objective of ensuring that shareholders are supportive of the policy and its implementation. In addition, the Company follows shareholder sentiment on reward and gives it due consideration in considering the application of policy in the years between the development of a new policy. The last exercise was undertaken in October 2018, as outlined in the introduction earlier.

Remuneration Policy for Recruitment and Promotion

Base salary levels will be set in line with the policy taking account of individual circumstances. Where it is appropriate to offer a starting salary below the desired position initially, there is flexibility to make increases at a faster rate than other Directors and employees, subject to individual performance and development in the role.

Benefits and pension would be in line with the policy. Additionally, there would be flexibility to make payments to cover relocation related expenses.

Annual bonus would be in line with the policy and there would be flexibility to set different performance conditions measurable over a part-year, in the first year of appointment.

For internal promotions, outstanding incentive payments may vest on their original terms. For external recruits there may be a need to buy out unvested incentive entitlements at a previous employer. The Committee confirms that any such buy out arrangements would only be used if necessary, would take a similar form to that surrendered (e.g. cash or shares and timeframe), would take account of performance conditions and quantum, and would be no greater than that which the individual has forfeited on appointment.

Policy on Directors' Service Contracts and Payments for Loss of Office

The Executive Directors have rolling service contracts subject to a maximum of 12 months' notice by the Company or Executive. At the Company's discretion, on termination a payment may be made in lieu of notice equivalent to 12 months' salary, which may be paid in monthly instalments and offset against future earnings. For new hires the policy is to provide a 12 month notice period.

Depending on the circumstances the Committee may consider payments in respect of statutory entitlements, outplacement support and legal fees. Mitigation would be applied to reduce any payments associated with loss of office.

'Good' leavers (e.g. redundancy or retirement) may generally retain any earned bonus or share based awards, on a pro rata basis, subject to still achieving any relevant performance criteria.

'Bad' leavers such as a resignation would lose any entitlement to participate in the bonus scheme and any outstanding deferred bonus or LTIP awards would normally lapse on cessation of employment.

External Appointments

Executive Directors are encouraged to undertake external appointments, where they are able to combine this with their existing role. This helps to broaden experience and capability, which can benefit the Company. Currently, no external appointments are held by any Executive Directors.

Terms of Appointment and Remuneration Policy for Non Executive Directors ('NEDs')

NEDs are appointed for an initial three-year term, subject to satisfactory performance and re-election at each AGM, with an expectation that they would serve for at least six years, to provide a mix of independence, balance and continuity of experience. In practice NEDs may be requested to serve up to nine years, subject to rigorous review.

The appointment may be terminated by either the Company or the NED, by giving appropriate notice. Upon termination or resignation, NEDs are not entitled to compensation and no fee is payable in respect of the unexpired portion of the term of appointment. The policy for the remuneration of NEDs is summarised below:

Element	Purpose and Link to Strategy	Operation	Maximum	Performance Metrics
Fees	Attracts, retains and motivates high calibre NEDs to provide experience, capability and governance in the interest of shareholders.	Fees are determined by the Board as a whole and set by reference to those fees paid in similar companies, related to allocated responsibilities and subject to the aggregate Directors' fee limits contained in the Company's Articles of Association. Out of pocket expenses including travel may be reimbursed by the Company in accordance with the Group's expenses policy. NEDs are not entitled to compensation and no fee is payable in respect of the unexpired portion of the term of appointment.	There is no maximum individual fee limit. The overall fee comprises a basic fee plus payment for additional responsibilities such as chairing Committees and for interim additional duties. NEDs do not participate in the Group's incentive schemes.	Obligation to perform satisfactorily and attend and contribute to meetings, assessed via Board effectiveness reviews.

Sourcing Shares for Share Plans and Minority Interests (tracker shares)

Shares used to settle vested share awards or tracker shares may include new issue shares, treasury, Employee Benefit Trust 'EBT' shares or market purchased shares. The use of new issue or treasury shares is constrained by dilution limits which are reviewed by the Board annually. In order to comply with investor guidelines, the Board has agreed that the LTIP awards granted in 2015, 2016, 2017 and 2019, will be satisfied via the EBT, if appropriate.

