



HAYS Recruiting experts
worldwide

Hays plc Annual Report & Financial Statements 2020

NAVIGATING THE NEW WORLD OF WORK

‘Our Hays Story’ in 2020 was unlike any in our 52 years. The severe impact of the global Covid-19 pandemic was harsher than any conditions we have seen. Facing this challenge, I am immensely proud of the innovation and steadfast commitment shown by all our Hays colleagues. We transitioned to remote working almost overnight, while retaining complete operational functionality.

Our purpose has never been more relevant. We 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. We are determined to continue this help as the world adjusts to, and emerges from, the pandemic.

The pandemic has accelerated the digital revolution. We are enabled by technology and data. By harnessing the ‘art’ of recruitment – our expert people – with the ‘science’ of technology and data, we are determined to create the recruitment experience of tomorrow.

We are global leaders. We have built the world’s largest and most diversified white-collar recruitment business, with over 10,000 colleagues. Our aim is to become lifelong partners to our clients and candidates, writing new stories and changing lives every day. 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.10,400 people in 33 countries strive to help our clients find the talent they need to grow and people advance their careers.

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.

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 great.

...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.

Our purpose is to benefit society by helping people succeed and enabling organisations to thrive, creating opportunities and improving lives

Our business model

We earn fees based on a percentage of a candidate's salary whom we have placed with a client. Our deep industry expertise spans white-collar Temp, Contracting & Perm markets.

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 and efficiency metric.

We are highly cash-generative, with low capital requirements.

 Watch our 'About Us' video at: hays.com/investors

Experts and lifelong partners

The balance, scale and diversity of our business 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.

 For the Hays Skills Guide visit: hays-index.com

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: Passionate about people, Ambitious, Expert, Insightful, Innovative

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

 For our business model see page 12

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.

 Read more about our people and culture on pages 20 to 21

Recruitment insights powered by technology

We embrace technology and data as powerful value creators, and have led our industry in innovation.

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

Engaged data drives the 'science' of recruitment, while the 'art' of recruitment is delivered by our expert consultants. The prize for adding real human value in a digitised world is substantial.

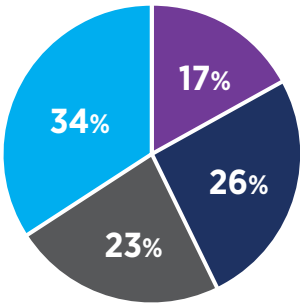
 Discover more on our LinkedIn page at: linkedin.com/company/hays

We operate across four divisions, with 266 offices in 33 countries

Divisional net fee performance FY20

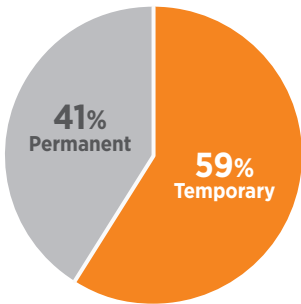
During FY20 our fees decreased by 11%. ANZ declined by 11%, Germany by 13%, UK&I by 14% and RoW by 8%. Temp fees decreased by 9%, with Perm down 15%.

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
17% (£170.5m)	811	42
Operating profit ⁽¹⁾	Permanent	Temporary
£48.2m	29%	71%

Germany

Group net fees	Consultants	Offices
26% (£259.8m)	1,560	25
Operating profit ⁽¹⁾	Permanent	Temporary
£53.2m	17%	83%

UK & Ireland

Group net fees	Consultants	Offices
23% (£225.6m)	1,840	95
Operating profit ⁽¹⁾	Permanent	Temporary
£16.6m	39%	61%

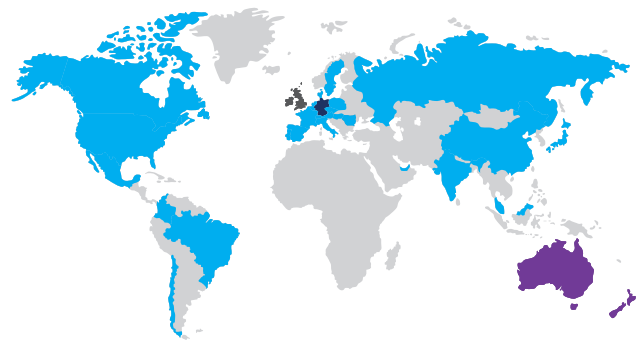
Rest of World

Group net fees	Consultants	Offices
34% (£340.3m)	2,689	104
Operating profit ⁽¹⁾	Permanent	Temporary
£17.0m	66%	34%

⁽¹⁾ For our Divisional operating review see page 32

A global business

33 countries and 20 specialisms



Australia & New Zealand
19 out of 20
specialisms covered

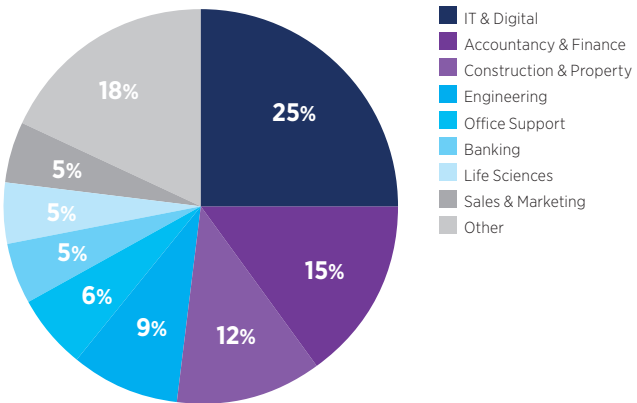
UK & Ireland
17 out of 20
specialisms covered

Germany
9 out of 20
specialisms covered

Rest of World
8* out of 20
specialisms covered

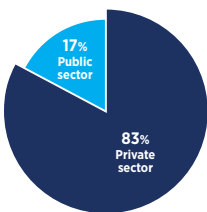
*Average specialisms per country

Net fees by specialism

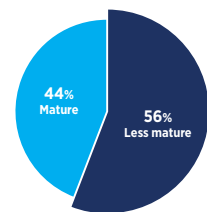


Net fees by:

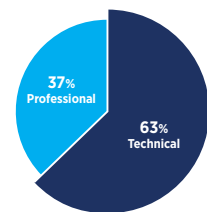
Client type



Market exposure



Job type



⁽¹⁾ Operating profit is presented before exceptional costs of £39.9 million, comprising £20.3 million relating to the partial impairment of goodwill for the US business, and £19.6 million relating to restructuring charges, primarily in our German business. There were £15.1 million of exceptional costs in the prior year, as stated in note 5 on page 142.

Financial overview FY20

Net fee income

£996.2m

FY19: £1,129.7m

Profit before tax

£86.3m

FY19: £231.2m

Basic EPS

3.14p

FY19: 11.10p

Operating cash conversion⁽³⁾

183%

FY19: 106%

Pre-exceptional operating profit⁽¹⁾

£135.0m

FY19: £248.8m

Pre-exceptional basic EPS⁽¹⁾

5.28p

FY19: 11.92p

Cash generated by operations⁽²⁾

£247.4m

FY19: £263.0m

Conversion rate

13.6%

FY19: 22.0%

i For our KPIs see pages 30 to 31

Operational summary FY20

Employees

10,438

FY19: 11,509

Permanent jobs filled

66,329

FY19: 81,100

Clients

40,000+

Clients trust Hays with their main asset – their people

Web page views

123.4m

Consultants

6,900

FY19: 7,782

Temporary and contractor roles filled

235,000

FY19: 254,000

Candidate applications

11.5m

We received c.11.5 million job applications in FY20

LinkedIn followers

4.2m

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) 2020 operating profit and basic EPS are presented before exceptional costs of £39.9 million, comprising £20.3 million relating to the partial impairment of goodwill in the US business, and £19.6 million relating to restructuring charges, primarily in our German business. There were £15.1 million of exceptional items in FY19.
- (2) 2020 cash generated by operations has been adjusted for the cash impact of lease payments of £46.4 million and £118.3 million of deferrals of payroll tax and VAT.
- (3) Operating cash conversion represents the conversion of pre-exceptional operating profit to cash generated by operations.

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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, balance and financial
position are the strongest in our industry.



OUR INVESTMENT CASE

Our business philosophy has been consistent for many years. Our financial strength supports long-term growth investments, and despite the ongoing uncertainties presented by the global pandemic we are determined to protect our business infrastructure, including people, brand, technology and data.

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. 59% of our net fees are in Temp or Contracting recruitment, which we anticipate being relatively more resilient than Perm in the near term, and where we are market leaders.
- 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, and invest in our leaders through our bespoke International Leadership Management Programme.
- 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 remains relatively low.
- 56% of our Group net fees are generated in such structural growth markets, including places such as Germany and Asia, where the first-time outsourcing of the recruitment of skilled staff remains a key long-term opportunity.
- The remaining 44% of net fees come from more mature markets, such as the UK 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.
- In the USA, market share gain remains an important growth driver.

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 outperformance of our business versus peers over the long-term.
- 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.
- The pandemic reduced hiring globally and we acted quickly to manage our cost base, while protecting our core business operations and productive capacity and are in a strong position to grow once our markets stabilise.
- Although fees declined 11% in FY20, we supported our clients through very challenging times. Our high exposure to skill-short sectors such as Technology and Life Sciences added resilience.
- Our c.£196 million equity raise in April 2020 gives us our strongest balance sheet ever. Our financial strength allows us to pursue organic business opportunities as clients seek well-capitalised partners, and to protect our core infrastructure.

4.

Our potential to generate significant cash flow and, when appropriate, pay dividends

- The unprecedented nature of the pandemic, and the rapid pace of fee declines, sharpened our focus on protecting the business and ensuring balance sheet strength. The Board's decision to raise equity and cancel the interim dividend was a prudent measure, and we are extremely grateful for the support of our shareholders.
- Given the high level of macroeconomic uncertainty resulting from the pandemic, and the fact that profitability in our fourth quarter was broadly at a breakeven level, the Board is not proposing a final dividend for FY20.
- We ended the year with a net cash position of £366.2 million excluding short-term deferral of tax payments. We have again demonstrated that we are a highly cash-generative business, and have a clear set of free cash flow priorities including ongoing investment in the development of the business, maintaining a strong balance sheet and, when appropriate, paying a sustainable and progressive dividend.
- We remain acutely aware of the importance of dividends to our shareholders and aim to restore dividend payments as soon as is appropriate.

“

The global pandemic severely impacted all our markets. As it developed, our priority was to look after all our colleagues and to support our clients and candidates as they adjusted to new realities.

I am immensely proud of the commitment and innovation shown by all our people.

”

THE YEAR IN REVIEW, AND THE YEARS AHEAD

Our Chief Executive, Alistair Cox, discusses the Group's performance in FY20 and looks ahead to our areas of focus and development in the future.

Q. The impact of Covid-19 globally created the most challenging operating environment in living memory. How would you characterise the way Hays responded to the crisis?

A. Covid-19 is a human tragedy that has affected millions of families worldwide. As a Group, our number one priority was and remains the safety of our colleagues, clients and candidates. I am relieved to say that to date very few of our Hays colleagues have contracted the virus, and all have recovered.

As the pandemic enveloped the world, we acted swiftly to implement travel restrictions and self-isolation requirements. Our offices in China were the first to be closed in January, and in those early stages we helped our colleagues there with PPE shipments, and then worked hard to ensure that our remote working capabilities were robust so that our teams could continue to work from home. We learned a lot from this initial phase that stood us in good stead in the months which followed. As lockdowns spread across Asia and then globally, we were able to switch our entire business to remote working virtually overnight. Our business continuity has never been tested to such limits, and great credit is due to our technology teams worldwide who ensured that all our colleagues could continue working and the business functioned fully. The Board and management team are extremely grateful for all the hard work, commitment and innovation they demonstrated.

Throughout the remote working phase, we have continued to achieve a lot. Consultant interactions with clients and candidates have remained very strong. We won some notable new clients in Hays Talent Solutions, our corporate solutions business. We also launched Hays Thrive globally, our unique and free-to-use employee training and wellbeing platform. So far we have had 17,000 client sign-ups, including 5,000 new clients, and

51,000 individuals registering learning accounts. This is a great example of the value and innovation we can bring to our markets, even when circumstances change dramatically. It's all part of our strategy to be lifelong partners to our clients and candidates.

It is in times like these that a company's culture becomes most evident. We have built our culture very deliberately over decades and it has been deeply moving to hear so many success stories and team initiatives which brought colleagues together and helped our clients. One great example was the MyClassroom initiative with AstraZeneca, where we acted as Managed Service Provider for their contingent workers in the UK. To enable their staff to focus on developing a vaccine for Covid-19, we teamed up with AstraZeneca to provide 65 teachers for home schooling of their employees' children. Parents were confident that their children's education was in excellent hands, and could focus on their vital work. At the same time we provided opportunities for skilled educators who had been furloughed. Other examples include working with the Australian Government's medical call centres, the Nightingale Hospitals and several ambulance authorities in the UK, where we have used our expertise to help our front-line organisations find talent and combat the pandemic.

As the scale of disruption to our clients and candidates became apparent, caused by the unique characteristics of lockdowns, we took swift and decisive action to strengthen our balance sheet. This gives us significant protection against economic shocks. We are hugely grateful to our shareholders for their support and commitment in our c.£196 million non pre-emptive equity placing, and we are determined to deliver a strong return on this additional capital. Our balance sheet strength and available debt facilities will allow us to navigate the pandemic, however long the effects may last. We are using it to protect the



Watch our FY20 results meeting at
haysplc.com/investors/results-centre



Find out more about Hays Thrive
visit: hayslearning.com

investments we have made in our infrastructure and capabilities, take market share as organisations 'fly to quality' and best position ourselves for the recovery when it comes. We have also undertaken a strategic 'return to growth' review of each division and agreed accelerated investment plans in attractive structural growth markets, such as our IT and large Corporate Accounts businesses. We are confident that these investment projects can accelerate our medium-term growth.

I'd also like to say that governments across the world also deserve credit for the scale and speed of their responses to support businesses and individuals through the Covid-19 pandemic. At year end, 18% of Group employees were either in job support schemes, short-time working arrangements or had voluntarily reduced their pay, including our senior management.

Q. How do you feel Hays performed in 2020, both pre-and-post Covid-19?

A. The macroeconomic backdrop was already deteriorating during FY20, even before the pandemic struck. Many of our markets were weakening, impacted by the general uncertainty in part caused by the trade war between USA and China. Also, events in our first half including the UK general election, a general strike in France and the devastating bushfires in Australia, all dampened growth. The pandemic, and resultant lockdowns which started in our third quarter, dwarfed these events and severely impacted our Q4 trading. Our quarterly net fee sequence through FY20 was 0%, -4%, -7% and -34%. We have never seen such a sharp quarterly deceleration in any of Hays' 52 years.

Considering all the headwinds we faced, I feel our business has stood up to the challenge. Overall in the year, our net fees declined by 11%. Seven of our countries grew fees year-on-year, including six individual country fee records. Operating profit⁽¹⁾ declined by 45% to £135.0 million. Despite our fees being down 34% in Q4, our operating profit was broadly breakeven in the quarter through active management of our cost base, while protecting our core business operations and productive capacity. We actively reduced our variable and discretionary costs, and year-end Group headcount decreased by 9% versus the prior year.

Even before the pandemic, we had already started to reduce our cost base to defend short-term profitability in many markets. We restructured several country operations across Europe and especially Germany, incurring a £19.6 million exceptional charge.



This is expected to deliver c.£15 million of annualised pro-rata cost savings. At the same time we continued our strategic investments in key markets such as our IT specialism globally, which demonstrated resilience with fees down only 4% in the year, despite the pandemic effects. We are now one of the world's largest recruiters of IT talent, and it is our largest specialism by some margin, representing 25% of Group net fees. We ended the year with net cash of £366.2 million⁽²⁾, and our strongest balance sheet ever. Our cash conversion⁽³⁾, at 183%, was outstanding and our credit control teams deserve major acclaim for producing an all-time record low debtor days in Q4, particularly remarkable given the environment and transition to home working. Given the decrease in fees, our Temp debtor book reduced by c.£100 million in the fourth quarter, increasing our cash position. While this significantly reduces our risk of bad debts, I hope it is a short-term effect as I want to see the Temp book increasing as we return to growth in the future. Again, our balance sheet strength will enable us to fund our re-expansion here.

Turning to each division, Germany is our largest business and fees declined by 13%. Prior to the pandemic, the Automotive sector was already facing major pressures driven by global trade wars, car electrification and the shift away from diesel engines. Its weakness had also begun to spill out to other parts of the economy, resulting in first half fees down 5%. Consequently, we took steps to restructure our German business. This completed in March, just before lockdown, and puts us in a stronger position to benefit from the recovery when it comes.

The lockdown impacted the component parts of our German business in different ways. Contracting, our largest area at 58%

of German fees and which provides freelance workers, was relatively resilient and declined by 9% in the year, including Q4 down 12%. Conversely our Temp business, where we are required to employ workers under German law who are then 'seconded' to our clients, primarily in the Automotive and Manufacturing sectors, was significantly weaker and declined 24% in the year, with Q4 down 72%. A substantial proportion of this decline was due to the under-utilisation of our employed Temps as our clients had to close their operations during lockdown. We took decisive action towards the end of the year to reduce our exposure here. I remain confident there is a significant long-term market for highly skilled Temps in Germany. We are determined to continue to lead that market and I am sure we will emerge strongly once demand becomes more certain. Perm fees decreased by 8%.

Despite the severe economic challenges presented by the pandemic, I believe that Germany remains the most exciting global recruitment market in the long term. This is driven by acute skill shortages, an ageing population and the structural opening of the market to specialist recruitment agencies. As the undisputed market leader in Germany, we are determined to build on our leadership position and generate very significant profits along the way.

Considering the backdrop, I think our Australia & New Zealand division performed well, with fees down 11%. The first half of the year saw fees fall by 4%, in part impacted by the bushfires in December. Activity levels then began to improve prior to the onset of the pandemic. However fees declined by 28% in Q4 as the lockdowns hit, with Temp down 18% and Perm down 52% in the quarter. Sector-wise in Australia, corporate skillsets including Accountancy & Finance were

hardest hit, down 23% in the year. However IT demonstrated its resilience with flat fees, supporting our strategy of investing even further in that business. Again, as long-standing market leaders in Australia, we will use our financial strength to further reinforce that position.

Given we have 28 countries in our RoW division, performance was understandably mixed. The USA was the standout success in the Americas, with fees up 12% in the first half, and up 3% for the year overall, despite the effects of the pandemic. IT represents two thirds of our USA fees, over three quarters of which is in the non-Perm space, and it grew by an impressive 9%.

Asia overall declined by 9% in the year, after increasing 4% in the first half. China is our largest Asian business and following a flat first half, fees fell by 17% over the year as China was the first to be hit by the pandemic. Japan was more resilient, with fees down 2%. I think a special mention is deserved for our team in Malaysia who grew fees by an excellent 28%.

EMEA ex-Germany fees fell by 9% in the year, following flat fees in the first half. In FY20 our largest markets of France, Belgium and Spain declined by 13%, 14% and 15% respectively. However, Switzerland was a standout performer, growing by 5%.

Once the effects of the pandemic pass, what remains exciting about so many of our RoW countries is the sheer scale of structural growth opportunities for first-time outsourcing of recruitment. This gives me great confidence for our future.

Finally in UK&I, fees fell by 14%, including Q4 down 42% as the lockdown had a significant impact. In FY20, Temp fees (down 9%) were more resilient than Perm (down 22%), and the Public sector (down 3%) significantly outperformed the Private sector (down 19%). Although conditions remain very challenging and political uncertainty remains surrounding the post-Brexit landscape, we have identified several 'return to growth' investment initiatives in the UK and are determined to build on our market leadership in that important market.

Overall, we faced hugely difficult conditions and operating environments in all our markets across the Group, but I am pleased at how well our business has faced up to the challenge. Huge credit is due to all our colleagues globally who coped admirably through these exceptional times, delivering good results under the circumstances and displaying true Hays spirit in the way they responded to the challenges they faced.

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

A. The lockdown experiences across the globe have proved that remote working can work effectively on a scale never previously imagined. Thus far, remote working has been a necessity for most businesses. However in the future, there are potentially huge benefits of flexible working still to be realised. If anything, I believe this will accelerate the megatrends upon which we base our strategy, and hybrid operating models of home and office working are here to stay.

Our enthusiasm for the structural attraction of non-Perm and flexible working is therefore higher than ever. In tandem with major shifts in worker demographics and financial 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 the resources needed to deliver that. We help them navigate the increasing complexity of workforce and legislative environments, ensuring they 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 lifelong partner and advisor to candidates throughout their working lives, helping them navigate between Perm and Flex roles interchangeably as their careers develop.

Increased digitalisation was an inevitable force before the pandemic, but the pace of change has significantly accelerated. The skillsets that our clients may want in the future may change, but the demand for skilled talent will remain as strong as ever. In that skill-short world, the competition for the best talent is fierce and it is our job to ensure our clients win that race. To achieve that we need two things: unprecedented access to the very best talent everywhere in the world and a unique, strong and long-lasting relationship with those individuals. All of our focus is on delivering these two outcomes so we can find exactly the right person for any given role anywhere and do that quickly and at massive scale globally. That's something our traditional competitors and in-house recruitment teams simply cannot deliver. Our technology and marketing strategies are intertwined to build these enormous and rich talent pools in every single one of our markets. That's why we produce thought leadership pieces like the Hays Global Skills Index, our Equality, Diversity & Inclusion work and our Hays Salary Guides

Our Technology business generated c.£250 million in net fees in FY20, and represented 25% of Group fees, up from 11% in FY11. We believe powerful megatrends are driving this sector and are excited by the opportunities this creates.

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

- (1) Operating profit is stated before exceptional charges of £39.9 million, as detailed in note 5 to the Consolidated Financial Statements on page 142.
- (2) Net cash of £366.2 million is after deducting tax payments deferred at 30 June 2020 of £118.3 million.
- (3) Cash generated by operations has been adjusted for the cash impact of lease payments of £46.4 million and £118.3 million of deferrals of taxes. Cash conversion is the percentage of operating profit⁽¹⁾ converted into cash generated by operations.

Unless otherwise stated all growth rates are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of continuing operations at constant currency.

and distribute these through multiple digital channels to find and engage with millions of talented individuals. That's also why we are building our 'Workspace Platform' to help Temps and Contractors with many of the essential benefits a permanent employer would typically provide, or give specialist advice for freelancers as they seek new opportunities. By providing rich and relevant training and content to help our candidates navigate their own career journey, we build a trusted relationship with them. We can then use our proprietary technology to draw valuable insights from these data, equipping our 6,900 expert consultants with the tools to fill more jobs more quickly. We are already the leader in our industry in understanding how to harness technology, machine learning, automation and combining that with the creative talent of the human brain and we will continue to invest and innovate in this area as it is core to our future success.

Careers are an important part of our lives. How careers are built will change and how individuals access the skills they need or the opportunities they are seeking will change too. I remain of the view that, in time, we will 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. Thinking about the performance of Hays pre-Covid, what were your strategic highlights in 2020? Any 'low-lights' across the year?

A. Some of the most successful strategic developments in FY20 involved technology, both our own systems and growth in our IT specialism. We are acutely aware that this is a sector from which demand for future jobs will be strong and the pandemic will only accelerate that. Even before the rapid shift to remote working, most organisations were struggling to find the skills they require across newer technologies such as data science, artificial intelligence and cyber security.

These are areas we have been investing in aggressively pre-Covid-19 and we will continue to do so as part of our 'return to growth' plan. It is a highlight that we are now one of the largest recruiters for the technology industry in the world, with annual fees in Technology exceeding £250 million. However there is no reason why our IT business cannot be at least 30% of our Group net fees and we can build local leadership positions in each of our core markets, giving us a runway for growth. Many new roles that don't yet exist will be created, and the sector is a great example of how we can leverage our existing infrastructure and management

teams to turn potential into fees and market leadership on a global basis. This is something our competitors would find very hard to do.

Related to this is another aspect of our Group strategy: building bigger non-Perm businesses in virtually all our markets. In the year, non-Perm represented 59% of our net fees, and this percentage increased to 64% in Q4. Given many skilled professionals choose to work as freelancers or contractors in sectors such as Life Sciences, IT and Engineering, our key technical specialisms fit well with our non-Perm strategy. We have made great progress in this area and non-Perm now represents over 80% of our IT net fees in our largest markets.

We continuously look 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 and 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, putting in place the modern infrastructure we needed 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 databases to draw insights to help our consultants make the perfect match, every time and at a pace and scale not seen before.

That's an exciting place to be. In FY20 we further invested in our own market-leading tools, including our 'Hays Hub' recruitment platform, which helps schools find the Temp talent they need quickly and securely, ensuring world-class safeguarding and compliance processes. The Hub is a whole new way of enabling schools to find the teachers they need and it has made an excellent start by adding c.2,000 schools and 4,300 teachers since launch in the UK. Additionally, a further c.2,500 schools are now using our training platform for teachers. I am confident that when UK schools reopen, the Hub will increasingly be an essential tool for both schools and teachers. The Hub has other applications too and we have recently introduced it into the Social Care sector, where early results are extremely positive, as well as introducing it into Australia.

We build a lot of our technology ourselves, owning the intellectual property. However, we also see huge benefit in collaborating with other industry leaders, building their cutting-edge technologies into our own operating systems for the benefit of our clients and candidates.

Our relationship with Stack Overflow progressed well in its second year, and our Xing association reached its third anniversary, continuing to deliver real value. Together with our ground-breaking relationship with LinkedIn, where we now have well over four million followers, we are continually looking for new ways to find and engage with the world's best talent, both to help them further their own careers as well as providing our clients with unprecedented access to the very people they need.

Things I would have liked to have seen done better? Clearly, the massive shock of the pandemic and consequent rapid decline in fees meant we had to reduce costs and that meant some people left Hays. This is always a very difficult decision to make, but when we see demand shocks we must take appropriate steps in order to protect the business as a whole.

Q. Are the financial targets presented in the 2022 plan still valid?

A. We said at our first half results that the targets remained valid, but that economic weakness meant it would take a couple of years beyond 2022 to achieve. By the end of FY20, and with GDP in our main markets falling at rates unseen in peacetime, the plan as outlined in 2017 is no longer valid.

However, I have always said we look at our long-term plans as a means of conveying the scale of the opportunities and an 'art of the possible' over the medium-to-long term, assuming a stable economic backdrop. They act as a strategic guide for us internally, so we focus ambition and our resources where most appropriate.

As such, once we see sustained green shoots of recovery in our markets, our plan is to conduct an investor day at which we will present our next five-year plan. Back in 2013 we laid out our first five-year plan to double our profits to c.£250 million, which we successfully delivered.

So despite the business having limited visibility, this framework is very effective at articulating the scale of potential profit growth at Hays. In an industry facing such significant structural opportunities and with leadership positions in many of the key global markets, there is every reason to have confidence in our long-term potential.

Q. What are your 'return to growth' investment projects, and shareholder capital return priorities?

A. As I said earlier, our equity placing in April 2020 and an outstanding cash collection performance in Q4 have put us in our strongest financial position ever. Given the

current highly challenging market conditions, we are still managing our cost base tightly to protect profits. This said, trading stabilised quicker and at a higher level of fees than we expected at the time of the equity placing. Coupled with the outstanding performance of our credit control teams and our existing debt facilities, we have great security against any prolonged effects of the pandemic. We also have flexibility to invest in attractive areas of our business which have the potential to make a material impact on our future results.

Our first priority has always been to re-invest in the business because we and our industry have wonderful long-term growth opportunities, and we aim to capture those on a global scale. Immediately following our equity raise, we initiated a detailed review with each of our divisions to identify investment projects in key strategic areas which will accelerate our return to growth, over and above any cyclical recovery.

Each of our key businesses now has plans which are capable of really 'moving the profit dial' at Group level. I am pleased to say that we have identified over 20 such projects, entirely consistent with our long-term strategy and industry megatrends, across all our regions.

Common themes are further accelerating our largest specialism of IT, which represented 25% of Group net fees in FY20, gaining share of large blue-chip organisations' recruitment spend and accelerating digitalisation across Hays. Our outsourced recruitment services business, Hays Talent Solutions, has been highly effective in recent years in refining its sales strategy, and we are rolling out this key account sales methodology across all our large corporate accounts business.

Overall, we anticipate investing over £20 million in FY21 in operating expenditure and capex, with highly attractive paybacks in the coming years. This level of additional investment will be the greatest since the financial crisis in 2008-09. We will likely then continue to invest in those projects with the greatest positive momentum in FY22.

While seeking to run the business in a net cash position, we also recognise the significance of dividends to our shareholders. The global impact of the pandemic meant the fall in net fees was similar in magnitude to the Global Financial Crisis (GFC); however it occurred in only six weeks versus eight months during the GFC.



The Board therefore took the prudent decision to cancel our interim dividend. With macroeconomic conditions remaining highly uncertain, and with our business trading at only a broadly breakeven level in Q4, the Board concluded it was too early to recommence dividends with a final core payment for FY20.

That said, our business model is highly cash-generative, and we are very clear that distributing excess funds above an appropriate buffer to our shareholders is the right thing to do. We will look to return to paying dividends as soon as is appropriate. For context, we paid c.£374 million in core and special dividends in respect of FY17 to FY19.

Q. Can you give some examples of how Hays' purpose drives better outcomes for our stakeholders?

A. Our purpose is built around bringing opportunities to people and helping them improve their lives is why we exist. Being lifelong partners to millions of people and thousands of organisations also helps ensure our business and services are sustainable and enduring.

This year, we decided to focus all our charitable activities within Hays on projects which support our Purpose. One example is End Youth Homelessness (EYH), and staff from Hays UK offices raised over £70,000 for EYH's Employability Fund. This will help 80 young people into employment, education and training pathways.



But we can only do this if all our people are focused on doing the right thing, which is one of our key values. I am therefore excited that in FY20 Hays endorsed the United Nations Sustainable Development Goals (UN SDGs). The UN SDGs call upon businesses to advance sustainable development through the investments they make, the solutions they develop and the practices they adopt.

We have initially chosen to focus on two of the goals – Decent Work and Economic Growth, and Gender Equality.

As a business which exists to help people further their careers and fulfil their potential, the goal of Decent Work already sits very close to Hays' purpose. Over the last four years we have helped over one million people worldwide to secure their next job. Think about that statistic for a moment – one million lives positively impacted. That's something all of us at Hays are incredibly proud of. It helps the individual, their employer and society in general. That's the reason we do what we do.

And as a part of this strategy we have introduced more initiatives, including Hays Thrive, our free-to-use training and wellbeing portal which I mentioned earlier, bringing greater help to millions more people as they seek to get on in life.

This year we also launched #HaysHelps to support employees to take up volunteering opportunities. The scheme allows employees across Hays UK&I to take one day of paid leave to volunteer for a charitable cause.

Equality in all its forms – whether it be race, gender, sexuality, physical ability, age or anything else – is core to building a sustainable society. Responsible companies should have Equality, Diversity & Inclusion (ED&I) at their heart, and it's absolutely correct that the subject has obtained far greater prominence in recent years. We have many successful regional programmes in place which drive and promote these themes and in FY20 we created an ED&I Council within Hays to globalise our efforts. I look forward to reporting material progress.

An external example of our ED&I work is with Hays Australia partnering with National Australia Bank (NAB) to deliver workshops as part of their African Australian Inclusion Program. Due to Covid-19, the Hays team delivered their "How to get a job in 2020" discussion online via Zoom. The participants often face substantial barriers when trying to obtain jobs. The majority of participants secure employment within NAB, however those who do not are introduced to a Hays consultant, who provides them with insights into markets aligned with their skillsets.

