

Hays plc Annual Report & Financial Statements 2019

7,800 consultants

30,000+ clients

335,000 jobs filled

3M+ LinkedIn followers

11M job applications

72M web page views

Every day, across our business, we benefit society by helping people succeed and enabling organisations to thrive – creating opportunities and improving lives

Find out more at haysplc.com/about-us

Our values

Our values define how we do business and how we interact with our colleagues, partners, clients and candidates. As our business grows, and as we recruit new talent or face new challenges, our values guide our people in the decisions and actions they take every day.

We are:

- 1) Passionate about people
- 2) Ambitious
- 3) Expert
- 4) Insightful
- 5) Innovative

We continuously strive to do the right thing by all our stakeholders. This enhances and protects our reputation, and makes us stronger.

For integrating sustainability into the world of work **see page 45**

Our business model

Our revenue model is relatively simple: we earn fees based on a percentage of a candidate's salary, usually on a contingent basis, when we successfully place a candidate in a role with a client.

Our delivery model is based on deep industry expertise across Temp, Contracting and Perm recruitment markets. Our consultants are long-term, trusted partners to both clients and candidates. They are equipped with the best technology, tools and data analytics in the industry.

We focus on net fees rather than turnover, most of which is simply the 'pass-through' of Temp salary. Our ability to convert net fees into operating profit⁽¹⁾ (our 'conversion rate') is a key profit metric. At 22.0%, we have one of the highest conversion rates in the industry.

Group net fees drive our operational leverage, given high levels of incremental profit 'drop-through'. Our business is also highly cash-generative, with relatively low capital requirements.

For our business model **see page 8**

Recruitment insights powered by technology

We have long-embraced technology and data as powerful value creators, and we have led our industry in terms of innovation and data protection.

Our technology strategy improves both our speed to market and our data quality. This drives our client and candidate service, as well as our internal efficiency.

Engaged data helps drive the 'science' of recruitment, but we firmly believe in the 'art' of recruitment that is delivered by our expert consultants, day in and day out.

We believe the prize for adding real human value in an increasingly automated world remains substantial.

For driving the digital revolution **see page 14**

Powered by our people

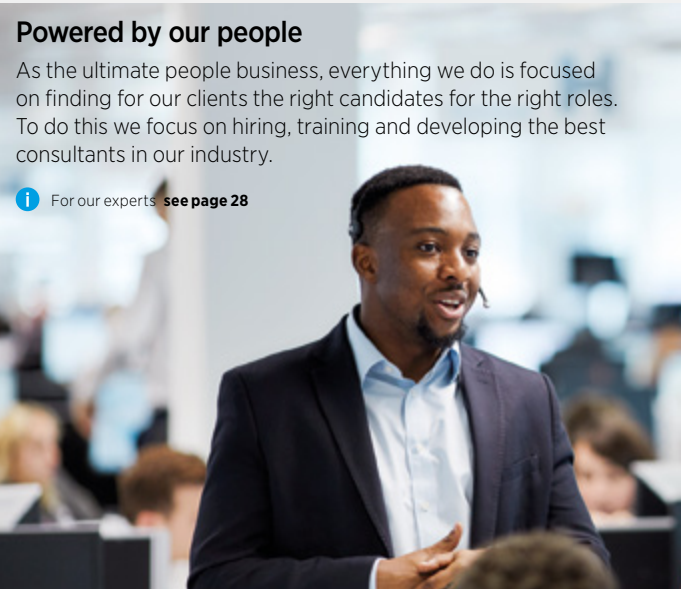
As the ultimate people business, everything we do is focused on finding for our clients the right candidates for the right roles. To do this we focus on hiring, training and developing the best consultants in our industry.

For our experts **see page 28**

Experts and lifelong partners

The balance, scale and diversity of our platform provides unrivalled breadth of expertise. We can respond quickly to our clients' needs, enabling businesses, their people and the communities in which they operate to flourish. Our aim is to become trusted lifelong partners to millions of people and thousands of organisations.

Our expertise is highlighted via a series of 'Our Hays Stories' throughout this report.

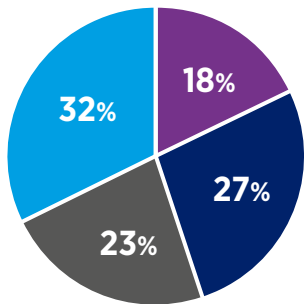


We operate across four divisions, with 265 offices in 33 countries

Divisional performance FY19

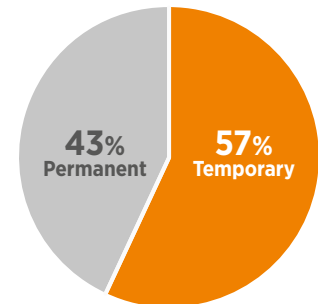
During FY19 our net fees increased by 6%, led by Germany up 9%, then RoW 8%, ANZ 4% and UK&I 2%. Perm net fees increased by 7%, with Temp 6%.

Geographical performance by group net fees



- Australia & New Zealand
- Germany
- UK & Ireland
- Rest of World

Contract type



Australia & New Zealand

Group net fees	Consultants	Offices
18% (£198.5m)	1,008	41
Operating profit ⁽¹⁾	Permanent	Temporary
£66.4m	32%	68%

Germany

Group net fees	Consultants	Offices
27% (£299.8m)	1,801	24
Operating profit ⁽¹⁾	Permanent	Temporary
£91.3m	16%	84%

UK & Ireland

Group net fees	Consultants	Offices
23% (£263.8m)	1,960	96
Operating profit ⁽¹⁾	Permanent	Temporary
£48.9m	43%	57%

Rest of World

Group net fees	Consultants	Offices
32% (£367.6m)	3,013	104
Operating profit ⁽¹⁾	Permanent	Temporary
£42.2m	70%	30%

For our Divisional operating review see page 30

“Despite weakening global macroeconomic conditions, we delivered a solid financial performance in FY19, backed up by strong cash generation. Our strong financial position gives us an excellent platform to balance more challenging current markets with our long-term strategic goals.”

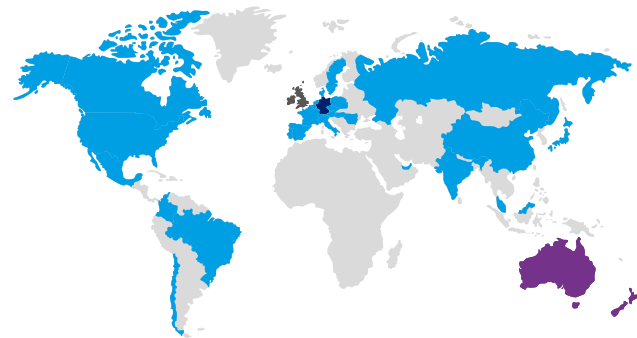
Alistair Cox
Chief Executive Officer

For the Chief Executive’s Review see page 20



A global platform

33 countries and 20 specialisms



Australia & New Zealand
19 out of 20
specialisms covered

Germany
9 out of 20
specialisms covered

UK & Ireland
17 out of 20
specialisms covered

Rest of World
8* out of 20
specialisms covered

*Average specialisms per country

Breadth and depth of expertise: our specialisms

- Accountancy & Finance
- Construction & Property
- Information Technology
- Life Sciences
- Sales & Marketing
- Banking & Capital Markets
- Contact Centres
- Education
- Energy, Oil & Gas
- Engineering & Manufacturing
- Executive
- Financial Services
- Health & Social Care
- Human Resources
- Legal
- Office Support
- Purchasing
- Retail
- Resources & Mining
- Telecoms

(1) Operating profit is presented before exceptional costs of £15.1 million, comprising £8.3 million relating to the Lloyds Banking Group legal ruling regarding equalisation of guaranteed minimum pensions for men and women in UK defined pension plans, and £6.8 million relating to restructuring charges, primarily in our European businesses.

For 51 years, we have been writing ‘Our Hays Story’ as leaders in our industry. Over that time, we have built the largest, most diversified, specialist recruitment business in the world, responding quickly to the needs of our clients and enabling organisations, their employees and the communities in which they operate to flourish.

Our purpose is to bring opportunities to people, helping them improve their lives and fulfil their potential over many years. We have helped literally millions of talented individuals develop their careers.

The advent of new technologies gives us an unprecedented opportunity to build scale to serve even more people worldwide. Combining the power of technology and data with the deep human expertise and insights of our consultants enables us to broaden our reach at a pace and scale that was previously impossible. This combination – the ‘Art & Science’ of modern recruitment – enables us to reach millions of people and organisations every day.

With over 11,500 colleagues around the world, we are writing new stories and changing more lives everyday. Our aim is to be a lifelong partner to our clients and candidates. It is a privilege to be able to bring some of these stories to life in our annual report.

Alistair Cox, Chief Executive

Our Hays Story

We are proud to be industry leaders, based on our deep knowledge and expertise

Every day, c.11,500 people in 33 countries strive to help our clients find the talent they need to grow and people advance their careers.

i For more information **see pages 2 to 5**

The digital revolution is accelerating, and we will lead our industry through change

Our strong foundations in technology power deep and valuable data insights for our consultants, and ultimately our clients.

i For more information **see pages 14 to 17**

Our speed and agility will help us to create the recruiting experience of tomorrow...

We are innovative, lead by example and are open to new ideas. The prize for adding real human value in a digital world will be huge.

i For more information **see pages 10 to 11**

... allowing us to become trusted lifelong partner to millions of people and organisations

The best people, allied to the best technology, will deliver the best service.

i For more information **see pages 28 to 29**



Financial highlights FY19

Net fee income

£1,129.7m

FY18: £1,072.8m

Profit before tax

£231.2m

FY18: £238.5m

Special dividend per share

5.43p

FY18: 5.00p

Conversion rate

22.0%

FY18: 22.7%

Pre-exceptional operating profit⁽¹⁾

£248.8m

FY18: £243.4m

Basic EPS⁽¹⁾

11.92p

FY18: 11.44p

Core dividend per share

3.97p

FY18: 3.81p

 For our KPIs see pages 26 to 27

Operational highlights FY19

Employees

11,509

FY18: 10,978

Clients

30,000+

FY18: 30,000+

Clients trust Hays with their main asset – their people

Permanent jobs filled last year

81,100

FY18: 77,000

Consultants

7,782

FY18: 7,464

Candidates

11m

FY18: c.10.6 million job applications

We received c.11 million job applications in FY19 and our website had 72 million page views

Temporary and contractor roles filled last year

254,000

FY18: 244,000

Note: Unless otherwise stated all growth rates discussed in the Strategic Report are LFL (like-for-like) year-on-year net fees and profits, representing organic growth at constant currency.

(1) Group operating profit and basic EPS are presented before exceptional costs of £15.1 million, comprising £8.3 million relating to the Lloyds Banking Group legal ruling regarding equalisation of guaranteed minimum pensions for men and women in UK defined pension plans, and £6.8 million relating to restructuring charges, primarily in our European businesses.

Contents

Strategic report

A description of our business model, markets and strategy.

- 3 Our investment case
- 4 Leaders in the global jobs market
- 6 Megatrends in the world of work
- 8 Global business model, local expertise
- 10 Creating value for all stakeholders
- 12 Empowering clients globally
- 14 Driving the digital revolution
- 18 Clear, well-established strategic priorities to deliver our long-term aims
- 20 Chief Executive's Review
- 26 Measuring our performance
- 28 Our people and culture
- 30 Divisional operating review
- 36 Finance Director's Review
- 40 Principal risks
- 45 Integrating sustainability into the world of work

Governance report

How our Board of Directors sets strategic direction and provides oversight and control.

- 52 Chairman's statement
- 54 Board of Directors
- 56 Leadership
- 61 Relations with shareholders
- 62 Effectiveness
- 66 Accountability
- 70 Remuneration Report
- 97 Directors' Report
- 100 Directors' responsibilities

Financial statements

Financial statements for the Group, including a report from the Independent Auditor.

- 102 Independent Auditor's Report
- 109 Consolidated Group Financial Statements
- 137 Hays plc Company Financial Statements

Shareholder information

Supporting information for investors.

- 146 Shareholder Information
- 147 Financial calendar
- 147 Hays online
- 148 Glossary

More information online:

Our award-winning investor site gives you fast, direct access to a wide range of company information.

See haysplc.com/investors

Read our views and advice on the world of work.

See haysplc.com/viewpoint

STRATEGIC REPORT

We are proud to be industry leaders.
Our breadth, scale and balance are
the strongest in the industry.

OUR INVESTMENT CASE

Our business philosophy balances the need to invest to support long-term growth with driving shorter-term financial performance.

In practical terms, this means we continually focus on: consultant and business productivity; strategic investment where we see clear opportunities for profitable growth; cash generation and returns to shareholders. We believe there are four simple and compelling reasons to invest in Hays.

1.

Our business model breadth across sector and contract type

- We have built a global, white collar recruitment business with unrivalled scale, balance and diversity.
- We are positioned across Perm, Temp and Contractor markets, at a scale unique amongst our peers.
- c.60% of our net fees are in Temp or Contracting recruitment, also known as non-Perm or Flex. We are market leaders in these areas, which are structural growth areas.
- We focus on precise execution, delivered by the best people, sector-leading technology, recruitment tools and our world-class brand.
- We have strong and experienced senior regional management teams across the Group.
- We focus on developing and delivering the best services and products for clients and candidates, meeting their evolving needs.

2.

Our balanced exposure to both mature and structural growth markets

- Many of the 33 countries across our global network represent clear structural growth opportunities, where the use of agencies like Hays to source skilled employees is a relatively new practice.
- 56% of our Group net fees are generated in these structural growth markets which include places such as Germany, France, Latin America and Asia, where the first-time outsourcing of the recruitment of skilled staff is a key long-term opportunity.
- The remaining 44% of net fees come from more mature markets, such as the UK, the USA and Australia, where the use of agencies is a long-established practice in the skilled jobs market. In these markets, activity levels are more driven by the stage of the economic cycle.

3.

Our ability to deliver superior financial performance through the cycle

- Our scale and balance adds relative resilience to earnings through the economic cycle. This contributes to the out-performance of our business versus peers.
- Non-Perm recruitment tends to be less cyclical than Perm. Candidate assignments can extend up to 12 months, giving some 'run-rate' net fee visibility. By giving clients access to high quality, flexible talent, we help them convert costs from fixed to variable.
- We remain focused on further diversifying our earnings and building scale across our existing global network.
- Despite a slowing macroeconomic backdrop, we delivered solid operating profit⁽¹⁾ growth in FY19 of 4%. This was backed by strong cash generation, with underlying cash conversion of 106%.
- Our 2022 plan assumed a continuation of the benign global economic conditions of November 2017, with no major downturns in any of our main markets and a relatively orderly exit of the UK from the EU. Global economic conditions have worsened through FY19, particularly in Germany, and as such it may take us slightly longer to achieve the mid-point of our £300-£450 million operating profit range.

4.

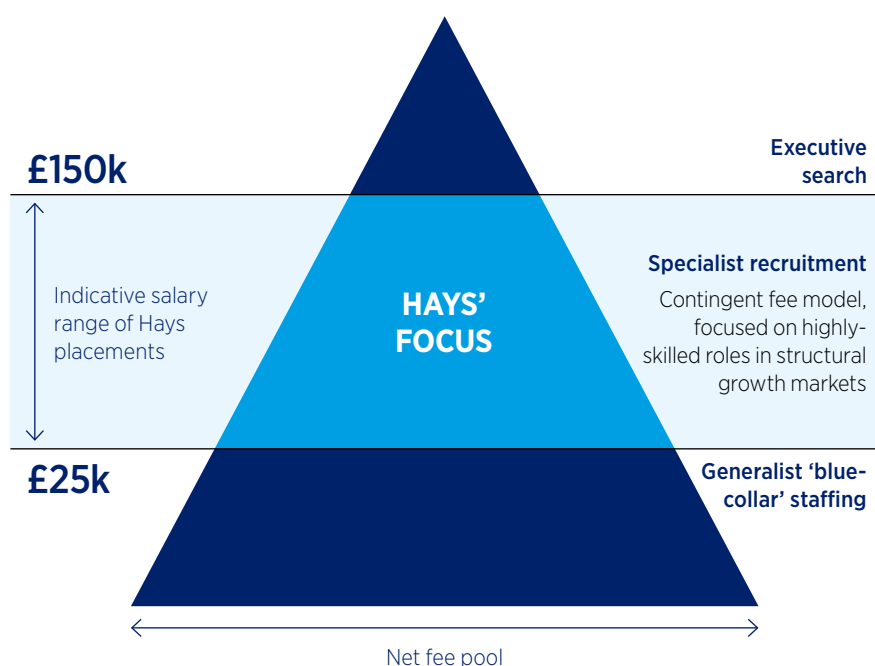
Our potential to generate significant cash flow and dividends

- In addition to driving material profitable growth, we are a highly cash-generative business, with a clear set of free cash flow priorities.
- These include ongoing investment in the development of the business, maintaining a strong balance sheet and delivering a sustainable and progressive dividend.
- Our core dividend cover (pre-exceptional charges⁽¹⁾) is at the upper end of our targeted 2.0-3.0x range, providing resilience.
- We ended the year with a net cash position of £129.7 million. As previously disclosed, it is our intention to distribute to shareholders any free cash flow generated over and above £50 million, assuming a positive economic outlook.
- Therefore, in addition to the increase in our core dividend, we also propose a special dividend of 5.43 pence per share, subject to shareholders' approval.
- In the first two years of our five-year plan ending in 2022, we have paid or proposed over £265 million in core and special dividends.

(1) Operating profit is stated before exceptional charges of £15.1 million, as detailed in note 5 to the consolidated financial statements on page 118.

LEADERS IN THE GLOBAL JOBS MARKET

Hays helps organisations find the talent they need to grow and prosper, and supports people as they build their careers. As people choose new ways to work, and use new technologies to access job markets, we are also evolving.



The competitive environment

We are leading global recruiting experts, focusing on the segment of the recruitment market referred to as 'white-collar' skilled or specialist recruitment. The salary of the candidates we place ranges from c.£25,000 to £150,000 p.a.

We operate across 20 different areas of specialism, with over 60% of our net fees in white collar 'Technical' disciplines such as IT, Life Sciences, Engineering and Construction & Property. The balance comprises professions such as Accountancy & Finance, Legal and HR.

We are embracing and developing technology to match candidates with clients' roles faster than previously possible. For example, our 'Find & Engage' model and Hays' Approachability Index sit at the heart of our process (see pages 15 to 16).

What remains constant is the art of placing the right person in the right job, and our belief in how megatrends are shaping tomorrow's employment market and career styles (see pages 6 to 7). We believe the prize for adding real human value in a digital world remains significant.

Our business is balanced between Temp and Perm. Flexible working, which encompasses our Temp and Contracting markets, represented 57% of net fees in FY19, with Perm delivering 43%.

Despite the fragmented nature of our industry, in the majority of markets, the main competition we face is from in-house recruiting teams within corporate HR functions. Yet, our relationship with in-house HR teams is often symbiotic, as they are frequently our largest clients.

"In the year, we helped over 30,000 clients find the skilled talent they need to grow, and over 335,000 people find their next role"

We estimate that in more mature markets like the UK or the USA, c.80% of addressable skilled jobs are filled via recruitment agencies. In less mature markets like Germany and parts of Asia, our analysis suggests this figure is only c.25%. First-time outsourcing of professional recruitment is thus a key structural growth driver in many of Hays' markets.

The competitive landscape across most of our markets is characterised by numerous recruitment companies, often very small and focused on local, niche markets. There are also a few, large global players.

The main UK-listed specialist recruitment businesses we identify are PageGroup, Robert Walters and SThree. Each has different exposures and mix, but are present in many of our markets.

We also compete with larger 'generalist' recruiters like Adecco, Randstad and Manpower, who have some operations in specialist recruitment, but are predominantly focused on lower-salary, 'blue-collar' segments of the market. Robert Half has a large US presence, mainly in Accountancy & Finance and IT, but also has some international exposure, and there are also sector or region specific businesses such as KForce in the USA, or Amadeus FiRe in Germany.

We have deliberately built a balanced business exposed to mature, cyclical markets and structurally emerging markets. In FY19, the majority of our net fees, 56%, were generated in immature markets, with 44% in more mature markets. This compares to 22% and 78% respectively in 2008.

Australia & New Zealand

- Solid performance despite weaker market conditions in the second half
- Business confidence levels moderated in Australia, impacting Perm markets
- Temp markets remain solid and grew 7% in the year

The economic picture in Australia weakened as the year progressed, with our largest sector of Construction & Property particularly impacted. The public sector grew faster than the private sector in FY19, despite the Australian General Election.

Consumer spending slowed, although remains stable, despite concerns over an overheated residential property market. Wage inflation continues to be modest. Resource-driven parts of the economy continued to recover, and IT showed strong structural growth given ongoing skill shortages.

i For more information see page 31

UK & Ireland

- Market activity levels slowed, mainly in our fourth quarter of the year
- Continued political and economic uncertainty impacted the private sector
- Limited client appetite for major investment projects

After a relatively stable first half of the year, the UK saw a reduction in business confidence, particularly in the fourth quarter. This restricted the parts of our markets exposed to new growth projects. On the plus side, public sector hiring remained solid, as did candidate confidence. On the whole, employers continued to replace leavers.

Brexit remains a material uncertainty for the UK economy, which has been increased by the ongoing political instability.

i For more information see page 33

Germany

- Good performance despite significant reduction in business confidence, and against tough growth comparatives
- Technical specialisms such as Engineering and Automotive were more impacted than Professional specialisms
- Despite a slower economy, first-time client outsourcing to specialist recruitment agencies such as Hays remains a key driver of growth

The labour market in Germany slowed as GDP and key economic confidence indices like the PMI fell sharply through the year. This negatively impacted business confidence, as did the ongoing US/China trade war.

This was most acutely felt in Manufacturing sectors, although we saw signs of spreading into Service sectors as the year progressed.

Longer term, we remain convinced that skill shortages and demographic changes will drive far greater use of flexible skilled labour.

i For more information see page 32

Rest of World

- Asia remained strong, with mixed conditions across the Americas and weaker European markets
- Skill shortages prevalent across many technical and professional specialisms
- Continued signs of wage inflation, particularly in the USA, and parts of Asia

Conditions across Europe weakened through the year, with clients increasingly focused on cost controls and investment appetite decreasing.

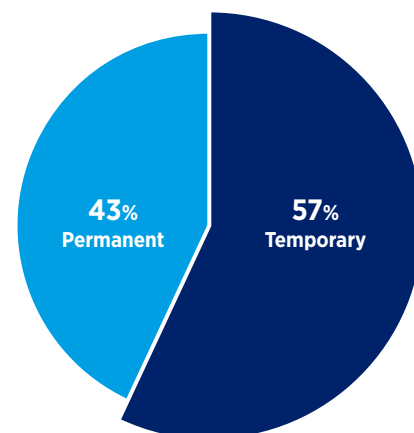
Asian markets remained strong and we delivered strong overall performance, with tight labour markets and skill shortages in most markets.

We also saw strong progress in the Americas, led by our Canadian business but also with a good performance in the USA.

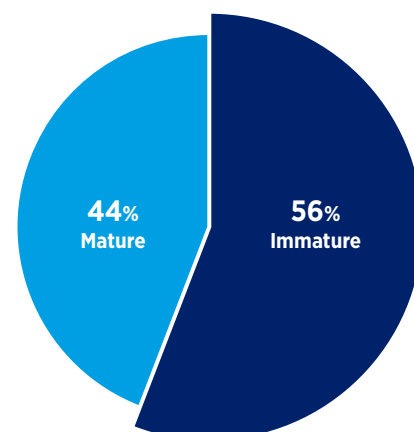
Candidate confidence remained high across RoW.

i For more information see page 34

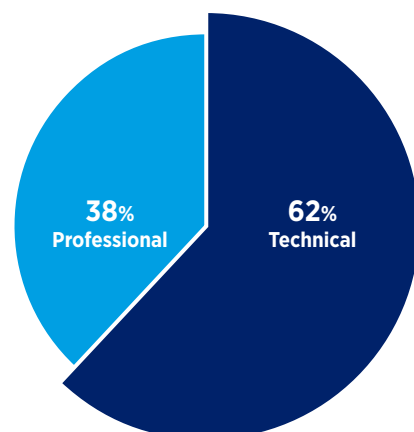
Contract type



Market exposure



Net fees



MEGATRENDS IN THE WORLD OF WORK

The world of work is being shaped by powerful megatrends. Our strategy is designed to capitalise on these trends, targeting structural growth opportunities within our cyclical end markets.

1. More and varied ways of building a career

For many skilled candidates, the 'job for life' mentality is ending. There is an increasing appetite to embrace flexible, project styles of working. Candidates are seeking interesting, and often highly paid, Temp and Contractor roles, as they build 'portfolio' careers. In addition to gaining new experience and improving their marketability, Temp and Contracting gives candidates the flexibility to take prolonged vacations, or voluntary career breaks.

The rise of digital economies is driving the creation of new job types in niche areas. It is also enabling greater mobility of experienced workers, who can provide their skills as independent contractors on a more flexible basis.

This is why we believe Temporary and Contracting is a key structural growth market and has become one of our fastest-growing sources of net fees.

2. Skill shortages and businesses' demands for flexibility

Our clients increasingly need to add flexibility to their skilled workforce. In doing so, they can respond to fast-changing market conditions, accessing the skilled labour they need, precisely when they need it. They can also convert a traditionally fixed employee cost into a variable expense.

Employing skilled people on a contract or project basis provides greater cost-base flexibility. Also, by adding highly skilled specialisms in a particular role, the employer increases the potential for excellent execution.

Our strong relationships with highly skilled non-Perm workers enables our clients to tap into scarce talent pools of flexible workers, helping manage and shape their white-collar temp and contractor workforces. We are also experts in helping clients find talent with the best cultural fit for their organisation.

We see our non-Perm business as a repeatable and high-value source of earnings, relatively more resilient to the cycle.

Recruitment type

Temporary and Contracting

- Respond quickly to changing market conditions
- Swap fixed employee costs for variable
- Provide rapid access to talent
- Highly compliant yet highly flexible

57%

Permanent

- Insight into candidate approachability
- Efficient outsource given our fees are contingent
- Deep industry specialism
- Access wider talent pools

43%

% of group net fees

62%

Technical

- Jobs are driven by client-led investment rather than a candidate's decision to move
- Industries characterised by skill shortages
- Higher proportion of emerging and new job roles
- Increasing propensity towards Flex working

38%

Professional

- Candidate-led process
- Usually higher salary
- Scope to infill into new geographies
- Approachability Index adds competitive edge

Specialism type

3. Structural market growth and evolving client demands

Most professional recruitment around the world is still done by in-house HR teams. This is true across mature and emerging economies, although both are increasingly opening up to the concept of outsourcing specialist recruitment. Over half of our business today is in the world's best structural growth markets.

We continue to observe a shift, mainly among large corporates, towards centralised procurement. Our services must be tailored to these different client needs, whether it is first-time outsourcing or providing different specialist recruitment delivery models.

Hays' main example of this is our Managed Service Provider (MSP) offering. We use our scale, infrastructure and deep candidate pools to manage Temp and Contract workforces on an outsourced basis.

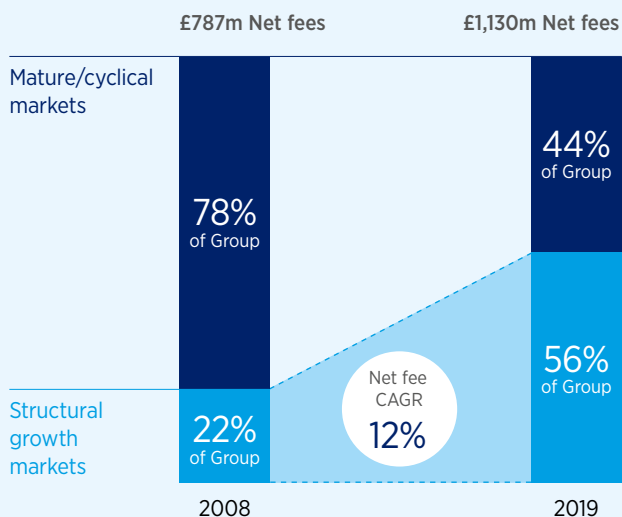
4. Emergence of new, and evolving, technologies

Technology is transforming how people work. It is revolutionising how clients and candidates engage and interact with job markets, and with Hays. Almost every area of recruitment is becoming digitally enabled at a breathtaking pace, creating vast quantities of valuable data which, if used correctly, can deliver deep insights and give our consultants a significant information and speed-to-market edge.

The guiding principles of our technology strategy are:

- 1) Maximise internal efficiency by developing new consultant tools, and deploy best-in-class software;
- 2) Test new client and candidate engagement channels;
- 3) Invest selectively in best-in-class HR Tech software;
- 4) Investigate new tech-enabled delivery models

Over half of our business today is in the world's best structural growth markets



GLOBAL BUSINESS MODEL, LOCAL EXPERTISE

Having a balanced exposure within and between our markets is key to driving superior and relatively resilient financial performance, and better results for our clients and candidates, through the economic cycle. We have a business with scale, breadth and diversity of exposure, designed to capitalise on the megatrends driving change in our industry.

A balanced and diverse model

We have deliberately and strategically built a business which is balanced and diverse. Within our network, we have exposure to both more cyclical, mature markets such as the UK and more immature, structural growth markets such as Germany and in Asia. We have deep scale and expertise in 20 specialist areas of skilled employment.

We are predominantly private sector-focused, but also serve public sector clients in some markets. Within our portfolio of services, we work on one-off placements for SMEs and global multinationals, as well as contract-based higher volume recruitment for our larger clients. The balance, breadth and scale of our business is unique in the world of specialist recruitment. This is a key differentiator, and we believe it is important as it makes our business and its earnings relatively more resilient to today's ever-changing macroeconomic and political landscape.

Exposure to mature and less mature markets

Structural growth markets are those where the use of agencies like Hays to source skilled candidates is a relatively new practice. Traditionally in these markets, this recruitment is undertaken by companies themselves, using hiring teams within their own HR functions.

A key driver of our growth is therefore the first-time outsourcing of this recruitment to third parties. This means that these markets are relatively less cyclical, and relatively less driven by the prevailing economic backdrop, or short-term sentiment. More mature markets are those where the use of agencies is a well-established, long-standing norm. Here, clients will use agencies to help them fill roles in the majority of cases.

As such, these markets are more cyclical in nature, with activity levels dependent far more on the amount of job churn occurring at any particular time.

We have a business with scale, breadth and diversity of exposure, which is built to take into account the megatrends driving change in our industry, the short-term market movements we experience and positions us to work towards our long-term aims and strategy.

Global integrated business

By having a single culture, brand and technology platform, we can drive significant synergies across our network. We can also deliver leading service to our largest global clients, who in aggregate represent around 15% of our Group net fees.

We are positioned to help clients globally, but also understand the needs and challenges of our clients and candidates locally.

In most of our 33 countries, we still have significant scope to in-fill from our current 20 specialisms. For example, our average RoW country has exposure to only eight specialisms, while Germany, where we are by some distance the market leader in white-collar recruitment, has nine specialisms.

By bringing existing global expertise to new markets, we can grow in a relatively low risk fashion, leveraging existing infrastructure and country management. For example, we are the global leaders in Accountancy & Finance (A&F), yet we only introduced the specialism to the USA, the world's largest A&F market, in FY19.

Scope for our people to move worldwide

In FY19, 73 colleagues transferred internationally within Hays, reinforcing our culture while giving them exciting new opportunities globally. We want to keep the best talent within Hays, which is in the interest of our clients, candidates and shareholders.



1,300+

people placed into new roles
every working day

Lifelong partnerships

The millions of relationships which are formed and nurtured by Hays consultants sit at the heart of our business. By becoming trusted advisors to talented people, helping them to navigate their careers and fulfill their potential, we will also open up a host of new business opportunities.

By providing the highest quality of service, clients can count on us to provide them with unrivalled access to top talent, and to provide market insights to help them scale and flex their evolving workforces.

One measure of success in this area is when a candidate becomes a client. The 'Our Hays Stories' insert to this page details such a transition and is a great example of lifelong partnerships in action.

Net fees by clients

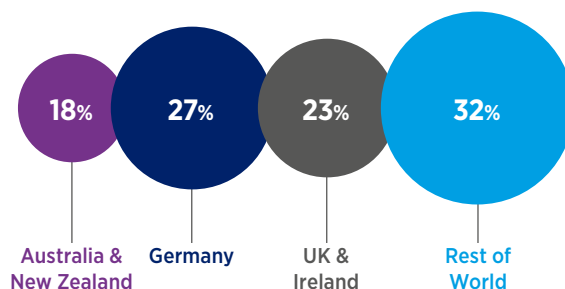
Top 40

c.15%

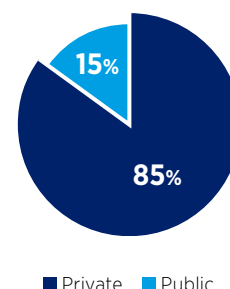
Other clients

c.85%

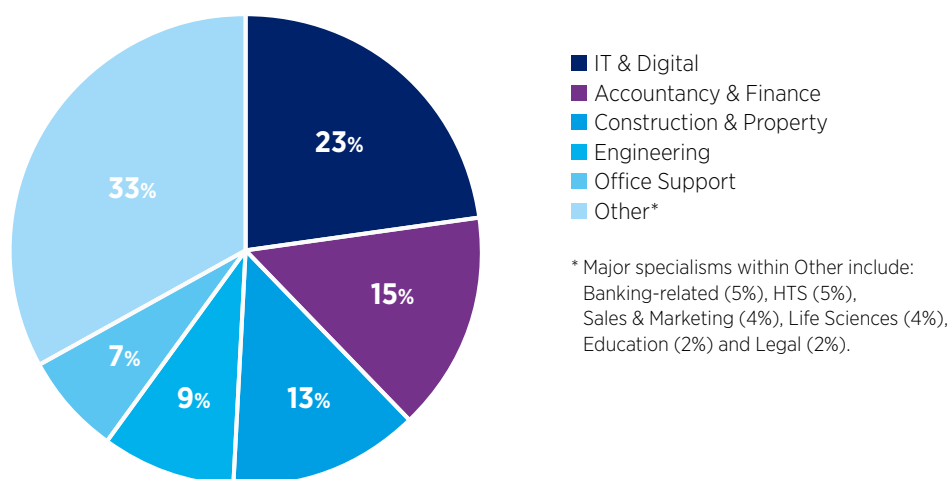
Net fees by geography



Net fees by type



Net fees by specialism



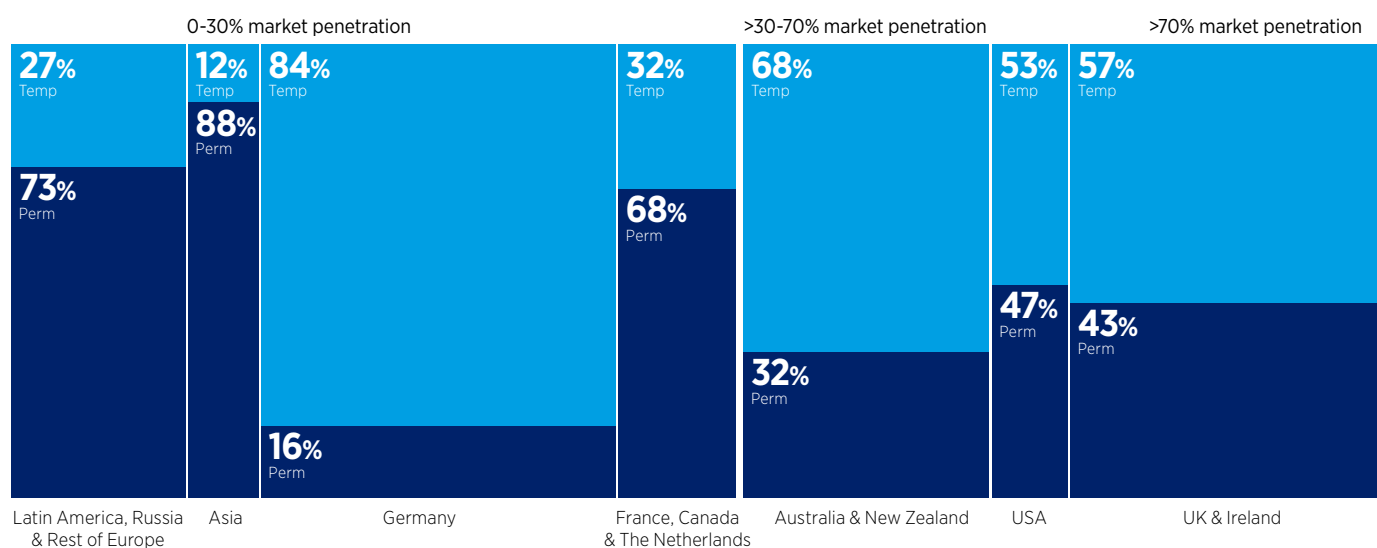
Net fees by geography, type and market maturity

Structural/immature

56%

Cyclical/mature

44%



A woman with long brown hair and glasses is smiling while talking on a black telephone. She is wearing a dark top and a necklace. The entire image is covered with a semi-transparent blue overlay.

FORMING LIFELONG PARTNERSHIPS

A JOURNEY FROM CANDIDATE TO CLIENT

The heart of our business is our relationship with candidates and clients. We aim to be lifelong partners to millions of people and organisations, helping them throughout their career journeys.

“

In 2014 I met S., who was returning from overseas, seeking work and guidance on the Chinese Pharma market. I placed him, where he quickly progressed to become a hiring manager and also a client. He is now Medical Affairs & Development Head of Ipsen Biopharmaceuticals.

Recently, S. invited me to work on a publication project on trends and analysis in the Medical Affairs industry, specifically of Medical Science Liaisons. The article has subsequently been published, and was discussed at the Chinese Medical Affairs Conference earlier this year. The article and our WeChat post was also extensively shared.

Our dynamic has gone beyond being a candidate or client. We act as partners, and this specific collaboration advanced both Ipsen's and Hays' brand in the Medical Affairs market, and displayed our individual expertise.

Alex Zhang
Beijing

I first met Sonia Pabla-Thomas in 2004, helping her secure a role with a top-10 UK Architecture design practice. Over time, I also helped Sonia recruit to grow her team. In 2009, Sonia decided to take the leap to become her own boss, setting up Space: Architecture+Planning.

We stayed in touch, attending events together and meeting and discussing her growth plans. Over the past 10 years, Hays and I have helped to place three talented people in Sonia's practice, and she has recently moved Space: Architecture+Planning into bigger premises. I was delighted to celebrate Sonia's practice's 10th birthday in July 2019, attending as a friend as well as a trusted recruitment partner.

Gary Sheldrake
Manchester

”

CREATING VALUE FOR ALL STAKEHOLDERS

Our consultants develop lifelong relationships with clients and candidates by being expert in their markets, assisted by our cutting-edge technology, tools and data insights. This enables Hays to match candidates to roles faster than our competition or an in-house HR team.

A balanced and diverse model

What we need to make our business model work.

Brand, technology and data

Brand

Our reputation as a world leader in the specialist recruitment market is supported and reinforced by our world-class global brand, which is consistent in each of our markets around the world. We constantly focus on building wider recognition and awareness of Hays as a market leader both through partnerships with other organisations and by building a portfolio of high quality and respected publications that demonstrate the thought-leadership credential of Hays and our people.

Technology and data

We have built a sector-leading global technology infrastructure that is able to interact with other applications and third-party technologies. This, together with our investment in data science and digital marketing capabilities, enables our consultants to insightfully engage with the vast amount of data, source real-time, accurate information on their market and ultimately to get the best candidates to clients faster than anyone else.

People and culture

Our people

Hays is the ultimate people business and as such the ability to attract, develop, enable and retain the very best consultants and managers in our industry is vital to our success. We aim to create an exciting and vibrant work environment and we strive continuously to provide our people with attractive career paths that will make them experts in their fields.

Society

We believe that what we do makes a big difference to the world around us. We help hundreds of thousands of people each year in their career journey, and tens of thousands of organisations source the skills they need to grow. This all contributes to the wider growth and success of the economies and communities in which we operate, and helps maximise tax revenues.

Relationships

Partnerships and collaborations

Our philosophy is not just to invest in technology solutions, but also to build strong collaborations with leading innovators and influential organisations, creating mutually beneficial relationships which help us better understand and serve our clients and candidates. This philosophy extends beyond the technology sector and enhances our ability to better respond to fast-moving market developments.

Client and candidate relationships

Forming and maintaining strong relationships with our clients and candidates is at the heart of what we do. Our extensive engagement marketing programme offers them industry-leading content, with the aim of helping them succeed in their careers and source the right talent for their business.

This also includes making connections with people who are not yet clients or candidates and building a relationship which would make them more likely to be open to future approaches.

Strategic priorities



Materially increase and diversify Group profits



Build critical mass and diversity across our global platform



Invest in people and technology, responding to change and building relationships



Generate, reinvest and distribute meaningful cash returns

Our culture, reputation and relationships with wider stakeholders in society are among the highest priorities of our business. This is discussed further in our 'Sustainability policies' section.

- [Read more about our KPIs see page 26](#)
- [Read more about our risks see page 40](#)
- [Read more about our sustainability policies see page 45](#)
- [Read more on our remuneration see page 70](#)

How we create value

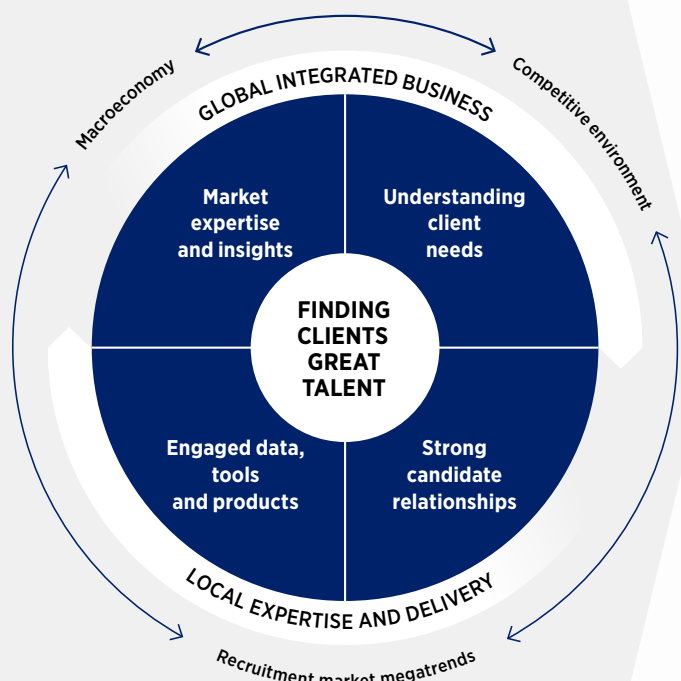
As the ultimate people business, everything we do is focused on placing the right people into the right roles.

High returns on capital

Our cash flow priorities are for organic investment, however we still create significant dividend-paying opportunities.

Stakeholder benefits

The value we create not only generates returns for our shareholders, but also benefits our other stakeholders.



Principal Stakeholders

Employees

We invest a significant amount of time and effort to ensure Hays is a great place to work. We offer our consultants the best training to become experts in their market and develop their careers, along with the best technology and tools in the industry to enable them to be as productive and successful as possible.

FY19 Internal promotions

3,497

Percentage of working time spent on Training and Development

Year 1: c.20%
Managers: c.5%

Candidates

We help candidates secure their next Perm job or Temp/Contracting assignment. We connect our candidates with the world of work via an array of events and seminars, and produce informative, thought-leading career content across our network of 33 countries.

FY19 Perm placements

81,100

FY19 Temp/Contract assignments

254,000

Clients

We work closely with our clients to help them find the skilled people they need to drive growth in their businesses. We work with thousands of companies every year, with no single client representing more than 1% of Group net fees.

Number of clients

>30,000

Private/Public sector

85:15

Communities

Hays is a diverse business which seeks to have a positive effect on the local and global community, anchored by our solid governance framework.

Gender ratio

63F:37M

External Stakeholders

Environment

During FY19 our CO₂ intensity ratio decreased by 2%. We are ever-mindful of our impact on the environment and we committed to operating our business in an increasingly sustainable manner, seeking to reduce our environmental impact year-on-year.

Employee GHG emission intensity per tonne CO₂e

1.47

FY19 YoY CO₂ intensity ratio reduction

2%

Shareholders

The breadth, scale and balance of our business model allows us to deliver superior relative financial performance through the cycle. Combined with our focus on working capital management, and the cash-generative nature of our business, this means we have the potential to generate meaningful shareholder returns as our business grows.

FY19 pre-exceptional⁽¹⁾ EPS growth

4%

FY19 dividends paid and proposed

£137.9m

MEET THE EXPERTS

**What has been your
most memorable
candidate relationship?**



“

I met Robert H. over a decade ago, placing him in a Contractor role with a Fortune 500 company, where he stayed for four years. He was offered a full-time role, but declined because he liked the flexibility of Contracting through Hays. I then placed Robert again with a Healthcare client, and he stayed another four years, working on various projects. Again, he was offered a full-time role, however graciously declined because he enjoyed building a flexible career.

I placed Robert one last time with one of our largest clients, a technology company, where Robert continued to work on contract for two years, before finally accepting a full-time position last year. Robert recently called me to say that the new role allows him to ‘telecommute’, so he and his wife decided to realise a dream and relocate to the mountains. They are both loving life and what started out as a work relationship has evolved over the years to a friendship. This is one of the reasons why I love what I do.

Amy Wright

Tampa

I presented one of my candidates, Zoe, with an opportunity I knew would accelerate her career, although she was hesitant to leave her ‘comfort zone’. I still remember the long conversation with her, analysing her current situation and giving her advice, and she decided to take the chance. She made quick progression in her company and has since been promoted to Director, and I am helping her to hire her team! And that’s why I love this job – the impact that we can have on people’s future career is significant.

Sylvia Lau

Guangzhou

Soon after relocating to Vancouver from the UK (15 years ago), I met and placed a candidate in a role with a major General Contractor. The candidate was also new to the city and we struck up a friendship that remains to this day, and he acted as MC at my wedding, doing a fantastic job! His own career has prospered, and he is now in an Executive level position, and uses Hays to recruit technical staff for his business.

Russell Carnley

Vancouver

”

EMPOWERING CLIENTS GLOBALLY

We work with over 30,000 clients worldwide each year, across the Public and Private sectors, from the largest multinational companies to small start-ups. Each relationship is based on trust, quality of service and speed to market. We profile six relationships from different industries.

Endress+Hauser

Hays began working with Endress+Hauser's (E+H) Canadian operations in 2018. E+H is a global leader in measurement instrumentation & services for industrial process engineering. After working together for six months E+H decided to outsource its HR activities to Hays via an RPO (Recruitment Process Outsourcing) contract. This contract was extended in June 2019.

Hays has helped E+H to grow by filling over 20 roles, exceeding the initial contract's expectations. Hires have included roles in Sales, Production, Finance, Marketing and Customer Services.

"After a very positive initial experience, we began to contemplate a full outsourcing of our Canadian recruitment function to a specialist. Hays Talent Solutions were a natural fit for E+H, so we made the decision to partner. Our experience has been amazing and it has been a very rewarding partnership. Hays is a very professional company with excellent customer service. They have helped us fill some very difficult roles, while reducing our time to fill and presenting us with fantastic candidates."

Sarah Duguay
HR Manager

30,000+

clients worldwide

 For Divisional operating review
see page 30

EMPACT THE STARTUP SUPER CONNECTORS

In November 2017, Hays UK&I established a new national co-design partnership with tech 'super connectors' Empact Ventures, via the new Super Connect Series initiative. Empact Ventures and Hays have worked together to become embedded within the Technology start-up ecosystem, helping both tech start-ups and scale-ups connect with the right talent.

"There has been cultural buy-in from Hays' local offices right through to the senior management team, who have all contributed to the partnership's activity, ensuring it was a collaborative endeavour. The Hays-Empact Ventures relationship is based on shared values of connecting the right people with the right organisations at the right time. We have run training sessions at 10 Hays Digital Technology offices, accompanied by webinars with over 150 staff learning how to tap into the ecosystem. Together we are helping start-ups access cutting-edge talent and scale up their businesses."

Kosta Mavroulakis
CEO

VATTENFALL

For a decade, Hays has worked closely with leading European Energy company Vattenfall, sourcing high-skilled, flexible workers in areas such as IT, Construction, Finance and Sales. We began as one of many suppliers, and in 2018 Hays was appointed as Vattenfall's single agency for 'time & material' services for German flexible labour. In the selection process, Hays' performance stood out in terms of candidate quality and delivery speed.

This success of this relationship has been underpinned by Hays' close collaboration with Vattenfall's Resource Management Centre, continuous improvement in supply chain management and the implementation of a single Reporting dashboard.



四环医药
SihuanPharm

Sihuan is a fast-growing, Beijing-based Pharmaceutical company, researching and developing cardiocerebral vascular drugs in China.

"Hays is a trustworthy and committed partner of Sihuan group with outstanding service and market insight. We have worked together for almost two years, giving tremendous support to our hiring and talent strategy and our business growth. We also extended the service to include our subsidiary Xuanzhu. Hays has offered us top-class service with their professionalism and expertise."

Connie Liu
HR Director

Cornerstone

Hays' IT recruitment team in New Zealand has recently signed an exclusive contract with Cornerstone OnDemand, a California-based cloud-based learning and talent management software provider with over 30 million global customers. Cornerstone is in growth mode, and Hays is helping them to both understand trends in the local ANZ IT market, and to find talent in a skill-short software market.

"Hays have been a really helpful partner to us in our growth in New Zealand, helping us to find great talent and understanding changes to the local market. We have also valued their advice with events such as the salary guide survey. Their timely and quick responses in communication with candidates are well valued."

Kieran Pabla
Associate Talent Business Partner

Airtasker

Hays' Australian IT team has developed a close working relationship with Airtasker, one of the fastest growing Australian technology companies of recent years, across its entire business. We have placed candidates within digital, IT infrastructure, HR and office support, becoming integral to their operations. Hays has also partnered with Airtasker to promote their brand within the local market, supporting each other in the 2018 Sydney Digital Trends event, as well as hosting the Airtasker team in our London office, to help launch Airtasker into Europe.

"We have enjoyed working with Hays and their expertise in IT markets has been a real asset to underpin our growth, both domestically and internationally. I look forward to building on this partnership as we continue to grow."

Mahesh Muralidhar
HR Director

DRIVING THE DIGITAL REVOLUTION

Technology is transforming how people work. It is revolutionising how clients and candidates engage with job markets, and with Hays.

Technology can boost efficiency and help us win the race for talent

Our technology helps us to power the world of work, and find the best candidates for a role, faster than in-house HR or our competition. By improving our speed to market, we can offer better service to clients and candidates and enhance our productivity.

We estimate that 1% gained via average consultant productivity is worth c.£8 million to Hays' Group operating profit, and that improved productivity drove c.40% of Group profit growth between FY13-19.

Our strong foundations and consistent strategy in Technology mean we are well-placed to deal with rapidly changing markets.

Our guiding principles in Technology are:

- 1) Maximise internal efficiency by developing new consultant tools, and partner with best-in-class software;
- 2) Test new client and candidate engagement channels;
- 3) Invest selectively in best-in-class HR Tech software;
- 4) Investigate new tech-enabled delivery models.

Data as an asset

Almost every area of recruitment is becoming digitally enabled at breathtaking pace, creating vast quantities of valuable data. Protecting and managing this data with great care and attention sits at the heart of what we do and is central to the Hays business model, and we increasingly see ourselves as a data-driven company. We believe in transparency with our candidates, and set out clearly in our privacy policy how we are processing their personal data.

To create economies of scale, our consultants need to be equipped with the best technological tools to search this complex and ever-increasing bank of data, which we gather via our 'data funnel' shown opposite.

We received c.11m job applications in FY19, and our website received over 70 million page views. Such applications and website interest are engagement signals, which flow directly into our funnel.

Three phases of data-driven insights

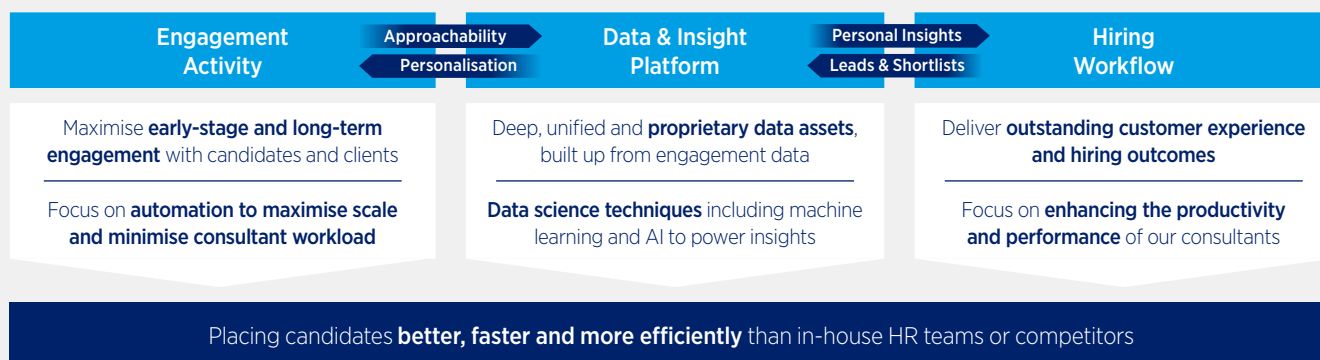
We have been developing our cutting-edge data systems for over a decade. Our first 'Foundation' period (2008-2012) established an architecture, process and internet-enabled system. Our second 'Connections' phase (2012-2017) focused on channel exploitation, working innovatively with companies like LinkedIn, SEEK, Xing, Stack Overflow and Google.

This included launching our 'Find & Engage' recruitment marketing model in 2017. This was based on our ability to engage with active (i.e. seeking jobs) and passive (potentially available, but not currently seeking jobs) 'talent pools', enabling us to deliver what was once viewed as high-end 'head hunting', to many more white-collar candidates, at scale. Our aim is to extrapolate meaningful data patterns, feeding directly into Hays' unique 'Approachability Index'.

