

## **STUDENT TRANSPORTATION INC.**

### ***COMPENSATION, NOMINATING AND GOVERNANCE COMMITTEE***

#### **CHARTER**

The Compensation, Nominating and Governance Committee of Student Transportation Inc. (the “**Company**”) is a committee of the board of directors charged with responsibility for: (i) establishing procedures for the identification of the nominees to the board of directors of the Company, (ii) recommending to the board of directors of the Company nominees to the board for the next annual meeting of shareholders of the Company and nominees for each committee of the board, (iii) assessing directors of the Company on an ongoing basis, (iv) assessing the effectiveness of the board of directors of the Company as a whole, the committees of the board of directors of the Company and the contribution of each individual director, (v) developing and implementing orientation procedures for new directors, (vi) advising on, and oversight of, the Company’s and its subsidiaries’ compensation programs generally, including the provision of pension benefits; and (vii) developing and monitoring the Company’s approach to governance issues applicable to the Company and the operations and people within its wholly-owned corporate group.

#### **Composition:**

- The board of directors shall elect annually from among its members a committee to be known as the Compensation, Nominating and Governance Committee (the “**Committee**”) to be composed of at least three directors. The Committee shall be comprised of not less than three members, the majority of whom shall be independent directors.

#### **Reports:**

- The Committee shall report to the board of directors on a regular basis and, in any event, not less than twice annually, and always before the public disclosure by the Company in its management information circular, or as required by continuous disclosure regulations on (i) directors and officers compensation, (ii) an assessment of the board of directors’ performance, both individually and in the aggregate, and (iii) the Company’s systems of governance practices for inclusion in public disclosure documents.

#### **Compensation Responsibilities:**

- To recommend to the board to whom participation in the equity incentive plan should be made available and, if so, the terms of such participation.
- To assess the need for, and if determined advisable appoint, any compensation consultant or advisor to the Committee to assist in the evaluation of director, Chief Executive Officer (“**CEO**”) or senior executive compensation. In this regard, the Committee will have sole authority to approve the consultant’s fees and retention terms.

- To review and recommend to the board of directors, from time to time and at least annually, the remuneration to be paid by the Company to directors (including, committee members and Chairs).
- To assess the performance of the CEO against objectives developed by the board of directors, and report to the directors.
- At least annually, to review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and recommend to the board of directors, the CEO's compensation levels based on this evaluation.
- At least annually, to review and make recommendations to the board of directors with respect to the compensation of all other senior officers, including incentive-compensation plans and equity-based plans, on the advice of the CEO.
- At least annually, to review with the CEO:(a) the annual base salary level, (b) the annual incentive opportunity level, (c) the long-term incentive opportunity level, (d) the terms of any employment agreements, severance arrangements, and change in control arrangements/provisions, in each case as, when and if appropriate, and (e) any special or supplemental benefits relative to the CEO and other senior officers of the Company.
- To prepare, and recommend to the board of directors for approval, all reporting of executive compensation as required by public disclosure requirements.

**Governance Responsibilities:**

- To assess the independence and qualifications of the various members of the board of directors of the Company and its various committees.
- To ensure that programs relating to succession planning and performance evaluation are effectively integrated with the Company's strategy.
- To review the composition of the various committees of the board of directors and make recommendations to the board of directors regarding same.
- To monitor the quality of the relationship between management and the applicable boards of directors and to recommend improvements.
- To review and respond to requests by individual directors to engage outside advisors, including taking decisions on such requests.
- To assess and provide recommendations to the boards of directors of the Company on the effectiveness of such boards of directors and their committees and the contribution of each director.
- To annually review and report to the board of directors on organizational structure and succession planning matters.
- To report on governance as required by public disclosure requirements.

- To review and ensure compliance of the Company with its internal governance guidelines.
- To review from time to time the governance practices of the Company its board and committees to determine compliance with rules and policies of regulatory authorities governing the Company.
- At least annually, to review the appropriateness of the corporate governance guidelines of the Company and recommend any proposed changes to the applicable boards of directors.
- To determine and monitor the Company's regulatory standards for director independence.
- At least annually, to review the practices of the board directors (including separate meetings of non-management directors) to ensure compliance with the governance guidelines of the Company.
- At least annually, to review the powers, mandates and performance, and the membership of the various committees of the boards of directors of the Company and, if appropriate, make recommendations to the board.
- To undertake such other initiatives as are needed to help the boards of directors of the Company deliver exemplary governance.

### **Nominating Responsibilities**

- To identify and propose the nominees to the board of directors to stand for election at the annual meeting of shareholders and from time to time to propose new nominees to the board of directors and candidates for vacancies on the board of directors. In this regard, the Committee will have the authority to appoint and, if appropriate, terminate any search firm to identify director candidates and will have the sole authority to approve the search firm's fees and other retention terms.
- To give due consideration to: the competencies and skills that the board of directors considers to be necessary for the board, as a whole, to possess; the competencies and skills that the board of directors considers each existing director to possess; and the competencies and skills each new nominee will bring to the boardroom.
- As may be required or desirable, to maintain an orientation and/or educational program for new recruits to the boards of directors in order to familiarize new directors with their responsibilities and the business of the Company.