Annual Report on Remuneration

Section 1 – Total Reward for 2018

1.1 Directors' Remuneration for 2018
1.2 Annual Bonus Payable for 2018 Performance
1.3 Shared Strategic Objectives 2018 Performance
1.4 Personal Objectives 2018 Performance
1.5 LTIP awards vested by reference to performance over the three years to 2018

1.1 Directors' Remuneration for 2018 (Audited)

Director	Salary & Fees £'000	Benefits[1] £'000	Annual Bonus £'000	Long Term Incentive Plan[2] £'000	Pension[1] £'000	Total £'000
Gary Elden	453.1	15.8	399.1	128.0	68.0	1,064.0
Alex Smith	341.6	20.3	303.0	97.0	51.2	813.1
Justin Hughes**	292.1	15.1	259.1	55.0	43.8	665.1
Clay Brendish	57.2	–	–	–	–	57.2
Anne Fahy	52.0	–	–	–	–	52.0
Denise Collis	52.0	–	–	–	–	52.0
James Bilefield	104.4	–	–	–	–	104.4
Barrie Brien	45.0	–	–	–	–	45.0
Aggregate Emoluments	1,397.4	51.2	961.2	280.0	163.0	2,852.8

NED fees reflect that, at the AGM in April 2018, Clay Brendish retired as Chairman, being succeeded by James Bilefield, who stepped down as SID. Denise Collis was appointed as SID from 1 October 2018 and as Employee Engagement NED from 1 December 2018.

2017 Director	Salary & Fees £'000	Benefits[1] £'000	Annual Bonus £'000	Long Term Incentive Plan[3] £'000	Pension[1] £'000	Total £'000
Gary Elden	442.0	13.9	404.2	302.4	66.3	1,228.8
Alex Smith	333.3	18.5	305.7	232.6	50.0	940.1
Steve Quinn** (left 30/09/2017)	358.1	298.2	319.9	130.3	53.7	1,160.2
Justin Hughes**	330.0	71.6	222.9	130.3	109.7	864.5
Clay Brendish	140.0	–	–	–	–	140.0
Anne Fahy	47.0	–	–	–	–	47.0
Fiona MacLeod* (left 31/10/2017)	43.5	–	–	–	–	43.5
Nadhim Zahawi* (left 31/10/2017)	37.1	–	–	–	–	37.1
Denise Collis	47.0	–	–	–	–	47.0
James Bilefield* (joined 01/10/2017)	8.1	–	–	–	–	8.1
Barrie Brien* (joined 11/09/2017)	9.9	–	–	–	–	9.9
Aggregate Emoluments	1,796.0	402.2	1,252.7	795.6	279.7	4,526.2

* Pro rated due to appointment or retirement in year.
** 2017 includes payments in local currency of US$ or HK$ hence shown Sterling amounts can fluctuate YoY.

Notes:
1. Benefits comprise car allowance, medical cover and life/income protection insurance, as well as payments to cover housing or other related costs when transferred overseas. Housing or other related costs were nil (2017: £276,073) for Steve Quinn and nil (2017: £69,324) for Justin Hughes. The pension contribution equates to 15% of salary.
2. 2018 LTIP awards relate to those granted in early 2016 and vesting in early 2019, based on performance assessed over 2016–2018, also including the value of any related dividends accrued during the vesting period on vested awards. The benefit value has been calculated using a share price of 286.5p, being the share price on 30 November 2018, the last dealing day of the year. As the market price at grant was 297.0p, none of the value has arisen from the share price increasing.
3. 2017 LTIP awards relate to those granted in early 2015, vested in early 2018, based on performance assessed over 2015–2017, also including the value of any related dividends accrued during the vesting period on vested awards. The benefit value has been calculated using a share price of 343.50p, being the share price on 30 November 2017, the last dealing day of the year. As the market price at grant was 324.0p, some of the value has arisen from the share price increasing.

1.2 Annual Bonus Payable for 2018 Performance

Gary Elden

		Actual performance against target									
Measures	Weighting	Below	Threshold	Target	Max	Threshold	Target	Max	Actual performance	Achievement %	Payout £'000
Group Financial Target											
PBT	29.25%					£44.5m	£48.5m	£53.3m	£53.4m	100.0%	£159.0
Operating Conversion Ratio	19.50%					15.6%	16.0%	17.2%	16.8%	83.3%	£88.3
Cash Conversion Ratio	16.25%					63.0%	70.0%	77.0%	67.0%	37.1%	£32.8
Shared Strategic Objectives											
See Section 1.3	25.0%								14.9%	59.5%	£80.9
Personal Objectives											
See Section 1.4	10.0%								7.0%	70.0%	£38.1
	100.0%									73.4%	£399.1

Alex Smith

		Actual performance against target									
Measures	Weighting	Below	Threshold	Target	Max	Threshold	Target	Max	Actual performance	Achievement %	Payout £'000
Group Financial Target											
PBT	29.25%					£44.5m	£48.5m	£53.3m	£53.4m	100.0%	£119.9
Operating Conversion Ratio	19.50%					15.6%	16.0%	17.2%	16.8%	83.3%	£66.7
Cash Conversion Ratio	16.25%					63.0%	70.0%	77.0%	67.0%	37.1%	£24.7
Shared Strategic Objectives											
See Section 1.3	25.0%								14.9%	59.5%	£61.0
Personal Objectives											
See Section 1.4	10.0%								7.5%	75.0%	£30.7
	100.0%									73.9%	£303.0