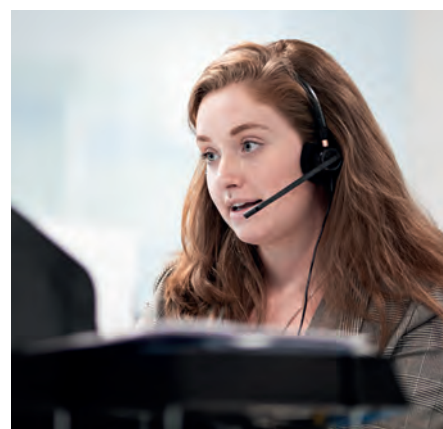
Q. On technology, has the risk of disruption from new entrants and platforms changed?

A. There is no doubt that the pandemic has accelerated the digitalisation of many industries, ours included. All businesses are asking how they need to adapt their business models to this new reality. The winners will be those who find a way of delivering the services their markets need in a way that best suits their customers, not which best suits themselves. Our task is to build on what we already have, make it ever better and more relevant, try new things and learn in the process. We start from the advantage of being profitable, financially strong and with a brand, team and infrastructure second to none in our industry.

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. While the advent of technology may have made it easier to apply for multiple roles as a candidate, it has not made it easier for organisations to sift through vast volumes of applications to find exactly the talent they are looking for. The heart of good recruitment is based on the strength of the relationships formed with clients and candidates and the advice provided to each, 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 seeking to solve all problems with an algorithm cannot do this alone, and human-only businesses miss out on what technology can augment in their people. Hays balances the best of both worlds – we train our consultants to be the best in the industry and we truly value the importance of the human touch. Equally, we have never been in a better place in terms of data and technology. However, there is no room for complacency and we are constantly vigilant to technological change as our world continues to evolve.

We have invested heavily in technology throughout my 13 years as CEO because I firmly believe that our consultants should have the best tools available to do their job. But we also invest in our people, and will continue to do so. They are the trusted advisors to their clients and candidates and true experts in their chosen field. That requires investment by them as well as by our company. But that makes us unique and best positioned to win both against potential disruptors as well as traditional recruiters.



There are no shortcuts to achieving this position. We've been working on this over my entire tenure and there's still lots to do. But that puts us in a clear lead while others plan their own journey.

Q. How is Hays' culture helping the business to navigate the new era of work?

A. Hays is a business that has people at its heart, and we are hugely proud – and protective – of our culture. We think it's unique and it sets us apart in our industry. Client service, integrity, passion and doing the right thing hold true in each of our 266 offices. We aim to live these values every day, and help guide us through whatever challenges our world throws at us.

Of course, an organisation's true personality becomes apparent when it is under stress. The last few months have been a huge test in so many ways, but I am incredibly proud of how our people rallied to the common cause and stood tall in the face of challenges they have never faced before. Our IT colleagues worked tirelessly to deliver remote working capabilities worldwide overnight, with no loss of operating performance. Our consultants reached out to their clients and candidates, delivering greater levels of activity and interactions than pre-Covid. Our credit control teams have reduced our debtor days to record low levels. Our business has stood by our clients, many of whom have faced their own problems and helped them through. As a result, we have taken market share as organisations see that we are there for them in bad times as well as good.

Morale has also been significantly tested through the global lockdowns, but emerged strongly. We have sought to ensure that every single one of us feels connected, informed, reassured and supported. We have taken difficult decisions to protect the business, but we have been consistently open about that challenge and sought to do the right things at each point in time as our world unfolded before us. We have also learned a huge amount, including how to introduce greater flexibility into our day-to-day working schedules. Necessity truly is the mother of invention, and the exceptionally challenging circumstances of the last few months have reminded me of how deep that inventive spirit runs in Hays, and how resourceful we really are in problem solving and finding new opportunities. As we now enter a new phase of returning to a more office-based environment, we will reflect on those lessons and permanently adjust the way we work to make our business even better for our people as well as our customers.

It's also reassuring to see our efforts recognised in the public eye, winning numerous awards throughout the year. Hays France ranked 8th across all sectors in the 'Great Places to Work' survey. Hays China was named Best Workplace and Best Workplace for Women and we are proud to be ranked as one of the Best Workplaces in Asia by Great Place to Work. Hays Germany retained an Employers Institute 'Top Employer' award for the 12th consecutive year, and our Austria and Switzerland businesses also earned the 'Top employer' status. Hays UK entered the top 10 of all graduate employers by TheJobCrowd and are shortlisted for the Sustainable Recruitment Agency of the year award. Hays Australia was named in Australian Financial Review's Top 100 businesses for the third consecutive year.

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 third year, and designed to further equip our senior people to lead successful businesses in an increasingly complex world of work. We will protect this material investment in our future leaders despite the challenges of Covid-19 as it is all about securing our long-term future. To date, over 100 of our global leaders have completed the programme and it will continue in FY21.

Our training for new Associates and Managers continues to be industry-leading. We maintained total classroom and on-the-job training time at c.20% of each Associate's first year, with Managers receiving on average 12 days of annual training. I am proud to say that 3,721 colleagues were promoted in FY20, up from 3,497 in FY19, and 69 people transferred internationally within Hays, reinforcing our global culture and giving them new opportunities overseas.

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

A. For the foreseeable future, I can see the economic and political landscape being dominated by the pandemic and the collective ability of humanity to combat it. 'Unprecedented' is a much-overused term, but we are in completely uncharted economic territory, and the range of potential outcomes over the next few years is bigger than at any point in my life. Our decisive action to raise equity in April 2020 means we have the strongest balance sheet we have ever had, so I feel we can now focus on tackling whatever the pandemic presents, good or bad. Our financial strength also allows us to pursue our ambitious 'return to growth' initiatives, which will put us on the front foot

for the cyclical recovery when it comes. Ultimately, though, while we are doing our utmost to self-help, we need a degree of economic confidence to return to our markets in order to deliver strong overall growth.

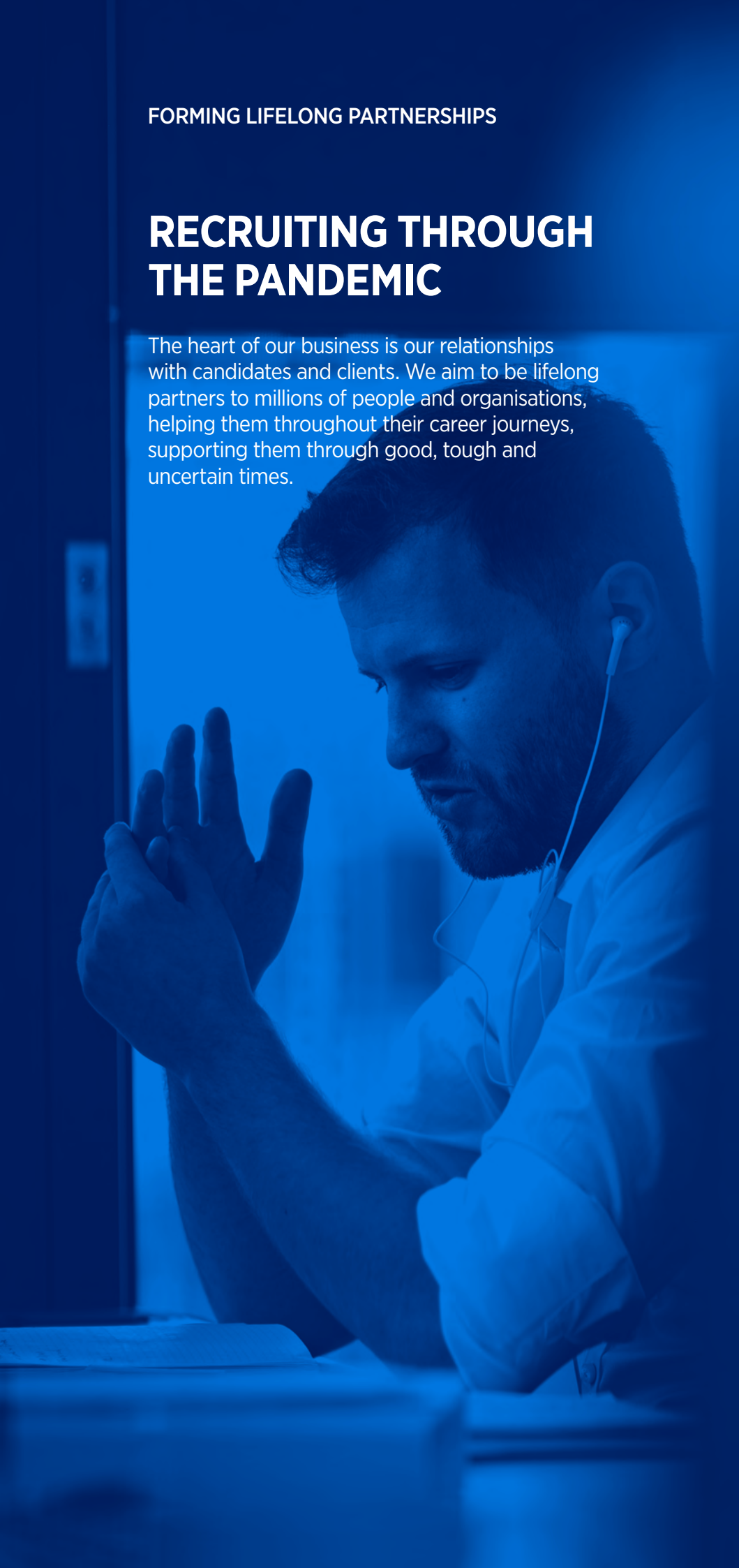
The acceleration in digitalisation, in part due to the pandemic, means that cyber threats remain acute. At Hays we take this threat extremely seriously and it occupies a central position at Board level. It is my job as CEO to be 'professionally paranoid' around the subject and do everything we can to protect our candidate, client and employee 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, ensuring we remain highly relevant and the industry leader. 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 and I see no reason why we will fail in the future.

Our business is heavily based on the quality of our people. I'm deeply passionate about their development, motivation and our succession planning. Making sure we have the right internal talent for both today and for the future is a vital part of my job.

Overall, despite the uncertainties we face, our business is well-positioned to take market share, benefit from structural megatrends and embrace the cyclical recovery when it comes. Last year we helped more than 300,000 people find their next job, and over 40,000 clients find the talent they need to grow. That's massive scale on a global stage. We view our role in helping people develop their careers and finding highly skilled workers as a core function in society. After our family, our career is amongst the most important areas of our life. Helping organisations find the best talent, and people achieve success in their career, is a hugely important thing and I am honoured and privileged to be involved.

Alistair Cox
Chief Executive

A man in a white lab coat is shown from the chest up, facing slightly to the left. His hands are clasped together in front of him. He is wearing white earbuds. The background is a solid blue color. The overall image has a blue tint.

FORMING LIFELONG PARTNERSHIPS

RECRUITING THROUGH THE PANDEMIC

The heart of our business is our relationships with candidates and clients. We aim to be lifelong partners to millions of people and organisations, helping them throughout their career journeys, supporting them through good, tough and uncertain times.

OUR HAYS STORIES

AstraZeneca is a long-standing client of Hays, where we are the Managed Service Provider for all their contingent workers in the UK. Collaboration has been at the forefront of our relationship, so naturally we came together to find a solution to a very real issue created by the Covid-19 pandemic.

Nothing became more important for AstraZeneca than developing a vaccine, so having the focus, productivity and dedication of their researchers and scientists was paramount. But with schools closed and parents having to home-school their children, that became a difficult balance to achieve.

AstraZeneca decided to invest in an initiative called MyClassroom and teamed up with Hays to provide teachers (65 at its peak) to take responsibility for schooling the children of their employees, so that they could continue to focus on research. Parents, now confident that their children's education was in excellent hands, were able to continue their vital work. And at the same time, 65 teachers gained work at a very difficult time for them.

“

Right at the start of lockdown, I placed L, an ACA professional, into my client D's business. I will remember this process for my whole career, due to the many shared experiences with both the client and candidate.

As the process was drawing to a conclusion, I was finalising the offer together with the client, while my three children were having dinner, and the client's child was asking him about her maths homework. We were both on video and by the end stopped apologising and started just exchanging thoughts on 12-year olds' algebra homework!

It was a timely reminder that even in hugely tough times, there are still opportunities and jobs to be filled. I look forward to meeting up for a beer and laughing about the whole thing when the world returns to some normality.

Sam McCarthy
United Kingdom

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GLOBAL BUSINESS MODEL, LOCAL EXPERTISE

Having a balanced exposure within and between our markets is key to driving performance, particularly in challenging economic times. It also delivers better results for our clients and candidates. We have a business with scale, breadth and diversity of exposure, designed to capitalise on the megatrends driving change in our industry.

Our business has scale, breadth and diversity of exposure. It is purposely built to take into account the megatrends driving change in our industry, and also to best withstand turbulent economic times.

Exposure to mature and less mature markets

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

An important driver of our growth remains 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. Markets which are more mature 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 business confidence and the amount of job churn occurring at any particular time.

Net fees by clients

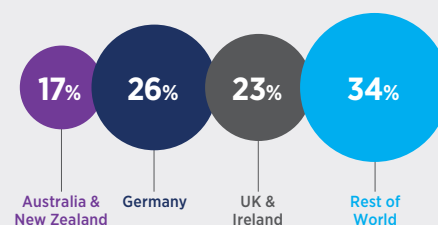
Top 50

c.15%

Other clients

c.85%

Net fees by geography



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 only nine specialisms.

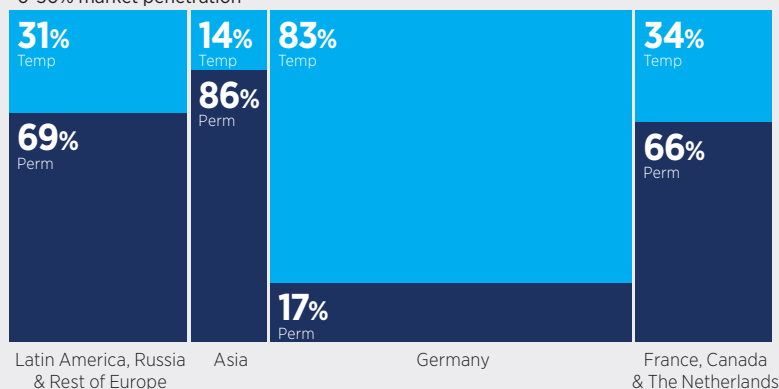
By bringing existing global expertise to new markets, we can grow in a relatively low-risk fashion, leveraging existing infrastructure and country management. For example, we are the global leaders in Accountancy & Finance (A&F), yet we only introduced the specialism to the USA, the world's largest A&F market, in 2019.

Net fees by geography, type and market maturity

Structural/less mature

56%

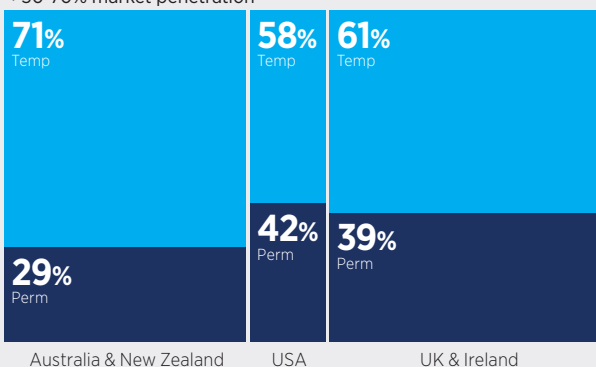
0-30% market penetration



Cyclical/mature

44%

>30-70% market penetration





Our Hays Stories

To listen to many expert insights from our country leaders please go to:

<https://social.hays.com/podcasts/>

Our business model allows us to create value for all our stakeholders

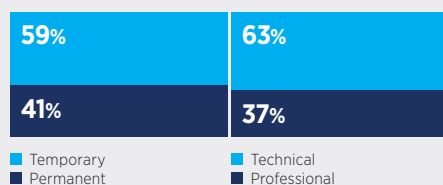
As part of our 'return to growth' initiatives, we are investing to grow our presence and take market share in areas such as IT, large Corporate Accounts and Life Sciences.



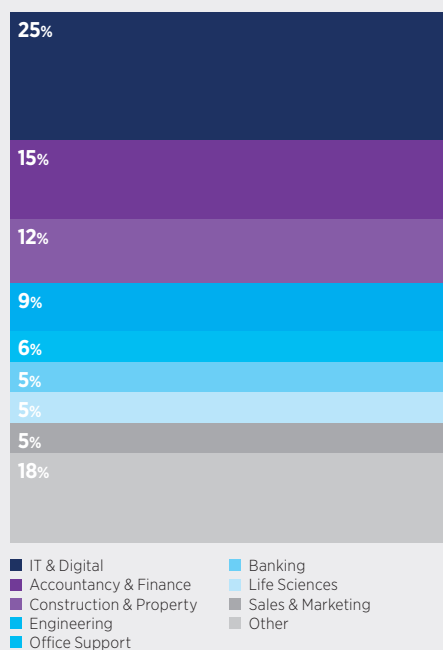
Scope for our people to move worldwide

In FY20, 69 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.

Net fees



Net fees by specialism



Lifelong partnerships

Millions of relationships are formed and nurtured by Hays consultants, which sit at the heart of our business. By becoming trusted advisors to talented people, helping them navigate their careers and fulfil their potential, we unlock significant 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.

Our rapid move to remote working globally as lockdowns were implemented ensured complete continuity of quality service. We rolled out our Hays Thrive training platform during the crisis, and over 17,000 clients and 51,000 individuals have already signed up. This ensures they can continue developing and up-skilling their colleagues as they adapt to the new era of work. Hays Hub, our Temp platform app, now has over 4,500 UK schools signed up to our Education Training programmes, including 'Safeguarding Complete', 'Core Compliance' and 'Wellbeing First'.

The result: a balanced and diverse model, working through the cycle for all our stakeholders

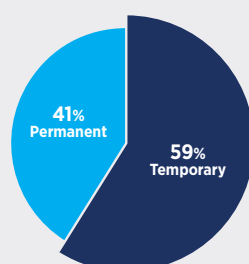


A balanced and diverse model

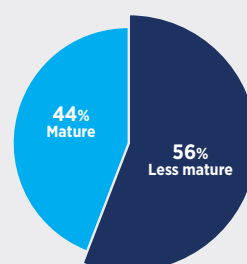
We have deliberately and strategically built a business which is balanced and diverse. Within our network, we have exposure to both more cyclical, mature markets such as the UK and less mature, structural growth markets such as Germany and in Asia. We have deep scale and expertise in 20 specialist areas 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, which we believe is important as it makes our business and its earnings relatively more resilient to today's ever-changing macroeconomic and political landscapes.

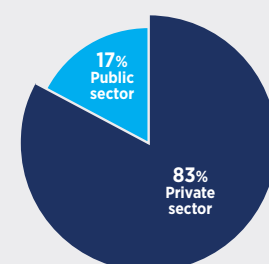
Contract type



Market maturity



Net fees by sector



CREATING VALUE FOR ALL STAKEHOLDERS

We have built strong relationships with a wide range of stakeholders. Their trust enables us to build a more sustainable, resilient business which operates responsibly and creates a wide range of stakeholder benefits; helping individuals succeed and enabling organisations to thrive.

High returns on capital

Our business is relatively asset-light with low capital employed

Introducing our key stakeholders

We foster relationships with a wide group of stakeholders, and we take our broader role in society very seriously

Our key resources

The interaction of expert people, cutting-edge technology, and a strong brand and reputation

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

[Read more about our strategic priorities see page 28](#)

Stakeholders

Our central company value is 'do the right thing', and this applies across all stakeholders. Key stakeholders include, but are not limited to, the following groups:



Employees

Our people are our greatest asset. We invest substantially in training and culture to ensure Hays is a great place to work



Candidates

We connect candidates with the world of work. By building long-term relationships we enable their career ambitions



Clients

We consult with our clients, understanding their needs to achieve lasting impacts



Communities & Governments

We seek to have a positive impact on communities by providing career advice and training. We work with Governments globally to ensure worker tax and regulation compliance



Environment

We seek to reduce our environmental impact year-on-year



Shareholders

We actively engage with our shareholders and the investor community, and are very grateful for their long-term support



Suppliers

We are committed to treating all our suppliers fairly and with respect.

[Read more on our Governance see page 57](#)

Our people, candidates and society

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.

Partnerships and collaborations

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

Technology and data

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

Brand

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

Engaging with our stakeholders

By engaging with our stakeholders, we are better able to understand their needs and strive to surpass their expectations. Throughout FY20 we have maintained close contact with our key stakeholders including: regular engagement with our shareholders, including our non-pre-emptive equity placing; frequent engagement with employees,

clients and candidates through the pandemic, including launching Hays Thrive, our free-to-use wellbeing platform; and engaging with communities by adopting two United Nations Sustainable Development Goals and focusing our charitable efforts on activities which support our purpose.

i Read more about the Board's activity and stakeholder engagement on **page 68**

How we create value

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

Stakeholder benefits

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

Our purpose: We benefit society by helping people succeed and enabling organisations to thrive, creating opportunities and improving lives.

Our values: Passionate about people, Ambitious, Expert, Insightful, Innovative.

i Read more about our sustainability policies
see **page 42**



i Read more about our risk policies
see **page 49**
Read more on our remuneration
see **page 76**

FY20 outcomes



Employees

3,721 colleagues were promoted, up 6% YoY. We estimate that 20% of first-year consultant time is spent in training and development



Candidates

We helped over 300,000 candidates secure their next role. The launch of Hays Thrive provides free online training and wellbeing programmes.



Clients

We worked with c.40,000 clients to help them find the skilled people they need to prosper



Communities & Governments

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



Environment

Our employee GHG emission intensity per tonne of CO₂ remained broadly flat



Shareholders

Our highly cash-generative business model is focused on creating superior value for shareholders through the cycle



Suppliers

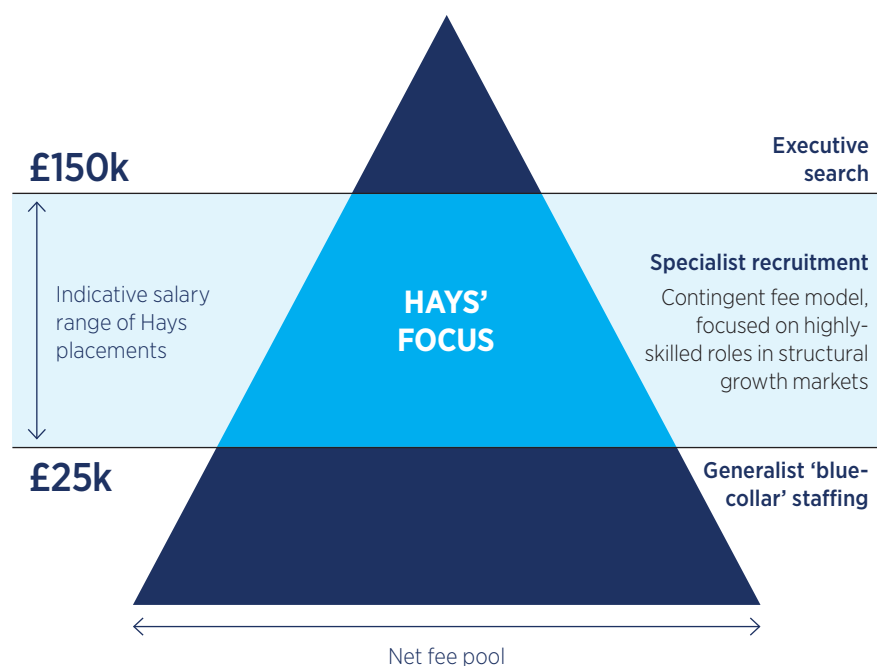
Our Code of Conduct is designed to ensure high ethical standards and foster long-term relationships

Principal stakeholders

External stakeholders

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 'white-collar' skilled or specialist recruitment. The salary of the candidates we place ranges from c.£25,000 to £150,000 p.a.. 59% of our FY20 fees come from Temp and Contracting assignments, while 41% comes from Perm placements.

We operate across 20 specialisms, with over 60% of our fees in white-collar 'Technical', project-led areas such as IT, Life Sciences, Engineering and Construction & Property. We view this as a strength of our business, with IT and Life Sciences in particular showing relative resilience through the pandemic.

We embrace digitalisation; developing technology to help our consultants match candidates with clients' roles faster than previously possible. Our 'Find & Engage' recruitment model and Hays' Approachability Index sit at the heart of our process (see

pages 24 to 27). These form part of how we build wide and deep talent pools, using our strong brand, online presence and relationships with digital platforms such as LinkedIn and Xing to support more clients and candidates than ever.

The business adapted quickly to the challenges of remote working. Client and candidate relationships were deepened and built from scratch during lockdowns. We launched 'Hays Thrive', our free, online training & wellbeing platform, which has already helped support online learning programmes for over 17,000 clients.

What remains constant is the art of placing the right person in the right job, and our belief that megatrends are shaping future employment markets and career styles (see pages 18 to 19). The prize for adding real human value and insight in a digital world is significant.

Our transition to remote working ensured complete business continuity and continued high levels of client service. In FY20 we helped over 300,000 people find their next job.

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.

We estimate that in more mature markets such as the UK or the USA, c.80% of addressable skilled jobs are filled via recruitment agencies. In less mature markets such as Germany and parts of Asia, our analysis suggests this figure is only c.25%. First-time outsourcing remains 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 a few, large global players. The main UK-listed specialist recruitment businesses are PageGroup, Robert Walters and SThree. Each has different exposures and mix, but are present in many of our markets.

Robert Half has a large US presence, mainly in Accountancy & Finance and IT, and 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 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' markets.

We have deliberately built a balanced business exposed to mature, cyclical markets and structurally emerging markets. The former gives us economies of scale, with advantages on fixed costs and brand awareness. The latter enables us to capture growth in under-penetrated markets, including transferring expertise from established markets. In FY20, the majority of our net fees, 56%, were generated in less mature markets, with 44% in more mature markets. This compares to 22% and 78% respectively in 2008.

Australia & New Zealand

- Fees down 11%. Relative resilience in Temp, with tough Perm markets
- Public sector down 8% and outperformed the Private sector, down 12%
- Good cost control in very tough market conditions

The economic picture in Australia slowed in the first half, and was also impacted by tragic bushfires in December. The second half was then significantly impacted by the pandemic, although lockdown arrangements were slightly less restrictive than other parts of the world.

Construction & Property and Accountancy & Finance, our largest specialisms, were particularly impacted. IT showed resilience with flat fees, and we see good structural growth opportunities here. Our large Corporate Accounts business grew strongly, benefiting from contract wins, some directly related to the pandemic.

i For more information [see page 33](#)

Germany

- Fees down 13% in tough market conditions, which further deteriorated in the second half as the pandemic hit
- Contracting and Perm outperformed Temp, which was impacted by under-utilisation of workers, particularly in Automotive
- Restructured our operations to focus in two key areas: 'Mittelstand' SME companies and larger Corporate accounts

Prior to the pandemic, the Automotive and Engineering sectors in particular were facing significant macroeconomic pressures, and weakness had begun to spread to other parts of the economy. In response, we restructured our Germany business, a process which completed in March, incurring exceptional operating costs of £12.6 million. We anticipate this restructuring delivering annualised cost savings in Germany of c.£10 million, of which c.£2 million was achieved in FY20.

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

i For more information [see page 34](#)

UK & Ireland

- Fees down 14%, with the Private sector very tough, down 19%
- Tough H1 market conditions, impacted by pre-election and Brexit uncertainties
- H2 deteriorated significantly due to the pandemic and the length of lockdown

In the first half, activity levels were subdued but broadly stable. The General Election then led to a hiatus in activity, which extended into Christmas and New Year.

We then saw some modestly encouraging signs in the middle of our third quarter. However, these were swiftly ended by the pandemic and the severe lockdown arrangements, which lasted longer than in other parts of the world. Our fourth quarter was very tough, with fees down 42%, and we made an operating profit loss in the second half as a whole.

Brexit remains a material uncertainty for the UK economy.

i For more information [see page 35](#)

Rest of World

- Fees down 8%, with H1 up 2% and H2 down 18% as the pandemic hit
- The USA was relatively resilient, helped by its high exposure to IT markets. Parts of Asia also showed some resilience, and China activity improved towards the end of the year
- EMEA much tougher in H2 given severe lockdown restrictions

In Europe, fees declined by 9%, with H2 significantly weaker due to stringent lockdowns. France, Belgium and Spain were very tough, although Switzerland, Russia and Austria performed strongly and grew fees, helped in part by non-Perm exposures.

Asian fees also fell by 9%, with a sharp deterioration in H2. Japan fell by 2%, although China declined by 17%.

Fees in the Americas fell 4%. The USA grew by 3%, helped by its high exposure to IT and despite very tough Construction markets. Canada was much tougher and declined by 17%.

i For more information [see page 36](#)

Our Hays Stories: Covid-19

In the early days of lockdown in Barcelona, a daily custom emerged that people would clap to celebrate doctors, nurses and police. During one of these 'claps', I met a neighbour over our balconies. She is a Partner at a law firm, and was overloaded with work due to the pandemic. Many of their clients were struggling through complicated and ambiguous scenarios that required legal advice, and the law firm needed to hire an experienced professional, despite such uncertain times.

After learning more about their niche, cases and the team, we discussed what the role of the person should be. It was important to take into account both the immediate needs of the law firm and what their

clients would need once lockdown was over. Planning for an unpredictable future was the hardest part of the process.

I quickly produced a candidate shortlist and despite the challenges managed to find a perfect profile which exactly suited the client. After an entirely online interview process, she was offered the job and accepted it! The whole process was highly energising, helping people at a very difficult time. And a great reminder that even when markets are at their toughest, there are always opportunities.

Carlota Oliver
Barcelona



MEGATRENDS IN THE WORLD OF WORK

The world of work is being shaped by powerful megatrends, which may accelerate given the effects of the pandemic. 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. The pandemic has expanded this theme further by proving that many roles can be fully carried out remotely. As markets stabilise and recover, we can also attract talent from a wider geographic area and create broader pools of talent for our clients to access.

FOR HAYS: This is why we believe Temp and Contracting is a key structural growth market, particularly in technical specialisms such as IT and Life Sciences.

2. Skill shortages and businesses' demands for flexibility

In uncertain economic times, our clients increasingly look 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 seamless execution.

FOR HAYS: We see our non-Perm business as a more repeatable and high-value source of earnings, relatively more resilient to the economic cycle. Our strong relationships with highly skilled non-Perm workers enables our clients to tap into scarce talent pools of flexible workers. We are also experts in helping clients find talent with the best cultural fit for their organisation.

The pandemic is proving that large workforces can work highly effectively remotely, including virtual onboarding of new joiners. This can help to significantly widen the geography from which white-collar Temps and Contractors can be sourced, broadening talent pools.

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

59%

Permanent

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

41%

% of Group net fees

63%

37%

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

Professional

- Candidate-led process
- Often 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 less mature economies, although previous economic downturns have shown that outsourcing to specialist recruitment agencies can accelerate. Over half of our business today is in structural growth markets. We continue to observe a shift, mainly among large corporates, towards centralised procurement.

FOR HAYS: 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.

Our strong financial position and the breadth and depth of our talent pools enables us to support clients proactively and respond quickly to their changing requirements. This has been crucial through the Covid-19 crisis and puts us in a strong position to take market share as clients look to consolidate staffing providers as part of a 'flight to quality'.

4. Emergence of new, and evolving, technologies

Even before the pandemic, technology was transforming how people work. The ways in which clients and candidates engage and interact with job markets, and Hays, have been revolutionised in recent years. Almost every area of recruitment is becoming digitally enabled at a rapid pace, creating vast quantities of valuable data which, if analysed appropriately, can deliver deep insights and give our consultants a significant information and speed-to-market edge.