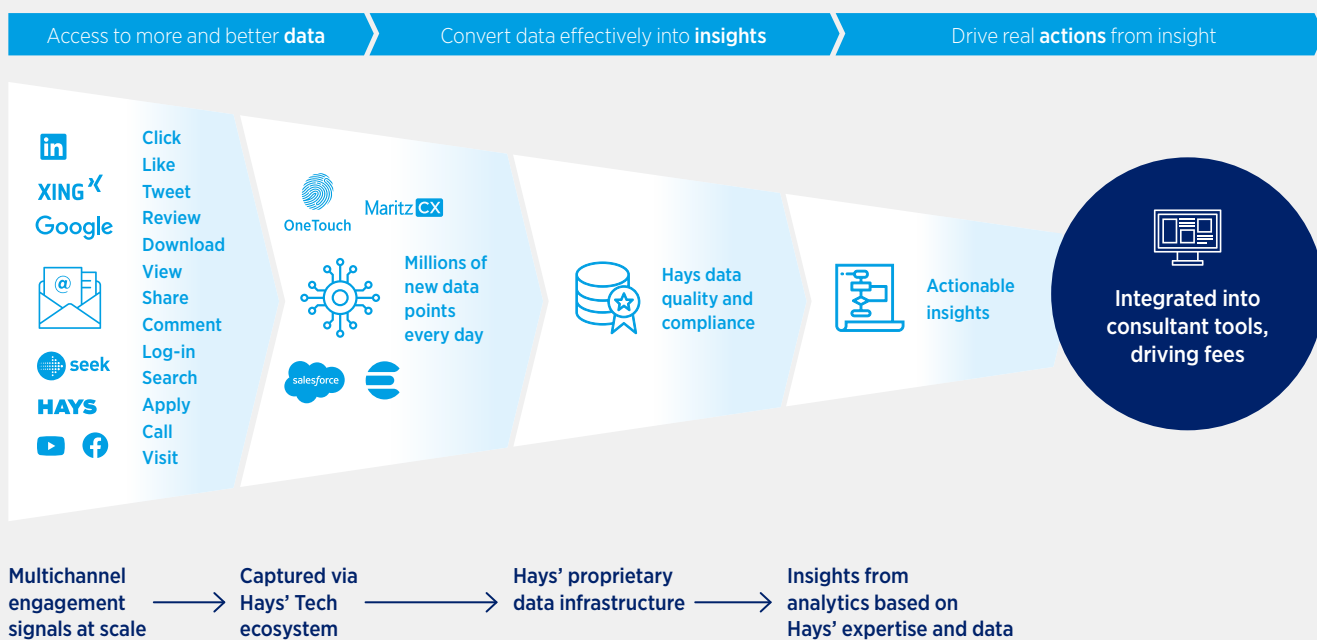
Our systems use many inputs and analytics to gauge how open to an approach a potential candidate is likely to be. By understanding approachability signals, our ability to convert ostensibly passive candidates into active ones is significantly increased. Once overlaid with a trusted Hays consultant relationship, we gain a vital competitive edge.

We believe we are now in a third 'deep insights' phase, underpinned by analytics. This has enabled us to build the 'Hays Power Recruitment Platform'. We believe the prize for adding real human value in the digital age will be significant.

The Hays Power Recruitment Platform: Fully integrating cutting-edge first- and third-party tools



The Hays data funnel: Driving more value from data than HR teams and competitors



Importantly though, we also get valuable data from our relationships with LinkedIn, SEEK, Google and Xing. Additionally, data points are created through the interactions generated by our unique content and social media activity, such as thought-leadership pieces like the Hays Journal, our salary guides, training, career advice and podcasts.

These play a leading role in both nurturing strong candidate relationships, and also gaining useful candidate engagement signals. These are supported by our implementation of Salesforce Marketing Cloud.

All these captured engagement signals across a wide variety of sources are converted into actionable insights by our in-house developed proprietary analytics, powered by in-built machine learning.

Increasingly, technology enables us to anticipate clients' demands before they arise. We are able to analyse complex user data in real time, gaining invaluable insight into candidates' skills and career ambitions. Our aim is to match these insights received from clients and candidates with the highest services quality in our industry from our consultants, at speed and at scale.

Hays 'Approachability Index'

Sifting through huge quantities of candidate information is relatively simple. The harder part is accurately predicting Approachability; identifying which candidates are likely to respond positively to our direct approach, or when clients are looking to hire. This will be a key competitive edge in the future, and forms the basis of our 'Find & Engage' recruitment marketing model.

'Find & Engage' takes our ability to engage with Active and Passive talent pools, enabling us to deliver what was once viewed as high-end 'head-hunting', to many more white collar candidates, at scale. Our aim is to extrapolate meaningful data patterns, feeding directly into Hays' 'Approachability Index', summarised overleaf. This index became fully functional across our business in FY19.

The consultant's view

"Analytics and 'Big Data' to support decision-making are recent concepts in the market, but for Hays these concepts have been embedded in our internal systems since I joined in 2015."

Paloma Buda
São Paulo

▶ Find out more about our expert insights
haysplc.com/expert-insight

▶ Find out more about tech
haysplc.com/about-us/our-strategy/our-technology

“

There are no shortcuts in the journey to become a digitally-enabled recruiter. We are in the third phase of our development, with over a decade of investment in state-of-the-art technology.”

Steve Weston
Chief Technology Officer



“

What makes Hays the best place to work is that you feel the investment in systems comes from consultant requests and viewpoints. The tools improve our commerciality and speed to market.

Lorna Wilson
London

Compared to when I started in the industry 16 years ago, I cannot believe how lucky our young consultants are to be using our technology suite. Today, I can quickly identify a new client using Sales Planner and effectively match a candidate to the specific and unique client requirements through the Talent Manager platform. The technology and systems continue to allow me to focus on the essential human interaction, which is the art of recruitment.

Ankit Nangali
Sydney

At Hays, we have a state-of-the-art system which I personally felt made a difference in helping me become much more efficient and effective in my work.

Adrian Lam
Hong Kong

Hays has always kept track of the latest changes in technology. The introduction of artificial intelligence into our sales and business development activities to suggest who to call or which candidates to introduce feels revolutionary. The human relationship will always be at the heart of our work, but I really look forward to the next Hays innovations to help us serve our clients and candidates better.

Tina Lv
Suzhou

”

Technology and a candidate's path

The chart opposite represents the process of interaction between our active candidate pool, passive candidates and our client base, as we seek to find 'great-rather-than-good' matches between the two.

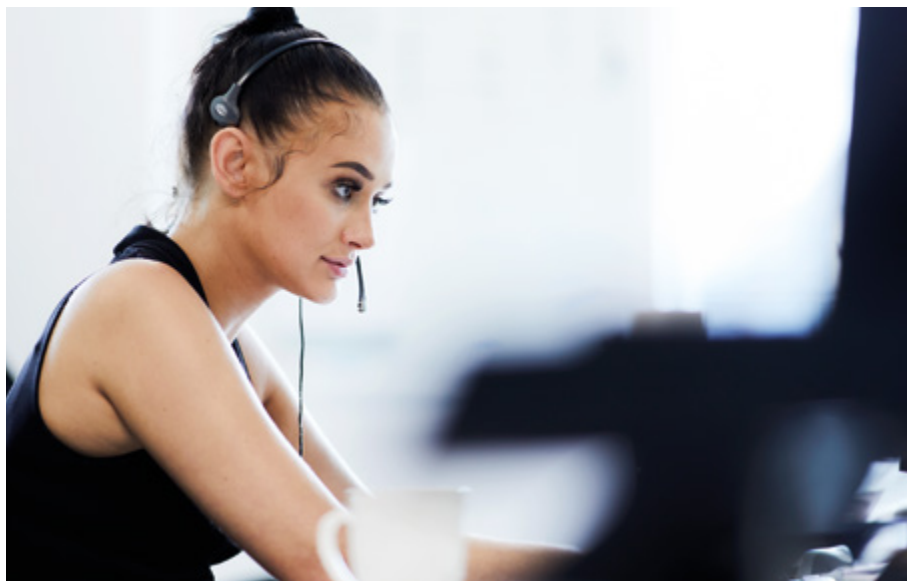
Candidates are added to the Hays database via our expert consultant network, and external sources, or directly via the Hays website. Once in our ecosystem, we work hard to ensure the talent pool remains highly engaged, using our people and the content noted earlier. The Hays Approachability Index gives us the ability to access candidates who may otherwise appear to be 'passive'.

This is a major competitive advantage versus peers, and also a compelling reason for clients to outsource to Hays.

Candidate experience

We have streamlined our candidate application process, which is powered by innovative new search analytics from Google. The user experience has also benefited from this technology, with standardisation of job titles significantly improving the effectiveness of the analytics.

The upside of this has been higher conversion levels on our overall digital estate, and also an increase in updated candidate data for our databases.

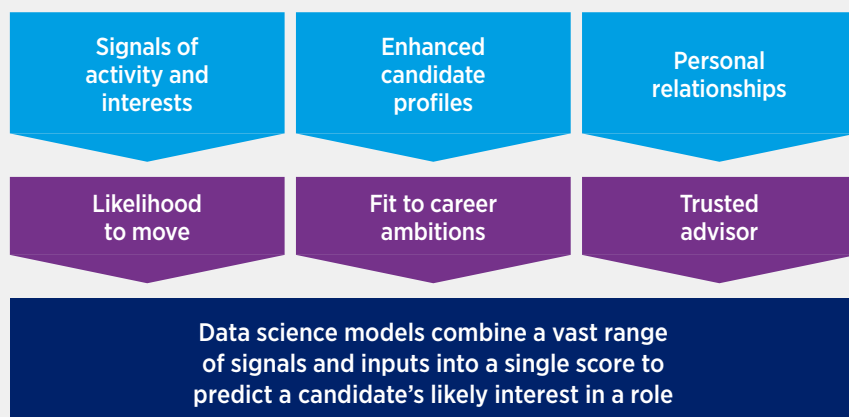


We have designed the process to reflect the fact that the use of mobile devices for job search has been increasing.

Also, by helping to bridge the gap on essential benefits, which would usually be provided to a Perm employee by their employer, we aim to foster loyalty amongst freelancers. Accordingly, we are looking to develop new services across what we call our 'Workplace Services Platform'.

“By engaging with our active and passive talent pools, we can deliver what was once viewed as high-end head-hunting, to many more white-collar candidates, at scale.”

The Hays Approachability Index: Predicting candidates' likely interest in a role

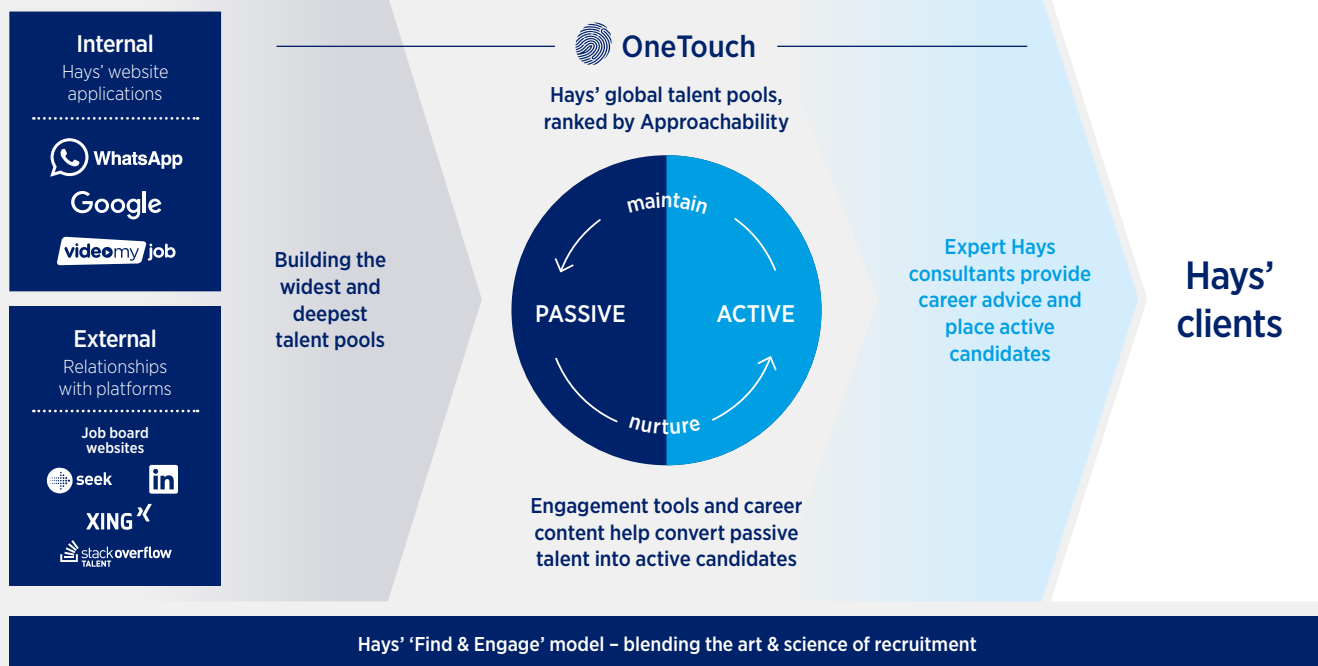


How technology accelerates the candidate journey

Multiple sources feed into Hays' global candidate database, OneTouch

Hays' Approachability Index measures a candidate's appetite to move, via algorithms and integrated machine learning

Placing candidates better, faster and more efficiently than in-house HR teams or competitors



Continuous innovation

Our expert Hays Innovation team constantly monitors the technology landscape, identifying new trends, opportunities and threats and building relationships with key players. In FY19, we made excellent progress, notably with the roll-out of our 'SalesPlanner' and 'TalentManager' tools, further development of the Hays Hub, and our collaborations with Google, Mya and Stack Overflow.

We have introduced integrated AI chatbots to further automate our interaction with candidates. In tandem with our programmatic advertising initiatives, VideoMyJob roll-out and extensive use of social media, we can find niche talent pools across any digital channel. This includes specific targeting of passive candidates via automatically distributed content.

"By targeting passive candidates, we can effectively increase the size of our addressable talent pools."

"The fundamentals of the job have always stayed the same but the tools to search, select, pay, engage and communicate have evolved. Gaining access to talent that other agencies/internal recruiters wouldn't be able to due to the technology we have is competitive and unique."

Kat McCarthy
Sydney



Find out more about tech

haysplc.com/about-us/our-strategy/our-technology

CLEAR, WELL-ESTABLISHED STRATEGIC PRIORITIES TO DELIVER OUR LONG-TERM AIMS

Our ultimate aim is to be the undisputed global leader in specialist recruitment. As we build towards this, we have a set of four, long-established strategic priorities which remain unchanged throughout the various stages of the economic cycle. As well as being interlinked with each other, they are informed and driven by our aims, as well as by the long-term megatrends we identify in our marketplace, described on page 6.



-  Read more about our KPIs
see page 26
-  Read more about our risks
see page 40
-  Read more about our sustainability policies
see page 45
-  Read more on our remuneration
see page 70

(1) Operating profit is stated before exceptional charges of £15.1 million, as detailed in note 5 to the consolidated financial statements on page 118.

Strategic priority

Materially increase and diversify Group profits



Generate, reinvest and distribute meaningful cash returns



Invest in people and technology, responding to change and building relationships



Build critical mass and diversity across our global platform



What we achieved in FY19

- Despite weakening macroeconomic conditions in many markets, in FY19 we increased operating profit⁽¹⁾ by c.£5 million to £248.8 million. On a constant currency basis, operating profit⁽¹⁾ would have been £252.2 million
- Our profit growth in FY19 was driven by a record profit⁽¹⁾ performance by our International business, accounting for 80% of the Group's profits. This is up from c.35% in 2008
- The UK&I also delivered solid 4% operating profit⁽¹⁾ growth, despite economic and political uncertainty

Focus in FY20

- We will continue to focus on maximising net fee and profit performance in our businesses, focusing on consultant productivity
- We will continue to make selective investments where we see the biggest structural opportunities for growth. This includes our largest markets of Germany, China and the USA
- The UK&I market has recently softened, with signs that continued uncertainties are impacting business confidence in the private sector. We will continue to monitor underlying activity levels closely as negotiations to leave the EU develop

Link to relevant KPIs

- 1 Like-for-like net fee growth
- 2 Proportion of Group net fees generated by our International business
- 4 Basic earnings per share growth
- 6 Like-for-like net fees per consultant
- 7 Conversion rate

- Solid profit⁽¹⁾ growth and strong underlying cash performance, ending the year with a net cash balance of £129.7 million and cash conversion of 106%
- In line with our dividend policy, having reached our targeted core dividend cover of 3.0x EPS in FY17, we increased the core dividend by 4%, with a full-year dividend of 3.97 pence per share. Additionally, in line with our excess cash returns policy, having built a net cash position above £50 million, we propose a special dividend of 5.43 pence per share to supplement the core dividend, subject to shareholder approval
- £137.9 million total dividends paid or proposed in FY19 (FY18: £128.3 million)

- Our strategy is to maintain dividend cover within a range of 2.0x to 3.0x full-year earnings, and to match increases in full-year earnings growth with core dividend growth. Should future earnings fall, our high dividend cover provides some protection
- Given our highly cash-generative business model, we will target a net cash buffer of around £50 million at each year end. It is our intention that any cash over this level will be distributed to shareholders in the form of a special dividend, provided our market outlook is positive

- 1 Like-for-like net fee growth
- 4 Basic earnings per share growth
- 8 Cash conversion

- Increased our headcount by 530 people and internally promoted over 3,497 of our colleagues
- Continued to develop mutually beneficial relationships across a range of areas, including collaborations with SEEK in Australia, Xing in Germany, LinkedIn, Google and Stack Overflow, among others
- Invested in further developing our own capabilities within our Data Analytics and Digital Marketing function, which has been working alongside our existing Innovation function and Corporate Development teams
- Upgraded our German operational system, and continued investment in our back-office systems efficiency projects in Germany, the USA and Canada

- We will continue to explore and develop relationships and partnerships with external organisations, to enable us to better understand, respond to and capitalise on new opportunities and/or threats
- Further develop our front- and back-office capabilities, including data science and analytics, to improve our business efficiency and service to clients and candidates
- Continue to evolve and shape our offering to meet changing clients' needs by providing alternative and innovative delivery models, supported by the latest technologies and tools

- 5 Employee engagement
- 6 Like-for-like net fees per consultant

- We continued to pursue our strategy of diversified exposure across contract types, investing organically in our Temp/Contracting business, which represents 57% of Group net fee income
- Increased non-UK&I headcount by 5% year-on-year, including Germany up 6%, the USA up 8% and Japan up 10%
- The percentage of non-Perm net fees generated in the Group, excluding the UK&I, Germany and Australia, remained broadly constant in FY19. Since 2011, this has grown from 22% to 30% in 2019
- Global office network increased by eight to 265, of which 169 are non-UK&I

- We will continue to focus on organic growth, making further investment in headcount where conditions are supportive
- Further expand the percentage of net fee income generated outside of our largest businesses (the UK&I, Germany and Australia)
- Drive further growth in our Temp/Contracting business in new/existing markets, including France, Japan, Canada and the USA

- 1 Like-for-like net fee growth
- 2 Proportion of Group net fees generated by our International business
- 3 Headline International net fee base

“

Despite tougher markets, we delivered a solid financial performance in FY19. Our net fees grew by 6% and hit a new record, and operating profit⁽¹⁾ increased by 4%. Excellent cash generation underpins our record full-year total dividends of £137.9 million.”

(1) Operating profit is stated before exceptional charges of £15.1 million, as detailed in note 5 to the consolidated financial statements on page 118.

THE YEAR IN REVIEW, AND THE YEARS AHEAD

Our Chief Executive, Alistair Cox, discusses the Group's performance in FY19 and looks ahead to our areas of focus and development in the future, including our progress on our five-year plan.

 Watch our FY19 results meeting at haysplc.com/investors/results-centre

Q. How do you feel Hays performed in 2019?

A. There's no doubt that the macroeconomic backdrop deteriorated during FY19 and we also faced tough year-on-year growth comparatives. Despite those headwinds, I feel we delivered a solid performance. Our net fees grew by 6% and hit a new record, led by our International businesses up 7%. 19 of our countries hit their own individual net fee records, showing how broad our performance was. We grew operating profit⁽¹⁾ 4% to £248.8 million, equivalent to c.£252 million on a constant currency basis. Our conversion rate of 22.0% remains the best in the industry, albeit 70 bps lower year-on-year, driven by the slowdown in growth of net fees through the year. Our cash conversion, at 106%, was excellent.

Looking back, we started FY19 with strong, double-digit growth across the vast majority of our markets, and in the second half of FY18 we had invested in additional capacity in order to grow. As such, our headcount began the year up 10%. However, we saw the economic backdrop start to cool in many markets from September 2018 onwards, becoming slightly harder month by month.

When this happens, we usually face a period of negative profit leverage and this is exactly what happened, particularly in our second and third quarters. Consequently, we switched emphasis and managed our costs down to defend short-term profitability in many markets. This included restructuring several country operations, mainly in Europe, incurring an exceptional £6.8 million charge⁽¹⁾, which is expected to deliver c.£5 million of annualised pro-rata cost savings. We did however maintain our strategic investments in key markets such as Germany, North America and China.

Germany is our largest business and it grew 9%. We have clear market leadership in Germany and we further reinforced our position as the number one player, opening two new offices and materially expanding space in three others. We increased our headcount by 6%, although we did moderate the growth rate as fee growth slowed, particularly in the second half of the year.

The ongoing trade war between the USA and China had a material impact on the German economy, and we saw increasing signs of client cost control and protracted decision-making. In addition, the challenges faced by the German automotive industry further hurt sentiment and GDP growth slowed from 2% in July 2018 to almost zero in August 2019.

These factors impacted us and our German growth slowed from 14% in the first half of FY19 to 4% in the second half, and we enter FY20 with relatively low positive momentum.

Despite these short-term headwinds, I remain of the view that in the long-term Germany is the most exciting recruitment market in the world today, driven by acute skills shortages and the structural opening up of that market to specialist recruitment agencies. We are determined to build a substantial business there and build on our leadership position.

ANZ had a solid year, growing fees by 4% despite weaker market conditions in the second half, particularly in Construction & Property (C&P), and against increasingly tough growth comparatives. After a great run of 19 consecutive quarters of growth, our ANZ business slowed in the second half, and went slightly negative in Q419, around the time of Australia's General Election. However, we ended the year with record numbers of Temp & Contractor workers, with over 22,000 on assignment. Again, we invested in the business to reinforce the clear market leadership we have long enjoyed in Australia.

Our RoW businesses were more mixed. I'm very happy with our Asia performance, and we had some stand-out performers elsewhere, such as Canada. However, we did see a slower FY19 in parts of Western Europe, and our profit performance here was softer than I would have liked. We also had a weaker second half in Japan and the USA, although recent trends in these two markets are encouraging as we start FY20. What is exciting about so many of our countries in this division, though, is the sheer scale of structural growth opportunities for first-time outsourcing of recruitment, which gives me great confidence for our future.

Finally in the UK, given the market backdrop I think we delivered a solid result, with net fees up 2% and profit⁽¹⁾ up 4%. Our public sector business did well, up 11%. Understandably our private sector business was tougher and as the economic and political uncertainties continued, risks to market activity levels grew. However, many aspects of the UK labour market remain positive with employment at record levels and significant skill shortages, which is starting to lead to wage inflation for the first time in many years. Again, we defended our number one position and invested aggressively in those areas which felt more buoyant, such as Technology.

Q. What are your priorities for investment and cash?

A. My first priority is always to re-invest in the business because we are in an industry which has wonderful long-term opportunities and we aim to capture those on a global scale. In FY19 we again made significant investments in people, property and technology.

We grew headcount by 4% globally, opened eight new offices and materially expanded several others. We further enhanced our back- and front-office systems, ensuring we have the infrastructure and capacity to continue to grow. We increased our training spend and we also ramped up investment in our technology tools, firmly in the belief that the combination of intelligent systems combined with the skills of our expert consultants will allow us all to be more effective in our jobs and grow accordingly. We are a high-Return-on-Capital business and remain relatively asset-light. Our capex, £33 million in FY19, typically earns a strong payback. We are also highly cash-generative, so even after these significant investments, we ended the year with net cash of £129.7 million. Therefore, in line with our policy, I am delighted that we are able to propose increasing our core dividend by 4%, and our third successive special dividend, £79.7 million, up 9%. This takes total

dividends proposed and paid for FY19 to £137.9 million, up 7% from last year. In the first two years of our five-year plan, we have either paid or proposed over £265 million in core and special dividends, a decent percentage of our total market capitalisation.

Q. How is Hays performing relative to the 2022 plan? Given you have such limited visibility on earnings, how do you ensure such targets are credible?

A. I look at our long-term plans as a means of conveying what is possible and achievable in our business over the medium term. They act as a strategic guide for us internally so we focus resources where most appropriate. They also serve to inform the outside world of the scale of the opportunities ahead and an "art of the possible" as to what our business could look like in the future. For example, our 2022 plan aims to significantly grow our profits to between £300 million – £450 million, versus £211 million delivered in FY17. When we announced this plan, at our November 2017 Investor Day, we were clear that achieving the mid-point of £375 million was based on macro conditions remaining at similar levels to the end of 2017, with no major shocks or slowdowns in our main markets.

Unfortunately, the world has become noticeably tougher since the end of 2017. The US/China trade war wasn't even on the global agenda when we set our aspirations, political uncertainty has spread across the world and Brexit has been delayed.

As such, it may take us slightly longer to achieve the mid-point of that range, but I believe we will get there in time as nothing has changed the scale of the opportunity. It is testament to the robustness of the modelling we used that, despite the cooler world economy, we are still aiming for a 2022 outcome within the range we set.

The successful delivery of our 2013 plan, which ended in 2018, also adds credibility to the 2022 plan.

Finally, it's worth noting that our cash performance is ahead of the plan, due to lower than expected working capital investment. Our Temp and Contractor business absorbs working capital when growing and in the first two years of the plan we have invested a cumulative £38 million, well below the original plan budget of £100 million. Of course, I would have preferred the faster fee growth, funded with higher working capital, but I also recognise the attractiveness of our cash profile to investors. The scale of this cash generation may not yet be fully recognised.



Q. Aside from financial performance, what were your strategic highlights in 2019? Any 'low-lights'?

A. A key part of our strategy is to expand both the scale and depth of many of our businesses, but particularly those that can become large contributors to Group profits in time. One such example is China, where our progress has again been excellent. We grew net fees by 22% in FY19, broadly in line with the 23% net fee CAGR we have delivered in China since 2010. Over that period, our conversion rates have almost quadrupled, we have increased consultant headcount by 247% and we have nearly doubled consultant productivity. We also have grown a very strong team of local managers in our Chinese business and they will be fundamental to our future success, enabling us to continue to build this business into one that really makes a difference at the Group level.

In the USA, we further expanded our C&P business. We launched that business in 2013, and it grew 27% in FY18. As the global leaders in C&P recruiting, we intend to replicate that position nationally in the USA. We also invested in our fledgling Accountancy & Finance business, combining experienced consultants transferred from around the world with locally-recruited talent to build that business quickly and broaden our portfolio of services in the USA.

We continued to invest in our German business. Since 2015, our headcount is up over 55%, and we have opened 11 new offices, reinforcing our market leadership. The benefits of this are clear: witness the continued and long-run out-performance of our Australian business, where we are number one in each state and virtually every specialism. I intend for us to replicate that level of undisputed leadership in Germany, where the long-term opportunity is excellent, stretching well beyond 2022 and offering us a future business many times bigger than that we currently have. We will therefore continue to selectively invest in Germany, despite the current market slowdown.

Strategically, we also need to be conscious of where the demand for future jobs will come from. One example is the rapid development of the IT industry around the world which offers us excellent opportunities. Most organisations are struggling to find the skills they require across newer technologies such as data science, artificial intelligence and cyber security. Therefore, for the last few years we have been investing aggressively to build a much bigger business in the Technology market and in FY18 our IT net fees grew by c.11% globally, more than double our Group rate.

Our IT business is now our largest specialism globally at 23% of Group net fees, and I can see it getting to c.30% in the long run as new roles we haven't yet thought about emerge. I think this is a great example of how we can turn real power and scale of resources into opportunities, on a global basis, something our competitors would find hard to do.

Related to this is another aspect of our Group strategy, namely to build bigger non-Perm businesses in virtually all markets. Given the dynamics of the workforce in the IT industry and the propensity for many skilled professionals to work as freelancers or contractors, it lends itself well to this strategy. We made great progress in this area and non-Perm now represents c.75% of our IT net fees in our largest markets.

The other aspect of our strategy is to find ways to harness technology and data to make our consultants even better at their jobs and fill more roles. I strongly believe in the 'Art & Science' of recruitment, combining technology and data science with the creativity and human skills embodied in our people. There are no shortcuts to achieving this though and looking at our own journey, we have gone through three phases over the last decade. Firstly to put in place the modern infrastructure we need to exploit a multi-channel world. Secondly to utilise that multi-channel world to find and engage with literally millions of people daily. And now, our third phase, to leverage our massive data pools to draw insights to help our consultants make the perfect match, every time and at a pace and scale we have not seen before.

That's an exciting place to be. Last year we further invested in our own cutting-edge tools, incorporating real-time data insights and approachability signals into both our 'SalesPlanner' business development tool, and our 'TalentManager' candidate-management system. The roll-out of both went extremely well, giving us insightful information to predict client and candidate demands, and improve productivity.

Another example is our 'Hays Hub' recruitment platform, recently launched into the UK Education sector to help schools both find the Temp talent they need very quickly but also very securely, ensuring world-class safeguarding and compliance processes. The early results are hugely exciting, and we are proud to be working alongside our partner schools to help them deliver the high standards we all want for our young people.

"Our net fees in the Technology sector grew by c.11% globally, more than double our Group rate, and is our largest specialism with 23% of Group fees."

 **Watch our investor video at**
haysplc.com/investors

We build a lot of our technology ourselves, owning the intellectual property. However, we cannot do everything alone so we continue to build on our collaborations with some of the world's most talented and innovative organisations, designed to bring their cutting-edge technologies to bear for the benefit of our clients and candidates.

Our relationship with Stack Overflow had an excellent first year, and Xing reached its second anniversary, and continues to go well. Together with our ground-breaking relationships with SEEK in Australia and LinkedIn globally, and our more recent work with Google developing their Jobs tool, we are continually looking for ways to get the most accurate and up-to-date data in the industry. This fuels our 'Find & Engage' model, helping us to find great candidates quicker than competitors or in-house HR teams.

Things I would have liked to have seen done better? Well, the fact that the UK did not leave the EU as planned in March 2019 has added to the political uncertainty in the UK, which hasn't helped. Understandably, we saw signs of slower decision-making and reduced business confidence in our fourth quarter. That said, I applaud the performance of our UK team, consolidating our market leadership and closely controlling costs. Medium term, the UK remains a large and important economy to us. Looking forward, I am convinced the UK business will be in a strong position to capitalise on any pent-up demand once our clients feel confident to start investing in their own businesses again.

Q. Has there been any change in your assessment of the industry megatrends?

A. Our enthusiasm for the structural attraction of non-Perm and flexible working is as high as ever. The world of work is changing at a tremendous pace, and in tandem with major shifts in worker demographics and pension needs, longer, plural careers are becoming more commonplace.

We are ideally placed to help our clients plan their own growth, and how they might access resources needed to deliver that. We help them navigate the increasing complexity of workforces and legislative environments, ensuring our clients access the talent they need, in a way that makes sense for them. This can be via permanent recruitment, utilising a flexible workforce or even structuring teams of skilled individuals around specific projects.

We are actively positioning Hays to be the trusted partner and advisor to candidates throughout their working lives, helping them navigate between Perm and Flex roles interchangeably as their careers develop.

Technology and greater use of data continues to change how recruitment processes are delivered at a rapid pace. Our in-house innovations team invests heavily to understand which of the many tools continually being launched truly adds value. Where they do, we seek to build them into our own systems, benefiting our clients and candidates.

Above all, in a skill-short world, the competition for the best talent is fierce and it is our job to ensure our clients win the race. Technology and engaged data enables that process, allowing us to reach, and maintain regular contact with, a far wider pool of people. This gives our clients unprecedented access to the very best talent available.

Reaching and engaging with millions of people every day needs useful content that our customers value. That's why we produce Thought Leadership pieces like the Hays Skills Index, our Diversity & Inclusion work and our Salary Guides. Building on this engagement, we are also starting to introduce services across what we call our 'Workspace Platform' to help Temps and Contractors with some of the essential benefits a permanent employer would typically provide or give specialist advice for freelancers. The aim is to foster partnership, loyalty and ultimately repeat business with our talent pools.

In time, I can see our white-collar, professional markets, particularly in Flex roles, moving towards a 'Careers as a Service' type-model. If I am correct, Hays is uniquely positioned to help clients and candidates make this shift.

Q. On technology, how do you manage the risk of disruption from new entrants and platforms?

A. Commentators have forecast the dis-intermediation of recruitment agencies longer than I've been in the industry. First it was via job boards, then social media platforms and online communities, and latterly aggregators and peer-to-peer hiring platforms.

There is no room for complacency and we are constantly vigilant to technological change as our world continues to evolve.

That said, to date, rather than be disrupted, the role of a specialist agency has been enhanced. That's because the heart of good recruitment is based on the strength of the relationships formed with clients and candidates, which is a very human thing. I firmly believe that the prize for adding real

human value in a digital world is immense. Software companies cannot do this alone, and human-only businesses miss out on what technology can augment in their people. Hays is a hybrid – we train our consultants to be the best in the industry. We have never been in a better place in terms of data and technology.

We have invested heavily in technology throughout my 12 years as CEO, to ensure our consultants have the best tools available to do their job. But we also invest heavily in our people, so they have the right skills to become trusted advisors to their clients and candidates and become true experts in their chosen field. That makes us unique and best positioned to win both against potential disruptors as well as traditional recruiters.

There are no short-cuts to achieving this position and we have a clear lead in our industry while others start their own journey.

Q. The term "our people are our greatest asset" is often used by companies. Can you give some examples of what it means at Hays?

A. Hays is a business that has people at its heart, and we are hugely proud – and protective – of our people culture. We think it's unique and it sets us apart in our industry. I visited over 15 Hays countries in FY19, and in each office the same core values of client service, integrity and passion hold true.

Some of the awards received in FY19 include Hays France ranking 8th across all sectors in the 'Great Places to Work' survey. Hays Asia also registered a great result in their version of that survey, coming 11th, which included Hays Japan winning 'Best Large Recruitment Company to work for'. Hays Germany gained an Employers Institute 'Top Employer' award for an 11th consecutive year, and our Austria and Switzerland businesses also earned the 'Top employer' status. Hays UK was ranked number one by JobCrowd as 'Best large company for graduates to work', and also had the top rated intern scheme, and Hays Australia won BHP's 'Inclusion & Diversity' award.

We don't achieve these accolades without hard work. I'm extremely proud of the success we have had from the Hays 'International Leadership and Management Programme' (ILMP), now in its second year, and designed to further equip our senior people to lead successful businesses in an increasingly complex world of work. Over 100 of our global leaders will have completed the programme by the end of FY20, and it has been an incredibly easy decision to extend the initiative so that even more of our colleagues can benefit in future years.

This year we engaged a new partner, Culture Amp, to conduct our employee survey, aiming to deliver deeper and more insightful data around employee matters. I'm really pleased with the detailed insights this has delivered.

87% of staff completed the survey in FY19, and over 90% of respondents said they understood how their work aligns to the overall Hays business objectives. Over 80% said they believed Hays creates lasting relationships and delivers outstanding results to our customers, and 79% described Hays as a great place to work. 72% of our people also said they believed that Hays values diversity.

That suggests to me that we are doing many things right for our people, although there is always room to improve.

We put our money where our mouth is though, and our training is industry-leading. Our new recruits spend over 20% of their first year in training and on-the-job development programmes. Our managers also receive extensive training and support, 12 days per annum on average. I'm proud to say that 3,497 colleagues were promoted. A further 73 transferred internationally, reinforcing our global culture while giving them exciting new opportunities overseas.

Ultimately, I want to build a business which the very best people aspire to join, and once they get here, we offer them unparalleled opportunities for personal growth so that they genuinely can see a way to spend their entire career at Hays with no limits to what they could achieve. After all, keeping the best talent within Hays is in the interest of our clients, our candidates and our shareholders. And with that I'd like to thank all my colleagues around the world for their hard work and commitment in making Hays the powerhouse it is today.

Q. What keeps you awake at night as a CEO?

A. The biggest risks to our business remain geopolitical and macroeconomic. A disorderly exit of the UK from the European Union would likely have a detrimental effect on business investment in the UK, and possibly even the EU. Candidate confidence may also suffer.

The US/China trade war rumbles on, and an upward spiral in trade tariffs across the globe is unhelpful. Political uncertainty has the potential to weaken investment confidence.

Hardly a day goes by without a news story on cyber threats to businesses. At Hays we take this threat extremely seriously and it occupies a central position at Board level. It is my job as CEO to be 'professionally paranoid' around the subject and do everything we can to protect our candidate, client and employee personal data.

It is a continual battle, but our IT, Legal and Operations teams' level of engagement gives me great comfort as CEO. However, we can never be complacent.

My main personal challenges are staying apace with innovation and industry developments to ensure we remain highly relevant and the industry leader. I'm also deeply passionate about the development of our people, their motivation and succession planning as the success of this business is based so heavily on the quality of our people. Making sure we have the right internal talent both for today and for the future is a vital part of my job, which means a continual emphasis on training and development at all levels.

Looking forward, I expect significant further technological changes and innovation, and plan to embrace these. Change will continue to present us with opportunities, as well as creating risks or threats to our business model. However, we have successfully navigated these in the past. Despite slower growth in our end markets in many places than a year ago, Hays is in the best shape possible, and we are wholly focused on positioning the Group to capitalise on long-term growth prospects.

Finally, we should never forget the real value we bring to our communities as over the last 12 months we helped over 30,000 clients find the talent they need to grow and more than 335,000 people find their next job. We have captured this in our new Purpose statement: Every day across our business, we benefit society by helping people succeed and enabling organisations to thrive – creating opportunities and improving lives. After your family and your health, your career is amongst the most important areas of your life. Helping organisations find the best talent, and helping people achieve success in their career is a hugely important thing, and I am honoured to be involved.

Alistair Cox
Chief Executive

OUR CASH STRATEGY

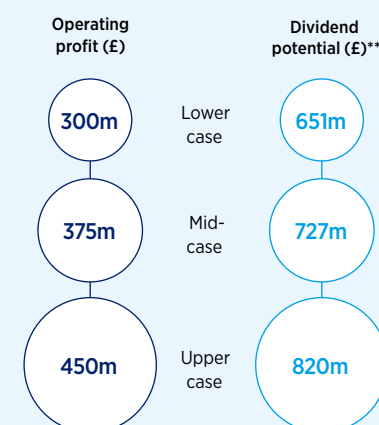
Our business model is highly cash-generative, creating significant opportunities for shareholder returns

At our Investor Day in November 2017, we detailed our ambition to deliver operating profit of between £300-450 million by 2022*.

Our business is highly cash-generative, meaning that if we hit the mid-point of this profit range, we can potentially deliver a cumulative £944 million of operating free cash flow (FY18 and FY19 cumulative total: £506.5 million).

After taxes, budgeted capex and pension payments, we calculate that £727 million could be available for returns to shareholders. In FY18 and 19, we have paid or proposed a cumulative total of £265 million in dividends.

Potential for material returns to shareholders based on achieving our five-year aspirations



Over £265 million in dividends paid or proposed since the start of our five-year plan ending 2022

* This assumed a continued benign economic backdrop, and a relatively business-friendly exit of the UK from the EU.

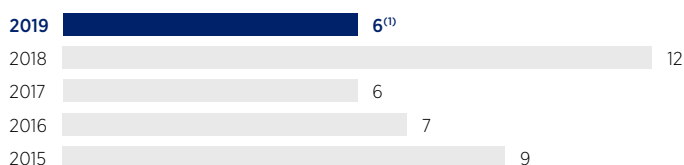
** Cumulative figure over five years.

MEASURING OUR PERFORMANCE

Our long-term aim is to be the undisputed global leader in specialist recruitment. Along the way, we are focused on delivering well-diversified, profitable and cash-generative net fee growth.

We measure our progress in this respect, as well as against our areas of operational focus, using a series of KPIs.

1. Like-for-like⁽¹⁾ net fee growth (%)



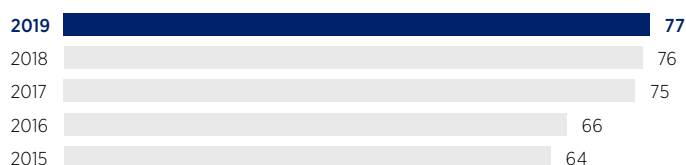
Measure

How the Group's business is performing over time, measured as net fee growth on a constant-currency basis.

Progress made in 2018-19

Good net fee growth of 6%, led by our International net fees up 7%. Having passed £1.0 billion in net fees for the first time in our history in FY18, in FY19 we exceeded £1.1 billion.

2. Proportion of Group net fees generated by our International business (%)



Measure

The Group's relative exposure to markets which are typically more immature and under-penetrated than the UK&I, calculated as the percentage of non-UK&I net fees.

Progress made in 2018-19

77% of Group net fees were generated outside of the UK&I this year, led by a 9% increase in our largest business, Germany, and 8% growth in RoW.

5. 2019 Employee engagement (%)



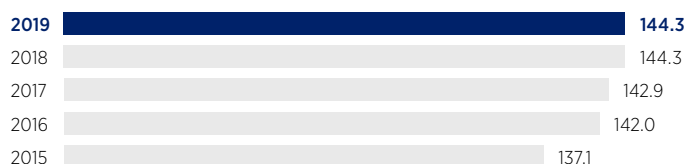
Measure

In FY19 we engaged a new partner, Culture Amp, to conduct a survey which delivers more insightful data and deeper clarity around employee matters. We are pleased with the detailed insights this has delivered, including a new baseline for measuring key engagement indicators going forward. However, this means we cannot compare scores with prior years, hence the new graphic above.

Progress made in 2018-19

87% of staff completed the survey. Over 90% said they understood how their work aligns to Hays' business objectives; over 80% said they believed Hays creates lasting relationships and delivers outstanding results to our clients and 79% described Hays as a great place to work.

6. Like-for-like⁽¹⁾ net fees per consultant (£000s)



Measure

The productivity of the Group's fee earners. Calculated as total Group net fees divided by average consultant numbers.

Progress made in 2018-19

Group like-for-like⁽¹⁾ net fees per consultant were flat year-on-year at £144.3k. The slowdown in Europe and Australia as the year progressed slightly reduced productivity, offset by an improvement in UK&I productivity.

(1) Like-for-like growth represents organic growth of operations at constant currency.

(2) Operating profit and basic earnings per share are stated before exceptional charges, as detailed in note 5 to the consolidated financial statements on page 118.

(3) Conversion rate is the proportion of net fees converted into pre-exceptional operating profit.

(4) FY19 cash generated by operations excludes the cash impact of exceptional items of £2.9 million paid in the year.

Measured against our strategy

We clearly link each of our KPIs to our four strategic priorities:



Materially increase and diversify Group profits



Invest in people and technology, responding to change and building relationships



Generate, reinvest and distribute meaningful cash returns

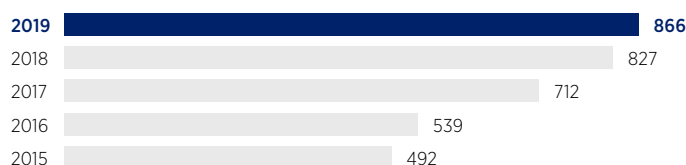


Build critical mass and diversify across our global platform

We have chosen a range of KPIs which are both financial and non-financial. They are focused on the overall Group financial performance, as well as changes we are making within the Group, such as the internationalisation of the business. As well as growth, we measure KPIs which illustrate the efficiency of our operations, such as conversion rate and cash conversion.

As we work towards our aims, and the shape and size of our business or our strategic priorities evolve, then our KPIs will evolve too.

3. Headline International net fee base (£m)



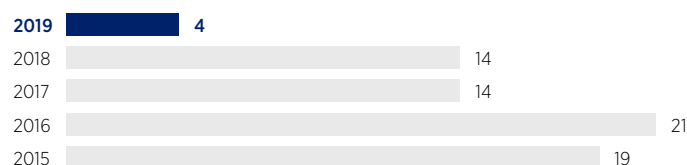
Measure

The absolute scale of the non-UK&I businesses in net fee terms (ANZ, Germany & RoW).

Progress made in 2018–19

Like-for-like⁽¹⁾ net fees in the International business grew by 7% in the year. Growth was strongest in Asia and the Americas, although Europe saw a slowdown in growth as the year progressed.

4. Basic earnings per share growth (%)



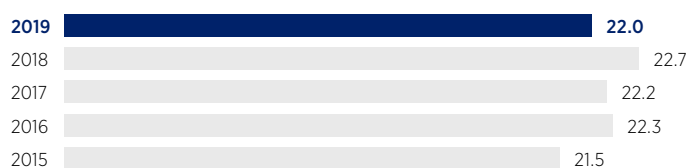
Measure

The underlying profitability of the Group, measured by the earnings per share⁽²⁾ of the Group's operations.

Progress made in 2018–19

Basic earnings per share⁽²⁾ increased by 4% to 11.92 pence. This reflects the Group's higher operating profit⁽²⁾, lower net finance charge and lower effective tax rate.

7. Conversion rate⁽³⁾ (%)



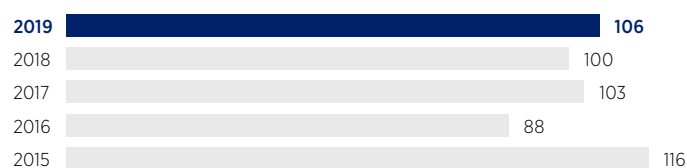
Measure

Calculated as operating profit⁽²⁾ divided by net fees. Measures the Group's effectiveness in managing our level of investment for future growth and controlling costs.

Progress made in 2018–19

Our conversion rate⁽³⁾ decreased by 70 bps to 22.0%, largely as a result of slowing net fee growth in some of our largest markets as the year progressed.

8. Cash conversion (%)



Measure

The Group's ability to convert profit into cash. Calculated as cash generated by operations⁽⁴⁾ as a percentage of operating profit⁽²⁾.

Progress made in 2018–19

106% cash conversion was a strong result, based on continued good working capital management throughout the year. This benefited from the lower rate of growth in our Temp and Contracting businesses in the second half of the year, which are relatively working capital intensive.

OUR PEOPLE AND CULTURE

To become the trusted partners to millions of people and tens of thousands of organisations, you need deep sector expertise, a strong reputation and a culture which fosters doing the right thing, day in and day out.

Purpose and values

Every day, our c.11,500 colleagues collectively power the world of work. We know that the right job can transform a person's life, and the right person can transform an organisation.

In helping to find talented people their next role, we benefit society by helping people succeed and enabling organisations to thrive – creating opportunities and improving lives.

Our core values are to be:

- 1) Passionate about people; 2) Ambitious;
- 3) Expert; 4) Insightful; and 5) Innovative.

Underpinning everything we do is our belief that we must always do the right thing. This enhances and protects our reputation, and builds trust with all our stakeholders, including candidates and clients.

The Ultimate People Business

We strive to recruit, train, develop and retain the best talent in our industry, and encourage our employees to reach their full potential through training and development.

The vast majority of our new recruits join us straight out of university on our graduate scheme, or occasionally via a vocational career or the armed forces.

We train them in the 'Art' of recruitment, helping them build the depth of insight and awareness required to ensure the ideal cultural fit for any role.

We then equip them with the best tools to do the job, embracing new technologies, and innovating the way we work. In the digital world, giving your people the ability to work flexibly is vital, and we have made changes to our operating hours, plus adopted new technologies to foster greater home working.

However we recognise that recruitment works best when people are part of an engaged and motivated team. We promote from within, and give our staff the opportunity to quickly move up the career ladder from Consultant to Team Leader, to Desk Head, to Sector Head and Managing Directors.

Training & Development

We have enhanced the way we measure our training and development statistics.

Early years

In the first year of working at Hays, Associate Consultants spend c.20% of their time in formal classroom environments and 'on desk' learning with their managers.

We have measured this in FY19 for the first time, and we believe that on average our new Associate Consultants each receive c.46 days of intensive coaching and training in their first year. This considerable investment in their development helps them climb the 'productivity curve'.

“Our reputation and our people are our most valuable assets”

We are committed to providing our recruits with the best training and development in our industry. Typically, a first-year joiner will spend on average 46 days in training, helping them to climb the 'productivity curve' while instilling the Hays culture.



Intermediate managers

Once consultants have completed their first year, our training takes on a more tailored approach based on a person's needs. For example, someone working on a Data Science desk within our IT specialism, or on an Architecture desk within C&P, will get ample opportunity to stay current with developments in their industry, to help their expertise. We also provide leadership, sales psychology and ethics training. In FY19, our managers spent on average 12 days engaged in training and development activity, or approximately 5% of their working year.

Senior managers: ILMP

In 2018 we introduced our 'International Leadership and Management Programme' for our most senior operators and country heads. The aim is to equip our most experienced leaders with the skills to drive their businesses forward, and to embrace the opportunities being presented by the digital revolution. By the end of FY20, 105 of our senior leaders will have completed this course, and we have already committed to extending the programme into FY21.

Diversity and Inclusion

We know that diversity of perspective and an inclusive approach is great for our clients, our people and our business. Fundamental to our leading expertise is a shared commitment to equality and to harnessing the dynamism that diversity and inclusion bring to our workplace.

Building a more diverse and inclusive workforce allows us to tap into a diverse set of experiences and viewpoints that help us to see issues in different ways. Forums such as our DISCOs (regional Diversity and Inclusion Steer Committees), LGBTQ+, Hays Leading Women and Innovation & Great Ideas events allow us to invite, include and involve our people to share their ideas and initiatives. Diversity of thought allows us to develop more creative solutions to business challenges, meaning we are better placed to partner with our diverse client base and support our global talent pools.

Hays Training: Lisa Morris, Director, South Australia

"Since joining Hays, my skills as a leader have been developed through a mix of formal training, working alongside great role models and coaching by my managers over the years.

"In more recent times I have been fortunate enough to be involved in the International Leadership and Management Programme.

"The programme delivers first-class training and draws out the characteristics that have resulted in Hays' success over many years. It equipped me with new tools and ways of thinking that will ensure we remain industry leaders long into the future.

"My strategic planning has benefited, and I have gained greater appreciation for how to embed change in our business at a behavioural level, so that there is broad scale and lasting impact."

[Find out more about People & Culture at haysplc.com/about-us/people-and-culture](https://haysplc.com/about-us/people-and-culture)

Lisa joined Hays in 1997, specialising in Office Support recruitment. For the last decade she has been responsible for our operations in South Australia and Northern Territory and was promoted to the Australian & New Zealand Operational Board in 2018.



OUR PEOPLE AND CULTURE

**How has Hays helped
you to become expert
in your specialism?**



“

Hays has enabled me to attend Pharma events, including C-level targeted network events. These have helped me develop my network and knowledge of Life Science industries, helping my personal brand while developing my client pool.

Also, I have been offered the chance to take part in language courses. One of my initial goals when I joined Hays was also to become a bilingual recruiter. I took this opportunity and I have been attending English classes in the evening once a week. This is definitely helping me in my career.

Shiho Yoshida
Akasaka

Hays gave me the foundation to become an expert in recruitment first. The investment in training – particularly my first nine months – is unquestionably class-leading, and the culture is one of continuous learning. Even now while I conduct training sessions of my own, I'm also highly likely to join a course run by colleagues, where I can learn something new. I also have to thank my candidates and clients for helping me develop a deep understanding of what they do. And without Hays' brand and technology, I would never have found the variety and calibre of candidates and clients who I speak with and learn from every day.

Vivek Godinho
Melbourne

Hays has a unique way of embedding a specialism. My training gave me an 'Inquisitive and Accountable' mindset, where I get the tools, but then do the work myself. I choose to talk to clients and candidates all day, learning about what they do. Through active listening, asking questions and study, I have been able to become an expert in my specialism. I love going out to site and seeing how things are manufactured or sitting in a control room and seeing a process in real time. I am excited to see environments I would have never have otherwise had access to, and my scope for continuous learning is unlimited.

Kelly Hopkins
Ipswich (Queensland)

Becoming an expert at Hays is about the interaction of knowledge transfer, leadership, teamwork and experience. If you make a mistake – admit it, learn from it and don't repeat it. And last but not least: your personal mindset!

Karolina Pawlak
Munich

”

DIVISIONAL OPERATING REVIEW



AUSTRALIA & NEW ZEALAND

Solid performance despite weaker market conditions in the second half, particularly in Construction & Property, and tough growth comparatives.

Offices

41

(FY18: 39)

Consultants⁽²⁾

1,008

(FY18: 1,000)

Net fees

£198.5m

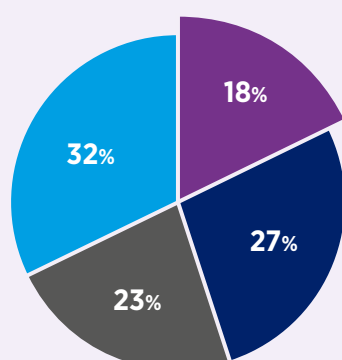
(FY18: £199.4m)

Operating profit⁽³⁾

£66.4m

(FY18: £69.1m)

Share of Group net fees



■ Australia & New Zealand
■ Germany
■ UK & Ireland
■ Rest of World

In Australia & New Zealand (ANZ), net fees increased by 4% to £198.5 million and operating profit⁽³⁾ was flat on a like-for-like basis, at £66.4 million. This represented a conversion rate⁽¹⁾ of 33.5% (2018: 34.7%), slightly down year-on-year as net fee growth slowed through the year, although trading remains near record levels. The difference between actual and like-for-like growth rates was primarily the result of the depreciation in the average rate of exchange of the Australian Dollar versus Sterling during the year, which decreased net fees by £7.7 million and operating profit by £2.8 million.

Temp net fees, which represented 68% of ANZ net fees in the year, grew by 7%. The number of Temp and Contracting workers reached a new record in the year in June, at over 22,000 per week. Net fees in Perm decreased 4%.

Australia delivered good net fee growth of 5%, led by the public sector, which represented 36% of Australian net fees, up 7%. Growth in private sector net fees was 4%.

Our largest regions of New South Wales and Victoria, which together accounted for 57% of Australia net fees, were up 7% and 5% respectively. Queensland and Australian Capital Territory also delivered a good performance, with net fees up 7% and 6% respectively, although Western Australia was weaker, declining by 4%.

At the Australian specialism level, IT grew by an excellent 21%, and Resources & Mining was strong, up 15%. Construction & Property and Accountancy & Finance, our two largest specialisms, were down 7% and 5% respectively, although Office Support grew by 6%.

New Zealand (5% of ANZ net fees) had a difficult year and was down 17%. We made management changes and our business sequentially stabilised in the second half of the year.

Net fees by specialism

Construction & Property	23%
Office Support	13%
Accountancy & Finance	12%
IT	12%
Banking	8%
Resources & Mining	4%
Other	32%

Net fees by country/sub-region

New South Wales	30%
Victoria	25%
Queensland	12%
Australian Capital Territory	9%
Western Australia	8%
Other	11%
New Zealand	5%

Net fees by contract type

32% Permanent	68% Temporary
---------------	---------------

Net fees by sector

34% Public	66% Private
------------	-------------

Consultant headcount in ANZ increased by 1% year-on-year to 1,008, with Australia up 1% and New Zealand down by 3%. During the year we opened two new offices in Australia, in Ballarat and Bunbury.