Justin Hughes

		Actual performance against target									
Measures	Weighting	Below	Threshold	Target	Max	Threshold	Target	Max	Actual performance	Achievement %	Payout £'000
Group Financial Target											
PBT	29.25%					£44.5m	£48.5m	£53.3m	£53.4m	100.0%	£102.5
Operating Conversion Ratio	19.50%					15.6%	16.0%	17.2%	16.8%	83.3%	£57.0
Cash Conversion Ratio	16.25%					63.0%	70.0%	77.0%	67.0%	37.1%	£21.2
Shared Strategic Objectives											
See Section 1.3	25.0%								14.9%	59.5%	£52.1
Personal Objectives											
See Section 1.4	10.0%								7.5%	75.0%	£26.3
	100.0%									73.9%	£259.1

● Actual achievement against scale.

1.3 Shared Strategic Objectives for 2018 Performance

Strategic Measure & Targets	Assessment of performance by the Committee	Overall result in judgement of the Committee (as % of Maximum opportunity)
Operations		
Deliver project to relocate UK based support services to Glasgow and reduce fixed overheads, providing a base to improve customer experience through process and systems improvement. Achieve £3.5 million in Project EBITDA savings by end of 2018. Execute project with latest view project one-off costs not exceeding £13.7m by end of 2018. Centre of Excellence to deliver to agreed pre-transition performance levels for all KPIs by end of stabilisation period.	Overall, the project has been delivered to, and in a number of instances has significantly exceeded, plan. Key contributors to this have been increased project scope, new roles being recruited under budget and a reduction in dual-running costs. Project savings of £5.5 million were delivered against a target of £3.5 million. Project one-off costs were £11.4 million against a target of £13.7 million. Of the 25 workstreams, 20 have achieved pre-transition service levels.	94%
Permanent Profitability		
Continue building on the work undertaken in 2017 to separate the Permanent and the Contract business, in creating clear governance and structures, and segmenting customers to deliver more efficiently, whilst also using Innovation and new models to further improve profitability. Improve Permanent operating profit by between circa 5% and 30%.	Permanent profitability improved due a combination of operational changes, transfer of work to the Glasgow Resource Centre, and movement of heads to more technology enabled solutions. The result was extremely strong, with more than a 30% increase in Permanent operating profit year on year.	100%
People Engagement		
Continue the focus on improving retention in the 12-24 month cohort which has the highest levels of sales churn (45% 2017, 51% 2016). Deliver a churn improvement of 5-10% year on year.	There was a major underperformance against this target, with the out-turn being significantly below threshold, despite considerable effort being deployed.	0%
Customer Engagement		
Build on the use of NPS, and develop stronger relationships and improved GP derived from Key Accounts and MSP clients who form part of the Top 20 customer base. Growth in the % of total group GP derived from the top 20 clients in 2017 was 10.3%.	Growth achieved of 11.1% against a target of 11.3%.	44%
Total/Average pay out		**59.5%**

1.4 Personal Objectives for 2018 Performance

Personal targets – delivery against agreed objectives as follows:

Director	Personal objective	Assessment of Performance by Committee	Overall result in judgement of the Committee (as % of Maximum opportunity)
Gary Elden	Lead the development and implementation of a new leadership and operating model.	The new model was successfully introduced across all geographies bringing a more integrated and disciplined approach to both operating practices and the visibility, approval and control of new programmes and projects. Compliance with the new way of working has been excellent and is reflected in performance against the key financial metrics.	70%
	Introduce a new governance methodology, lead the Innovation agenda through the Ventures Committee, and deliver on the annual plan for new venture and product initiatives	Benefits have been demonstrated through improved Innovation governance. Pleasing progress has been made, in that three in-house Innovation projects progressed through the testing phase, with two now progressed to minimum viable product stage and expected to generate future revenues.	
Alex Smith	Improve service levels of non UK support operations and develop plan for future Centre of Excellence phases.	New Global operations structure developed and transition plan successfully completed. Good progress on service level improvements.	75%
	Drive greater financial insight into strategic decision making to optimise the Group's portfolio of businesses.	Action plans developed to improve the controllable contribution conversion ratio % ('CC CR%'), leading to fewer low CC CR% teams. Both internal and external data points now being used to guide the business on resource allocation, funding of new ventures and speed of headcount build.	
Justin Hughes	Managing risk globally, creating a structure and processes to effectively manage and reduce it, and deliver year on year improvements.	Successful delivery against key targets, achieving a step change improvement in the management of global risk. This comprised both organisational elements (e.g. new Global Compliance function and redefined operational practices) and specific targeted activity (e.g. mitigation of specific risk issues in US and the devising and rolling out of mitigation plans for Europe/Rest of World).	75%
	Following the review of UK support services, creating a blueprint and design for the rest of the world, with associated timelines.	A detailed blueprint and accompanying future model have been developed and are ready for implementation, following completion of preparatory work in the Glasgow Centre of Excellence.	