### **Structure:**

- No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. A majority of the members of the Committee shall constitute a quorum provided that if the number of members of the Committee is an even number one half of the number of members plus one shall constitute a quorum and provided further that a majority of the members present shall be independent directors.

- No member of the Committee may participate in discussions or decisions related to his or her own compensation (other than in discussions with respect to director remuneration generally). Where for any reason a member of the Committee is disqualified from voting on or participating in a decision, any other unrelated and disinterested director not already a member of the Committee may be designated by the directors to act as an alternate.
- Any member of the Committee may be removed or replaced at any time by the board of directors and shall cease to be a member of the Committee as soon as such member ceases to be a director. Subject to the foregoing, each member of the Committee shall hold such office until the next annual meeting of shareholders after his or her election as a member of the Committee.
- The Board shall appoint one of the Committee members to act as Chair of the Committee. Such Chair will appoint a secretary who will keep minutes of all meetings (the “**Secretary**”). The Secretary does not have to be a member of the Committee or a director and can be changed by simple notice from the Chair.
- The Committee will meet as many times as is necessary to carry out its responsibilities but in no event will the Committee meet less than once a year. Meetings will be at the call of the Chair. Notwithstanding the foregoing, any member of the Committee may call a meeting of the Committee upon not less than 48 hours’ notice.
- The time at which, and the place where, the meetings of the Committee shall be held; the calling of meetings, and the procedure in all respects of such meetings, shall be determined by the Committee.
- The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the board of directors may from time to time determine.

**Process:**

- The Committee will:
  - (a) obtain compensation data concerning entities that would be regarded as comparable to the Company and other data deemed appropriate by the Committee, and to the extent possible understand the basis upon which such comparable entities compensate their senior officers;
  - (b) meet with senior officers from time to time with a view to understanding requirements, expectations and the Company’s responsiveness to such criteria;
  - (c) document proceedings and decisions with a view to justifying, to the extent necessary, decisions that have been reached to shareholders and other interested constituencies; and
  - (d) establish criteria through which effectiveness of the boards, committees, directors and directors are assessed.

### **Independent Advice:**

- In discharging its mandate the Committee shall have the authority to retain (and authorize the payment by the Company of) and receive advice from, special legal, accounting or other advisors and outside consultants if appropriate, subject to the approval of the independent directors. Individual members may, if they deem it to be advisable, seek independent legal or other advisory advice, subject to the approval of the independent directors.
- In retaining or seeking advice from compensation consultants, outside counsel and other advisors (other than the Company's in-house counsel), the Committee must take into consideration the factors specified in Nasdaq Listing Rule Section 5605(d)(3).

### **Annual Evaluation:**

At least annually, the Committee shall, in a manner it determines to be appropriate:

- perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with its charter.
- review and assess the adequacy of its charter and recommend to the board of directors any improvements to its charter that the Committee determines to be appropriate.

### **Definitions:**

**"independent director"** means a director who has no direct or indirect material relationship with the Company or its affiliates.

**"material relationship"** means a relationship which could, in the view of the board, reasonably interfere with the exercise of a director's independent judgment. Without limiting the generality of the foregoing, the following persons are considered to have a material relationship with the Company:

- (a) a person who is, or has been, an employee or executive officer the Company or any of its subsidiary entities or affiliated entities, unless the prescribed period has elapsed since the end of the service or employment;
- (b) a person whose immediate family member is, or has been, an executive officer of the Company or any of its subsidiary or affiliated entities, unless the prescribed period has elapsed since the end of the service or employment;
- (c) a person who is, or has been, an affiliated entity of, a partner<sup>1</sup> of, or employed by, a current or former internal or external auditor of the Company unless the prescribed period has elapsed since the person's relationship with the internal or external auditor, or the auditing relationship has ended;

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<sup>1</sup> "partner" does not include a fixed income partner whose interest in the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with an internal or external auditor if the compensation is not contingent in any way on continued services.

- (d) a person whose immediate family member is, or has been, an affiliated entity of, a partner of, or employed in a professional capacity by, a current or former internal or external auditor of the Company, unless the prescribed period has elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended;
- (e) a person who is, or has been, or whose immediate family member is, or has been, an executive officer of an entity if any of the Company or its subsidiaries' current executives serve on the entity's compensation committee, unless the prescribed period has elapsed since the end of the service or employment; and
- (f) a person who receives, or whose immediate family member receives, more than \$75,000 per year in direct compensation from the Company or its subsidiary entities, other than as remuneration for acting in his or her capacity as member of the board of directors or any board committee, unless the prescribed period has elapsed since he or she ceased to receive more than \$75,000 per year in such compensation.

**“prescribed period”** means the shorter of:

- (a) the period commencing on March 30, 2004 and ending immediately prior to the determination required under the definition of “material relationship”; and
- (b) the 3-year period ending immediately prior to the determination required under the definition of “material relationship”.