Operating performance

Year ended 30 June	2019	2018	Actual growth	LFL growth
Net fees	£198.5m	£199.4m	0%	4%
Operating profit ⁽³⁾	£66.4m	£69.1m	(4%)	0%
Conversion rate ⁽¹⁾	33.5%	34.7%	(120bps)	
Period-end consultant headcount ⁽²⁾	1,008	1,000	1%	

Note: unless otherwise stated, all growth rates discussed on this page are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of operations at constant currency.

(1) Conversion rate is the proportion of net fees converted into operating profit (before exceptional items).

(2) Closing consultant headcount as at 30 June.

(3) Operating profit is stated before exceptional charges, as detailed in note 5 to the consolidated financial statements on page 118.

GERMANY

Good performance despite significant reduction in business confidence, and tough growth comparatives.

Offices

24

(FY18: 22)

Consultants⁽²⁾

1,801

(FY18: 1,700)

Net fees

£299.8m

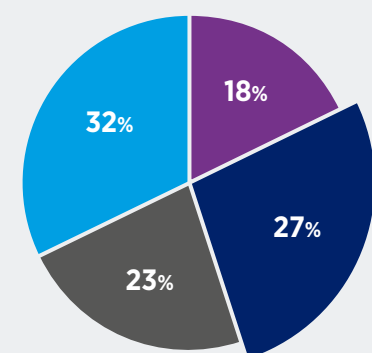
(FY18: £276.0m)

Operating profit⁽³⁾

£91.3m

(FY18: £86.0m)

Share of Group net fees



■ Australia & New Zealand
■ Germany
■ UK & Ireland
■ Rest of World

Our largest market of Germany delivered good net fee growth of 9% to a record £299.8 million, with operating profit⁽³⁾ up by 7% to £91.3 million. Our quarterly fee growth rates slowed as the year progressed, versus tough comparatives, with increasing signs of client cost control and slower decision-making. This was particularly evident in the Manufacturing and Automotive sectors.

A strengthening of Sterling versus the Euro through the year led to a year-on-year decrease in net fees of £1.5 million and operating profits⁽³⁾ of £0.5 million. There was one additional trading day versus prior year, which we estimate had a 0.4% positive impact on net fees and a c.1% positive impact on operating profit⁽³⁾. Therefore, adjusted for working days, underlying net fee growth remained c.9%⁽⁴⁾ and operating profit⁽³⁾ grew by c.6%⁽⁴⁾.

Our Temp and Contracting business, which represented 84% of Germany fees, delivered good growth of 8%. Within this, our largest business of Contracting increased by 3%, while Temp growth was strong at 19%. Our Perm business, 16% of our Germany fees, delivered strong growth of 16%.

IT, our largest specialism at 41% of Germany net fees, grew by 9%. Engineering, which represented 28% of net fees, increased by 6%. We saw strong growth of 17% and 16% respectively in our Sales & Marketing and Accountancy & Finance specialisms, and Legal net fees grew by an excellent 44%.

Consultant headcount increased 6% year-on-year to 1,801, although we reduced headcount by 1% in the second half of the year. We opened two new offices in Wiesbaden and Erfurt, and completed

Net fees by specialism

IT	41%
Engineering	28%
Accountancy & Finance	15%
Construction & Property	5%
Life Sciences	5%
Sales & Marketing	4%
Other	2%

Net fees by contract type



Net fees by sector



significant expansions in Cologne, Mannheim and Dresden. We also completed our front office IT operational upgrade and made good progress in our back-office system projects.

The impact of lower net fee growth in the second half of the year, together with the investments noted above, meant our conversion rate⁽¹⁾ declined 70bps to 30.5% (2018: 31.2%).

Operating performance

Year ended 30 June	2019	2018	Actual growth	LFL growth
Net fees	£299.8m	£276.0m	9%	9%
Operating profit ⁽³⁾	£91.3m	£86.0m	6%	7%
Conversion rate ⁽¹⁾	30.5%	31.2%	(70bps)	
Period-end consultant headcount ⁽²⁾	1,801	1,700	6%	

Note: unless otherwise stated, all growth rates discussed on this page are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of operations at constant currency.

- (1) Conversion rate is the proportion of net fees converted into operating profit (before exceptional items).
- (2) Closing consultant headcount as at 30 June.
- (3) Operating profit is stated before exceptional charges, as detailed in note 5 to the consolidated financial statements on page 118.
- (4) The estimated working day impact is calculated on our Temp & Contractor businesses only, we make no estimate of the impact on our Perm business. It represents an assumption based on recent trends of revenues/working day in our major Temp and Contractor businesses.

UK & IRELAND

Solid performance, with profit⁽³⁾ up 4%, driven by good cost control, despite ongoing uncertainties.

Offices

96

(FY18: 97)

Consultants⁽²⁾

1,960

(FY18: 1,917)

Net fees

£263.8m

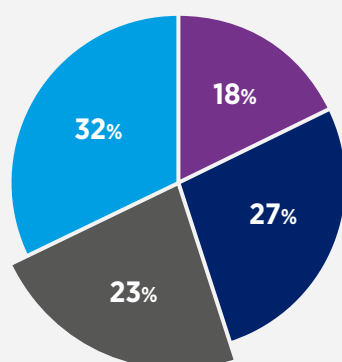
(FY18: £258.2m)

Operating profit⁽³⁾

£48.9m

(FY18: £47.0m)

Share of Group net fees



■ Australia & New Zealand
■ Germany
■ UK & Ireland
■ Rest of World

In the United Kingdom & Ireland net fees increased by 2% to £263.8 million, with operating profit⁽³⁾ up 4% to £48.9 million, driven by good cost control, increasing the conversion rate⁽¹⁾ to 18.5% (2018: 18.2%). After a solid first half, fee growth in the UK was understandably more subdued in the fourth quarter and was impacted by increased economic uncertainty, which reduced client confidence.

Temp, which represented 57% of division net fees, grew by 4%, with our Perm business flat year-on-year. There was strong net fee growth of 11% in the public sector although the private sector, which represents 73% of net fees, was tougher and fell 1%.

All regions traded broadly in line with the overall UK business, with the exception of the South West & Wales, up 14%, Northern Ireland up 7%, Scotland down 9% and Yorkshire & the North down 4%. Our largest region of London, c.32% of UK&I net fees, grew by 2%. Ireland delivered solid net fee growth of 4%.

At the specialism level, IT net fees grew by a strong 11%. Growth in Accountancy & Finance, our largest UK&I business, was 3%, while our second-largest, Construction & Property, increased by 1%. Office Support grew by 4%, although Education continued to be tough and decreased by 10%.

Year-end consultant headcount increased by 2% to 1,960, although decreased by 1% on an average basis year-on-year.

Net fees by specialism

Accountancy & Finance	22%
Construction & Property	20%
Office Support	12%
IT	10%
Education	7%
Banking	7%
Other	22%

Net fees by region

London & South East	32%
North & Scotland	22%
Midlands & East Anglia	18%
South West & Wales	12%
Ireland	8%
Other	8%

Net fees by contract type

43% Perm	57% Temp
-------------	-------------

Net fees by sector

27% Public	73% Private
---------------	----------------

Operating performance

Year ended 30 June	2019	2018	Actual growth	LFL growth
Net fees	£263.8m	£258.2m	2%	2%
Operating profit ⁽³⁾	£48.9m	£47.0m	4%	4%
Conversion rate ⁽¹⁾	18.5%	18.2%	30bps	
Period-end consultant headcount ⁽²⁾	1,960	1,917	2%	

Note: unless otherwise stated, all growth rates discussed on this page are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of operations at constant currency.

(1) Conversion rate is the proportion of net fees converted into operating profit (before exceptional items).

(2) Closing consultant headcount as at 30 June.

(3) Operating profit is stated before exceptional charges, as detailed in note 5 to the consolidated financial statements on page 118.

REST OF WORLD

Strong net fee growth in Asia and the Americas, partially offset by weaker European markets.

Offices

104

(FY18: 99)

Consultants⁽²⁾

3,013

(FY18: 2,847)

Net fees

£367.6m

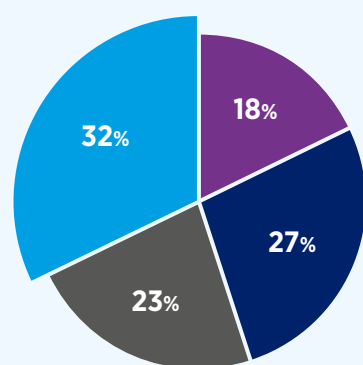
(FY18: £339.2m)

Operating profit⁽³⁾

£42.2m

(FY18: £41.3m)

Share of Group net fees



■ Australia & New Zealand
■ Germany
■ UK & Ireland
■ Rest of World

Our Rest of World division, which comprises 28 countries, delivered good net fee growth of 8% to £367.6 million, despite a tough growth comparative. A deceleration in fee growth through the year, especially in EMEA ex-Germany, restricted operating profit⁽³⁾ growth to 2%, at £42.2 million. This represented a decrease in conversion rate⁽¹⁾ of 70bps to 11.5% (2018: 12.2%). Currency impacts in the year were minimal, with modest Sterling weakness against the US Dollar broadly offset by strength against the Euro. This resulted in an increase in net fees of £0.5 million, but a slight decrease in operating profit of £0.1 million.

18 countries delivered all-time record net fees. Perm net fees, which represented 70% of RoW, increased by 11%, while Temp net fees rose 2%.

EMEA ex-Germany delivered good overall net fee growth of 6%, with 10 countries generating record net fees in the year, including Spain, Italy and Poland. Operating profit⁽³⁾ decreased by 4% as weaker macroeconomic conditions impacted client confidence, particularly in France, Belgium and the Netherlands. France, our largest RoW market, increased net fees by 4%, however profit decreased 7% as net fee growth slowed sharply through the year. The Netherlands and Belgium also saw tougher market conditions, with net fees down 5% and 6% respectively. Southern Europe performed better, with net fees in Spain up 14%, and Italy and Portugal both excellent at 20% and 30% respectively.

The Americas grew net fees by a strong 10%, including five of our six countries with all-time records. Canada was a stand-out performer, with net fees up 18%, with the USA up 7% and Chile up an excellent 25%. We continued to invest in the region, particularly in the USA and Latin America, where headcount rose by 8% and 15% respectively. Despite these investments, operating profit⁽³⁾ in the Americas grew by £1.8 million.

Operating performance

Year ended 30 June	2019	2018	Actual growth	LFL growth
Net fees	£367.6m	£339.2m	8%	8%
Operating profit⁽³⁾	£42.2m	£41.3m	2%	2%
Conversion rate⁽¹⁾	11.5%	12.2%	(70bps)	
Period-end consultant headcount⁽²⁾	3,013	2,847	6%	

Note: unless otherwise stated, all growth rates discussed on this page are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of operations at constant currency.

- (1) Conversion rate is the proportion of net fees converted into operating profit (before exceptional items).
 (2) Closing consultant headcount as at 30 June.
 (3) Operating profit is stated before exceptional charges, as detailed in note 5 to the consolidated financial statements on page 118.

Net fees by specialism

IT	22%
Accountancy & Finance	13%
Construction & Property	10%
Life Sciences	8%
Office Support	6%
Engineering	6%
Other	35%

Net fees by selected sub-region

EMEA*	59%
The Americas	22%
Asia	19%

*excluding Germany

Net fees by contract type

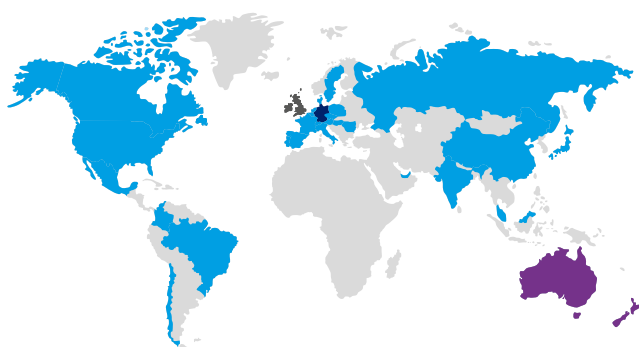
70% Perm	30% Temp
----------	----------

Asia delivered another strong performance, with net fees up 15%. Three of our six businesses in the region delivered record net fee performances. China delivered excellent growth of 22%, including 32% growth in Hong Kong SAR. Singapore was also excellent, up 20%. Japan, our second largest Asian market, grew by 4%, despite a weak third quarter where net fees fell by 5%. Japan's weakness in the third quarter, combined with Asian office expansions and investment in headcount, impacted overall Asia operating profit, which grew by 3% year-on-year.

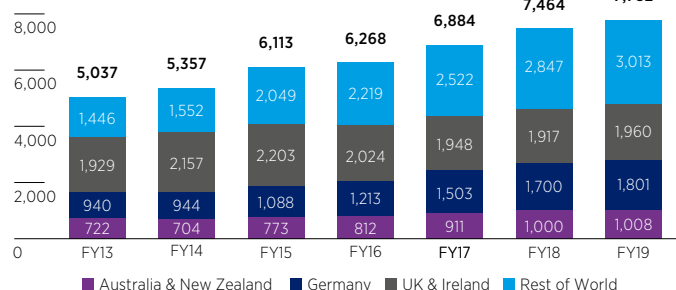
Consultant headcount in the division increased 6% year-on-year to 3,013. Within this, headcount in EMEA ex-Germany grew by 5% year-on-year (although decreased by 5% since 31 December 2018), Asia grew by 10% and the Americas by 4%. During the year we opened five new offices in RoW.

HISTORICAL COMPARISONS FY13–19

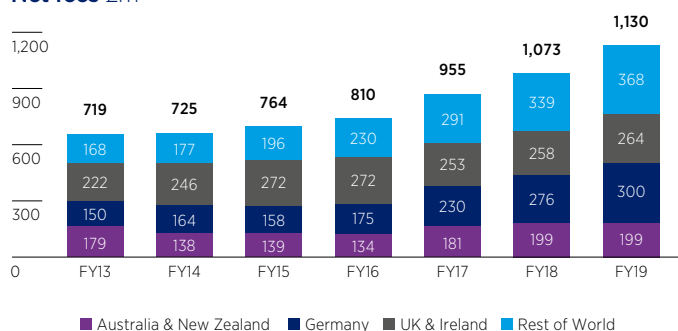
To assist investors in their analysis of Hays, we present our net fees, operating profit, headcount and conversion rate since FY13.



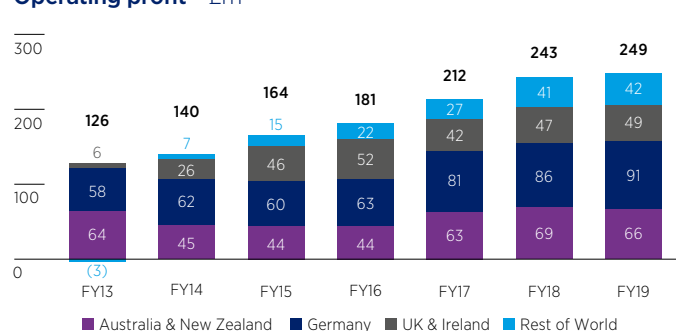
Consultant headcount



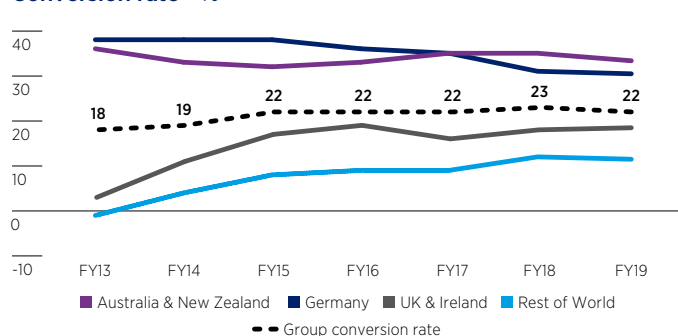
Net fees £m



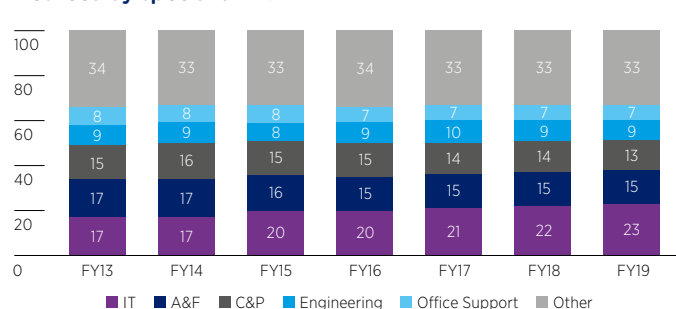
Operating profit⁽¹⁾ £m



Conversion rate⁽¹⁾ %



Net fees by specialism %



(1) FY19 operating profit is stated before exceptional charges of £15.1 million, as detailed in note 5 to the consolidated financial statements on page 118. FY19 conversion rate is also shown on a pre-exceptional basis.

“

I am pleased to report a solid financial performance, with strong cash flow and the Board proposes a record total dividend of £137.9 million.”

Paul Venables

Group Finance Director,
Hays plc



FINANCE DIRECTOR'S REVIEW

Financial highlights

I am pleased to report we delivered a solid financial performance in FY19. Turnover was up 7%, and net fees⁽²⁾ by 6% on a like-for-like basis (5% on an actual basis), with operating profit⁽³⁾ up 4% on a like-for-like basis (2% on an actual basis), to £248.8 million. We converted 106% of operating profit⁽³⁾ into operating cash flow⁽⁶⁾. Our conversion rate⁽⁴⁾, which remains industry-leading, decreased by 70bps to 22.0% (FY18: 22.7%) as net fee growth slowed through the year.

Our cash performance was strong, we ended the year with net cash of £129.7 million. As a result, the Board proposes to increase the final core dividend by 4% to 2.86p per share, resulting in an increase to the full-year core dividend to 3.97p per share, up 4% on prior year and covered 3.0x by pre-exceptional earnings⁽³⁾. Additionally, our record cash position and our highly cash-generative business model, enabled the Board to propose a special dividend of 5.43p per share, in line with our dividend policy.

Increase in Group
net fee income

+6%

FY18: +12%

Conversion rate⁽⁴⁾ of Group
net fees into operating profit⁽³⁾

22.0%

FY18: 22.7%

Increase in operating profit⁽³⁾

+4%

FY18: +15%

Group consultant headcount
up 4% year-on-year

7,782

FY18: 7,464

Total proposed and paid dividends

£137.9m

FY18: £128.4m

(1) Net fees of £1,129.7 million (FY18: £1,072.8 million) are reconciled to statutory turnover of £6,070.5 million (FY18: £5,753.3 million) in note 5 to the Consolidated Financial Statements.

(2) Net fees comprise Turnover less remuneration of temporary workers and other recruitment agencies.

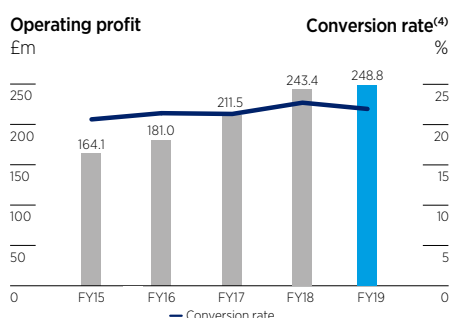
(3) FY19 operating profit is presented before exceptional costs of £15.1 million, comprising £8.3 million relating to the equalisation of guaranteed minimum pensions for men and women in UK defined pension plans, and £6.8 million relating to restructuring charges, primarily in our European businesses.

Operating performance

Year ended 30 June (£m million)	2019	2018	Actual growth	LFL growth
Turnover ⁽¹⁾	6,070.5	5,753.3	6%	7%
Net fees ⁽²⁾	1,129.7	1,072.8	5%	6%
Operating profit ⁽³⁾	248.8	243.4	2%	4%
Cash generated by operations ⁽⁶⁾	263.0	243.5	8%	
Profit before tax	231.2	238.5	(3%)	
Profit before tax (before exceptional items)	246.3	238.5	3%	
Basic earnings per share	11.10p	11.44p	(3%)	
Basic earnings per share (before exceptional items)	11.92p	11.44p	4%	
Core dividend per share	3.97p	3.81p	4%	
Special dividend per share	5.43p	5.00p	9%	

Note: unless otherwise stated all growth rates discussed in the Finance Director's Review are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of operations at constant currency.

During the year, macroeconomic conditions became increasingly difficult in many of our markets. Candidate confidence generally remained strong, however we saw clear signs of reduced business confidence and faced increasingly tough growth comparatives as the year progressed.



Foreign exchange

Overall, net currency movements versus Sterling negatively impacted results in the year. Over the course of the year to 30 June 2019, exchange rate movements reduced net fees by £8.8 million, and operating profit⁽³⁾ by £3.4 million.

Fluctuations in the rates of the Group's key operating currencies versus Sterling continue to represent a significant sensitivity for the reported performance of our business. By way of illustration, each 1 cent movement in annual exchange rates of the Australian Dollar and Euro impacts net fees by £1.1 million and £4.1 million respectively

per annum, and operating profit by £0.4 million and £1.2 million respectively per annum.

The rate of exchange between the Australian Dollar and Sterling over the year ended 30 June 2019 averaged AUD 1.8105 and closed at AUD 1.8087. As at 27 August 2019 the rate stood at AUD 1.8156. The rate of exchange between the Euro and Sterling over the year ended 30 June 2019 averaged €1.1351 and closed at €1.1169. As at 27 August 2019 the rate stood at €1.1062.

The impact of these movements in foreign exchange rates means that if we retranslate the Group's full-year operating profit⁽³⁾ of £248.8 million at current exchange rates, the actual reported result would increase by c.£5 million to c.£254 million.

Strong growth in International Temp and Perm

Net fees in Temp, which includes our Contracting business and represented 57% of Group net fees, increased by 6%. This comprised a volume increase of 6% and an hours/mix gain of 3%, partially offset by underlying Temp margins⁽⁵⁾ down 50bps at 15.4% (2018: 15.9%). This was mainly due to a reduction in ANZ and UK&I Temp margins.

Net fees in Perm increased by 7%, with volumes up 4% and our average Perm net fee up 3%. Regionally, ANZ perm fees decreased by 4%, Germany grew by 16%, UK&I was flat and RoW grew by 11%.

Movements in consultant headcount

Consultant headcount as at 30 June 2019 was 7,782, up 4% year-on-year. ANZ increased by 1% year-on-year, Germany by 6%, the UK&I by 2% and RoW by 6%. Within RoW, China and the USA grew by 10% and 8% respectively. Group consultant headcount was decreased by 2% versus December 2018 as we aligned headcount to slower fee growth in the second half.

Current trading

In the first half of our financial year ending 30 June 2020, we will continue to overlap tough net fee growth comparatives versus the prior year.

While we will continue to selectively invest to capitalise on opportunities to reinforce our market leadership, we expect Group headcount growth in Q1 FY20 to be modestly up sequentially, including the impact of our normal seasonal graduate intake. Our increase will be below Q1 FY19, and lower than our normal rate.

Movements in the rates of exchange of the Group's key currencies, notably the Australian Dollar and the Euro, remain a material sensitivity to our reported financial performance.

Australia & New Zealand

Market activity in Australia continues to be broadly stable sequentially, at high overall levels, albeit slightly below FY19. IT markets remain strong, although Construction & Property remains tough.

Germany

Economic conditions and market activity levels are weakening, with reduced business confidence and slower client investment decisions, particularly in the Engineering and Automotive sectors.

United Kingdom & Ireland

Market activity has recently softened, with signs that continued economic uncertainty is impacting business confidence in the private sector.

Rest of World

Conditions remain good across Asia, but are more mixed in the Americas. EMEA ex-Germany is broadly stable.

(4) Conversion rate is the proportion of net fees converted into pre-exceptional operating profit.

(5) The underlying Temp gross margin is calculated as Temp net fees divided by Temp gross revenue and relates solely to Temp placements in which Hays generates net fees and specifically excludes transactions in which Hays acts as agent on behalf of workers supplied by third-party agencies and arrangements where the Group provides major payrolling services.

(6) FY19 cash generated by operations excludes the cash impact of exceptional items of £2.9 million paid in the year.

IFRS 16

IFRS 16 Leases will become effective for the Group from 1 July 2019, the start of FY20. The Group has elected to apply the modified retrospective approach whereby the right of use asset at the date of initial application is measured at an amount equal to the lease liability with no restatement to prior years. We estimate that the Group's assets and liabilities will increase by c.£240 to c.£245 million and operating lease rental charges for those leases accounted for under IFRS 16, which are almost entirely property-related, are replaced by depreciation and finance costs.

We estimate that the overall impact of adopting IFRS 16 in FY20 will result in a decrease in the Group underlying profit before tax by c.£3 million, i.e. not material to overall Group profits levels, and have no impact on cash. This comprises a benefit to Group operating profit of c.£2 million, offset at the profit before tax level by an additional c.£5 million of non-cash finance charges, discussed further below.

Net finance charge

The net finance charge for the year was £2.5 million (FY18: £4.9 million). The average interest rate on gross debt during the period was 2.0% (FY18: 2.0%), generating net bank interest payable including amortisation of arrangement fees of £1.7 million (FY18: £1.6 million). The net interest charge on defined benefit pension scheme obligations was £0.5 million (FY18: £2.1 million). The Pension Protection Fund levy was £0.2 million (FY18: £0.3 million).

We expect the net finance charge for FY20 to be around £10 million. The increase versus FY19 is primarily due to c.£5 million of non-cash IFRS 16 interest charges as we report IFRS 16 for the first time, as noted above, and c.£2.5 million of non-cash increase in IAS 19 pension charge, given a lower defined benefit Group pension scheme surplus of £19.7 million (FY18: £75.9 million), and the reduced discount rate.

Taxation

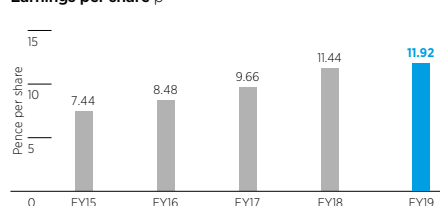
Taxation for the year on profit before exceptional items was £72.7 million (FY18: £72.7 million), representing an effective tax rate of 29.5% (FY18: 30.5%). The tax charge on total profits including exceptional items was £69.5 million, representing an effective tax rate of 30.1%. The effective tax rate reflects the Group's geographical mix of profits and the impact of items considered to be non-taxable or non-deductible for tax purposes, with the decrease year-on-year primarily due to changes in these factors and the availability of tax losses to shelter income.

The Group's effective tax rate for FY20 will be driven by these factors and we currently expect the rate to be broadly unchanged from the FY19 pre-exceptional rate of 29.5%.

Earnings per share

Basic earnings per share before exceptionals⁽³⁾ increased by 4% to 11.92 pence (FY18: 11.44 pence), reflecting the Group's higher operating profit⁽³⁾, lower net finance charge and lower effective tax rate. Basic earnings per share after exceptionals decreased by 3% to 11.10 pence (FY18: 11.44 pence).

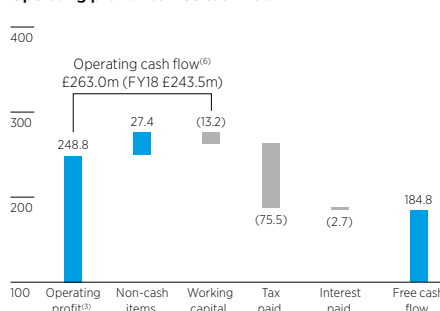
Earnings per share p



Cash flow and balance sheet

Underlying cash performance was strong with 106% conversion of operating profit⁽³⁾ into operating cash flow⁽⁶⁾ (FY18: 100%). This was a result of continued strong working capital management throughout the year and benefited from the lower rate of growth in our Temp and Contracting businesses in the second half of the year, which are relatively working capital intensive. Trade debtor days were unchanged at 39 days (FY18: 39 days).

Operating profit⁽³⁾ to free cash flow⁽⁶⁾ £m

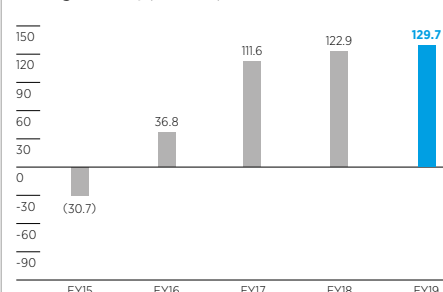


Capital expenditure was £33.0 million (FY18: £25.0 million), with the increase primarily due to investments in front- and back-office operational systems, particularly in Germany and the USA, cyber security and property. We expect capital expenditure to be c.£30 million for the year to June 2020.

Dividends paid in the year totalled £129.1 million and pension deficit contributions were £15.7 million. Net interest paid was £2.7 million, including an arrangement fee on our new debt facility, and the cash tax payment was £75.5 million.

We ended the year with a record net cash position of £129.7 million.

Closing net cash/(net debt) £m



Retirement benefits

The Group's pension position under IAS 19 at 30 June 2019 has resulted in a surplus of £19.7 million, compared to a surplus of £75.9 million at 30 June 2018. The decrease in surplus of £56.2 million was primarily due to changes in financial assumptions (a decrease in the discount rate and an increase in the inflation rate) partially offset by an increase in asset values.

In respect of IFRIC 14, the Schemes Definitive Deed and Rules is considered to provide Hays with an unconditional right to a refund of surplus assets and therefore the recognition of a net defined benefit scheme asset is not restricted. Agreements to make funding contributions do not give rise to any additional liabilities in respect of the scheme.

During the year the Company contributed £15.7 million of cash to the defined benefit scheme (FY18: £15.3 million), in line with the agreed deficit recovery plan. The 2018 triennial valuation quantified the actuarial deficit at £43.6 million on a Technical Provisions (TP) basis and the recovery plan comprises an annual payment of £15.3 million from July 2018, with a fixed 3% uplift per year, over a period of just under six years. The scheme was closed to new entrants in 2001 and to future accrual in June 2012.

As previously announced, on 6 August 2018, Hays Pension Trustee Limited, in agreement with Hays plc, entered into a bulk purchase annuity policy (buy-in) contract with Canada Life Limited for a premium of £270.6 million in respect of insuring all future payments (excluding GMP equalisation adjustments where applicable) to the existing pensioners of the Hays defined benefit Scheme as at 31 December 2017. The pension buy-in transaction was funded through the existing investment assets held by the Trustee on behalf of the pension scheme. The impact of this transaction is reflected in the IAS 19 valuation as at 30 June 2019. This material balance sheet de-risking exercise is in line

with Hays' long-term strategy to reduce future volatility of the Group's defined benefit schemes, and their financial impact on the Group, with the ultimate aim of a complete buyout.

Exceptional charge

During the year, the Group incurred an exceptional charge of £15.1 million in relation to the following items.

As mentioned in our half-year results, following the landmark legal judgment against Lloyds Banking Group in October 2018, ruling on the equalisation of guaranteed minimum pensions (GMP) for men and women in UK defined pension plans, we have recognised an exceptional charge of £8.3 million. This represented c.1.2% of the Schemes' liabilities. This charge is a non-cash item.

During the second half of the year, management performed a comprehensive operational cost review exercise, principally across the European country operations. The exercise led to the restructuring of a number of senior management positions. The restructuring costs represent the first significant restructuring of senior level management across the Group since 2011, and therefore the costs incurred of £6.8 million have been recognised as an exceptional item. The cash impact from the restructuring exceptional cost as at the balance sheet date was £2.9 million with a further £3.9 million cash outflow expected during FY20. During the year, we benefited from £2 million in cost savings related to the exceptional restructuring charges, with a further c.£3 million anticipated in FY20.

Capital structure and dividend

The Board's consistent priorities for our free cash flow are to fund the Group's investment and development, maintain a strong balance sheet and deliver a sustainable core dividend at a level which is both affordable and appropriate.

Our strategy is to maintain dividend cover within a range of 2.0x to 3.0x full-year earnings⁽³⁾, and to match increases in full-year earnings growth with core dividend growth. Assuming a positive economic outlook, it remains our intention that any excess free cash flow generated over and above £50 million, which is not needed for the priorities outlined above, will then be distributed to shareholders via special dividends to supplement the core dividend at year end.

With reference to the above, and considering the financial performance of the Group, this year the Board proposes to increase the final core dividend by 4% to 2.86p per share resulting in an increase to the full year dividend to 3.97p per share, up 4% on prior year. As such, the full-year dividend will be covered 3.0x by pre-exceptional earnings⁽³⁾. Additionally, in line with the above policy on uses of excess cash and our highly cash-generative business model, the Board recommends the payment of a special dividend of £79.7 million, equivalent to 5.43p per share, up 9% on prior year.

In the first two years of our five-year plan ending in June 2022, we have either paid or proposed over £265 million in core and special dividends.

The final dividend and the special dividend will be paid, subject to shareholder approval, on 15 November 2019 to shareholders on the register on 4 October 2019.

Treasury management

The Group's operations are financed by retained earnings and bank borrowings. The Group has in place a £210 million revolving credit facility. On 8 November 2018, the Group extended the maturity of the facility until November 2023, with an option to extend to 2025, subject to lender agreement. This provides considerable headroom versus current and future Group funding requirements. The covenants within the facility require the Group's interest cover ratio to be at least 4:1 (ratio as at 30 June 2019: 189:1) and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1 (as at 30 June 2019 the Group held a net cash position). Under the terms of the renewed agreement, the Group has the option to calculate the financial covenants on a basis that exclude the impact of IFRS 16. The interest rate of the facility is on a ratchet mechanism with a margin payable over LIBOR in the range 0.70% to 1.50%.

The Group's UK-based Treasury function manages the Group's currency and interest rate risks in accordance with policies and procedures set by the Board and is responsible for day-to-day cash management; the arrangement of external borrowing facilities; and the investment of surplus funds. The Treasury function does not engage in speculative transactions and does not operate as a profit centre, and the Group does not hold or use derivative financial instruments for speculative purposes.

The Group's cash management policy is to minimise interest payments by closely managing Group cash balances and external borrowings. Euro-denominated cash positions are managed centrally using a cash concentration arrangement which enhances liquidity by utilising participating country bank balances on a daily basis. Any Group surplus balance is used to repay any maturing loans under the Group's revolving credit facility or is invested in overnight money market deposits. As the Group holds a Sterling denominated debt facility and generates significant foreign currency cash flows, the Board considers it appropriate in certain cases to use derivative financial instruments as part of its day-to-day cash management. The Group does not use derivatives to hedge balance sheet and income statement translation exposure.

The Group is exposed to interest rate risk on floating rate bank loans and overdrafts. It is the Group's policy to limit its exposure to interest rates by selectively hedging interest rate risk using derivative financial instruments. However, there were no interest rate swaps held by the Group during the current or prior year. Counterparty credit risk arises primarily from the investment of surplus funds. Risks are closely monitored using credit ratings assigned to financial institutions by international credit rating agencies. The Group restricts transactions to banks that have an acceptable credit profile and limits its exposure to each institution accordingly.

Paul Venables

Group Finance Director
28 August 2019

PRINCIPAL RISKS

The Board has overall responsibility for the Group's internal control systems and for reviewing their effectiveness.

Managing risks to achieve our strategic priorities

We focus on key risks which could impact the achievement of our strategic priorities and, therefore, on the performance of our business.

Risk governance – identifying, evaluating and managing risk

The Board has overall responsibility for the Group's internal control systems and for reviewing their effectiveness. This has been designed to assist the Board in making better, more risk-informed, strategic decisions with a view to creating and protecting shareholder value. In practice, the Board delegates the task of implementing its policies on risk and control to management and needs to assure itself on an ongoing basis that management is responding appropriately to these risks and controls.

Ownership and responsibility for operating risk management and controls is vested in management by the Board, and management need to provide leadership and direction to ensure the Group's overall risk-taking activity is cascaded and managed appropriately to employees in order that the business is operated within the agreed level of risk appetite. To manage the effectiveness of this the Board and management need to rely on adequate line functions, including monitoring and assurance functions, within the Group.

As such the organisation operates the 'Three Lines of Defence' model as a way of explaining the relationship between these functions and demonstrating how responsibilities are allocated:

- The first line of defence: responsibility to own and manage risk;
- The second line of defence: responsibility to monitor and oversee risk;
- The third line of defence: functions that provide independent assurance.

The Group Risk Committee, chaired by the Chief Risk Officer and comprising senior operational, IT, legal and finance representatives including the Group Finance Director and Company Secretary & General Counsel, assists in the strategic management and development of risk in the Group.

The Group Risk Committee also allows the opportunity to review and discuss changes in the risk profile, either from an internal or external perspective, including emerging risks. During the year the Board and management gave consideration to the new requirements of the Corporate Governance Code to ensure appropriate internal processes are defined to ensure that emerging risks are considered and monitored.

Risk identification and impact – enterprise risk management

The Management Board oversees a Group-wide enterprise risk management framework, which allows for both a holistic, top-down and bottom-up view of key risks facing the business with Hays' risks being analysed on a gross (pre-mitigation) and net (post-

mitigation) basis. Risk registers are maintained at a function, country and regional level, which are reviewed by senior management and consolidated annually. These risks are reviewed in conjunction with the Group risk register, which is reviewed at least annually by the Management Board and submitted to the Board thereafter, in order to enable it to carry out its risk oversight responsibility. This exercise involves a current and forward look at various risks affecting the business and prioritises them according to risk impact and likelihood, which enables the Board to assess both the risk and the effectiveness of the mitigations in managing those risks. Risks covered include strategic, operational, financial and reputational risks, as well as compliance and people-related risks. Each risk is assigned an owner with current and future risk mitigation procedures detailed, with the continuing monitoring of these undertaken on an ongoing basis to ensure that these are being developed and maintained appropriately.

The enterprise risk management framework is updated and presented to the Audit Committee at least annually in order to allow the Board to assess the effectiveness of the risk management processes and systems.

Risk attributes

When considering risk appetite the Board considers this in terms of the following attributes:

- Experienced and stable management team globally;
- Strong balance sheet, including the level of operational gearing; and
- Clear and open communication channels.

How we monitor our progress – three lines of defence

Board & Audit Committee

Management Board

First line of defence:

- Management Controls
- Policies and Procedures
- Internal Control

Second line of defence:

- Financial Control
- Security
- Risk Management
- KPIs
- Compliance
- Group Risk Committee

Third line of defence:

- Internal Audit
- External Advisers
- Regulatory Reviews

**Ownership
& Management**

**Monitor
& Oversight**

**Independent
Assurance**

Our risk appetite

Responsibility for the level of risk that the Group is willing to accept is vested in the Hays plc Board and the principal risks have been mapped through our risk appetite process in order to identify both position and tolerance levels and to assess current and future mitigating actions.

From this exercise the Board is able to determine what is an acceptable level of risk, accepting that Hays has a proactive approach to measuring performance and considers risk as an integral part of decision-making, both about current and future performance throughout the global businesses.

Hays operates a measured risk appetite position due to the nature of the recruitment market, being a cyclical business and sensitive to macroeconomic conditions, which results in a lack of forward visibility of fees and as a result increases the overall risk environment.

During the year consideration was given to the new requirements of the 2018 Corporate Governance Code and processes are being implemented to ensure that emerging risks are being considered and monitored.

Viability statement

In accordance with provision C.2.2 of the UK Corporate Governance Code 2016, the Directors have assessed the prospects of the Group over a period longer than the 12 months from the date of approval of the financial statements.

The Directors believe that a three-year period ending 30 June 2022 is the most relevant time period over which to provide the viability statement, being supported by the appraisal of the principal risks and mitigating internal controls. This allows the Directors to assess and conclude that the Group will be able to operate within its existing bank covenants and maintain appropriate bank facilities to meet its funding requirements over a three-year period, being backed by the £210 million revolving credit facility in place until November 2023, with an option to extend to 2025 subject to lender agreement.

This three-year period also reflects our three-year planning cycle, which covers the same period, and considers the fast moving nature of the industry. As such, collectively these factors allow the Directors a reasonable expectation, predicated on the basis that there are no unforeseen events outside of the Group's control that inhibit the Group's ability to continue trading, and that using a three-year period it is possible to form a reasonable expectation as to the Group's longer-term viability.

Process to assess the Group's prospects

As in prior years, the Board undertook a strategic business review in the current year taking into account the Group's current position and the potential impact of the principal risks set out on pages 42 to 44 of the Annual Report.

In addition and in making this statement, the Board carried out a robust assessment of the principal risks facing the Group, including those that would threaten the Group's business model, future performance and liquidity. While the review has considered all the principal risks identified by the Group, the resilience of the Group to the occurrence of these risks in severe yet plausible scenarios has been evaluated.

Stress testing

The Board approves an annual budget and reviews monthly management reports and quarterly forecasts. The output of the planning and budgeting processes has been used to perform a sensitivity analysis to the Group's cash flow to model the potential effects should principal risks actually occur either individually or in unison.

The sensitivity analysis included loss of business arising from a prolonged global downturn and an assessment of a range of possible outcomes arising from the UK's vote to leave the European Union.

Set against these downside risks, the Board considered key mitigating factors including the geographic diversity of the Group, its balanced business model across Temporary, Permanent and Contract recruitment services, and the significant working capital inflows which arise in periods of severe downturn, particularly in the Temporary recruitment business, thus protecting liquidity as was the case during the global financial crisis of 2008/09.

In addition, the Group's history of strong cash generation, tight cost control and flexible workforce management provides further protection. The Group also has in place a £210 million revolving credit facility with a suite of banks until 2023, and the latest actuarial valuation of its defined benefit pension scheme maintains cash outflows broadly at their existing level.

Confirmation of longer-term viability

Based on the above assessment, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 30 June 2022.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows and liquidity position are described in the Finance Director's Review, with details of the Group's treasury activities, long-term funding arrangements and exposure to financial risk included in notes 18 to 20 to the Consolidated Financial Statements.

The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments and any proposed dividends. The Group is therefore well-placed to manage its business risks. After making enquiries, the Directors have formed the judgment at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

Risk trends

The ongoing review of the Group's principal risks includes how these risks evolve. Changes in the trend/direction of our principal risks are noted against each risk on the following pages of this Report.

Risk description	Risk trend and type	Risk mitigation
1. Macroeconomic/cyclical business exposure The performance of the Group is significantly impacted by changes to underlying economic and geopolitical activity, the levels of business confidence as businesses consider Permanent and Temporary hiring decisions and levels of candidate confidence, which impact their propensity to change jobs, particularly in our three biggest businesses in Germany, the UK and Australia. During the year macroeconomic conditions have weakened in many of our markets, especially in Europe including Germany. This has reduced client confidence and thus their appetite for investment. The Brexit decision, coupled with the current political environment in the UK, continues to increase the level of uncertainty and therefore increases the risk of negatively impacting the trading performance in our UK business, as clients have become more cautious in headcount investment.	 Financial	Hays has continued to diversify its operations to include a balance of both Temporary and Permanent recruitment services to private and public sector markets, and operates across 33 markets and 20 sector specialisms. Progress is being made to further diversify the business to reduce the Group's reliance on Germany, the UK&I and ANZ, which currently represent 68% of the Group's net fees. Hays' cost base is highly variable and carefully managed to align with business activity, and can be focused and scaled accordingly to react to the individual markets. Temporary recruitment tends to be more resilient in times of economic uncertainty or downturn. Hays is highly cash-generative, requiring low levels of asset investment. Cash collection is a priority, and the Group has made appropriate investment in its credit control and working capital management processes, resulting in maintaining the elimination of Group net debt and a continued year-end net cash positive position for the fourth consecutive year. In the run up to and the immediate aftermath of the EU referendum, we saw a significant reduction in UK activity and thus fees and profits. While this has stabilised somewhat, we continue to face significant potential uncertainty over the next few years. Relevant strategic priority 
2. Business model The Group faces competition from the increasing use of digital technologies for recruitment services and a growing trend towards outsourced recruitment models with associated margin pressures, which may impact materially on the business should Hays not continue to take appropriate actions and respond effectively. Social media and internet-enabled digital dynamics and recruitment value chain disintermediation, together with increased use of AI and machine learning have continued to increase the risk to the business model over the course of the year.	 Operational Financial Strategic	Hays monitors industry trends and opportunities, including social media and insourcing, and continues to invest in our online presence to provide a high-quality customer experience. Our key relationships (such as with LinkedIn, SEEK, Xing, Google and Stack Overflow) increase our exposure to online professional networking and recruitment portals and enhance our value proposition to clients and candidates. Our expert and specialist consultants are trained in utilising social media and other digital technologies to enhance their day-to-day activities in providing the best quality candidates to our clients. We continue to leverage our broad geographical and sectoral footprint to win and maintain a significant number of multispecialism contracts with large corporate organisations, which has strengthened our relationship with these clients and increased our share of their recruitment spend. Significant investment made in recent years has enhanced data analytics and significantly improved our approach to, and engagement with, candidates. The initiative is overseen by the Group Data Marketing Director. Relevant strategic priority 



Build critical mass and diversity across our global platform



Invest in people and technology, responding to change and building relationships

Risk description	Risk trend and type	Risk mitigation
3. Talent The Group is reliant on its ability to recruit, develop and retain staff to protect the business it has today and to deliver its future growth plans, especially internationally, notably at a business director, manager and consultant level. Its strategy is to grow and nurture talent internally into senior roles wherever possible.	 People Financial	Hays provides a defined and sustainable career development path for new hires, starting with a structured induction programme and ongoing training as they advance their careers, supported by formalised performance and career tracking. Development Centres focus on the progress of high-potential individuals, providing further development opportunities and also helping to identify any talent gaps and training needs. In 2018 we implemented a new International Leadership Management Programme, which focuses on senior leadership and development and is aligned with the Group's business strategy. Overall, our remuneration packages are competitive, including an employee benefit programme, together with a long-term incentive scheme that is offered to broadly 350 senior managers, which encourages a performance-led culture and aids retention. Succession plans identify future potential leaders of the business and produce individual development plans in which to harness and cultivate talent. The Group's standard employment contracts include notice periods and non-solicitation provisions in the event of an employee leaving. Relevant strategic priority 
4. Regulatory/Compliance The Group operates in 33 countries, with each operating its own legislative, regulatory, compliance and tax rules, especially for Temporary workers, with any non-compliance increasing the Group's exposure to potential legal, financial and reputational risk. During the year the UK Government decided to implement changes to the IR35 legislation in the UK, effective April 2020.	 Legal Financial Reputational	Compliance and monitoring processes are tailored to specific specialisms, ensuring additional focus is given to higher-risk specialisms such as Education and Healthcare in the UK, Construction & Property in Australia and specialised corporate contracts through Hays Talent Solutions. Employees receive training in respect of the operating standards applicable to their role, with additional support provided by compliance functions, regional legal teams and, where necessary, external advisers. All staff receive regular training to ensure that legal and compliance updates are understood and applied. In territories where legislation sets out additional compliance requirements, specialists are employed. Dedicated compliance auditors conduct sample checks to ensure that the appropriate candidate vetting checks and due diligence obligations are carried out in line with legal and contractual requirements. The Group holds all standard business insurance cover, including employers' liability, public liability and professional indemnity insurance. Relevant strategic priority 
5. Reliance on technology/ cyber security Our dependence on technology in our day-to-day business means that systems failure due to technical issues or cyber attack may have a significant impact on our operations and ability to deliver our services if it continued for a number of days and, as such, could negatively impact our financial performance and reputation. The global threat of cyber attack has continued to increase (both in sophistication and volume) over the course of the year. In addition, as the reliance on third parties increases, notably as the business utilises cloud services and support providers, our exposure in this area also increases.	 Operational Financial Reputational	The Group's technology strategy is continually reviewed to ensure that the systems it operates across the Group support its strategic direction. Ongoing asset life-cycle management programmes mitigate risks of hardware and software obsolescence. Technology systems are housed in various data centres and the Group has capacity to cope with a data centre's loss through the establishment of disaster recovery sites. These are physically based in separate locations to the ongoing operations, intrinsically linked to business continuity plans. Across the regions we have established dedicated security teams in order to ensure that the systems are best protected from unauthorised access, both externally and internally, and including ensuring that anti-virus software is in place and up-to-date, with regular testing of these environments by external providers. We use external advisers to perform regular external and internal physical and logical penetration tests on all major systems and operations and implement any required improvements resulting from such tests as part of a continuous improvement process. Relevant strategic priority 

Risk description	Risk trend and type	Risk mitigation
6. Data protection The business works with confidential and personal data in all 33 countries on a daily basis under a variety of laws and regulations. Failure to securely process, store and transmit this data or a material data breach could expose the Group to potential legal, financial and reputational risks in the form of penalties and loss of business. Since the introduction of the General Data Protection Regulation (GDPR), other non-EU countries have started to introduce similar legislation, which has increased the risk in this area.	 Legal Financial Reputational	Robust procedures for processing, storing and transfer of confidential and personal data are in place across the Group, both on a physical and logical basis. Comprehensive data protection and information security policies and procedures are in place across the Group and, where data protection and privacy legislation allows, protective email monitoring programmes are undertaken to address potential areas of concern, to best protect our confidential information and candidates' personal data. Attention has been focused in this area, with the increased threat of cyber attacks globally, and security vulnerability is assessed as part of the ongoing IT strategy across the Group. We use external advisers to perform regular external and internal physical and logical penetration tests on all major systems and operations and implement any required improvements resulting from such tests as part of a continuous improvement process. Annual training programmes have also been updated to reflect the new regulations, where relevant. Relevant strategic priority 
7. Contracts The Group enters into contractual arrangements with clients, some of which can be on onerous terms and/or impacted by local regulatory requirements, especially in relation to Temp/Contracting markets.	 Operational Financial Reputational	During contract negotiations management seek to minimise risk and ensure that the nature of risks and their potential impact is understood. Our global legal team has the depth of knowledge and experience to enable them to advise management on the level of risk presented in increasingly onerous contracts, with clear guidelines in operation. The Group Finance Director reviews all commercial contracts with onerous non-standard terms in accordance with the Group's risk appetite. In addition, the Group's Insurance Manager reviews onerous contracts and, where necessary, engages with insurance providers to ensure that risks are covered. Operational reviews are performed on a risk basis across key contracts to confirm compliance adherence and agree improvements to the way in which we deliver services to clients. Assurance work is undertaken in key markets by Internal Audit to ensure contractual obligations are appropriately managed. Relevant strategic priority 



Build critical mass and diversity across our global platform



Invest in people and technology, responding to change and building relationships

INTEGRATING SUSTAINABILITY INTO THE WORLD OF WORK

Our purpose and values help to underpin our culture, and our relationships with our stakeholders.

We invest in people and endeavour to impact our local communities, and society in general, by helping individuals secure jobs. We help individuals develop their career, which is very high on most people's personal agenda, alongside their health and family. Careers can drive personal growth and provide livelihoods, which is a fundamental part of any economy and society.

During FY19 we re-visited our purpose and revised our values. These will help to ensure that we continue to transform lives for another half-century and beyond.

Our Purpose

We benefit society by helping people succeed and enabling organisations to thrive – creating opportunities and improving lives.

Our Values

Our values aim to reflect this promise, and underpin our skills, behaviours and way of doing business. These are:

Expert: People come to us because we're the experts, with over 50 years of experience in recruitment and talent management. We combine this insight with deep specialist knowledge that enables us to place talent across a wide spectrum of industries and sectors all over the world. This professional know-how is indispensable – you simply cannot find, engage and place the right people in the right roles without it.

Ambitious: The best way we can demonstrate commitment to our clients and candidates is through our ambition for them. Their success is our success, so we don't hold back. We make brave moves, aim high, and work hard every day to deliver the positive impact that achieving success brings to people's lives.

Passionate about people: We are in business because we believe in people. We know the right person in the right role can change lives and transform organisations for the better – making that connection means everything to us. With diligence, empathy and pride, we help organisations secure the talent they need to succeed, and help individuals make the most of every stage of their career.

Insightful: Beyond understanding people's skills and experience, there's a real art to matching them with the right opportunity. This involves taking an inquisitive approach to understand their aspirations and motivations, building the insight required to ensure the ideal fit for any role. And when it comes to understanding the talent needs of organisations, that also takes vision, curiosity and instinct to help our clients achieve their full potential.

Innovative: We are always seeking new and better ways to make the perfect match between client and candidate. This means being bold, agile and open to ideas – whether it be embracing new technologies, developing our people, or innovating the way we work. Our goal is simple: to stay one step ahead in creating the recruiting experience of tomorrow.

Underpinning everything we do is our belief that we must always **Do The Right Thing**. Doing the right thing enhances and protects our reputation, building trust with all our candidates, clients and other stakeholders. This unites us and makes us stronger.

Non-financial reporting regulations

Description of the business model	Page 8
Non-financial key performance indicators	Page 26
Description and management of principal risks and impact of business activity	Page 40
Employees	Page 46
Anti-bribery and anti-corruption	Page 47
Social matters	Page 48
Human rights	Page 49
Environmental matters	Page 49

Non-financial performance reporting

We comply with the requirements under the provisions of The Companies Act 2006 contained in Sections 414CA and 414CB of the Companies Act 2006. The information provided below is to help our stakeholders to understand our position on key non-financial matters.

Hays recognises the importance of sustainability agendas to all stakeholders. This isn't simply the benefits for investors, but the broader impact we can have on people's lives; it could be directly, through employment with us or as a candidate whom we place in a role, to the less direct, but in many ways more obvious and easier to achieve, such as doing business 'the right way' to ensure fair rates of tax are paid and discrimination and labour exploitation are not tolerated.

Engaging with our stakeholders

There are various ways in which we engage with our stakeholders, who include our clients, candidates, employees, investors, suppliers, local communities, governments and regulatory bodies.

Clients and candidates

We are the leading global experts in qualified, professional and skilled recruitment. By truly understanding our candidates and clients, locally and globally, we help people and companies achieve lasting impact. As an industry leader with global capabilities and expertise in local delivery, we offer a fresh, unique approach to ensure our clients workforce needs drive their business goals. Our goal is to have our clients and candidates as lifelong partners and support them on their journey through the different phases of their business and career.

We understand the fast pace of technology, applying the latest developments in areas such as artificial intelligence and machine learning to our business. At the same time, as a leading recruitment consultancy, it is the human interaction we bring that sets us apart and makes what we do enduring. We have a large and ever-increasing repository of content on Viewpoint, our global careers and workplace advice platform: <https://social.hays.com>, that illustrates our deep expertise in the world of work. It's a fantastic stream of knowledge which delivers insight to our clients and candidates and helps us to become their trusted lifelong partner. The Hays Global Skills Index is a unique

report which examines 34 of the world's skilled labour markets and helps business leaders and policymakers understand the many dynamics at play when looking for skilled professionals.

Our Cookies and Privacy Policy is available on our websites and this governs practices concerning the use and disclosure of user data.

Employees

We are the ultimate people business and, as such, the ability to attract, develop, enable and retain the very best consultants and managers in our industry is vital to our success. We aim to create an exciting and vibrant work environment and culture and we work continuously to provide our people with attractive career paths that will make them experts in their fields.