1.5 LTIP awards vested by reference to performance over the three years to 2018 (Audited)

Earnings Per Share ('EPS'):

EPS* – Compound annual growth over three years ending 2018	Payout Range	Actual performance	Vesting level
RPI +6% - 14% - 19%	30% - 80% - 100%	RPI +7.0%	36%

* Adjusted, where necessary.

Total Shareholder Return ('TSR'):

TSR – Rank of the Company compared to the peer group	Payout Range	Actual performance	Vesting level
TSR performance between the median and upper quartile	30% - 100%	24th out of 39	Nil

Number of shares Granted vs Vested vs Lapsed based on assessment versus all targets

Executive Director	Number of shares granted	Number of shares vested	Number of shares lapsed	Dividend equivalent additional shares	Total £'000*
Gary Elden, CEO	217,677	39,181	178,496	5,503	128.0
Alex Smith, CFO	164,141	29,545	134,596	4,149	97.0
Justin Hughes, COO	140,404	16,846	123,558	2,366	55.0

* Based on share price of 286.5p on 30 November 2018.

Section 2 – How we will apply our Remuneration Policy in 2019

2.1 Base Salary
2.2 Benefits and Pension
2.3 Annual Bonus
2.4 Long Term Incentive Plan
2.5 Non Executive Directors ('NEDs')

2.1 Base Salary

The table below illustrates the most recent base salary changes (effective for 2019). The average base salary change awarded for employees generally was 2.5-3.0%.

Executive Director	Base Salary 2018 £'000	Increase (from 1 Dec 2018) £'000	Base Salary 2019 £'000
Gary Elden, CEO	453.1	0	453.1
Alex Smith, CFO	341.6	2.5%	350.1
Justin Hughes, COO	292.1	2.5%	299.4

2.2 Benefits and Pension

There are no changes to benefits. The pension contribution equates to 15% of salary. The most common employee pension contribution is circa 3% of salary.

2.3 2019 Annual bonus, including financial, strategic and personal measures

The maximum annual bonus remains capped at 120% of base salary. Any bonus above 100% of salary will be deferred into shares vesting in equal tranches over the next two years. The bonus metrics and weightings for the 2019 annual bonus are summarised in the table below. Where they are considered to be commercially sensitive, the target ranges for each metric will be disclosed retrospectively in the following year's Directors' Remuneration Report.

Metric	Weighting	Measure	Sub-weighting	Link to strategy/notes
Group Financial Targets	65%	Adjusted Profit Before Tax Calculated as Gross Profit less administrative expenses, less interest before adjusting items.	29.25%	These are considered by the Committee to be the three most relevant financial KPIs for bonus purposes. Adjusted Profit before Tax is the headline measure of our Group profitability, shown on an adjusted basis, to measure underlying financial performance delivered by management.
		Operating Profit Conversion Ratio Calculated by taking the operating profit before exceptional and other adjusting items, stated as a percentage of gross profit.	19.50%	Operating Profit Conversion Ratio and Cash Conversion Ratio indicate how efficient the business is in terms of controlling costs and improving consultant productivity, turning profit into cash or collecting cash. As such, they are key strategic measures and components of the Group's bonus arrangements. Focusing on these measures also helps protect the Group in less favourable economic conditions. Sliding scales will be set for each metric around a target level.
		Cash Conversion Ratio Calculated as the cash generated from operations for the year after deducting capex, stated as a percentage of operating profit before exceptional and other adjusting items.	16.25%	
Shared Strategic Objectives	25%	Development of a scalable Global Operating Model for SThree's employed contractors ('ECM').	6.25%	Improvements to post sales service to contractors will positively impact NPS scores.
		Optimisation of the portfolio through vertical market mapping.	6.25%	Portfolio optimisation will drive improvements in team investing and decommissioning, operating profit conversion improvements, and is an underpinning initiative of the Capital Markets Day strategy.
		Embedding of the SThree Purpose and Operating Principles.	6.25%	Alignment with Purpose has a direct impact on employee engagement, and productivity. Improved operational performance will impact business KPIs.
		Completion of the stabilisation phase of the Glasgow Centre of Excellence and roll-out of global extension plans.	6.25%	Completion of the stabilisation phase will deliver future planned cost savings, as will global extension.
Personal Objectives	10%		10%	Delivery versus agreed objectives to produce value or efficiency gains.
TOTAL	100%		100%	

2.4 Long Term Incentive Plan awards

The LTIP awards to be granted in early 2019, will be granted over shares worth 150% of salary. Awards will vest on the third anniversary of grant, with a further two year holding period on vested shares. Performance conditions will be based on EPS, TSR and Strategic metrics, each applied independently and there will be a straight-line sliding scale between points. For comparison, LTIP targets are summarised in the following table, for awards made in 2017, 2018 and 2019:

LTIP weighting	EPS	TSR	Strategic	Regional
2017-19	1/3 (COO 25%)	1/3 (COO 25%)	1/3 (COO 25%)	25% (COO only)
2018-20	50%	30%	20%	N/A
2019-21	50%	30%	20%	N/A

LTIP targets	EPS	TSR	Strategic	Regional
2017-19	Between 25p (25% vesting) & 32p (100% vesting)	Between median (25% vesting) & UQ (100% vesting)	Customer, Employee & Relative GP (split equally)	USA: 36%-46% CAGR/ APAC & ME: £1.7m-£3.7m OP improvement (25%-100% vesting)
2018-20	Between 30p (25% vesting) & 41p (100% vesting)	Between median (25% vesting) & UQ (100% vesting)	New product GP between £11m and £17m/OP conversion between 17.3% and 21.1% (split equally)	N/A
2019-21	Between 35.5p (25% vesting) & 46.0p (100% vesting)	Between median (25% vesting) & UQ (100% vesting)	Note 1	N/A

Notes:
1. For the 2019-21 LTIP award, the 20% of the award based on strategic targets will be split between two targets equally, set out as (i) and (ii) below. Where sliding scales operate, 25% of the award will vest at threshold:

(i) Improving the level of churn in the sales teams (10% of LTIP award)
Turnover of staff (churn) in members of the sales team with 12-24 months experience was 49% in 2018. The Board has identified churn reduction as a strategic priority.

This measure formed part of the 2018 annual bonus, resulting in a major underperformance against the threshold target, despite substantive management efforts. A detailed follow up review has highlighted the full complexity of factors that cause churn within this particular group. These include the ongoing appropriateness of the traditional target demographic for entry level hiring, the evolving competencies required for success, and the vulnerability of SThree trained individuals to competitor approaches, particularly from those smaller businesses, with a lower cost base, who can offer substantially higher financial rewards. Addressing churn at this level will require a longer term, multi-dimensional approach to retention incorporating recruitment, talent management, career progression, employee engagement and reward.

Improved retention of the SL1 12-24 month cohort will also directly impact retention across all levels of our salesforce, reflecting the marked difference in average length of service once the 24 month time horizon has been passed.

From a 2018 base line of 49% the target range, to be assessed in 2021, will be as follows:

	Level of Sales Team Churn in 2021
Threshold (25% vesting)	42%
Maximum	40%

(ii) Improving our long term Operating Profit Conversion Ratio (10% of LTIP award)
As part of the Capital Markets Day long term strategy to grow our PBT by 2022, the Board has identified that improving our operating profit conversion ratio from the current level of 16.8% is a critical step to achieving this goal. We already have an element of the annual bonus given over to this measure to ensure near term, tactical focus each year. In addition, and in order to encourage initiatives of a more strategic, longer-term nature, the Board feel that it is appropriate that this measure be additionally included in the LTIP.

	Level of Operating Profit Conversion Ratio in 2021
Threshold (25% vesting)	18%
Maximum	22%

2. Composition of the TSR comparator groups and prior strategic targets for each LTIP award is shown under the table in section 3.1.

Shareholding Requirement
The minimum shareholding requirement is 200% of base salary and to the extent that there is any shortfall against this threshold, no less than 50% of any deferred bonus or vested LTIP award must be retained (after selling sufficient shares to pay tax).

2.5 Non Executive Directors ('NEDs')

Following a detailed review of fee levels, NED base fees were increased from 1 December 2018, as follows:

Role	2018 annual fee £'000	2019 annual fee £'000
Chair	140	150
NED base fee (x 3 NEDs)	45	48
Committee Chair (Audit and Remuneration)	7	10
SID	7	7.5
Employee Engagement NED	–	5
Total (Articles of Association limit is £500k per annum)	296.0	326.5

Section 3 – Directors' interests in shares and broader context for Directors' pay

3.1 Outstanding share awards held by Directors under LTIP, Deferred bonus and SAYE
3.2 Statement of Directors' shareholdings
3.3 Total Shareholder Return ('TSR') performance of SThree over the last ten year period
3.4 Historic Levels of CEO Remuneration and incentive plan payouts
3.5 Year on year percentage Change in CEO Remuneration compared to employees
3.6 Comparison of CEO remuneration to workforce remuneration by quartiles
3.7 Relative Importance of Spend on Pay

3.1 Outstanding share awards

Awards outstanding (including those granted in the year), comprising LTIP, SAYE and deferred share awards (Audited)

Executive Directors' awards outstanding under the LTIP are set out in the table below. Awards are currently structured as conditional awards of shares, with no exercise price. Earlier awards were granted either as nil cost options, save for a notional £1 sum payable on vesting, exercisable between three and ten years from grant.