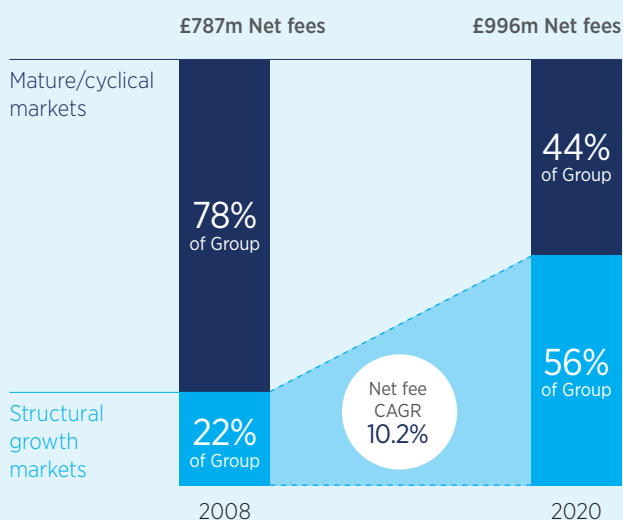
FOR HAYS: The guiding principles of our technology strategy are:

- 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.

Digitalisation globally is driving demand for high-skilled technologists, reinforcing structural growth trends in IT recruitment.

Hays' cutting-edge technology stack helped our business transition to remote working with complete business continuity.

Over half of our business today is in structural growth markets



New productivity tool: Hays Digital Manager

Hays Digital Manager collates consultants' and managers' daily processes into one, bespoke dashboard. It incorporates detailed breakdowns of all team activities, and aids sales strategies by applying machine-learning tools. This enhances focus on key clients, helping consultants and team managers structure business development plans, and tailor high priority lists.

By presenting the output of complex data processes in one user-friendly screen, we are further developing our technology ecosystem, which balances the human 'art' of recruitment and the 'science' of data analytics.

New and experienced consultants can be coached, either virtually or in-person, on how to best analyse and use the information and build their working day around it. This makes processes much more efficient by streamlining how and where consultants access information. This is already saving time and providing near-real time data, and with it the means to monitor and improve consultant performance.

We believe Digital Manager has a major role to play in the hybrid model of home and office working.

HOW DOES HAYS' CULTURE HELP YOU AND YOUR TEAM?

Our culture is helping us manage the unprecedented challenges created by the pandemic and lockdowns, and the subsequent returns to offices. Nurturing our talent and delivering industry-leading training and support have never been more important

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We are the ultimate people business and how this has manifested through such difficult times has been inspiring. Our culture of resilience, adaptability, team spirit and collegiate support, which has shone through in particular this year, sits at our core.

Sandra Henke
Group Head of People and Culture

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OUR HAYS STORIES

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What makes Hays is its people, whom we train to become expert in what they do and are passionate about how they do it. I learn constantly from those around me, and am not shy to seek advice from those who can support and guide me. I have learned to be aware of my own strengths, because those around me have invested time in me.

Simone Salem

Hays Talent Solutions

Hays is an ensemble of talented, dedicated and caring people who will always go the extra mile. Even during the tough times presented by lockdowns, I know I can trust my team to do their best remotely. As a manager, it is such a comfort to know you can count on your colleagues to deliver, and focus your energy on helping them overcome actual complex issues and delivering what is best for your clients and candidates. I am proud to be part of it and to feel supported by senior management.

Jeremy Demeure

Luxembourg

Hays has always believed in celebrating success, and this was especially true through lockdown. At a local level, we got together as a team at least twice a day to share wins and discuss best practice. This time together also allowed us to check in on each other's wellbeing as part of our supportive culture that looks out for one another. Working remotely requires trust, and that is made easier by building teams who also take individual ownership.

Adam Badman

United Kingdom

Covid-19 presented us with major challenges, both within the Hays organisation and in our markets. I am convinced that by living our company values in our daily work, and by making work more flexible, we will emerge stronger from the crisis.

Sebastian Schwand

Germany

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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. As the pandemic hit, this proved to be a major strength.



We are very proud of the way our colleagues responded to lockdown

The way in which our colleagues responded to the unprecedented lockdown environment was superb. From the tireless work of our IT infrastructure team, to the ways our managers inspired and motivated their teams, ensuring no dip in client and candidate contact, our people genuinely lived our purpose and values. It is at times like this that a company's culture becomes most evident.

Through lockdowns, we have sought to ensure that every colleague feels connected, informed, reassured and supported. Through often difficult decisions to protect our business, we have been transparent and open about the challenges we face, and sought to do the right thing.

i You can read more about how our purpose and values help underpin our culture and our stakeholder relationships **see pages 42-48**

Purpose and values

Every day, our c.10,400 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.

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.

Our core values are to be:

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

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 embedding the Hays culture.

“The protection and preservation of team spirit proved essential through the pandemic. The desire to look for the positive in every situation has been highly evident.”

Sandra Henke
Director of People & Culture

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 – the 'science' of recruitment. In the digital world, giving colleagues the ability to work flexibly is vital, and we have made changes to our operating hours, plus adopted new technologies to enable 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 then to Managing Director.

Training and development

In the first year of working at Hays, Associate Consultants spend c.20% of their time in formal structured training and 'in role' learning with their managers.

We calculate 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 to become more effective and productive in their role.

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, helping develop their expertise. We also provide leadership, sales psychology and ethics training. In FY20, our managers spent on average 12 days engaged in training and development activity, or approximately 5% of their working year.



Senior managers: Hays International Leadership & Management Programme

In 2018 we introduced our 'International Leadership and Management Programme' (ILMP) for our most senior leaders. 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. 105 of our senior leaders have completed this course, which will continue in FY21.

Equality, Diversity & Inclusion

We believe responsible companies should have Equality, Diversity & Inclusion (ED&I) at their heart. In FY20 we created an ED&I Council within Hays to globalise our efforts.



We know that diversity of perspective and an inclusive approach benefits 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 (global and 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.

Alex joined Hays in 2004, initially specialising in key account management in IT Contracting. He was promoted to Team Leader in 2006 and became Divisional Director in 2010, before moving to his current role as Managing Director for Hays Talent Solutions and Strategic Clients in Germany.



Our Hays Stories

"The change-management skills I have learned as part of the Hays ILMP programme have had a major and timely impact on myself, and our business.

I was first introduced to the Hays Change Methodology and associated leadership soft skills in February 2019. This was incredibly useful and further developed my skills ahead of the Germany restructuring we embarked upon in January 2020.

The ILMP has helped me to approach the change initiative with greater confidence and in a highly structured manner, which has helped achieve a more effective outcome.

The timing and focus of the Group's ILMP investment in myself and my colleagues has also been invaluable in helping us manage and lead our teams through the pandemic, where our focus on our people has been paramount."

Alex Heise
Managing Director,
Mannheim, Germany

 **Find out more about People & Culture at**
haysplc.com/about-us/people-and-culture

EMPOWERING CLIENTS GLOBALLY

We work with over 40,000 clients worldwide each year, across the Public and Private sectors, from the largest multinational companies to start-ups. Each relationship is based on expertise, trust, quality of service and speed to market. These attributes are vital in a digital world. We profile five relationships from different industries.

 For Divisional operating review
see page 32

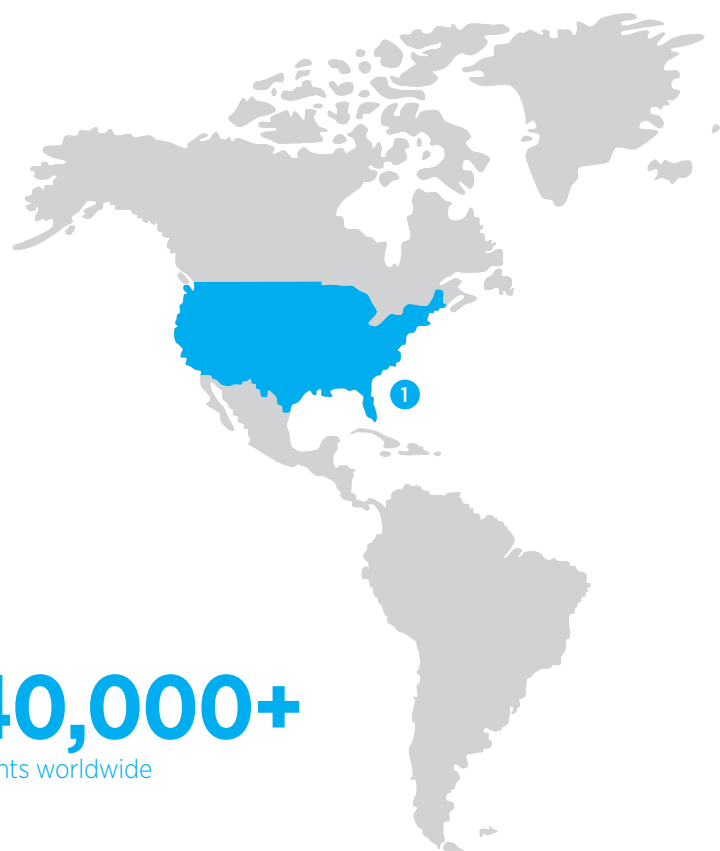


1 Specialized Security Services (S3) is a leading global cyber security firm that partners with its clients to develop and maintain custom-tailored cyber security programmes which bridge the gap between business goals, cyber security needs and compliance requirements. Hays partnered with S3 in 2019 and has since helped place eight highly qualified security experts into S3's security assessment and penetration testing division. Hays has also provided support to S3 with recruitment advice in what is a fast-growing but highly skill-short market.

“Hays understands our specific requirements for highly skilled people with the right cultural fit for our business. Working with an organisation which knows the market and recognises our clients’ needs is building a strong working relationship.”

Mitchelle Schanbaum
CEO

40,000+
clients worldwide



go1



We partnered with online training specialist Go1 to build 'Hays Thrive', our unique global online training and wellbeing platform. Hays Thrive is freely available to all organisations, and helps prepare workers for roles and situations. Launched in Q4 FY20 as client needs evolved at unprecedented speeds, Hays Thrive was well-timed for the onset of Covid-19.

Training packages are aimed at improving remote worker efficiency, and prioritise wellbeing and mental health. We also offer several health & safety courses, designed to inform and educate staff on hygiene practices to keep working space safe. Our premium packages allow clients to build a bespoke, white-labelled training programme from a library of tens of thousands of options.

Since launch, there have been over 17,000 sign-ups around the world, delivering over 5,000 new client contacts and over 51,000 user accounts set up. Hays Thrive positions us in the world of online learning and we look forward to expanding our capability.

Chris Eigeland, co-founder and CRO of Go1, said:

“At Go1, we believe in the transformational power of learning both for organisations and individuals – and are thrilled that Hays shares this belief. Hays’ speed in adapting to the changing circumstances of the business community was impressive, and we are excited to be expanding the impact our partnership can have on businesses and candidates globally.”



2 In early 2020, Hays was appointed as the exclusive recruitment partner for Bibby Financial Services (BFS), the UK's leading invoice financing provider for SMEs, to deliver a project to place high-calibre, permanent colleagues into its new corporate office in Manchester. As lockdown restrictions came into force the day after assessments

commenced, the entire interview, selection and onboarding campaign became virtual overnight. Hays adapted swiftly to the cultural, technological and logistical challenges, driving an increase in offer/acceptance rates. With over 50 starters to date, the programme is ahead of schedule, despite Covid-19 challenges.

"Hays has proven a dynamic partner through a fast-moving and demanding time, not least when our project needed to become virtual at one day's notice. We value their local market expertise and insights around the new era of work, and we look forward to deepening our relationship."

Suzanne Cousens
Head of People Operations



3 SEA Group is one of Asia's foremost internet platform businesses, with operations spanning ecommerce, digital financial services and online entertainment. Across the region, Hays has assisted SEA Group since 2015 in finding talent across a wide range of functions, including finance, procurement, legal and digital technology.

"Hays outshines its peers as a dependable recruitment partner which is versatile in its search expertise and produces high-quality, relevant results. Hays also provides us with additional market information, which is instrumental for decision making. Definitely a trusted partner who we have full faith to turn to for recruitment support and insights."

Samantha Ong
HR Director



4 Hays' collaboration with IAG, a top insurer employing over 15,000 people across APAC, began in 2016 via streamlined contact centre temp and perm recruitment. In 2019 the relationship expanded, with Hays Talent Solutions engaged by IAG to provide governance services, process optimisation and employee stakeholder engagement.

Hays helped design multi-channel recruitment campaigns, pre-screen candidates, runs IAG-specific assessment centres, manage the interview process and facilitate offer-management. Working seamlessly with IAG's applicant tracking and vendor management systems, Hays'

OneTouch boosts the talent pools available to IAG. This frees up managers' time, allowing them to focus on training and retaining staff. The relationship has averaged over 450 perm placements and 200 flex workers each year.

At the onset of Covid-19, IAG rapidly on-shored many of its contact centre staff to Australia. Since April, Hays has placed over 530 permanent employees and helped source and payroll over 500 temporary staff. Despite the transition to remote working, this was achieved with robust aftercare service through our International Sourcing Centre, with high levels of candidate engagement.

OUR TECHNOLOGY

POWERING OUR SHIFT TO REMOTE WORKING GLOBALLY

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Prior to the pandemic, Hays had invested in a substantive move to cloud computing for our core technology infrastructure. As Covid-19 hit globally, it became immediately clear that we needed to pivot to 100% remote working for all employees in each of our 33 countries. Although our standard service provided for only c.30% work-from-home capacity, our teams worked tirelessly to solve the problem and within a matter of days we were able to ramp this to 100%, using our recently-invested cloud infrastructure base.

We were also able to exploit collaboration tools available in the cloud, such as a rapid roll-out of Microsoft Teams worldwide, to such an extent that we are now seeing monthly usage of over two million messages exchanged and over 100,000 video conferences and calls per month as our virtual means of working develops. Our interactions with clients and candidates remained very strong through lockdowns and having invested in remote working to deal with the effects of the pandemic, we are focusing on realising the undoubted benefits that flexible working can bring.

Steve Weston
Chief Technology Officer

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OUR HAYS STORIES

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Hays reacted instantly when the Covid-19 lockdown occurred. We have taken our customers on a new path and implemented digital alternatives for recruiting. Different collaboration tools were evaluated and quickly made available for internal and external use, and the tools and support for remote working were offered immediately.

Isabel Höhn
Germany

Technology supports the delivery of all our talent programmes, whether that be our own vendor management system, 3SS, or the range of tools that we utilise to deliver our services. When Covid-19 hit and lockdown became a reality in Australia, we were very fortunate that the vast majority of our services could be delivered offsite, given the effective systems already in place. We have leant heavily on tools that have helped us collaborate and interact, such as the Hays intranet and Microsoft Teams. Our people are at the core of our success, and the technology investments Hays has made have allowed our people to continue to thrive during this very challenging time.

Michael Gauci
Hays Talent Solutions

One of my key clients is a local Social Housing Authority, and during the Covid-19 lockdown they asked me to help on an urgent project to hire a large number of temporary customer service representatives. Staff were needed to deal with an unprecedented volume of calls being receiving from tenants regarding rental deferrals. Hays' technology, specifically our OneTouch database, was of great use to my team as it aided us in finding immediately available candidates in a very short period of time. We worked around the clock to fulfil our clients' needs and provide the best service possible. We managed to fill all of the positions, set everyone up with 'Webtime' in order to track their weekly hours, and consolidate their invoices. All of this was done in just five days, and resulted in a satisfied client and many relieved candidates, whom we were able to match with job opportunities in an extremely tough market.

Ghader Al-Jaber
Canada

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OUR PEOPLE, ENABLED BY TECHNOLOGY

Technology has revolutionised how clients and candidates engage with job markets. The relative ease with which many organisations transitioned to virtual working during the pandemic is also accelerating digitalisation in the world of work.

Digitalisation boosts our consultants' productivity and helps them find talent

Equipping our expert consultants with an effective range of technology tools improves our productivity. Never has this been truer than during the pandemic, where we transitioned to remote working overnight with complete business continuity, for which our technology teams deserve great credit.

Our highly skilled people and our technology help us to power the world of work, finding the best candidates for a role, faster than in-house HR or our competition. By expanding our talent pools and ensuring rapid speed to market, we can offer better service to clients and candidates.

Technology also enhances 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 the Group's 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 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, such as Hays Hub.

As a consequence of rising unemployment, job applications per role have significantly increased, making it harder for our clients to manage their hiring processes, often with decreased resources. Outsourcing to Hays allows HR teams to use our expertise, technology and data insights, materially improving the process and the outcome.

A number of sectors and roles are shifting from candidate-short to candidate-rich. Increasingly, our role is to support candidates and help them to develop where they need new skills. Candidates are looking for stronger advice and guidance for their career development, and our 'Hays Thrive' learning and wellbeing platform, discussed on the previous page, provides this.

Three phases of data-driven insights

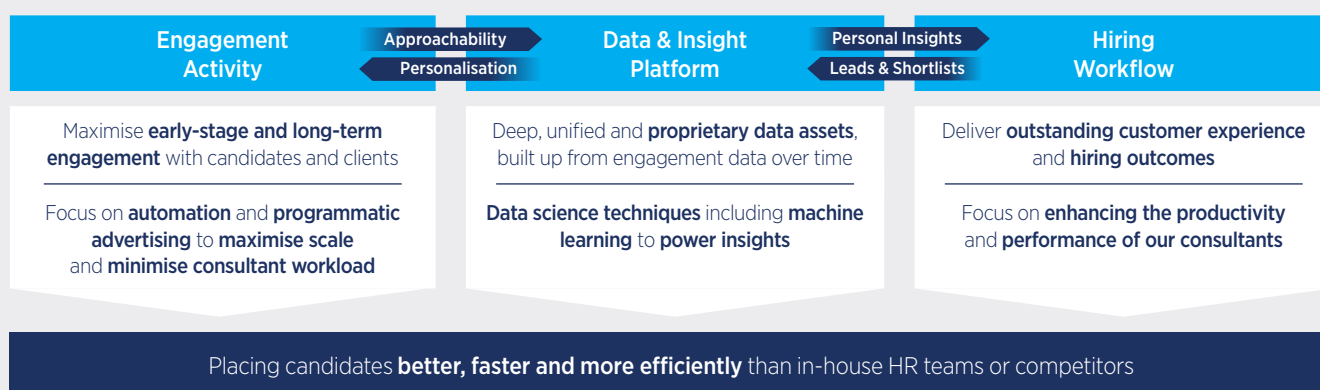
We have been developing our cutting-edge data systems for well over a decade. Our first 'Foundation' period (2008-2012) established an architecture, process and internet-enabled system. Our second 'Connections' phase (2012-2017) focused on channel exploitation, working innovatively with companies like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

This included our 'Find & Engage' recruitment marketing model. This is 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 headhunting, to many more white-collar candidates, at scale. Our aim is to extrapolate meaningful data patterns, feeding directly into Hays' unique 'Approachability Index'.

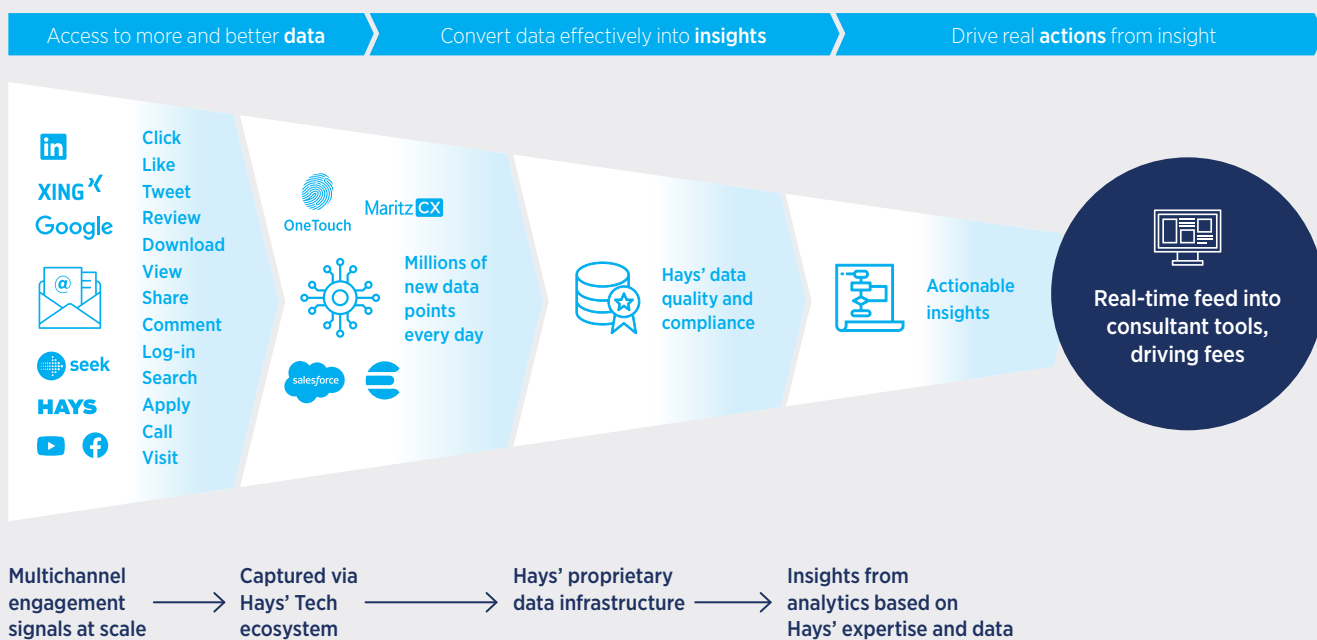
Our systems use many inputs and analytics to gauge how open to an approach a potential candidate is likely to be. Understanding approachability signals, when overlaid with a trusted Hays consultant relationship, gives us a competitive edge.

We believe we are now in a third 'deep insights' phase, underpinned by analytics. 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 tools for our consultants



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



Data driven, people powered

Almost every area of recruitment has become digitally enabled, creating significant useful data. Protecting and managing this data with great care and attention sits at the heart of what we do and is central to our business model. We believe in transparency with our candidates, and set out clearly in our privacy policies how we process 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 above. We received c.11.5 million job applications in FY20, and our website received over 120 million page views. Such applications and website interest are engagement signals, which flow directly into our data funnel.

Importantly, we also get valuable data from our relationships with the likes of LinkedIn and Xing. Many millions of other 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. Our data assets are then supported by Salesforce Marketing Cloud, adding a high degree of automation and consistent contact.

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 helps 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 service 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 candidates likely to respond positively to our direct approach, or when clients are looking to hire. This is a key competitive edge, and forms the basis of our 'Find & Engage' recruitment marketing model.

'Find & Engage' allows us to interact with talent pools, enabling us to deliver what was once viewed as high-end headhunting, to many more white-collar candidates, at scale. Our aim is to extrapolate meaningful data patterns, feeding directly into Hays' 'Approachability Index', summarised overleaf. Approachability signals are also enhanced by our advisory content which candidates download.

The consultant's view

"Hays has always offered leading technology, and is constantly keeping up with technology changes in the market. We are now able to quickly identify potential clients on Sales Planner as well as the best candidates for positions on Talent Manager."

Julia Prado
Rio de Janeiro



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

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 databases via our expert consultant network, and external sources such as LinkedIn or Xing, or directly via the Hays website. Once in our ecosystem, we work hard to ensure the talent pool remains highly engaged, using our people, automation and expert content. The Hays Approachability Index gives us the ability to identify candidates who may otherwise appear to be 'passive'.

This is a major competitive advantage versus in-house HR teams, and our competitors, and is a compelling reason for clients to outsource to Hays.

Candidate experience

We have streamlined our candidate application process, which is powered by state-of-the-art search capability from Google. Our user experience has also benefited from this technology, with standardisation of job titles significantly improving the effectiveness of the search functionality.

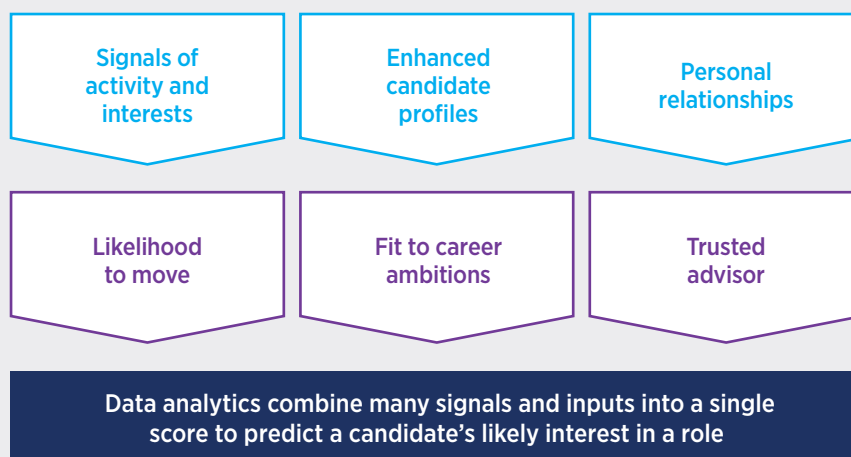
The upside of this has been higher conversion levels on our overall digital estate, and also an increase in updated candidate data for our databases.

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

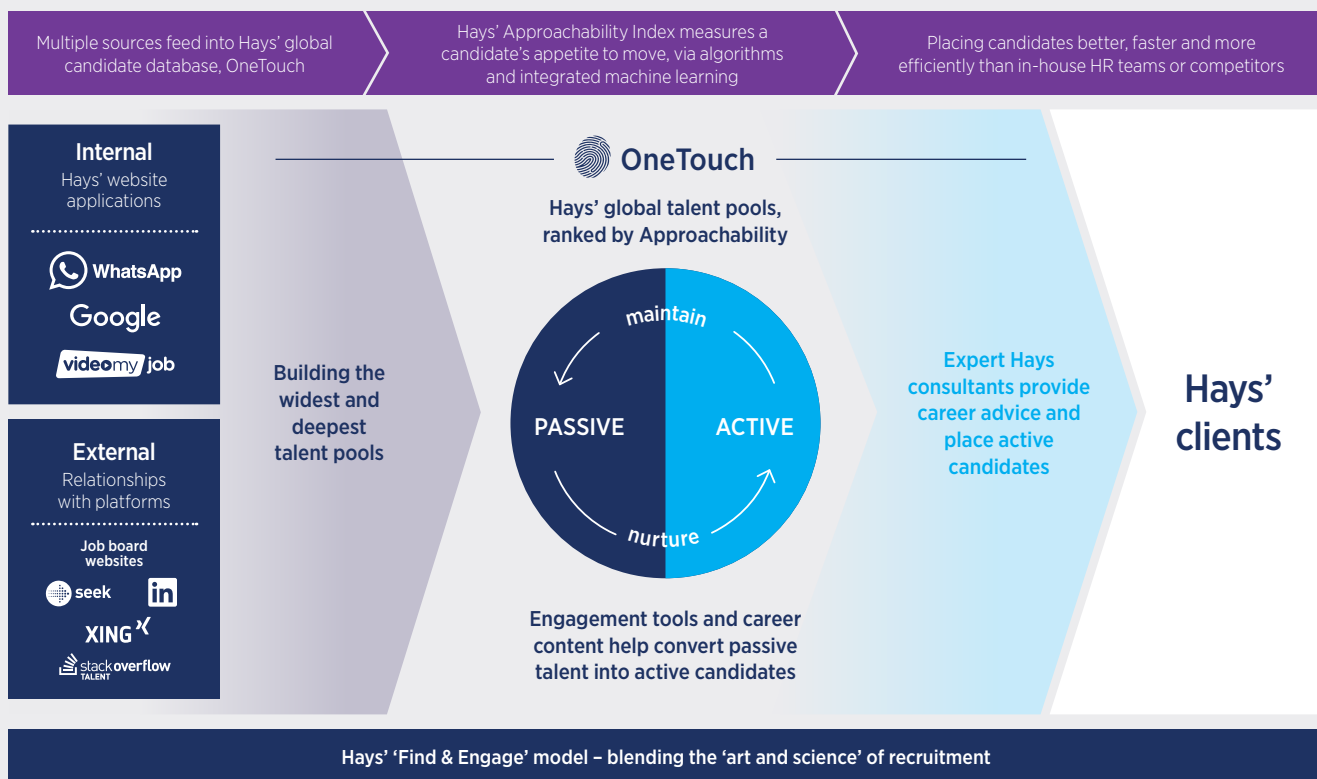
By engaging with our talent pools, we can deliver what was once viewed as high-end headhunting, to many more white-collar candidates, at scale.



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



How technology accelerates the candidate journey



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 FY20, we made excellent progress, notably with our Temp platform Hays Hub, which had great success in the UK Education sector pre-lockdown, and which we have rolled out to Social Care and also our Australian business. Our collaborations with Mya and Stack Overflow also had very good second years.

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.

"When we promise a client we can meet their requirements, however niche, we have all the tools to do so. I have never been failed by our technology in helping me deliver on a brief."

"During Covid-19, Hays technology has enabled us to work 100% effectively from home. The connectivity has been seamless, and we have made full use of Skype and Microsoft Teams to maintain a team culture, sharing of documents and free-flowing communication."

Lauren Yates
Sydney



Find out more about tech

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

OUR CLEAR STRATEGIC PRIORITIES DELIVER OUR LONG-TERM AIMS, DESPITE FY20 BEING HEAVILY IMPACTED BY COVID-19

The pandemic had a significant negative impact on our business in FY20. However, our ultimate aim to be the undisputed global leader in specialist recruitment is undiminished. Our long-established strategic priorities are interlinked to long-term industry megatrends (see page 18), remain appropriate for the current very challenging markets and will shape our strategic thinking as our markets stabilise.



-  Read more about our KPIs see page 30
-  Read more about our sustainability policies see page 42
-  Read more about our risks see page 49
-  Read more on our remuneration see page 76

- (1) Operating profit is stated before exceptional charges of £39.9 million, as detailed in note 5 to the Consolidated Financial Statements on page 142.
- (2) Cash generated by operations has been adjusted for the cash impact of lease payments of £46.4 million and £118.3 million of deferrals of taxes. Operating cash conversion represents the conversion of pre-exceptional operating profit⁽¹⁾ to cash generated by operations.

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 FY20

- Group operating profit fell by 45% to £135.0 million⁽¹⁾, materially impacted by the reduction in fees in H2 after the pandemic hit. All of our profit was delivered in the nine months to the end of March, with Q4 trading broadly breakeven
- We acted to appropriately manage our cost base, while protecting our core business operations and productive capacity
- 88% of our operating profit⁽¹⁾ was generated outside of the UK&I. This is up from c.35% in 2008

Focus in FY21

- The shape of recovery will be largely driven by the effects of the pandemic, and any need for further lockdowns
- Notwithstanding the unpredictable nature of the pandemic, we will continue to focus on maximising net fees in our businesses
- We have identified over 20 'return to growth' initiatives, across our divisions. These accelerated investment plans are in attractive structural growth markets, including IT and large Corporate Accounts, and aim to materially enhance our recovery

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
- 5 Like-for-like net fees per consultant
- 6 Conversion rate

- Underlying cash performance was excellent, ending the year with a net cash balance of £366.2 million, excluding short-term deferral of tax payments
- Cash conversion⁽²⁾ of 183%, benefiting from strong credit control and a c.£100 million partial unwind of Temp debtors
- Given the macroeconomic uncertainty caused by the pandemic, and the fact we traded only at a broadly breakeven level of profitability in Q4, the Board is not proposing a final dividend for FY20

- Our long-term priorities for free cash flow are to fund investment and development, maintain a strong balance sheet and, when appropriate, pay a sustainable core dividend
- We are acutely aware of the importance of dividends to our shareholders. We aim to restore dividends as soon as is appropriate

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

- Internally promoted 3,721 of our colleagues
- Strong progress with our Hays Hub Temp platform
- Launched Hays Thrive, our unique, free to use client training & wellbeing platform. Continued to develop mutually beneficial relationships across a range of areas, including collaborations with Xing, LinkedIn and Stack Overflow, among others
- Upgraded our German operational system, and continued investment in our back-office with efficiency projects in Germany, the USA and Canada

- Continue to explore and develop relationships 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, including Hays Hub

- 5 Like-for-like net fees per consultant
- 6 Conversion rate

- Given the unprecedented uncertainties created by the pandemic and lockdowns, Group headcount was reduced by 9% in FY20 as we appropriately managed our costs
- In addition, at 30 June 2020 18% of Group employees were either in job support schemes, short-time working arrangements or had voluntarily reduced their pay, including senior management
- Our Temp & Contracting business, 59% of Group fees, demonstrated greater resilience than Perm

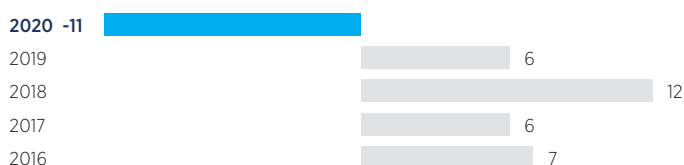
- We are focused on returning our businesses to organic growth once markets stabilise
- Our 'return to growth' investments are designed to accelerate our medium-term growth. Common themes across all divisions include growing our IT specialism and large Corporate Accounts business
- We will also look to further drive growth in our non-Perm businesses 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

FY20 PERFORMANCE HEAVILY IMPACTED BY COVID-19

The effects of the pandemic significantly impacted our business in FY20. However, our aim to be the undisputed global leader in specialist recruitment, and to deliver well-diversified, profitable and cash-generative fee growth, is undiminished. We measure our progress in this respect using a series of Key Performance Indicators (KPIs).