Training

Our people are important to us and we ensure that there is adequate training in place for new staff and continuous training for the rest of the workforce. We run an annual mandatory compliance training programme across the group which covers key topics to prevent bribery and corruption, protect personal data and around competition law. Hays continues to provide tailored training to the people who are in the front line of delivering recruitment solutions as well as in management and leadership roles. These programmes take a number of different forms across the Group's regional businesses, but all share the common goal of improving the service we provide to clients. In addition, our International Leadership and Management Programme is designed to equip our people with the skills and approach to lead our business in a time of change and increasing complexity.

One of the key benefits of working for Hays is the global opportunities on offer around the world, where subject to certain criteria, employees can apply to transfer to a new country with Hays and develop their experience internationally. We recently launched an internal Global Mobility Portal, which is a system where our employees can highlight their interest and preferences in working in new countries either now or in the future. This information is stored confidentially by the Group People & Culture team to match employees to international opportunities and plays an important part in providing development for our people and supporting international mobility within our business.

Employee involvement

Ongoing communication forms the basis of the partnership between Hays' leadership and its employees. Employees receive business performance updates from Alistair Cox, the Chief Executive, and from their respective regional Managing Directors, by email on a monthly basis. These are posted on the Group's intranet, which acts as a source of reference for the Group's brand, values, policies and procedures. Regular presentations are also made to employees by the Chief Executive and regional Managing Directors during office visits made over the course of the year.

In readiness for the 2018 Corporate Governance Code, MT Rainey was appointed as the Designated NED for Workforce Engagement in February 2019. MT has already started working on the scope of the role to ensure it is meaningful and effective, examining governance and reporting, and preparing generally for the role to gain momentum in FY20 and beyond.

This year we revamped our annual employee engagement survey, Your Voice, engaging with our people through a new external platform with a revised format and a completely new reporting system. Employees are able to voice their views and opinions on all aspects of their workplace environment, training and development, work culture, leadership and client relations. The results indicated an overall engagement score across the Group of 77%; whilst lower than last year, the result is not directly comparable due to an entirely new way of reporting. The results are presented to the Management Board and to the Hays plc Board with any areas for improvement identified and agreed.

Hays believes in the value of loyalty and considers its employee incentive programme of commission schemes, performance-related cash bonuses and share schemes to be important factors in keeping its employees motivated. The employee share schemes have been running successfully since inception and provide many employees with an additional stake in the business.

Equal opportunities

Our Equal Opportunity Policy forms part of our Code of Conduct and Ethics Policy. We make every effort to ensure that no discrimination arises during the recruitment, employment and period after employment of any employee for reasons of gender, sexual orientation, marital status, creed, colour, race, nationality, ethnic or national origin, religious or other belief, political opinion, spent convictions, disability or age, and all employees are expected to deal with all

persons with the same attention, courtesy and consideration. This support of equal opportunities applies not only as a direct employer but also in our introduction of candidates to clients.

Respect for people and becoming an 'Employer of Choice' form part of our values. Our aim is to ensure an open, honest and fair working environment in every office such that all our colleagues feel part of Hays and are respected as individuals.

Hays gives full consideration to applications for employment from disabled persons where they have the right skills and abilities for the role. Should an employee become disabled while working for the Group, Hays would make every effort to accommodate them, to assist them in any re-training or to find suitable alternative employment within the Group.

Wellbeing

Wellbeing@Hays is an initiative recently launched within our UK&I business. Our overall employee wellbeing strategy is made up of four key pillars, my life, my health, my money, and my work environment and the employee benefits offered aim to support employees in each of these key pillars. As part of the 'my health' pillar, all Hays employees in the UK and Ireland now have access to up to three private online GP appointments per year via AXA PPP Healthcare's, Doctor@Hand. The initiative, which complements the Wellbeing@Hays offering, has had over 50% of all UK&I employees register for the service.

Raising concerns at work – We also offer employees a confidential reporting line, managed by an independent third party, accessible by telephone or online 24 hours a day, 365 days a year (as allowed under applicable law, employees may submit reports to the confidential line anonymously in over 100 languages).

In China, we launched the 'Parents@Hays Continuing Plan' pledge to help mothers return to work by providing flexible work solutions and child support benefits. We received the 'Best Companies to Work For®' award. "People and culture are at the heart of the Hays success story in China and we are all extremely proud to be formally recognised as a Great Place to Work," says Simon Lance, the Managing Director of Greater China. Many organisations across the region had been shortlisted and were judged based on their employees' perspectives on leadership, organisational culture and trust. Hays was the only recruitment firm to make it to the list this year.

The strong people culture at Hays translates into providing our employees with clear career progression, reward and recognition for outstanding work, and a diverse and inclusive culture – all of which make Hays China a Great Place to Work.

Anti-bribery and corruption

Hays has a zero-tolerance approach to bribery and corruption.

All employees are required to comply with the Hays Anti-Bribery and Corruption Policy and undertake training on it on an annual basis. The policy prohibits the giving or receiving of bribes in any form. All our employees are expected to act with honesty, integrity and fairness. The offer or acceptance of any form of bribery is prohibited, including facilitation payments. Hospitality, gifts and improper offers or payments that seek to induce or reward improper performance or might appear to place any person under an obligation are prohibited.

All Hays companies and employees will adhere to the highest ethical and legal standards in business dealings throughout the world. Conflicts of interest that interfere with proper performance or independent judgment are prohibited.

We expect our staff to communicate transparently and honestly with our clients, candidates, business partners, suppliers and governmental and regulatory bodies, within the legal framework of privacy and confidentiality.

Diversity at Hays

Our culture is meritocratic; we share a passion for creating opportunities for our people to flourish and succeed, whatever their background. By reflecting our market place and embracing diversity we can continue to drive an outstanding organisational culture that impacts business results and delivers world-class service to our client/candidates. Fundamental to our leading expertise is a shared commitment to equality and to harnessing the dynamism that diversity and inclusion bring to our workplace.

At Hays, diversity means understanding and reflecting the community in which we operate, and building loyalty with our colleagues, candidates and clients. Differences such as age, gender, ethnicity, physical appearance, religion, disability, education and beliefs are valued, and everyone has the opportunity to contribute to the Group and fulfil their potential.

Diversity and inclusion initiatives are devolved within the Group to operate at a country level and policies supporting this are adopted locally. A Group-wide policy is being finalised; this will ensure the effectiveness and suitability for local markets of our individual policies is not lost and provide an overarching framework for them at a Group level to enable greater coordination and sharing of best practice.

In the UK, Hays holds the National Equality Standard (NES), one of the UK's most rigorous and prestigious accreditations for equality, diversity and inclusion (ED&I). All new employees in the UK undergo training around respecting diversity and inclusion.

It is important that we, as the world's largest specialist recruiter, talk about diversity and inclusion and educate on its benefits to as many people and businesses as possible. We are proud to see how passionately these projects are being supported and delivered by our own Hays people. Examples of how we are making a difference are as follows:

The Hays ANZ Diversity Committee is comprised of four key diversity pillars with an internal and external focus spanning: Gender, Disability, LGBTQI+ and Indigenous. Some of the many outcomes driven through the Committee to date include winning the inaugural BHP Inclusion and Diversity Award, implementation of the AIME (Australian Indigenous Mentoring Experience) programme for Hays Directors, becoming a bronze member of AND (Australian Network on Disability) and becoming a formal sponsor of the Women's Indigenous soccer team.

International Women's Day 2019 also had a big focus, and we celebrated the achievements of women through events and activities across our offices.

In Russia we participated in the 'Woman Who Matters' event and received an award for our work in drawing attention to women in the world of work.

In France we are a signatory to the Diversity Charter and have obtained the diversity label, which recognises our commitment to preventing discrimination and promoting diversity in the management of our human resources.



Diversity and Inclusion and 'harnessing the value of difference' is also a growing priority for many of our clients. More and more clients are asking Hays to assist them to achieve their goals of building a more diverse workforce. We continue to raise awareness and encourage an ongoing dialogue on this important employment topic.



We supported the LGBTQ+ community by hosting a number of leadership events and took part in Pride celebrations. In the UK we have set up the first Hays Pride Network, which was established by staff as a network for LGBTQ+ employees and allies. We celebrate inclusivity every day rather than just for a one-off event and aim to build a culture that enables people to be themselves. Our greatest asset is our people and we know that a feeling of belonging will drive performance and allow people from all backgrounds to flourish. We therefore have created a unique version of our H icon to build awareness of our activity and show our commitment to the LGBTQ+ community.

Gender statistics as at 30 June 2019 are provided opposite.

Contributing to society, investors and local communities

We benefit society by helping people succeed and enabling organisations to thrive – creating opportunities and improving lives.

In addition, we contribute to society through paying appropriate taxes in all the jurisdictions in which we operate; this supports public services, helps to create jobs and supports communities. In the North West region of the UK, we ran around 14 employability sessions during the year and one of the sessions was in conjunction with Manchester City Football Club. These sessions are mainly targeted at school children/young adults and the aim of the sessions is to help them realise how much employers value skills such as teamwork, commitment and organisational skills, and helps them identify how they have gained these skills through sports, hobbies, school and family life. The skills acquired can be put on their CV which puts them in a far stronger position to secure an interview and get a job.

Across the Group, our employees are afforded the flexibility to champion and pursue their collective interests. Our employees have been fantastic in the different activities they were involved over the course of the year.

Australia has raised approximately \$100,000 for mental health charity partner 'headspace' and New Zealand has raised in the region of \$25,000 for children's cancer support.

In Germany, we supported two refugees by sponsoring them through a university education. The two students also completed an 18-week internship.

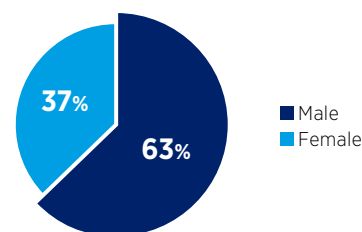
In the Republic of Ireland, we support the Teen-Turn programme, which provides teenage girls with the opportunity to spend two weeks in a tech environment through work placements, in an effort to encourage more girls into the tech industry.

In the UK, our successful two-year partnership with children's charity Action for Children drew to a close in FY19. We raised over £232,000 in funding which provided support and opportunities to vulnerable children and young people across the UK. The money raised funded an Employability Programme for young people from disadvantaged backgrounds. We supported three cohorts of young people throughout our partnership and throughout 2019-2020 will support a further four groups.

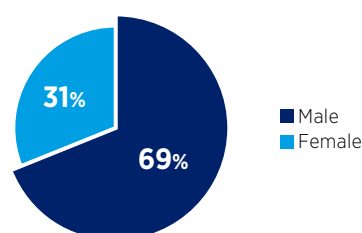
End Youth Homelessness (EYH) is our new UK charity partner for the next year, having been voted for by our employees and we look forward to supporting their great cause to tackle the devastating issue of youth homelessness. The money we raise goes directly to EYH's Employability Fund, which provides homeless young people with individually-tailored support to work towards their career goals, whatever their previous education or work experience.

Our Nurse of the Year award supported by our healthcare specialism in the UK recognised nurses across the country who go above and beyond to offer unconditional care to their patients. Last year's winner received a £1,000 cheque to donate to the Sick Children's Trust.

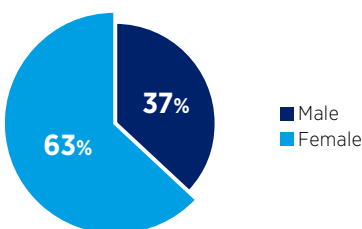
Split of Hays plc Board members



Split of senior management team members



Split of employees



Human rights

Our relationships with clients, candidates, employees, business partners, suppliers and the communities within which we operate are based upon respect for individuals and their human rights. At Hays we are committed to our Code of Conduct and Ethics Policy, which reflects the way we operate including in relation to human rights. All staff within Hays are expected to act with integrity and honesty and behave in a way that is above reproach, as well as treat people fairly, with courtesy and respect, be responsible, respect diversity and communicate openly.

Supplier code of conduct

We expect our suppliers and potential suppliers to aim for high ethical standards and to operate in an ethical, legally-compliant and professional manner by adhering to our Supplier Code of Conduct. We also expect our suppliers to promote similar standards in their own supply chain.

Environmental matters

We are ever-mindful of our impact on the environment; we are committed to operating our business in an increasingly sustainable manner and will seek to reduce our environmental impact year-on-year.

During the year in the UK, we launched the 'Zero Heroes' Committee which is driving sustainability initiatives at Hays with a focus on single-use plastics. The Committee has begun taking action by ceasing to provide

single-use plastic items, as well as auditing plastic use and recycling facilities across our UK & Ireland offices. Throughout the coming year the Committee will continue to work towards our goal of eliminating single-use plastics across the UK&I business by FY22.

Under our Environmental policy, we are committed to achieving continuous improvement in environmental performance and to minimising pollution. We also ensure that suppliers and contractors are encouraged to minimise the impact of their operations on the environment and actively support our environmental programmes through an environmentally sensitive purchasing policy.

Greenhouse gas emissions

Hays gathers data from every office around the world in order to calculate our greenhouse gas (GHG) emissions in accordance with the World Resources Institute (WRI) Greenhouse Gas Protocol. We measure our annual emissions in relation to employees (our 'intensity ratio'). As a people-based business, number of employees is a quantifiable factor associated with our activities.

Our reporting year for GHG emissions is 1 April 2018 to 31 March 2019, and this year, notwithstanding an increased number of employees in the Group, our employee intensity per tonne CO₂e was 1.47 (against 1.50 last year).

We also participate in the Carbon Disclosure Project (CDP) Climate Change Survey and seek to ensure that we do all we can to improve our carbon footprint by reducing energy consumption by our employees.

FTSE4Good Index

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Hays plc has been independently assessed according to the FTSE4Good criteria and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.



Impact	Scope	Resource	2019		2018		
			Total GHGs (tonnes CO ₂ e) ⁽¹⁾	% contribution to total	Total GHGs (tonnes CO ₂ e) ⁽¹⁾	% contribution to total	
Direct	Scope 1	Operational fuel	196	1	108	1	
		Vehicle fuel	4,922	29	4,629	29	
		Refrigerant	616	4	548	3	
Indirect	Scope 2	Electricity ⁽²⁾	5,858	35	5,187	32	
		District heating	318	2	363	2	
	Scope 3	Air travel	3,883	23	4,079	25	
		Rail travel	194	1	253	2	
		Electricity T&D losses	505	3	516	3	
		Private cars (business use)	440	2	452	3	
		Total direct and indirect		16,932	100	16,135	100

(1) Greenhouse gas emissions are stated in tonnes of CO₂e (carbon dioxide equivalent, comprising carbon dioxide, methane and nitrous oxide) for the 12-month period ended 31 March 2019. Out-of-scope Indirect emissions, which were the biogenic part of vehicle fuels, totalled 317 tonnes of CO₂e (253 tonnes in FY18).

(2) All electricity totals are calculated using 2015 government location-based conversion factors.

2019 – awards for excellence



Hays in Germany, Austria and Switzerland received the title 'Top Employer 2019' for outstanding and modern personnel management from the independent 'Top Employers Institute'. For us the seal of approval is a great honor as well as a benchmark for other prestigious top employers.



In the UK, Hays was ranked No.1 in TheJobCrowd's 'Best Large Company for Graduates to work for', as voted by Graduate employees.

In Australia, Hays is proud to be part of the Australian Financial Review's Top 100 Graduate employers list for a second year.



In Germany, we support education and fair treatment of students, we joined the Handelsblatt initiative 'Fair Company' in 2008. This means: We do not replace full-time positions with interns, don't put off university graduates with internships and we do not lure interns with the vague prospect of a full-time position. We offer internships exclusively for professional orientation during studies and we of course pay an adequate allowance.



Hays France has been recognised as a Great Place to Work for the second time in a row, this time coming 8th among all companies with 500 to 5,000 employees.

Great Place to Work is the global authority on high-trust and high-performance workplace cultures. Certifications are awarded based on feedback from current employees who complete surveys about their working environment. Being awarded this certification shows that Hays France is a leading company in the labour market, and demonstrates to stakeholders that their employees are motivated and have a high level of engagement.

In addition, Tina Ling, Managing Director of our France, Belgium and Luxembourg business, was awarded the 'Great Leader 2019' award. Only 14% of the Great Place to Work accredited companies are run by women; we are rightly therefore very proud of this external recognition.

Hays Belgium was awarded with the Great Place to Work 2019 label. It's the second time in a row our company won this award. Furthermore, Hays Belgium was also included in the Trends Gazellen, which is a recognition of the fastest growing companies by region, awarded by Trends, the weekly business and finance magazine.

In addition, Hays was one of the 'Best Companies to work for' in Greater China and Singapore amongst other places.

Regulatory compliance

The Company's approach on the following matters can be found on our website, haysplc.com.

UK Gender Pay Gap

Supplier code of conduct

Modern Slavery Act

Tax Strategy, compliant with the UK Finance Act 2016, Schedule 19.

By order of the Board

Doug Evans

Company Secretary

28 August 2019

GOVERNANCE

How the Hays Board sets strategic direction and provides oversight and control.

Chairman's statement	52
Board of Directors	54
Leadership	56
Relations with shareholders	61
Effectiveness	62
Accountability	66
Remuneration Report	70
Directors' Report	97
Directors' responsibilities	100



CHAIRMAN'S STATEMENT



As a Board we have a responsibility to ensure there is sufficient diversity of thought across the organisation.”

Andrew Martin
Chairman, Hays plc



Dear Shareholder

It is a great privilege to lead the Hays plc Board and to present to you the Company's Corporate Governance Report for the financial year ended 30 June 2019.

During the year, the Hays plc Board visited our offices in Tokyo and Sydney, amongst other places, and I was very impressed with the work the management teams do in developing and promoting local talent. The visit to Asia enabled me to see and hear first-hand how our teams grasp the opportunities and think about the challenges we face as we seek to expand our operations in the region, including in China. In addition to meeting the local management teams and employees from the regions, we heard how the regional teams are implementing the 'Our Hays Story', and I was incredibly proud to see the passion and innovation coming through in conversations and the presentations we received.

Another key event in the Board Calendar was our Strategy Session, a key component of which concerned people and succession within the business. Such days give the Board a huge insight into the heart of the business and the talent pipeline. We have always appointed people on the basis of merit, the best person for the job, but as a Board we have a responsibility to ensure there is sufficient diversity of thought across the organisation in order that we are truly reflecting the communities we serve and

the stakeholders to whom we have obligations. It is well known that successful businesses are those with a diversity of thought and this year's Strategy Session provided additional focus in this regard.

We believe in having a diverse leadership team with regard to factors including experience, skills, tenure, age, geographical expertise, professional background and gender.

We continue to work towards greater diversity on the Board and throughout the Group workforce and we are supportive of the target of 33% representation of women on FTSE 350 Boards by 2020 within the Hampton-Alexander Review.

I talk further in my Nomination Committee Report on the subject of diversity and the Board.

During the year we were subject to the April 2016 edition of the UK Corporate Governance Code (the Code). We continually strive to attain the highest standards of corporate governance across the Group and adhered to the core principles of the Code, as described further in this Report. However, we were not fully compliant with the Code throughout the year as we were without a Senior Independent Director for a period following my own appointment as Chairman. I provide further information on the reasons for this non-compliance in my Nomination Committee Report.

We are now in a new Financial Year and subject to the July 2018 edition of the Code. The Board has discussed the implications of the new Code and the implementation of changes as appropriate, and I look forward to reporting to you under that edition next year.

During the year we commissioned an external assessment of the effectiveness of our Board and its committees; not only is this a Code requirement, but I see real benefit in this periodic 'external take' on our performance. It is comforting to learn that we are in very good shape with the way the Board conducts itself and that it is operating effectively; notwithstanding that, the findings show there are some changes we can make to further enhance our performance and I look forward to implementing various changes and seeing further progress.

One of the provisions of 2018 Code requires company boards to understand the views of the company's key stakeholders and, in particular, in respect of the discharge by directors of their duties under the Companies Act 2006. For engagement with the workforce, Hays has appointed MT Rainey as our designated workforce engagement director. As I have noted above, our people are the heart of our business and key to our success; we do see it as the Board's responsibility to understand and take into account the views of all our stakeholders and I welcome the formalisation of this responsibility within the Code. I look forward to reporting to you next year on our compliance with this and other revised provisions of the 2018 Code.

Victoria Jarman stepped down from the Board at the last AGM and I would like to thank her for her service to the Company. She was a diligent Chair of our Audit Committee, and we are fortunate to have someone of the calibre of Peter Williams as her successor.

In addition to his appointment as Audit Committee Chair, Peter Williams was appointed as the Senior Independent Director of the Company in February 2019. This was following a formal process, the details of which can be found within the Nomination Committee Report, on page 62.

In June 2019, Cheryl Millington joined us as an independent Non-Executive Director; Cheryl brings a broad range of technology, data and people experience with a number of large scale businesses, which will provide further depth to our Board. I would like to extend to her a warm welcome.

With much new regulation with which we must comply, and an ever-more challenging economic environment within which to operate, I and my Board colleagues will continue to ensure we provide the governance framework and rigour to all that Hays does as we continue to strengthen our position as the world's leading specialist recruiter. This isn't something the Board achieves alone, and I would like to acknowledge the excellent efforts of all Hays employees across the Group in achieving what they do each day. We change people's lives, and I look

forward to us doing more of that, and furthering our stakeholder engagement, in the coming year.

Our shareholders are one of our key stakeholders and it is fundamentally important to understand their views and concerns. I spent valuable time with representatives of some of our major shareholders, both in one-to-one meetings and at regular updates organised by Investor Relations during the financial year. I also met some of our retail shareholders at our AGM last year.

As always, I look forward to meeting shareholders who are able to attend our AGM in November this year and extend my thanks to you all for your continued support as we look forward to the year ahead.

Andrew Martin
Chairman

Our governance framework

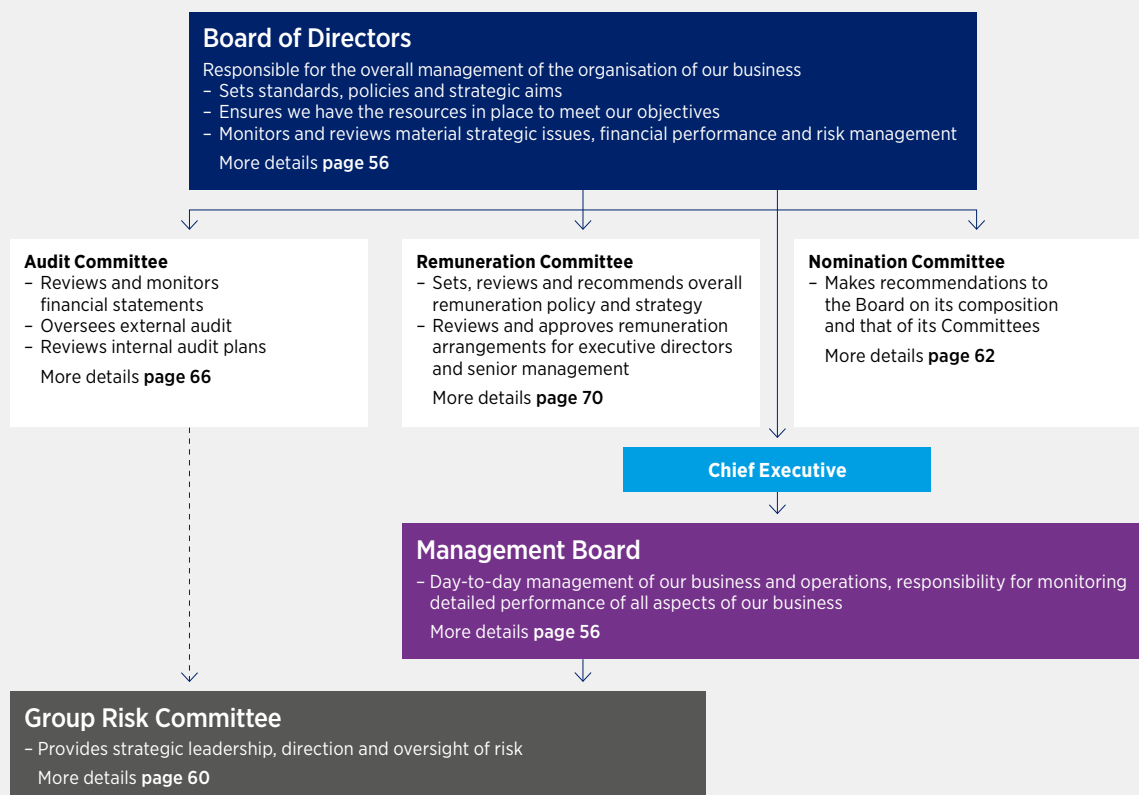
Responsibility for good governance rests with the Board; this is underpinned by an effective governance framework which, the Board believes, fits the requirements of Hays' business.

The Board retains certain matters for its own preserve; other specific responsibilities are delegated to its principal Committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of these Committees operates within defined terms of reference, which are available on the Company's website. The Board has also delegated to a sub-committee certain matters which are routine in nature, or which have been agreed in principle by the Board; these require a meeting of three directors, with an appropriate mix of executives and non-executives. Such matters are reported to the full Board.

The Chair of each Committee reports to the Board on its proceedings, and minutes of the meetings are available as appropriate.

Statement of Code Compliance

Hays plc is subject to the UK Corporate Governance Code (the Code) issued by the Financial Reporting Council (available at frc.org.uk), published in April 2016. As a listed company, Hays is required to report on how it has applied the principles of the Code and this is set out in the following pages. The Board is pleased to report that Hays has complied with all of the provisions of the Code throughout the year ended 30 June 2019, with the exception that it did not appoint a Senior Independent Director until 19 February 2019. It complied fully from that date to the date of this document.



BOARD OF DIRECTORS: A BALANCED AND EFFECTIVE TEAM, FIT FOR PURPOSE

● Executive Director ● Non-Executive Director



Andrew Martin (59) ●
Non-Executive Chairman

Appointed:
12 July 2017

Committees:
Nomination (Chair)

Skills and experience:
Andrew trained as a Chartered Accountant at Peat Marwick before moving to Arthur Andersen where he became a partner. He was, until 2015, Group Chief Operating Officer, Europe and Japan, for Compass Group plc, having previously been their Group Finance Director from 2004 to 2012. Before joining Compass Group, Andrew was Group Finance Director at First Choice Holidays plc and prior to that held a number of Senior Finance roles at Granada Group plc.

Principal external appointments:
Andrew has been a Non-Executive Director of easyJet plc since 2011, chairing their Finance Committee, a Non-Executive Director at Intertek Group plc since 2016, chairing their Audit Committee since 2017, and in July 2018 Andrew was appointed as a Non-Executive Director of the John Lewis Partnership Board and Chair of their Audit and Risk Committee.



Alistair Cox (58) ●
Chief Executive

Appointed:
1 September 2007

Skills and experience:
A Chartered Engineer with an MBA from Stanford University, Alistair's early career was in various field engineering, management and research science roles with British Aerospace and then Schlumberger. Following his MBA, Alistair worked for McKinsey & Company before joining Blue Circle Industries, where he was the Group Strategy Director and then the Regional Director for Asia. Prior to joining Hays, Alistair was Chief Executive of Xansa plc. Alistair was formerly a non-executive director of 3i Group plc.

Principal external appointments:
Non-Executive Director of Just Eat plc.



Paul Venables (57) ●
Group Finance Director

Appointed:
2 May 2006

Skills and experience:
A Chartered Accountant and also USA qualified, Paul started his career at Deloitte & Touche where he was a Senior Manager in its USA practice. This was followed by a 13-year career at Exel plc where he held a number of senior finance and operational roles including Deputy Group Finance Director and was a member of the Executive Board of Exel plc and Chairman of their Acquisitions and Project Review Board. Following the acquisition of Exel plc by Deutsche Post, Paul worked in its DHL Logistics division before joining Hays. Paul is a former Senior Independent Non-Executive Director of Wincanton plc.



Torsten Kreindl (56) ●
Independent
Non-Executive Director

Appointed:
1 June 2013

Committees:
Audit, Nomination
and Remuneration

Skills and experience:
A graduate from Johannes Kepler University in Linz, Austria with a PhD in industrial engineering and technical chemistry. Torsten has held senior executive positions for Booz Allen Hamilton and Deutsche Telekom AG.

Principal external appointments:
Torsten is Managing Partner of Deutsche Invest Venture Capital, based in Munich.



Cheryl Millington (53) ●
Independent
Non-Executive Director

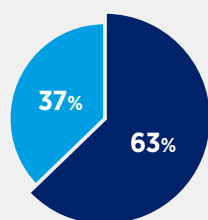
Appointed:
17 June 2019

Committees:
Audit, Nomination
and Remuneration

Skills and experience:
Cheryl was Chief Digital Officer of Travis Perkins plc from 2016 to 2018, Executive Director, IT, for Waitrose from 2012 to 2016 and Chief Information and Data Officer for Asda Stores Ltd from 2009 to 2012. Prior to those positions Cheryl held senior management roles at HBOS plc, Innogy plc and National Power plc, and began her career as a management consultant with Price Waterhouse. From 2013 to 2016 Cheryl served as a non-executive director of National Savings and Investments.

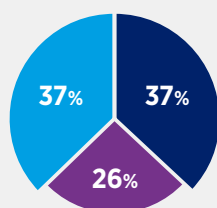
Principal external appointments:
Cheryl is currently a non-executive director of Equiniti Group plc, Atom Bank plc and Intu Properties plc.

Board diversity



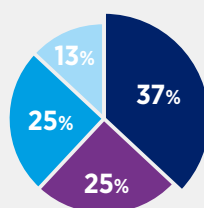
■ Male
■ Female

Board tenure



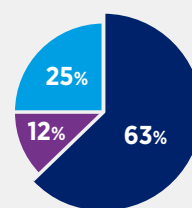
■ 0-3 years
■ 3-6 years
■ 6+ years

Board experience

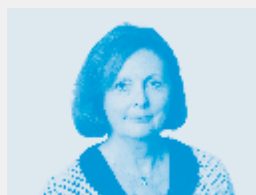


■ Finance
■ Engineering/technology
■ Media/marketing
■ Operations

Board composition



■ Non-Executive
■ Chairman
■ Executive



Susan Murray (62) ●
Independent
Non-Executive Director

Appointed:
12 July 2017

Committees:
Audit, Nomination and
Remuneration (Chair)

Skills and experience:
Susan's executive career was spent in consumer goods and retail, with organisations such as Colgate Palmolive, Kraft, Duracell and Diageo and, most recently, as CEO of Littlewoods Stores. Susan has served as a non-executive director of Compass Group plc, Imperial Tobacco Group (now Imperial Brands plc) and Enterprise Inns (now EI Group plc).

Principal external appointments:
Susan is a Non-Executive Director of Grafton Group plc, where she also chairs their Remuneration Committee, and Senior Independent Director of Mitchells & Butlers plc.



MT Rainey (64) ●
Independent
Non-Executive Director

Appointed:
14 December 2015

Committees:
Audit, Nomination and Remuneration.
Designated NED for workforce engagement

Skills and experience:
An experienced media and advertising professional, MT has worked extensively in the UK and USA. MT founded the advertising agency Rainey Kelly Campbell Roalfe, which she grew to a top 20 agency before it was sold to Y&R, a subsidiary of WPP plc, and where MT was CEO then Chair until 2005. In addition she was Chair of the leading digital strategy agency Th_nk Ltd from 2008-2015. Previous non-executive directorships held by MT include WH Smith plc, STV Group plc and Pinewood Group plc. MT has Masters degrees from Aston University and Glasgow University.

Principal external appointments:
MT is a non-executive director of Clear Channel Outdoor Holdings Inc., the NYSE-listed outdoor advertising company.



Peter Williams (66) ●
Senior Independent
Director

Appointed:
24 February 2015

Committees:
Audit (Chair), Nomination and Remuneration

Skills and experience:
Peter has a Law degree from Cambridge University and is a Chartered Accountant. He was, until 2011, Group Finance Director of Daily Mail & General Trust plc, a role he performed for 19 years, making him one of the longest-serving CFOs in the FTSE.

Principal external appointments:
From 2011 to 2018 Peter was a Non-Executive Director of Perform Group, a leading digital sports media company. Peter is also a Trustee of the Royal Academy and a member of the Industrial Advisory Board of GVQ Asset Management, a UK equity management company.



Doug Evans (56)
Company Secretary
& General Counsel

Appointed:
4 February 2013

Skills and experience:
A law graduate from Rhodes University who began his career with Webber Wentzel in South Africa, specialising in corporate and commercial law before moving in-house. Doug has previously held the posts of Company Secretary & Corporate Legal Director at Exel plc and Group General Counsel at Royal Mail Limited. Prior to joining Hays, Doug was an Executive Director, Company Secretary & General Counsel at Mitchells & Butlers plc.

LEADERSHIP

The Hays plc Board is collectively responsible to the Company's shareholders for the long-term success of the Company.

The Hays Board

Composition of the Board

The Board is currently made up of two executive directors and six non-executive directors, including the Chairman. Their biographies, including prior experience, are set out on pages 54 and 55.

Board changes during the year

As noted in the 2018 Report, Alan Thomson sadly passed away in July 2018 and was succeeded as Chairman by Andrew Martin. Victoria Jarman stepped down from the Board at the conclusion of Company's AGM on 14 November 2018. In February 2019, MT Rainey was appointed as the designated Non-Executive Director for workforce engagement and Peter Williams as the Senior Independent Director. Cheryl Millington joined the Board on 17 June 2019.

Election and re-election of directors at the 2019 AGM

In accordance with the Company's Articles of Association and the principles of the Code, all Directors of the Company will offer themselves for election or re-election at the 2019 AGM. Having received advice from the Nomination Committee, the Board is satisfied that each Director standing for election or re-election is qualified for election/re-election by virtue of their skills, experience and commitment to the Board.

Operational governance

The Management Board

Responsibility for the day-to-day management of our business and operations rests with the Chief Executive, who operates through the Management Board – the principal executive committee within Hays. In performing this role, the Management Board also has responsibility for monitoring detailed performance of all aspects of our business.

The Management Board, which meets monthly, is chaired by the Chief Executive and also comprises the Group Finance Director, the Company Secretary & General Counsel, the Chief Marketing Officer, the Group Technology Director, the Group Head of People & Culture and the Managing Directors of the Group's operating divisions. Each Management Board member has a clearly defined remit, business objectives and financial budget within which they operate. Our organisational structure is built around four regions globally: UK & Ireland; Germany; Australia & New Zealand; and Rest of World. Regional Managing Directors operate their business through regional boards, which comprise key business and functional managers with specific responsibilities within those regions. Each business is given operational autonomy, as far as possible, within a well-established internal control framework which consists of, among other things, a Group-wide set of policies and procedures, operational delegated authorities and policies on anti-bribery and corruption, competition compliance, conduct and ethics, diversity and inclusion and whistleblowing.

An Operations Board, comprised of the members of the Management Board and eight Senior Operators from across the Group, met during the year to discuss strategic and operational issues.

The role of the Hays plc Board

The Hays plc Board is collectively responsible to the Company's shareholders for the long-term success of the Company. It sets the Group's strategic objectives and determines the risk appetite and control framework within which those objectives are achieved.

The Board provides effective oversight of the Company and its businesses within a robust governance structure that helps achieve the long-term success of the Company and deliver sustainable shareholder value.

The Board also provides leadership of the Group and direction for management, ensuring that the necessary resources are in place for the Company to meet its objectives and it keeps under review management's performance in regard to achieving those objectives.

Our aim is to be the world's pre-eminent specialist recruitment business. In pursuit of this aim, our employees across the globe work towards achieving our Strategic Priorities, set out on page 18. The Board closely monitors management and its delivery of a sustainable and profitable business, ensuring it continues to operate within the appropriate risk-reward culture. The Board has established a core set of values, which it reviewed during the year and promotes throughout the Group. These values, which underpin our skills, behaviours and way of doing business, are being expert at what we do, being ambitious, being passionate about people, being insightful about the world of work and being innovative. Underpinning all of these, and everything we do, is our belief that we must always do the right thing. These values serve to engender an entrepreneurial culture within Hays, which is critical to our continued success without promoting excessive risk-taking.

Role of the Non-Executive Directors

Hays' non-executive directors have a broad and complementary mix of business skills, knowledge and experience acquired across sectors and geographies. This allows them to provide strong, independent and external perspectives to Board discussions, which complement the skills and experience of the executive directors. In turn, this leads to a diversity of views being aired at Board meetings, robust and constructive debate and optimal decision-making. At the same time, it also reduces the likelihood of any one perspective prevailing unduly.

A key role performed by the non-executive directors is the scrutiny of executive management in meeting agreed objectives and monitoring the reporting of performance. They also ensure that financial controls and systems of risk management are both rigorous and appropriate for the needs of the business.

The terms and conditions of appointment of non-executive directors, including the expected time commitment, are available for inspection at the Company's registered office, and a pro forma letter of appointment is also available on the Company's website.

Our governance framework

Andrew Martin

Chairman

- Leadership and the effective operation of the Board
- Chairing the Board and Nomination Committee
- Setting the agenda, style and tone of Board discussions including promoting openness, debate and effective individual contribution
- Effective communications with shareholders
- Ensuring that all directors receive clear and accurate information on a timely basis
- Ensuring the effectiveness of the Board through induction, ongoing training and regular evaluations

Alistair Cox

Chief Executive

- Day-to-day management of the Group's business
- Formulating strategic business objectives for Board approval and implementing approved strategic objectives and policies
- Managing and optimising the operational and financial performance of the business in conjunction with the Group Finance Director
- Fostering a good working relationship with the Chairman
- Chairing the Management Board and developing senior talent within the business for succession planning

Peter Williams

Senior Independent Director

- Acting as a sounding board for the Chairman
- Serving as an alternative contact and intermediary for other directors and shareholders
- Leading the Chairman's annual performance appraisal and ultimate succession

Doug Evans

Company Secretary and General Counsel

- Acting as Secretary to the Board, its Committees and the Management Board
- Providing legal and governance support to the Board as a whole and directors individually
- Ensuring that the Group complies with all relevant legal, regulatory and governance requirements

During the year, the Board considered the independence of each of the non-executive directors, save for the Chairman who was deemed independent by the Board at the date of his appointment. In doing so, it concluded that each non-executive director remained independent of management and free from any relationship that could interfere with the exercise of their independent judgment. All of Hays' directors are expected to act in the best interests of the Company.

Chairman and Chief Executive

The roles of the Chairman and Chief Executive are separate, with a clear division of responsibilities between them which is set out in writing; the responsibility for this separation of duties rests formally with the Board.

As Chairman for the vast majority of the year under review, Andrew Martin presided over the Board and was responsible for its leadership and overall effectiveness. In doing so, he fostered and helped to maintain an effective working relationship between the executive and non-executive directors.

As Chief Executive, Alistair Cox has responsibility for the day-to-day management of the Company's business and the implementation and delivery of the Board strategy.

This separation of roles enhances the independent oversight of executive management by the Board and more closely aligns the Board with shareholders. It also means that no one individual within the Company has unfettered powers of decision-making.

Senior Independent Director

Andrew Martin relinquished this role on appointment as Chairman, initially on an interim basis, following the passing of Alan Thomson in July 2018 and the position remained vacant until Peter Williams was appointed in February 2019. In performing this role Peter provides shareholders with someone to whom they could turn if ever they had concerns which they could not address through the normal channels, for example, with the Chairman or executive directors. Similarly, Peter is available as an intermediary between his fellow directors and the Chairman.

While there were no requests from directors or shareholders for access to the Senior Independent Director during the year, the role serves as an important check and balance in Hays' governance process. In the fulfilment of his role Peter ensures he maintains a thorough understanding of the views of the Company's shareholders.

Key roles and responsibilities of these positions, and that of the Company Secretary, are provided above.

Matters reserved for the Board

A schedule of formal matters reserved for the Board's decision and approval is available on our website, haysplc.com. These largely relate to matters of governance and business where independence from executive management is important, and include the following:

- Approving financial results and other financial, corporate and governance matters;
- Approving Group strategy;
- Approving appointments to the Board;
- Approving and recommending dividends as appropriate and deciding dividend policy;
- Reviewing material litigation;
- Approving major capital projects, acquisitions and disposals;
- Approving material contracts;
- Reviewing annually the effectiveness of internal control and the nature and extent of significant risks identified by management and associated mitigation strategies; and
- Approving the annual budget.

No changes to the schedule of matters were made during the year. Board decisions are usually by consensus at Board meetings. On occasion, decisions may be taken by a majority of Board members. In the case of an equality of votes, Hays' Articles of Association provide the Chairman with a second or casting vote.

Board commitment

The Board has established a policy permitting its executive directors to hold only one external non-executive directorship, subject to any possible conflict of interest. This ensures that executive directors retain

sufficient time for and focus on the Company's business, whilst allowing them to gain external Board exposure as part of their leadership development. Executive directors are permitted to retain any fees paid for such services. Details of the annual rate of fees payable (including Committee attendance fees) are shown below:

Director	Fee	External appointment
Alistair Cox	£67,500	Just Eat plc

While the Company does not have a similar policy for non-executive directors, their key external commitments are reviewed each year to ensure that they too have sufficient time commitment for the fulfilment of their Board responsibilities. Key external commitments of the Board are included within their biographies on pages 54 and 55.

The Board considered the commitments of the Chairman, and Cheryl Millington on her appointment, and is satisfied that they each have sufficient time to devote to their Board responsibilities with Hays.

Board focus during 2019: What the Board has done in the year

Percentage of time spent by the Board



1. Developing a successful strategy

- Attended a Group strategy day, with members of the Management Board and other senior executives, to consider key strategic priorities and challenges faced across the business
- Approved the Group strategy and reviewed associated performance
- Visited operations in Japan, Australia and the UK, receiving presentations from senior management on business performance, the state of the market, strategy, succession planning and opportunities
- Reviewed strategy plans and received reports on the operational performance for the Group's regions
- Received reports on technology and innovation and related industry developments

2. Ensuring appropriate financial management

- Received and considered regular reports on the Group's financial performance
- Approved financial announcements for publication
- Approved the annual budget
- Approved dividend policy, payments and recommendations as appropriate, including consideration of a special dividend
- Reviewed and agreed changes to the status of the Company's closed defined benefit pension scheme
- Reviewed and approved the Group's refinancing of its revolving credit facility
- Met with the Company's financial adviser and corporate brokers
- Considered ad hoc property and finance-related transactions

3. Implementing governance and ethics and monitoring risk

- Performed the annual review of the effectiveness of internal control, risk identification and mitigation
- Reviewed regular reports on legal and compliance matters from the Company Secretary, including from the Company's whistleblowing arrangements
- Received formal training updates on corporate reporting, legal and regulatory matters, including the 2018 Code
- Reviewed Board and Committee effectiveness
- Reviewed the terms of reference of the Board Committees
- Reviewed the Directors' Conflicts of Interest procedures
- Reviewed the Company's compliance with the Code (2016)
- Received further updates in connection with the General Data Protection Regulation
- Considered and approved the relocation of the Company's Registered Office

4. Stakeholder engagement

- Considered the results from Your Voice, the Group's new employee engagement survey
- Considered and approved invitations under the Company's all-employee share plans
- Received regular updates on views and feedback from investors
- Considered the Company's investor relations strategy
- Considered and reviewed the leadership and development strategy
- Reviewed the Group's succession plans and assessed risks and options

Information and support

The Board meets regularly throughout the year and agrees a forward calendar of matters for discussion at each meeting.

Standing items, including operational, functional and financial reviews and Committee updates are considered at each scheduled Board meeting, with unplanned items such as commercial or property-related decisions being considered as and when required. The Chairman, in conjunction with the Chief Executive and Company Secretary, plans the agenda for each Board meeting and ensures that supporting papers are clear, accurate, timely and of sufficient quality to enable the Board to discharge its duties.

All Board directors have access to the Company Secretary, who advises them on Board and governance matters. As well as the support of the Company Secretary, there is a procedure in place for any director to take independent professional advice at the Company's expense in the furtherance of their duties, where considered necessary.

Our purpose, values and culture

We recently considered and revised our purpose and values. Our purpose is to benefit society by helping people succeed and enabling organisations to thrive – creating opportunities and improving lives.

Our values aim to reflect this promise, and underpin our skills, behaviours and way of

doing business. Hays is a people business and people are at the core of what we do. As such we foster a meritocratic and entrepreneurial culture, which is reflected in our values of:

- Expert;
- Ambitious;
- Passionate about People;
- Insightful; and
- Innovative.

Underpinning everything we do is our belief that we must always Do The Right Thing. Doing the right thing enhances and protects our reputation, building trust with all our candidates, clients and other stakeholders. This unites us and makes us stronger.

To support this culture we maintain an open style of communication, which is designed to both identify issues early, and also to recognise potential opportunities, so that in both cases appropriate action can be taken in terms of reducing any negative impact on the business whilst ensuring opportunities are exploited.

These characteristics and values are core to our Group culture and are supported via the following mediums and underpinned by the Hays Group Policies and Procedures:

- Corporate communications;
- Global intranet; and
- Hiring, induction, training and promotion criteria.

Risk management and internal control

The Board has overall responsibility for the Group's internal control systems and for reviewing their effectiveness. This has been designed to assist the Board in making better, more risk-informed, strategic decisions with a view to creating and protecting shareholder value. In practice, the Board delegates the task of implementing its policy on risk and control to management. Further support and assistance is provided by an independent Internal Audit function, details of which are provided in the Audit Committee Report.

The Management Board oversees an enterprise risk management system which allows for a holistic, top-down and bottom-up view of key risks facing the business.

These are recorded in a Group risk register, which is reviewed at least annually by the Management Board and submitted to the Board thereafter to enable it to carry out its risk oversight responsibility. This exercise involves a current and forward look at various risks affecting the business and prioritising them according to risk impact and likelihood. Risks covered include strategic, operational and compliance risks, together with reputational, financial and people-related risks. Each risk is assigned an owner with current and future risk mitigation procedures detailed, with the continuing monitoring of these undertaken on an ongoing basis. The principal risks currently facing the business are detailed in the Strategic Report.

Board attendance

The Board met a total of seven times during the year. In addition, the Board attended an annual Strategy Review meeting with the Management Board being present. Six Board meetings were held in the UK and one in Sydney, Australia.

Board and Committee attendance for scheduled meetings during the year are shown below.

Board and Committee attendance	Board	Audit Committee	Nomination Committee	Remuneration Committee
Alan Thomson ⁽¹⁾	1 of 1	–	0 of 0	–
Alistair Cox	7 of 7	–	–	–
Paul Venables	7 of 7	–	–	–
Andrew Martin ⁽²⁾	7 of 7	4 of 4	3 of 4	4 of 4
Victoria Jarman ⁽³⁾	4 of 4	2 of 2	2 of 2	2 of 2
Torsten Kreindl	7 of 7	4 of 4	4 of 4	4 of 4
Cheryl Millington ⁽⁴⁾	0 of 0	0 of 0	0 of 0	0 of 0
Susan Murray	7 of 7	4 of 4	4 of 4	4 of 4
MT Rainey	7 of 7	4 of 4	4 of 4	4 of 4
Peter Williams	7 of 7	4 of 4	4 of 4	4 of 4

(1) Passed away in July 2018.

(2) Did not attend the Nomination Committee discussing his appointment as Chairman.

(3) Stepped down from the Board on 14 November 2018.

(4) Joined the Board on 17 June 2019.

The Group Risk Committee assists the Management Board in providing strategic leadership, direction, reporting and oversight of the Group's risk framework. The Committee is chaired by the Chief Risk Officer and membership includes representation across the global network and comprises operational, IT and finance functions including the Group Finance Director and Company Secretary & General Counsel. Meetings are held at least three times a year, with activities and recommendations reported to the Management Board, with the Hays plc Board also having oversight of the Committee and its activities.

The Board reviews Group strategy and approves a budget each year, to ensure that the performance of the business is in line with the plan and financial and operational reporting procedures are in place.

Comprehensive annual budgets and quarterly forecasts are approved by the Management Board and business divisions. Monthly progress and variances are reported to the Management Board and subsequently to the Board at each meeting as part of the ongoing internal control process.

Complementing these financial controls is a set of Group-wide policies and procedures addressing non-quantifiable risks. These include security policies, the Group's Code of Conduct and Ethics, Anti-Bribery and Corruption Policy, and whistleblowing arrangements. The Board regularly receives management and Committee reports which also form part of the internal control system.

The Group's internal control procedures are subject to regular review and provide an ongoing process for identifying, evaluating and managing significant risks. This is in accordance with the Guidance on Risk Management and Internal Control and Related Financial and Business Reporting (September 2014). The Board recognises that such a system has its limitations in that risk management requires independent judgment on the part of directors and executive management. Internal controls are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

In accordance with its regulatory obligations, the Board, with the assistance of the Audit Committee, carried out an annual assessment of the effectiveness of the Group's risk management and internal control system during the reporting period. During the course of its review, the Board did not identify or hear of any failings or weaknesses that it determined to be significant and it therefore concluded that they are operating effectively.

RELATIONS WITH SHAREHOLDERS

Investor meetings held in FY19

	United Kingdom	Continental Europe	North America	Asia	Total
Executive Management	84	12	17	1	114
Investor Relations team	120	63	29	1	213
Other senior management	25	0	0	0	25

Conflicts of interest

Procedures are in place for the disclosure by directors of any interest that conflicts, or possibly may conflict, with the Company's interests and for the appropriate authorisation to be sought if a conflict arises, in accordance with the Company's Articles of Association.

In deciding whether to authorise a conflict or potential conflict of interest only those directors that have no interest in the matter under consideration will be able to take the relevant decision; in taking such a decision the directors must act in a way they consider, in good faith, will be most likely to promote the success of the Company and may impose such limits or conditions as they think fit. The Board has reviewed the procedures in place and considers that they continue to operate effectively. There were no actual or potential conflicts of interest which were required to be authorised by the Board during the year under review or to the date of this report.

Engagement with investors

Responsibility for shareholder relations rests with the Chairman, Chief Executive and Group Finance Director. They ensure there is effective communication with shareholders on matters such as governance, sustainability and strategy, and are responsible for ensuring that the Board understands the views of major shareholders on such matters.

The Company's investor relations programme is supported by a dedicated Investor Relations team which acts as the primary point of contact with the investor community and is responsible for managing ongoing relations with investors and shareholders. The Board receives regular reports from the Investor Relations team. Feedback from meetings held between executive management, or the Investor Relations team, and institutional shareholders is also reported to the Board.

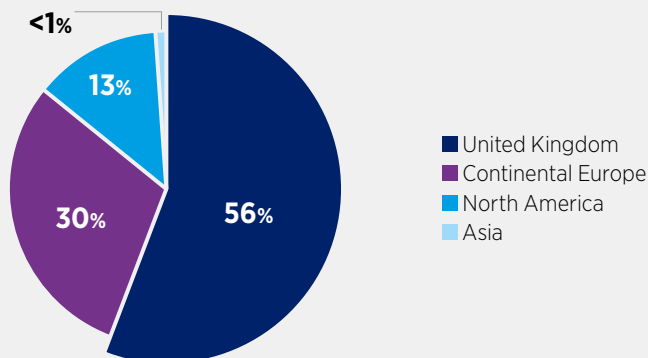
As a part of a comprehensive investor relations programme, formal meetings are scheduled with investors and analysts to discuss the Group's half- and full-year results. In the intervening periods, Hays continues its dialogue with the investor community by meeting key investor representatives, holding investor roadshows and participating in conferences. Meetings with debt providers, principally the Company's banks, also take place on a regular basis. During the year, the executive directors and senior management met with approximately 150 institutions around the world, interacting with shareholders and potential shareholders. Results presentations are posted on the Company's website at haysplc.com/investors and if you would like to know more about our relations with shareholders please contact ir@hays.com.

Annual General Meeting

The Board uses the Company's AGM to communicate with investors and welcomes their participation. All shareholders are entitled to attend the AGM, at which the Board members are present. The Board views the AGM as a good opportunity to meet with its smaller, private shareholders. A summary presentation of results is given by the Chief Executive before the formal business of the meeting is conducted. All shareholders present can question the Chairman, the Committee Chairs and the rest of the Board both during the meeting and informally afterwards.

The Notice of AGM and related papers are sent to shareholders at least 20 working days before the meeting. Voting on all resolutions at the AGM is by means of a poll, which, reflecting the number of voting rights exercisable by each member, is considered by the Board to be a more democratic method of voting. As soon as practicable following the conclusion of the AGM, the proxy votes cast, including details of votes withheld, are announced to the London Stock Exchange via the Regulatory News Service and published on our website.

Geographical breakdown of investors met



EFFECTIVENESS: NOMINATION COMMITTEE REPORT

“

We need to attract and retain talented people across the organisation.”

Andrew Martin

Chair of the Nomination Committee



Dear Shareholder

Following the sad passing of Alan Thomson at the beginning of this financial year, I took over as Chair of the Nomination Committee, initially on an interim basis then, following confirmation of my Chairmanship of the Company, on a permanent basis in August 2018. Needless to say, my appointment as Company Chairman, from the interim stage, necessitated me relinquishing the role of Senior Independent Director (SID). Without knowing whether or not I would be appointed to the role of Chairman permanently, it was not appropriate, nor necessary, to appoint a SID at that stage; once appointed permanently, I wanted to follow proper process in selecting a suitable candidate for the SID vacancy, which is why we were without one, and Code non-compliant, for a period during this financial year.

I was not present at the Nomination Committee meeting that discussed my appointment as Company Chairman and I am grateful to colleagues for their decision to appoint me to this privileged position. I know I have big shoes to fill.

Appointing a SID was one of my first tasks as Committee Chair, along with the recruitment of potentially two new non-executive directors. The Committee assessed external and internal candidates and at the end of what was an exceptionally rigorous process, we unanimously agreed that Peter Williams was the best candidate to become the new Senior Independent Director, a role he fills with aplomb with his City experience, approachability and steady hand.

The Hays Board had for some time operated with a non-executive complement of seven (including the Company Chairman). As you know, we have restored our non-executive number to six; however, I am keeping a watching brief on further recruitment. As part of the process of recruitment, we undertook a skills audit to assist with determining exactly

what profile of individual or individuals we were looking for. Thankfully, there was a large degree of commonality in the thinking as to what we should look for. In Cheryl Millington we have an excellent outcome to that process with many, if not all, of the ‘must-haves’ from our skills audit being fulfilled and I look forward to working with her over the coming years. As Cheryl settles in to the role we will keep Board membership under wider review to determine whether Board performance could be enhanced with a further addition.

The Committee noted the recommendations of the Hampton/Alexander Review on gender and the Parker Review on ethnic diversity. It is part of the Committee’s policy when making new Board appointments to consider the importance of diversity, of which gender and ethnicity are only two aspects. This is considered in conjunction with experience and qualifications and we will always appoint on merit.

The Committee will continue during the year to focus on long-term succession planning at Board and senior executive level, and to managing and developing talent across Hays. Since I became Chairman I have had a consistent commitment to focus on our people and succession planning. Our people are the backbone of our business and identifying talent and supporting development continues to be one of the Board’s key priorities. In order to continue to perform well and to continue to be the world’s largest specialist recruitment business, we need to attract and retain talented people across the organisation, and this applies as much to the Board and senior management as the rest of our employees.