Executive Director	Dates of LTIP Grant/Award	Market Price at Grant/Award	Shares Originally Awarded	Face Value* £	Shares Vested (incl. dividend shares)	Vesting Date	Gain on Exercise £	Remaining Unexercised at 30 Nov 2018 (incl. dividend shares)
Gary Elden	04/02/2014	364.00	165,535	602,547	93,371	04/02/2017	Not Exercised	100,291
	17/02/2015	324.00	190,621	617,612	88,042	17/02/2018	Not Exercised	90,527
	27/01/2016	297.00	217,677	646,501	–	27/01/2019	–	217,677
	26/01/2017	312.00	212,500	663,000	–	26/01/2020	–	212,500
	02/02/2018	357.00	190,366	679,607	–	02/02/2021	–	190,366
Deferred Bonus	22/02/2016	295.00	15,770	46,522	8,230	22/02/2016	28,667.56	–
SAYE	20/09/2016	196.40	9,164	23,116	–	01/12/2019	–	9,164
Alex Smith	11/02/2010	299.40	117,935	353,097	120,832	10/02/2013	Not Exercised	152,784
	01/02/2011	371.30	104,511	388,049	31,483	01/02/2014	Not Exercised	38,165
	17/02/2015	324.00	146,631	475,084	67,725	17/02/2018	228,910.50	–
	27/01/2016	297.00	164,141	487,499	–	27/01/2019	–	164,141
	26/01/2017	312.00	160,216	499,874	–	26/01/2020	–	160,216
	02/02/2018	357.00	143,521	512,370	–	02/02/2021	–	143,521
Deferred Bonus	22/02/2016	295.00	12,131	35,786	6,331	22/02/2016	21,557.05	–
SAYE	20/09/2016	196.40	9,164	23,116	–	01/12/2019	–	9,164
Justin Hughes	01/02/2011	371.30	45,005	167,104	13,557	01/02/2014	Not Exercised	16,435
	08/02/2013	331.50	114,027	378,000	66,347	08/02/2016	Not Exercised	74,373
	04/02/2014	364.00	106,961	389,338	40,222	04/02/2017	Not Exercised	43,203
	17/02/2015	324.00	123,170	399,071	37,926	17/02/2018	131,792.85	–
	27/01/2016	297.00	140,404	417,000	–	27/01/2019	–	140,404
	26/01/2017	312.00	159,519	497,699	–	26/01/2020	–	159,519
	02/02/2018	357.00	122,742	438,189	–	02/02/2021	–	122,742
SAYE	20/09/2017	256.60	7,014	17,998	–	01/12/2020	–	7,014

Notes:

1. The TSR comparator group for the 2019 LTIP awards will be: Adecco, Amadeus Fire, Brunel, Empresaria, Groupe Crit, Harvey Nash, Hays, Impellam, Kelly Services, Kforce, Korn Ferry, ManPower, Gattaca, Page Group, On Assignment, Randstad, Robert Half, Robert Walters and Staffline.

   For the awards in 2018, the group also included Harvey Nash.

   For the awards made in 2017, the comparator group comprised mid/large cap global listed recruiters or other business services/benchmark comparator companies, having a high historical cyclicality correlation coefficient with SThree, being: Adecco, Amadeus Fire, Bovis Homes Group, Brunel International, Carillion, Dice Holdings, Electrocomponents, Exova Group, Galliford Try, Grafton Group UTS, Groupe Crit, Harvey Nash Group, Hays, Hogg Robinson Group, Impellam Group, Insperity, Kelly Services, Kforce, Korn Ferry International, Manpower Group, Matchtech Group, Page Group, Morgan Advanced Material, On Assignment, Premier Farnell, Ranstad Holding, Regus, Restaurant Group, Robert Half International, Robert Walters, Savills, Shaftesbury, Staffline Group, Sythomer, Telecity Group, Trueblue, USG People, Wetherspoon (JD).

2. For the 2017 LTIP award, strategic targets were split equally as below. Where sliding scales operate there is 25% vesting at the threshold for payment:

   Customer:
   - Revenue generation of between £10m-£15m from new product lines by 2019.
   - Broad NPS metric showing improvement of 3%-5% CAGR in years 2-3 from a baseline derived from the first year actual NPS. This differs from the annual bonus NPS metric which is based on specific areas of the business that require focus.

   Employee:
   The Employee metric will be split equally so that for one third, Staff Engagement growth must be 3%-5% CAGR over three years. For one third Sales Churn must be 37%-35% by 2019 (compared to 38% in 2016). For the final one third Sales level 3-4 Diversity & Inclusion gender representation targets must improve over the same period. Level 3 representation to increase from 26% to 30% - 32% and Level 4 representation to increase from 10% to 15% - 20%.