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



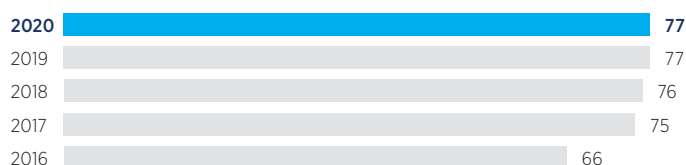
Measure

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

Progress made in 2019-20

Very tough market conditions led to net fees down 11% to £996.2 million.

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



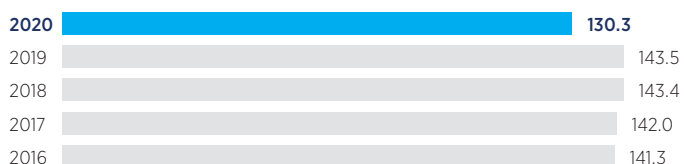
Measure

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

Progress made in 2019-20

77% of Group net fees were generated outside of the UK&I this year, consistent with FY19.

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



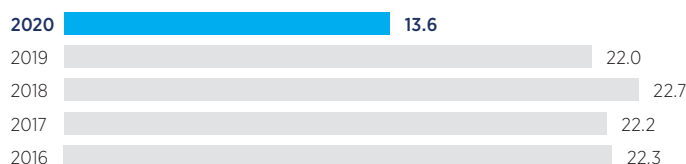
Measure

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

Progress made in 2019-20

Group like-for-like⁽¹⁾ net fees per consultant declined 9% year-on-year to £130.3k, driven by the very sharp global economic slowdown in the second half. Despite tough macroeconomic conditions, we have consciously retained a relatively high number of consultants, which would allow us to grow in any recovery in FY21.

6. 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 2019-20

Our conversion rate⁽³⁾ decreased by 840 bps to 13.6% as fees fell at the sharpest rate ever in Q4 as the pandemic hit.

(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 142.

(3) Conversion rate is the proportion of net fees converted into pre-exceptional operating profit⁽²⁾.

(4) FY20 cash generated by operations has been adjusted for the cash impact of lease payments of £46.4 million and £118.3 million of deferrals of taxes.

(5) Cash conversion represents the conversion of pre-exceptional operating profit⁽²⁾ to cash generated from operations⁽⁴⁾.

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 diversity across our global platform

These 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)



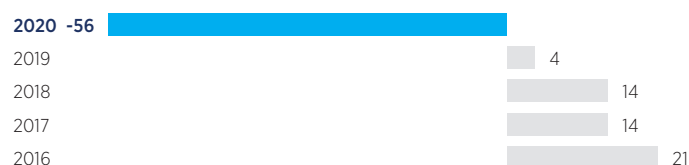
Measure

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

Progress made in 2019-20

Like-for-like⁽¹⁾ net fees in our International business were heavily impacted by the pandemic, declining by 10% in FY20. Germany fell by 13% and the Americas fell by 4%, although the USA grew by 3%. EMEA and Asia were tougher, both down 9%.

4. Basic earnings per share growth⁽²⁾ (%)



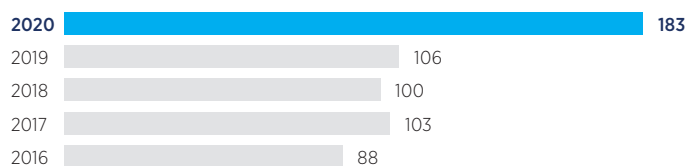
Measure

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

Progress made in 2019-20

Basic earnings per share⁽²⁾ fell by 56% to 5.28 pence. This reflects the Group's lower operating profit⁽²⁾, higher net finance charge given IFRS 16 and higher effective tax rate.

7. Cash conversion⁽⁵⁾ (%)



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 2019-20

183% cash conversion was very strong. Excellent working capital management, with debtor days reduced to 36 and a c.£100 million unwind in our Temp debtor book, as net fees declined, particularly in Q4.

DIVISIONAL OPERATING REVIEW



AUSTRALIA & NEW ZEALAND

Subdued business confidence in H1, with lockdown significantly impacting H2. Relative resilience in Temp, with tough Perm markets

Offices

42

(FY19: 41)

Consultants⁽²⁾

811

(FY19: 1,008)

Net fees

£170.5m

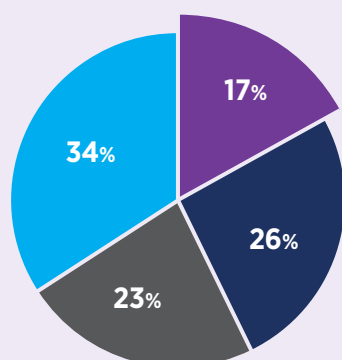
(FY19: £198.5m)

Operating profit⁽³⁾

£48.2m

(FY19: £66.4m)

Share of Group net fees



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

In Australia & New Zealand (ANZ), net fees decreased by 11% to £170.5 million and operating profit⁽³⁾ fell 25% to £48.2 million. This represented a conversion rate⁽¹⁾ of 28.3% (2019: 33.5%). 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 £7.2 million and operating profit by £2.5 million.

Net fees fell by 4% in the first half, as business confidence remained subdued, particularly in the Private sector. Activity levels in December were also heavily impacted by the tragic bushfires. Fees in our second half fell by 18%, significantly impacted by the pandemic and related effects of lockdown.

Temp net fees, which represented 71% of ANZ net fees in the year, declined by 6%. Net fees in Perm decreased 20%. Australia net fees fell by 11%, with the Private sector, which represented 63% of Australian net fees, most impacted by the pandemic and down 14%. Public sector fees declined by 8%.

Our largest regions of New South Wales and Victoria, which together accounted for 55% of Australia net fees, fell by 17% and 15% respectively. Queensland, ACT and Western Australia were more resilient, with net fees down 9%, 4% and 2% respectively.

At the Australian specialism level, Accountancy & Finance and Construction & Property, our largest specialisms, were both negatively impacted by the pandemic and declined 23% and 20% respectively, while Office Support was also difficult, down 24%. IT held up well, with flat fees, and our large Corporate Accounts business grew by an excellent 34% and benefited from several large client wins throughout the year and during through the pandemic. Fees in New Zealand (5% of ANZ net fees) declined by 3%.

Net fees by specialism

Construction & Property	21%
IT	13%
Banking	11%
Office Support	11%
Accountancy & Finance	10%
Resources & Mining	4%
Other	30%

Net fees by country/sub-region

New South Wales	28%
Victoria	24%
Queensland	13%
Australian Capital Territory	10%
Western Australia	9%
Other	11%
New Zealand	5%

Net fees by contract type

29% Permanent	71% Temporary
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Net fees by sector

35% Public	65% Private
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Consultant headcount in ANZ decreased by 20% year-on-year to 811. During the year we opened one new office in the region, in Bendigo, Australia.

Operating performance

Year ended 30 June	2020	2019	Actual growth	LFL growth
Net fees	£170.5m	£198.5m	(14)%	(11)%
Operating profit ⁽³⁾	£48.2m	£66.4m	(27)%	(25)%
Conversion rate ⁽¹⁾	28.3%	33.5%	(520bps)	
Period-end consultant headcount ⁽²⁾	811	1,008	(20)%	

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 was stated before exceptional charges, as detailed in note 5 to the Consolidated Financial Statements on page 142.

GERMANY

Tough market conditions, which deteriorated as the pandemic hit. Temp significantly impacted by under-utilisation of workers during lockdown

Offices

25

(FY19: 24)

Consultants⁽²⁾

1,560

(FY19: 1,801)

Net fees

£259.8m

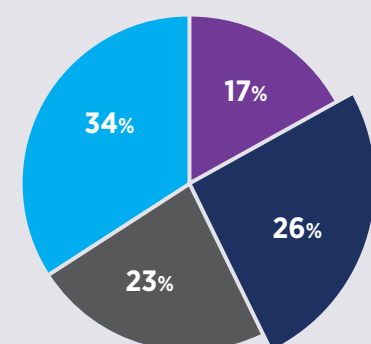
(FY19: £299.8m)

Operating profit⁽³⁾

£53.2m

(FY19: £91.3m)

Share of Group net fees



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

Net fees in our largest market of Germany declined by 13% to £259.8 million, with operating profit⁽³⁾ down by 41% to £53.2 million. This represented a conversion rate⁽¹⁾ of 20.5% (2019: 30.5%). Modest Sterling strength versus the Euro led to a year-on-year decrease in net fees of £1.3 million and operating profits of £0.4 million.

Growth slowed materially through H1, where fees fell by 5% amid broad signs of reduced business confidence and increased levels of client cost control. This was particularly evident in our larger clients, notably in the Automotive sector, although there were also signs that weakness has spread to large Financial and Services clients. In response, in January 2020 the Group undertook a restructure of its business operations in Germany to provide greater focus and alignment to the mid-sized enterprises known as the Mittelstand, together with a dedicated large Corporate Accounts division, at a cost of £12.6 million, which has been included as an exceptional cost. We anticipate this restructuring delivering annualised cost savings in Germany of c.£10 million, of which c.£2 million was achieved in FY20. In H2, the pandemic and effects of lockdown led to a further sharp fee slowdown, down 22%, including Q4 down 33%.

Contracting, 58% of Germany fees and which operates primarily in the IT sector, was relatively resilient and declined by 9% in the year, including Q4 down 12%. Our Contracting business operates a freelance model, with the clear majority of assignments continuing to work remotely through lockdown.

Our Temp business, 25% of Germany fees and where we employ temporary workers as required under German law, was significantly weaker and declined by 24%, including Q4 down 72%. A large proportion of this decline was due to the under-utilisation of employed Temps due to the widespread client closures of their manufacturing sites during lockdown. As a result, the net reduction in billable hours

Net fees by specialism

IT	42%
Engineering	25%
Accountancy & Finance	15%
Construction & Property	5%
Life Sciences	5%
Sales & Marketing	5%
Other	3%

Net fees by contract type

17% Perm	83% Temp
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Net fees by sector

12% Public	88% Private
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in Q4 impacted net fees by £6.8 million (net of £2.2 million received from the German short-time working scheme) and fees were further reduced by £4.1 million of non-exceptional costs as we took the decision to release c.420 Temps, given significantly reduced levels of demand from our clients and the tough market outlook.

Perm, 17% of Germany fees and which continues to have excellent long-term structural outsourcing potential, was relatively resilient, down 8%.

IT, which represented 42% of fees, fell by 10%. Engineering, 25% of fees, decreased by 22%. We saw good 6% growth in Sales & Marketing, while Accountancy & Finance & Life Sciences declined 8% and 4% respectively.

Consultant headcount decreased 13% year-on-year to 1,560, including an 11% decline in H2. We opened two new offices in Bremen and Karlsruhe and merged two offices.

Operating performance

Year ended 30 June	2020	2019	Actual growth	LFL growth
Net fees	£259.8m	£299.8m	(13)%	(13)%
Operating profit ⁽³⁾	£53.2m	£91.3m	(42)%	(41)%
Conversion rate ⁽¹⁾	20.5%	30.5%	(1,000bps)	
Period-end consultant headcount ⁽²⁾	1,560	1,801	(13)%	

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 142.

UK & IRELAND

H1 impacted by pre-election and Brexit uncertainties. H2 deteriorated significantly due to the pandemic and the length of the lockdown

Offices

95

(FY19: 96)

Consultants⁽²⁾

1,840

(FY19: 1,960)

Net fees

£225.6m

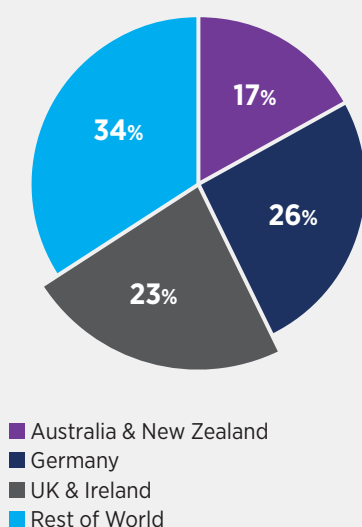
(FY19: £263.8m)

Operating profit⁽³⁾

£16.6m

(FY19: £48.9m)

Share of Group net fees



In the United Kingdom & Ireland net fees declined by 14% to £225.6 million, with operating profit⁽³⁾ down 66% to £16.6 million, including a £2.4 million loss in the second half. This represented a conversion rate⁽¹⁾ of 7.4% (2019: 18.5%).

Net fees fell by 4% in the first half. Trading was significantly impacted by continued uncertainties and reduced client and candidate confidence, particularly in the Private sector, prior to the General Election. Fees in our second half fell 25%, including our fourth quarter down 42%, heavily impacted by the pandemic and related effects of lockdown.

Our largest business of Temp, 61% of fees, fell by 9% and was more resilient than Perm, which declined 22%. The Public sector, 31% of fees, fell by 3%, and significantly outperformed the Private sector, down 19%.

All UK regions traded broadly in line with the overall UK business, except the East, down 27% and the North West, down 19%. London, our largest region at c.34% of UK&I fees, was slightly more resilient, with fees down 10%. Ireland declined by 26%.

At the specialism level, most were materially impacted by lockdown. Accountancy & Finance, Construction & Property and Office Support decreased by 19%, 20% and 24% respectively, while after an improving first half, Education fell by 17% as schools closed. On a more positive note, IT fees grew by a solid 4%. Fees in Hays Talent Solutions, our large Corporate Accounts business, declined by 11%.

Consultant headcount at 30 June decreased by 6% year-on-year to 1,840. This headcount included those employees in the UK furlough scheme.

Net fees by specialism

Accountancy & Finance	21%
Construction & Property	18%
IT	12%
Office Support	11%
Education	7%
Banking	7%
Other	24%

Net fees by region

London & South East	34%
North & Scotland	22%
Midlands & East Anglia	16%
South West & Wales	12%
Talent Solutions	9%
Ireland	7%

Net fees by contract type

39% Perm	61% Temp
----------	----------

Net fees by sector

31% Public	69% Private
------------	-------------

Operating performance

Year ended 30 June	2020	2019	Actual growth	LFL growth
Net fees	£225.6m	£263.8m	(14)%	(14)%
Operating profit ⁽³⁾	£16.6m	£48.9m	(66)%	(66)%
Conversion rate ⁽¹⁾	7.4%	18.5%	(1,110bps)	
Period-end consultant headcount ⁽²⁾	1,840	1,960	(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 142.

REST OF WORLD

Relative resilience in the USA, Switzerland and Japan. Parts of Western Europe much tougher in H2 given severe lockdown restrictions

Offices

104

(FY19: 104)

Consultants⁽²⁾

2,689

(FY19: 3,013)

Net fees

£340.3m

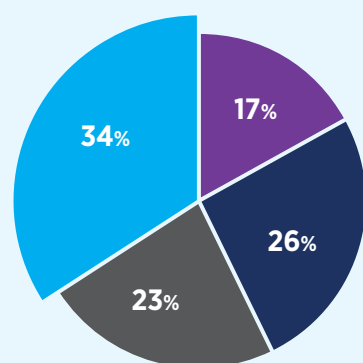
(FY19: £367.6m)

Operating profit⁽³⁾

£17.0m

(FY19: £42.2m)

Share of Group net fees



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

Net fees in Rest of World (RoW), which is primarily in Perm and comprises 28 countries, declined by 8% to £340.3 million. Operating profit⁽³⁾ fell by 60% to £17.0 million. This represented a conversion rate⁽¹⁾ of 5.0% (2019: 11.5%). Currency impacts in the year were minimal, with modest Sterling strength against the Euro, and weakness versus the Yen and the US Dollar.

Net fees increased by 2% in H1, although slowed through the half, and declined by 18% in H2 including Q4 down 31%, severely impacted by the pandemic and related effects of lockdown. This sharp fee slowdown drove materially negative operating leverage, particularly as we protected our business infrastructure in smaller countries.

Despite the pandemic, we achieved record fee performances in six countries including the USA, Russia, Switzerland and Malaysia. Perm net fees, 66% of RoW, decreased by 12%, while Temp net fees rose 1%.

EMEA ex-Germany net fees declined by 9%, with operating profit⁽³⁾ down 51%. After flat fees in H1, market conditions significantly weakened as Europe experienced stringent lockdowns during the pandemic. Fees in France, our largest RoW market, decreased by 13% including Q4 down 44%, while Spain, Belgium and the Netherlands also saw difficult conditions, with fees down 15%, 14% and 13% respectively. Poland was more resilient, down 6%, as was Italy, down 7%. Switzerland performed well, growing by 5%, while Russia, Austria and Hungary also delivered good growth, up 7%, 8% and 9% respectively.

Asia net fees declined by 9%, with operating profit⁽³⁾ down 50%. Fees in H1 grew by 4%, although conditions deteriorated sharply at the start of H2 as the pandemic emerged in China and have remained difficult due to rolling lockdowns. Overall in the year, Japan, our second largest Asian market, delivered relative resilience, with fees down 2%. Singapore and China were more difficult,

Net fees by specialism

IT	25%
Accountancy & Finance	13%
Construction & Property	10%
Life Sciences	9%
Sales & Marketing	7%
Engineering	5%
Other	31%

Net fees by selected sub-region

EMEA*	59%
The Americas	22%
Asia	19%

*excluding Germany

Net fees by contract type

66% Perm	34% Temp
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with fees down 13% and 17% respectively. However, Malaysia produced an excellent performance with fees up 28%.

The Americas fees decreased by 4%, following good H1 growth of 7%. The USA, our second-largest RoW country, delivered record fees and grew by 3%, helped by our high exposure to IT and despite a challenging Q4, with fees down 18%, with Construction & Property weak due to the lockdown. Canada saw tougher conditions and fees declined by 17%, although Mexico and Brazil were relatively resilient, with fees flat and down 6% respectively. Overall in the Americas, we made an operating loss in the year, driven by the overall pace of fee declines and ongoing investment in the USA, especially in H1.

Consultant headcount in the division decreased 11% year-on-year to 2,689.

Operating performance

Year ended 30 June	2020	2019	Actual growth	LFL growth
Net fees	£340.3m	£367.6m	(7)%	(8)%
Operating profit ⁽³⁾	£17.0m	£42.2m	(60)%	(60)%
Conversion rate ⁽¹⁾	5.0%	11.5%	(650bps)	
Period-end consultant headcount ⁽²⁾	2,689	3,013	(11)%	

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.

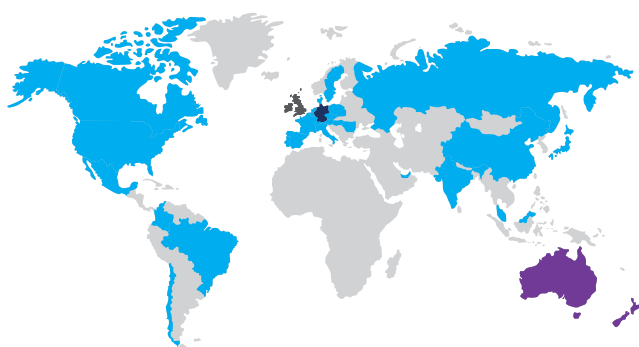
(1) Conversion rate is the proportion of net fees converted into operating profit (before exceptional items).

(2) Closing consultant headcount as at 30 June.

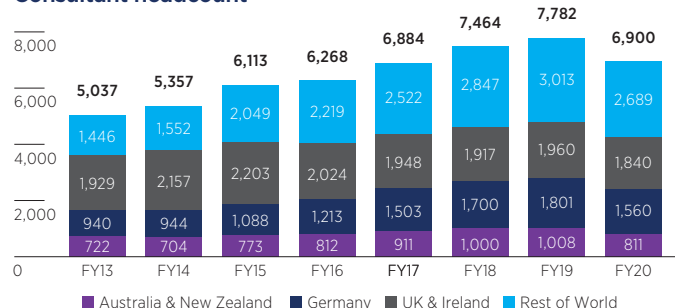
(3) Operating profit is stated before exceptional charges, as detailed in note 5 to the Consolidated Financial Statements on page 142.

HISTORICAL COMPARISONS FY13–20

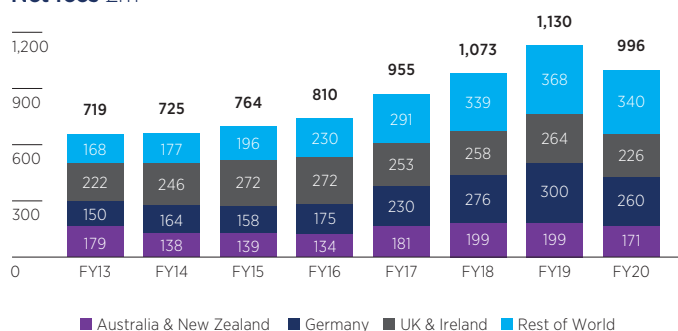
To assist investors in their analysis of Hays, we present our net fees, operating profit, headcount and conversion rate since FY13.



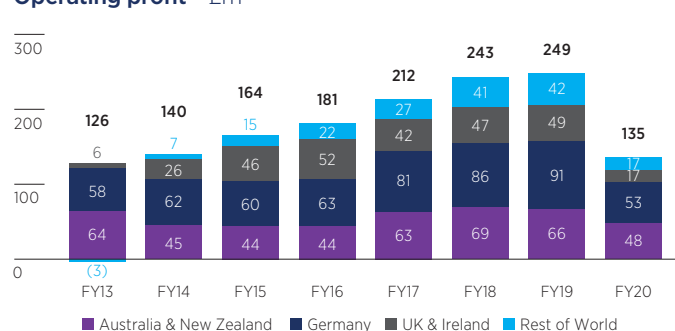
Consultant headcount



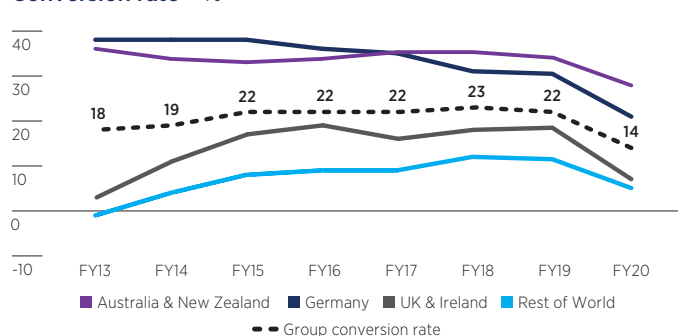
Net fees £m



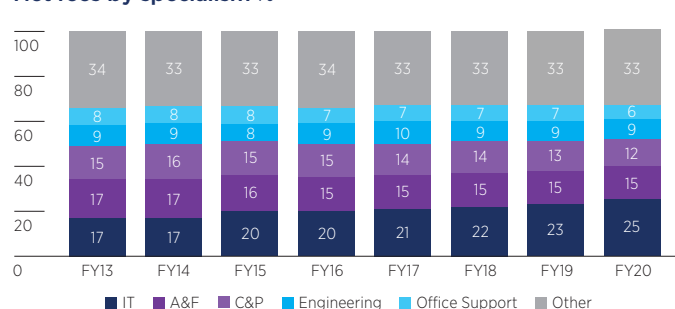
Operating profit⁽¹⁾ £m



Conversion rate⁽²⁾ %



Net fees by specialism %



(1) FY20 operating profit is stated before exceptional charges of £39.9 million. FY19 is stated before exceptional charges of £15.1 million.

As detailed in note 5 to the Consolidated Financial Statements on page 142.

(2) FY20 conversion rate is also shown on a pre-exceptional basis.

“

Despite FY20 being a very tough year, we ended the year with our strongest balance sheet ever. Our financial strength underpins our strategy.

”

Paul Venables

Group Finance Director,
Hays plc



FINANCE DIRECTOR'S REVIEW

Financial overview

The year was characterised by tough conditions globally in H1, which deteriorated rapidly and significantly due to the Covid-19 pandemic in H2. Our turnover declined 1% and net fees⁽²⁾ fell 11%. Operating profit⁽³⁾ fell 45% to £135.0 million. This represented a Group conversion rate⁽⁴⁾ of 13.6% (FY19: 22.0%). All operating profit was generated in the first nine months of the year, with the fourth quarter broadly breakeven before restructuring costs⁽³⁾.

When the pandemic hit, we took appropriate action to manage our costs, while protecting our core business operations. Overall, our cost base was reduced by c.20%, or c.£15 million per period, between February and June 2020, as we actively reduced our variable and discretionary costs. In the year

our cost base benefited by c.£8million from job support schemes globally. Given the difficult environment, the Executive Directors agreed that no FY20 bonuses will be paid to them, or members of the Management Board.

Our cash performance was strong, and we ended the year with net cash of £366.2 million, excluding £118.3 million of short-term deferrals of tax payments. We converted 183%⁽⁸⁾ of operating profit⁽³⁾ into operating cash flow⁽⁵⁾, driven by excellent credit control and a partial unwind of our Temp debtor book. Our financial strength was further reinforced by the equity placing we conducted in April, which raised c.£196 million of net proceeds and we are very grateful for the support of our largest shareholders. This capital raising ensures we have a strong balance sheet and provides the Group with a significant liquidity buffer.

Decrease in Group
net fee income

(11)%

FY19: +6%

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

13.6%

FY19: 22.0%

Decrease in operating profit⁽³⁾

(45)%

FY19: +4%

Group consultant headcount
down 11% year-on-year

6,900

FY19: 7,782

Year-end net cash⁽⁷⁾

£366.2m

FY19: £137.9m

(1) Net fees of £996.2 million (FY19: £1,129.7 million) are reconciled to statutory turnover of £5,929.5 million (FY19: £6,070.5 million) in note 6 to the Consolidated Financial Statements.

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

(3) FY20 operating profit and basic EPS are presented before exceptional costs of £39.9 million, comprising £20.3 million relating to the partial impairment of goodwill in the US business, and £19.6 million relating to restructuring charges, primarily in our German business. There were £15.1 million of exceptional charges in the prior year.

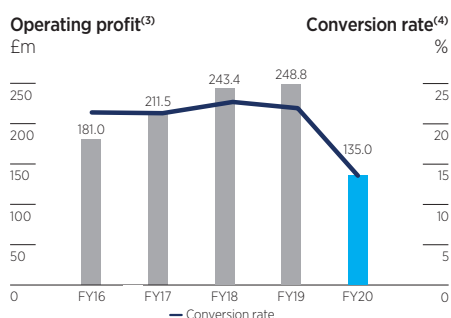
(4) Conversion rate is the proportion of net fees converted into pre-exceptional operating profit.

Operating performance

Year ended 30 June (£m)	2020	2019	Actual growth	LFL growth
Turnover ⁽¹⁾	5,929.5	6,070.5	(2)%	(1)%
Net fees ⁽²⁾	996.2	1,129.7	(12)%	(11)%
Operating profit ⁽³⁾	135.0	248.8	(46)%	(45)%
Cash generated by operations ⁽⁵⁾	247.4	263.0	(6)%	
Profit before tax	86.3	231.2	(63)%	
Profit before tax (before exceptional items)	126.2	246.3	(49)%	
Basic earnings per share	3.14p	11.10p	(72)%	
Basic earnings per share (before exceptional items)	5.28p	11.92p	(56)%	
Core dividend per share	0.0p	3.97p	-	
Special dividend per share	0.0p	5.43p	-	

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.

Alongside the equity raise in April, the Board prudently cancelled our interim dividend. Given the high level of macroeconomic uncertainty resulting from the pandemic, plus the fact that Q4 trading was broadly at a breakeven level, the Board is not proposing a final dividend for FY20. We remain acutely aware of the importance of dividends to our shareholders and aim to restore dividend payments as soon as is appropriate.



Foreign exchange

Overall, net currency movements versus Sterling negatively impacted results in the year, reducing net fees by £6.6 million, and operating profit⁽³⁾ by £2.7 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 £0.9 million and

£3.5 million respectively per annum, and operating profit by £0.3 million and £0.7 million respectively per annum.

The rate of exchange between the Australian Dollar and Sterling over the year ended 30 June 2020 averaged AUD 1.8799 and closed at AUD 1.7970. As at 25 August 2020 the rate stood at AUD 1.8298. The rate of exchange between the Euro and Sterling over the year ended 30 June 2020 averaged €1.1402 and closed at €1.1044. As at 25 August 2020 the rate stood at €1.1115.

The impact of these movements in exchange rates means that if we retranslate the Group's full-year operating profit⁽³⁾ of £135.0 million at current exchange rates, the actual reported result would increase by c.£4 million to c.£139 million.

Temp fees more resilient than Perm

Net fees in Temp, which includes our Contracting business and represented 59% of Group fees, decreased by 9%. This comprised a volume decrease of 6% and a decrease in underlying Temp margins⁽⁶⁾ of 70bps to 14.7% (2019: 15.4%), partially offset by an hours/mix gain of 2%. The Temp margin decrease was in part due to under-utilisation of employed Temps in Germany during the pandemic, plus a reduction in underlying ANZ and Germany Temp margins. Partially offsetting this, we saw a 2% increase in salary mix, mainly driven by relative strength in our IT specialism globally, which has a higher average salary than the Group as a whole.

Net fees in Perm decreased by 15%, with volumes down 18% and our average Perm net fee up 3%. Regionally, ANZ Perm fees decreased by 20%, Germany fell by 8%, UK&I was down 22% and RoW fell by 12%.

Movements in consultant headcount

Group consultant headcount at 30 June 2020, which includes employees in job support and furlough schemes, stood at 6,900, down 11% year-on-year and down 12% in H2. Total Group headcount declined by 9%. At year end, c.18% of Group employees were either in job support schemes, short-time working arrangements or had voluntarily reduced their pay, including senior management.

Current trading

Overall, the outlook remains tough across our main markets. Temp markets are stable overall, with modest improvement in Perm.

We have experienced a high degree of correlation between individual countries' trading and the severity of lockdown in that country. Any 'second wave' lockdowns may have short-term negative effects on activity levels, and potentially delay country recoveries.

Our strategic 'Return to Growth' programme has identified accelerated investment projects across each of our divisions in attractive structural growth markets, including IT and large Corporate Accounts. We expect to invest c.£15 million of incremental operating expenditure in these projects in FY21, of which c.£5 million will be in H1. In addition, we expect to invest c.£7 million in capex to support these projects, which is included in our Group capex guidance of c.£25 million.

We expect Group headcount at the end of Q1 FY21 to be down versus 30 June 2020, due to non-replacement of leavers and a lower than usual graduate intake.

Exchange rate movements, notably the Australian Dollar and the Euro, remain a material sensitivity to our reported financial performance.