Andrew Martin

Chair of the Nomination Committee

Role of the Nomination Committee

The role of the Committee is summarised below and detailed in full in its terms of reference, a copy of which is available on the Company's website (haysplc.com) under Governance.

The main responsibilities of the Committee are to:

- Review the structure, size and composition (including skills, knowledge, experience, diversity and balance of executive and non-executive directors) of the Board and its Committees and make recommendations to the Board with regard to any changes;
- Consider succession planning for directors and other senior executives;
- Identify and nominate for the approval of the Board, candidates to fill Board vacancies; and
- Keep under review the time commitment expected from the Chairman and the non-executive directors.

Membership and meetings

The Committee is appointed by the Board. It is chaired by the Chairman of the Board and comprises the non-executive directors, all of whom are independent, save for the Chairman who was independent on appointment. The names and qualifications of the Committee's current members are set out in the directors' biographies on pages 54 and 55.

The Committee meets as required and did so on four occasions during the year and attendance by members can be seen on page 59. Other regular attendees at Committee meetings include the Company Secretary and, on invitation, the Chief Executive and Group Finance Director.

Main Committee activities during the financial year

- Considered Board succession plans
- Reviewed the composition of the Board and its Committees
- Reviewed the Committee's terms of reference
- Considered, and recommended to the Board, the appointment of a Chairman and a new non-executive director
- Considered and recommended the election and re-election of each director, as appropriate, at the AGM

Non-executive director appointment process

The Company adopts a formal, rigorous and transparent procedure for the appointment of new directors and senior executives with due regard to diversity. Prior to making an appointment, the Committee will evaluate the balance of skills, knowledge, experience and diversity on the Board and, in light of this evaluation, will prepare a description of the role and capabilities required, with a view to appointing the best-placed individual for the role. In identifying suitable candidates, the Committee uses open advertising or the services of external advisers to facilitate the search and considers candidates on merit and against objective criteria and ensuring that appointees have sufficient time to devote to the position, in light of other significant commitments, and no conflicts of interest.

A long-list of potential candidates would be drawn up, from which an appropriate number would be shortlisted for interview based upon their fulfilment of the appointment criteria. The Committee would then recommend to the Board the appointment of the preferred candidate (or candidates, if there is more than one considered suitable) for subsequent appointment.

Russell Reynolds Associates were used in respect of Cheryl Millington's appointment which occurred in the year under review, however their input was concluded prior to the year end.

In the year ahead, the Committee will continue to assess the Board's composition and how it may be enhanced and will consider diversity (including, but not limited to, gender and experience) and geographic representation and continue to use independent consultants as appropriate to ensure a broad search for suitable candidates. The Board will keep under review its current complement of eight members, vis-à-vis the more recent membership quota of nine.

The Committee considered the appointment of Andrew Martin to the role of Chairman during the year and recommended him for appointment by the Board, which was duly undertaken (on a permanent basis) in August 2018. An external search consultancy was not engaged, nor external advertising undertaken, for the role of Chairman, as Andrew's suitability as successor to the role of Chairman had been fully considered as part of his recruitment in 2017.

Board composition is routinely reviewed to ensure that the balance of skills, knowledge and experience of the Hays Board remains appropriate to its business.

Hays' Group policy is to hire the best candidates for all positions at all levels throughout the business, irrespective of gender, including candidates at Board level.

The Board has not set any specific aspirations in respect of gender diversity at Board level and supports fully the Code principles in respect of diversity. However, the Board is of the view that diversity is not about quotas, and recognises the benefits of diversity, of which gender is one aspect, and it will continue to ensure that this is taken into account when considering any particular appointment, whilst ensuring appointments are made on merit and ability to enhance the performance of the business.

Succession planning

A key task of the Committee is to keep under review the Company's succession plans for members of the Board over the short, medium and longer term, to ensure the Board remains appropriately balanced between new and innovative thinking and longer-term stability.

Board appointment criteria are considered automatically as part of the Committee's approach on succession planning. The Committee believes that limited tenure and the subsequent enforced retirement of directors is not always appropriate for sound business leadership. Accordingly, matters of director tenure are viewed on a case-by-case basis.

The Board believes that refreshment of the Board should take into account the need to consider diversity in all forms.

Tenure of non-executive directors

Appointments to the Board are made for initial terms not exceeding three years and are ordinarily limited to three such terms in office. Each director stands for re-election annually.

Director performance

Having reviewed the independence and contribution of directors, the Committee confirms that the performance of each of the directors standing for election or re-election at the 2019 AGM continues to be effective and demonstrates commitment to their roles, including independence of judgment, commitment of time for Board and Committee meetings and any other duties.

Accordingly, the Committee has recommended to the Board that all current directors of the Company be proposed for election and re-election at the forthcoming AGM.

Board induction and development

On appointment, each director takes part in a tailored and comprehensive induction programme which is designed to give him or her a deep understanding of the Group's business, governance and stakeholders.

Elements of the programme include:

- Senior management briefings to provide a business overview, current trading conditions and strategic commercial issues;
- Meetings with the Group's key advisers and major shareholders, where necessary;
- Business site visits across regions;
- A legal and regulatory briefing on the duties of directors of listed companies;
- Details of the Group corporate structure, Board and Committee structures and arrangements, and key policies and procedures; and
- The latest statutory financial reports and management accounts.

The Chairman, in conjunction with the Company Secretary, ensures that directors are provided with updates on changes in the legal and regulatory environment in which the Group operates. These are incorporated into the annual agenda of the Board's activities along with wider business and industry updates; the Chairman also keeps under review the individual training needs of Board members. The Group's principal external advisers provide updates to the Board, at least annually, on the latest developments in their respective fields, and relevant update sessions are included in the Board's strategy meetings. The Company Secretary presents corporate governance reports to the Board as appropriate, together with any relevant technical directives issued by the Group's auditors. In this way, each director keeps their skills and knowledge current so they remain competent in fulfilling their role both on the Board and on any Committee of which they are a member.

Board evaluation

During the 2019 financial year in accordance with (2016) Code Provision B.6.2, the effectiveness of the Board was assessed through an external Board evaluation process, conducted by ICSA Board Evaluation (ICSA). ICSA has no other connection with the Company, save that it also conducted the 2016 Board Evaluation. One-to-one meetings were held between the ICSA evaluator (the Evaluator) and the Directors and the Company Secretary. During the meetings, seven broad topics were considered and the Evaluator ensured that pre-defined constituent elements of each topic were covered to ensure consistency in the evaluation. The topic areas were Board responsibilities, oversight, meetings, Board support, Board composition, working together and outcome and achievements. Committee effectiveness was also assessed in accordance with Code requirements.

Results were presented to the Board by the Evaluator and areas for improved operation identified and agreed. The outcome of the evaluation indicated that the Board was performing well and had improved from the 2016 Evaluation. The report noted that the Board has a clear understanding of its role, relative to the business, and readily acknowledges its broadening responsibilities and the landscape within which they are framed. The sad and untimely passing during the year of the Company's former Chairman, Alan Thomson, necessitating the appointment of a successor, had been handled sympathetically and sensitively.

The Composition of the Board was rated as 'Very Good'. The Board had reduced by one in number, but its overall skill sets were considered appropriate, but Board composition would be kept under constant review. It was acknowledged that there was work to do in respect of the wider diversity of the Board, notwithstanding the Board's policy to always appoint the best candidate for a vacancy. In light of a recently appointed Chairman and a relatively young Board in terms of NED tenure, the changing Board dynamic was considered positive. In terms of working together, the Board is considered cohesive, well-balanced with rigorous discussion and no one individual or group dominating.

The division of responsibilities between the Chairman and Chief Executive is well understood, and the interaction between these two post holders is considered to be good. The schedule of matters that are reserved to the Board is considered appropriate and regularly and properly reviewed. The interaction by the Board with management is effective and, within the Board itself, the executive and non-executive members engage well.

The need for the Board to remain dynamic in addressing the needs of the business moving forward, with the increasing impact of technology, which itself is evolving at pace, was acknowledged, as was the need for Board members to remain informed in such areas, to ensure a sustainable and profitable long-term future for the Company. The Board, and in particular the non-executive members as a group, provide the necessary challenge in the area of strategy, and the Strategy Session was felt to have worked well and had improved in its level of interactive engagement. Ensuring Directors' knowledge remains up to date and relevant to the wider landscape within which the context of the Company's strategy is set, is an area for the Chairman to consider, to further enhance the operation of the Board. Whilst Director training takes place both formally and is scheduled into the board calendar informal training takes place between meetings on an ad hoc basis. Individual requirements will be kept under review by the Chairman.

Board Support continues to be a strength and the relationship between the Company Secretary and the Board is good. Access to professional advice is readily available and Board members receive regular updates on legal and regulatory matters. The induction process for new Directors was rated favourably and, while well-structured, it was considered to be quite intense. The travel schedule demanded by the Board calendar was felt to facilitate a new director's introduction to the business.

The Board has a clear understanding of its responsibility and ultimate accountability for risk governance and the control framework is felt to be well established. Cyber issues and the threat of digital disintermediation, along with potential reputational risks, are well understood by Directors. Ahead of the evaluation, the IT control framework has continued to be enhanced and the evaluation also recognised the need for this to continue in the current environment.

The overall rating by the Evaluator for the Evaluation as a whole was 'Very Good'. However, it was noted that an ever increasing regulatory and operational framework is making greater demands on directors' time. It is therefore incumbent on the Chairman to ensure that the quality of papers submitted to the Board is of a high standard. Papers should be clear as to what is required of directors, succinct, but contain all relevant information to enable appropriate decisions to be made. This will help the Board as a whole to further improve its performance.

In addition to the evaluation of the Board and Committees, the Chairman evaluated the individual performance and effectiveness of each director. The Senior Independent Director led a separate appraisal of the Chairman's performance with his fellow non-executive directors, which took into consideration both the executive and non-executive directors' views.

In addition to the formal evaluation, the non-executive members of the Board met during the year without the executive directors present. This process is being further embedded into the annual calendar.

ACCOUNTABILITY: AUDIT COMMITTEE REPORT

“

We continue to operate in a world threatened with cyber security risk.”

Peter Williams
Chair of the
Audit Committee



Dear Shareholder

I am pleased to present my first Audit Committee Report on behalf of the Board prepared in accordance with the 2016 Code, following the retirement of Victoria Jarman from the Board.

The report provides an oversight of the Committee's deliberations and activities over the year, which included the assessment of the effectiveness of both internal and external auditors and considered risk, including but not limited to data breaches that the Company may face and the processes and controls in place to tackle any security threats.

The Committee has continued to play a key role within the Company's governance framework to support the Board in matters relating to financial reporting, internal control and risk management.

Our principal responsibilities remain unchanged this financial year. The Deputy Company Secretary acted as Committee Secretary.

Due to the nature of our business, which is data-intensive, cyber crime and data governance are significant threats to our daily operations; it is of paramount importance that we ensure there is a robust framework in place for the safe usage of this data. As a Committee, we received regular updates on data security and ongoing assurance is provided by our IT functions globally.

With the uncertainty of Brexit and its likely impact on economic conditions, the revolving credit facility was renewed ahead of its maturity date with a longer period and on more favourable terms. The Committee continues to monitor the Company's financial performance. The business had adequate funding in place to continue as a going concern and supported the directors in their assessment of the long-term viability of the Company for the purposes of the Code which is set out in the Strategic Report on page 41.

I hope to build on the rigorous framework of internal controls, risk assessments and processes to ensure the continuation and stability required. There is further detail on the Committee's deliberations and activities during the year under review. I hope this will provide shareholders with the necessary information for them to assess the Company's performance, business model and strategy.

Peter Williams
Chair of the Audit Committee
28 August 2019

Role of the Audit Committee

The Committee's terms of reference are available on the Company's website (haysplc.com) under Corporate Governance.

The key responsibilities of the Committee are to:

- Monitor the integrity of the financial statements of the Company, including annual and half-year reports, interim management statements, and other formal announcements relating to its financial performance, and reviewing and reporting to the Board on significant financial reporting issues and judgments;
- Where requested by the Board, review the content of the Annual Report and advise the Board whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- Recommend to the Board for approval by shareholders, the appointment, reappointment or removal of the external Auditor;
- Monitor the relationship with the Company's external Auditor, including consideration of fees, audit scope and terms of engagement;
- Review the effectiveness and objectivity of the external audit and the Auditor's independence;
- On engagement of the external Auditor, review the policy for the provision of non-audit services and monitor compliance;
- Monitor and review the Company's internal control and risk management systems;
- Monitor and review the effectiveness of the Company's Internal Audit function; and
- Ensure compliance with laws, regulations, ethical and other issues, including, until its transfer to the Board, that the Company maintains suitable arrangements for employees to raise concerns in confidence.

Membership and meetings

The Committee is appointed by the Board from its independent non-executive directors.

Biographies of the Committee's current members are set out on pages 54 and 55.

The Chair of the Committee, Peter Williams, is a Chartered Accountant and its financial expert. All Committee members are financially literate.

The Committee discharges its responsibilities through a series of scheduled meetings during the year, the agenda of which is linked to events in the financial calendar of the Company. The Committee met four times during the financial year and attendance by members at Committee meetings, can be seen on page 59.

The Committee commissions reports, either from external advisers, the Head of Internal Audit or Group management, as required, to enable it to discharge its duties. The Group Finance Director attends its meetings, as do the external Auditor and the Head of Internal Audit, both of whom have the opportunity to meet privately with the Committee Chair, in the absence of Group management. The Chairman of the Board and the Chief Executive are also invited to, and regularly attend, Committee meetings.

Main Committee activities during the financial year

- Approved the annual Committee programme
- Reviewed financial results for publication
- Considered the external audit plan and reviewed the results of the audit
- Approved the internal audit plan and reviewed its findings
- Reviewed the non-audit services provided by the external Auditor
- Reviewed the risk management and controls framework and its effectiveness, together with the Group's principal risks
- Considered all aspects of IT operations and risks
- Considered the growing threat of cyber-related attacks and associated responses across the business
- Reviewed the performance and effectiveness of the external Auditor
- Reviewed the performance and effectiveness of the Internal Audit function
- Reviewed the material litigation report, including the matter of temporary workers in the Australian coal mining sector
- Reviewed the Group's whistleblowing arrangements
- Carried out a review of the Committee's effectiveness and reviewed progress on matters arising from previous assessments
- Considered the Code requirements concerning fair, balanced and understandable reporting
- Considered the Company's long-term viability
- Recommended the Audit Committee Report for approval by the Board
- Held discussions with the external Auditor and the Head of Internal Audit without management being present

Fair, balanced and understandable

In addition to its work described here, the Committee has reviewed the financial and narrative disclosures in this year's Annual Report. It has advised the Board that, in its view, taken as a whole, the Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

In making its recommendation to the Board, the Committee's robust governance approach included:

- Comprehensive Group and subsidiary accounts process, with written confirmations provided by the regional senior management teams on the health of the financial control environment;
- Reviews of the Annual Report undertaken at different levels of the Group and by the senior management team that aim to ensure consistency and overall balance;
- External audit review;

- Clear guidance and instruction of the requirement provided to contributors;
- Written confirmation that information provided has been done so on a fair and balanced basis;
- Additional scrutiny by senior management; and
- Additional reviews by the Committee Chair of the draft Annual Report in advance of the final sign-off in the context of the Code provision.

Final sign-off is provided by the Board, on the recommendation of the Committee.

Significant issues considered during the year

In reviewing both the half and full-year financial statements, the following issues of significance were considered by the Committee and addressed as described. These matters are described in more detail in note 3 to the Consolidated Financial Statements.

Debtor and accrued income recoverability

The recoverability of trade debtors, accrued income and the level of provisions for bad debts are considered to be areas of significant judgment due to the pervasive nature of these balances to the financial statements and the importance of cash collection in the working capital management of the business. The Committee considered the level and ageing of debtors and accrued income, together with the appropriateness of provisioning, by reviewing previous experience of bad debt exposure and the consistency of judgments made year-on-year.

The Committee also considered IFRS 9 which introduced a new classification approach for financial assets and liabilities. A review of the current Group bad debt policy concluded that had IFRS 9 been applied in the previous reporting period, the expected credit loss model would not have had a material impact on the Group's Financial Statements.

The Committee was satisfied that the level of provision and the carrying value of debtors and accrued income is appropriate.

Revenue recognition

The main areas of judgment in revenue recognition relate to (i) cut-off as the Group recognises permanent placement income on the day a candidate starts work, and temporary placement income over the duration of the placement; and (ii) the recognition of temporary contractual arrangements where we act as principal on a gross basis rather than net basis. Revenue recognition under IFRS 15 is consistent with prior practice for the Group's revenue as described in note 2 (d) Turnover and (e) Net Fees to the Consolidated Financial Statements. A fully retrospective method has been adopted for transparency and comparison purposes in the Group Financial Statements and no restatement was required. If IFRS 15 had been applied in the prior reporting period, it would not have had a material impact on the Group's Consolidated Financial Statements.

The Committee discussed and reviewed these areas with both management and PwC and remains satisfied that Group accounting policies with regard to revenue recognition have been adhered to and that judgments made remain appropriate.

Goodwill

The Committee assessed the carrying value of goodwill by reviewing a report by management which set out the values attributable across the cash-generating units (CGU), compiled using projected cash flows based on assumptions related to discount rates and future growth rates. The Committee also considered the work undertaken by PwC and management's sensitivity analysis on key assumptions. In particular the Committee considered the US business, which continues to perform well, having achieved strong growth in recent years. As a result the Group has continued to make investments in the business to accelerate its growth in line with the Group's strategy to build a strong presence in the USA, and maximise the long-term growth opportunities available in the market. As a consequence of this investment, the headroom on goodwill has decreased from the prior year. After discussion, the Committee was satisfied that the assumptions used were appropriate.

Pension accounting

Pension accounting is complex and contains areas of significant judgment, most notably those in respect of the discount and inflation rates used in the valuation of the net surplus disclosed in note 22. The Committee reviewed the pension items by discussing a report prepared by management based on work performed by the Company's actuary which set the key assumptions used in the calculation of the surplus and related income statement items. The Committee also considered the work performed by PwC in testing the assumptions and was satisfied that the assumptions used and the disclosures in the financial statements are appropriate.

Litigation

During the year the Committee considered the matter of legal proceedings which had commenced against a number of recruitment agencies in Australia, including Hays, in relation to the employment status of certain workers engaged on a casual (temporary) basis in the coal mining sector. Hays intends to vigorously defend this action. There is no further information to provide at this stage.

External Auditor

Both the Committee and the Board keep the external Auditors' independence and objectivity under close scrutiny, particularly with regard to its reporting to shareholders. PwC were appointed external Auditors of the Group at the 2016 AGM. Professional rules require that the Company's audit partner at PwC be rotated every five years.

As previously reported, following a detailed tender process, PricewaterhouseCoopers LLP were first appointed as the Company's external auditors in 2016. While the Company has no current retendering plans, in accordance with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (CMA Order), the Company will be required to put the external audit contract out to tender by 2026. Accordingly, the Company confirms that it has complied with the provisions of the CMA Order for the 2019 financial year.

Auditor independence and non-audit services policy

The Committee believes that the issue of non-audit services to Hays is closely related to external Auditor independence and objectivity. The Committee recognises that the independence of the external Auditor may reasonably be expected to be compromised if they also act as the Company's consultants and advisers. Having said that, the Committee accepts that certain work of a non-audit nature is best undertaken by the external Auditor. To keep a check on this, the Committee has adopted a policy to ensure that the provision of any non-audit services by its external Auditor does not impair its independence or objectivity.

The key features of the non-audit services policy are as follows:

- The provision of non-audit services provided by the Company's external Auditor be limited to a value of 70% of the average audit fees over a three-year period;
- Any non-audit project work which could impair the objectivity or independence of the external Auditor may not be awarded to the external Auditor;
- Delegated authority by the Committee for the approval of non-audit services by the external Auditor is as follows:

Authoriser	Value of services per non-audit project
Group Financial Controller	Up to £25,000
Group Finance Director	Up to £100,000
Audit Committee	Above £100,000

The three-year average audit fee was £1.1 million. Accordingly, the maximum value of non-audit services that PwC could have been engaged by Hays to provide during the financial year 2019 was £0.8 million. The total fee for non-audit services provided by PwC during the 2019 financial year was £nil (2018: £0.44 million), excluding the FY19 half-year review fee of £0.1 million (2018: £0.1 million).

The Company did not pay any non-audit fees to PwC on a contingent basis. A summary of the fees paid to the external Auditor is set out in note 7 to the Consolidated Financial Statements.

Having reviewed Hays' non-audit services policy this year, including the Authority level of the Group Finance Director, the Committee is satisfied that adequate procedures are in place to safeguard the external Auditors' objectivity and independence.

Effectiveness of the external Auditor

The annual effectiveness review in respect of financial year 2018 was conducted during the year under the guidance of the Committee Chair, on behalf of the Committee, and covered amongst other things a review of the audit partners, audit resource, planning and execution, Committee support and communications, and PwC's independence and objectivity. Overall feedback was positive with resulting improvements, which were largely country-specific, discussed and implemented. Based on these reviews, the Committee was satisfied with the performance of PwC in the fulfilment of its obligations as external Auditor and of the effectiveness of the audit process in FY18. Consequently, the Committee has recommended to the Board that they be reappointed as external Auditor at the AGM in November 2019.

Risk management and internal control

The Board is responsible for the adequacy and effectiveness of the Group's internal control system and risk management framework, which in order to fulfil its responsibilities the Board has delegated authority to the Committee.

In order to establish an assessment from both a financial and operational control perspective, the Committee looks to the work of the Internal Audit function, specifically to consider whether significant process and control weaknesses are identified, improved and monitored and that risks have been identified, evaluated and managed.

The Committee considered the Group's risk assessment process, which included coverage across the regions, businesses and functions within the Group, reviewing the effectiveness of the risk methodology employed, the risk mitigation measures implemented and future risk management and monitoring.

Internal Audit

The Committee oversees and monitors the work of the Internal Audit function, which reviews key controls and processes throughout the Group on a rolling basis, including resources, scope and effectiveness of the function.

The Group Head of Internal Audit has direct access to the Committee and meets regularly with both the Committee and its Chair, without the presence of management, to consider the work of Internal Audit.

The Committee approved the programme of work for the Internal Audit function in respect of the 2019 financial year, which was focused on addressing both financial and overall risk management objectives across the Group.

During the year, 34 Internal Audit reviews were undertaken, with the findings reported to both the Management Board and the Committee, with recommendations tracked and progress subsequently reported back to the Committee.

No material weaknesses were identified as a result of risk management and internal control reviews undertaken by Internal Audit during the reporting period.

The Committee believes that the Group's enterprise risk management framework needs to continue to evolve in accordance with the growth of the Hays business around the world. Throughout the financial year the Internal Audit team has continued to enhance the enterprise risk management framework and work with the Group Finance Director and the operating divisions across the globe to further embed the framework methodology at a local level. The Group Risk Committee, chaired by the Chief Risk Officer and comprising senior operators from each region, together with representation from IT and finance, assists in the management of risk in the Group.

Raising concerns at work

The whistleblowing procedure in place across the Group ensures that employees are able to raise any concerns about any possible improprieties in business practices, or other matters, in confidence; this is managed and reported through an independent external third party. Reports made in good faith are done so without fear of recrimination, and calls cannot be traced and are not recorded. Reports can be made in over 100 languages.

The disclosures under this arrangement are investigated promptly by the Company Secretary, with the support of Internal Audit, and escalated to the Management Board and the Committee as appropriate, with follow-up action being taken as soon as practicable thereafter.

The Committee, as part of its overall review of the Group's system of internal control, reviewed the procedures in place during the reporting period and is satisfied that they are appropriate to the size and scale of the Group.

Anti-bribery and corruption

Hays has a zero-tolerance approach to bribery and corruption. The Group Anti-Bribery and Corruption Policy (with specific reference to the UK Bribery Act 2010) is issued to all employees. Overall responsibility for, and oversight of, the Policy lies with the plc Board. Training is provided to all employees annually in local languages and ongoing support is provided when and where necessary. In addition, risk assessments are carried out on an ad hoc basis, for example when new countries are under consideration (whether they are considered to be low or high risk) or prior to entry into new public sector markets. The Committee reviewed the effectiveness of the Policy during the year and concluded that it was sufficient for managing the anti-bribery and corruption risks faced by the Group.

Audit Committee effectiveness

The Committee considered its effectiveness in discharging its duties during the year. The Committee looked at the work it had carried out during the year and considered that its performance during the year was effective when measured against its terms of reference and general audit committee best practice. Details of the main activities of the Committee and its role and responsibilities have been detailed earlier in this Report.

The Chair of the Committee will be available at this year's AGM to answer any questions on the work of the Committee.

REMUNERATION REPORT

CHAIR'S ANNUAL STATEMENT

AND SUMMARY

“

We focus on ensuring that reward outcomes are reflective of the Group's underlying performance and shareholder experience”

Susan Murray
Chair of the
Remuneration Committee



Dear Shareholder

I am pleased to introduce our Directors' Remuneration Report for FY19. Our Remuneration Policy was approved by shareholders at the November 2017 AGM by a favourable vote of 94%. The modest changes made at that time ensured that our reward structure complemented our future strategy and looked to the long-term sustainability of our business. The implementation of our Policy in FY18 received a favourable advisory vote of 98.72%. FY19 has been the second year of the Policy operation. The Committee believes in maintaining consistency and therefore will continue to operate the Policy for FY20.

Our FY19 business review

After five years of strong performance, FY19 has been a more mixed year. Macroeconomic conditions became increasingly difficult in many of our key markets, especially Europe (including Germany) and to a lesser extent Australia. As a result, growth in our International business slowed significantly across the year and management responded quickly by controlling operational costs, while still ensuring that we continued an appropriate level of strategic investment for the long-term future of the business. We also delivered a solid performance in the UK considering the current backdrop.

In addition to a solid Group profit performance overall, we delivered a strong cash performance and this, allied to earnings growth of 4%⁽¹⁾, has meant that the Group is proposing another year of record levels of dividends, which is to the clear benefit of our shareholders.

Whilst profit performance was solid and cash performance was strong in FY19, performance in the prior years FY17 and FY18 was strong in terms of both profit growth and cash generation. These results both over the past year and over the last three years have directly contributed to the reward outcomes for the executive directors, both in the annual and long-term incentives as covered below. As is evident, the level of annual incentive pay-out is much lower in FY19 than the previous year, while the long-term incentive pay-out has modestly increased.

Annual Bonus

Annual Bonus awards reflected the FY19 performance and were 49.37% of the maximum award (74.05% of base salary) for the CEO and 49.37% of the maximum award (74.05% of base salary) for the CFO. 50% of each award will be deferred into shares for three years.

2016 Performance Share Plan (PSP)

The 2016 PSP (awarded under the legacy Policy approved in 2014) vested at 70.15% reflecting the three-year performance period that ended on 30 June 2019.

Full details of the executive directors' remuneration for FY19 can be found in the Single Figure on page 76 and the full Annual Report on Remuneration on pages 76 to 96.

The Committee takes very seriously its duty to exercise judgment and ensure outcomes are reflective of the Group's underlying performance and shareholder experience.

The Committee is satisfied that the incentive outcomes fairly reflect and are aligned with the performance achieved.

Remuneration for FY20

The executive directors received base salary increases of 2.0% effective from 1 July 2019. This was in line with the average pay increase for other UK relevant employees.

Annual Bonus and PSP Targets for FY20

When the committee met in August 2019 to finalise the targets for FY20, it was in the context of an increasingly uncertain economic outlook, both globally and also in the UK with the added uncertainty of Brexit. The Committee carefully considered the targets it should apply to the profit related incentive awards, (i.e. both annual bonus and PSP awards) for FY20. Additionally, the implementation of IFRS 16 was considered which reduces EPS for FY20.

The Committee decided to widen the range around the EPS targets for the FY20 annual bonus to reflect this increased uncertainty on FY20 earnings and to ensure that any maximum bonus target would require a level of profit achievement materially above the then consensus external forecast as well as that achieved in FY19, after adjusting for the impact of IFRS 16 (which was to be announced at the prelims and thus was not reflected in consensus at the time).

(1) Before exceptional items. There were no exceptional items in the prior year.

In setting the EPS target (which represents 30% of the PSP award) for the FY20 PSP award, noting that the mechanics for this are consistent with prior years, it is recognised that the target range is lower in absolute terms than the target applied to the awards made in FY19. However, the Committee is comfortable that these targets are no less challenging in relative terms than the targets applied to the FY19 PSP awards and are broadly consistent with external forecasts at that time when adjusted for IFRS 16/IAS 19 pension charge.

In line with the Policy approved in November 2017, it is intended to grant 150% of base salary in shares under the Performance Share Plan (PSP), the vesting of which will depend on the outcome of performance metrics at the end of the three-year performance period. In line with the Policy, to the extent that performance conditions are met, any shares will be held for a further period of two years.

Other Committee activities in FY19

Our key regular agenda items include reviewing the basic pay, bonus and PSP awards for the executive directors and other senior executives. The Committee ensures that their targets and objectives are suitably stretching, taking into consideration, amongst other things, external consensus views. Our incentive plans include the principal Group financial performance indicators together with longer-term strategic initiatives and also take into account Group risks. The Committee is always mindful to ensure the strength of the link of performance to reward and that it does not reward for failure.

The Committee has paid close attention to the requirements of the new UK Corporate Governance Code. The provisions in the new Code will come into effect for Hays for FY20, that is from 1 July 2019, and therefore we will report on them formally in next year's report. However, the Committee fully appreciates and is supportive of the sentiment expressed in the new Code and can confirm that it already takes into account many aspects of the new Code requirements:

– We have oversight of senior management remuneration.

The Committee has had a wider remit and oversight of Senior Management remuneration policy and pay for many years. It considers and approves the reward structure and levels of remuneration for the Management Board and approves the structure of the Performance Share Plan for employees below the Management Board. In addition, the Committee reviews a report about employee pay for each of the 33

countries in which Hays operates and considers this prior to setting any pay increases for the executive directors.

– We consider the wider framework within which executive remuneration must align.

The Committee considers clarity, simplicity, risk, predictability, proportionality and the Group's culture when setting remuneration principles and structure.

– The Committee has oversight of the Gender Pay Gap report.

The Committee incorporated ongoing oversight of the Gender Pay Gap figures into its Terms of Reference during its review of the first report based on the snapshot date of 5 April 2017. It reviewed the second report based on 5 April 2018 prior to its publication and will continue to review the results and actions being taken by the Group to foster diversity and inclusion as well as to close, over time, the Gender Pay Gap.

Hays is committed to being transparent in its reporting and therefore we again took the decision to not only publish the mandatory figures under the Regulations that amalgamated our PAYE temporary employees with our own employees, but also chose to show the gender pay gap for our own workforce separately.

The Board believes that a diverse workforce and inclusive culture are essential to business success and Hays supports and values diversity in all forms, not just gender. The Committee believes this is an important part of employee engagement in relation to remuneration.

Full details of our Gender Pay Gap Report can be found on our website, haysplc.com.

– Our Remuneration Policy already incorporates a level of post-employment shareholding.

Shares held under the Deferred Annual Bonus (DAB) plan continue to be held post-employment until the time of their normal release. In addition, to the extent that performance conditions are met, shares under any 'trailing' Performance Share Plans (PSP), would also vest at their normal time but pro-rated to reflect service during the performance period. Subject to Good Leaver status, a level of shareholding will therefore likely be maintained for up to two years post-employment.

The shareholding policy for post-employment will be reviewed again as part of the Policy review in FY20.

In addition, the Committee has taken pro-active action to ensure it is well placed to comply with other new aspects of the Code during the coming year:

– We appointed a Non-Executive Director (NED) responsible for workforce engagement.

The Committee already considers the relationship between executive reward and the reward structures in place for other Group employees but, during FY19, the Company took steps to further improve its engagement with employees and the Board appointed a NED, MT Rainey, to be responsible for workforce engagement. MT is a member of the Remuneration Committee and therefore well-placed to ensure that the Committee is aware of employee sentiment across the Group.

– We have published global remuneration principles.

During the year, the Committee approved global remuneration principles that explain to the wider workforce how reward at Hays aligns with our Group purpose, culture and values and how executive remuneration links to these same principles.

– We have updated our plan rules.

During FY19 we have amended the PSP rules to enable the Committee to override any formulaic driven outcome and reduce it should it not reflect overall business performance.

The Committee embraces any debate or change that ensures good governance and fairness in relation to reward issues. As the Code comes into effect for Hays on 1 July 2019 for FY20, the Committee is giving appropriate consideration on how best to approach these issues in order to achieve maximum benefit and impact in relation to its Policy renewal and the FY20 Directors' Remuneration Report.

We aim to make the Directors' Remuneration Report clear, concise and easy to follow. To help with understanding the FY19 remuneration outcomes in relation to our current Policy, we have again included a Remuneration At A Glance page.

Our full Remuneration Policy as approved by shareholders can be found on our Company website, haysplc.com. However, to help with understanding, we have also summarised the Policy above each remuneration outcome and also made it clear whether any element relates to the legacy Policy approved in 2014.

An overall summary of our Policy and how it relates to our strategy is set out on pages 74 to 75. We hope that readers will find this helpful.

We trust that this report demonstrates how we balance performance, reward and underlying associated behaviours and that we place great importance on our duty not only to shareholders but to our wider workforce.

Susan Murray

Chair of the Remuneration Committee
28 August 2019

See the Committee's Terms of Reference online at haysplc.com

Membership and meetings

Four formal meetings were held during FY19 in July 2018, August 2018, January 2019 and May 2019.

Attendance is shown on page 59. In addition, members participated in other discussions as required.

This report is structured as follows:

Section	What it includes
Letter from the Remuneration Committee Chair Page 70	
Remuneration At A Glance Page 73	
Summary of our Remuneration Policy and how it links to strategy Page 74	
Annual Report on Remuneration Page 76	This report is divided into sections: 1. Single Figure of Remuneration – page 76 2. Long-term value creation – page 85 3. Remuneration in the broader context – page 90 4. Statement of Implementation of the Remuneration Policy in the following financial year – page 93 5. Governance – page 95
Our full current Remuneration Policy	Our full current Remuneration Policy as applicable to FY19 can be found on our website at haysplc.com

REMUNERATION AT A GLANCE

Summary of our current Remuneration Policy and structure for FY19

Key reward component	Key features
Base salary and core benefits	Competitive salary and benefits to attract right calibre of executive
Annual Bonus 60% EPS 20% Cash Conversion 20% Personal	- Max potential 150% of salary - Key financial KPIs and personal objectives
Performance Share Plan 30% EPS 50% Cash Conversion 20% TSR	- Max potential 150% of salary - KPIs focused on long-term sustainability and shareholder returns - Five-year lifespan: 3 year Performance Period plus 2 year Holding Period
Shareholding requirements	- CEO: 200% of salary - CFO: 200% of salary - Ensure material personal stake in the business

- Strong link of performance with reward
- Takes into account risk management and Annual Bonus and PSP incorporate Malus and Clawback

Reward linked to performance – what did we do?

More details pages 76 to 84

Reward Component	What we have done
Base salary	- Increased salaries for CEO and CFO by 2.0% from 1 July 2018: New salaries - CEO : £752,709 p.a. - CFO: £542,702 p.a. - Increase in line with budget set for relevant UK employees of 2.0%
Bonus	- CEO: 49.37% of maximum i.e. 74.05% of salary equating to £557,373 - CFO: 49.37% of maximum i.e. 74.05% of salary equating to £401,865 50% of the above awards deferred into shares for three years
PSP	150% of salary to be awarded
Shareholdings at 30 June 2019 (Beneficial Ownership)	- CEO: 749% of base salary (requirement 200%) - CFO: 391% of base salary (requirement 200%)

The Single Figure can be found on page 76

How have we performed?

More details pages 78 and 81

Bonus

Metrics measure success of the day-to-day management of a volatile and cyclical business.

Metric	Target Range	Actual	% of max achieved
EPS*	11.98p to 12.93p	11.99p	20.61%
Cash Conversion	86%	105.71%	100.00%
Personal CEO/CFO		85%	

* Both the target and actual performance were based on budget exchange rates. Therefore actual performance differs to the reported performance due to movements in exchange rates during the year.

September 2016 PSP award – grant 175% of base salary (under legacy Policy approved in 2014)

Metrics measure success in delivering strong results through the three-year cycle.

Metric	Threshold	Maximum	Actual	% of max achieved
EPS	22.05p	25.80p	33.02p	100.00%
Cash Conversion	71%	101%	91.62%	74.98%
Relative TSR	Median of comparator group	Upper quartile of comparator group	34.26%	35.48%

Total % of award vesting: 70.15%

Key general business highlights

- Like-for-like net fee growth of 6%.
- Operating profit up 4%⁽¹⁾ with record International performance.
- Performance in line with market expectations at year-end, but below the Board's expectations at the start of the financial year.
- Strong cash performance.
- Over the three years of the PSP there has been strong profit performance up 41% and strong cash performance.

More details can be found on page 37.

What changes have we proposed to the Remuneration Policy for FY19?

There are **no changes** to our Remuneration Policy.

- We received a binding vote of 94% in favour of the Policy at the November 2017 AGM indicating strong support for our approach.
- Our full Remuneration Policy can be found on pages 64 to 71 of the FY17 Annual Report and on our website, haysplc.com
- A summary of the Policy can be found on pages 74 to 75 of this report and in the explanation of the Single Figure of Remuneration on pages 76 to 84.

(1) Before exceptional items. There were no exceptional items in the prior year.

REMUNERATION POLICY AND HOW IT LINKS TO STRATEGIC OBJECTIVES

Competitive salary and benefits to attract, motivate and retain executives plus variable pay that aligns to strategy and focuses on performance

The incentive plans support our four key strategic priorities:



Materially increase and diversify Group profits;



Generate, reinvest and distribute meaningful cash returns;



Invest in people and technology, responding to change and building relationships; and



Build critical mass and diversity across our global platforms.

- EPS target provides focus on profit.
- Cash Conversion maintains focus on cash returns and business efficiency.
- Personal objectives provide building blocks to longer-term strategic goals.
- 50% of any award is deferred into shares for three years to ensure a long-term focus.
- Malus and Clawback apply.

SHORT-TERM AGILITY

Annual Bonus

EPS
60%

Cash Conversion
20%

Personal
20%

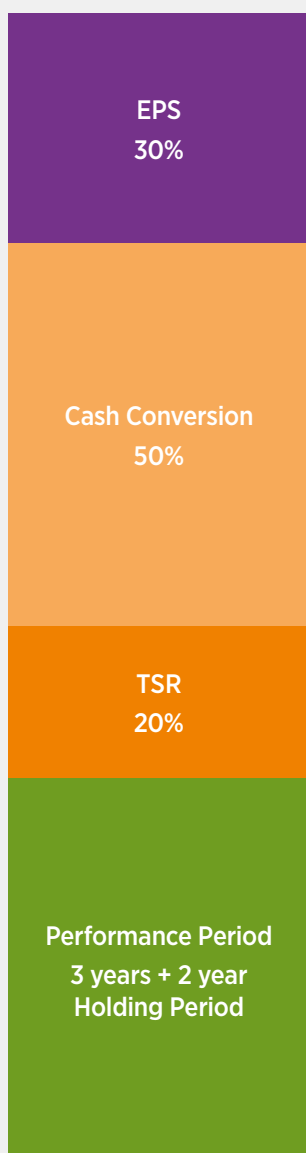
Performance Period
1 year
50% deferred
into shares

150% of
base salary

Balanced

Shareholding 200%

PSP



150% of
base salary

weighting

of base salary

Hays is a highly cyclical business. It has built a diversified portfolio designed to try and best mitigate this by:

- Balancing the business between permanent and temporary/contractor candidate placements;
- Having a wide range of business specialisms covering 20 professional and technical sectors; and
- Having a global geographic footprint in 33 countries.

Nevertheless, the Group is subject to the volatility and vagaries of the economic markets which can create sudden changes within the recruitment market and industry. In this environment, where it is extremely difficult to give an accurate, robust, long-term prediction of the economy, the Committee believes it is important that the executives' reward is consistent with the need to be agile in managing the business. The Committee feels this is best addressed by having a short-term focus on profit and a long-term focus on cash generation.

- The following factors are taken into account when setting EPS targets:
 - Budget (the setting of which is a robust and transparent process);
 - Strategic direction of the business over the period covered by the PSP;
 - Market conditions and visibility of future trading; and
 - Analysts' forecasts.
- The cash element focuses on the long-term business efficiency and return to shareholders through dividend payments.
- The TSR element directly measures shareholder returns relative to industry peers.
- The five-year term of the plan together with shareholding requirements ensure that the CEO and CFO have a material, personal stake in the business and align to shareholders.
- Malus and Clawback apply.

LONG-TERM SUSTAINABILITY AND FOCUS

ANNUAL REPORT ON REMUNERATION

Section 1 – Total reward for FY19

In this section:

1.1 FY19 Single Figure for executive directors

1.1.1 Salary

1.1.2 Benefits

1.1.3 Pension

1.1.4 Other benefits

1.1.5 Annual bonus

1.1.6 PSP

1.2 FY19 fees for non-executive directors (NEDs)

Section 1 – Total Reward for FY19

Remuneration for FY19 reflects the Policy approved by shareholders at the 2017 AGM and, in line with that Policy, includes a legacy PSP plan which was granted under the Policy approved at the November 2014 AGM and which vests in FY19.

1.1 FY19 Single Figure for executive directors

Single Figure of remuneration (audited)

The following table shows the total Single Figure of remuneration for each executive director in respect of qualifying services for FY19. Comparative figures for FY18 have also been provided. Details of non-executive directors' (NEDs) fees are set out in 1.2 on page 84.

£000s Executive director	Salary Note 1	Benefits Note 2	Pension Note 3	Other Note 4	Annual Bonus Note 5	Total remuneration excluding PSP (a)	PSP Note 6 and (b)	Total remuneration (b)
FY19								
Alistair Cox Chief Executive	753	50	226	0	557	1,586	1,112	2,698
Paul Venables Group Finance Director	543	41	163	2	402	1,151	802	1,953
FY18								
Alistair Cox	738	48	221	0	1,069	2,076	933	3,009
Paul Venables	532	40	160	0	771	1,503	673	2,176

(a) This column includes Salary, Benefits, Pension, Other and Annual Bonus.

(b) FY18 PSP figures now reflect the actual vesting price on 10 September 2018 of £2.0377 and the adjustment explained on page 84.

Due to timing, the FY19 Single Figure includes elements from both the 2014 and 2017 Remuneration Policies. The FY19 Annual Bonus falls under the new Policy approved at the November 2017 AGM. However the PSP that was granted in 2016 and vests in FY19 was made under the legacy Policy approved at the November 2014 AGM. The overall total potential face value of the Annual Bonus and PSP under both the 2014 and 2017 Policies is the same at a combined maximum of 300% of base salary. However, due to rebalancing the split between the short- and long-term incentives in the 2017 Policy and the overlap of policies in relation to the trailing PSP, it means that for FY19 there is an anomaly in the potential total quantum. This is the last PSP dating from the 2014 Policy.

Components of the Single Figure and how the calculations are worked out

The following tables and commentary explain how the Single Figure has been derived.

1.1.1 Salary – note 1 (audited)

Policy summary

- Set annually from 1 July.
- Broadly aligned with salary increases for relevant UK employees.

What has happened

As disclosed in last year's Report, salaries were increased by 2.0% with effect from 1 July 2018. This increase was the same as the wider budget set for relevant UK employees.

Name	Salary for FY19	% increase over FY18	Salary for FY18
Alistair Cox	£752,709	2.0%	£737,950
Paul Venables	£542,702	2.0%	£532,061

1.1.2 Benefits – note 2 (audited)

Policy summary

- Core benefits align with those for other UK employees.

What has happened

There were no changes in FY19.

£000s Executive director	Private Medical Insurance (PMI)	Life assurance	Income protection	Travel and mileage	Car allowance	Total
FY19						
Alistair Cox	2	11	13	4	20	50
Paul Venables	2	8	13	–	18	41
FY18						
Alistair Cox	2	10	12	4	20	48
Paul Venables	2	8	12	–	18	40

PMI, life assurance and income protection figures represent the annual premiums.

1.1.3 Pension – note 3 (audited)

Policy summary

- Other than a cash payment in lieu of pension at the rate of 30% of base salary, there are no other pension arrangements for the directors.
- For the sake of clarity, neither executive director has any defined benefit pension provision.

What has happened

There were no changes in FY19.

The Remuneration Committee intends to review the approach on retirement benefits as part of the Policy renewal.

£000s Executive director	Pension
FY19	
Alistair Cox	226
Paul Venables	163
FY18	
Alistair Cox	221
Paul Venables	160

1.1.4 Other benefits – note 4 (audited)

Policy summary

- The executive directors are able to participate in the Hays UK Sharesave Scheme in the same way as other eligible employees.

What has happened

Alistair Cox participated in the March 2017 Hays Sharesave Scheme and Paul Venables participated in the March 2016, 2017 and 2019 Hays Sharesave Schemes. Details are shown on page 85.

£000s Executive director	Other £000
FY19	
Alistair Cox	0
Paul Venables ⁽¹⁾	2
FY18	
Alistair Cox	0
Paul Venables	0

- (1) Figure shows theoretical gain on the 2016 Sharesave using the share price of £1.518 on 1 May 2019 which was the first opportunity for exercise. In fact, Paul Venables did not exercise the options during FY19.

ANNUAL REPORT ON REMUNERATION

CONTINUED

1.1.5 Annual Bonus – note 5 (audited)

Policy summary

- Maximum bonus potential for FY19 under the 2017 Policy is 150% of base salary, of which 50% of any award is paid in cash and 50% is deferred into shares.
- Bonus is based on financial KPIs and personal objectives.

What has happened

The figure shown is the total bonus awarded in relation to performance in the year, including the portion that is deferred.

For bonus awarded in relation to FY19 performance, 50% of the figure shown is deferred into shares for three years.

There are no further performance conditions but leaver terms apply.

The cash element of the bonus award in relation to performance in both FY19 and FY18 is subject to Clawback for three years from award. The deferred element is subject to Malus for the three-year holding period.

See pages 79 to 81 for detailed information on performance against targets.

Summary

E000s Executive director	Annual Bonus	Of which cash	Of which deferred	% of salary achievement
FY19 – 50% deferred into shares				
Alistair Cox	557	278	279	74.05%
Paul Venables	402	201	201	74.05%
FY18 – 50% deferred into shares				
Alistair Cox	1,069	534	535	144.83%
Paul Venables	771	385	386	144.83%

Details of the FY19 Annual Bonus

The performance metrics and objectives	Assessment	Achievement and what happens now
60% on earnings per share (EPS): focuses on shareholder returns; 20% on cash conversion: ensures ongoing business efficiency; and 20% on personal objectives: safeguard and plan for the Company's future. Overall both executives achieved very high performance against these objectives.	The Committee reviews both the Group's results and executive directors' performance against their personal objectives. The basic EPS targets and actual performance were measured at budget exchange rates. Cash conversion is the operating cash flow of the Company before deducting net capital expenditure items for the financial year, stated as a percentage of operating profit before exceptional items. In addition to assessment of the individual executives' overall performance against key objectives, the Committee also takes into account its view of the directors' regulatory compliance and approach to risk (including environmental, social or governance (ESG) risks). The Committee has not exercised any discretion in relation to bonus outcomes. Further detail is set out in the next pages.	Alistair Cox Achieved 74.05% of salary (out of 150% maximum potential, i.e. 49.37% of maximum). This equates to a bonus of £557,373 (as stated in the Single Figure) of which: – 50% or £278,686 will be paid as cash; and – 50% or £278,687 will be deferred into shares for three years. There are no further performance conditions. Paul Venables Achieved 74.05% of salary (out of 150% maximum potential, i.e. 49.37% of maximum). This equates to a bonus of £401,865 (as stated in the Single Figure) of which: – 50% or £200,932 will be paid as cash; and – 50% or £200,933 will be deferred into shares for three years. There are no further performance conditions. Clawback and Malus The cash element of the bonus is subject to Clawback for three years from the date of award. The deferred element is subject to Malus for the three-year deferral period.

Calculation of actual results (audited)

Annual Bonus FY19 outcome						Alistair Cox		Paul Venables	
Performance condition	Weighting	Threshold performance required	Maximum performance required	Actual performance	Annual bonus value for meeting threshold and maximum performance (% salary)	Achievement % salary	Bonus value £000s	Achievement % salary	Bonus value £000s
EPS*	60%	11.98p	12.93p	11.99p	18 – 90	18.55%	140	18.55%	101
Cash Conversion	20%	71%	101%	105.71%	6 – 30	30.00%	226	30.00%	163
Personal	20%	–	100%	85%	0 – 30	25.50%	191	25.50%	138
Total FY19	100%	These totals are in the FY19 Single Figure				74.05%	557	74.05%	402
* Both the target and actual performance were based on budget exchange rates. Therefore actual performance is slightly higher than the reported performance due to movements in exchange rates during the year.						Of which cash – 50%	278	Of which cash – 50%	201
						Of which deferred – 50%	279	Of which deferred – 50%	201

Both Alistair Cox and Paul Venables achieved 85% of their personal objectives which are outlined on pages 80 and 81.

ANNUAL REPORT ON REMUNERATION

CONTINUED

Personal objectives

Personal objectives are weighted at 20% of the executive directors' annual bonus potential (a maximum of 30% of base salary). They are comprised of specific issues that should be achieved during the financial year to safeguard the business and contribute to, or form, the essential building blocks of our future long-term strategic priorities. As a result, some details of the executives' objectives cannot be fully disclosed due to their commercial sensitivity. However, the key major themes of the objectives and the executives' broad achievements are given below.

CEO – Alistair Cox

Overall it was determined that 85% of personal objectives had been met.

Key Themes for FY19	Link to Strategic Priorities	Key Achievements in FY19	Attainment
The roll-out of 'Our Hays Story'		Following a global conference held for 200 Hays senior managers in key positions from across the world, the future direction of the Company was reviewed and 'Our Hays Story' developed. This was then disseminated to all employees. It acted as a catalyst for the development of Hays' purpose and updated values.	√√√√
The roll-out of a strategic leadership course for Hays future leaders and the appointment of senior country roles		Five cohorts of Hays' employees have passed through its bespoke Leadership and Development course.	√√√
		Senior appointments have been made in Asia and the UK with others underway.	
Roll-out and delivery of strategic plans for major businesses		Strategic plans for revenue, profit and cash flow growth have been completed in the UK and Australia. Delivery of the plan slowed in Germany and the USA.	√√
			
			
Implement Salesforce marketing cloud and strengthen Marketing function		The new system has been rolled out globally and the marketing function strengthened.	√√√√
			
			
Other projects		These have included cementing digital eco-system relationships, developing new productivity tools and implementing the longer-term strategy for UK pensions and credit facilities.	√√√√
			

CFO – Paul Venables

Overall it was determined that 85% of personal objectives had been met.

Key Themes for FY19	Link to Strategic Priorities	Key Achievements in FY19	Attainment
The improvement of financial systems and development of automation in selected countries	  	These developments were completed in some countries and significant improvements have been seen as a result. In other locations, the process has been started but additional work will be required to complete the projects.	✓✓✓
Appointments for key strategic roles in the Group Finance area and organisational development to strengthen the control environment in certain countries	 	During FY19 there were key appointments made in the Group Finance, Group Tax and Group Risk areas. There were also organisational changes and successful appointments made in Canada, Belgium, Netherlands and Hong Kong which have helped to further strengthen the internal control environment. It was determined that all appointments have been successfully made.	✓✓✓
Treasury and Pensions		The banking RCF was successfully renewed at good rates in November 2018 and the buy-in of the liabilities of the pensioner population as at December 2017 was completed under Canada Life in August 2018.	✓✓✓✓
To undertake risk reviews in certain locations and ensure that the Group Risk Strategy remains an active process		Further embedded the ERM process across the Group including five more countries and reviewed the purpose, effectiveness and composition of the Risk Committee.	✓✓✓
Other projects	  	These included driving appropriate cost control across the Group, leading the business case modules in the Hays strategic leadership programme, securing new Group Headquarters and managing the move seamlessly and evaluating the effectiveness of our IT investment.	✓✓✓✓

1.1.6 PSP – note 6

Policy summary

- The 2016 PSP was granted under the legacy Policy approved at the November 2014 AGM.
- Maximum potential for executive directors was 175% of base salary at grant (this moved to 150% of base salary under the 2017 Policy).
- KPIs were focused on long-term sustainability and shareholder returns.
- Performance period was three years.
- Threshold performance equates to 25% of the award.
- Award is subject to Malus provisions prior to vesting and Clawback provisions for up to two years post vesting.

What has happened

70.15% of the 2016 award vested in 2019. No Malus was exercised.

PSP 2016 (granted in FY17) vesting in 2019

The value of the 2016 PSP (vesting in September 2019) is based on a share price of £1.53, which was calculated using an average for the final quarter of the financial year in accordance with the Regulations as the vesting will occur after the date of this Report. The share price on award was £1.373. The award vested at 70.15% of the maximum.

See page 83 for detailed information on performance against targets.

Executive director	Value £000s in Single Figure based on share price of £ 1.53	Restatement
2019		
Alistair Cox	1,112	Value will be restated in FY20 report when vesting share price is known.
Paul Venables	802	

ANNUAL REPORT ON REMUNERATION

CONTINUED

Details of PSP 2016 (granted in FY17) vesting in 2019

This PSP was granted under the Policy approved by shareholders in 2014.

The performance metrics and objectives	Assessment	Achievement and what happens now
Three-year plan Performance period: 1 July 2016 to 30 June 2019. Granted: 12 September 2016 and will vest 12 September 2019. Performance Metrics One-third on cumulative earnings per share (EPS): focuses on longer-term shareholder returns. One-third on Cumulative Cash Conversion focuses on ongoing business cash efficiency, whatever the trading circumstances of the Company. One-third on relative total shareholder return (TSR): Ranks the performance of Hays against a sector group of comparator companies: Adecco SA Kelly Services Inc Manpower Group Inc Page Group plc (previously Michael Page International plc) Randstad Holdings nv Robert Half International Inc Robert Walters plc SThree plc CDI Corporation⁽¹⁾ (1) CDI Corporation were delisted. The TSR calculation was conducted in line with the Plan rules under these circumstances.	Cumulative Earnings Per Share is the consolidated basic earnings per share of the Group for each financial year cumulative over the performance period, as calculated based on the accounting standards in place when issued. Goodwill impairments arising from acquisitions prior to 30 June 2006 are excluded from the earnings per share calculation. The Committee may make adjustments to the calculations of cumulative earnings per share, including taking into account unusual or non-recurring items that do not reflect underlying performance. Cumulative Cash Conversion three-year Cash Conversion is the cumulative operating cash flow of the Group after deducting net capital expenditure items stated as a percentage of cumulative operating profit before exceptional items. TSR for each company measures the change in value (in Sterling terms) of a notional shareholding (including dividends) in that company based on dealing days in the three-month period prior to the start and end of the performance period. The TSR for Hays' shares is ranked against the respective TSR performance of the comparator group. Vesting will be subject to satisfactory financial performance over the performance period as determined by the Committee. The Committee has not exercised any discretion in relation to PSP outcomes.	Alistair Cox Awarded 922,134 shares in 2016. 70.15% of the award has vested. 726,730 shares are due to be released in September 2019 which includes accrued dividend equivalent shares. This equates to a value of £1,111,897 using a preliminary share price of £1.53 – see page 83. Paul Venables Awarded 664,857 shares in 2016. 70.15% of the award has vested. 523,971 shares are due to be released in September 2019 which includes accrued dividend equivalent shares. This equates to a value of £801,676 using a preliminary share price of £1.53 – see page 83. These values will be restated in FY20's Report once the final share price is known. As explained on page 84, the number of shares due to be released will be reduced to take into account the adjustment to the 2015 PSP that vested in 2018.