   Relative gross profit:
   The relative gross profit will be compared to the same group as used for the TSR metric with the same medium-to-upper quartile sliding scale. Gross profit will be compared based on percentage gross profit growth over a three year performance period with adjustments made as necessary to ensure like-for-like comparison across the companies. Adding a relative gross profit measure will provide a good balance to the non-financial Strategic metrics, by focusing on growing our gross profit at a faster rate than our competitors.

3. For options which have vested but remain unexercised, dividends are accrued as additional shares, as shown in the final column above.

3.2 Statement of Directors' shareholdings (Audited)

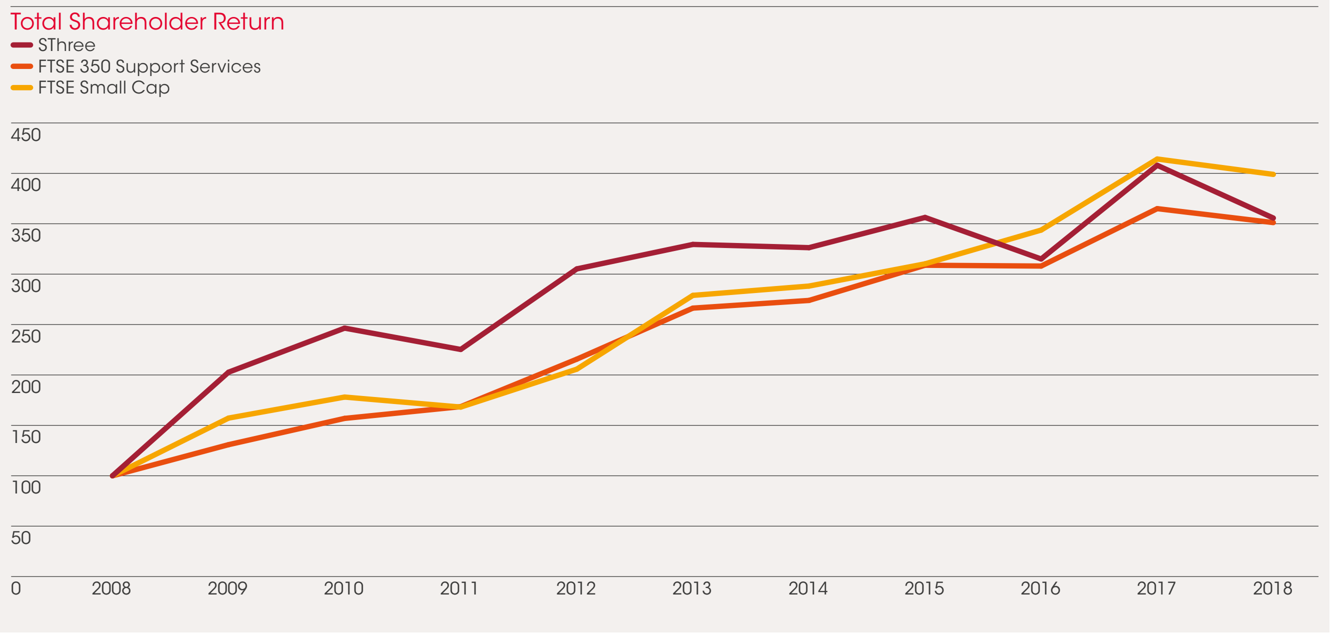
Under the remuneration policy Executive Directors must build and maintain a level of shares equivalent to at least 200% of base salary. Directors' interests in the ordinary share capital of the Company as at the year end, are shown in the Table below, including any changes since the start of the current year. There have been no changes since then, and no Director had any other interest in the share capital of the Company or its subsidiaries, or exercised any option during the year, other than as disclosed.

Executive Director	Ordinary Shares Held at 1 December 2017	Ordinary Shares Acquired	Ordinary Shares Disposed	Ordinary Shares Held at 30 November 2018	Indirect Interest	Shareholding Requirement (% of Salary)	Shareholding (% of FY 2018 Salary)
Gary Elden	2,679,403	11,140	513,868	2,176,675	820,525	200%	948%
Alex Smith	315,462	36,935	2,976	349,421	667,991	200%	427%
Justin Hughes	129,019	68,669	–	197,688	563,600	200%	373%
Clay Brendish	38,300	–	–	38,300*			
James Bilefield	10,000	–	–	10,000			
Anne Fahy	4,000	–	–	4,000			
Denise Collis	5,000	–	–	5,000			
Barrie Brien	–	–	–	–			

* At date of stepping down from the Board.

3.3 Total Shareholder Return ('TSR') Performance of SThree over the last ten-year period

The following graph shows the Total Shareholder Return ('TSR') of the Company, compared to the FTSE 350 Support Services and FTSE Small Cap indices. These are considered the most illustrative comparators for investors as the Company is or has been a constituent in the past.