Australia & New Zealand

Our business has been stable since mid-April, and we began to see initial signs of modest improvement in activity in July, particularly in Perm. It is too early to quantify the negative impact on overall business activity and sentiment from the recent lockdown in Victoria, and how long this will last.

(5) FY20 cash generated by operations has been adjusted for the cash impact of lease payments of £46.4 million and £118.3 million of deferrals of tax and VAT.

(6) 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 payroll services.

(7) Year-end net cash excludes £118.3 million of deferred tax payments.

(8) Operating cash conversion represents the conversion of pre-exceptional operating profit to cash generated from operations.

Germany

Overall fees are stable. Activity in Contracting is stable, and we have seen a marginally better renewal rate on June-ending assignments than normal. Temps on assignment volumes are broadly stable, however we continue to see some negative impact from under-utilisation of our Temp workers, albeit at an improving level versus Q4 FY20. We expect some Temp under-utilisation to continue across H1 FY21.

United Kingdom & Ireland

Overall our business is stable at low levels. We are seeing early signs of improvement in Perm activity.

Rest of World

Overall, we are starting to see some modest signs of recovery. Fees in EMEA ex-Germany are broadly stable on a seasonally adjusted basis, with signs of some modest positive momentum. In Asia and the Americas our businesses are stable.

IFRS 16

IFRS 16 Leases became effective for the Group on 1 July 2019, and the Group is reporting under this new standard for the first time. The Group has applied the modified retrospective approach whereby the right-of-use asset at the date of initial application was measured at an amount equal to the lease liability, with no restatement to prior years. On adoption, the Group's right-of-use assets increased by £238.1 million, net of £7.7 million IAS 17 adjustments, while lease liabilities increased by £245.8 million. Operating lease rental charges for leases accounted for under IFRS 16, which are almost entirely property-related, were replaced by a £45.5 million depreciation charge and £5.3 million lease interest charge.

Adopting IFRS 16 resulted in a decrease in the Group underlying profit before tax in FY20 of £3.4 million, i.e. not material to overall Group profit levels, and had no impact on cash. This comprised a benefit to Group operating profit of £1.9 million, offset at the profit before tax level by £5.3 million of non-cash lease liabilities interest charge, discussed further below.

Net finance charge

The net finance charge for the year was £8.8 million (2019: £2.5 million). The average interest rate on gross debt during the period was 1.8% (2019: 2.0%), generating net bank interest payable including amortisation of arrangement fees of £1.1 million (2019: £1.7 million). The non-cash interest charge on lease liabilities under IFRS 16 was £5.3 million (2019: N/A) and the non-cash net interest

charge on defined benefit pension scheme obligations was £1.9 million (2019: £0.5 million). The Pension Protection Fund levy was £0.2 million (2019: £0.2 million).

We expect the net finance charge for FY21 to be around £8.5 million, in line with FY20.

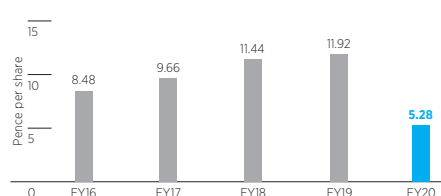
Taxation

Taxation for the year on profit before exceptional items was £46.2 million (2019: £72.7 million), representing an effective tax rate of 36.6% (2019: 29.5%). The tax charge on total profits including exceptional items was £38.8 million, representing an effective tax rate of 45.0%. The increase in the effective tax rate reflects the Group's geographical mix of profits, the impact of trading losses in certain countries, and the write down of the UK deferred tax asset. At this stage it is not possible to forecast the Group's effective tax rate for FY21.

Earnings per share

Basic earnings per share before exceptional items decreased by 56% to 5.28 pence (2019: 11.92 pence), reflecting the Group's lower operating profit⁽³⁾ given the significant negative trading impact of the pandemic, higher net finance charge and higher effective tax rate. Basic earnings per share after exceptional items decreased by 72% to 3.14 pence (2019: 11.10 pence).

Earnings per share⁽³⁾ p

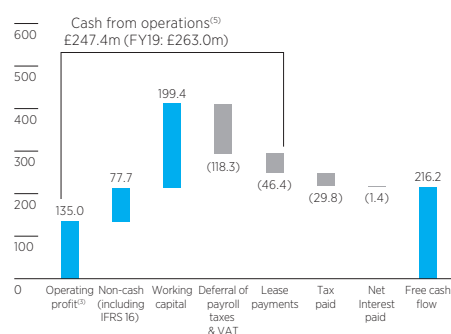


Cash flow and balance sheet

Underlying cash performance was strong with 183% conversion of operating profit⁽³⁾ into operating cash flow⁽⁵⁾ (2019: 106%). This was a result of continued strong cash generation, including a c.£100 million inflow in the fourth quarter due to the partial unwind of the Temp trade debtor book and a very strong performance by our credit control teams globally. Average trade debtor days decreased to 36 days (2019: 39 days).

Capital expenditure was £25.8 million (2019: £33.0 million), with continued investments in cyber security, our front office systems in Germany and automation of our German and North Americas back-office systems. We expect capital expenditure to be c.£25 million for FY21, including c.£7 million to support our 'Return to Growth' projects.

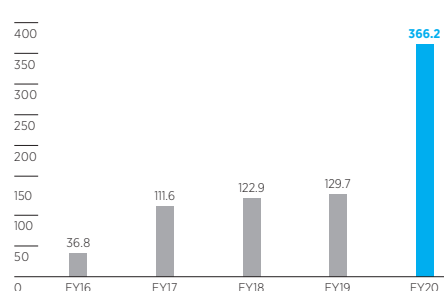
Operating profit⁽³⁾ to free cash flow £m



Dividends paid in the year totalled £121.6 million (2019: £129.1 million) and pension deficit contributions were £16.1 million. Net interest paid was £1.4 million, including a £0.2 million arrangement fee on our extended debt facility, and corporation tax payments were £29.8 million (2019: £75.5 million).

We ended the year with the strongest balance sheet we have ever had, including a net cash position of £366.2 million (or £484.5 million including short-term deferrals of payroll tax and VAT payments).

Closing net cash/(net debt)⁽⁷⁾ £m



Retirement benefits

The Group's pension position under IAS 19 at 30 June 2020 has resulted in a surplus of £55.2 million, compared to a surplus of £19.7 million at 30 June 2019. The increase in surplus of £35.5 million was primarily due to increases in scheme asset values and Company contributions, partially offset by a change in financial assumptions driven by a reduction in the discount rate.

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 (2019: £15.3 million), in line with the agreed actuarial 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.

Exceptional charge

During the year, the Group incurred an exceptional charge of £39.9 million (2019: £15.1 million) in relation to the following items.

In January 2020, the Group undertook a restructure of its business operations in Germany to provide a greater focus and alignment to the mid-sized enterprises known as the Mittelstand, together with a dedicated large Corporate Accounts division, at a cost of £12.6 million. Following the subsequent global Covid-19 pandemic, and the immediate reduction in demand for recruitment services, the business operations of several other countries across the Group were restructured, primarily to reduce operating costs. The restructuring exercise led to the redundancy of a number of employees, particularly senior management positions, and incurred costs of £7.0 million. The cash impact from the restructuring exceptional charge as at the balance sheet date was £8.1 million, with a further £11.5 million cash outflow expected during FY21.

Additionally, goodwill impairment reviews were performed at the year end by comparing the carrying value of goodwill with the recoverable amounts of the Group's 'Cash Generating Units' (CGUs), to which goodwill has been allocated. Before impairment testing, the carrying value in respect of the US business, which is part of the Rest of World segment, was £43.4 million. The US business had been performing in line with expectations up until the Covid-19 pandemic but as disclosed in previous years, the business had limited headroom on the carrying value of goodwill. The Group's priority is to continue to make investments in the US business in order to accelerate growth in line with the Group's long-term strategy to build a strong presence in the US in order to maximise the long-term growth opportunities available in the market. Because of this ongoing investment, against a difficult market backdrop, management have revised the cash flow forecast for the US CGU and as a result have reduced its carrying value through the recognition of an exceptional impairment loss against goodwill of £20.3 million. The recoverable amount is considered to be in line with its value-in-use which is considered higher than its fair value less cost of disposal.

Capital structure and dividend

On 2 April 2020, we announced that alongside our c.£196 million equity raise the Board had prudently cancelled our interim dividend. Given the high level of macroeconomic uncertainty resulting from the pandemic, and the fact we traded at breakeven profitability in Q4, the Board is not proposing a final dividend for FY20.

The Group's long-term priorities for free cash flow are to fund investment and development, maintain a strong balance sheet and, when appropriate, pay a sustainable core dividend. We remain acutely aware of the importance of dividends to our shareholders and aim to restore dividend payments as soon as is appropriate.

Our business model remains highly cash generative, and as demonstrated in recent years we have a track record of returning capital to shareholders, with c.£374 million in core and special dividends paid in respect of FY17 to FY19. When conditions improve, the Board will consider how best to reinstate our capital returns policy.

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. Under the terms of the original agreement, the maturity date of November 2023 could be extended subject to lender agreement. Having submitted the extension request, the Group facility now has an amended maturity date of November 2024, with an option to extend for a further year 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 2020: 151:1) and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1 (as at 30 June 2020 the Group held a net cash position). 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%.

During Q4 FY20, we were admitted into the Bank of England's uncommitted Covid Corporate Financing Facility (CCFF). While this provides access to an additional short-term form of financing up to £600 million, based on current forecasts we are highly unlikely to utilise this facility. This is in addition to our revolving credit facility.

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
26 August 2020

INTEGRATING SUSTAINABILITY INTO THE WORLD OF WORK

Our Purpose and Values help to underpin our culture, and our relationships with our stakeholders.

Our Values define our culture, beliefs and the way we operate. They also explain the qualities and behaviours we expect from Hays people, and how we deliver a consistently exceptional candidate and client experience, wherever we are in the world.

Our Purpose and Values are set out below.

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:

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.

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.

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.

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. 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 try to **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 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. Further information can be found on pages 14–15 and 67.

Non-financial reporting regulations

Description of the business model	Page 12
Non-financial key performance indicators	Page 30
Description and management of principal risks and impact of business activity	Page 49
Employees	Page 43
Anti-bribery and anti-corruption	Page 44
Social matters	Page 45
Human rights	Page 46
Environmental matters	Page 46

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 data analytics 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 Policies are available on our websites and these govern 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 where, subject to certain criteria, employees can apply to transfer to a new country with Hays and develop their experience internationally. Our Global Mobility Portal 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.

MT Rainey is the Designated NED for Workforce Engagement at Hays. Subsequent to her appointment to the role and into FY20, MT had invested time working on the scope of the role, developed a programme of activity and worked on an audit of Group-wide employee engagement activities. However, the continuation of her workstream was held up during the Covid pandemic and MT is hoping to progress this when conditions permit.

Another impact of Covid was our annual employee engagement survey, Your Voice. This was postponed to later in 2020 in the hope of gaining a more meaningful insight than running it during the lockdown period and with many employees under furlough conditions. Results will be reported in our FY21 Annual Report.

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 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 unlimited private online GP appointments per year via Babylon's Digital Doctor. The initiative, which complements the Wellbeing@Hays offering, has proved extremely popular and our offering has evolved further based on feedback from UK&I employees.

As the world switched to home working overnight, as part of Wellbeing@Hays, resources were developed for employees to support them in working from home with

guides and blogs posted on our intranet. In UK&I, we have regional wellbeing champions who have run campaigns and virtual employee events designed to keep people in touch with each other and promote ways of maintaining or improving good physical and mental health e.g. virtual tea breaks, virtual movie nights, exercise challenges and classes via Teams, virtual quiz nights and fundraising campaigns for our charity partner.

There was also a greater focus on mental health during this period and resources were provided to managers to support employees working from home as well as to those returning to office working. We also celebrated Mental Health Awareness Week during the year, promoting steps towards maintaining good mental health. Our Lifeworks webinar was delivered to people managers to help them to better signpost employees to the employee assistance programme.

We also launched Hays Boost to support the development of skills and practices to help employees to look after their mental and physical health, as well as providing an opportunity to develop new skills. It will complement the learning and development opportunities already on offer and has been developed following the resounding success of Hays Thrive.

As part of Parents@Hays which is committed to supporting parents and prospective parents, we created a virtual parents network on Teams and also provided guides and resources as many were juggling working and childcare during these unprecedented times.

In China, our 'Parents@Hays Continuing Plan' pledges to help mothers return to work by providing flexible work solutions and child support benefits.

Whistleblowing

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).

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.

We expect all Hays companies and employees to 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.

Equality, diversity & inclusion at Hays

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.

With input from our global Equality, Diversity & Inclusion Council, formed during the year, the Group now has in place the Hays Equality, Diversity & Inclusion policy. This will not only ensure the effectiveness and suitability for local markets of our individual, regional policies are captured but also provide an overarching framework for them at a Group level to enable greater coordination and sharing of best practice. Actions speak louder than words, so we will be judged by what we do and what we collectively deliver and the evidence of that will be transparent to us all as the future unfolds.

Across the Group, we have implemented 'Inclusive Recruitment', in which we remove résumés from the early stages of our internal recruitment process. This is to ensure that we're not creating any barriers in the form of bias while recruiting internally. All new employees in the UK undergo training around

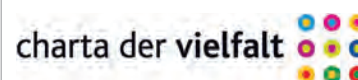
respecting equality, diversity and inclusion. It is important that we, as the world's largest specialist recruiter, talk about equality, diversity and inclusion and educate on its benefits to as many people and businesses as possible. We are proud to see how passionately these projects are being supported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

Examples of how we are making a difference are as follows: In December, the Australia and New Zealand business celebrated International Day of People with Disability, aiming to increase public awareness, understanding and acceptance of people with disability and celebrate their achievements and contributions.

In September, Hays China held its first Leading Women seminar in Shenzhen, providing insights, practical tips and networking opportunities to attendees – this was swiftly followed by a second event in November. In Germany, the team carried out web-based training on 'Unconscious biases' for all staff; the training highlights the most common biases and explains how to identify them. The team in Spain carried out marketing activity around 2019's International Women in Engineering Day (INWED). The team showcased successful women in Technology, Science and Engineering roles, while discussing potential ways to tackle the under-representation of women in the sector. In the USA, our Construction & Property Managing Director holds a seat on the board of National Women in Construction, which does a lot of work setting up scholarships and fundraising to attract more women into the sector.

In the UK, Hays holds the National Equality Standard (NES). The NES is one of the UK's most prestigious accreditations awarded to businesses who demonstrate their commitment to equality, diversity and inclusion in the UK.

In Germany, we are signatories of "Charta der Vielfalt" (Diversity Charter), an official commitment to supporting and developing diversity management in business.



Equality, 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 Hays Pride Network, which was established by staff as a network for LGBTQ+ employees and allies. During the year, 12 events have been held with over 800 clients.



Two members of the Hays Pride Network were interviewed to give insight into Pride in the workplace with DIVA and Attitude magazine. In the articles, they promoted our Network and the support it offers to our LGBTQ+ community, as well as giving examples of how Hays celebrated Pride month.

Gender statistics as at 30 June 2020 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. 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. During the year, we launched #HaysHelps to support employees to take up volunteering opportunities. The scheme allows employees across Hays UK and Ireland to take one paid day of leave per year to volunteer for a charitable cause and many employees have already utilised this scheme.

We began a new charity partnership this year with End Youth Homelessness (EYH) with staff from Hays offices across the UK undertaking a number of fundraising activities to support EYH's Employability Fund, which will help 80 young people into employment, education and training pathways. Throughout the partnership so far, Hays UK has raised over £70,000 and the partnership will continue into the next financial year.

In June 2020, Hays Talent Solutions pledged to contribute both financial and organisational support to Haringey Council via Haringey Giving to support the urgent needs of food, mental health and employment in the borough. Hays Talent Solutions contributed

£100,000 which will be split into two approaches. £80,000 will be devoted to enable the purchase of food and delivery as well as other urgent supplies, via Haringey Giving. £20,000 will be used for Hays to help facilitate employability workshops, working with young people at schools and/or colleges.

Hays France & Luxembourg collected, through all offices in France, meal tickets for the Association "Les Restos du Cœur", for a total amount of €3,750. Restos du Cœur is an association, recognised as a public service. Their goal is to assist and provide voluntary assistance to the poor, particularly in the food sector, by providing access to free meals and by participating in their social and economic integration, as well as in all forms of action against poverty.

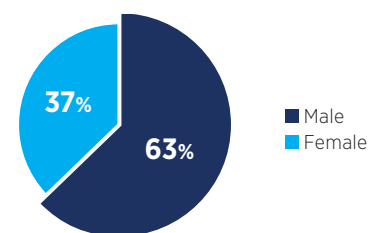
In February, our consultants from Chile, along with Santiago municipal government, undertook an initiative to assist professionals that are in between jobs. Hays consultants provided career advice for these professionals in-person and helped them in updating their CVs.

As community support to Shanghai Sunrise, a group of Hays Shanghai consultants organised a Career Start Day event. Over 30 students from Shanghai Sunrise programme attended, where our consultants provided CV preparation and interview skills to these students.

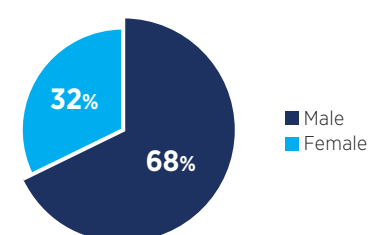
In Singapore, our charity partner AWWA Ltd sent a number of individuals to our office for a CV/Interview Prep workshop and office tour. The Regional Director hosted the sessions and shared his experiences on what makes a candidate stand out and how they could excel at an interview. Our employees also gave the individuals tips on how to source for their dream role in fields such as Technology and the Finance and Banking industry. In October 2019, employees from our Singapore office presented at the Big Data World event held in the country. On the agenda were CV tips and 1-2-1s between consultants and delegates in attendance.

Earlier in the year, Australia experienced widespread destruction caused by the summer bushfires impacting our people, communities and wildlife. In response to that, a GoFundMe page was created for Hays employees to donate to the Australian Red Cross Disaster Relief and Recovery appeal which provides a range of on-the-ground initiatives. An initial \$10,000 was donated by Hays to kickstart the fundraiser; by the end of the month employees had raised \$24,484.

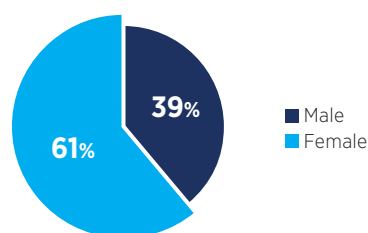
Split of Hays plc Board members



Split of senior management team members



Split of employees



Since 2017 Hays Australia have partnered with NAB to deliver workshops as part of NAB's African Australian Inclusion Program (AAIP). This year, due to Covid-19, the team had to deliver their "How to get a job in 2020" round table discussion, online via Zoom. The program's objective is to assist diverse groups of qualified job seekers in finding meaningful employment. The participants often face substantial barriers when trying to obtain jobs, therefore the program offers the opportunity to gain corporate experience. Although the majority of the participants secure employment within NAB, those who do not are supported by Hays. AAIP participants are introduced to a Hays consultant, who in turn provides them with insights into markets aligned with their skillsets.

In Germany, the projects chosen by the employees for the year were for children in exceptional circumstances, in particular in the fields of cancer support and education.

In Austria, our internal recruiting team was invited to hold a presentation and workshop for the Austrian Integration Fund. A group of 15 students, who are recipients of the Liese Prokop scholarship, and who are ready to start their career in Austria, received insights into the process of how to apply correctly, CV drafting and job interviews.

Employees in the Republic of Ireland have volunteered over 700 hours to help a variety of organisations this year, with activities including CV advice, facilitated mock interviews and hosted internships for those with special needs.

FY20 saw Hays in the Republic of Ireland enter its second year of partnership with Cardiac Risk in the Young (CRY). Over the two years, employees have raised over €62,000 from a combination of activities and events. Their efforts continued during the Covid-19 pandemic raising a further €21,224 to help CRY continue their great work for another three months.

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.

Over the past year in the UK, the Zero Heroes committee has made great strides in our sustainability agenda. By ceasing to order any single-use plastic items, Hays has reduced the amount of single-use plastic across our UK & Ireland business by 70% which has been measured through individual office audits. Although single-use plastics is the committee's main focus, Hays has also secured a deal that ensures electricity in our offices will come from a renewable source. This is due to commence in October 2020 and is expected to save roughly 629 tonnes of carbon dioxide over two years. Underpinning the committee's approach is targeted communications to the UK & Ireland business involving intranet articles, eshots and office posters. The committee also secured a piece in Recruiter Magazine in December which was authored by the Managing Director of our UK & Ireland business, and features in posts on Hays' social media accounts. Apart from the aforesaid ongoing initiatives, there were no other energy efficiency actions during the reporting period.

While working remotely as a consequence of Covid-19 has put much of the committee's activity on hold, the business still recognised World Environment Day on 5 June and the committee plans to reconvene once offices begin to reopen. Globally, our regional offices have their own initiatives to achieve our sustainability agenda and reduce our environmental impact year-on-year. We recognise that some regions may be more pro-active than others and we are examining how to put a system in place to share any learnings from regions who have implemented pro-active measures.

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 2019 to 31 March 2020, and for the year, the tonne CO₂e per employee intensity was 1.57 tCO₂e (against 1.56 tCO₂e/FTE last year).

During FY20 Hays plc reviewed the processes undertaken to calculate the Group's energy consumption and carbon emissions; on conclusion of this review the Group moved forward with contracting a new sustainability reporting software provider. As the new providers have their internal controls audited we have decided to restate our 2018/2019 results using the new software. This will cause slight variations to results reported in the 2019 Annual Report as these results were calculated using our old sustainability reporting software, which used a different mix of assumptions and emission factors.

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.



Global Greenhouse Gas emissions data

Energy and GHG emissions data for Reporting Year 1 April 2019 – 31 March 2020^{1,2}

Reporting category	Energy Consumption (kWh)			Location-Based Methodology (Tonnes of CO ₂ e)		
	UK and offshore	Global (excluding UK and offshore)	% Contribution to total Scope 1, 2 & 3	UK and offshore	Global (excluding UK and offshore)	% Contribution to total Scope 1, 2 & 3
Operational fuel (Scope 1)	257,593	1,947,347	5.3%	48	386	2.4%
Vehicle fuel (Scope 1)	4,355,775	17,763,716	53.2%	1,077	4,417	30.8%
Refrigerant (Scope 1)	0	0	0.0%	0	0	0.0%
Electricity (Scope 2)	4,792,641	9,641,251	34.7%	1,225	4,339	31.2%
District heating (Scope 2)	0	2,814,812	6.8%	0	388	2.2%
Air travel (Scope 3)	N/A	N/A	0.0%	559	4,054	25.9%
Rail travel (Scope 3)	N/A	N/A	0.0%	87	540	3.5%
Electricity T&D losses (Scope 3)	N/A	N/A	0.0%	104	353	2.6%
Private cars (business use) (Scope 3)	N/A	N/A	0.0%	92	156	1.4%
Total Scope 1, 2 & 3	9,406,009	32,167,126	100.0%	3,192	14,633	100.0%
Scope 1, 2 & 3 intensity ratio: per FTE	3,124	3,845		1.06	1.75	
Group Total Scope 1, 2 & 3	41,573,135			17,825		
Group intensity ratio: per FTE				1.57		

Energy and GHG emissions data for Previous Year 1 April 2018 – 31 March 2019^{1,2}

Reporting category	Energy Consumption (kWh)			Location-Based Methodology (Tonnes of CO ₂ e)		
	UK and offshore	Global (excluding UK and offshore)	% Contribution to total Scope 1, 2 & 3	UK and offshore	Global (excluding UK and offshore)	% Contribution to total Scope 1, 2 & 3
Operational fuel (Scope 1)	287,108	775,846	2.7%	53	149	1.1%
Vehicle fuel (Scope 1)	4,328,050	15,473,417	51.3%	1,071	3,952	28.0%
Refrigerant (Scope 1)	0	0	0.0%	0	268	1.5%
Electricity (Scope 2)	5,136,517	10,809,862	41.3%	1,313	4,876	34.5%
District heating (Scope 2)	0	1,824,783	4.7%	0	246	1.4%
Air travel (Scope 3)	N/A	N/A	0.0%	624	3,805	24.6%
Rail travel (Scope 3)	N/A	N/A	0.0%	32	612	3.6%
Electricity T&D losses (Scope 3)	N/A	N/A	0.0%	111	372	2.7%
Private cars (business use) (Scope 3)	N/A	N/A	0.0%	93	372	2.6%
Total Scope 1, 2 & 3	9,751,675	28,883,908	100.0%	3,297	14,652	100.0%
Scope 1, 2 & 3 intensity ratio: per FTE	3,240	3,398		1.10	1.72	
Group Total Scope 1, 2 & 3	38,635,583			17,949		
Group intensity ratio: per FTE				1.56		

(1) Please note that rounding errors may exist.

(2) Methodology: The method used to calculate GHG emissions is the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), together with the latest emission factors from recognised public sources including, but not limited to, BEIS, the US Energy Information Administration, the US Environmental Protection Agency and the Intergovernmental Panel on Climate Change.

2020 – awards for excellence

Hays Luxembourg has been recognised as a Great Place to Work®, ranked **first as the Best Workplace™ in the small companies category**. 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.

In addition, Hays Greater China was named as one of the **Best Workplace™ and Best Workplaces™ for Women in Greater China 2019**, and recently we are proud to be ranked as **one of the Best Workplaces™ in Asia 2020** by Great Place to Work®.

We were proud to have been placed **first in the 2019 Singapore Best Small Workplace™** category during a ceremony in December 2019. Certifications are awarded based on feedback from current employees who complete surveys about their working environment.

In the UK, Hays was ranked **No.9 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.

Hays Austria received the **silver Best Recruiters award** for the years 2019/20 for our accomplishments in our internal recruiting process.

Hays Austria was awarded the **Top Employer 2020 Award**. This award is recognition of the time and effort Hays invests in the recruiting process as well as in its employees.

Hays in Germany, Austria and Switzerland received the title **'Top Employer 2020'** from the independent 'Top Employers Institute'. This award underlines, how much time, effort and love Hays invest in the recruiting process as well as in its employees.



Hays was named **'Partner of the Year'** at the Building Equality Awards. The award recognises the work of the Construction & Property team in Manchester, which has supported Building Equality for the past two years. Building Equality was set up three years ago by C&P professionals to promote greater diversity and inclusion for members of the LGBTQ+ community in the industry.



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 objectives 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

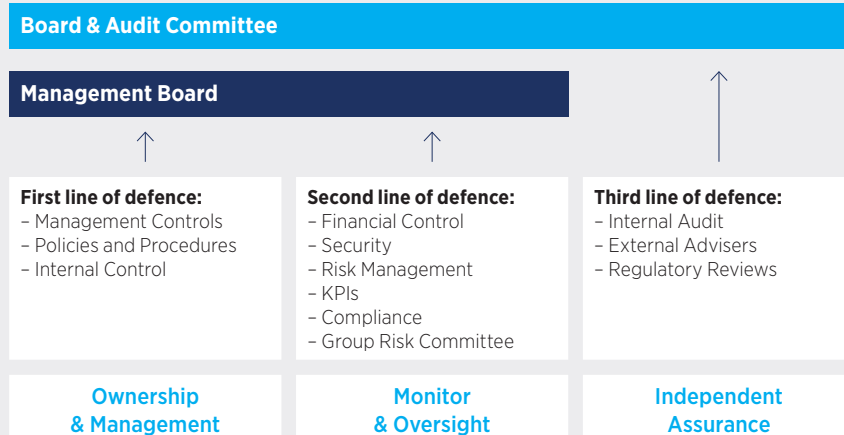
The Management Board oversees a Group-wide enterprise risk management framework, which allows for both a holistic, top-down

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. The considerable impact of the Covid-19 pandemic was assessed within this framework and further information on that is provided later in this report.

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.

How we monitor our progress – three lines of defence



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.

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 the tolerance levels and target position per risk and to assess both the current and future mitigating actions required.

From this exercise the Board is able to determine what an acceptable level of risk is for the Group, cognisant that Hays has an established and proactive approach to measuring performance and considers risk an integral part of the decision-making process.

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

Emerging risks

Due to the new requirements of the 2018 Corporate Governance Code, this year a formal exercise was undertaken by the Board, using horizon scanning, to identify and assess emerging risks. The assessment considered potential risks across a number of areas, being:

- strategic/economic;
- reputation/regulatory;
- technology; and
- environmental.

Each identified emerging risk was then plotted by impact and time horizon.

Emerging risk and horizon scanning process will continue to be embedded into the risk programme going forward, in order to further ensure that emerging risks are being considered and monitored.

Viability statement

In accordance with the UK Corporate Governance Code 2018, 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. In assessing viability, the Directors have considered a number of key factors, including our business model, our strategy and our principal risks and uncertainties (as set out on pages 52 to 55).

The Directors believe that a three-year period ending 30 June 2023 is the most relevant 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 2024, 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 which took into account the Group's current financial position and the potential impact of the principal risks set out on pages 52 to 55.

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.

Financial position

At 30 June 2020 the Group had a net cash position of £484.5 million, or £366.2 million after deducting tax payments which had been deferred in agreement with local country tax regimes, with its £210 million banking facility undrawn. In April 2020, the Group raised c.£196 million net of expenses through an equity placing, which has substantially strengthened the Group's financial position. The Group's operations were significantly impacted by the Covid-19 pandemic and lockdown in the majority of the Group's major markets through its fourth quarter (to 30 June 2020), with net fees down 34% versus prior year and with the Group's operating profit at around break-even through this period. The Group had a strong working capital performance through its fourth quarter with significant management focus on cash collection reducing average trade debtor days in the year to 36 days (2019: 39 days) with the majority of clients continuing to pay to agreed terms. The Group also benefited from a cash inflow resulting from a reduction in its temp debtor book, as temp placement volumes reduced through the fourth quarter.

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 scenarios in which the Group incurred a sustained loss of business arising from a prolonged global downturn as a result of the Covid-19 pandemic, with a range of recovery scenarios considered. Our 'Covid-19 Stress Case' scenario assumes that trading volumes for the year ending June 2021 remain broadly at the levels seen through our fourth quarter of the year ended June 2020, a period when most of our major markets were in lockdown and heavily impacted by the pandemic. After deducting the expected payment of £118.3 million of taxes which had been deferred in the year ended June 2020, the Stress Case scenario forecasts a strong cash position in excess of £300 million throughout the year to June 2021, its revolving credit facility to remain undrawn with significant headroom against its banking covenants.

Our 'Covid-19 Stress Case' scenario assumes minimal recovery in trading in the years ending June 2022 and June 2023, which models the impact of a long-lasting economic global downturn as a result of the pandemic. In this scenario the Group is forecast to maintain a strong net cash position in excess of £300 million throughout the forecast period, with its revolving credit facility remaining undrawn and with significant headroom against its banking covenants.

Set against these downside trading scenarios, the Board considered key mitigating factors including the geographic and sectoral 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 and which we again experienced in the year ended 30 June 2020.

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 2024. In addition, during the year ended 30 June 2020 the Group was admitted into the Bank of England's uncommitted Covid Corporate Financing Facility (CCFF). While this provides access to an additional short-term form of financing of up to £600 million, based on all stress-test scenarios the Group is highly unlikely to utilise this facility, although it has until March 2021 in which to do so if required.

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 2023.