Actual results

PSP 2016 (granted in FY17) vesting in 2019 (audited)

The share price used to calculate the award was £1.373, being the closing price on the day preceding the grant date.

Performance period	1 July 2016 to 30 June 2019
Grant date	12 September 2016
Release date	12 September 2019

Performance condition	Weighting	Threshold performance required	Maximum performance required	PSP value as % of salary for:			Actual performance	PSP Value achieved as % of base salary
				Below threshold	Threshold	Maximum		
Relative TSR ⁽¹⁾	1/3	Median of the comparator group	Upper quartile of the comparator group	0	14.583	58.33	34.26%	20.69%
EPS ⁽²⁾	1/3	22.05p	25.80p	0	14.583	58.33	33.02p	58.33%
Cash Conversion	1/3	71%	101%	0	14.583	58.33	91.62%	43.74%
Total	100%			0	43.75	175		122.76%
					25% of award	100% of award		

- (1) TSR is measured against a bespoke comparator group, with vesting subject to satisfactory financial performance as determined by the Committee. The comparator group is Adecco SA, CDI Corporation, Kelly Services Inc, Manpower Inc, Michael Page International plc (now Page Group), Randstad Holdings nv, Robert Half International Inc, Robert Walters plc and SThree plc. CDI Corporation were delisted. The TSR calculation was conducted in line with the Plan rules under these circumstances.
- (2) The Committee took into account the following factors when setting the EPS targets:
- Budget (the setting of which is a robust and transparent process):
 - Company budget for FY17 and the expectations for performance;
 - Strategic direction of the business over the period covered by the PSP award; and
 - Market conditions and visibility of future trading;
 - Analysts' forecasts; and
 - An assumed RPI of 3% per annum. The final Maximum figure has been adjusted upwards to reflect the RPI now known.
- (3) The award is subject to Malus for the three-year performance period and Clawback for two years post vesting.

Name	% of FY17 salary awarded	Face value at award £000s	Share price at award £	Maximum number of shares excluding dividends	Maximum number of shares including dividend equivalent shares	Number of shares that vested including dividend equivalent shares	Release date	Value (figure shown in Single Figure of Remuneration) £000s ⁽¹⁾	2015 award that vested in the 2018 Single Figure £000s	2015 award value restated using share price at release date £000s ⁽²⁾
Alistair Cox	175	1,266	1.373	922,134	1,035,967	726,730	12 September 2019	1,112	896	933
Paul Venables	175	913	1.373	664,857	746,930	523,971	12 September 2019	802	646	673

- (1) The value of the 2016 PSP is based on a share price of £1.53 which was calculated using an average for the final quarter of the 2019 financial year in accordance with the Regulations as the vesting will occur after the date of this report.
- (2) The value of the 2015 PSP disclosed in the 2018 Single Figure was based on a share price of £1.84 which was calculated using an average for the final quarter of the 2018 financial year in accordance with the Regulations as the vesting occurred after the date of the Report. The share price on award was £1.622. The actual share price on the date of vesting on 10 September 2018 was £2.0377. This price has been used to restate the value of the 2015 PSP awards in the Single Figure for 2018 in the table above and the Single Figure table on page 76. In addition, the figure includes the adjustment explained on page 84.

Performance conditions

The Committee believes that the performance conditions for all incentives are:

- Suitably demanding;
- Have regard to business strategy;
- Incorporate an understanding of business risk;
- Consider shareholder expectations; and
- Take into account, to the extent possible, the cyclicity of the recruitment markets in which the Group operates.

To the extent that any performance condition is not met, the relevant part of the award will lapse. There is no re-testing of performance.

ANNUAL REPORT ON REMUNERATION

CONTINUED

PSP 2015 (granted in FY16) vesting in 2018

The value of the 2015 PSP (which vested in 2018 and was disclosed in the 2018 Single Figure) was based on a share price of £1.84 which was calculated using an average for the final quarter of the 2018 financial year in accordance with the Regulations as the vesting occurred after the date of the Report. The share price on award was £1.622. The actual share price on the date of vesting on 10 September 2018 was £2.0377. This price has been used to restate the value of the 2015 PSP awards in the Single Figure for 2018 in the table above and the Single Figure table on page 76.

The value included in last year's report was also based on a vesting outcome of 58.62%. Following the publication of last year's report, the vesting outcome was corrected to 55.13%. This minor adjustment arose after the Cash Conversion outcome for the final year of the performance period was calculated on a pre-Capex basis rather than on a post-Capex basis. For awards granted prior to 2017 under the legacy Policy, Cash Conversion was calculated on a post-Capex basis for all financial years in the performance period. This correction will be implemented by reducing the shares released to Alistair Cox and Paul Venables from the vesting of the 2016 PSP award by 28,996 and 20,906 shares respectively. This adjustment reflects the reduced vesting outcome and associated dividend equivalent shares accrued. The restated value of the 2015 PSP awards also takes into account the corrected vesting outcome.

The 2019 Single Figure includes a value for the 2016 PSP based on a vesting outcome of 70.15% and a share price of £1.53 (average for the final quarter of the 2019 financial year). The actual shares delivered to participants following vesting will be reduced as described above.

£000s Executive director	Value in 2018 Single Figure based on share price of £1.84	Value restated based on actual share price at vesting of £2.0377 and including the adjustment above
2018		
Alistair Cox	896	933
Paul Venables	646	673

1.2 Non-executive directors FY19 fees (audited)

The table below shows the current fee structure and actual fees paid in FY19. There were no taxable benefits paid in FY19 or FY18.

£000s Non-executive director	Andrew Martin ⁽¹⁾	Alan Thomson ⁽²⁾	Peter Williams ⁽³⁾	Susan Murray	Victoria Jarman ⁽⁴⁾	MT Rainey ⁽⁵⁾	Torsten Kreindl	Cheryl Millington ⁽⁶⁾
	Chairman	Chairman						
	SID		SID					
			R	R	R	R	R	R
	N	N	N	N	N	N	N	N
			A	A	A	A	A	A
						WE		
Total fee FY19	205	26	68	70	29	61	57	4
Total fee FY18	61	255	56	62	69	56	56	-

Key – positions held during FY19

R	Remuneration Committee member
A	Audit Committee member
N	Nomination Committee member
SID	Senior Independent Director
R N A	Chair of relevant Committee
WE	Chair of workforce engagement

The annual Base Fee for FY19 was £56,826.

The annual fee for being Chair of a Committee and for Chair of workforce engagement was £13,000.

The annual fee for SID was £11,000.

There is no additional Committee Chair fee for the Nomination Committee.

Notes:

- (1) Andrew Martin became Chairman on 23 July 2018 and stood down from SID at this time.
- (2) Alan Thomson passed away on 23 July 2018.
- (3) Peter Williams was appointed as Chair of the Audit Committee on 14 November 2018 and as SID on 19 February 2019.
- (4) Victoria Jarman stood down from the Board at the November AGM.
- (5) MT Rainey was appointed as NED for workforce engagement on 19 February 2019.
- (6) Cheryl Millington was appointed to the Board on 17 June 2019.

Section 2 – Long-term value creation

In this section:

2.1 Outstanding deferred annual bonus

2.2 Share options

2.3 Outstanding PSP awards

2.4 Statement of directors' shareholdings and share interests

2.5 TSR chart and table

2.6 Payments to past directors/payment for loss of office during FY19

2.1 Outstanding deferred annual bonus awards (DAB) (audited)

The table below shows the shares held under the DAB and those that were awarded or vested during FY19. The shares that vested related to deferred annual bonus from previous years. The shares awarded in the financial year 2019 relate to deferred annual bonus in relation to performance in the financial year 2018. Dividend equivalent shares which accrue under the DAB have been included in the table below. There are no further performance conditions.

Name	Awards outstanding at 1 July 2018 ⁽¹⁾	Dividend equivalents accrued to date	Awards granted in FY19 ⁽²⁾	Grant price (market price at date of award)	Face value of award granted in FY19 (at grant price)	Dividend equivalent shares accrued to date	Awards vesting in FY19	Awards outstanding as at 30 June 2019
Alistair Cox	561,645	57,217	259,161	£2.062	£534,390	14,782	229,053	663,752
Paul Venables	403,393	41,118	186,854	£2.062	£385,295	10,657	163,462	478,560

(1) The opening balance shows number of shares at award and not any accrued cumulative dividend equivalents.

(2) The awards were granted on 7 September 2018.

2.2 Share options

Both executive directors participate in the UK Sharesave Scheme (approved by HMRC) on the same terms as other eligible employees. The following table shows outstanding options over Ordinary shares held by the executive directors during the year ended 30 June 2019.

Name	Scheme date of grant	Balance 1 July 2018	Granted during 2019	Exercised	Balance 30 June 2019	Option price £	Exercise date	Market price on date of exercise £	Gain £000s	Date from which exercisable	Expiry date
Alistair Cox	31 March 2017	6,293	–	–	6,293	1.43	–	–	–	1 May 2020	31 October 2020
Paul Venables	31 March 2016	3,364	–	–	3,364	1.07	–	–	–	1 May 2019	31 October 2019
Paul Venables	31 March 2017	3,776	–	–	3,776	1.43	–	–	–	1 May 2020	31 October 2020
Paul Venables	28 March 2019	–	2,666	–	2,666	1.35	–	–	–	1 May 2022	31 October 2022

Note: Paul Venables did not exercise his 2016 share options in FY19. A figure based on the theoretical gain had he exercised them at the first available opportunity on 1 May 2019 is shown in the Single Figure.

ANNUAL REPORT ON REMUNERATION

CONTINUED

2.3 Outstanding PSP awards

The tables below show the outstanding PSP awards where vesting will be determined according to the achievement of performance conditions that will be tested in future reporting periods.

2017 PSP (granted in FY18) vesting 2020 (made under the Policy approved at the November 2017 AGM)

The share price used to calculate the award is £1.872, being the closing price on the day preceding the grant date.

Performance period	1 July 2017 to 30 June 2020
Grant date	21 November 2017
Release date	21 November 2020 followed by a two-year Holding Period

Performance condition	Weighting	Threshold performance required (25% of elements vest)	Maximum performance required (100% of elements vest)	PSP value as % of salary for:		
				Below threshold	Threshold	Maximum
Relative TSR ⁽¹⁾	20%	Median of the comparator group	Upper quartile of the comparator group	0	7.5%	30%
EPS ⁽²⁾	30%	32.21p	37.73p	0	11.25%	45%
Cash Conversion	50%	71%	101%	0	18.75%	75%
Total	100%			0	37.50%	150%
					25% of award	100% of award

Name	% of FY18 salary awarded	Face value at award £000s	Share price at award £	Maximum number of shares	Threshold number of shares
Alistair Cox	150	1,107	1.872	591,306	147,826
Paul Venables	150	798	1.872	426,331	106,582

- (1) TSR is measured against a bespoke comparator group, with vesting subject to satisfactory financial performance as determined by the Committee. The comparator group is Adecco SA, Kelly Services Inc, Manpower Inc, Page Group (previously Michael Page International plc), Randstad Holdings nv, Robert Half International Inc, Robert Walters plc and SThree plc.
- (2) The Committee took into account the following factors when setting the EPS targets for the award:
 - Budget (the setting of which is a robust and transparent process):
 - Company budget for FY18 and the expectations for performance;
 - Strategic direction of the business over the period covered by the PSP award; and
 - Market conditions and visibility of future trading;
 - Analysts' forecasts; and
 - Threshold and maximum ongoing growth expectations for years two and three are set around a fixed range.
- (3) There is a two-year holding period post vesting for any shares that vest as a result of performance conditions being met.
- (4) The award is subject to Malus for the three-year performance period and Clawback during the two-year holding period.

The Malus and Clawback provisions are:

- Material misstatement resulting in an adjustment to the audited accounts;
- Incorrect assessment of any performance conditions or award calculations due to an error or misleading information; and
- Fraud and Gross misconduct.

2018 PSP (granted in FY19) vesting 2021 (made under the Policy approved at the November 2017 AGM)

The share price used to calculate the award is £2.058, being the closing price on the day preceding the grant date.

Performance period	1 July 2018 to 30 June 2021
Grant date	12 September 2018
Vest date	12 September 2021 followed by a two-year Holding Period

Performance condition	Weighting	Threshold performance required (25% of the elements vest) Median of the comparator group	Maximum performance required (100% of the elements vest) Upper quartile of the comparator group	PSP value as % of salary for:		
				Below threshold	Threshold	Maximum
Relative TSR ⁽¹⁾	20%			0	7.5%	30%
EPS ⁽²⁾	30%	37.31p	43.69p	0	11.25%	45%
Cash Conversion	50%	71%	101%	0	18.75%	75%
Total	100%			0	37.50%	150%
					25% of award	100% of award

Name	% of FY19 salary awarded	Face value at award £000s	Share price at award £	Maximum number of shares	Threshold number of shares
Alistair Cox	150	1,129	2.058	548,621	137,155
Paul Venables	150	814	2.058	395,555	98,888

- (1) TSR is measured against a bespoke comparator group, with vesting subject to satisfactory financial performance as determined by the Committee. The comparator group for FY19 is: Adecco SA, Kelly Services Inc, Manpower Inc, Page Group (previously Michael Page International plc), Randstad Holdings nv, Robert Half International Inc, Robert Walters plc and SThree plc.
- (2) The Committee took into account the following factors when setting the EPS targets for the award:
- Budget (the setting of which is a robust and transparent process):
 - Company budget for FY19 and the expectations for performance;
 - Strategic direction of the business over the period covered by the PSP award; and
 - Market conditions and visibility of future trading;
 - Analysts' forecasts; and
 - Threshold and maximum ongoing growth expectations for years two and three are set around a fixed range.
- (3) There is a two year Holding Period post vesting for any shares that vest as a result of performance conditions being met.
- (4) The award is subject to Malus for the three-year performance period and Clawback during the two year Holding Period.

The Malus and Clawback provisions are:

- Material misstatement resulting in an adjustment to the audited accounts;
- Incorrect assessment of any performance conditions or award calculations due to an error or misleading information; and
- Fraud and Gross misconduct.

ANNUAL REPORT ON REMUNERATION

CONTINUED

2.4 Statement of directors' shareholdings and share interests (audited)

Policy summary

- Shareholding requirements in operation at Hays are currently 200% of base salary for both the Chief Executive and the Group Finance Director. Both are required to build up their shareholdings over a reasonable amount of time which would normally be five years.

What has happened

The number of shares of the Company in which current directors had a beneficial interest and details of long-term incentive interests as at 30 June 2019 are set out in the table below.

Name	Shareholding requirement % of salary	Number of shares owned outright/ vested shares	Share price as at 28 June 2019	Base salary as at 1 July 2018	Actual share ownership as % of base salary	Guidelines met
Alistair Cox	200%	3,590,720	£1.571	£752,709	749%	Yes
Paul Venables	200%	1,352,776	£1.571	£542,702	391%	Yes

Shares used for the above calculation exclude those with performance conditions, i.e. those awarded under the PSP which are still within their performance period, any unexercised options, those shares subject to a period of deferral and any shares held in a private Trust where the executive director is not a Trustee. They include vested shares where the executive directors have beneficial ownership, shares independently acquired in the market and those held by a spouse or civil partner or dependent child under the age of 18 years. The executive directors' total shareholdings, including shares subject to deferral and including accrued dividend equivalents to 30 June 2019, but excluding Sharesave Options, are shown below. For reference, their Sharesave options are shown in the table under 2.2 on page 85.

Name	Number of owned outright/ vested shares	Value of owned outright/ vested shares ⁽²⁾ £	Number of shares subject to deferral/ holding period ⁽¹⁾	Value of shares subject to deferral/ holding period ⁽²⁾ £	Number of total vested and unvested shares (excludes any shares with performance conditions)	Value of total vested and unvested shares (excludes any shares with performance conditions) ⁽²⁾ £	Share ownership as % of base salary using vested and unvested shares	PSP share interests including dividends subject to performance conditions
Alistair Cox	3,590,720	£5,641,021	663,752	£1,042,754	4,254,472	£6,683,776	887%	2,244,567
Paul Venables	1,352,776	£2,125,211	478,560	£751,817	1,831,336	£2,877,029	530%	1,618,328

(1) Unvested shares will be subject to payroll deductions for tax and social security on vesting. Number includes dividend equivalent shares to date.

(2) Share price as at 28 June 2019 and used in the above table was £1.571.

There have been no changes to the above holdings as at the date of this Report.

The table below shows the NEDs' shareholdings as at 30 June 2019 – this table has been audited.

Non-executive director	Shares held at 30 June 2019	Shares held at 30 June 2018
Andrew Martin	35,000	35,000
Peter Williams	15,806	15,000
Susan Murray	4,000	–
Victoria Jarman ⁽¹⁾	14,000	14,000
MT Rainey	–	–
Torsten Kreindl	–	–
Cheryl Millington ⁽²⁾	–	N/A

(1) Victoria Jarman stood down from the Board at the AGM on 14 November 2018. The number of shares shown is her shareholding at this date.

(2) Cheryl Millington joined the Board on 17 June 2019.

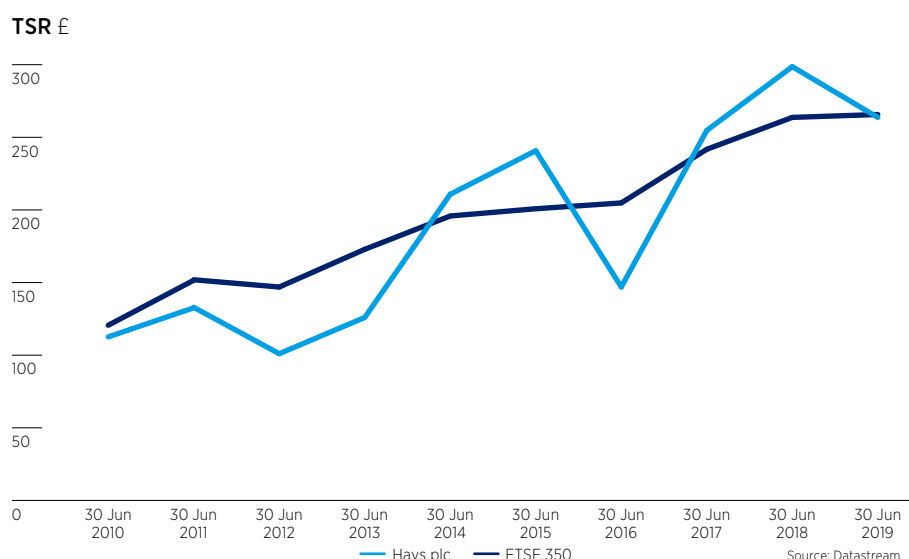
Note: Alan Thomson passed away on 23 July 2018. At the time of his death he held 250,000 shares.

There have been no changes to the above holdings for current NEDs as at the date of this Report.

2.5 Total Shareholder Return (TSR)

The graph shows the value of £100 invested in the Company's shares compared to the FTSE 350 Index. The graph shows the total shareholder return generated by both the movement in share value and the reinvestment over the same period of dividend income. The Committee considers that the FTSE 350 is the appropriate index because the Company has been a member of this index throughout the period. This graph has been calculated in accordance with the Regulations.

Note that following the UK Referendum to leave the EU, Hays' share price fell from 136.9 pence on 23 June 2016 to 97.65 pence on 30 June 2016.



Chief Executive historical remuneration

The table below sets out the total remuneration delivered to the Chief Executive over the last ten years, valued using the methodology applied to the total single figure of remuneration.

The 2018 figure has been restated to take into consideration the actual share price on date of PSP vesting and the adjustment as previously explained on page 84.

Chief Executive	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Single Figure (£000s)	1,634	2,157	1,328	2,012	2,826	3,996	2,796	2,993	3,009	2,698
Annual bonus payment level achieved (% of maximum opportunity)	89%	80%	37%	95%	98%	98%	66%	93%	97%	49%
PSP vesting level achieved (% of maximum opportunity)	0%	50%	0%	22%	50%	100%	86%	60%	55%	70%
DAB match vesting level achieved (% of maximum opportunity)	N/A	59%	60%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

2.6 Payments to past directors/payment for loss of office during FY19

There were no payments made in relation to either of the above in the financial year 2019.

ANNUAL REPORT ON REMUNERATION

CONTINUED

Section 3 – Remuneration in the broader context

In this section:

- | | |
|--|--|
| 3.1 Remuneration for employees below Board
3.2 Change in Chief Executive's remuneration compared to other employees | 3.3 External appointments
3.4 Relative importance of spend on pay |
|--|--|

3.1 Remuneration for employees below Board

Our remuneration philosophy is cascaded throughout the organisation. Our Management Board has an annual bonus scheme that is measured against Group and Regional financial targets and personal and strategic objectives. Of any award, 50% is deferred into shares for three years and subject to Malus provisions. Members of the Management Board also participate in the Performance Share Plan (PSP) with the same performance conditions as the executive directors.

Employees below the Management Board receive salary and benefits which are benchmarked to the local markets and countries in which they work. These are reviewed annually. There is a strong tie of reward to performance which is recognised through annual bonuses, commission or other non-financial recognition. Employees who hold key strategic positions or are deemed critical to the business through their performance are also offered the opportunity to participate in the Performance Share Plan with performance conditions based on Group EPS results measured over one year. Any shares that crystallise at the end of the performance period have a further two-year holding period prior to vesting. During this time there is also a personal performance underpin. In addition, nine countries offer a Sharesave plan to employees. A Resolution was passed at the 2016 AGM to enable the introduction of a US Stock Purchase Plan for employees in the USA and this was launched in FY19.

As stated in our Remuneration Policy, each year, prior to reviewing the remuneration of the executive directors and the members of the Management Board, the Committee considers a report prepared by the Group Head of Reward detailing remuneration practice across the Group. The report provides a regional overview of how employee pay compares to the market, any material changes during the year and includes detailed analysis of basic pay and variable pay changes within the UK where all of the executive directors and most of the Management Board are based.

While the Company does not currently directly consult with employees as part of the process of reviewing executive pay and formulating the Remuneration Policy, the Company takes account of feedback from the broader employee population on an annual basis using the engagement survey which includes a number of questions relating to remuneration.

Over the course of FY19, the Board and Committee have given further consideration to the approach to complying with the new Corporate Governance Code, which comes into effect for Hays from 1 July 2019. On 19 February 2019, MT Rainey was appointed as NED for workforce engagement. Further details will be provided in FY20's report.

The table below summarises the above.

Principles	Components		
Operate a consistent reward and performance philosophy throughout the business. Provide a balanced package with a strong link between reward and individual and Group performance. Encourage a material, personal stake in the business to give a long-term focus on sustained growth.	Base Salary Based on skill and experience and benchmarked to local market.	Annual bonus Employees who hold positions that influence the business strategy and direction, or hold key roles that have a direct effect on business results, have annual bonuses based on a combination of Group, Regional and/or local business targets and personal or strategic objectives. For members of the Management Board, 50% of any bonus earned is deferred into shares for three years and is subject to Malus.	Performance Share Plan (PSP) and Sharesave Members of the Management Board participate in the same PSP Plan as executive directors subject to Remuneration Committee approval. The PSP is subject to Malus and Clawback provisions. Management Board members are encouraged to retain shares. Below the Management Board, broadly 350 key employees each year participate in a PSP which has a one-year performance period and two-year holding period. Financial targets are based on Group EPS results. Nominations are reviewed and approved by the Remuneration Committee. Employees in nine countries can participate in a Sharesave scheme with the option to purchase shares after three years. A US Stock Purchase Plan for employees in the USA was launched in FY19.
	Benefits Benchmarked to local market and can include pension, life assurance, health cover and discounted voluntary benefits. In the UK the executive directors participate in the same plans as other UK employees.	Commission Client-facing employees have annual bonuses based on personal objectives and/or commission directly related to personal business performance.	Your Voice Survey An annual global employee engagement survey is conducted across all Hays' employees in all countries to ascertain overall engagement. This includes a number of questions relating to remuneration.
Timeline			
Fixed			
Variable			
Long-term/Ongoing			

ANNUAL REPORT ON REMUNERATION

CONTINUED

3.2 Change in Chief Executive's remuneration compared to other employees

The following table sets out the change in the remuneration paid to the Chief Executive from FY18 to FY19 compared with the average percentage change for UK employees.

The Chief Executive's remuneration disclosed in the table below has been calculated to take into account base salary, taxable benefits, excluding his allowance in lieu of pension, and annual bonus (including any amount deferred). The UK employee pay (on which the average percentage change is based) is calculated using the increase in the earnings of UK-based, full-time employees who are eligible for increases in salary/benefits and who participate in the standard discretionary (i.e. not commission based) annual bonus plans (employees who receive bonuses on a monthly or other time-scale basis are excluded). It uses P11D data from tax years 2018 and 2019. Part-time employees have been excluded from the analysis as many will have experienced material changes in pay during the period due to their change of hours.

The comparison figures are based on relevant UK employees (as described above) as both executive directors and most of the Management Board are UK based and this is considered to be an appropriate comparison.

	% change in salary FY19 vs FY18	% change in taxable benefits FY19 vs FY18	% change in annual bonus FY19 vs FY18
Chief Executive	2.0%	4.2% ⁽²⁾	-48.0%
Other relevant employees	4.1% ⁽¹⁾	17.4%	-11.8%

(1) The figure includes salary increases due to promotions as well as the annual pay review where the budget was 2%.

(2) The percentage change in taxable benefits is due to the increase in premium cost for life assurance and income protection.

3.3 External appointments

The Company considers that certain external appointments can help to broaden the experience and contribution to the Board of the executive directors. Any such appointments are subject to prior agreement by the Company and must not be with competing companies. Subject to the Company's agreement, any fees may be retained by the individual.

For the 12 months ended 30 June 2019, the fees earned and retained by the executive directors were as follows:

- Alistair Cox: Alistair was appointed as a non-executive director at Just Eat plc on 2 May 2017. His payment for the 12 months ending 30 June 2019 was £69,156.
- Paul Venables: Paul holds no external appointments.

3.4 Relative importance of spend on pay

The table below sets out the relative importance of the spend on pay in the 2019 financial year and the 2018 financial year compared with other disbursements. All figures are taken from the relevant Hays Annual Report.

	Disbursements from profit in 2019 financial year £m	Disbursements from profit in 2018 financial year £m	% change
Profit distributed by way of dividend	137.9	128.3	7.5%
Overall spend on pay including directors	693.1	635.2	9.1% ⁽¹⁾

(1) The increase is primarily due to the increase in consultant headcount and rise in commission payments in line with increase in fees.

Section 4 – Statement of implementation of Remuneration Policy in the following financial year

In this section:

4.1 Executive directors

4.2 Non-executive directors

4.3 Voting outcome

Below are the Remuneration Policy decisions for the financial year 2020. There are no changes to the Policy approved by shareholders at the November 2017 AGM.

There have been no changes to our Remuneration Policy during FY19.

4.1 Executive directors

Summary

Position	Name	Base salary from 1 July 2019	Maximum bonus potential as % of salary	Maximum PSP award as % of salary	Benefits and pension
CEO	Alistair Cox	£767,763	150%	150%	No change
CFO	Paul Venables	£553,556	150%	150%	No change
		The salaries for the CEO and CFO were increased by 2.0%, in line with the pay review budget for other relevant employees in the UK.	See below for performance conditions.	See grant summary below.	

Bonus performance conditions

The weighting of the performance conditions remain as follows for FY20:

Performance condition	Weighting	
EPS	60%	The operation of the Bonus Plan is as set out in the Remuneration Policy which can be found on our website, haysplc.com.
Cash Conversion	20%	
Personal	20%	It should be noted that the Committee views the disclosure of the actual performance targets as commercially sensitive. The Committee will aim to provide retrospective disclosure of the performance targets to allow shareholders to judge the bonus earned in the context of the performance delivered. In some instances, the detail of certain personal objectives may continue to be commercially sensitive for an extended period.
Total	100%	

Of any award, 50% will be deferred into shares and held for three years from the date of award and will be subject to Malus conditions for the three-year holding period.

Any cash award is subject to Clawback conditions for three years from the date of award. The Malus and Clawback provisions are:

- Material misstatement resulting in an adjustment to the audited accounts;
- Incorrect assessment of any performance conditions or award calculations due to an error or misleading information; and
- Fraud and Gross misconduct.

ANNUAL REPORT ON REMUNERATION

CONTINUED

2019 PSP (to be granted in FY20) vesting in 2022 (made under the Policy approved at the November 2017 AGM)

Performance period	1 July 2019 to 30 June 2022
Grant date	12 September 2019
Vest date	12 September 2022 followed by a two-year Holding Period

Performance condition	Weighting	Threshold performance required	Maximum performance required	PSP value as % of salary for:		
				Below threshold	Threshold	Maximum
Relative TSR ⁽¹⁾	20%	Median of the comparator group	Upper quartile of the comparator group	0	7.5%	30%
EPS ⁽²⁾	30%	33.59p	39.34p	0	11.25%	45%
Cash Conversion	50%	71%	101%	0	18.75%	75%
Total	100%			0	37.50%	150%
					25% of award	100% of award

- (1) TSR is measured against a bespoke comparator group, with vesting subject to satisfactory financial performance as determined by the Committee. The comparator group for FY20 is: Adecco SA, Kelly Services Inc, Manpower Inc, Page Group (previously Michael Page International plc), Randstad Holdings nv, Robert Half International Inc, Robert Walters plc and SThree plc.
- (2) The Committee took into account the following factors when setting the EPS targets for the award:
- Budget (the setting of which is a robust and transparent process);
 - Company budget for FY20 and the expectations for performance;
 - Strategic direction of the business over the period covered by the PSP award; and
 - Market conditions and visibility of future trading;
 - Analysts' forecasts; and
 - Threshold and maximum ongoing growth expectations for years two and three are set around a fixed range.
- In setting the EPS target (which represents 30% of the PSP award) for the FY20 PSP award, noting that the mechanics for this are consistent with prior years, it is recognised that the target range is lower in absolute terms than the target applied to the awards made in FY19. However, the Committee is comfortable that these targets are no less challenging in relative terms than the targets applied to the FY19 PSP awards and are broadly consistent with external forecasts at that time when adjusted for IFRS 16/IAS 19 pension charge.
- (3) There is a two-year Holding Period post vesting for any shares that vest as a result of performance conditions being met.
- (4) The award is subject to Malus for the three-year performance period and Clawback during the two year Holding Period.

The Malus and Clawback provisions are:

- Material misstatement resulting in an adjustment to the audited accounts;
- Incorrect assessment of any performance conditions or award calculations due to an error or misleading information; and
- Fraud and Gross misconduct.

Shareholding requirements

For FY20 the shareholding requirement for both the CEO and the CFO is 200% of base salary. Both the CEO and CFO already hold above this shareholding – see page 88.

4.2 Non-executive directors

The Committee reviewed the Group Chairman's fee during FY19 and determined that it should increase by 2.0% for FY20 from £220k to £224k. This was in line with other increases across the Company. The Board reviewed the fees for the other non-executive directors (NEDs) during FY19. They determined that their base fee should increase by 2.0% for FY20 in line with other increases across the Company. On 19 February 2019 MT Rainey was appointed as the NED for engagement with the Company's Workforce in line with the provisions of the UK Corporate Governance Code. It was determined that her fee for this role would be in line with the Committee Chair fee of £13,000. There were no changes made to the SID fee or Committee Chair fees. There is no fee for being the Chair of the Nominations Committee. All increases were effective from 1 July 2019.

The table below shows the changes.

Position	Fee for FY20 £000s	Fee for FY19 £000s
Chairman	224	220
Base fee	58	57
Committee Chair (Including fee for NED responsible for workforce engagement)	13	13
SID	11	11

4.3 Voting outcome for the 2017 Remuneration Policy at the 2017 AGM and Annual Report on Remuneration FY18 at the 2018 AGM

Votes	Votes 2017 Policy	%	Votes FY18 Remuneration Report	%
Votes for	1,015,990,462	94.02	1,201,141,966	98.72
Votes against	64,624,371	5.98	15,513,481	1.28
Votes withheld	6,955,822	–	1,291,832	–

Section 5 – Governance

In this section:

- 5.1** Remuneration Committee members and attendees
- 5.2** Terms of reference
- 5.3** Meetings in FY19

- 5.4** Advisers to the Remuneration Committee
- 5.5** Engagement with shareholders
- 5.6** Considering risk
- 5.7** General governance

5.1 Remuneration Committee members and attendees

The table below shows the members and attendees of the Remuneration Committee during FY19.

Remuneration Committee members	Position	Comments
Susan Murray	Member from 12 July 2017	Independent
Victoria Jarman	Member from 1 October 2011 until AGM 2018	Independent
Torsten Kreindl	Member from 1 June 2013	Independent
Andrew Martin	Member from 12 July 2017 to 23 July 2018	Independent
Peter Williams	Member from 24 February 2015	Independent
MT Rainey	Member from 14 December 2015	Independent
Cheryl Millington	Member from 17 June 2019	Independent

Remuneration Committee attendees	Position	Comments
Andrew Martin	Group Chairman and attended by invitation	Independent upon appointment on 23 July 2018 (member from appointment to Board on 12 July 2017 to date became Chairman).
Alistair Cox	Chief Executive	Attends by invitation but does not participate in any discussion about his own reward.
Other executives	The Group Head of Reward	Attends by invitation as the executive responsible for advising on the Remuneration Policy.
	The Company Secretary	Acts as Secretary to the Committee.
Deloitte	Committee's independent advisers during FY19	Attended by invitation.

Note: Alan Thomson, former Chairman, attended by invitation until his death on 23 July 2018.

No person is present during any discussion relating to his or her own remuneration.

5.2 Terms of reference

The Board has delegated to the Committee, under agreed Terms of Reference, responsibility for the Remuneration Policy and for determining specific packages for the executive directors, the Chairman and other senior executives. The Company consults with key shareholders in respect of the Remuneration Policy and the introduction of new incentive arrangements. The Terms of Reference for the Committee are available on the Company's website, haysplc.com, and from the Company Secretary at the registered office.

5.3 Meetings in FY19

The Committee normally meets at least four times per year. During FY19, it formally met four times as well as having ongoing dialogue via email or telephone discussion. The meetings principally discussed the following key issues and activities:

- A review of the basic pay, bonus and PSP awards of the executive directors and other senior executives;
- Consideration of the relationship between executive reward and the reward structures in place for other Group employees;
- The requirements of the revised UK Corporate Governance Code (July 2018);
- A review of the Committee's Terms of Reference; and
- The review of the Gender Pay Gap reporting.

ANNUAL REPORT ON REMUNERATION

CONTINUED

5.4 Advisers to the Remuneration Committee

Deloitte was appointed by the Committee as the independent adviser to the Committee with effect from November 2016 following a competitive tender process. During FY19 Deloitte has advised the Committee on all aspects of the current Remuneration Policy for executive directors and members of the Management Board.

Deloitte also provided advice to the Company in relation to taxation compliance work and tax advice including transfer pricing work. This work is carried out by entirely different areas and employees within Deloitte and is not felt to be in conflict with the independence and objectivity of the work carried out for the Committee.

The Committee is satisfied that the advice received was objective and independent. Deloitte is a member of the Remuneration Consultants' group and the voluntary code of conduct of that body is designed to ensure objective and independent advice is given to Remuneration Committees.

Deloitte's total fee for FY19 in relation to Committee work was £50k excluding VAT. While fee estimates are generally required for each piece of work and set fees have been agreed for certain regular work, fees are generally calculated based on time, with hourly rates in line with the level of expertise and seniority of the adviser concerned.

5.5 Engagement with shareholders

The Committee seeks to maintain an active and productive dialogue with investors on developments in the remuneration aspects of corporate governance generally and any changes to the Company's executive pay arrangements in particular. Following consultation, the Committee was pleased to have received strong shareholder support for its Remuneration Policy proposals, the Resolution for which received a 94.02% vote in favour at the November 2017 AGM. During FY20 the Committee will proactively liaise with shareholders when considering the Policy renewal due at the November 2020 AGM and values the constructive and open discussions and feedback.

5.6 Considering risk

Each year, the Committee considers the executive remuneration structure in the light of its key areas of risk. The Committee takes into consideration whether the achievement of objectives and any payment from plans have taken into account the overall risk profile of the Company when it evaluates the executives' performance.

5.7 General governance

The Directors' Report on Remuneration has been prepared in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), the revised provisions of the Code and the Listing Rules.

By order of the Board

Susan Murray

Chair of the Remuneration Committee

28 August 2019

DIRECTORS' REPORT

Hays is incorporated in the UK and registered as a public limited company in England and Wales. Its headquarters are in London and it is listed on the main market of the London Stock Exchange.

Strategic Report

A description of the Company's business model and strategy is set out in the Strategic Report along with the factors likely to affect the Group's future development, performance and position. An overview of the principal risks and uncertainties faced by the Group are also provided in the Strategic Report.

The Statement of Compliance with the Code for the reporting period is contained in the Corporate Governance Statement.

Information relating to matters addressed by the Audit, Remuneration and Nomination Committees, which operate within clearly defined terms of reference, are set out within the Audit, Remuneration and Nomination Committee Reports.

In accordance with Section 414CB of the Companies Act 2006, all of the matters above are incorporated by reference into this Directors' Report.

The purpose of this Report is to provide information to the members of the Company, as a body. The Company, its directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. This Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Report. Nothing in this Report should be construed as a profit forecast.

Related party transactions

Details of the related party transactions undertaken during the reporting period are contained in note 26 to the Consolidated Financial Statements.

Post balance sheet events

There have been no significant events to report since the date of the balance sheet.

Dividends

An interim dividend of 1.11 pence (2018: 1.06 pence) per Ordinary share was paid to shareholders on 12 April 2019. The Board recommends the payment of a final dividend of 2.86 pence (2018: 2.75 pence) per Ordinary share. In addition, the Board is also recommending the payment of a special dividend of 5.43 pence (2018: 5.00 pence) per Ordinary share. These three dividend payments will represent a total dividend of 9.40 pence (2018: 8.81 pence) per Ordinary share for the financial year ended 30 June 2019. Subject to the shareholders of the Company approving this recommendation at the 2019 AGM, the final and special dividends will be paid, in aggregate, on 15 November 2019 to those shareholders appearing on the register of members as at 4 October 2019. The ex-dividend date is 3 October 2019.

Financial instruments

Details of the financial instruments used by the Group are set out in notes 18 to 20 to the Consolidated Financial Statements. A general outline of Hays' use of financial instruments is set out in the treasury management section on page 39 of the Finance Director's Review.

Directors

Biographies of the serving directors of Hays are provided on pages 54 and 55 of this Report. They all served on the Board throughout the 2019 financial year, with the exception of Cheryl Millington who joined the Board on 17 June 2019. Alan Thomson served on the Board in FY19 until his passing in July 2018. Andrew Martin was appointed as Chairman, initially on an interim basis, and permanently with effect from 28 August 2018. Victoria Jarman served on the Board until the conclusion of the AGM on 14 November 2018, and was succeeded in her role as Audit Committee Chair on that date by Peter Williams. On 19 February 2019, Peter Williams was appointed to the role of Senior Independent Director and MT Rainey was appointed as the Designated NED for workforce engagement.

General powers of the directors

The powers of the directors are contained in the Company's Articles of Association (Articles). These powers may be exercised by any meeting of the Board at which a quorum of three directors is present. The power of the Board to manage the business is subject to any limitations imposed by the Companies Act 2006, the Articles or any directions given by special resolution of the shareholders applicable at a relevant time.

The Articles contain an express authority for the appointment of executive directors and provide the directors with the authority to delegate or confer upon such directors any of the powers exercisable by them upon such terms and conditions and with such restrictions as they see fit. The Articles contain additional authorities to delegate powers and discretions to committees and subcommittees.

Directors' powers to allot and buy back shares

The directors have the power to authorise the issue and buy-back of the Company's shares by the Company, subject to authority being given to the directors by the shareholders in general meeting, applicable legislation and the Articles.

Appointment and replacement of directors

Shareholders may appoint any person who is willing to act as a director by ordinary resolution and may remove any director by ordinary resolution. The Board may appoint any person to fill any vacancy or as an additional director, provided that they are submitted for election by the shareholders at the AGM following their appointment. Specific conditions apply to the vacation of office, including cases where a director becomes prohibited by law or regulation from holding office, or is persistently absent from directors' meetings, or if three-quarters of appointed directors request his or her resignation or in the case of mental incapacity or bankruptcy.

Directors' indemnities

The Company continues to maintain third-party directors' and officers' liability insurance for the benefit of its directors. This provides insurance cover for any claim brought against directors or officers for wrongful acts in connection with their positions. The directors have also been granted qualifying third-party indemnities, as permitted under the Companies Act 2006, which remain in force. Neither the insurance nor the indemnities extend to claims arising from fraud or dishonesty and do not provide cover for civil or criminal fines or penalties provided by law.

Directors' interests

Details of the interests of Hays' directors and their connected persons in the ordinary shares of the Company are outlined in the Remuneration Report.

DIRECTORS' REPORT CONTINUED

Share capital

Hays has one class of Ordinary shares which carry no right to fixed income or control over the Company. These shares may be held in certificated or uncertificated form. On 30 June 2019, the Company had 1,464,096,566 fully paid Ordinary shares in issue, of which 5,433,277 Ordinary shares were held in treasury by the Company.

The rights and obligations attaching to the Company's Ordinary shares are contained in the Articles. In brief, the Ordinary shares allow holders to receive dividends and to exercise one vote on a poll per Ordinary share for every holder present in person or by proxy at general meetings of the Company. They also have the right to a return of capital on the winding-up of the Company.

There are no restrictions on the size of holding or the transfer of shares, which are both governed by the general provisions of the Company's Articles and legislation. Under the Articles, the directors have the power to suspend voting rights and the right to receive dividends in respect of Ordinary shares and to refuse to register a transfer of Ordinary shares in circumstances where the holder of those shares fails to comply with a notice issued under Section 793 of the Companies Act 2006. The directors also have the power to refuse to register any transfer of certificated shares that does not satisfy the conditions set out in the Articles.

The Company is not aware of any agreements between shareholders that might result in the restriction of transfer of voting rights in relation to the shares held by such shareholders.

Treasury shares

As Hays has only one class of share in issue, it may hold a maximum of 10% of its issued share capital in treasury. As at 30 June 2019, 0.37% of the Company's shares were held in treasury. Legislation restricts the exercise of rights on Ordinary shares held in treasury. The Company is not allowed to exercise voting rights conferred by the shares while they are held in treasury. It is prohibited from paying any dividend or making any distribution of assets on treasury shares. Once in treasury, shares can only be sold for cash, transferred to an employee share scheme or cancelled. During the 2019 financial year, Hays transferred 7,324,300 shares out of treasury to satisfy the award of shares under the Company's employee share schemes.

Shares held by the Employee Benefit Trust

The Hays plc Employee Share Trust (the Trust) is an employee benefit trust which is permitted to hold Ordinary shares in the Company for employee share schemes purposes. No shares were held by the Trust as at the year end. Shares held in the Trust may be transferred to participants of the various Group share schemes. No voting rights are exercisable in relation to shares unallocated to individual beneficiaries.

Dilution limits in respect of share schemes

The current Investment Association (IA) guidance on dilution limits (formerly the responsibility of the Association of British Insurers) provide that the overall dilution under all share plans operated by a company should not exceed 10% over a 10-year period in relation to the Company's share capital, with a further limitation of 5% in any 10-year period on executive plans. The Company's share plans operate within IA recommended guidelines on dilution limits.

Major shareholders

As at 30 June 2019, the following shareholders held an interest of 3% or more of the Company's issued share capital:

	% of total voting rights
Cedar Rock Capital Limited	7.63%
Columbia Threadneedle Investments	7.39%
Silchester International Investors	6.91%
Baillie Gifford & Co	5.88%
Marathon Asset Management	5.16%
Majedie Asset Management	4.67%
M&G Investment Management	3.51%
Evenlode Investment	3.08%

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review, with details of the Group's treasury activities, long-term funding arrangements and exposure to financial risk included in notes 18 and 19 to the Consolidated Financial Statements.

The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments and any proposed dividends. The Group is therefore well placed to manage its business risks.

After making enquiries, the directors have formed the judgment at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

Articles of association

The Company's Articles may only be amended by special resolution of the shareholders.

Disclosure of information to the Auditor

So far as the directors who held office at the date of approval of this Report are aware, there is no relevant audit information of which the external Auditor is unaware and each director has taken all steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the external Auditor is aware of that information.

This confirmation should be interpreted in accordance with Section 418 of the Companies Act 2006.

2019 Annual Report and Financial Statements

On the recommendation of the Audit Committee and having considered all matters brought to the attention of the Board during the financial year, the Board is satisfied that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable. The Board believes that the disclosures set out in the Annual Report provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Annual General Meeting

The Company's AGM will be held at 12 noon on 13 November 2019 at the offices of UBS, 5 Broadgate, London EC2M 2QS.

The Notice of Meeting sets out the resolutions to be proposed at the AGM and gives details of the voting record date and proxy appointment deadline for that Meeting. The Notice of Meeting is contained in a separate circular to shareholders which is being mailed or otherwise provided to shareholders at the same time as this Report.

Auditor

Resolutions 13 and 14 at the forthcoming AGM will respectively propose the reappointment of PricewaterhouseCoopers LLP as Auditor of the Company and authorise the directors to determine its remuneration. These resolutions will be proposed as ordinary resolutions and shall have effect until the conclusion of the next general meeting of the Company at which accounts are laid.

Political donations

The Company made no political donations during the year and intends to maintain its policy of not making such payments. It will, however, as a precautionary measure to avoid inadvertent breach of the law, seek shareholder authority at the 2019 AGM to make limited donations or incur limited political expenditure, although it has no intention of using the authority.

Resolution 15 will be proposed as an ordinary resolution to seek authority to make political donations, and if passed, such authority shall expire at the conclusion of the 2020 AGM.

Authority to allot shares

At the 2018 AGM, shareholders authorised the directors, subject to the Companies Act 2006, to allot Ordinary shares or grant rights to subscribe for or grant rights to subscribe for or convert any securities into shares without the prior consent of shareholders. This authority expires at the conclusion of the 2019 AGM.

Accordingly, Resolution 16 will be proposed as an ordinary resolution to renew this authority for a period expiring at the conclusion of the 2020 AGM. The directors have no present intention of exercising this authority.

Disapplication of pre-emption rights

Also at last year's meeting, a special resolution was passed under the Companies Act 2006 empowering the directors to allot equity securities for cash without first being required to offer such shares to existing shareholders. Resolution 17 will seek to renew this authority. If approved, the resolution will authorise directors in accordance with the Articles to issue shares in connection with a rights issue and otherwise to issue shares for cash up to a specified maximum nominal amount which includes the sale on a non pre-emptive basis of any shares held in treasury.

Resolution 17 will be proposed as a special resolution to renew this authority for a period expiring at the conclusion of the 2020 AGM.

Authority to purchase own shares

A special resolution was also passed at last year's meeting enabling the Company to purchase its own shares in the market. Resolution 18 will seek to renew this authority. The directors intend only to exercise this authority if to do so would, in their opinion, enhance shareholder value. The Company will have the option of holding, as treasury shares, any of its own shares that it purchases pursuant to the authority conferred by this resolution. This would give the Company the ability to sell treasury shares, providing the

Company with flexibility in the management of its employee shares schemes. No dividends will be paid on shares whilst held in treasury and no voting rights will attach to the treasury shares.

The price paid for Ordinary shares will not be less than the nominal value of 1 pence per share and not more than the higher of 5% above the average of the middle market quotations of the Company's Ordinary shares as derived from the London Stock Exchange.

Resolution 18 will be proposed as a special resolution to renew this authority for a period expiring at the conclusion of the 2020 AGM.

Notice of general meetings

The notice period required by the Companies Act 2006 for general meetings of the Company is 21 clear days, unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days.

At last year's AGM, shareholders authorised the calling of general meetings other than an AGM on not less than 14 clear days' notice and Resolution 19 will be proposed as a special resolution and seeks to renew this authority. The authority granted by this resolution, if passed, will be for a period expiring at the conclusion of the 2020 AGM.

The flexibility offered by this resolution will be used where, taking into account the circumstances, the directors consider this appropriate in relation to the business to be considered at the meeting and in the interests of the Company and shareholders as a whole.

New All-Employee Sharesave Plans

Resolutions 20 and 21 will be proposed to renew:

- the Hays UK Sharesave Plan (the "UK Sharesave Plan"); and
- the Hays International Sharesave Plan (the "International Sharesave Plan"), (together the "Plans").

Employee participation remains a priority for the Company. We believe that the Plans help align the interests of employees and shareholders, and contribute to the success of the Company.

Sharesave plans are an excellent way of achieving employee share ownership, enabling employees to finance the exercise of a share option out of regular contributions to a savings contract.

The Company introduced sharesave in the UK in 1989 and it was extended to non-UK employees in 1999. Both Plans now require renewal and Appendices to the Notice of Meeting set out details of the proposed renewals.

To the extent that new shares are issued under either of the Plans, they will comply with the limit summarised in the Notice. The rules of the Plans will be available for inspection as noted in the Notice.

Recommendation

The directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

By order of the Board

Doug Evans

Company Secretary
28 August 2019

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- Make judgments and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's performance, business model and strategy.

Each of the directors, whose names and functions are listed in Governance Report confirm that, to the best of their knowledge:

- The Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- The Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Alistair Cox
Chief Executive

Paul Venables
Group Finance Director
28 August 2019

FINANCIAL STATEMENTS

Financial Statements for the Group including the report from the Independent Auditor.

Independent Auditor's Report	102
Consolidated Group Financial Statements	109
Hays plc Company Financial Statements	137

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

Report on the audit of the Financial Statements

Opinion

In our opinion:

- Hays plc's Group Financial Statements and Company Financial Statements (the "Financial Statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2019 and of the Group's profit and cash flows for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

We have audited the Financial Statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Hays plc Company Balance Sheets as at 30 June 2019; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and Hays plc Company Statements of Changes in Equity for the year then ended; and the notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

Other than those disclosed in the Directors' Report, we have provided no non-audit services to the Group or the Company in the period from 1 July 2018 to 30 June 2019.

The scope of our audit

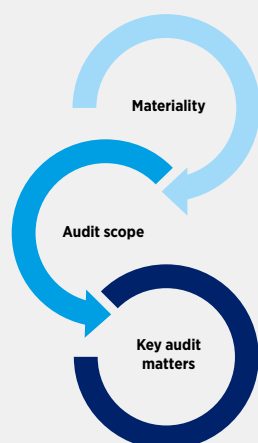
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, the Listing Rules, Pensions legislation, UK tax legislation and equivalent local laws and regulations applicable to significant components, and we considered the extent to which non-compliance might have a material effect on the Financial Statements. We also considered those laws and regulations that have a direct impact on the preparation of the Financial Statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or manipulate expenditure and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

Our audit approach

Overview



- Overall Group materiality: £12.25 million (2018: £11.5 million), based on 5% of profit before tax, before exceptional items.
- Overall Company materiality: £8.9 million (2018: £9.8 million), based on 1% of total assets.
- 86% of Group net fees and 92% Group profit before tax covered through full scope audit procedures.
- Australia, UK and Germany considered to be financially significant due to their relative contributions to the Group's net fees and profit before tax.
- Five country operations visited by the Group audit team during the year (UK, Germany, France, US and Canada).
- Recoverability of trade receivables (Group).
- Fraud in revenue recognition and revenue cut-off (Group).
- Goodwill impairment assessment (Group).
- Pensions (Group and parent).