3.4 Historical Levels of CEO Remuneration and incentive plan payouts

The Table below shows historical levels of Chief Executive Officer total remuneration over a ten-year period, as well as annual bonus and LTIP vesting percentages over the same period. The Group has delivered a CAGR TSR of just over 13% over this ten-year period.

Year	CEO	CEO Total Remuneration £'000	Annual Bonus (% of Maximum)	LTIP Awards Vesting (% of Maximum)
2018	Gary Elden	1,064.0	73.4%	18.8%
2017	Gary Elden	1,228.9	76.2%	41.0%
2016	Gary Elden	1,058.5	56.4%	50.0%
2015	Gary Elden	1,284.9	92.8%	50.0%
2014	Gary Elden	852.2	54.6%	18.5%
2013	Gary Elden	752.8	44.3%	25.5%
2012	Russell Clements	1,295.0	77.4%	88.0%
2011	Russell Clements	1,264.9	56.0%	100.0%
2010	Russell Clements	1,284.2	94.4%	100.0%
2009	Russell Clements	616.1	41.7%	44.0%

3.5 Year on year percentage Change in Chief Executive Officer Remuneration compared to employees

The Table below shows the percentage increase for each element of remuneration between the current and previous financial periods for the Chief Executive Officer, compared with all Group employees.

	Percentage Change 2017-2018	
Remuneration Element	Chief Executive Officer	Average for all Employees
Salary & Fees	2.5%	1.0%
Other Benefits*	4.5%	(16.0%)
Annual Bonus	(1.3%)	(9.0%)

* Includes salary supplement in lieu of pension, also reflects reducing car allowances for employees.

3.6 Comparison of Chief Executive Officer remuneration to workforce remuneration by quartiles

The Committee has decided to use Option B in the relevant regulations to calculate the Chief Executive Officer pay ratio, using 2018 gender pay gap information to identify the three UK employees as the best equivalents of P25, P50 and P75, calculated based on full-time equivalent base pay data as at April 2018. This methodology was selected as the Committee believes this provides a more accurate and consistent calculation based on the information available at this time. The Committee will monitor investor guidance and evolving best practice which may move in favour of using Option A to calculate the ratios and will review its approach next year (restating any prior year figures, as appropriate).

The following Table sets out the Chief Executive Officer pay ratio at the median, 25th and 75th percentile.

Financial Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2018	Option B	39:1	24:1	20:1

Note:
The three employees in the table above are all full-time, pay data has been reviewed and the Committee is satisfied that it fairly reflects the relevant quartiles.

3.7 Relative Importance of Spend on all employees' Pay compared to dividend payments

The Table below sets out the change to the total employee remuneration costs compared with the change in dividends for 2018 compared to 2017. All figures are taken from the relevant sections of the Annual Report.

Item	2018	2017	Change
Dividends	£18.0m	£18.0m	0%
Remuneration paid to Employees (incl. Directors)	£206.7m	£187.4m	10%*

* The change reflects an additional 8% investment in headcount YoY, with a 10% increase in total costs (ie salaries, commission and bonuses), in line with the YoY increase in GP.

Section 4 – Governance

4.1 The Committee and its Advisors

The Committee's Terms of Reference (available at www.sthree.com) are reviewed periodically to align as closely as possible with the UK Corporate Governance Code ('Code') and ICSA best practice guidelines. During the year, the Committee comprised only independent NEDs, being Denise Collis, Chair, James Bilefield, Barrie Brien and, from April 2018, Anne Fahy. The Committee therefore meets Code requirements to comprise at least three independent NEDs.

The Chief Executive Officer, Chief Financial Officer and the most senior HR representative attend meetings by invitation, except for matters related to their own remuneration. The Committee met three times during the year for routine business, in addition to unscheduled meetings for specific items and no member of the Committee has any personal financial interest (other than as a shareholder) in the matters decided.

The Committee appointed Korn Ferry as its independent remuneration advisor in 2016, following a comprehensive review. Fees paid to Korn Ferry for advice in relation to remuneration matters during the year were £35,742 (2017: £55,225), both excluding VAT. Korn Ferry are members of the Remuneration Consultants Group ('RCG') and comply with the RCG Code of Conduct. The Committee are satisfied that their advice was and is objective and independent.

4.2 Statements of Voting at most recent AGMs

At the AGMs held on 26 April 2018 and 20 April 2017, the following votes were cast in relation to the advisory and binding votes on the Annual Report on Remuneration and Remuneration Policy, respectively.

Resolution	For	%	Against	%	Withheld
Directors' Remuneration Report (2018 AGM)	71,374,901	95.90%	3,055,182	4.10%	6,509,260
Directors' Remuneration Policy (2017 AGM)	89,014,652	95.40%	4,288,168	4.60%	106

* Votes withheld are not counted in the % shown above.

4.3 Approval

This report was approved by the Board of Directors on the date shown below and signed on its behalf by:

Denise Collis
Chair of the Remuneration Committee
25 January 2019