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 19 to 21 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. Covid-19 pandemic The Covid-19 pandemic has had an immediate, significant and materially negative impact on the global economy and our business, with all countries in which Hays operate across the world being impacted. With economies having contracted and governments implementing public lockdown measures, even when restrictions are lifted businesses are being subject to government policies in terms of quarantine and social distancing guidelines in order to control the transmission of the virus. As a result, all offices across the Hays global network have been closed at some point, with activity levels significantly decreased in both Temporary and Permanent markets. Many of our clients stopped new investment projects and embarked on redundancy programmes. With more companies at risk of financial distress and bankruptcy, at this stage it is currently not possible to have any certainty of the shape of any economic recovery. With a risk of a second wave of Covid-19 cases, which could result in the reimplementing of lockdown measures, this further reduces economic confidence and activity.	 NEW Operational Financial Strategic	The pandemic severely impacted all our markets globally and as it developed our priority was to look after the safety and wellbeing of our people and to support our business as it adjusted immediately to new realities. During this time the Management Board closely monitored events, with Board oversight, to determine and assess the response strategies, coupled with being supported by an experienced operational and finance team, allowing early trends to be identified and adjustments to be implemented. Hays have established and tested IT Disaster Recovery and capability together with documented Business Continuity Planning processes in place to mitigate the risk of lockdown and the inability to access offices within the network, with working from home capacity and processes having been built and implemented across the Group. In recent years Hays has eliminated net debt, but acknowledging the pace of the global Covid-19 pandemic, in addition to the existing banking RCF (£210 million) an equity placing of c£196 million was made in order to provide the Group with a further liquidity buffer, to protect our business through the pandemic and which will allow for organic growth opportunities to build on our market-leading positions globally by supporting our clients and capturing additional market share. In addition, Hays secured access to the Bank of England's Covid Corporate Financing Facility (CCFF), which provides access to an additional short-term form of financing up to £600 million. Hays has robust credit control procedures and a continuous monitoring of the aged debt position at both a Group and local level with robust cash and cost controls in place to protect both cash flow and profitability. 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
2. 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 first half of the year macroeconomic conditions deteriorated with a global tariff war between the US and China, together with three specific one-off events, being elections in the UK, general strikes in France and bushfires in Australia. The second half of the year was dominated by the Covid-19 pandemic which has led to the steepest slowdown in our business in its 50-year history. This has reduced both candidate confidence to change roles and client confidence and thus their appetite for investment. In addition, Brexit 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, and could result in further significant downturn.	 Financial	Hays has continued to diversify its operations to include a balance of both Temporary and Permanent recruitment services to private and public sector countries and operates across 33 countries 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 66% of the Group's net fees. Hays' cost base is highly variable and carefully managed to align with business activity and can be flexed 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 fifth consecutive year, excluding the impact from the equity placing. 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 had stabilised pre Covid-19, the UK business continues to face significant potential uncertainty over the next few years. Relevant strategic priority 
3. 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 recent years.	 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, Xing and Stack Overflow) increase our exposure to online professional networking and recruitment portals and enhance our value proposition to both 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 will strengthen our relationship with these clients and increase our share of their recruitment spend. Significant investment made in recent years has enhanced Hays' data science capabilities and has significantly improved our approach to, and engagement with, candidates. The initiative is overseen by the Group Data Marketing Director. Relevant strategic priority 

Risk description	Risk trend and type	Risk mitigation
4. Talent The Group is reliant on its ability to attract, train, engage and retain staff to protect the business it has today and to deliver its future growth plans, especially internationally, notably at a business director and manager level. Hays' 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 helping to identify any talent gaps and training needs. Hays continued to roll out the International Leadership Management Programme, which focuses on senior leadership and development and is aligned with the Group's business strategy. Our Hays story has a clearly articulated Purpose and Values, with a demonstrable commitment to diversity & inclusion, employee wellbeing and corporate social responsibility. 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, aligned to the Hays Leadership & Management DNA framework. The Group's standard employment contracts include notice periods and non-solicitation provisions in the event of an employee leaving. Relevant strategic priority 
5. Regulatory/Compliance The Group operates in 33 countries, with each operating its own legislative, regulative, 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 defer the implementation of the IR35 legislation changes in the UK, being now effective April 2021.	 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 also 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 



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
6. Reliance on technology/ cyber security Our dependence on technology in our day-to-day business means that systems failure due to technical issues or malicious 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 a cyber attack has continued to increase (both in sophistication and quantity) 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 across the Group and have 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 and intrinsically linked to the business continuity plans. Across the regions we have established dedicated security teams in order to ensure that the systems are robustly protected from unauthorised access, both externally and internally, and ensuring monitoring systems and anti-virus software is in place and up-to-date, with regular testing of these environments by external providers. In addition, we use external advisers to perform regular external and internal penetration tests, on both a physical and logical basis, on all major sites, systems and operations, implementing required improvements resulting from such tests as part of continuous improvement processes. Relevant strategic priority 
7. Data protection/privacy 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 process, store and transmit this data on a compliant basis 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 continued to introduce similar legislation, which has increased the risk in this area.	 Legal Financial Reputational	Robust policies and procedures for processing, storing and transmitting 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 allow, 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. External advisers are engaged to perform regular external and internal penetration tests, on both a physical and logical basis on all major sites, systems and operations and implementing required improvements resulting from such tests as part of continuous improvement processes. Annual training programmes are also reviewed and updated to ensure the programmes reflect the new regulations, where relevant. Relevant strategic priority 
8. Contracts The Group enters into contractual arrangements with clients, some of which can be complex and on onerous terms and/or impacted by local regulatory requirements, especially in relation to Temp/Contracting markets, which can increase the Group's risk exposure especially in more litigious environments.	 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 where possible that risks are suitably covered and that policies will respond appropriately. Operational reviews are performed by regional compliance teams on a risk basis across key contracts to confirm compliance and adherence to agreed terms and agree improvements to the way in which services are delivered to clients. Assurance work is undertaken in key markets by Internal Audit to ensure contractual obligations are appropriately managed. Relevant strategic priority 

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.

Section 172 statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole but having regard to a range of factors set out in section 172(1) (a)-(f) in the Companies Act 2006.

Details on how the Board operates, including the matters discussed and debated during the year, the way in which it reaches decisions taking into account the likely consequences of decisions in the long term, the key stakeholder considerations that were central to those discussions and the way in which it has had regard to the need to foster the Company's business relationship with customers, suppliers and other stakeholders are set out on pages 66 to 68. More detail of the activity undertaken by the Board and its Committees' activities can be found on pages 62 to 119, together with the Strategic report on pages 2 to 29. The aforesaid sections of this Report illustrate how the Directors, with the support of the wider business, consider the range of factors in the course of their section 172 duties.

The discussion on Hays' recent Covid-19 response funding on page 68 provides an illustrative example of how the Board takes stakeholder views, and the impact on stakeholders, into account in its decision-making.

This Strategic report, including the non-financial reporting statement above, which has been prepared in accordance with the requirements of the Companies Act 2006, has been approved and signed on behalf of the Board.

By order of the Board

Doug Evans

Company Secretary

26 August 2020

GOVERNANCE

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

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CHAIRMAN'S STATEMENT

“

Stakeholder interests remain at the centre of the Board's deliberations.

”

Andrew Martin
Chairman, Hays plc



Dear Shareholder

I am pleased to present to you the Company's Corporate Governance Report for the financial year ended 30 June 2020, prepared for the first time under the July 2018 version of the UK Corporate Governance Code (the Code). I am proud to say we were fully compliant with the Code during the year and to the date of this Report.

What a challenging year it has been. I don't recall a time in my executive working life nor in my time since then as a non-executive director which compares to the tumultuous year we have just experienced and, to a large extent, we still are experiencing. The impact of the Covid-19 pandemic has been felt right across Hays, as it has across the world, which has necessitated a new approach to the way we all work. I would like to thank everyone within Hays for the remarkable adaptability and resilience they have shown in continuing to perform to the best of their abilities in such challenging circumstances. It really is massively appreciated. I would also echo Alistair's sentiment and pay testament to those involved in ensuring the IT infrastructure was in place to facilitate home working across the Group, in such a short timescale.

In what feels like an age ago, in October last year the Hays plc Board visited our office in New York and spent some time with both the Hays Americas management team and also colleagues from the New York office. We heard first-hand about the significant positive developments that have taken place across those regions in recent years and, perhaps more importantly, the exciting plans for the future in a region which represents around 35% of the global recruitment market.

Our travel plans as a Board are on hold for the time being, but our learning and understanding from our global business leaders continues unabated through virtual channels. Such an approach does mean we miss out on that personal interaction we so value when the Board undertakes site visits for its meetings, but that will return as soon as the time is right.

The macroeconomic backdrop deteriorated over the first half, and this impacted Hays' trading in many of our main markets. But as we started the second half of the year and the extent and severity of the Covid-19 pandemic became even clearer, we were faced with some very difficult decisions. Countries across the world progressively implemented far-reaching "lockdowns", and our activity levels were significantly impacted, with no certainty of when, or how quickly, they would recover. The safety and wellbeing of our staff, clients and candidates was our main priority. Most of our offices were closed, but with remarkable commitment across the

organisation, all of our people have worked from home since then. Then we had to ensure we were in a strong position financially, both for the short term and to take advantage of the longer-term opportunities. Against this backdrop, you will likely be aware of the equity financing exercise undertaken in April 2020. In this respect, I would like to express sincere thanks on behalf of the Board to all of those shareholders who supported us at that time. I was able to engage directly with some of you, though sadly not all, and the support shown at what were uncertain times for all organisations, coupled with the belief shown in the future of Hays, were greatly appreciated.

We are also grateful to the UK Government and other governments around the world for their support in these difficult and unprecedented times, through various schemes such as tax deferral and furlough. Following that support and that shown by our shareholders, and with significant continued uncertainty, the Board has taken the difficult decision to exercise caution and not to propose a final dividend for the year ended 30 June 2020; I hope you understand this decision.

During the last few months the Board has had to be very flexible, with meetings scheduled at short notice and held online, but with the considerable commitment and adaptability that I always see throughout Hays, and my thanks go to my fellow Board members.

The Covid-19 pandemic has also had many downsides less evident to the outside world and it is with regret that as a business some difficult decisions had to be taken, with some colleagues losing their jobs. Stakeholder interests are at the centre of the Board's deliberations, and interests sometimes have to be weighed against each other; as leaders, we always endeavour to do the right thing by all parties to steer a path to success for the Company, particularly in times of difficulty. You can be assured your Board has a strong foundation of governance at its core and as Chairman I feel fortunate in having the colleagues I do around the Board table as we face these challenges.

On that note, our Board evaluation was run internally this year, following last year's external evaluation, and further detail on that can be found in my Nomination Committee Report.

I am pleased that Hays exceeds the Hampton-Alexander Review target of 33% representation of women on FTSE 350 Boards by 2020, Hays currently standing at 37%. However, encouraging further diversity is something I continue to be very focused on

both at, and below, Board level. While Hays has for a long time had regional diversity policies, I am pleased to report that there is now in place an overarching Group Equality, Diversity & Inclusion Policy, to provide greater coordination and impetus as we look to improve in this area. Again, more about that in the Nomination Committee Report.

I would like to extend my thanks to all of our shareholders for your continued support as we continue to chart our course through these most unusual of times.

And finally, to say once again, thank you to all of the Hays team, right across the world, for their incredible hard work, commitment and positivity, during a particularly challenging period.

Andrew Martin
Chairman

Our governance framework

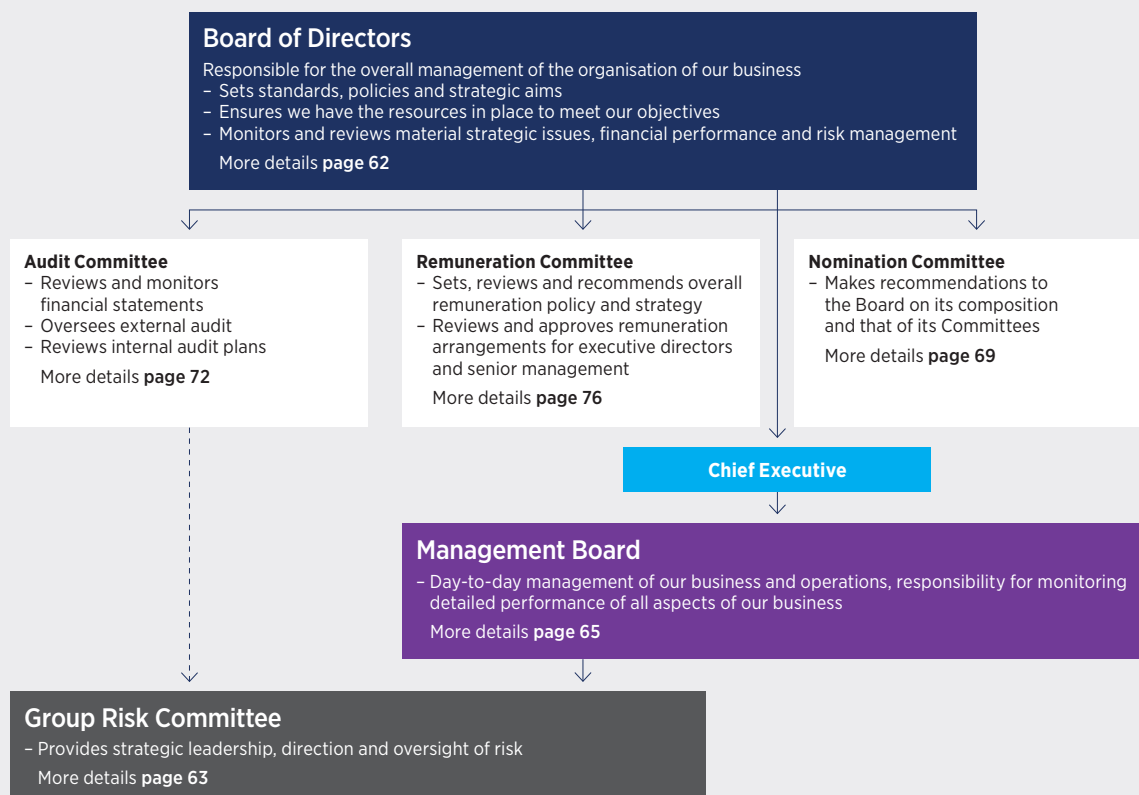
Responsibility for good governance rests with the Board; this is underpinned by an effective governance framework which, the Board believes, fits the requirements of Hays' business.

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 July 2018. 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 2020 and to the date of this document.



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

● Executive Director ● Non-Executive Director



Andrew Martin (60) ●
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 (59) ●
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 has previously served as a non-executive director of 3i Group plc and Just Eat plc.



Paul Venables (58) ●
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 has previously held the position of senior independent non-executive director of Wincanton plc.



Torsten Kreindl (57) ●
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. Torsten is also a Board member, and Chairs the Compensation Committee, of NASDAQ-listed SiTime, Inc.



Cheryl Millington (54) ●
Independent
Non-Executive Director

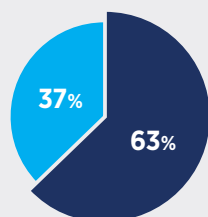
Appointed:
17 June 2019

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 non-executive director of National Savings and Investments and was, until June 2020, a non-executive director of Intu Properties plc.

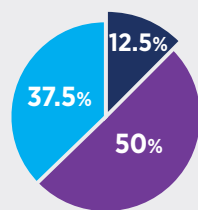
Principal external appointments:
Cheryl is a currently a Non-Executive Director of Equiniti Group plc and Atom Bank plc.

Board diversity



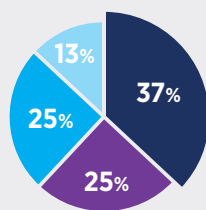
■ Male
■ Female

Board tenure



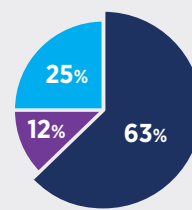
■ 0-3 years
■ 3-6 years
■ 6+ years

Board experience



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

Board composition



■ Non-Executive
■ Chairman
■ Executive



Susan Murray (63) ●
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 (65) ●
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 Rainey has worked extensively in the UK and US. 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.

Principal external appointments:
MT is a Non-Executive Director of Clear Channel Outdoor Holdings Inc., the NYSE-listed outdoor advertising company, and a Non-Executive Director of Charlotte Street Partners, the UK-based strategic communications agency.



Peter Williams (67) ●
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. From 2011 to 2018 Peter was a non-executive director of Perform Group, a leading digital sports media company.

Principal external appointments:
Peter is 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 (57)
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.

BOARD LEADERSHIP AND PURPOSE

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 60 and 61. There have been no changes to the Board during the year.

Re-election of directors at the 2020 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 re-election at the 2020 AGM. Having received advice from the Nomination Committee, the Board is satisfied that each Director standing for re-election is qualified for re-election by virtue of their skills, experience and commitment to the Board.

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 28. 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 promotes throughout the Group.

Our purpose, values and culture

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. Our values serve to engender an entrepreneurial culture within Hays, which is critical to our continued success without promoting excessive risk-taking. Under our values, we are:

- Passionate about people;
- Ambitious;
- Expert, at what we do;
- Insightful, about the world of work; 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.

We have focused on our culture in recent years, revisiting what it means to us, to our Values, and to various interested stakeholder groups. During the year, we have undertaken a deep-dive review of culture, and a list of agreed actions are in place to ensure it is what we want it to be, that all of our policies properly align with it and that it continues to be something of which we can be proud. We will report more around this in future reports.

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 fees payable (including Committee attendance fees) during the year are shown below:

Director	Fee	External appointment
Alistair Cox	£45,260	Just Eat plc*

* Alistair stepped down from the board of Just Eat in March 2020.

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. Any changes to the directors' key external commitments during the year are also reviewed by the Board.

Key external commitments of the Board are included within their biographies on pages 60 and 61.

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.

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. The risks are also mapped through our risk appetite process to identify the tolerance levels and target position per risk.

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.

Due to the new requirements of the 2018 Corporate Governance Code, the risk process this year included a formal exercise undertaken by the Board, using horizon scanning to identify and assess emerging risks, being plotted by impact and time horizon, which will be embedded into the risk programme going forward, to further ensure that emerging risks are being considered and monitored.

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. Resulting activities and recommendations are 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 (see 'Raising concerns at work', below, for further details on the Company's 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.

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 Board as appropriate, with follow-up action being taken as soon as practicable thereafter.

The Board, 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.

Our governance framework

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.

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

The Senior Independent Director 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. 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 as Senior Independent Director, Peter Williams ensures he maintains a thorough understanding of the views of the Company's shareholders.

Independence of non-executive directors

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.

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. As required by the Code, a majority of the Board of Directors of Hays plc are independent. All of Hays' directors are expected to act in the best interests of the Company. Key roles and responsibilities of these positions, and that of the Company Secretary, are provided on the right hand page.

Role of the non-executive directors

- Provide strong, independent and external perspectives to Board discussions and robust and enhance constructive debate and optimal decision-making.
- Scrutinise the executive management in meeting agreed objectives and monitoring the reporting of performance.
- Ensure that financial controls and systems of risk management are both rigorous and appropriate for the needs of the business.

Board and Committee attendance

The Board met a total of 11 times during the year. Seven meetings were scheduled, and four additional ad hoc meetings took place to manage affairs relating to the Covid-19 pandemic. In addition, the Board attended a virtual (online) annual Strategy Review meeting with the Management Board being present. Five physical Board meetings were held in the UK, one in New York, USA, and the remaining five were held virtually, via online meeting software.

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

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Alistair Cox	11 of 11	–	–	–
Paul Venables	11 of 11	–	–	–
Andrew Martin	11 of 11	4 of 4	1 of 1	4 of 4
Torsten Kreindl	11 of 11	4 of 4	1 of 1	4 of 4
Cheryl Millington ⁽¹⁾	10 of 11	4 of 4	1 of 1	4 of 4
Susan Murray ⁽¹⁾	10 of 11	4 of 4	1 of 1	4 of 4
MT Rainey ⁽²⁾	10 of 11	3 of 4	1 of 1	4 of 4
Peter Williams	11 of 11	4 of 4	1 of 1	4 of 4

(1) Did not attend one Board meeting due to a prior commitment.

(2) Did not attend one Board meeting and one Audit Committee meeting due to being out of the country at a family funeral.

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 & 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

Operational governance

Management Board

- Day-to-day management of our business and operations, responsibility for monitoring detailed performance of all aspects of our business.
- Meets monthly.
- Each member has a clearly defined remit, business objectives and financial budget within which they operate.

Operations Board

- Members of the Management Board and eight senior operators across the Group.
- Discuss strategic and operational issues.

Chief Executive (Chairman of Management Board)
Group Finance Director
Company Secretary & General Counsel
Chief Marketing Officer
Group Technology Director
Group Head of People & Culture

Managing Directors of Group's operating divisions: Australia & New Zealand, Germany, UK & Ireland and Rest of World

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, equality, diversity & inclusion and whistleblowing.

KEY ACTIVITIES OF THE BOARD DURING THE YEAR

Key areas of activity	Matters considered	Stakeholder impact
1. Developing a successful strategy	– Attended a Group strategy session 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 New York, 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	Key focus areas     Other considerations 
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 in respect of FY19 and cancellation of FY20 interim dividend – Reviewed the capital allocation strategy and equity raise in the face of the Covid-19 challenge – Reviewed and approved the Group's extension of its revolving credit facility – Met with the Company's financial adviser and corporate brokers – Reviewed the Germany Tax Restructuring plan	Key focus areas    Other considerations   
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 – 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 (2018) – Considered the Company's purpose, values and culture	Key focus areas      
4. Stakeholder engagement	– Received feedback from designated workforce engagement NED on matters pertaining to workforce engagement – 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	Key focus areas     Other considerations  



Communities



Employees



Shareholders



Clients



Environment



Candidates

BOARD AND STAKEHOLDER ENGAGEMENT

How the Board makes its decisions and considers stakeholder interests.

Board decision making

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.

You will find details of the stakeholders of the Company and how we continue to create value for them on page 14. The Board effectively uses its meetings as a mechanism for discharging its duties under Section 172 of the Companies Act 2006. A summary of the Board's key activities and the topics covered and debated during the year is set out on page 66.

You will find examples of how the Board considered our stakeholders when making key decisions during the year below. The Board recognises its fiduciary duty to promote the success of the Company for the benefit of our shareholders. In doing so, however, the Board considers the impact of its decisions on all its stakeholders. These stakeholder considerations are woven throughout all Board discussions and decisions ensuring those impacted are treated fairly.

Employees, clients and candidates

During the year, at its two-day meeting in the US, the Hays plc Board visited our New York office and had a first-hand experience about the work the local management teams do in developing and promoting local talent. The Board also used its time to have a 'deep-dive' into the Americas business which allowed them to understand the opportunities and think about the challenges we face as we seek to expand our operations in the region. In addition to meeting the local management teams and employees from the regions, the Board also heard how the regional teams were implementing the 'Our Hays Story', and the passion and innovation coming through in conversations and the presentations they received.

MT's overview of employee engagement

Hays has appointed MT Rainey as its designated workforce engagement director. During the year, MT worked further on the scope of the role, developing a programme of activity and worked on an audit of Group-wide employee engagement activities. However, the continuation of her workstream was held up during the Covid-19 pandemic and MT is hoping to progress this when conditions permit. Nevertheless, the Board receives regular updates from the Chief Executive on matters important to employees.

Shareholders

In July, Hays hosted a technology-focused Investor session in its Cheapside office, showcasing the business's approach to technology and some of the newer innovations in operation. This was attended by 50 investors and analysts, along with executive and non-executive members of the Hays plc Board.

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. It 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 106 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

Under normal circumstances, the Board uses the Company's AGM to communicate with investors and views it as a good opportunity to meet with its smaller, private shareholders. Due to the ongoing uncertainty around the Covid-19 pandemic, the details of the Company's 2020 AGM, which is to be held on 11 November 2020, are still being finalised, and details will be provided in the Notice of Meeting, which is 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.

Board engagement on capital allocation: our non pre-emptive equity placing in April 2020 and decisions on FY20 dividends:

– Background

As the effects of the global pandemic hit in March and April 2020, we saw the sharpest fall in net fees in the Company's history. Furthermore, it was impossible to know when the decline in fees would stop, and the onset of lockdowns created a difficult environment to collect cash from our clients.

– What information was provided to make this decision?

We modelled many scenarios, including a stressed situation with fees down c.70% year-on-year in the initial lockdown phases. Having paid c.£120 million in core and special dividends in November 2019, under all modelled scenarios the Group would likely have moved into a net debt position.

The Company's strategy has been to consistently operate with a net cash balance sheet, which we believe gives valuable confidence both to our clients and investors. A strong balance sheet allows us to pursue organic growth opportunities with new and existing blue-chip clients, many of whom we believe will look to consolidate supply on financially robust partners.

– What was the decision?

The Board decided to cancel the 1.11p per share interim dividend which was due to be paid on 9 April 2020 to holders of ordinary shares on the register at the close of business on 5 March 2020. The interim dividend would have resulted in a payment of £16.3 million. The Board also decided that raising additional equity capital was prudent and in the best interests of all stakeholders, as it would insure against a wide range of economic outcomes. On 2 April 2020,

we conducted a non pre-emptive equity placing, raising net proceeds of c.£196 million. Our Chairman, Chief Executive and Group Finance Director all participated, and our Chairman plus two further non-executive directors subsequently purchased stock in the market.

– Other funding sources

We had positive discussions with tax authorities globally in Q4, and benefited from significant short-term deferrals of tax payments. We were also admitted into the Bank of England's uncommitted Covid Corporate Financing Facility (CCFF). This provides access to a short-term form of debt financing up to £600 million, in addition to our £210 million revolving credit facility, which runs until 2024. While the CCFF scheme was very helpful in maintaining wider confidence in the UK economy and ensuring investment grade and equivalent companies retained access to liquidity, based on current market conditions and our strong financial position, it is highly unlikely we will utilise this facility.

– What factors were considered by the Board in making the decision?

To help manage the business, in March 2020 we formed an Executive subcommittee, which initially convened three times weekly to monitor global market activity levels and conditions. This ensured our global operations were highly coordinated during lockdowns, allowed us to share best practice and assisted with continuity planning.

We took appropriate action to manage our costs, while protecting our core business operations. Overall, our cost base was reduced by c.20%, or c.£15 million per period, between February and June 2020, as we actively reduced our variable and discretionary costs. In the year our cost base benefited by c.£8million from job support schemes

globally. Many of our Temp workers also participated in furlough-type and short-time working arrangements across the world. Given the difficult environment, the Executive Directors agreed that no FY20 bonuses will be paid to them, or members of the Management Board. In addition, Senior Management within Hays, including all members of the Board, took a pay reduction for a period of time, in an effort to reduce cash outflow.

– How did the Board consider various stakeholder groups during its deliberations?

By significantly strengthening the Group's financial position, the Board protected the interests of a number of key stakeholder groups. These include but were not limited to: employees, shareholders, clients, candidates, tax authorities and our supply chain partners.

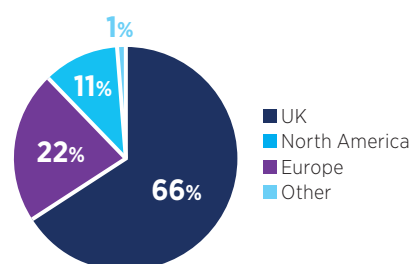
With hindsight, Group net fees fell by a similar level to their decline during the Global Financial Crisis (GFC), but in only six weeks versus eight months in the GFC. Trading also stabilised faster and at a higher level of fees than we expected at the time of our equity raise. Coupled with outstanding cash collection in Q4, and a c.£100 million unwind of our Temp debtor book, at 30 June 2020 we had the strongest balance sheet in our history. This has allowed us to protect our core operations and to initiate a strategic 'return to growth' programme.

Given macroeconomic uncertainty caused by the pandemic, and the fact we traded only at a broadly breakeven level of profitability in Q4, the Board is not proposing a final dividend for FY20. However, our business model remains highly cash-generative and we remain acutely aware of the importance of dividends to shareholders and will look to return to paying dividends as soon as is appropriate.

Investor meetings held in FY20

	United Kingdom	Continental Europe	North America	Other	Total
Executive Management	80	10	21	1	112
Investor Relations team	106	36	18	2	162
Other senior management	3	1	8	0	12

Geographical breakdown of investors met



NOMINATION COMMITTEE REPORT

“

We will always look to do better in how representative our Board and Management teams are; we are not as diverse as we should be.

”

Andrew Martin

Chair of the Nomination Committee



Dear Shareholder

The focus of the Nomination Committee's activity this year has been around the critically important subject of succession, both at the Board and senior management levels.

As I mentioned in my opening letter, I am delighted to see the adoption of a Group-wide Equality, Diversity & Inclusion Policy at Hays, helping to pull together and further develop the existing initiatives that exist across the Group and this, along with factors such as 'cultural fit' are featuring heavily in the Committee's considerations. The Committee's terms of reference have been updated to better reflect these all-important issues to ensure its role in supporting the Board and the wider business is as effective as it can be.

We haven't needed to add to the Board's number during the year, having performed well for some time with a complement of eight (including the Chairman and five further non-executive directors) and none of our non-executive directors nearing the end of their term (not to exceed nine years, subject to exceptional circumstances justifying a

limited extension). Over the coming months we will be looking again at the experience and skillset of the Board, comparing with our requirements going forward, and this will help to inform our views on the next stage of recruitment and succession at the Board level. The Committee continues to be very aware of the recommendations of the Hampton-Alexander Review on gender and the Parker Review on ethnic diversity, and this will also continue to help inform our approach to Board succession. Any future appointments would of course be announced through the usual channels.

During the year, the Committee has also continued its ongoing process of focus on long-term succession planning at senior executive level, and to the wider agenda of managing and developing talent right across Hays. Our people continue to be central to the ongoing health of our business, and knowing what talent we have, motivating and developing that talent, is central to our future. We believe we have the very best people in the industry, and they are our future.

Our annual board performance evaluation, this year conducted internally, took place during the lockdown brought about by the Covid-19 pandemic. I was encouraged by the results, which indicated a continuing strong performance. There were a number of areas where the Board considered that we could make further improvements, and we now have an action list of those improvements, agreed by the Board, to address over the coming year.

Andrew Martin

Chair of the Nomination Committee
26 August 2020

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 60 and 61.

The Committee meets as required and did so on one occasion during the year and attendance by members can be seen on page 64. 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 and senior management succession plans
- Reviewed the composition of the Board and its Committees
- Reviewed the Committee's terms of reference

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 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.

No appointments occurred in the year under review.

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, race 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.

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

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 to enhance the performance of the business.

We believe that a culture built on trust, respect, equality and inclusivity will enable us to live our Values, achieve our ambitions and deliver our Purpose. We believe that diversity must be evident at all levels of our business and reflect the markets and communities we serve and this is central to the Nomination Committee's succession planning considerations.

Succession planning

A key task of the Committee is to keep under review the Company's succession plans for members of the Board and Management Board over the short, medium and longer term, to ensure the Board in particular 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 Nomination Committee and the Board believe that refreshment of the Board should take into account the need to consider diversity in all forms. The Committee will monitor the balance of skills, knowledge, experience and diversity of the Hays plc Board, and lead succession planning for appointments to the Board and the Management Board; it will promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, as part of succession planning, recruitment and promotion.

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 re-election at the 2020 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 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 2020 financial year in accordance with Code Provision 21, the effectiveness of the Board was assessed through a Board evaluation process, conducted internally.

The evaluation was facilitated by the Chairman. Directors completed an evaluation questionnaire. Individual meetings were then held between the Chairman and the directors.

The questionnaire covered a broad base of subject matter in order to assess effectiveness, such as the conduct of Board meetings and their administration; risk; strategy; culture; stakeholder interests and corporate purpose; Board composition and member performance; and the broader challenges faced by the Board and how those are managed. Committee effectiveness was also assessed separately.

Results were presented to the Board and minor areas for improved operation identified and agreed; these included succession planning, greater focus on diversity and greater time together by the non-executives without executive management present.

The outcome of the evaluation indicated that the Board was performing well and had improved over the course of the previous 12 months.

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 was highly regarded according to the evaluation results, as a consequence of which this is being further embedded into the annual calendar.