- Discussions with management, internal audit, local legal advisors and management's forensic experts, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of the Financial Statement disclosures to underlying supporting documentation;
- Reading key correspondence with regulatory authorities in relation to compliance with regulations;
- Challenging assumptions and judgments made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditor's professional judgment, were of most significance in the audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables – Group Refer to page 67 (Audit Committee Report) and Notes 2, 3 and 17 to the Financial Statements for the directors' disclosures of the related accounting policies, judgments and estimates. At 30 June 2019, the total receivables income balances net of provisions included in note 17 was £649.3 million (2018: £633.3 million). The recoverability of trade receivables and the level of provisions for expected credit losses are considered to be a key risk due to the significance of these balances to the Financial Statements and the judgments required in making appropriate provisions.	In order to test the recoverability of trade receivables, we performed the following procedures: We evaluated the Group's credit control procedures and assessed and validated the ageing profile of trade receivables; We assessed recoverability on a sample basis by reference to cash received subsequent to year-end, agreement to the terms of the contract in place and issue of credit notes post year-end, as necessary; We considered the appropriateness of judgments regarding the level of expected credit loss for trade receivables and assessed whether the associated provisions were calculated in accordance with the Group's expected credit loss policies and / or whether there was evidence of management bias in provisioning, obtaining supporting evidence as necessary; We challenged management as to the recoverability of specific older, unprovided debtors, corroborating management's explanations with underlying documentation and correspondence with the customer. We also challenged management in certain territories as to whether the methodology applied in determining the appropriate expected credit loss provisions appropriately reflected the level of risk in the total receivables balance with consideration given to individual counter-party credit risk and the general economic conditions in each jurisdiction. Based upon the above, we satisfied ourselves that management had taken reasonable judgments that were materially supported by the available evidence in respect of the relevant receivable balances. We did not encounter any issues through these audit procedures that indicated that provisioning in respect of trade receivables was inappropriate.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

CONTINUED

Key audit matter	How our audit addressed the key audit matter
Fraud in revenue recognition and revenue cut-off – Group Refer to page 68 (Audit Committee Report) and Notes 2 and 3 to the Financial Statements for the directors' disclosures of the related accounting policies, judgments and estimates. There may be an incentive to manipulate income through the fraudulent posting of journals to revenue during the year to meet financial targets. We therefore considered there to be a risk of fraud in revenue recognition at the occurrence assertion level. There is also a degree of judgment relating to year-end cut-off and accruing for income, particularly in respect of the time worked by contractors and temporary workers that has not been processed in the Group's financial systems, together with a risk of inappropriate early recognition of permanent placements that relate to the incorrect period. The audit risk includes all of the above aspects. We determined that this specifically impacts the occurrence and cut-off assertions.	We performed the following procedures to address the risk that revenue had been recorded fraudulently: – We identified the Group's key revenue streams relating to the fees generated from the placement of permanent candidates and temporary contractors in client businesses, and assessed the design and implementation of key controls relating to these streams; – We tested the occurrence of revenue journals posted through the year using a combination of data auditing techniques and corroborating sales transactions to third party documentation; – We tested the accrued income associated with work performed by contractors before the year end, by comparing the amounts to timesheets submitted after year end; – We considered the appropriateness and accuracy of any cut-off adjustments processed by considering the start date of permanent placements and the term of a temporary placement with reference to the year end date; and – We evaluated whether revenue had been recognised in accordance with IFRS 15 'Revenue from Contracts with Customers' and with Hays' accounting policy by reviewing details of the Group revenue recognition policy, the application of this, and any significant new contracts. There were no material issues identified by our testing of revenue recognition and revenue cut-off in the year.
Goodwill impairment assessment – Group Refer to page 68 (Audit Committee Report), Note 3 (Critical accounting estimates) and Note 13 for the related disclosures on goodwill. The Group carried £227.2 million of goodwill at 30 June 2019 (2018: £223.2 million). The carrying value of goodwill is contingent on future cash flows of the underlying cash-generating units ('CGUs') and there is a risk that if these cash flows do not meet the directors' expectations, the goodwill will be impaired. No impairment charge was recognised in the year ended 30 June 2019. We focused our assessment on the Hays US CGU, which has historically had varying levels of headroom over a goodwill carrying value of £42.4 million (2018: £40.8 million). Management's continued investment in headcount has resulted in a decline in headroom over the carrying value of the CGU to £15.4 million (2018: £43.8 million). Despite the headroom noted above the goodwill carrying value, there is a risk that a failure to execute against the current strategy, coupled with changes in key assumptions, could result in an impairment to Hays US.	Focusing on the Hays US business, we evaluated and challenged the directors' future cash flow forecasts and the process by which they were drawn up, substantiating the significant changes in assumptions from the prior year. We compared management's forecast with the latest Board-approved budget and found them to be reasonable. We challenged: – the key assumptions for short and long-term growth rates in the forecasts by comparing them with historical results, as well as economic and industry forecasts for the US recruitment market; and – the discount rate used in the calculations by assessing the cost of capital for the Group and comparable organisations, and assessed the specific risk premium applied to the Hays US CGU. We performed sensitivity analysis on the key assumptions within the cash flow forecasts. This included sensitising the discount rate applied to the future cash flows, and the short and longer term growth rates and profit margins forecast. We ascertained the extent to which a change in these assumptions, both individually or in aggregate, would result in a goodwill impairment, and considered the likelihood of such events occurring. Based on the procedures described above, we were satisfied that the carrying value of goodwill in respect of Hays US had been appropriately assessed.

Key audit matter	How our audit addressed the key audit matter
Pensions – Group & Company Refer to page 68 (Audit Committee report), page 115 (Accounting policies), pages 130 to 133 (Note 22) and page 140 (Note 9 of the Company). The Group has a material defined benefit pension scheme in the UK with a net surplus of £19.7 million in both the Consolidated and Company balance sheet. Management estimation is required in relation to the measurement of pension scheme obligations, and management employs independent actuarial experts to assist it in determining appropriate assumptions such as inflation levels, discount rates, salary increases and mortality rates. Movements in these assumptions can have a material impact on the determination of the liability and, therefore, the extent of any surplus or deficit. Additionally, members approved that the plan trustee could enter into a full “buy-in” agreement with an insurance company during the year. The insurer will now meet all benefits due to members of the plan in return for a premium that was largely settled by existing plan assets. The changes in benefits, the new insurance contract asset valuation and the updated financial assumptions, primarily in the discount rate applied, generated significant fluctuations in the fair value of plan assets and net liabilities and led to significant amounts to be recognised in the Consolidated Statement of Comprehensive Income, primarily in other comprehensive income.	We used our own actuarial experts to satisfy ourselves that the assumptions used in calculating the UK pension scheme liabilities are appropriate, including confirming that salary increases and mortality rate assumptions were consistent with relevant benchmarks. We determined that the discount and inflation rates used in the valuation of the pension scheme liabilities were consistent with our internally developed benchmarks and, where available, with those disclosed in the published financial statements of other companies as at 30 June 2019. In each case we considered the assumptions made by management to be reasonable in light of the available evidence. Specific audit procedures were also performed in respect of the pension buy-in transaction, as follows: We reviewed with the support of a financial reporting specialist, experienced in similar buy-in transactions, memoranda prepared by the Group and its actuary relating to the transaction, the proposed accounting treatment and relevant accounting literature; We reviewed all significant and relevant contracts, agreements and minutes and discussed the changes with pension plan trustees to ensure our understanding and accounting memoranda were complete and accurate; We extended the scope of our actuarial audit expert’s review of the actuarial report, to specifically consider the appropriateness of the impacts of the buy-in transaction, changes in benefits and the reasonableness of adjustments made to key assumptions; and We corroborated plan asset valuations used to acquire the insurance product at the date of the buy-in transaction. We deem the accounting and disclosures for UK pension plan changes to be appropriate and the financial impact to be reasonably estimated.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group’s 33 trading countries are structured across four reported segments, Australia & New Zealand (‘ANZ’), Germany, UK & Ireland (‘UK&I’) and Rest of World (‘ROW’).

Of the 33 trading countries, the UK, Germany and Australia together represent 66% of the Group’s net fees and 81% of the Group’s profit before tax. We therefore considered these three countries to be financially significant to the Group.

A further 17 other reporting units, including 16 trading countries, were also subject to full scope audits by PwC teams in each of these countries, representing 19% of Group net fees and 10% of Group profit before tax, on an absolute basis. In addition to this, the Group audit team performed specified audit procedures in two other countries, representing 6% of Group net fees.

Central review procedures were performed by the Group audit team on the remaining 12 countries that were not subject to full scope or specified audit procedures. These countries represented the remaining 8% of net fees and 8% of profit before tax for the Group.

Over the course of the year, the Group audit team visited the operations in the UK, Germany, France, the US and Canada. The Group team held regular meetings with the component audit teams in Australia, Germany, France and the UK, and also reviewed the audit work papers of each of those teams. This helped to ensure that the Group audit team was sufficiently involved in both the planning and the execution of the audit procedures in these countries.

The Group audit team also joined the audit clearance meetings for each of the other 18 countries that were subject to full scope and specified audit procedures, as well as holding calls with the regional management teams responsible for the 10 countries subject to central review procedures.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

CONTINUED

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual Financial Statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the Financial Statements as a whole.

Based on our professional judgment, we determined materiality for the Financial Statements as a whole as follows:

	Group Financial Statements	Company Financial Statements
Overall materiality	£12.25 million (2018: £11.5 million).	£8.9 million (2018: £9.8 million).
How we determined it	5% of profit before tax, before exceptional items.	1% of total assets.
Rationale for benchmark applied	We believe that profit before tax (before exceptional items) is the primary measure used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark.	We believe that total assets is the most appropriate measure to assess a holding company, and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £0.85 million to £9.5 million (2018: £0.75 million to £9.0 million). Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £612,500 (Group audit) (2018: £575,000) and £500,000 (Company audit) (2018: £500,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the Financial Statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements and the directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the Financial Statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group's trade, customers, suppliers and the wider economy.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the Financial Statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report, Directors' Report and Corporate Governance Statement, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2019 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

Corporate Governance Statement

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on pages 59 to 60) about internal controls and risk management systems in relation to financial reporting processes and about share capital structures (on page 98) in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ("DTR") is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in this information. (CA06)

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on page 53) with respect to the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. (CA06)

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Company. (CA06)

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 40 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 41 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 100, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
- The section of the Annual Report on pages 66 to 69 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

CONTINUED

Responsibilities for the Financial Statements and the audit

Responsibilities of the directors for the Financial Statements

As explained more fully in the Directors' Responsibilities set out on page 100, the directors are responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 9 November 2016 to audit the Financial Statements for the year ended 30 June 2017 and subsequent financial periods. The period of total uninterrupted engagement is three years, covering the years ended 30 June 2017 to 30 June 2019.

Andrew Paynter

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

28 August 2019

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE

(In £s million)	Note	2019 Before exceptional items	2019 Exceptional items (note 5)	2019	2018
Turnover		6,070.5	–	6,070.5	5,753.3
Net fees⁽¹⁾	4	1,129.7	–	1,129.7	1,072.8
Operating profit	4	248.8	(15.1)	233.7	243.4
Net finance charge	9	(2.5)	–	(2.5)	(4.9)
Profit before tax		246.3	(15.1)	231.2	238.5
Tax	10	(72.7)	3.2	(69.5)	(72.7)
Profit after tax		173.6	(11.9)	161.7	165.8
Profit attributable to equity holders of the parent company		173.6	(11.9)	161.7	165.8
Earnings per share (pence)					
– Basic	12	11.92p	(0.82p)	11.10p	11.44p
– Diluted	12	11.77p	(0.80p)	10.97p	11.30p

(1) Net fees comprise turnover less remuneration of temporary workers and other recruitment agencies.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE

(In £s million)	2019	2018
Profit for the year	161.7	165.8
Items that will not be reclassified subsequently to profit or loss:		
Actuarial remeasurement of defined benefit pension schemes	(63.1)	62.9
Tax relating to components of other comprehensive income	12.3	(11.9)
	(50.8)	51.0
Items that may be reclassified subsequently to profit or loss:		
Currency translation adjustments	7.6	(5.1)
Tax relating to components of other comprehensive income	(0.7)	–
Other comprehensive income for the year net of tax	(43.9)	45.9
Total comprehensive income for the year	117.8	211.7
Attributable to equity shareholders of the parent company	117.8	211.7

CONSOLIDATED BALANCE SHEET

AT 30 JUNE

(In £s million)	Note	2019	2018
Non-current assets			
Goodwill	13	227.2	223.2
Other intangible assets	14	38.4	23.8
Property, plant and equipment	15	33.0	29.3
Deferred tax assets	16	24.0	23.2
Retirement benefit surplus	22	19.7	75.9
		342.3	375.4
Current assets			
Trade and other receivables	17	1,030.9	1,010.4
Cash and cash equivalents	18	129.7	122.9
		1,160.6	1,133.3
Total assets		1,502.9	1,508.7
Current liabilities			
Trade and other payables	21	(761.7)	(758.0)
Current tax liabilities		(23.0)	(25.4)
Derivative financial instruments	19	(0.1)	(0.1)
Provisions	23	(1.1)	(1.2)
		(785.9)	(784.7)
Non-current liabilities			
Deferred tax liabilities	16	(8.4)	(17.3)
Provisions	23	(7.1)	(6.2)
		(15.5)	(23.5)
Total liabilities		(801.4)	(808.2)
Net assets		701.5	700.5
Equity			
Called up share capital	24	14.7	14.7
Share premium		369.6	369.6
Capital redemption reserve		2.7	2.7
Retained earnings		206.7	213.0
Cumulative translation reserve		86.3	78.7
Equity reserve		21.5	21.8
Total equity		701.5	700.5

The Consolidated Financial Statements of Hays plc, registered number 2150950, as set out on pages 109 to 144 were approved by the Board of Directors and authorised for issue on 28 August 2019.

Signed on behalf of the Board of Directors

A R Cox

P Venables

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

(In £s million)	Called up share capital	Share premium	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Equity reserve	Total equity
At 1 July 2018	14.7	369.6	2.7	213.0	78.7	21.8	700.5
Currency translation adjustments	-	-	-	-	7.6	-	7.6
Remeasurement of defined benefit pension schemes	-	-	-	(63.1)	-	-	(63.1)
Tax relating to components of other comprehensive income	-	-	-	11.6	-	-	11.6
Net expense recognised in other comprehensive income	-	-	-	(51.5)	7.6	-	(43.9)
Profit for the year	-	-	-	161.7	-	-	161.7
Total comprehensive income for the year	-	-	-	110.2	7.6	-	117.8
Dividends paid	-	-	-	(129.1)	-	-	(129.1)
Share-based payments	-	-	-	12.0	-	(0.3)	11.7
Tax on share-based payment transactions	-	-	-	0.6	-	-	0.6
At 30 June 2019	14.7	369.6	2.7	206.7	86.3	21.5	701.5

FOR THE YEAR ENDED 30 JUNE 2018

(In £s million)	Called up share capital	Share premium	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Equity reserve	Total equity
At 1 July 2017	14.7	369.6	2.7	94.1	83.8	21.5	586.4
Currency translation adjustments	-	-	-	-	(5.1)	-	(5.1)
Remeasurement of defined benefit pension schemes	-	-	-	62.9	-	-	62.9
Tax relating to components of other comprehensive income	-	-	-	(11.9)	-	-	(11.9)
Net income recognised in other comprehensive income	-	-	-	51.0	(5.1)	-	45.9
Profit for the year	-	-	-	165.8	-	-	165.8
Total comprehensive income for the year	-	-	-	216.8	(5.1)	-	211.7
Dividends paid	-	-	-	(109.7)	-	-	(109.7)
Share-based payments	-	-	-	11.9	-	0.3	12.2
Tax on share-based payment transactions	-	-	-	(0.1)	-	-	(0.1)
At 30 June 2018	14.7	369.6	2.7	213.0	78.7	21.8	700.5

The equity reserve is generated as a result of IFRS 2 'Share-based payments'.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE

(In £s million)	Note	2019	2018
Operating profit		233.7	243.4
Adjustments for:			
Exceptional items ⁽¹⁾	5	12.2	–
Depreciation of property, plant and equipment		10.0	9.2
Amortisation of intangible assets		5.2	6.3
Loss/(profit) on disposal of business assets		0.2	(0.6)
Net movements in provisions		0.8	(1.4)
Share-based payments		11.2	12.4
		39.6	25.9
Operating cash flow before movement in working capital		273.3	269.3
Movement in working capital:			
Increase in receivables		(9.1)	(107.9)
(Decrease)/increase in payables		(4.1)	82.1
Movement in working capital		(13.2)	(25.8)
Cash generated by operations		260.1	243.5
Pension scheme deficit funding		(15.7)	(15.3)
Income taxes paid		(75.5)	(65.7)
Net cash inflow from operating activities		168.9	162.5
Investing activities			
Purchase of property, plant and equipment		(13.5)	(15.1)
Proceeds from sales of business assets		–	1.5
Purchase of own shares		(0.1)	–
Purchase of intangible assets		(19.5)	(11.4)
Cash paid in respect of Veredus acquisition made in previous years		–	(13.7)
Interest received		0.7	0.6
Net cash used in investing activities		(32.4)	(38.1)
Financing activities			
Interest paid		(3.4)	(2.6)
Equity dividends paid		(129.1)	(109.7)
Proceeds from exercise of share options		1.9	1.3
Decrease in bank loans and overdrafts		–	(0.4)
Net cash used in financing activities		(130.6)	(111.4)
Net increase in cash and cash equivalents		5.9	13.0
Cash and cash equivalents at beginning of year		122.9	112.0
Effect of foreign exchange rate movements		0.9	(2.1)
Cash and cash equivalents at end of year		129.7	122.9

(1) The adjustment to the Cash Flow Statement in the year to 30 June 2019 of £12.2 million relates to the non-cash GMP Equalisation charge of £8.3 million and restructuring costs of £3.9 million expected to be paid out during the year to 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Hays plc is a Company incorporated in the United Kingdom and registered in England and Wales and its registered office is 4th Floor, 20 Triton Street, London NW1 3BF.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretation Committee interpretations (IFRICs) as adopted by the European Union and therefore comply with Article 4 of the European Union International Accounting Standard (IAS) Regulation. The Consolidated Financial Statements are presented in Sterling, the functional currency of Hays plc.

New standards and interpretations

The Consolidated Financial Statements have been prepared on the basis of the accounting policies and methods of computation applicable for the year ended 30 June 2019. These accounting policies are consistent with those applied in the preparation of the financial statements for the year ended 30 June 2018 with the exception of the following new accounting standards, amendments and interpretations which were mandatory for accounting periods beginning on or after 1 January 2018, none of which had any material impact on the Group's results or financial position.

- IFRS 2 (amendments) Share-based Payments (effective 1 January 2018)
- IFRS 9 Financial Instruments (effective 1 January 2018)
- IFRS 15 Revenue from Contracts and Customers (effective 1 January 2018)
- IFRS 15 (amendments) Revenue from Contracts and Customers (effective 1 January 2018)
- Annual Improvements to IFRSs 2016 (effective 1 January 2018)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)

The Group's accounting policies align to the requirements of IFRS 9 and IFRS 15. There have been no major alterations made to the accounting policies as a result of considering all IFRS and IFRIC amendments and interpretations that became effective during the financial year, as these were either not material to the Group's operations, or were not relevant.

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but which are only effective for the Group accounting periods beginning on or after 1 July 2019. These new pronouncements are listed as follows:

- IFRS 9 (amendments) Financial Instruments (effective 1 January 2019)
- IAS 19 (amendments) Employee Benefits (effective 1 January 2019)
- IAS 28 (amendments) Investments in Associates (effective 1 January 2019)
- IFRS 16 Leases (effective 1 January 2019)
- IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)
- Annual Improvements to IFRSs 2017 (effective 1 January 2019)
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material (effective 1 January 2020)
- IFRS 3 (amendments) Business Combinations – Definition of a business (effective 1 January 2020)

IFRS 9 has introduced a new classification approach for financial assets and liabilities. The categories of financial assets have been reduced from four to three and financial liabilities are measured at amortised cost or fair value through profit and loss. The standard also prescribes an 'expected credit loss' model for determining the basis of providing for bad debts. A review of the current Group bad debt policy has concluded that had IFRS 9 been applied in the previous reporting period, the expected credit loss model would not have had a material impact on the Group's Financial Statements. The Group has applied the new rules retrospectively from 1 July 2018. Comparative information for the year ended 30 June 2018 has not been restated given the negligible impact.

IFRS 15 'Revenue from Contracts with Customers' requires companies to apportion revenue from customer contracts to separate performance obligations and recognise revenue as these performance obligations are satisfied. IFRS 15 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

An assessment of the impact of IFRS 15 has been completed following a comprehensive review of the contracts that exist across the Group's revenue streams. The review concluded that the significant majority of revenue generated by the Group is from the performance obligation of either (i) the permanent placement of an individual with a client, which is satisfied upon the individual commencing employment with the client, or (ii) as temporary workers are provided to the client. An immaterial amount of revenue is generated from the provision of services over time, recognised as certain delivery milestones are met, which represents approximately 0.3% of the Group's turnover and net fees.

Revenue recognition under IFRS 15 is consistent with prior practice for the Group's revenue as described in note 2 (d) Turnover and (e) Net Fees to the Consolidated Financial Statements. A fully retrospective method has been adopted for transparency and comparison purposes in the Group Financial Statements and no restatement was required. If IFRS 15 had been applied in the prior reporting period, it would not have had a material impact on the Group's Consolidated Financial Statements.

IFRS 16 is expected to have a significant impact on the amounts recognised in the Group's Consolidated Financial Statements and will become effective from 1 July 2019. On adoption of IFRS 16 the Group will recognise within the balance sheet a right of use asset and lease liability for all applicable leases. Within the income statement, operating lease rentals charged will be replaced by depreciation and interest expense. This will result in an increase in operating profit and an increase in finance costs.

The Group has elected to apply the modified retrospective approach whereby the right of use asset at the date of initial application (1 July 2019) is measured at an amount equal to the lease liability with no restatement to prior years. The right of use asset is adjusted for any prepaid lease payments and incentives relating to the relevant leases that were recognised on the balance sheet at 30 June 2019. The opening balance on transition being the present value of the remaining future minimum lease payments at the date of initial application, including any early termination or extension options only if they are deemed reasonably certain to be adopted. The Group has applied the practical expedient within the standard whereby IFRS 16 has been applied to contracts that were previously identified as leases when applying IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

1. General information continued

Management has completed the data collection exercise to determine the estimated quantitative impact of IFRS 16 on the Group's net assets and income statement as a result of IFRS 16 coming into effect from 1 July 2019. The Group's assets are expected to increase by approximately £240 million and liabilities are expected to increase by approximately £245 million. Operating lease rental charges for those leases accounted for under IFRS 16 are replaced by depreciation and finance costs. The impact on the Group's FY20 Income Statement is not material. IFRS 16 will primarily affect the accounting for the Group's operating leases, to which the Group had commitments of £216.0 million at 30 June 2019 as reported in note 27. The difference between the operating lease commitments at 30 June 2019, per note 27, and the IFRS 16 lease liability on transition is due to lease commitments only being for minimum lease commitments, whereas the lease liability is measured using the expected lease payments even if a break clause exists. The lease liability will also be measured using discounted future cash flows, whereas the operating lease commitments are not discounted. The Group estimates that profit before tax will decrease by approximately £3 million for FY20 as a result of adopting the new rules. The Group estimates that depreciation charges under IFRS 16 will be approximately £2 million lower than under IAS 17 operating lease charges, offset by an approximate £5 million non-cash finance cost. IFRS 16 will not have any impact on the underlying commercial performance of the Group, nor the cash flows generated in the year.

IFRIC 23 is effective for the Group from 1 July 2019. The Interpretation clarifies how to measure current and deferred tax assets and liabilities where there is uncertainty over a tax treatment. Following a review, the Group does not expect IFRIC 23 to have a material impact on its reported results or net assets.

The directors are currently evaluating the impact of the adoption of all other standards, amendments and interpretations but do not expect them to have a material impact on the Group's operations or results.

The Group's principal accounting policies adopted in the presentation of these Financial Statements are set out below and have been consistently applied to all the periods presented.

2. Significant accounting policies

a. Basis of preparation

The Consolidated Financial Statements have been prepared on the historical cost basis with the exception of financial instruments and pension assets. Financial instruments have been recorded initially on a fair value basis and then at amortised cost. Pension assets have been measured at fair value.

b. Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and viability are set out in the Strategic Report on pages 3 to 50. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review on pages 36 to 39. In addition, notes 18 to 20 to the Consolidated Financial Statements include details of the Group's treasury activities, long-term funding arrangements and exposure to financial risk.

The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments and any proposed dividends. Therefore the Group is well placed to manage its business risks.

After making enquiries the directors have formed the judgment that at the time of approving the Consolidated Financial Statements there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the Consolidated Financial Statements.

c. Basis of consolidation

Subsidiaries are fully consolidated from the date on which power to control is transferred to the Group. They are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group whereby the identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. The Financial Statements consolidate the accounts of Hays plc and all of its subsidiaries. The results of subsidiaries acquired or disposed during the year are included from the effective date of acquisition or up to the effective date of disposal as appropriate.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

d. Turnover

Turnover is measured at the fair value of the consideration received or receivable at the point in time and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Turnover arising from the placement of permanent candidates, including turnover arising from Recruitment Process Outsourcing (RPO) services, is recognised at the point in time the candidate commences full-time employment. Where a permanent candidate starts employment but does not work for the specified contractual period, a provision is made in respect of the required refund or credit note due to the client. The revenue recognised from a permanent placement is typically based on a percentage of the candidates remuneration package.

Turnover arising from temporary placements, including turnover arising from Managed Service Programme (MSP) services, is recognised at the point in time that temporary workers are provided. Where the Group is acting as a principal, turnover represents the amounts billed for the services of the temporary workers, including the remuneration costs of the temporary workers. The commission included within the revenue recognised arising from temporary placements is typically based on a percentage of the placements hourly rate.

Where Hays acts as principal in arrangements that invoice on the costs incurred with other recruitment agencies as part of the MSP service provided and manage the recruitment supply chain, turnover represents amounts invoiced on from other recruitment agencies, including arrangements where no commission is directly receivable by the Group.

Where the Group is acting as an agent in arrangements that invoice on behalf of other recruitment agencies as part of the MSP service provided, turnover represents commission receivable relating to the supply of temporary workers and does not include the remuneration costs of the other agency temporary workers.

The critical accounting judgment in respect of revenue recognition is described further in note 3 to the Consolidated Financial Statements.

e. Net fees

Net fees represent turnover less the remuneration costs of temporary workers for temporary assignments and remuneration of other recruitment agencies. For the placement of permanent candidates, net fees are equal to turnover.

f. Exceptional items

Exceptional items, as disclosed on the face of the Consolidated Income Statement, are items which due to their size and non-recurring nature have been classified separately. This is in order to draw them to the attention of the reader of the Financial Statements and to show the underlying profits of the Group. Items described as “before exceptional items” are alternative performance measures.

g. Foreign currencies

On consolidation, the tangible and intangible assets and liabilities of subsidiaries denominated in foreign currencies are translated into Sterling at the rates ruling at the balance sheet date. Income and expense items are translated into Sterling at average rates of exchange for the period. Any exchange differences which have arisen from an entity's investment in a foreign subsidiary, including long-term loans, are recognised as a separate component of equity and are included in the Group's translation reserve.

On disposal of a subsidiary, any amounts transferred to the translation reserve are included in the calculation of profit and loss on disposal. All other translation differences are dealt with in the Consolidated Income Statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

h. Retirement benefit costs

The expense of defined benefit pension schemes and other post-retirement employee benefits is determined using the projected-unit credit method and charged to the Consolidated Income Statement as an expense, based on actuarial assumptions reflecting market conditions at the beginning of the financial year. All remeasurement gains and losses are recognised immediately in reserves and reported in the Consolidated Statement of Comprehensive Income in the period in which they occur. Past service costs, curtailments and settlements are recognised immediately in the Consolidated Income Statement.

The Group has chosen under IFRS 1 to recognise in retained earnings all cumulative remeasurement gains and losses as at 1 July 2004, the date of transition to IFRS. The Group has chosen to recognise all remeasurement gains and losses arising subsequent to 1 July 2004 in reserves and reported in the Consolidated Statement of Comprehensive Income.

The retirement benefit surplus/obligation recognised in the Consolidated Balance Sheet represents the fair value of scheme assets as reduced by the present value of the defined benefit obligation.

The Hays Pension Scheme Definitive Deed and Rules is considered to provide Hays with an unconditional right to a refund of surplus assets and therefore the recognition of a net defined benefit scheme asset is not restricted and agreements to make funding contributions do not give rise to any additional liabilities in respect of the Scheme.

Payments to defined contribution schemes are charged as an expense in the Consolidated Income Statement as they fall due.

i. Share-based payments

The fair value of all share-based remuneration that is assessed upon market-based performance criteria is determined at the date of grant and recognised as an expense in the Consolidated Income Statement on a straight-line basis over the vesting period, taking account of the estimated number of shares that will vest.

The fair value of all share-based remuneration that is assessed upon non-market-based performance criteria is determined at the date of the grant and recognised as an expense in the Consolidated Income Statement over the vesting period, based on the number of shares that are expected to vest. The number of shares that are expected to vest is adjusted accordingly to the satisfaction of the performance criteria at each period end.

The fair values are determined by use of the relevant valuation models. All share-based remuneration is equity settled.

j. Borrowing costs

Interest costs are recognised as an expense in the Consolidated Income Statement in the period in which they are incurred. Arrangement fees incurred in respect of borrowings are amortised over the term of the agreement.

k. Taxation

The tax expense comprises both current and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on all temporary differences, at rates that are enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which to offset the deductible temporary differences. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Temporary differences arise where there is a difference between the accounting carrying value in the Consolidated Balance Sheet and the amount attributed to that asset or liability for tax purposes. Temporary differences arising from goodwill and, except in a business combination, the initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit, are not provided for. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. Significant accounting policies continued

I. Goodwill

Goodwill arising on consolidation represents the excess of purchase consideration less the fair value of the identifiable tangible and intangible assets and liabilities acquired.

Goodwill is recognised as an asset and reviewed for impairment at least annually. For the purpose of impairment testing, assets are grouped at the lowest level for which there are separately identifiable cash flows, known as cash-generating units (CGUs). Any impairment is recognised immediately in the Consolidated Income Statement and is not subsequently reversed.

On disposal of a business the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS (1 July 2004) has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date. Goodwill arising on acquisitions prior to 1 July 1998 was written off direct to reserves under UK GAAP. This goodwill has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

m. Intangible assets

Intangible assets acquired as part of a business combination are stated in the Consolidated Balance Sheet at their fair value as at the date of acquisition less accumulated amortisation and any provision for impairment. The directors review intangible assets for indications of impairment annually.

Internally generated intangible assets are stated in the Consolidated Balance Sheet at the directly attributable cost of creation of the asset, less accumulated amortisation. Intangible assets are amortised on a straight-line basis over their estimated useful lives up to a maximum of 10 years. Software incorporated into major Enterprise Resource Planning (ERP) implementations that support the recruitment process and financial reporting process is amortised over a life of up to seven years. Other software is amortised between three and five years.

n. Property, plant and equipment

Property, plant and equipment is recorded at cost, net of depreciation and any provision for impairment. Depreciation is provided on a straight-line basis over the anticipated useful working lives of the assets, after they have been brought into use, at the following rates:

Freehold land – No depreciation is provided

Freehold buildings – At rates varying between 2% and 10%

Leasehold properties – The cost is written off over the unexpired term of the lease

Plant and machinery – At rates varying between 5% and 33%

Fixtures and fittings – At rates varying between 10% and 25%

o. Trade and other receivables

Trade and other receivables are initially measured at the transaction price and then at amortised cost after appropriate allowances for estimated irrecoverable amounts have been recognised in the Consolidated Income Statement where there is objective evidence that the asset is impaired.

p. Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

q. Trade payables

Trade payables are measured initially at transaction price and then at amortised cost.

r. Bank borrowings

Interest-bearing bank loans and overdrafts are recorded initially at fair value and subsequently measured at amortised cost.

Finance charges, including premiums payable on settlement or redemption and direct-issue costs, are accounted for on an accrual basis in the Consolidated Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

s. Derivative financial instruments

The Group may use certain derivative financial instruments to reduce its exposure to foreign exchange movements. The Group held two foreign exchange contracts at the end of the current year (2018: one) to facilitate cash management within the Group. The Group does not hold or use derivative financial instruments for speculative purposes.

The fair values of foreign exchange swaps are measured using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. It is the Group's policy not to seek to designate these derivatives as hedges. All derivative financial instruments not in a hedge relationship are classified as derivatives at fair value in the Consolidated Income Statement.

Fair value measurements

The information below sets out how the Group determines fair value of various financial assets and financial liabilities.

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

t. Leases

Leases where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases by the lessee.

Rentals payable under operating leases are charged to the Consolidated Income Statement on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to enter into an operating lease are recognised on a straight-line basis over the lease term.

u. Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

3. Critical accounting judgments and key sources of estimation uncertainty

Critical accounting judgments

Revenue recognition

The main areas of judgment in revenue recognition relate to (i) cut-off as revenue is recognised for permanent placements on the day a candidate starts work and temporary placement income over the duration of the placement; and (ii) the recognition of temporary contractual arrangements where Hays act on a gross basis (principal basis) rather than a net basis (agent basis).

The factors considered by management on a contract by contract basis when concluding the Company is acting as principal rather than agent are as follows:

- The client has a direct relationship with Hays;
- Hays has the primary responsibility for providing the services to the client, and engages and contracts directly with the temporary worker and other recruitment companies;
- Hays has latitude in establishing the rates directly or indirectly with all parties; and
- Hays bears the credit risk on the receivable due from the client.

Turnover and Net fees are described in note 2 (d) and (e) to the Consolidated Financial Statements.

Provisions in respect of recoverability of trade receivables

As described in note 17, provisions for impairment of trade receivables have been made. In reviewing the appropriateness of these provisions, consideration has been given to the ageing of the debt and the potential likelihood of default, taking into account current and future economic conditions.

Estimation uncertainty

Goodwill impairment

Goodwill is tested for impairment at least annually. In performing these tests assumptions are made in respect of future growth rates and the discount rate to be applied to the future cash flows of cash-generating units. These assumptions are set out in note 13 to the Consolidated Financial Statements. There was no impairment recognised in the current or prior year.

Pension accounting

Under IAS 19 'Employee Benefits', the Group has recognised a pension surplus of £19.7 million (2018: £75.9 million). A number of assumptions have been made in determining the pension position and these are described in note 22 to the Consolidated Financial Statements.

Uncertain tax positions

The Group operates in many countries and is therefore subject to tax laws in a number of different tax jurisdictions. The amount of tax payable or receivable on profits or losses for any period is subject to the agreement of the tax authority in each respective jurisdiction and the tax liability or asset position is open to review for several years after the relevant accounting period ends. In determining the provisions for income taxes, management is required to make judgments and estimates based on interpretations of tax statute and case law, which it does after taking account of professional advice and prior experience.

Uncertainties in respect of enquiries and additional tax assessments raised by tax authorities are measured using management's best estimate of the likely outcome. The amounts ultimately payable or receivable may differ from the amounts of any provisions recognised in the Consolidated Financial Statements as a result of the estimates and assumptions used. While the majority of the tax payable balance relates to uncertain tax provisions, management does not consider there to exist a significant risk of material adjustment within the next financial year because the tax provisions cover a range of matters across multiple tax jurisdictions with a variety of timescales before such matters are expected to be concluded.

4. Segmental Information

IFRS 8 Operating Segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segment and to assess their performance.

As a result, the Group segments the business into four regions, Australia & New Zealand, Germany, United Kingdom & Ireland and Rest of World. There is no material difference between the segmentation of the Group's turnover by geographic origin and destination.

The Group's operations comprise one class of business, that of qualified, professional and skilled recruitment.

Net fees and operating profit

The Group's Management Board, which is regarded as the chief operating decision maker, uses net fees by segment as its measure of revenue in internal reports, rather than turnover. This is because net fees exclude the remuneration of temporary workers, and payments to other recruitment agencies where the Group acts as principal, which are not considered relevant in allocating resources to segments. The Group's Management Board considers net fees for the purpose of making decisions about allocating resources. The Group does not report items below operating profit by segment in its internal management reporting. The full detail of these items can be seen in the Group Consolidated Income Statement on page 109. The reconciliation of turnover to net fees can be found in note 6.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

4. Segmental Information continued

(In £s million)	2019	2018
Net fees		
Australia & New Zealand	198.5	199.4
Germany	299.8	276.0
United Kingdom & Ireland	263.8	258.2
Rest of World	367.6	339.2
	1,129.7	1,072.8

(In £s million)	2019 Before exceptional items	2019 Exceptional items	2019	2018
Operating profit				
Australia & New Zealand	66.4	(0.3)	66.1	69.1
Germany	91.3	(2.1)	89.2	86.0
United Kingdom & Ireland	48.9	(9.0)	39.9	47.0
Rest of World	42.2	(3.7)	38.5	41.3
	248.8	(15.1)	233.7	243.4

There were no exceptional items in the prior year.

Net trade receivables

For the purpose of monitoring performance and allocating resources from a balance sheet perspective, the Group's Management Board monitors trade receivables net of provisions for impairments only on a segment by segment basis. These are monitored on a constant currency basis for comparability through the year. These are shown below and reconciled to the totals as shown in note 17.

(In £s million)	As reported internally	Foreign exchange	2019	As reported internally	Foreign exchange	2018
Australia & New Zealand	108.8	(1.3)	107.5	109.1	(5.3)	103.8
Germany	197.4	2.5	199.9	174.7	1.5	176.2
United Kingdom & Ireland	183.5	0.2	183.7	188.7	0.1	188.8
Rest of World	154.7	3.5	158.2	165.6	(1.1)	164.5
	644.4	4.9	649.3	638.1	(4.8)	633.3

Major customers

In the current year and prior year there was no one customer that exceeded 10% of the Group's turnover.

5. Exceptional items

During the year, the Group incurred an exceptional charge of £15.1 million (2018: £nil) in relation to the following items.

Following the landmark legal judgment against Lloyds Banking Group in October 2018, ruling on the equalisation of guaranteed minimum pensions (GMP) for men and women in UK defined pension plans, the Group have recognised an exceptional charge of £8.3 million. This represented circa. 1.17% of the Schemes liabilities. This charge is a non-cash item.

During the second half of the year, management performed a comprehensive operational cost review exercise, principally across the European country operations. The exercise led to the restructuring of a number of senior management positions. The restructuring costs represents the first significant restructuring of senior level management across the Group since 2011, and therefore the costs incurred of £6.8 million have been recognised as an exceptional item. The cash impact from the restructuring exceptional cost as at the balance sheet date was £2.9 million with a further £3.9 million cash outflow expected during the financial year to 30 June 2020.

The exceptional charge generated a tax credit of £3.2 million. There were no exceptional items in the prior year.

6. Operating profit

The following costs are deducted from turnover to determine net fees:

(In £s million)	2019	2018
Turnover	6,070.5	5,753.3
Remuneration of temporary workers	(4,661.4)	(4,425.2)
Remuneration of other recruitment agencies	(279.4)	(255.3)
Net fees	1,129.7	1,072.8

Operating profit is stated after charging the following items to net fees of £1,129.7 million (2018: £1,072.8 million):

(In £s million)	2019 Before exceptional items	2019 Exceptional items	2019	2018
Staff costs (note 8)	677.5	14.8	692.3	635.2
Depreciation of property, plant and equipment	10.0	–	10.0	9.2
Amortisation of intangible assets	5.2	–	5.2	6.3
Operating lease rentals payable (note 27)	49.8	–	49.8	45.3
Impairment loss on trade receivables	3.9	–	3.9	3.6
Auditor's remuneration (note 7)				
– for statutory audit services	1.4	–	1.4	1.2
– for other services	0.1	–	0.1	0.5
Other external charges	133.0	0.3	133.3	128.1
	880.9	15.1	896.0	829.4

There were no exceptional items in the prior year.

7. Auditor's remuneration

(In £s million)	2019	2018
Fees payable to the Company's Auditor's for the audit of the Company's annual Financial Statements	0.3	0.2
Fees payable to the Company's Auditor's and their associates for other services to the Group:		
The audit of the Company's subsidiaries pursuant to legislation	1.1	1.0
Total audit fees	1.4	1.2
Half year review	0.1	0.1
Other services	–	0.4
Total non-audit fees	0.1	0.5

Other services fees incurred in the prior year related to project management and communication support for a specific back-office change management programme in Germany. PwC involvement in this project ceased in September 2017.

8. Staff costs

The aggregate staff remuneration (including executive directors) was as follows:

(In £s million)	2019 Before exceptional items	2019 Exceptional items	2019	2018
Wages and salaries	575.5	5.7	581.2	538.8
Social security costs	73.7	0.8	74.5	69.0
Other pension costs	17.1	8.3	25.4	15.0
Share-based payments	11.2	–	11.2	12.4
	677.5	14.8	692.3	635.2

There were no exceptional items in the prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

8. Staff costs continued

Average number of persons employed during the year (including executive directors):

(Number)	2019	2018
Australia & New Zealand	1,456	1,356
Germany	2,485	2,268
United Kingdom & Ireland	3,542	3,504
Rest of World	4,027	3,599
	11,510	10,727

Closing number of persons employed at the end of the year (including executive directors):

(Number)	2019	2018
Australia & New Zealand	1,418	1,385
Germany	2,512	2,339
United Kingdom & Ireland	3,545	3,472
Rest of World	4,034	3,782
	11,509	10,978

9. Net finance charge

(In £s million)	2019	2018
Interest received on bank deposits	0.7	0.6
Interest payable on bank loans and overdrafts	(2.4)	(2.2)
Other interest payable	(0.1)	(0.3)
Interest unwind on acquisition liability	-	(0.6)
Pension Protection Fund levy	(0.2)	(0.3)
Net interest on pension obligations	(0.5)	(2.1)
Net finance charge	(2.5)	(4.9)

10. Tax

The tax (expense)/credit for the year is comprised of the following:

Current tax

(In £s million)	2019	2018
Current tax expense in respect of the current year	(69.7)	(68.5)
Adjustments recognised in the current year in relation to the current tax of prior years	1.1	0.7
	(68.6)	(67.8)

Deferred tax

(In £s million)	2019	2018
Deferred tax charge in respect of the current year	(0.8)	(5.2)
Adjustments to deferred tax in relation to prior years	(0.1)	0.3
	(0.9)	(4.9)
Total income tax expense recognised in the current year	(69.5)	(72.7)

Current tax expense for the year is comprised of the following:

(In £s million)	2019	2018
UK	(9.7)	(8.0)
Overseas	(60.0)	(60.5)
	(69.7)	(68.5)

The income tax expense for the year can be reconciled to the accounting profit as follows:

(In £s million)	2019 Before exceptional items	2019 Exceptional items	2019	2018
Profit before tax	246.3	(15.1)	231.2	238.5
Income tax expense calculated at 19.0% (2018: 19.0%)	(46.8)	2.9	(43.9)	(45.3)
Net effect of items that are non-taxable/(non-deductible) in determining taxable profit	(4.0)	-	(4.0)	(5.8)
Effect of unused tax losses not recognised for deferred tax assets	(1.5)	-	(1.5)	(1.6)
Effect of tax losses not recognised for deferred tax utilised in the year	1.0	-	1.0	1.4
Effect of tax losses now recognised for deferred tax	0.6	-	0.6	-
Effect of other timing differences not recognised for deferred tax assets	(0.6)	-	(0.6)	(0.2)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(21.9)	0.3	(21.6)	(21.8)
Effect of share-based payment charges and share options	(0.5)	-	(0.5)	(0.4)
	(73.7)	3.2	(70.5)	(73.7)
Adjustments recognised in the current year in relation to the current tax of prior years	1.1	-	1.1	0.7
Adjustments to deferred tax in relation to prior years	(0.1)	-	(0.1)	0.3
Income tax expense recognised in the Consolidated Income Statement	(72.7)	3.2	(69.5)	(72.7)
Effective tax rate for the year	29.5%	21.2%	30.1%	30.5%

The tax rate used for the 2019 reconciliations above is the corporate tax rate of 19.0% (2018: 19.0%) payable by corporate entities in the United Kingdom on taxable profits under tax law in that jurisdiction.

There were no exceptional items in the prior year.

Income tax recognised directly in equity

(In £s million)	2019	2018
Current tax		
Excess tax deductions relating to share-based payments	0.7	-
Deferred tax		
Excess tax deductions relating to share-based payments	(0.1)	(0.1)
Total income tax recognised in equity	0.6	(0.1)

Income tax recognised in other comprehensive income

(In £s million)	2019	2018
Current tax		
Contributions in respect of defined benefit pension scheme	1.4	-
Charge in respect of foreign exchange	(0.7)	-
Deferred tax		
Actuarial loss/(gain) in respect of defined benefit pension scheme	10.9	(11.9)
Total income tax recognised in other comprehensive income	11.6	(11.9)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

11. Dividends

The following dividends were paid by the Group and have been recognised as distributions to equity shareholders in the year:

	2019 pence per share	2019 £s million	2018 pence per share	2018 £s million
Previous year final dividend	2.75	40.0	2.26	32.7
Previous year special dividend	5.00	72.9	4.25	61.6
Current year interim dividend	1.11	16.2	1.06	15.4
	8.86	129.1	7.57	109.7

The following dividends have been paid/proposed by the Group in respect of the accounting year presented:

	2019 pence per share	2019 £s million	2018 pence per share	2018 £s million
Interim dividend (paid)	1.11	16.2	1.06	15.4
Final dividend (proposed)	2.86	42.0	2.75	40.0
Special dividend (proposed)	5.43	79.7	5.00	72.9
	9.40	137.9	8.81	128.3

The final dividend for 2019 of 2.86 pence per share (£42.0 million) along with a special dividend of 5.43 pence per share (£79.7 million) will be proposed at the Annual General Meeting on 13 November 2019 and has not been included as a liability as at 30 June 2019. If approved, the final and special dividend will be paid on 15 November 2019 to shareholders on the register at the close of business on 4 October 2019.

12. Earnings per share

	Earnings (£s million)	Weighted average number of shares (million)	Per share amount (pence)
For the year ended 30 June 2019			
Before exceptional items:			
Basic earnings per share	173.6	1,456.2	11.92
Dilution effect of share options	–	18.3	(0.15)
Diluted earnings per share	173.6	1,474.5	11.77
After exceptional items:			
Basic earnings per share	161.7	1,456.2	11.10
Dilution effect of share options	–	18.3	(0.13)
Diluted earnings per share	161.7	1,474.5	10.97
For the year ended 30 June 2018			
Basic earnings per share	165.8	1,448.6	11.44
Dilution effect of share options	–	18.3	(0.14)
Diluted earnings per share	165.8	1,466.9	11.30

The weighted average number of shares in issue for both years exclude shares held in treasury.

Reconciliation of earnings for the year ended 30 June 2019

(In £s million)	Earnings
Earnings before exceptional items	173.6
Exceptional items (note 5)	(15.1)
Tax credit on exceptional items (note 10)	3.2
Total earnings	161.7

There were no exceptional items in the prior year.

13. Goodwill

(In £s million)

	2019	2018
Cost		
At 1 July	223.2	223.3
Exchange adjustments	4.0	(0.1)
At 30 June	227.2	223.2

Goodwill arising on business combinations is reviewed and tested on an annual basis or more frequently if there is indication that goodwill might be impaired. Goodwill has been tested for impairment by comparing the carrying amount of each cash-generating unit (CGU), including goodwill, with the recoverable amount. The recoverable amounts of the CGUs are determined from value-in-use calculations.

The key assumptions for the value-in-use calculations are as follows:

Assumption	How determined
Operating profit	The operating profit is based on the latest one-year forecasts for the CGUs approved by the Group's Management Board which are compiled using expectations of fee growth, consultant productivity and operating costs. The Group prepares cash flow forecasts derived from the most recent financial forecasts approved by management and extrapolates cash flows in perpetuity based on the long-term growth rates and expected cash conversion rates.
Discount rates	The pre-tax rates used to discount the forecast cash flows range between 7.1% and 12.9% (2018: 7.6% and 12.6%) reflecting current market assessments of the time value of money and the country risks specific to the relevant CGUs. The discount rate applied to the cash flows of each of the Group's operations is based on the weighted average cost of capital (WACC), taking into account adjustments to the risk-free rate for 20-year bonds issued by the government in the respective market. Where government bond rates contain a material component of credit risk, high-quality local corporate bond rates may be used. These rates are adjusted for a risk premium to reflect the increased risk of investing in equities and, where appropriate, the systematic risk of the specific Group operating company. In making this adjustment, inputs required are the equity market risk premium (that is the increased return required over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment beta, applied to reflect the risk of the specific Group operating company relative to the market as a whole.
Growth rates	The medium-term growth rates are based on management forecasts. These are consistent with a minimum average estimated growth rate of 5.0% (2018: 5.0%), with the exception of the United Kingdom where an average of 1.0% has been applied for years two to four and the United States where an average of 10.0% has been applied to years two to four following the completion of the initial investment phase of the business. The growth estimates reflect a combination of both past experience and the macroeconomic environment, including GDP expectations driving fee growth. The long-term growth rates are based on management forecasts, which are consistent with external sources of an average estimated growth rate of 2.0% (2018: 2.0% to 3.0%), reflecting a combination of GDP expectations and long-term wage inflation driving fee growth. GDP growth is a key driver of our business, and is therefore a key consideration in developing long-term forecasts. Wage inflation is also an important driver of net fees as net fees are derived directly from the salary level of candidates placed into employment. Based on past experience a combination of these two factors is considered to be an appropriate basis for assessing long-term growth rates.

Management has determined that there has been no impairment to any of the CGUs and in respect of these a sensitivity analysis has been performed in assessing recoverable amounts of goodwill. This has been based on changes in key assumptions considered to be reasonably possible by management. This included a change in the pre-tax discount rate of up to 1% and changes in the long-term growth rate of between 0% and 2% in absolute terms.

The sensitivity analysis shows that no impairment would arise in isolation under each scenario for any of the CGUs.

The US business, which is part of the Rest of World segment, continues to perform well, having achieved strong growth in recent years. As a result the Group has continued to make investments in the business to accelerate its growth in line with the Group's strategy to build a strong presence in the USA, and maximise the long-term growth opportunities available in the market. As a consequence of this investment, the headroom on goodwill has decreased from the prior year. The headroom based on the assumptions used in the goodwill calculation is £15.4 million arising on goodwill of £42.4 million. A key assumption in determining the value-in-use calculation is the short-term growth rate which is an average of 10.0%. After recognising recent cost efficiencies generated by the business, achieving 3% growth per year over the short-term period would result in no headroom.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

13. Goodwill continued

Goodwill acquired in a business combination is considered its own CGU or allocated to the groups of CGUs that are expected to benefit from that business combination. Individual CGUs are either country or brand-specific. For the purpose of disclosure, individual CGUs have been aggregated and disclosed in accordance with segmental reporting. The carrying amount of goodwill has been allocated as follows:

(In £s million)	2019	2018
Germany	51.9	51.3
United Kingdom & Ireland	93.1	93.1
Rest of World	82.2	78.8
	227.2	223.2

14. Other intangible assets

(In £s million)	2019	2018
Cost		
At 1 July	122.9	112.2
Exchange adjustments	1.0	(0.2)
Additions	19.5	11.4
Disposals	(0.4)	(0.5)
At 30 June	143.0	122.9
Amortisation		
At 1 July	99.1	93.6
Exchange adjustments	0.5	(0.3)
Charge for the year	5.2	6.3
Disposals	(0.2)	(0.5)
At 30 June	104.6	99.1
Net book value		
At 30 June	38.4	23.8
At 1 July	23.8	18.6

All other intangible assets relate mainly to computer software, and of the additions in the current year, £11.6 million relate to internally generated assets (2018: £6.2 million).

The estimated average useful life of the computer software related intangible assets is seven years (2018: seven years). Software incorporated into major Enterprise Resource Planning (ERP) implementations is amortised on a straight-line basis over a life of up to seven years. Other software is amortised on a straight-line basis between three and five years.

There were no capital commitments at the year end (2018: £nil).

15. Property, plant and equipment

(In £s million)	Freehold properties	Leasehold properties (short)	Plant and machinery	Fixtures and fittings	Total
Cost					
At 1 July 2018	-	21.1	43.5	30.0	94.6
Exchange adjustments	-	0.2	0.3	0.4	0.9
Capital expenditure	-	5.2	4.9	3.4	13.5
Disposals	-	(1.2)	(0.7)	(1.3)	(3.2)
At 30 June 2019	-	25.3	48.0	32.5	105.8
Accumulated depreciation					
At 1 July 2018	-	13.0	32.6	19.7	65.3
Exchange adjustments	-	0.2	0.2	0.3	0.7
Charge for the year	-	2.4	5.0	2.6	10.0
Disposals	-	(1.2)	(0.7)	(1.3)	(3.2)
At 30 June 2019	-	14.4	37.1	21.3	72.8
Net book value					
At 30 June 2019	-	10.9	10.9	11.2	33.0
At 1 July 2018	-	8.1	10.9	10.3	29.3

There were no capital commitments at the year end (2018: £nil).

(In £s million)	Freehold properties	Leasehold properties (short)	Plant and machinery	Fixtures and fittings	Total
Cost					
At 1 July 2017	0.1	19.1	38.9	30.8	88.9
Exchange adjustments	-	(0.6)	(0.5)	(0.2)	(1.3)
Capital expenditure	-	4.3	6.1	4.7	15.1
Disposals	(0.1)	(1.7)	(1.0)	(5.3)	(8.1)
At 30 June 2018	-	21.1	43.5	30.0	94.6
Accumulated depreciation					
At 1 July 2017	-	12.9	29.4	22.6	64.9
Exchange adjustments	-	(0.4)	(0.4)	(0.2)	(1.0)
Charge for the year	-	2.2	4.5	2.5	9.2
Disposals	-	(1.7)	(0.9)	(5.2)	(7.8)
At 30 June 2018	-	13.0	32.6	19.7	65.3
Net book value					
At 30 June 2018	-	8.1	10.9	10.3	29.3
At 1 July 2017	0.1	6.2	9.5	8.2	24.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

16. Deferred tax

Deferred tax assets and liabilities in relation to:

(In £s million)	1 July 2018	(Charge)/ credit to Consolidated Income Statement	(Charge)/ credit to other comprehensive income	(Charge)/ credit to equity	Exchange difference	30 June 2019
Accelerated tax depreciation	9.8	(3.2)	–	–	(0.1)	6.5
Acquired tangibles and intangibles	(3.0)	(0.6)	–	–	(0.1)	(3.7)
Retirement benefit obligation	(14.3)	–	10.9	–	–	(3.4)
Share-based payments	3.1	(0.6)	–	(0.1)	–	2.4
Provisions	3.3	0.7	–	–	–	4.0
Tax losses	–	1.1	–	–	–	1.1
Other short-term timing differences	7.0	1.7	–	–	–	8.7
	5.9	(0.9)	10.9	(0.1)	(0.2)	15.6

(In £s million)	1 July 2017	(Charge)/ credit to Consolidated Income Statement	(Charge)/ credit to other comprehensive income	(Charge)/ credit to equity	Exchange difference	30 June 2018
Accelerated tax depreciation	12.7	(2.9)	–	–	–	9.8
Acquired tangibles and intangibles	(2.7)	(0.2)	–	–	(0.1)	(3.0)
Retirement benefit obligation	–	(2.4)	(11.9)	–	–	(14.3)
Share-based payments	3.2	–	–	(0.1)	–	3.1
Provisions	3.6	(0.1)	–	–	(0.2)	3.3
Tax losses	0.1	(0.1)	–	–	–	–
Other short-term timing differences	6.4	0.8	–	–	(0.2)	7.0
	23.3	(4.9)	(11.9)	(0.1)	(0.5)	5.9

Deferred tax assets and liabilities are offset where the Group has a legal enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes.

(In £s million)	2019	2018
Deferred tax assets	24.0	23.2
Deferred tax liabilities	(8.4)	(17.3)
Net deferred tax	15.6	5.9

The UK deferred tax asset of £10.6 million (2018: £13.9 million) is recognised on the basis of the UK business performance in the year and the forecast approved by management. Other deferred tax assets of £13.4 million (2018: £9.3 million) arise in the other jurisdictions (primarily Australia) in which the Group operate.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which they reverse. The date enacted or substantively enacted for the relevant periods of reversal are: 19% from 1 April 2017 (2018: 19%) and 17% from 1 April 2020 in the UK and 30% in Australia.

Unrecognised deductible temporary differences, unused tax losses and unused tax credits

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

(In £s million)	Gross 2019	Tax 2019	Gross 2018	Tax 2018
Tax losses (revenue in nature)	138.6	33.9	144.8	36.6
Tax losses (capital in nature)	22.1	3.8	22.1	3.8
	160.7	37.7	166.9	40.4

(In £s million)	Gross 2019	Tax 2019	Gross 2018	Tax 2018
Unrecognised deductible temporary differences	15.6	3.7	7.7	2.1

In tax losses (revenue in nature) £0.8 million is due to expire in 2023, £5.2 million in 2033 and £9.8 million in 2037. The remaining tax losses have no fixed expiry date.