AUDIT COMMITTEE REPORT

“

Liquidity and viability are focus areas for the Committee, more now than ever.

”

Peter Williams
Chair of the
Audit Committee



Dear Shareholder

I am pleased to present the Audit Committee Report for the year ended 30 June 2020 on behalf of the Board, prepared in accordance with the 2018 Code.

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.

In a year within which the world has seen so much turmoil and faced unprecedented challenges, certain aspects of the Committee's focus remain constant, for example, cyber crime and data governance, which are of paramount importance for such

a data business such as Hays. As a Committee, we receive regular updates on data security and ongoing assurance is provided by our IT functions globally and I don't see that aspect of our work abating at all, even amidst the wider uncertainty we are currently facing, brought about by the Covid-19 pandemic.

This continued uncertainty is weighing heavily on economies globally, and the ripple effect on our clients (and of course candidates, employees and other stakeholders) is far-reaching. The Committee's monitoring of the Company's financial performance and the scrutiny of the stress testing undertaken by management have been as rigorous as ever. The business has adequate funding in place to continue as a going concern and the Committee was able to support 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 pages 50 and 51.

I take comfort from the rigorous framework of internal controls, risk assessments and processes the Company has in place, and which management further adapted, to ensure the continuation and stability required. There is further detail on the Committee's deliberations and activities during the year under review on the following pages.

I hope this will provide you with the necessary information to assess the Company's performance, business model and strategy.

Peter Williams
Chair of the Audit Committee
26 August 2020

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.

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 60 and 61.

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 64.

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 continuing 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 claim relating to temporary workers in the Australian coal mining sector
- 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 notes 1 to 3 to the Consolidated Financial Statements.

Debtor recoverability

The recoverability of trade debtors 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, together with the appropriateness of the provisioning matrix and the consistency of judgments used to measure the expected credit losses, which is based on historical credit loss experience adjusted for forward-looking factors specific to the debtors and economic environment, as evidence of a likely reduction in the recoverability of the cash flows. The carrying amount was considered 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, that had been performing in line with expectations up until the Covid-19 pandemic but as disclosed in previous years, the business had limited headroom on the carrying value of goodwill. The Group continues to make investment in the US business to accelerate growth in line with the Group's long-term strategy to build a strong presence in the US and maximise the long-term growth opportunities available in the market. As a result of this ongoing investment, against a difficult market backdrop, Management have revised the cash flow forecast for the US CGU and as a result has reduced its recoverable amount through the recognition of an exceptional impairment loss against goodwill of £20.3 million.

Management were challenged by the Committee around assumptions made in respect of future growth rates and the discount rate to be applied to the future cash flows. Following further 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 23. 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.

New accounting standards

During the year the Committee considered IFRS 16 Leases and IFRIC 23 Uncertainty over Income Tax Treatments which were both adopted from 1 July 2019.

Under IFRS 16 Leases, the Group has recognised a right-of-use asset and a lease liability for all applicable leases. Within the Consolidated Income Statement, operating lease rentals charges have been replaced with depreciation and interest expense.

IFRIC 23 Uncertainty over Income Tax Treatments, clarifies how to measure current and deferred tax assets and liabilities where there is uncertainty that affects the application of IAS 12 Income Taxes. Following a review of the current tax position, it was concluded the adoption of IFRIC 23 does not have a material impact on the Group's results.

Litigation

During the year the Committee further 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 will 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 Auditor 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 2020 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 £1.2 million. Accordingly, the maximum value of non-audit services that PwC could have been engaged by Hays to provide during the financial year 2020 was £0.9 million. The total fee for non-audit services provided by PwC during the 2020 financial year was £nil (2019: £nil), excluding the FY20 half-year review fee of £0.1 million (2019: £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 Auditor's objectivity and independence.

Effectiveness of the external Auditor

The annual effectiveness review in respect of financial year 2019 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 and an improvement versus prior year, with minor improvements suggested, which centred around continuity of personnel and resource constraints in some locations, which were discussed and actioned. 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 FY19. Consequently, the Committee recommended to the Board that PwC be reappointed as external Auditor at the AGM. The Committee is grateful to PwC for completing their work on the Company's FY20 audit in the difficult circumstances created by the Covid-19 pandemic.

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 2020 financial year, which was focused on addressing both financial and overall risk management objectives across the Group.

During the year, 25 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.

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.

REMUNERATION REPORT

CHAIR'S ANNUAL STATEMENT AND SUMMARY



The Covid-19 global pandemic has made FY20 an exceptionally difficult year for most businesses. The Remuneration Committee has been acutely aware of the associated financial impact on our business as well as on all stakeholders, both external and internal. It has sought to make appropriate remuneration decisions that both reflect this impact and incentivise future performance.

Susan Murray
Chair of the
Remuneration Committee



Dear Shareholder

FY20 has been the last year of our Remuneration Policy as approved by shareholders at the 2017 AGM, with a favourable vote of 94%. The implementation of our Policy in FY19 received a favourable advisory vote of 96%.

Backdrop to FY20 business

After doubling the profitability of the business over the last six years to c.£250 million and converting most of this profit into cash helping to generate significant shareholder returns including paying c.£374 million of dividends to shareholders on the profits generated over the last three years, FY20 has been a very tough year and in the second half of the year all aspects of our business were heavily impacted by the Covid-19 global pandemic.

The fall in our fees since the pandemic was similar in magnitude to that incurred after the Global Financial Crisis (GFC); however, it occurred in only six weeks versus the eight months during the GFC. Despite significant action taken by management, both to safeguard our colleagues, clients and candidates and our business infrastructure, the switch to effective remote working and acting appropriately and swiftly to reduce our global cost base, the material and immediate reduction in levels of activity and fees led to a significant reduction in operating profit. Overall Operating Profit at £135 million⁽¹⁾ was well below our expectations going into the year and in Q4 we operated at a broadly breakeven position.

Our underlying cash performance with Cash Conversion⁽²⁾ at 183% (excluding any benefits from deferral of taxes or the equity raise, etc.) was excellent and the Group exits the year in a very strong financial position. However, considering the still very tough trading conditions and enhanced economic uncertainties, the Board has decided not to pay a dividend in FY20.

While the low level of profitability in FY20 impacted the FY20 Annual Bonus and the three-year long-term PSP ending in FY20, cash performance in the year and over the three years was very strong.

However, the Committee has agreed with the executive directors that any bonus payment for FY20 would be inappropriate and hence no bonuses will be paid to executive directors or members of the Management Board in relation to FY20.

More details is given below and in the main report.

Our approach to executive award for FY20 reflects the business results and the associated impact on our stakeholders, both external and internal

The Committee has been cognisant of the financial impact that business results have had on our stakeholders, in particular on our shareholders through the dividend cancellation and on our employees as we have had to restructure the organisation to align with future needs.

As a result, our executive directors, the Chairman and all members of the Board took a 10% salary/fee reduction for the last quarter of the financial year, 1 April to 30 June 2020.

Members of our Management Board and our top senior managers around the world also agreed to a voluntary salary reduction for a period of three and two months respectively.

Annual Bonus FY20

Although the formulaic outcome of the Annual Bonus would have delivered a payment against the Cash Conversion metric and on Personal Objectives amounting to c.55% of maximum, the executive directors, together with the Committee, determined it would be inappropriate to award any bonus for FY20. Thus, the Committee exercised its discretion and no bonus will be paid for FY20 to either the executive directors or the Management Board members.

The 2017 Performance Share Plan (PSP)

The 2017 PSP is the first award to vest under the Policy approved in 2017. It vested at 50% reflecting the three-year performance period that ended on 30 June 2020.

The Committee takes seriously its duty to exercise judgment and ensure outcomes are reflective of the Company's underlying performance. The Committee is satisfied that the PSP outcome fairly reflects, and is aligned with, the performance achieved.

Shares that vest under the 2017 PSP will now be held for a further two years before release in 2022. During this Holding Period they will be subject to clawback conditions.

1. Operating profit is stated before exceptional charges, as detailed in note 5 to the Consolidated Financial Statements on page 142.
2. Operating cash conversion represents the conversion of pre-exceptional operating profit⁽¹⁾ to cash generated from operations. FY20 cash generated by operations has been adjusted for the cash impact of lease payments of £46.4 million and £118.3 million of deferrals of taxes.

Full details of the executive directors' remuneration for FY20 can be found in the Single Figure on page 98 and the full Annual Report on Remuneration on pages 98 to 119.

Executive Remuneration Policy Review

During FY20, the Committee conducted an in-depth review of the overall executive Remuneration Policy and structure to ensure it is still fit for purpose in light of our strategy over the coming years and the continuing cyclical nature of our business. In addition, the Committee carefully considered the requirements of the UK Corporate Governance Code and the guidance issued by shareholders and investor advisory bodies.

What we are proposing

The Committee determined that the overall structure of the Policy should remain the same but has proposed the following changes:

Pension will be reduced for incumbent executive directors from 30% of salary to 20% of salary from 1 July 2020 and will then decrease to the level of the majority of the UK workforce by the end of December 2022.

New executive directors will have their pension set at the level of the majority of the UK workforce on appointment.

A new **Post-employment Shareholding requirement** has been introduced. Shares to the equivalent of 200% of salary will be held for the first year and 100% of salary in the second year.

There is an **increase to the PSP grant level** from 150% to 200% of salary. This helps to incentivise executive directors to focus on the long term and places additional emphasis on the generation of cash. It should be noted that this level will not be granted in 2020, with the first consideration of a grant at this level to be made in 2021. The future two-year Holding Periods post-vesting will extend into post-employment.

Annual Bonus potential remains at 150% of salary and **On-target performance** will deliver no more than 50% of the award.

Additional triggers of severe reputational damage and corporate failure have been introduced into **Malus and Clawback provisions** for both the Annual Bonus and PSP.

In formulating the changes to the Policy, the Committee has recognised the latest corporate governance, shareholder views and market sentiment and the proposed changes are felt to be fair, competitive and appropriate.

Shareholder consultation

The Committee is committed to open and honest dialogue with its shareholders and engaged with, and sought feedback from, 23 of its shareholders and from investor advisory bodies with respect to the proposed changes to the Policy. As a result of the feedback, further changes were made to the pension proposals resulting in alignment to the level of the majority of the UK workforce by the end of 2022. The Committee is very appreciative of the time, constructive dialogue and engagement received.

Overall, feedback from shareholders has indicated positive support for the proposed Policy changes and, subject to the outcome of the binding vote, it is the Committee's expectation that it will operate the Policy for the next three years.

Remuneration for FY21

Reflecting the current economic environment, the executive directors received no salary increase for FY21 and therefore salaries will remain the same as for FY20.

As noted above, pension contributions for the executive directors will reduce from 30% of salary to 20% of salary from 1 July 2020.

Annual Bonus potential will remain at 150% of salary and it is proposed that executive directors receive a 2020 PSP grant of 150% of base salary which would vest in 2023, dependent upon the performance criteria being met. Any shares that vest would be subject to a further two-year Holding Period.

FY21 Annual Bonus and 2020 PSP target setting

Given the complex challenges of Covid-19, we have delayed the target setting for the 2020 PSP awards until later in the year to ensure that they are sufficiently robust and stretching. Full details of the awards to the executive directors, together with their associated targets, will in due course be disclosed on our website. In line with guidance published by the Investment Association, the Committee intends for any targets to be disclosed within six months of the publication of the Annual Report and Financial Statements.

Along with the executive directors, the Committee is currently considering the Cash Conversion metric in the Annual Bonus. It is recognised that in the current challenging environment, with a likely low level of profitability, cash conversion may no longer be an appropriate measure in FY21. Cash generation continues to be a key strategic goal and therefore an appropriate alternative or potential underpin is being reviewed.

As in past years, Annual Bonus targets will be retrospectively disclosed in the FY21 Annual Report.

Other Committee activities in FY20

In addition to the Policy review and the consideration of salary, bonus and PSP for the executive directors, the Committee also reviewed the annual fee for the Chairman. It was determined that there would be no fee increase for FY21. For information, the non-executive directors also have had their fees frozen for FY21.

While the UK Government suspended reporting of the 2019 Gender Pay Gap, the Committee has continued to monitor actions being taken within the Company to close the gap.

The Committee has also closely monitored the financial impact of Covid-19 on employees and has sought to ensure that the relationship of employee reward with that of executive directors is recognised and is appropriate.

The Committee is always mindful to ensure the strength of the link of performance to reward and that it does not reward for failure.

Clear reporting and transparency

We aim to make the Directors' Remuneration Report clear, concise and easy to follow. We have included a Remuneration At A Glance page. Our 2017 Remuneration Policy can be found on our website [haysplc.com](https://www.haysplc.com). However, to help with understanding we have summarised the Policy above each remuneration outcome.

Our new Remuneration Policy is shown on pages 85 to 97 and a summary of how it relates to our strategy is set out on pages 80 and 81.

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, other stakeholders and are aware of the greater societal issues and market sentiment emphasised by the Covid-19 pandemic.

Susan Murray

Chair of the Remuneration Committee
26 August 2020

See the Committee's Terms of Reference online at [haysplc.com](https://www.haysplc.com)

Membership and meetings

Four formal meetings were held during FY20 in July 2019, August 2019, January 2020 and May 2020.

Attendance is shown on page 64. 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 76	
Remuneration At A Glance Page 79	
Summary of our Remuneration Policy and how it links to strategy Page 80	
Remuneration Policy Page 85	
Annual Report on Remuneration Page 98	This report is divided into sections: 1. Single Figure of Remuneration – page 98 2. Long-term value creation – page 106 3. Remuneration in the broader context – page 111 4. Statement of Implementation of the Remuneration Policy in the following financial year – page 115 5. Governance – page 118
Our full current Remuneration Policy	Our full current Remuneration 2017 Policy as applicable to FY20 can be found on our website at haysplc.com

REMUNERATION AT A GLANCE

Summary of our current Remuneration Policy and structure for FY20

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	- Maximum 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 98 to 119

Reward component	What we have done
Base salary	- Increased salaries for CEO and CFO by 2.0% from 1 July 2019: - CEO : £767,763 p.a. - CFO: £553,556 p.a. - Increase in line with budget set for relevant UK employees of 2.0% - Salary reduction of 10% for period 1 April to 30 June 2020
Bonus	- No bonus was paid in relation to FY20 - Although the formulaic outcome would have resulted in a payment, the executive directors together with the Committee determined that any payment would be inappropriate.
PSP	150% of salary awarded
Shareholdings at 30 June 2020 (Beneficial Ownership)	- CEO: 606% of base salary (requirement 200%) - CFO: 299% of base salary (requirement 200%)

The Single Figure can be found on page 98

How have we performed?

More details pages 100 to 104

Bonus

Metrics measure success of the day-to-day management of a volatile and cyclical business. Although the formulaic outcome of the bonus delivered a payment, it was deemed appropriate that no bonus was paid for FY20. Results are shown below.

Metric	Target range	Actual	% of max paid
EPS*	10.09p to 12.33p	5.46p	0%
Cash Conversion	71% to 101%	182.52%	0%
Personal CEO/CFO		partially achieved	0%

* 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.

November 2017 PSP award – grant 150% of base salary

Metrics measure success in delivering strong results through the three-year cycle.

Metric	Threshold	Maximum	Actual	% of max achieved
EPS	32.21p	37.73p	28.64p	0%
Cash Conversion	71%	101%	120.09%	100%
Relative TSR	Median of comparator group	Upper quartile of comparator group	Below median	0%

Total % of award vesting: 50%

Key general business highlights

- Covid-19 pandemic heavily impacted all aspects of trading in the second half of FY20;
- As a result, like-for-like net fees declined by (11)% and operating profit by (45)%;
- Moved to 100% remote working, business infrastructure protected while taking appropriate action to reduce costs;
- Strong cash performance both in FY20 and across FY18-FY20;
- Balance sheet further protected by equity raise.

More details can be found on page 1.

What changes were made to the Remuneration Policy in FY20?

There were **no changes** to the 2017 Remuneration Policy in FY20.

- 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 in the explanation of the Single Figure of Remuneration on pages 98 to 119.
- Our new Policy proposals which will apply to FY21 can be found on pages 85 to 97.

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

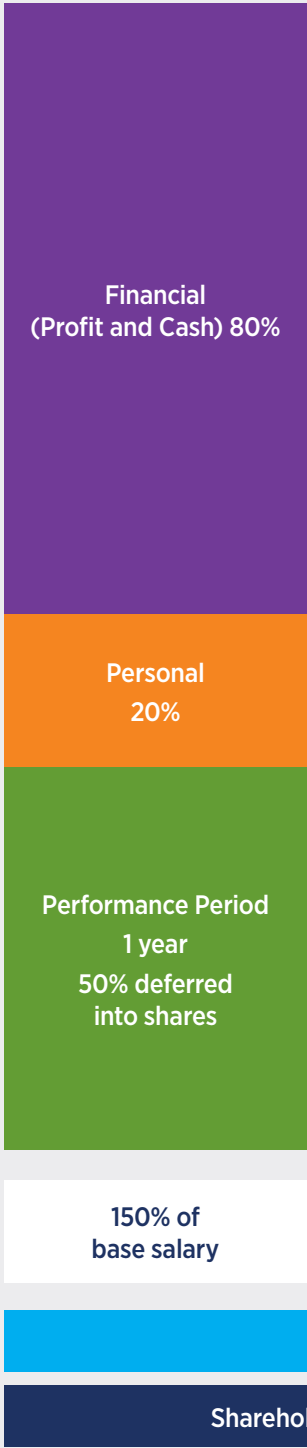
The incentive plans support our four key strategic priorities:

-  **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.**

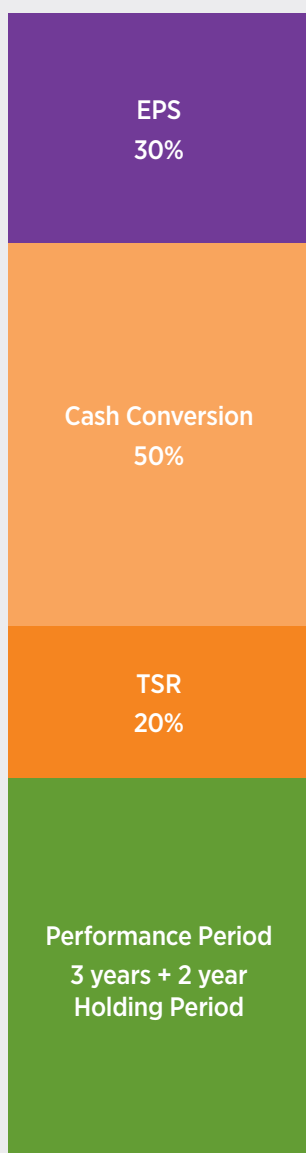
- Financial metrics (80%) place emphasis on profit and maintain focus on cash returns and business efficiency.  
- Personal objectives (20%) provide building blocks to longer-term strategic goals.  
- 50% of any award is deferred into shares for three years to ensure a long-term focus.
- Malus and Clawback apply.

SHORT-TERM AGILITY

Annual Bonus



PSP



long-term

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

BACKGROUND TO OUR PROPOSED REMUNERATION POLICY (THE POLICY) CHANGES

The Committee has conducted an in-depth review of the Policy for senior executives with a view to ensuring it continues to support both our strategy and the continuing cyclical nature of our business. It has also taken into consideration the requirements of the revised UK Corporate Governance Code (the 'Code') issued in July 2018, as well as evolving market sentiment and best practice. The Committee actively consulted with shareholders and has taken their feedback, in particular about level of acceptable pension contributions, into account in the final Policy proposals.

The Committee has determined that the current Policy structure remains broadly fit for purpose and, therefore, is not proposing any substantial changes to our current approach. The key proposals which are described in more detail below are:

- Pensions for new hires – to be aligned with the wider workforce;
- Pensions for incumbent directors – a reduction to the current contractual allowance with alignment to the wider UK workforce to be in place by the end of 2022;
- New post-employment shareholding guidelines to be introduced;
- Proposals for LTIP awards – award levels to be set at 200% of salary but the earliest date for a grant at this level would be in September 2021;
- Malus and Clawback triggers – the addition of severe reputational damage and corporate failure; and
- Annual Bonus On-Target vesting – level to be 50% of award.

Business context

Our current strategy is built around four strategic priorities and, while the pandemic has materially impacted the business in FY20 and continues to heavily impact its immediate trading environment, we see these priorities remaining very relevant for the medium to long term. These are to:

- 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.

Hays is a highly cyclical business and 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 sectors; and
- Having a global geographic footprint in 33 countries.

Nevertheless, the Company is subject to the volatility and vagaries of the economic markets which can create sudden changes within the recruitment market and industry. Over the last year this has manifested itself in several ways through the general uncertainty over 'Brexit' in the UK, significant environmental impacts such as the bush fires in Australia, national strike action across France and, most significantly, the global pandemic Covid-19.

Proposed changes

The proposed changes to our Policy are set out below.

Remuneration Component	Current Policy	Proposed Policy
Pension – new recruits	New executive directors would have a pension contribution of ‘up to 15% of salary’.	Our Hays Pension plan in the UK offers a Company contribution of between 4% and 15% depending on an employee’s grade. The majority of our UK employees currently have the opportunity to receive a Company contribution of 4% of pensionable salary. Any new executive director would have their pension contribution set at the level of the majority of UK employees at that time.
Pension – existing executive directors	The current executive directors each receive 30% of their salary as a cash contribution in lieu of pension. This is subject to normal payroll deductions.	For FY21, the current executive directors will have their pension allowance reduced to 20% of salary, i.e. a reduction of 10%. By 31 December 2022, the intention is to reduce the benefit further to the majority of the UK workforce. This is currently 4% of pensionable salary.
Post-Employment Shareholding Requirements	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 Plan (‘PSP’) would also vest at their normal time, but be pro-rated to reflect service during the performance period. Subject to Good Leaver status therefore, a level of shareholding is likely to be maintained for up to two years post-employment. PSP shares that are in their Holding Period are released immediately upon employment ceasing.	Post-employment, executive directors to hold shares to the equivalent of 200% of salary for the first year and 100% of salary for the second year, or, if lower, the number of shares built up through Company share plans at the point of departure. Applicable shares will be those in relation to grants of PSP or DAB made following the approval of the new Policy at the November 2020 AGM. In addition, for any future PSP grants, the two-year Holding Period will normally continue post-employment (in order to meet any post-employment holding requirements).
Performance Share Plan (‘PSP’)	Current grant levels are 150% of salary. Metrics are: 30% EPS 50% Cash Metric 20% TSR	Proposal to increase to 200% of salary. However, the earliest date for a grant at this level would be in September 2021. Although the targets for the 2020 awards are yet to be determined, the current intention is that the metrics and weightings will remain consistent with prior years.
Malus and Clawback	Current triggers for both Annual Bonus and PSP 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.	There are two additional triggers in the new Policy: – Severe reputational damage; and – Corporate failure. These will apply to both Annual Bonus and PSP awards under the new Policy.
Level of Annual Bonus vesting at on-target	Currently straightline vesting between Threshold and Maximum.	Will be 50% of the awards from FY21.

Under the current simple incentive structure, outcomes are based on the key measures of success. There is a short-term focus on profit via the Annual Bonus and a long-term focus on cash generation through the Performance Share Plan (‘PSP’).

Under the new Policy, an uplift to PSP grant levels from 150% to a maximum of 200% of salary is proposed. This is in order to place added focus on long-term cash generation which is the principal metric measured by the PSP. Over the coming years, and against the background of the experiences of the last few months, cash generation will take on an even greater importance to fund accelerated organic expansion to ensure the business outperforms the market in a fast-moving industry, builds a more resilient balance sheet, and returns the business to an attractive and appropriate returns policy. The amendment will help further ensure strong alignment between management and all stakeholders as the Group moves into the post Covid-19 environment. As noted above, given the current market volatility, the revised maxima will not be utilised for 2020 grants, and will only be considered for awards from 2021 onwards. The Committee would clearly explain the basis for PSP grants made in future years.

There are no other changes proposed to the Policy. A summary of our Policy is given below and the full Policy subject to vote commences on page 85.

Summary of proposed Policy

Remuneration element	Explanation	Indication of change
Base salary	Salaries as at 30 June 2020: CEO – £767,763 p.a. CFO – £553,556 p.a. Salary increases are normally in line with the pay review budget for other relevant employees in the UK. There is no increase to salaries for FY21.	No change.
Annual Bonus	150% of salary. 80% of any performance metrics to be financial. Performance metrics and weightings: Profit metric: normally 60% Cash Metric: normally 20% Personal Objectives: 20% Straight-line vesting between Threshold and Maximum. 50% of any bonus award is deferred into shares for three years. Clawback applies to the cash element for three years and Malus to the deferred element for three years.	50% of the award will vest at on-target performance. Additional triggers of severe reputational damage and corporate failure added to Malus and Clawback provisions.
PSP	200% of salary. Performance metrics and weightings: EPS: 30% Cash Conversion: 50% TSR: 20% 3-year performance period 2-year Holding Period Malus applies during the three-year performance period and Clawback during the two-year Holding Period.	Award to move from 150% of salary to 200% of salary with the earliest date for any grant at this new level to be September 2021. Currently shares in their Holding Period are released upon cessation of employment. Under the new Policy, the Holding Period will normally continue post-employment until the two years are completed. Additional triggers of severe reputational damage and corporate failure added to Malus and Clawback provisions.
Pension – existing executive directors	20% of salary moving to the level of the majority of the UK workforce by end of December 2022.	Reduced from 30% of salary.
Shareholding Requirements in employment	200% of salary for both the CEO and CFO.	No change.
Post-employment shareholding requirements	To apply to grants of shares under the PSP and DAB made following the approval of the new Policy at the November 2020 AGM. Shares to the equivalent of 200% of base salary for the first year and 100% of base salary for the second year. In the event that this level of shareholding has not been achieved based on shares granted post November 2020, then the level of shareholding achieved at the point of departure will apply. Any shares still in their performance period will not count towards the requirement.	New.
Pension – new executive directors	Pension contribution to be in line with the majority of UK employees in the Hays pension plan at the time. This is currently 4%.	Reduced from the 2017 Policy of ‘up to 15% of salary’.

The Remuneration Policy

Introduction

In accordance with the regulations, the Directors' Remuneration Policy (the Policy) as set out below will become formally effective at the Annual General Meeting on 11 November 2020 and is expected to apply for the period of three years from the date of approval.

The main changes made to the Remuneration Policy are summarised on pages 83 and 84. Minor changes have also been made to the detailed text to reflect market practice and to aid implementation. In developing the Policy, the Committee followed a robust process. The detailed proposals were discussed over a series of meetings in 2019 and 2020. Factors considered included the evolving business environment, the Group's strategic priorities, market practice and investor guidance. Although the management team were asked to provide views on proposals, safeguards were put in place to ensure conflicts of interests were suitably mitigated. External perspective was provided by our independent advisers. The Committee also consulted with the Company's major investors, and proposals were refined in response to feedback provided. Further detail on how the Committee assessed the Policy against the principles of clarity, simplicity, risk management, predictability, proportionality and alignment to culture is set out on page 97.

Engagement with shareholders and shareholder feedback

The Committee takes the views of shareholders seriously and these views are taken into account in shaping and reviewing remuneration policy and practice. Shareholder views are considered when evaluating and setting remuneration strategy and the Committee commits to consulting with key shareholders prior to any significant changes to its Remuneration Policy.

We value open and transparent dialogue with our shareholders and, during the consultation process, reached out to 23 of our largest investors together with some smaller shareholders who, in total, represented 80% of our stock. In addition, we engaged with four of the main shareholder advisory bodies. We were very pleased that 22 shareholders and all the advisory bodies responded to us and we very much appreciate the interaction we had, either through direct dialogue or email conversations, and the helpful and constructive feedback received.

As with many consultation processes, there was a range of feedback and opinions. The Committee discussed these in detail and carefully considered the amendments it felt appropriate to make as a result. Ultimately the Committee wished to ensure that the Policy remained aligned to our strategic goals, was felt to be competitive and able to incentivise long-term returns and took into account the impact on our key stakeholders and shareholder experience. In particular, the Committee was cognisant of external wider societal sentiment on executive pay and took this into consideration in the final proposals on pension level.

Policy summary

The Committee determines the Policy for the Chairman, executive directors and other senior executives for current and future years and this is reviewed on an annual basis. The Policy is designed to support the strategic objectives of the Company and to allow the business to attract, retain and motivate the quality of individuals needed to shape and execute the strategy and deliver shareholder value.

The Policy is designed around the following key principles:

- Ensure a strong link between reward and individual and Company performance to align the interests of senior executives with those of shareholders;
- Provide a balanced package with a focus on variable pay;
- Take into account the associated risks of each aspect of remuneration;
- Encourage a material, personal stake in the business and a long-term focus on sustained growth through long-term shareholding;
- Maintain a competitive package against businesses of a comparable size in the FTSE and comparable peer group businesses in the recruitment sector with reference to the breadth of the role and experience the role holder brings to the Company; and
- Operate a consistent reward and performance philosophy throughout the business.

The Committee considers that a successful Policy needs to be sufficiently flexible to take account of future changes in the Company's business environment and in remuneration practice.

Discretion

The Committee has discretion in several areas of policy as set out in this Report. The Committee may also exercise operational and administrative discretions under relevant plan rules. In addition, the Committee has the discretion to amend the Policy with regard to minor or administrative matters (for example, regulatory, exchange control, tax or to reflect changes in legislation) where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval.

Prior commitments

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including the exercise of any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy where the terms of the payment were (i) agreed before 12 November 2014 (when the Company's first shareholder-approved Directors' Remuneration Policy came into effect); (ii) before the Policy came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; and (iii) at a time when the individual to whom the payment is made was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of the Company. For these purposes, 'payments' include the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted.

Differences in policy from the wider employee population

The Group aims to provide a remuneration package for all employees that is market competitive and consistent. Employees receive base salary and benefits and may receive bonus, pension and share awards with levels varying depending on the individual's location, seniority and responsibilities. Salary increases for executive directors are generally in line with those for UK-based employees.

Remuneration structure (policy table)

Elements of executive director remuneration package

Element	Objective and Link to the Strategy	Operation	Maximum Potential Value	Performance Conditions and Assessment
Base salary	Base salary recognises individual contribution, changes in responsibilities and competitive market rates. Provides a base level of remuneration to support recruitment and retention of directors with the necessary experience and expertise to deliver the Group's strategy. Key element of core fixed remuneration.	Base salary is normally set annually on 1 July. When determining the base salary of the executive directors the Committee takes into consideration: - The levels of base salary for similar positions with comparable status, responsibility and skills in organisations of broadly similar size and complexity; - The comparator groups currently include the FTSE 250, sector peers and UK companies of a similar size and complexity. The Committee intends to review the comparator groups each year and may add or remove companies from the group as it considers appropriate. - The performance of the individual executive director; - The individual executive director's experience and responsibilities; and - Pay and conditions throughout the Company. The Committee has access to pay and conditions of other employees within the Group when determining remuneration for the executive directors and also considers the relationship between general changes to pay and conditions within the Group as a whole.	Whilst there is no prescribed maximum level of salary, increases will normally be in line with the market and the average base pay increase for other employees in the UK. Higher levels of increases may be made where there is a significant change to the individual's responsibilities or where there is significant difference to the market, for example in the case of individuals who are recruited, or promoted to the Board who may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the average until the target positioning is achieved. The Company will normally set out in the section headed 'Implementation of Remuneration Policy in the following Financial Year' the salaries for that year for each of the executive directors.	N/A

Element	Objective and Link to the Strategy	Operation	Maximum Potential Value	Performance Conditions and Assessment
Annual Bonus	To align reward to key annual objectives relating to the Group's financial performance and operational strength. The three-year deferral into shares aligns the interests of executive directors with those of shareholders and also assists with their retention.	Normally, 50% of bonus earned will be paid in cash and 50% deferred into shares for three years under the deferred Annual Bonus plan (the DAB). Malus and Clawback provisions may be applied in case of: – 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; – Fraud; – Gross misconduct; – Severe reputational damage; and – Corporate failure. Malus provisions allow the Committee to reduce or eliminate share awards granted under DAB. Discretion may also be exercised in cases where the Committee believes that the bonus outcome is not a fair and accurate reflection of business or individual performance, or is inconsistent with the original intentions of the plan. The Committee has discretion to reduce the number of shares vesting if the underlying financial performance of the Company is not satisfactory over the three-year deferral period.	Maximum 150% of base salary. There is scaled pay-out for performance between threshold and maximum which may vary depending on the nature of the target set. Normally the pay-out for on-target performance would be 50% of maximum. Zero payment for below threshold performance.	Performance is assessed over the year based on a combination of financial (usually profit and cash) and personal/strategic objectives. The Company operates in a rapidly changing sector and therefore the Committee may change the balance of the measures, or use different measures for subsequent financial years, as appropriate, to reflect this provided that at least 80% are normally based on financial performance. The Remuneration Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial targets used for the Annual Bonus, disclosing precise targets for the bonus plan in advance would not be in shareholder interests. This avoids the risk of the Company inadvertently providing a profit forecast, because profit targets are linked to budgets, and giving competitors an unfair advantage because they are not required to report to the same disclosure standard as a UK-listed company. Actual targets, performance achieved and awards made will be published at the end of the performance periods so shareholders can fully assess the basis for any pay-outs under the Annual Bonus.