Unrecognised taxable temporary differences associated with investments and interests

Taxable temporary differences in relation to investments in subsidiaries, for which deferred tax liabilities have not been recognised are attributable to the following:

(In £s million)	2019	2018
Foreign subsidiaries	8.4	7.2
Tax thereon	0.5	0.4

17. Trade and other receivables

(In £s million)	2019	2018
Trade receivables	664.9	647.1
Less provision for impairment	(15.6)	(13.8)
Net trade receivables	649.3	633.3
Accrued income	320.2	326.3
Corporation tax debtor	5.6	-
Prepayments and other debtors	55.8	50.8
	1,030.9	1,010.4

Due to their short-term nature, the directors consider that the carrying amount of trade receivables approximates to their fair value. The average credit period taken is 39 days (2018: 39 days).

Accrued income primarily arises where temporary workers have provided their services but the amount incurred and margin earned thereon has yet to be invoiced on to the client due to timing.

The ageing analysis of the trade receivables not impaired is as follows:

(In £s million)	2019	2018
Not yet due	548.8	567.7
Up to one month past due	83.6	58.2
One to three months past due	16.9	7.4
	649.3	633.3

The Group's exposure to foreign currency translation is primarily in respect of the Euro and the Australian Dollar. The sensitivity of a 1 cent change in the year-end closing exchange rates in respect of the Euro and Australian Dollar would result in a £2.8 million and £0.6 million movement in trade receivables respectively.

The movement on the provision for impairment of trade receivables is as follows:

(In £s million)	2019	2018
At 1 July	13.8	18.2
Exchange movement	0.1	(0.2)
Charge for the year	3.9	3.6
Uncollectable amounts written off	(2.2)	(7.8)
At 30 June	15.6	13.8

The increase in uncollectable amounts written off during the prior year were primarily due to the removal of a number of historic debtors from the trade receivables ledger that are insolvent or deemed irrecoverable. These debtors had previously been fully provided for within the provision for impairment.

The ageing of impaired trade receivables relates primarily to trade receivables over three months past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

17. Trade and other receivables continued

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Consolidated Balance Sheet are net of allowances for doubtful receivables. An impairment analysis is performed centrally using a provision matrix to measure the expected credit losses. An allowance for impairment is made based on historical credit loss experience adjusted for forward looking factors specific to the debtors and economic environment, is evidence of a likely reduction in the recoverability of the cash flows. The Group reduces risk through its credit control process and by contractual arrangements with other recruitment agencies in situations where the Group invoices on their behalf. The Group's exposure is spread over a large number of customers.

The risk disclosures contained on pages 40 to 44 within the Strategic Report form part of these Financial Statements.

18. Cash and cash equivalents

(In £s million)	2019	2018
Cash at bank and in hand	129.7	122.9

The effective interest rate on short-term deposits was 1.3% (2018: 1.4%). The average maturity of short-term deposits was one day (2018: one day).

Capital management

The Board's priorities for free cash flow are to fund the Group's investment and development, maintain a strong balance sheet and deliver a sustainable core dividend at a level that is affordable and appropriate. The Board targets a core dividend cover range of 2.0x to 3.0x full year earnings and remains committed to paying a sustainable and progressive core dividend. Further details including the Group's policy on uses of excess free cash flow and payment of special dividends can be found in the Financial Review on page 39.

The capital structure of the Group consists of net cash/(debt), which is represented by cash and cash equivalents, bank loans and overdrafts (note 20) and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings.

The Group is not restricted to any externally imposed capital requirements.

Risk management

A description of the Group's treasury policy and controls is included in the Financial Review on page 39.

Cash management and foreign exchange risk

The Group's cash management policy is to minimise interest payments by closely managing Group cash balances and external borrowings. Euro-denominated cash positions are managed centrally using a cash concentration arrangement which provides visibility over participating country bank balances on a daily basis. Any Group surplus balance is used to repay any maturing loans under the Group's revolving credit facility or invested in overnight money market funds. As the Group holds a Sterling-denominated debt facility and generates significant foreign currency cash flows, the Board considers it appropriate in certain cases to use derivative financial instruments as part of its day-to-day cash management to reduce the Group's exposure to foreign exchange risk.

The Group's operating profit exposure to foreign currency translation is primarily in respect of the Euro and the Australian Dollar. The sensitivity of a 1 cent change in the average exchange rates for the year in respect of the Euro and Australian Dollar would result in a £1.2 million and £0.4 million change in operating profit respectively.

The Group does not use derivatives to hedge balance sheet and income statement translation exposure.

Interest rate risk

The Group is exposed to interest rate risk on floating rate bank loans and overdrafts. It is the Group's policy to limit its exposure to fluctuating interest rates by selectively hedging interest rate risk using derivative financial instruments, however there were no interest rate swaps held by the Group during the current or prior year. Cash and cash equivalents carry interest at floating rates based on local money market rates.

Counterparty credit risk

Counterparty credit risk arises primarily from the investment of surplus funds. Risks are closely monitored using credit ratings assigned to financial institutions by international credit rating agencies. The Group restricts transactions to banks and money market funds that have an acceptable credit profile and limits its exposure to each institution accordingly.

19. Derivative financial instruments

(In £s million)	2019	2018
Net derivative liability	0.1	0.1

As set out in note 18 and in the Treasury management section of the Financial Review on page 39, in certain cases the Group uses derivative financial instruments to manage its foreign exchange exposures as part of its day-to-day cash management.

As at 30 June 2019, the Group had entered into two forward exchange contract arrangements with a counterparty bank (2018: one forward contract). The fair market value of the contracts as at 30 June 2019 gave rise to a loss resulting in the presentation of a net derivative liability of £0.1 million (2018: £0.1 million) in the Consolidated Balance Sheet.

The Group does not use derivatives for speculative purposes and all transactions are undertaken to manage the risks arising from underlying business activities. These instruments are classified as Level 2 in the IFRS 7 fair value hierarchy.

Categories of financial assets and liabilities held by the Group are as shown below:

(In £s million)	2019	2018
Financial assets		
Trade receivables less provision for impairment	649.3	633.3
Accrued income	320.2	326.3
Cash and cash equivalents	129.7	122.9
	1,099.2	1,082.5
Financial liabilities		
Trade creditors	239.2	244.7
Other creditors	58.0	45.0
Accruals	394.8	390.5
Derivative financial instruments	0.1	0.1
	692.1	680.3

20. Bank loans and overdrafts

Risk management

A description of the Group's treasury policy and controls is included in the Financial Review on page 39.

Committed facilities

On 8 November 2018, the Group extended the maturity of its £210 million unsecured revolving credit facility to November 2023. The facility included an option to extend for a further two years to 2025 subject to lender agreement. The financial covenants within the facility remain unchanged and require the Group's interest cover ratio to be at least 4:1 and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1. There have been no breaches to the covenants. Under the terms of the renewed agreement, the Group has the option to calculate the financial covenants on a basis that exclude the impact of IFRS 16. The interest rate of the facility is based on a ratchet mechanism with a margin payable over LIBOR in the range of 0.70% to 1.50%.

At 30 June 2019, £210 million of the committed facility was undrawn (2018: £210 million undrawn).

Interest rates

The weighted average interest rates paid were as follows:

	2019	2018
Bank borrowings	2.0%	2.0%

For each 25 basis point fall or rise in the average LIBOR rate in the year there would be a reduction or increase in profit before tax by approximately £0.1 million.

21. Trade and other payables

(In £s million)	2019	2018
Current		
Trade creditors	239.2	244.7
Other tax and social security	69.7	77.8
Other creditors	58.0	45.0
Accruals	394.8	390.5
	761.7	758.0

The directors consider that the carrying amount of trade payables approximates to their fair value. The average credit period taken for trade purchases is 31 days (2018: 33 days).

Accruals primarily relate to the remuneration costs for temporary workers and other agencies that have provided their services but remuneration has yet to be made due to timing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

22. Retirement benefit surplus/obligations

The Group operates a number of retirement benefit schemes in the UK and in other countries. The Group's principal schemes are within the UK where the Group operates one defined contribution scheme and two defined benefit schemes. The majority of overseas arrangements are either defined contribution or government-sponsored schemes and these arrangements are not material in the context of the Group results. The total cost charged to the Consolidated Income Statement in relation to these overseas arrangements was £12.1 million (2018: £10.9 million).

UK Defined Contribution Scheme

The Group's principal defined contribution retirement benefit scheme is the Hays Group Personal Pension Plan which is operated for all qualifying employees and is funded via an employee salary sacrifice arrangement, and for qualifying employees additional employer contributions. Employer contributions are in the range of 2% to 12% of pensionable salary depending on the level of employee contribution and seniority.

The total cost charged to the Consolidated Income Statement of £5.0 million (2018: £4.1 million) represents employer's contributions payable to the money purchase arrangements. There were no contributions outstanding at the end of the current year or prior year. The assets of the money purchase arrangements are held separately from those of the Group.

UK Defined Benefit Schemes

The Group's principal defined benefit schemes are the Hays Pension Scheme and the Hays Supplementary Scheme both in the UK. The Hays Pension Scheme is a funded final salary defined benefit scheme providing pensions and death benefits to members. The Hays Supplementary Scheme is an unfunded unapproved retirement benefit scheme for employees who were subject to HMRC's earnings cap on pensionable salary. The Schemes were closed to future accrual from 30 June 2012 with pensions calculated up until the point of closure. The Schemes are governed by a Trustee board, which is independent of the Group and are subject to full actuarial valuation on a triennial basis.

The last formal actuarial valuation of the Hays Pension Scheme was performed at 30 June 2018 and quantified the deficit at c.£44 million. A revised deficit funding schedule was agreed with effect from 1 July 2018 which maintained the annual contribution at its previous level, subject to a 3% per annum fixed uplift over a period of just under six years. During the year ended 30 June 2019, the Group made a contribution of £15.3 million to the Hays Pension Scheme (2018: £14.8 million) in accordance with the agreed deficit funding schedule. The cash contributions during the year mainly related to deficit funding payments.

As previously announced, on 6 August 2018, Hays Pension Trustee Limited in agreement with Hays plc entered into a bulk purchase annuity policy (buy-in) contract with Canada Life Limited for a premium of £270.6 million in respect of ensuring all future payments (excluding GMP equalisation adjustments where applicable) to existing pensioners of the Hays defined Scheme as at 31 December 2017. The pension buy-in transaction was funded through the existing investment assets held by the Trustee on behalf of the pension scheme and the impact of this transaction is reflected in the IAS 19 valuation as at 30 June 2019.

In respect of IFRIC 14, The Hays Pension Scheme Definitive Deed and Rules is considered to provide Hays with an unconditional right to a refund of surplus assets and therefore the recognition of a net defined benefit scheme asset is not restricted and agreements to make funding contributions do not give rise to any additional liabilities in respect of the scheme.

Following the landmark legal judgment against Lloyds Banking Group in October last year, ruling on the equalisation of guaranteed minimum pensions (GMP) for men and women in UK defined benefit pension plans, we are reviewing our own position with the Hays Pension Scheme Trustees. The initial estimate indicate that the Schemes liabilities will increase by circa. 1.17% (£8.3 million) and accordingly we have recorded this as an exceptional charge in the current year results as described in note 5.

The defined benefit schemes expose the Group to actuarial risks, such as longevity risk, inflation risk, interest rate risk and market (investment) risk. The Group is not exposed to any unusual, entity-specific or scheme-specific risks.

The net amount included in the Consolidated Balance Sheet arising from the Group's surplus/obligations in respect of its defined benefit pension schemes is as follows:

(In £s million)	2019	2018
Present value of defined benefit obligations	(807.4)	(716.9)
Less fair value of defined benefit scheme assets:		
Equities	89.3	85.5
Bonds and gilts	124.3	339.5
Absolute return funds	37.3	37.7
LDI funds	241.6	258.5
Real estate	53.1	50.7
Buy-in policy and other insurance policies	263.5	–
Cash	18.0	20.9
Total fair value of defined benefit scheme assets	827.1	792.8
Net asset arising from defined benefit obligation	19.7	75.9

(In £s million)	Quoted	Unquoted	Total
Asset category			
Equities	89.3	–	89.3
Bonds and gilts	26.6	97.7	124.3
Absolute return funds	37.3	–	37.3
LDI funds	728.2	(486.6)	241.6
Real estate	–	53.1	53.1
Buy-in policy and other insurance policies	–	263.5	263.5
Cash	18.0	–	18.0
Total scheme assets	899.4	(72.3)	827.1

The Trustee board is responsible for determining the Hays pension schemes investment strategy, after taking advice from the Schemes' investment advisor Mercer Limited. The investment objective for the Trustee of the Scheme is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the defined benefit scheme as they fall due. The current strategy is to hold investments that share characteristics with the long-term liabilities of the Scheme. The majority of assets are invested in equities, corporate bonds and a Liability Driven Investments (LDI) portfolio. The Scheme assets do not include any directly held shares issued by the Company or property occupied by the Company.

The fair value of financial instruments has been determined using the fair value hierarchy. Where such quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted if necessary, is used. Where quoted prices are not available and recent transactions of an identical asset on their own are either unavailable or not a good estimate of fair value, valuation techniques are employed using observable market data and non-observable data.

In relation to the LDI funds the valuations have been determined as follows:

- Repurchase agreements (where the Scheme has sold assets with the agreement to repurchase at a fixed date and price) are included in the Financial Statements at the fair value of the repurchase price as a liability. The assets sold are reported at their fair value reflecting that the Scheme retains the risks and rewards of ownership of those assets.
- The fair value of the forward currency contracts is based on market forward exchange rates at the year end and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.
- Swaps represent current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date.

The analysis of the LDI funds included within the pension scheme assets is as follows:

(In £s million)	Quoted	Unquoted	Total
LDI funds summary valuation			
Corporate bonds	17.8	–	17.8
Government bonds	280.9	–	280.9
Government index-linked	416.8	–	416.8
Interest rate swaps	–	62.5	62.5
Fixed incomes futures	–	117.3	117.3
Liquidity	12.7	–	12.7
Gross funds	728.2	179.8	908.0
Repurchase agreements	–	(486.9)	(486.9)
Asset swaps	–	(43.5)	(43.5)
RPI swaps	–	(18.7)	(18.7)
Futures	–	(117.3)	(117.3)
Gross liabilities	–	(666.4)	(666.4)
Total LDI funds	728.2	(486.6)	241.6

The LDI portfolio is managed by Insight (a Bank of New York Mellon company) under an active mandate and uses government bonds and derivative instruments (such as interest rate swaps, inflation swaps and gilt repurchase transactions) to hedge the impact of interest rate and inflation movements in relation to the long-term liabilities.

Under the Schemes' LDI strategy, if interest rates fall, the value of LDI investments will rise to help match the increase in actuarial liabilities arising from the fall in discount rate. Similarly if interest rates rise, the LDI investments will fall in value, as will the liabilities because of the increase in the discount rate. The extent to which the liability interest rate and inflation risk is not fully matched by the LDI funds represents the residual interest rate and inflation risk the Scheme remains exposed to.

In addition to the above risk, the LDI portfolio forms part of a diversified investment portfolio for the Scheme, with this diversification seeking to reduce investment risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

22. Retirement benefit surplus/obligations continued

The Scheme is subject to direct credit risk because the Scheme invests in segregated mandates with the Insight LDI portfolio. Credit risk arising on bonds held directly within the LDI portfolio is mitigated by investing mostly in government bonds where the credit risk is minimal.

Credit risk arising on the derivatives held in the LDI mandate depends on whether the derivative is exchange traded or over the counter (OTC). OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps held in the LDI portfolio is reduced by collateral arrangements.

The change in the present value of defined benefit obligations was:

(In £s million)	2019	2018
Change in benefit obligation		
Opening defined benefit obligation at 1 July	(716.9)	(784.9)
Administration costs	(2.7)	(2.3)
Past service cost – GMP Equalisation cost	(8.3)	–
Interest on defined benefit scheme liabilities	(18.9)	(20.2)
Net remeasurement losses – change in experience assumptions	(13.5)	(13.3)
Net remeasurement gains – change in demographic assumptions	4.6	26.4
Net remeasurement (losses)/gains – change in financial assumptions	(82.0)	31.2
Value of Aviva insurance policies	(8.5)	–
Benefits and expenses paid	38.8	46.2
Closing defined benefit obligation at 30 June	(807.4)	(716.9)
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	(795.4)	(705.8)
Plans that are wholly unfunded	(12.0)	(11.1)
Total	(807.4)	(716.9)

The defined benefit Schemes' liability comprises 65% (2018: 66%) in respect of deferred Scheme participants and 35% (2018: 34%) in respect of retirees.

The weighted average duration of the UK defined benefit Scheme liabilities at the end of the reporting year is 21.0 years (2018: 22.0 years).

The change in the fair value of defined benefit Schemes assets was:

(In £s million)	2019	2018
Change in the fair value of scheme assets		
Fair value of plan assets at 1 July	792.8	784.7
Interest income on defined benefit scheme assets	21.1	20.4
Return on scheme assets	27.8	18.6
Employer contributions (towards funded and unfunded schemes)	15.7	15.3
Value of Aviva insurance policies	8.5	–
Benefits and expenses paid	(38.8)	(46.2)
Fair value of plan assets at 30 June	827.1	792.8

During the year the Company made deficit funding contributions of £15.3 million (2018: £14.8 million) into the funded Hays Pension Scheme, and made pension payments amounting to £0.4 million (2018: £0.5 million) in respect of the unfunded Hays Supplementary Scheme. The amount of deficit funding contributions expected to be paid into the funded Hays Pension Scheme in the year to 30 June 2020 is £15.7 million. Following the closure of the Schemes in 2012 future service contributions are no longer payable.

The net expense recognised in the Consolidated Income Statement comprised:

(In £s million)	2019	2018
Net interest credit	2.2	0.2
Administration costs	(2.7)	(2.3)
Past service cost – GMP Equalisation cost	(8.3)	–
Net expense recognised in the Consolidated Income Statement	(8.8)	(2.1)

The net interest credit and administration costs in the current year and prior year were recognised within finance costs. The Past service cost – GMP Equalisation adjustment has been included as an exceptional item within the Income Statement.

The amounts recognised in the Consolidated Statement of Comprehensive Income are as follows:

(In £s million)	2019	2018
The return on plan assets (excluding amounts included in net interest expense)	27.8	18.6
Actuarial remeasurement		
Net remeasurement losses – change in experience assumptions	(13.5)	(13.3)
Net remeasurement gains – change in demographic assumptions	4.6	26.4
Net remeasurement (losses)/gains – change in financial assumptions	(82.0)	31.2
Remeasurement of the net defined benefit liability	(63.1)	62.9

A roll forward of the actuarial valuation of the Hays Pension Scheme to 30 June 2019 and the valuation of the Hays Supplementary Pension Scheme has been performed by an independent actuary, who is an employee of Deloitte LLP.

The key assumptions used at 30 June are listed below.

	2019	2018
Discount rate	2.25%	2.70%
RPI inflation	3.20%	3.05%
CPI inflation	2.20%	2.05%
Rate of increase of pensions in payment	3.10%	3.00%
Rate of increase of pensions in deferment	2.20%	2.05%

The discount rate has been constructed to reference the Deloitte AA corporate bond curve (which fits a curve to iBoxx Sterling AA corporate data). The corporate bond yield curve has been used to discount the Scheme cash flows using the rates available at each future duration and this had been converted into a single flat rate assumption to give equivalent liabilities to the Scheme's cash flows. The duration of the Scheme's liabilities using this approach is circa 21 years.

The RPI inflation assumption has been set as gilt market implied RPI appropriate to the duration of the liabilities (circa 21 years) less a 0.2% per annum inflation risk premium. The CPI inflation assumption has been determined as 1% per annum below the RPI assumption. This approach for both RPI and CPI assumptions is consistent with last year.

The life expectancy assumptions have been updated and calculated using bespoke 2018 Club Vita base tables along with CMI 2017 projections (smoothing factor of 8 and assuming improvements have peaked) and a long-term improvement rate of 1.5% per annum. On this basis a 65-year-old current pensioner has a life expectancy of 23.0 years for males (2018: 23.6 years) and 24.4 years for females (2018: 24.1 years). Also on the same basis, the life expectancy from age 65 years of a current 45-year-old deferred member is 25.0 years for males (2018: 25.7 years) and 27.3 years for females (2018: 26.6 years).

A sensitivity analysis on the principal assumptions used to measure the Schemes' liabilities at the year end is:

	Change in assumption	Impact on Schemes
Discount rate	+/- 0.5%	+£95m/-£76m
Inflation and pension increases (allowing for caps and collars)	+/- 0.5%	+£55m/-£59m
Assumed life expectancy at age 65	+1/-1 year	+£35m/-£28m

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation to one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Consolidated Balance Sheet.

23. Provisions

(In £s million)	Current	Non-current	Total
At 1 July 2018	1.2	6.2	7.4
Additions	–	0.9	0.9
Utilised	(0.1)	–	(0.1)
At 30 June 2019	1.1	7.1	8.2

Provisions primarily comprise potential exposures arising from business operations overseas.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

24. Called up share capital

Called up, allotted and fully paid Ordinary shares of 1 pence each

	Share capital number (thousand)	Share capital £s million
At 1 July 2018 and 30 June 2019	1,464,097	14.7

In accordance with the Companies Act 2006, the Company no longer has an authorised share capital. The Company is allowed to hold 10% of issued share capital in treasury.

As at 30 June 2019, the Company held 5.4 million (2018: 12.8 million) Hays plc shares in treasury. The shares held in treasury are used to satisfy the exercises in relation to equity-settled share-based payment awards.

25. Share-based payments

During the year, £11.2 million (2018: £12.4 million) was charged to the Consolidated Income Statement in relation to equity-settled share-based payments.

Share options

At 30 June 2019 the following options had been granted and remained outstanding in respect of the Company's Ordinary shares of 1 pence each under the Company's share option schemes:

	Number of shares	Nominal value of shares £	Subscription price pence/share	Date normally exercisable
Hays UK Sharesave Scheme	474,171	4,742	107	2019
	572,161	5,722	143	2020
	921,071	9,211	171	2021
	1,752,056	17,521	135	2022
	3,719,459	37,196		
Hays International Sharesave Scheme	218,326	2,183	107	2019
	454,690	4,547	143	2020
	569,991	5,700	171	2021
	619,967	6,200	135	2022
	1,862,974	18,630		
Total Sharesave options outstanding	5,582,433	55,826		

The Hays International Sharesave Scheme is available to employees in Australia, New Zealand, Germany, the Republic of Ireland, Canada, Hong Kong, Singapore and the United Arab Emirates.

Details of the share options outstanding during the year are as follows:

	2019 Number of share options (thousand)	2019 Weighted average exercise price (pence)	2018 Number of share options (thousand)	2018 Weighted average exercise price (pence)
Sharesave				
Outstanding at the beginning of the year	5,641	136	5,584	124
Granted during the year	2,418	135	1,819	171
Forfeited during the year	(703)	142	(754)	130
Exercised during the year	(1,728)	111	(969)	139
Expired during the year	(46)	143	(39)	131
Outstanding at the end of the year	5,582	143	5,641	136
Exercisable at the end of the year	692	107	254	142

The weighted average share price for all options exercised during the year was 155p (2018: 182p).

The options outstanding as at 30 June 2019 had a weighted average remaining contractual life of 2 years.

On 28 March 2019, 2.4 million Sharesave options were granted. The aggregate of the estimated fair values of the options granted on that date is £0.6 million. In the prior year, 1.8 million Sharesave options were granted. The aggregate of the estimated fair values of the options granted in the prior year was £0.7 million.

The inputs into the valuation model (a binomial valuation model) are as follows:

Share price at grant	150 pence
Exercise price	135 pence
Expected volatility	30.1%
Expected life	3.3 years
Risk-free rate	0.65%
Expected dividends	4.51%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years.

Performance Share Plan (PSP) and Deferred Annual Bonus (DAB)

The PSP is designed to link reward to the key long-term value drivers of the business and to align the interests of the executive directors and approximately 360 of the global senior management population with the long-term interests of shareholders. PSP awards are discretionary and vesting is dependent upon the achievement of performance conditions measured over either a three-year period with a two-year holding period or a one-year period with a two-year holding period. The fair value of both the PSP and DAB awards are calculated using the share price as at the date the shares are granted.

Only the executive directors and other members of the Management Board participate in the DAB which promotes a stronger link between short-term and long-term performance through the deferral of annual bonuses into shares for a three-year period.

Further details of the schemes for the executive directors can be found in the Remuneration Report on pages 85 to 87.

Details of the share awards outstanding during the year are as follows:

	2019 Number of share options (thousand)	2019 Weighted average fair value at grant (pence)	2018 Number of share options (thousand)	2018 Weighted average fair value at grant (pence)
Performance Share Plan				
Outstanding at the beginning of the year	19,664	152	21,767	131
Granted during the year	5,612	201	5,895	181
Exercised during the year	(4,526)	154	(6,026)	118
Lapsed during the year	(1,621)	150	(1,972)	130
Outstanding at the end of the year	19,129	166	19,664	152

The weighted average share price on the date of exercise was 203p (2018: 187p).

The options outstanding as at 30 June 2019 had a weighted average remaining contractual life of 1.4 years.

	2019 Number of share options (thousand)	2019 Weighted average fair value at grant (pence)	2018 Number of share options (thousand)	2018 Weighted average fair value at grant (pence)
Deferred Annual Bonus				
Outstanding at the beginning of the year	1,940	162	2,207	143
Granted during the year	949	206	651	184
Exercised during the year	(694)	162	(918)	133
Outstanding at the end of the year	2,195	181	1,940	162

The weighted average share price on the date of exercise was 205p (2018: 185p).

The options outstanding as at 30 June 2019 had a weighted average remaining contractual life of 1.4 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

26. Related parties

Remuneration of key management personnel

The remuneration of the Management Board and non-executive directors, who are key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures' and represents the total compensation costs incurred by the Group in respect of remuneration, not the benefit to the individuals. The Management Board appointed two additional members from 1 July 2018. Further information about the remuneration of executive and non-executive directors is provided in the Directors' Remuneration Report on pages 76 to 84.

(In £s million)	2019	2018
Short-term employee benefits	9.4	11.2
Share-based payments	4.2	4.7
	13.6	15.9

Information relating to pension fund arrangements is disclosed in note 22.

27. Operating lease arrangements

The Group as lessee

(In £s million)	2019	2018
Land and buildings	40.8	37.0
Motor vehicles	9.0	8.3
Lease payments under operating leases recognised as an expense for the year	49.8	45.3

At 30 June 2019, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

(In £s million)	2019	2018
Within one year	54.4	53.2
Between two and five years	123.9	121.0
After five years	37.7	34.0
	216.0	208.2

IFRS 16 'Leases' will become effective from 1 July 2019 and will primarily change the lease accounting requirements for lessees as currently disclosed above. The expected impact to the Group's results is described further in note 1 to the Consolidated Financial Statements.

28. Disaggregation of net fees

IFRS 15 requires entities to disaggregate revenue recognised from contracts with customers into relevant categories that depict how the nature, amount and cash flows are affected by economic factors. As a result, we consider the following information to be relevant:

	Australia & New Zealand	Germany	United Kingdom & Ireland	Rest of World	Group
Temporary placements	68%	84%	57%	30%	57%
Permanent placements	32%	16%	43%	70%	43%
Private sector	66%	90%	73%	99%	85%
Public sector	34%	10%	27%	1%	15%
Accountancy & Finance	12%	15%	22%	13%	15%
IT & Engineering	12%	69%	10%	28%	32%
Construction & Property	23%	5%	20%	10%	13%
Office Support	13%	0%	12%	6%	7%
Other	40%	11%	36%	43%	33%
Total	100%	100%	100%	100%	100%

29. Subsequent events

The final dividend for 2019 of 2.86 pence per share (£42.0 million) along with a special dividend of 5.43 pence per share (£79.7 million) will be proposed at the Annual General Meeting on 13 November 2019 and has not been included as a liability as at 30 June 2019. If approved, the final and special dividend will be paid on 15 November 2019 to shareholders on the register at the close of business on 4 October 2019.

HAYS PLC COMPANY BALANCE SHEET

AT 30 JUNE

(In £s million)	Note	Company 2019	Company 2018
Non-current assets			
Intangible assets		0.5	–
Property, plant and equipment		0.9	0.6
Investment in subsidiaries	4	743.9	743.9
Trade and other receivables	5	67.4	123.9
Deferred tax assets	6	1.0	0.4
Retirement benefit surplus	9	19.7	75.9
		833.4	944.7
Current assets			
Trade and other receivables	7	33.0	21.7
Cash and bank balances		22.2	14.0
		55.2	35.7
Total assets		888.6	980.4
Current liabilities			
Trade and other payables	8	(67.6)	(38.6)
Net current assets		(12.4)	(2.9)
Total assets less current liabilities		821.0	941.8
Non-current liabilities			
Deferred tax liabilities	6	(3.4)	(14.5)
Provisions	10	(6.6)	(5.8)
		(10.0)	(20.3)
Total liabilities		(77.6)	(58.9)
Net assets		811.0	921.5
Equity			
Called up share capital		14.7	14.7
Share premium		369.6	369.6
Capital redemption reserve		2.7	2.7
Retained earnings		402.6	512.8
Equity reserve		21.4	21.7
Total equity		811.0	921.5

The Financial Statements of Hays plc, registered number 2150950, set out on pages 137 to 144 were approved by the Board of Directors and authorised for issue on 28 August 2019.

Signed on behalf of the Board of Directors

A R Cox

P Venables

HAYS PLC COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

(In £s million)	Called up share capital	Share premium	Capital redemption reserve	Retained earnings	Equity reserve	Total equity
At 1 July 2018	14.7	369.6	2.7	512.8	21.7	921.5
Remeasurement of defined benefit pension schemes	-	-	-	(63.1)	-	(63.1)
Tax relating to components of other comprehensive income	-	-	-	11.8	-	11.8
Net income recognised in other comprehensive income	-	-	-	(51.3)	-	(51.3)
Profit for the year	-	-	-	57.6	-	57.6
Total comprehensive income for the year	-	-	-	6.3	-	6.3
Dividends paid	-	-	-	(129.1)	-	(129.1)
Share-based payments	-	-	-	12.0	(0.3)	11.7
Tax on share-based payment transactions	-	-	-	0.6	-	0.6
At 30 June 2019	14.7	369.6	2.7	402.6	21.4	811.0

FOR THE YEAR ENDED 30 JUNE 2018

(In £s million)	Called up share capital	Share premium	Capital redemption reserve	Retained earnings	Equity reserve	Total equity
At 1 July 2017	14.7	369.6	2.7	282.3	21.4	690.7
Remeasurement of defined benefit pension schemes	-	-	-	62.9	-	62.9
Tax relating to components of other comprehensive income	-	-	-	(11.9)	-	(11.9)
Net income recognised in other comprehensive income	-	-	-	51.0	-	51.0
Profit for the year	-	-	-	277.3	-	277.3
Total comprehensive income for the year	-	-	-	328.3	-	328.3
Dividends paid	-	-	-	(109.7)	-	(109.7)
Share-based payments	-	-	-	11.9	0.3	12.2
At 30 June 2018	14.7	369.6	2.7	512.8	21.7	921.5

1. Accounting policies

Basis of accounting

The Financial Statements have been prepared under the historical cost convention, in accordance with Financial Reporting Standard 101 (FRS 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by Section 408 of the Companies Act 2006, the Company's Income Statement has not been presented. The Company, as permitted by FRS 101, has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, certain disclosures regarding the Company's capital, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, certain related party transactions and the effect of future accounting standards not yet adopted. Where required, equivalent disclosures are provided in the Group Financial Statements of Hays plc.

New and amended accounting standards effective during the year

There have been no new or amended accounting standards or interpretations adopted during the year that have had a significant impact on the Company Financial Statements. IFRS 15 and IFRS 9 as described in note 1 to the Group Financial Statements have not had a significant impact on the Company's Financial Statements.

The significant accounting policies and significant judgments and key estimates relevant to the Company are the same as those set out in note 2 and note 3 to the Group Financial Statements with the addition of the following accounting policies.

Investment in subsidiary undertakings

Investments in subsidiary undertakings are held at cost less any provision for impairment. The subsidiary undertakings which the Company held at 30 June 2019 are described in the Investment in Subsidiaries note 4.

Financial guarantee arrangements

Where the Company enters into financial guarantee arrangements to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Intercompany and other receivables

Intercompany and other receivables are initially measured at fair value. Subsequent to initial recognition these assets are measured at amortised cost less any provision for impairment losses. The Group measures impairment losses using the expected credit loss model in accordance with IFRS 9. The adoption of IFRS 9 on 1 July 2018 had no material impact on the Company.

2. Employee information

There are no staff employed by the Company (2018: none). Therefore no remuneration has been disclosed. Details of directors' emoluments and interests are included in the Remuneration Report on pages 76 to 84 of the Annual Report.

3. Profit for the year

Hays plc has not presented its own Income Statement and related notes as permitted by Section 408 of the Companies Act 2006. The profit for the financial year in the Hays plc Company Financial Statements is £57.6 million (2018: profit £277.3 million).

4. Investment in subsidiaries

(In £s million)

	2019	2018
Cost		
At 1 July	743.9	910.4
Provision for impairment		
Charge during the year	-	(166.5)
Total		
At 30 June	743.9	743.9

Investments in subsidiaries are stated at cost less any impairment in recoverable value.

The impairment during the prior year of £166.5 million relates to Hays Holdings Limited, a subsidiary of the Company.

The principal subsidiary undertakings of the Group are listed in note 11.

NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS

CONTINUED

5. Trade and other receivables: amounts falling due after more than one year

(In £s million)	2019	2018
Prepayments	1.2	0.6
Amounts owed by subsidiary undertakings	66.2	123.3
	67.4	123.9

The Company charges interest on amounts owed by subsidiary undertakings at a rate of three-month LIBOR plus 1%. The amounts owed by subsidiary undertakings are unsecured.

6. Deferred tax

(In £s million)	2019	2018
Deferred tax assets	1.0	0.4
Deferred tax liabilities	(3.4)	(14.5)
Net Deferred tax	(2.4)	(14.1)

7. Trade and other receivables: amounts falling due within one year

(In £s million)	2019	2018
Corporation tax debtor	29.7	18.7
Prepayments	3.3	3.0
	33.0	21.7

8. Trade and other payables

(In £s million)	2019	2018
Accruals	17.0	22.0
Amounts owed to subsidiary undertakings	50.6	16.6
	67.6	38.6

Amounts owed to subsidiary undertakings are repayable on demand. The Company is charged interest on amounts owed to subsidiary undertakings at a rate of three-month LIBOR less 1%.

9. Retirement benefit surplus/obligations

(In £s million)	2019	2018
Net asset arising from defined benefit obligation	19.7	75.9

The details of this UK scheme, for which Hays plc is the sponsoring employer, are set out in note 22 to the Group Financial Statements.

10. Provisions

(In £s million)	
At 1 July 2018	5.8
Charged to the income statement	0.9
Utilised during the year	(0.1)
At 30 June 2019	6.6

Provisions comprise of potential exposures arising as a result of business operations. It is not possible to estimate the timing of payments against the remaining provisions.

11. Subsidiaries

	Registered Address and Country of Incorporation
Hays Specialist Recruitment (Australia) Pty Limited	Level 13, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000, Australia
Hays Österreich GmbH	Europaplatz 3/5, 1150 Wien, Austria
Hays Professional Solutions Österreich GmbH	Europaplatz 3/5, 1150 Wien, Austria
Hays NV	B – 8500 Kortrijk, Brugsesteenweg 255 box 2, Belgium
Hays Services NV	B – 8500 Kortrijk, Brugsesteenweg 255 box 2, Belgium
Hays Alocação Profissional Ltda	Rua Pequetita, No.215, 13th Floor, Sao Paulo, Brazil
Hays Recruitment and Selection Ltda	Rua Pequetita, No.215, 13th Floor, Sao Paulo, Brazil
Hays Trabalho Temporário Ltda	Rua Pequetita, No.215, 13th Floor, Sao Paulo, Brazil
Hays Specialist Recruitment (Canada) Inc.	1500 Don Mills Road, Suite 402, North York, Ontario, M3B 3K4, Canada
Hays Especialistas En Reclutamiento Limitada	Cerro El Plomo 5630, Of. 1701, Las Condes, P.O. 7560742, Santiago, Chile
Hays Specialist Recruitment (Shanghai) Co. Limited* (90% owned)	Unit 0304, 19/F Shui On Plaza, 333 Huaihai Road, Lot No.7 Luwan District, Shanghai 200020, CN, O, China
Hays Colombia SAS	AK 45 No. 108-27 Torre 2 Oficina 1105, Bogotá, Colombia
Hays Czech Republic s.r.o	Olivova 4/2096, 110 00 Praha 1, Czech Republic
Hays Information Technology s.r.o	Olivova 4/2096, 110 00 Praha 1, Czech Republic
Hays Specialist Recruitment (Denmark) A/S	Kongens Nytorv 8, 1050 København K, Denmark
Axis Resources Holding Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Axis Resources Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
EPS Pension Trustees Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
H101 Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Commercial Services Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, UK
Hays Finance Technology Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Hays Group Holdings Limited †	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Healthcare Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Holdings Ltd †	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays International Holdings Limited †	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Life Sciences Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Nominees Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Overseas Holdings Limited †	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Pension Trustee Limited †	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Personnel (Managed Solutions) Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Hays Personnel Payroll Services Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Hays Personnel Services Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Hays Pharma Consulting Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Hays Pharma Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Hays Property Holdings Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Hays Recruitment Services Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Social Care Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Specialist Recruitment (Holdings) Limited †	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Specialist Recruitment Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays SRA Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Hays Stakeholder Life Assurance Trustee Limited †	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays ZMB Limited (In Liquidation)*	55 Baker Street, London, W1U 7EU, UK
James Harvard International Group Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
James Havard Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK

NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS

CONTINUED

11. Subsidiaries continued

	Registered Address and Country of Incorporation
Krooter Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Myriad Computer Services Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Oval (1620) Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Owen, Thornhill and Harper Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Paperstream Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Recruitment Solutions Group Limited (IOM)	First Names House, Victoria Road, Douglas, IM2 4DF, Isle of Man
RSG EBT Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Weyside 23 Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Weyside Group Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Weyside Office Services Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Weyside Telecoms Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Weyside Turngate Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Hays BTP & Immobilier SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Clinical Research SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Consulting SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Corporate SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Est SASU	34 rue Stanislas, 54000 Nancy, France
Hays Executive SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Finance SASU	147 boulevard Haussmann, 75008 Paris, France
Hays France SAS	147 boulevard Haussmann, 75008 Paris, France
Hays Ile de France SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Life Sciences Consulting SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Life Sciences Services SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Medias SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Méditerranée SASU	369/371 Promenade des Anglais – Immeuble Crystal Palace, 06000 Nice, France
Hays Nord Est SASU	6, rue Jean Roisin, 59000 Lille, France
Hays Ouest SASU	36 boulevard Guist'Hau, 44000 Nantes, France
Hays Outsourced Solutions SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma Consulting SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma Services SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma Technology SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma Technology Consulting SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma Technology Services SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Services SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Sud Est SASU	Immeuble Grand Bazar, 2 rue Grolee, 69002 Lyon, France
Hays Sud Ouest SASU	23 rue Lafayette, 31000 Toulouse, France
Hays Talent Solutions SASU	23 rue Lafayette, 31000 Toulouse, France
Hays Travail Temporaire SASU	147 boulevard Haussmann, 75008 Paris, France
Hays AG	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Talent Solutions GmbH	Völklinger Straße 4, 40219 Düsseldorf, Germany
Hays Holding GmbH	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Technology Solutions GmbH	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Professional Solutions GmbH	Völklinger Straße 4, 40219 Düsseldorf, Germany
Hays Hong Kong Limited	Unit 6604-06, 66/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong

	Registered Address and Country of Incorporation
Hays Specialist Recruitment Hong Kong Limited	Unit 6604-06, 66/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Hays Hungary Kft.	1054 Budapest, Szabadság tér 7, Bank Center, Hungary
Hays Professional Services Kft	1054 Budapest, Szabadság tér 7, Bank Center, Hungary
Hays Business Solutions Private Limited (Gurgaon)	Buildings 9B, 11th Floor, DLF Cyber City, Gurgaon, Haryana-HR, India, 122002
Hays Specialist Recruitment Private Limited	Level 3, Neo Vikram, New Link Road, Above Audi Showroom, Andheri West, Mumbai, Maharashtra-MH, India, 400053
Hays Business Services Ireland Limited	26/27a Grafton St, Dublin 2, Ireland
Hays Specialist Recruitment (Ireland) Limited	26/27a Grafton St, Dublin 2, Ireland
Hays Professional Services S.r.l	Corso Italia 13, CAP 20122, Milano, Italy
Hays Solutions S.r.l	Corso Italia 13, CAP 20122, Milano, Italy
Hays S.r.l	Corso Italia 13, CAP 20122, Milano, Italy
Hays Resource Management Japan K.K.	Izumi Garden Tower 28F 1-6-1 Roppongi, Minato-ku, Tokyo 106-6028, Japan
Hays Specialist Recruitment Japan K.K.	Izumi Garden Tower 28F 1-6-1 Roppongi, Minato-ku, Tokyo 106-6028, Japan
Hays Finance (Jersey) Limited	44 Esplande St, Helier, Jersey JE4 9WG
Hays S.a.r.l	65 Avenue de la Gare – L 1611, Luxembourg
Hays Travail Temporaire Luxembourg	65 Avenue de la Gare – L 1611, Luxembourg
Agensi Pekerjaan Hays Specialist Recruitment (Malaysia) Sdn. Bhd.* (49% owned)	B4-3A-6, Solaris Dutamas, No 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia
Hays Solution Sdn. Bhd.	B4-3A-6, Solaris Dutamas, No 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia
Hays Specialist Recruitment Holdings Sdn. Bhd.	B4-3A-6, Solaris Dutamas, No 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia
Hays Flex. S.A. de C.V.	Avenida Paseo de las Palmas No. 405, 1003, Colonia Lomas de Chapultepec VII Seccion, C.P. 11000, México,CD.MX.
Hays Servicios S.A. de C.V.	Avenida Paseo de las Palmas No. 405, 1003, Colonia Lomas de Chapultepec VII Seccion, C.P. 11000, México,CD.MX.
Hays, S.A. de C.V.	Avenida Paseo de las Palmas No. 405, 1003, Colonia Lomas de Chapultepec VII Seccion, C.P. 11000, México,CD.MX.
Hays B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Holdings B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Services B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Temp B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Specialist Recruitment (NZ) Limited	Level 12, Pwc Tower, 188 Quay Street, Auckland, 1010, New Zealand
Hays Document Management (Private) Limited	6th Floor, AWT Plaza, I.I Chundrigar Road, Karachi, Pakistan
Hays Outsourcing Sp. z.o.o.	Złota 59, 00-120 Warszawa, Poland
Hays Poland Sp. z.o.o.	Złota 59, 00-120 Warszawa, Poland
Hays Poland Centre of Excellence sp. z.o.o.	Złota 59, 00-120 Warszawa, Poland
HaysP Recrutamento Seleccion e Empresa de Trabalho Temporario Unipessoal LDA	Avenida da Republica, no 90 – 1º andar, fração 4, 1600-206 – Lisbon, Portugal
Hays Specialist Recruitment Romania SRL	30 Frumoasa Street, 1st Floor, zone A, module 1.32, 1st District, Bucharest, Romania
Hays Business Solutions Limited Liability Company	Room 35, premises 1, 3 floor, bld. 2,2, Paveletskaya Square, Moscow, 115054, Russia
Hays IT Solutions Limited Liability Company	Room 35, premises 1, 3 floor, bld. 2,2, Paveletskaya Square, Moscow, 115054, Russia
Hays Specialist Recruitment Limited Liability Company	Room 35, premises 1, 3 floor, bld. 2,2, Paveletskaya Square, Moscow, 115054, Russia
Hays Specialist Recruitment P.T.E Limited	80 Raffles Place, #27-20 UOB Plaza 2, Singapore

NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS

CONTINUED

11. Subsidiaries continued

	Registered Address and Country of Incorporation
Hays Business Services S.L.	Paseo de la Castellana 81, 28046 Madrid, Spain
Hays Personnel Espana Empresa de Trabajo Temporal SA	Paseo de la Castellana 81, 28046 Madrid, Spain
Hays Personnel Services Espana SA	Paseo de la Castellana 81, 28046 Madrid, Spain
Hays Specialist Recruitment AB	Stureplan 4 C, 114 35, Stockholm, Sweden
Hays (Schweiz) AG	Nüscherstrasse 32, CH-8001 Zurich, Switzerland
Hays Talent Solutions (Schweiz) GmbH	Nüscherstrasse 32, CH-8001 Zurich, Switzerland
Hays FZ-LLC	Block 19, 1st Floor, Office F-02, Knowledge Village, Dubai 500340, United Arab Emirates
3 Story Software LLC	63 Bridge Street New Milford, CT, 06776 USA
Hays Holding Corporation	160 Greentree Dr. Suite 101 Dover DE 19904 USA
Hays Specialist Recruitment LLC	4350 W Cypress Street Suite 1000 Tampa, FL 33607 USA
Hays Talent Solutions LLC	4350 W Cypress Street Suite 1000 Tampa, FL 33607 USA
Hays U.S. Corporation	4350 W Cypress Street Suite 1000 Tampa, FL 33607 USA
Hays Holdings U.S. Inc.	4350 W Cypress Street Suite 1000 Tampa, FL 33607 USA
Veredus Government Solutions, LLC (In dissolution)	4350 W Cypress Street Suite 1000 Tampa, FL 33607 USA
Veredus, LLC (In dissolution)	4350 W Cypress Street Suite 1000 Tampa, FL 33607 USA

As at 30 June 2019, Hays plc and/or a subsidiary or subsidiaries in aggregate owned 100% of each class of the issued shares of each of these companies with the exception of companies marked with an asterisk (*) in which case each class of issued shares held was as stated.

Shares in companies marked with a (†) were owned directly by Hays plc. All other companies were owned by a subsidiary or subsidiaries of Hays plc.

Companies in liquidation marked with (**) were dissolved on 26 July 2019.

12. Other related party transactions

Hays plc has taken advantage of the exemption granted under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries. Transactions entered into and trading balances outstanding that were owed to Hays plc at 30 June 2019 with other related parties were £1.4 million (2018: £0.9 million).

SHAREHOLDER INFORMATION

Supporting information for investors.

Shareholder information	146
Financial calendar	147
Hays online	147
Glossary	148
Country list	148

SHAREHOLDER INFORMATION

Registrar

The Company's registrar is:
Equiniti Limited
Aspect House, Spencer Road, Lancing,
West Sussex BN99 6DA
www.shareview.co.uk
Telephone: 0371 384 2843⁽¹⁾
International: +44 121 415 0804
Textphone: 0371 384 2255

ID fraud and unsolicited mail

Share-related fraud and identity theft affects shareholders of many companies and we urge you to be vigilant. If you receive any unsolicited mail offering advice, you should inform Equiniti immediately.

As the Company's share register is, by law, open to public inspection, shareholders may receive unsolicited mail from organisations that use it as a mailing list. To reduce the amount of unsolicited mail you receive, contact the Mailing Preference Service, FREEPOST 29 LON20771, London W1E 0ZT. Telephone: 0345 0700 705. Website: www.mpsonline.org.uk

ShareGift

ShareGift is a charity share donation scheme for shareholders and is administered by the Orr Mackintosh Foundation. It is especially useful for those shareholders who wish to dispose of a small number of shares whose value makes it uneconomical to sell on a normal commission basis. Further information can be obtained from www.sharegift.org or from Equiniti.

Website

The Company has a corporate website at haysplc.com, which holds, amongst other information, a copy of our latest Annual Report & Financial Statements and copies of all announcements made over the last 12 months.

Registered office

4th Floor
20 Triton Street
London
NW1 3BF
Registered in England & Wales no. 2150950
Telephone: +44 (0) 20 3978 2520

Company Secretary

Doug Evans
Email: cosec@hays.com

Investor Relations contact

David Phillips, Head of Investor Relations
Email: ir@hays.com

Equiniti provides a range of services for shareholders:

Service	What it offers	How to participate
Shareholder service	You can access details of your shareholding and a range of other shareholder services.	You can register at www.shareview.co.uk
Enquiries relating to your shareholding	You can inform Equiniti of lost share certificates, dividend warrants or tax vouchers, change of address or if you would like to transfer shares to another person.	Please contact Equiniti.
Dividend payments	Dividends may be paid directly into your bank or building society account. Tax vouchers will continue to be sent to the shareholder's registered address.	Complete a dividend bank mandate instruction form which can be downloaded from www.shareview.co.uk or by telephoning Equiniti.
Dividend payment direct to bank account for overseas shareholders	Equiniti can convert your dividend in over 83 currencies to over 90 countries worldwide and send it directly to your bank account.	For more details please visit www.shareview.co.uk or contact Equiniti.
Dividend Reinvestment Plan (DRIP)	The Company has a DRIP to allow shareholders to reinvest the cash dividend that they receive in Hays plc shares on competitive dealing terms.	Further information is available from the Share Dividend helpline on 0371 384 2268 or visit www.shareview.co.uk
Amalgamation of accounts	If you receive more than one copy of the Annual Report & Financial Statements, it could be because you have more than one record on the register. Equiniti can amalgamate your accounts into one record.	Please contact Equiniti.
Share dealing service ⁽²⁾	Equiniti offers Shareview Dealing, a service which allows you to sell your Hays plc shares or add to your holding if you are a UK resident. If you wish to deal, you will need your account/shareholder reference number which appears on your share certificate. Alternatively, if you hold a share certificate, you can also use any bank, building society or stockbroker offering share dealing facilities to buy or sell shares. ⁽²⁾	You can deal in your shares on the internet or by phone. For more information about this service and for details of the rates, log on to www.shareview.co.uk/dealing or telephone Equiniti on 0345 603 7037 between 8.00am and 4.30pm, Monday to Friday.
Individual Savings Accounts (ISAs) ⁽²⁾	Investors in Hays plc Ordinary shares may take advantage of a low-cost individual savings account (ISA) and/or an investment account where they can hold their Hays plc shares electronically. The ISA and investment account are operated by Equiniti Financial Services Limited and are subject to standard dealing commission rates.	For further information or to apply for an ISA or investment account, visit Equiniti's website at www.shareview.co.uk/dealing or telephone them on 0345 300 0430.

(1) Lines open 8.30am to 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales).

(2) The provision of share dealing services is not intended to be an invitation or inducement to engage in an investment activity. Advice on share dealing should be obtained from a professional independent financial adviser.

FINANCIAL CALENDAR

2019

15 October	Trading Update for quarter ending 30 September 2019
13 November	Annual General Meeting
15 November	Payment of final and special dividends

2020

16 January	Trading Update for quarter ending 31 December 2019
20 February	Half-Year Report for six months ending 31 December 2019
16 April	Trading Update for quarter ending 31 March 2020

HAYS ONLINE

Our award-winning investor site gives you fast direct access to a wide range of Company information.

🔗 See haysplc.com/investors

Our investor site includes:

- Investment case
- Results centre
- Events calendar
- Corporate governance
- Investor Day materials
- Regulatory news
- Alerts
- Share price information
- Shareholder services
- Analysts' consensus
- Annual reports archive



Follow us on social media:

-  [linkedin.com/company/hays](https://www.linkedin.com/company/hays)
-  twitter.com/HaysWorldwide
-  facebook.com/HaysWorldwide
-  youtube.com/HaysTV

GLOSSARY

Term	Definition
Contractor	Freelance worker who is paid to work on a specific project or task. Typically works on a project basis for a fixed period of time, usually around 6-12 months
Conversion rate	Proportion of our net fees which is converted into operating profit
Core dividend	Interim and final dividends paid to shareholders. Our target dividend cover is within 2.0x to 3.0x EPS (currently 3.0x)
'Find & Engage'	Our proprietary recruitment model, which combines the best practices and skills of traditional hiring, and then incorporates new technology and data sciences to locate candidates at scale
Flex/Flexible worker	Encompasses both Temp and Contractor workers
Free cash flow	Cash generated by operations less tax paid and net interest paid
Hays Talent Solutions	Our outsourced services business, which includes our MSP and RPO contracts, and represents c.15% of Group net fees
International	Relating to our non-UK&I business
Job Churn	Confidence among businesses to hire skilled people, aligned to candidate confidence to move jobs
Like-for-like/Organic	Year-on-year growth of net fees or profits of Hays' continuing operations, at constant currency
Managed Service Programmes (MSP)	The transfer of all or part of the management of a client's temporary staffing hiring activities on an ongoing basis
Megatrend	Powerful macro industry theme which we regard as shaping recruitment markets and driving net fee growth
Net fees	As defined in note 2e to the Consolidated Financial Statements
Perm	Candidate placed with a client in a permanent role
Perm gross margin	Our percentage placement fee, usually based on the Perm candidate's base salary
Profit drop-through	The additional like-for-like profit which flows to our bottom line from incremental like-for-like net fees in a particular period. Expressed as a percentage
Recruitment Process Outsourcing (RPO) contracts	The transfer of all or part of a client's permanent recruitment processes on an ongoing basis
Special dividend	Dividends proposed by the Board over and above our core dividends. We have a policy of distributing any net cash on our balance sheet at year end above c.£50 million to shareholders, assuming a positive outlook
Specialism	20 broad areas, usually grouped by industry, in which we are experts, e.g. Construction & Property, Accountancy & Finance
Talent pools	Collective term for active candidate databases
Temp	Worker engaged on a short-term basis to fill a skills gap for a pre-agreed period of time
Turnover	As defined in note 2d to the Consolidated Financial Statements
Underlying Temp gross margin	Temp net fees divided by Temp gross revenue. Relates solely to Temp placements where we generate net fees, and specifically excludes: transactions where we act as agent for workers supplied by third-party agencies; arrangements relating to major payrolling services. Usually expressed as a percentage

COUNTRY LIST

Australia	Italy	Brazil
New Zealand	Luxembourg	Canada
Germany	The Netherlands	Chile
UK	Poland	Colombia
Ireland	Portugal	Mexico
Austria	Romania	USA
Belgium	Russia	China
Czech Republic	Spain	India
Denmark	Sweden	Japan
France	Switzerland	Malaysia
Hungary	UAE	Singapore



Designed by SALTERBAXTER
An MSL Company

This report has been printed on Heaven 42 – an FSC® certified paper containing 100% ECF pulp and manufactured at a mill accredited with the ISO 14001 and EMAS environmental standards, and Colorplan – an FSC approved 100% Virgin ECF Fibre and Acid Free paper.

Printed by CPI Colour. CPI Colour are ISO14001 certified, CarbonNeutral®, Alcohol Free and are FSC® Chain of Custody certified. The inks used are vegetable oil based.

© Copyright Hays plc 2019
HAYS, the Corporate and Sector H devices, Recruiting experts worldwide, the HAYS Recruiting experts worldwide logo, and Powering the World of Work are trademarks of Hays plc. The Corporate and Sector H devices are original designs protected by registration in many countries. All rights are reserved.