Elements of executive director remuneration package continued

Element	Objective and Link to the Strategy	Operation	Maximum Potential Value	Performance Conditions and Assessment
Annual Bonus		Dividends or equivalents may be provided on deferred shares.		The Company will disclose the nature of the targets and their weightings at the end of each year in the relevant Annual Report on Remuneration. The performance conditions, targets, weightings and their level of satisfaction for the year being reported on, are contained in the Annual Report on Remuneration on pages 100 and 101. The Committee retains discretion in exceptional circumstances to change the performance measures and targets and their respective weightings part way through a performance year if there is a significant and material event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate.

Element	Objective and Link to the Strategy	Operation	Maximum Potential Value	Performance Conditions and Assessment
Performance Share Plan (PSP) award	To incentivise the delivery of sustained long-term performance and align with share price and dividend growth over the long term.	In accordance with plan rules, PSP awards are granted annually and vesting is dependent on the achievement of performance conditions. Awards are subject to a two-year Holding Period. Malus provisions may be applied during the Performance Period and Clawback provisions may be applied during the Holding Period in case of: – 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; – Gross misconduct; – Severe reputational damage; and – Corporate failure. Reviewed annually to ensure that grant levels, performance criteria and other features remain appropriate to the Company's current circumstances, and to ensure that there are no features of the plan that could inadvertently motivate irresponsible behaviour. Dividends or equivalents may be provided on released shares. Discretion be exercised in cases where the Committee believes that the vesting outcome is not a fair and accurate reflection of business or individual performance, or is inconsistent with the original intentions of the plan.	Normal awards will be 200% of base salary for executive directors. Maximum and threshold vesting levels for performance conditions are 100% and 25% respectively. Awards made in 2020 will be capped at 150% of salary.	Performance period of three financial years. For 2020 awards the performance conditions will be based on: – cumulative earnings per share; – cash conversion; and – total shareholder return relative to a comparator group. The Company operates in a rapidly changing sector and therefore the Committee may change the balance of the measures, or use different measures for subsequent awards, as appropriate. The Committee will seek to suitably engage with shareholders regarding any material changes to the performance conditions. Details of the performance conditions for grants made in the year will normally be set out in the Annual Report on Remuneration.

Elements of executive director remuneration package continued

Element	Objective and Link to the Strategy	Operation	Maximum Potential Value	Performance Conditions and Assessment
Pension allowance	To provide a competitive retirement benefit.	Company pension contribution or salary supplement in lieu of pension contributions. Salary supplements will not be included in calculating any benefit based on salary including the levels under the Company's incentive arrangements. Salary supplements in lieu of pension contributions are subject to normal payroll deductions (such as income tax and national insurance).	Maximum 20% of base salary for current directors. This will reduce to the level of the majority of the UK workforce by the end of December 2022. As outlined in the recruitment section, new directors will receive the same percentage of salary as the majority of relevant employees at that time. This is currently 4% in the UK but may change in the future.	N/A
Other benefits	To provide competitive employment benefits.	Benefits will generally include: – Car benefit or equivalent; – Private medical insurance; – Permanent health insurance; and – Life assurance. The level of benefits provided is reviewed every year to ensure it remains market competitive. Other benefits may be provided if considered reasonable and appropriate (e.g. in case of relocation).	The maximum will be set at the cost of providing the listed benefits. For example, current car allowance is £18-20,000 p.a.	N/A
Shareholding policy	To ensure that executive directors' interests are aligned with those of shareholders over a longer time horizon.	The Committee requires the Chief Executive and Group Finance Director to build and maintain a material shareholding in the Company of at least two-times base salary over a reasonable time frame, which would normally be five years. Only shares which are beneficially owned by the executives or subject to a holding period count towards this requirement. The Committee has discretion to increase the shareholding requirement.	N/A	N/A

Element	Objective and Link to the Strategy	Operation	Maximum Potential Value	Performance Conditions and Assessment
Post-employment Shareholding Guideline	To ensure executive directors' actions and interests continue to be aligned with shareholders over a long time horizon.	Shares to the equivalent of 200% of base salary for the first year and 100% of base salary for the second year or actual relevant holding if lower. This guidance will apply to shares granted under the PSP and DAB after the approval of the Policy at the 2020 AGM.	N/A	N/A
Sharesave Schemes	To encourage wide employee share ownership and thereby align employees' interests with shareholders.	The Company operates Sharesave Schemes in which the executive directors are eligible to participate (which in the UK is HMRC approved and is open to all eligible staff in the UK). The Company retains the discretion to introduce additional all-employee plans, and to make directors eligible for these as appropriate.	UK scheme in line with HMRC limits as amended from time to time. Overseas schemes broadly in line with UK values.	There are no performance conditions, in line with HMRC requirements, other than the inherent share price growth required to receive a benefit.

Non-executive director remuneration

Element	Objective and Link to the Strategy	Operation	Maximum Potential Value	Performance Conditions and Assessment
Non-executive director fees	Competitive fees for Chairman and non-executive directors with the necessary skills and experience to advise and assist with establishing and monitoring the Group's strategic objectives.	The remuneration of the non-executive directors is determined by the Board annually. The responsibility of the role and international nature of the Group are fully considered when setting the fee levels, along with external benchmarking market data on the chairmanship of, and participation in, Board committees. The comparator groups used are normally consistent with those used for the executive directors. The non-executive directors' fees are non-pensionable and non-executive directors are not eligible to participate in any incentive plans.	The fees will be within the Articles of Association limits. Additional fees are paid for additional responsibilities such as chairing a committee and Senior Independent Director role. The non-executive directors' fees are non-pensionable and non-executive directors are not eligible to participate in any incentive plans. Role appropriate benefits may be provided in certain circumstances. The Chairman and non-executive directors will be reimbursed by the Company for all reasonable expenses incurred in performing their duties. This may include costs associated with travel where required and any tax liabilities payable.	None

Notes to the policy table:

The Committee believes that incentive metrics should be simple and aligned with the delivery of the annual business plan and with long-term sustainable growth. In prior years, the three main measures used have been EPS, Cash Conversion and relative TSR, with a clear focus on annual profit growth in the Annual Bonus Plan and main emphasis on long-term cash generation in the PSP.

As noted in the Chair's statement, the targets for FY21 are yet to be finalised.

- (1) EPS is a key performance measure aligned with shareholder interests.
- (2) Cash focus promotes sustained free cash flow and is a key indicator of ongoing operational cash efficiency.
- (3) The Annual Bonus includes an element of Personal Objectives linked to the delivery of key projects designed to enhance the Group's operational strength and competitiveness in line with future strategy.
- (4) Relative TSR is a measure favoured by a number of shareholders and provides for reward for outperformance of a number of sector comparators. The peer group has been chosen to reflect most closely the mix of the Company's business.

Awards under any of the Company's share plans referred to in this report may:

- (a) Be granted as conditional share awards or nil-cost options or in such other form that the Committee determines has the same economic effect;
- (b) Have any performance condition applicable to them amended by the Committee if the Committee determines that it has ceased to be a fair measure of performance provided that the amended condition is not, in the Committee's reasonable opinion, materially less difficult to satisfy;
- (c) Incorporate the right to receive an amount (in cash or additional shares) equal to the value of dividends which would have been paid on the shares under an award that vests until the award is satisfied. This amount may be calculated assuming that the dividends have been reinvested in the Company's shares on a cumulative basis;
- (d) Be settled in cash at the Committee's discretion; and
- (e) Be adjusted in the event of any variation of the Company's share capital or any demerger, capital distribution or other event that may materially impact the Company's share price.

Malus and Clawback

Severe reputational damage is where a participant is found to have contributed to circumstances which give rise to a sufficiently negative impact on the reputation of the Company (or would have if such circumstances had been made public), and for the avoidance of doubt, circumstances need not relate to a financial year in which the relevant individual was a participant in the Plan.

Corporate failure is defined as when the Company enters an involuntary administration or insolvency process or the Grantor or an administrator (as applicable) determines that there has been a 'corporate failure' in respect of the Company (which for these purposes shall include a significant reduction or cessation of the Company's ability to continue normal operations).

Service contracts

The Committee's policy for setting notice periods is that a maximum 12-month period will apply for executive directors. The Committee may in exceptional circumstances arising on recruitment, allow a longer period, which would in any event reduce to 12 months following the first year of employment.

In the event of early termination of a director's service contract, the Company would be required to pay compensation reflecting the salary, pension allowance and benefits to which the director would have become entitled under the contract during the notice period. Alternatively, the Company may, at its discretion, pay a predetermined sum in lieu of notice. In the event of early termination, the Committee will give careful consideration to what compensation should be paid, taking into account the circumstances and the responsibility of the individual to mitigate loss.

The contract of the Chief Executive was agreed prior to 27 June 2012 and includes, in his sum in lieu of notice, an amount equal to his on-target bonus pro-rated for time. All future contracts will contain a 'PILON' clause based purely on salary, pension allowance and benefits with payments staged over the notice period and an obligation to mitigate loss.

	Current contract start date	Unexpired term	Notice period from Company	Notice period from executive
Alistair Cox	September 2007	Indefinite	One year	One year
Paul Venables	May 2006	Indefinite	One year	Six months

The non-executive directors do not have service contracts with the Company, but are appointed to the Board under letters of appointment for an initial three-year period. They have agreed to annual retirement and reappointment by shareholders at the Company's annual general meeting and, with the exception of the Chairman, appointments can be terminated immediately by the Company. Letters of appointment are available for review from the Company Secretary and a pro forma letter of appointment can be viewed on the Company's website haysplc.com.

Non-executive director	Date appointed to the Board	Date of current letter of appointment	Notice period
Andrew Martin	12 July 2017	28 August 2018	Three months
Peter Williams	24 February 2015	24 February 2015	None
Susan Murray	12 July 2017	12 July 2017	None
MT Rainey	14 December 2015	14 December 2015	None
Torsten Kreindl	1 June 2013	30 May 2013	None
Cheryl Millington	17 June 2019	17 June 2019	None

Payments to departing directors

The Committee will honour executive directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its directors providing for compensation for loss of office or employment that occurs because of a takeover bid. The Committee reserves the right to make any other payments in connection with a director's cessation of office or employment where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an executive director's office or employment or for any fees or outplacement assistance and/or the director's legal and/or professional advice fees in connection with his cessation of office or employment.

When determining any payment for a departing individual the Committee will always seek to minimise cost to the Company while seeking to address the circumstances at the time.

The table below shows the approach the Committee will apply in respect of base salary, benefits and pension in respect of departing directors.

Component	Approach	Application of Remuneration Committee Discretion
Base salary, benefits and pension	In the event of termination by the Company, there will be no compensation for departure due to misconduct. In other circumstances, executive directors may be entitled to receive payment in lieu of notice. Payment in lieu of notice will be equivalent to the salary payments, benefit value and pension contributions that they would have received if still employed by the Company for a maximum of twelve months.	None
Other contractual obligations	There are no other contractual provisions other than those set out above agreed prior to 27 June 2012.	N/A

The rules of the Performance Share Plan (PSP) and the Deferred Annual Bonus (DAB) set out the treatment of specific categories of leavers as set out in the table below. In other cases where an executive leaves employment during the DAB period or during the PSP Performance Period, the Committee will consider the specific details of each case before determining whether to award Good Leaver status or allow awards to lapse. The Committee will provide a full explanation to shareholders when it is determined that an executive director is a Good Leaver. The Committee is unequivocally against rewards for failure.

Category	Cash Annual Bonus	DAB (Deferred Bonus Shares)	PSP
Good Leaver/Injury/Ill-health/Disability	Bonus paid at normal time, subject to performance with pro-rating for time.	Awards vest in full at normal vesting date.	To the extent that performance conditions are met, awards are pro-rated for service during the performance period and released at the end of the Holding Period.
Death, or sale of employing entity out of the Group	Bonus paid immediately based on estimated performance with pro-rating for time.	Awards vest in full on cessation of employment.	To the extent that performance conditions are met, awards are pro-rated for service during the performance period but released early.
Change of control	Bonus payment subject to pro-rating for time and performance.	Immediate vesting of awards in full in accordance with plan rules.	In accordance with the plan rules, where no replacement award, there will be early vesting of awards pro-rated for service during the performance period and performance.

Notes:

- (1) It should be noted that shares vesting under the DAB rules are shares related to previously earned bonus and therefore the performance conditions for the relevant Annual Bonus had to be met before the shares were awarded.
- (2) Under the DAB rules the Committee has the discretion to allow the award to vest early in 'exceptional circumstances' following cessation of employment as a good leaver. It is anticipated that this would only apply in the case of death in service.
- (3) The Committee has discretion under the rules of the PSP to bring forward the date of vesting for a good leaver to the date of the cessation of employment subject to the award being pro-rated for time during the performance period and to the extent that performance is met. It is not the current intention of the Committee to use this discretion.
- (4) Any shares in the two-year PSP Holding Period remain in place and would be released at the normal time (other than in the case of Gross Misconduct) and would be subject to any Clawback provisions prior to release. Clawback provisions would continue to apply after release until the end of the normal Holding Period time frame.
- (5) In the event that the Committee determines Good Leaver status to be applicable, it may impose certain conditions for an executive receiving shares under DAB or PSP on cessation of employment.
- (6) Executives would be treated in accordance with the scheme rules in respect of the HMRC approved Hays Sharesave.

The Chairman and non-executive directors do not have service contracts but instead have letters of appointment. On termination, they are only entitled to accrued fees to the date of termination.

Setting payments for new appointments

The Company's principle is that the remuneration of any new recruit will be assessed in line with the same principles for the executive directors, as set out in the Remuneration Policy table above. The Committee's approach to recruitment remuneration is to pay no more than is necessary to attract candidates of the appropriate calibre and experience needed for the role from the international market in which the Company competes.

The table below summarises the Company's key policies with respect to recruitment remuneration for executive directors:

Component	Policy
Base salary and benefits	The salary level will be set taking into account a number of factors including market practice, the individual's experience and responsibilities and other pay structures within the Company and will be consistent with the salary policy for executive directors. The executive director shall be eligible to receive benefits in line with the Company's benefits policy as set out in the Remuneration Policy table.
Pension	A pension allowance equivalent to that of the majority of UK employees at the time (or employees in another relevant jurisdiction based on the nature of the role). Currently this is 4% of base salary in the UK. The Company may choose to give part or all as a cash allowance rather than pay into a Group pension fund. Normal payroll deductions (for example income tax and National Insurance/social security) will be deducted from the gross cash allowance.
Annual Bonus (and Deferred Bonus)	An executive director will be eligible to participate in the Annual Bonus arrangements as set out in the Remuneration Policy table. For the first year only, the Committee retains the discretion to set performance conditions in the context of the business priorities on joining and the time frame available to year end. Awards may be granted up to the maximum opportunity allowable in the Remuneration Policy table at the Committee's discretion.
Performance Share Plan (PSP)	An executive director will be eligible to participate in the PSP as set out in the Remuneration Policy table. Awards may be granted up to the maximum opportunity allowable under plan rules at the Committee's discretion.
Share buy-outs/ replacement awards	The Committee's policy is not to provide buy-outs as a matter of course. However, should the Committee determine that the individual circumstances of recruitment justified the provision of a buy-out, the value of any remuneration terms that will be forfeited on joining the Company will be calculated taking into account the following: – The timeline of any award; – The performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and – Any other terms and condition having a material effect on their value (lapsed value). The Committee may then grant up to the equivalent value as the lapsed value, where possible, under the Company's incentive plans. To the extent that it was not possible or practical to provide the buy-out within the terms of the Company's existing incentive plans, a bespoke arrangement would be used.
Relocation policies	In instances where the new executive director is expected to relocate, the Company may provide one-off/ongoing payment(s) as part of the relocation benefits compensation. The level of relocation package will be assessed on a case by case basis but will take into consideration any differences in the cost of living/housing/schooling.

Where an existing employee is promoted to the Board, the policy set out above would apply from the date of promotion but there would be no retrospective application of the policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the person concerned. These would be disclosed to shareholders in the Annual Report on Remuneration for the relevant financial year.

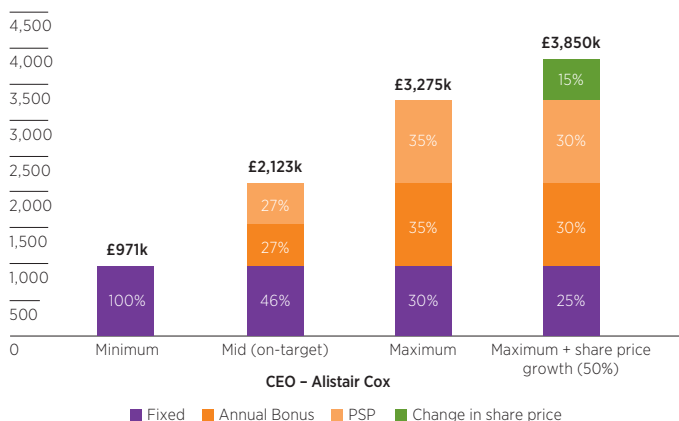
The annual fees payable to newly appointed non-executive directors will be in line with the fees payable to existing non-executive directors.

Remuneration scenario graph for executive directors

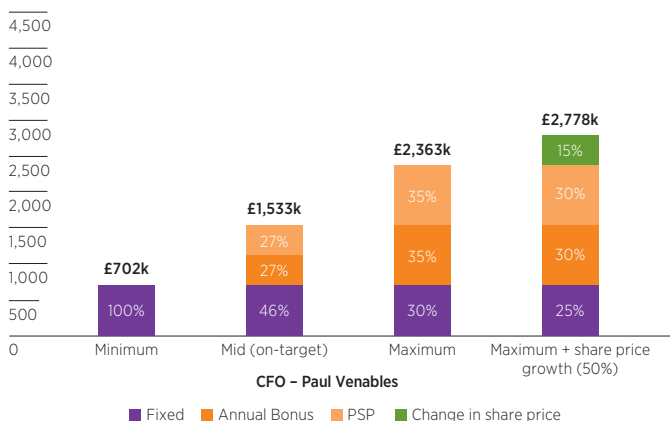
The graphs below illustrate the remuneration that would be paid to each of the executive directors, based on salaries at the start of financial year 2021 under four different performance scenarios: (i) Minimum; (ii) Mid (on-target); (iii) Maximum; and (iv) Maximum + share price growth. The elements of remuneration have been categorised into three components: (i) Fixed; (ii) Annual Bonus; and (iii) PSP.

Value of package

£'000



£'000



Each element of remuneration is defined in the table below:

Description
Total amount of salary and pension in respect of the FY21 financial year and benefits as disclosed under the FY20 single figure.
Bonus of up to 150% of salary.
PSP of up to 150% of salary for FY21.
As PSP awards are granted as shares, the value of the award can vary significantly, depending on the extent to which the performance criteria are achieved and the movement of the share price over the relevant Performance Period and Holding Period. The above chart shows the effect on the maximum value if the share price increased by 50%. This would make a difference of £575k for Alistair Cox and £415k for Paul Venables. Conversely, if the share price dropped by 50%, their maximum remuneration would reduce by these amounts.

Assumptions used in determining the level of pay-out under given scenarios are as follows:

- Minimum performance scenario assumes fixed pay only and no variable payments under the Annual Bonus and PSP;
- Mid (on-target) performance scenario assumes payment of bonus and PSP at 50% of the maximum;
- Maximum performance scenario assumes outstanding level of performance, resulting in 150% base salary pay-out in respect of the PSP and 150% base salary pay-out in respect of the Annual Bonus.

Statement of conditions elsewhere in the Group

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 directly consult with employees as part of the process of reviewing executive pay and formulating the remuneration policy set out in this report, the Company does receive an update and feedback from the broader employee population on an annual basis using an engagement survey which includes a number of questions relating to remuneration.

Our Policy aligns with Provision 40 of the UK Corporate Governance Code 2018

Clarity	Simplicity	Alignment to culture
In formulating the Policy, we actively engaged with all our shareholders who held 1% of our shares or above. This represented approximately 80% of total shareholdings. In addition, we sought views and shared proposals with the voting agencies – IVIS, ISS, Glass Lewis and PIRC. Their views, especially regarding level of pension contributions, were taken into consideration in the final Policy proposals. Our Global Principles of Remuneration that explain how executive remuneration aligns to that of the wider workforce is available on our intranet for all employees.	We aim to clearly and transparently disclose our remuneration structure within the Remuneration Policy and Remuneration Report and clearly explain how it aligns to our strategic goals. Our incentive plans are based on our key performance metrics which in turn fully align to our strategy.	Our Global Principles of Remuneration demonstrate how our remuneration links to our Purpose and Values and are available to all employees. We operate a high-performance model, with a high proportion of remuneration based on variable pay. The key metrics used within the Annual Bonus and Performance Share Plan align to our strategy.
Predictability	Proportionality	Risk
The scenario graphs demonstrate the range of potential outcomes under the Policy. They show how differing performance impacts the level of reward, including the effect of a change in the Company's share price.	As stated above, a high proportion of remuneration is based on variable incentives. Our PSP has a five-year life-span with a two-year Holding Period following a three-year Performance Period. Our executive directors are required to hold shares equivalent to 200% of salary while in office and have a post-employment shareholding requirement in order that they continue to align with shareholders. Both executive directors currently hold above the required level of shares.	The Committee retains discretion to adjust the outcome of the formulaic results if they feel these do not adequately reflect the underlying performance of the Company. Malus and Clawback apply to both the Annual Bonus and PSP.

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Section 1 – Total reward for FY20

In this section:

1.1 FY20 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 FY20 fees for non-executive directors (NEDs)

Section 1 – Total Reward for FY20

Remuneration for FY20 reflects the Policy approved by shareholders at the 2017 AGM. It also takes into account the mutual decisions taken by the Remuneration Committee in conjunction with executive directors to reduce base salary over the last quarter of FY20 and not to pay any Annual Bonus in relation to FY20 in recognition of the impact that Covid-19 had on the business. Further details are given in the notes to the Single Figure table.

1.1 FY20 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 FY20. Comparative figures for FY19 have also been provided. Details of non-executive directors' (NEDs) fees are set out in 1.2 on page 105.

E000s Executive director	Salary Note 1	Benefits Note 2	Pension Note 3	Other Note 4	Total Fixed Remuneration	Annual Bonus Note 5	Total Remuneration excluding PSP (a)	PSP Note 6 and (b)	Total Variable Pay (c)	Total Remuneration (b)
FY20										
Alistair Cox Chief Executive	749	50	230	0	1,029	0	1,029	368	368	1,397
Paul Venables Group Finance Director	540	38	166	0	744	0	744	265	265	1,009
FY19										
Alistair Cox	753	50	226	0	1,029	557	1,586	1,080	1,637	2,666
Paul Venables	543	41	163	2	749	402	1,151	779	1,181	1,930

(a) This column includes Salary, Benefits, Pension, Other and Annual Bonus.

(b) FY19 PSP figures now reflect the actual vesting price on 12 September 2019 of £1.4864. More detail is shown on pages 104 and 105.

(c) Sum of Annual Bonus and PSP.

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 2019. This increase was the same as the wider budget set for relevant UK employees. Due to the impact of Covid-19 on the business, the executive directors took a salary reduction of 10% for the three-month period 1 April to 30 June 2020, representing the last quarter of FY20.

Name	Salary for FY20 including salary reduction of 10% for last quarter	Salary for FY20	Increase over FY19	Salary for FY19
Alistair Cox	£748,569	£767,763	2.0%	£752,709
Paul Venables	£539,717	£553,556	2.0%	£542,702

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 FY20.

£000s Executive director	Private Medical Insurance (PMI)	Life assurance	Income protection	Travel and mileage	Car allowance	Total
FY20						
Alistair Cox	2	11	13	4	20	50
Paul Venables	2	5	13	–	18	38
FY19						
Alistair Cox	2	11	13	4	20	50
Paul Venables	2	8	13	–	18	41

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 FY20.

The Remuneration Committee reviewed the approach on retirement benefits as part of the Policy renewal being put to shareholders at the November 2020 AGM. As a result, pension will reduce from 30% to 20% of base salary for FY21 and to the level of the majority of Hays' UK employees by 31 December 2022.

£000s Executive director	Pension
FY20	
Alistair Cox	230
Paul Venables	166
FY19	
Alistair Cox	226
Paul Venables	163

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 106.

£000s Executive director	Other
FY20	
Alistair Cox ⁽¹⁾	0
Paul Venables ⁽²⁾	0
FY19	
Alistair Cox	0
Paul Venables ⁽³⁾	2

- Alistair Cox's savings under the 2017 Sharesave Scheme were repaid but the options remain available until 1 November 2020.
- Paul Venables did not exercise his options under the 2017 Sharesave Scheme in FY20. The share price at 1 May 2020, which was the first available date for exercise, was £1.059. The options were therefore underwater at this time and the theoretical gain is shown as zero.
- 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. Paul exercised these options on 11 July 2020 at a share price of £1.478 resulting in a gain of c.£1k (option price was £1.07).

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1.1.5 Annual Bonus – note 5 (audited)

Policy summary

- Maximum bonus potential for FY20 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

Although the formulaic outcome of the FY20 Annual Bonus would have resulted in a payment, the Committee agreed with the executive directors that such a payment would be inappropriate due to the impact of Covid-19 on the business. Hence no bonuses will be paid to the executive directors in relation to FY20.

However, for more information on what elements of bonus would have been achieved, please see pages 101 and 102 for information on actual performance against targets.

The table below shows actual bonus was zero but achievement would have been c.55% of maximum based on a formulaic assessment of performance.

Summary

£000s Executive director	Annual Bonus actually awarded	Of which cash	Of which deferred
FY20 – 50% deferred into shares			
Alistair Cox	0	0	0
Paul Venables	0	0	0
FY19 – 50% deferred into shares			
Alistair Cox	557	278	279
Paul Venables	402	201	201

Details of the FY20 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: ensure ongoing business efficiency; and 20% on personal objectives: safeguard plan for Company's future. Overall, both executives partially achieved 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 the assessment of the individual executives' overall performance against key objectives, the Committee also takes into account its views of the directors' regulatory compliance and approach to risk (including environmental, social or governance (ESG) risks). Use of discretion For FY20, the Committee took into account the effects that the pandemic Covid-19 has had on businesses in general and on Hays' key stakeholders: investors, employees, suppliers and clients. Although the formulaic outcome of the FY20 Annual Bonus would deliver a payment, the Committee agreed with the executive directors that such a payment would be inappropriate. The Committee therefore exercised its discretion and no bonus was awarded to the executive directors for FY20.	Under the formulaic outturn of the FY20 Annual Bonus, the executive directors would have received a bonus of c.55% of maximum (assuming the same outturn for the personal element as FY19). This would have delivered a bonus of c.£426k for the CEO, Alistair Cox and c.£307k for the CFO, Paul Venables. However, as previously stated, no bonus was awarded to the executive directors for FY20. Zero has therefore been entered into the Single Figure table.

Calculation of actual results (audited)

Annual Bonus FY20 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%	10.09p	12.33p	5.46p	18 – 90	0%	0	0%	0
Cash Conversion	20%	71%	101%	182.52%	6 – 30	0%	0	0%	0
Personal	20%	–	100%	Partially achieved	0 – 30	0%	0	0%	0
Total FY20	100%				These totals are in the FY20 Single Figure	0%	0	0%	0
* Both the target and actual performance were based on budget exchange rates. Therefore actual performance is slightly lower than the reported performance due to movements in exchange rates during the year.						Of which cash – 50%	0	Of which cash – 50%	0
						Of which deferred – 50%	0	Of which deferred – 50%	0

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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. Despite progress being made in a number of areas, no bonus was paid in respect of this element for FY20. However, the key major themes of the objectives and the executives' broad achievements are summarised below.

CEO – Alistair Cox

Broad themes	Summary of progress
The development of growth plans and investment in key markets and countries.	Very good progress was made on the personal objectives. Growth plans were developed for all of the markets identified, and this work will be implemented during the coming year, and there was continued strong progress in the US business, with further strong foundations put in place to exploit the opportunity there. The agenda around innovation continued expanding, with encouraging development of existing and new ideas. The key senior personnel moves were successfully concluded, and there was good progress in building on the succession planning process.
Building succession plans and associated development of the individuals identified as key role holders.	
Innovation and development of IT solutions including productivity tools and further development of Salesforce and the introduction of Hays Hub.	

CFO – Paul Venables

Broad themes	Summary of progress
Implement new finance systems and continue to review and embed the risk and control systems in key areas.	Very good progress was made on the introduction of new systems in the US, Canada and Germany and embedding control systems in Hong Kong, The Netherlands and the USA. Strong development plans were developed for key individuals in succession plans. Very strong cost control measures were put in place and the business infrastructure protected during the impact of Covid-19.
Continue to develop key individuals to ensure the strength of succession plans within the finance area.	
Ensure tight cost control and review impact of Brexit.	

1.1.6 PSP – note 6

Policy summary

- The 2017 PSP was granted under the Policy approved at the November 2017 AGM.
- Maximum potential for executive directors was 150% of base salary at grant.
- KPIs were focused on long-term sustainability and shareholder returns.
- Performance period was three years which is followed by a two-year Holding Period.
- 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 during the Holding Period.

What has happened

50% of the 2017 award vested in 2020. No Malus was exercised.

PSP 2017 (granted in FY18) vesting in 2020

The value of the 2017 PSP (vesting in November 2020) is based on a share price of £1.1135 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 £1.872 being the closing price on the day preceding the grant date. The award vested at 50% of the maximum.

See pages 103 and 104 for detailed information on performance against targets.

Executive director	Value £000s in Single Figure based on share price of £1.1135	Restatement
2020		
Alistair Cox	368	Value will be restated in FY21 report when vesting share price is known.
Paul Venables	265	

Details of PSP 2017 (granted in FY18) vesting in 2020

This PSP was granted under the Policy approved by shareholders in 2017.

The performance metrics and objectives	Assessment	Achievement and what happens now
Three-year plan Performance period: 1 July 2017 to 30 June 2020. Granted: 21 November 2017 and will vest on 21 November 2020. Vesting will be followed by a two-year Holding period. Performance Metrics 30% on cumulative earnings per share (EPS): focuses on longer-term shareholder returns. 50% on Cumulative Cash Conversion focuses on ongoing business cash efficiency, whatever the trading circumstances of the Company. 20% 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	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 prior to 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.	Alistair Cox Awarded 591,306 shares in 2017. 50% of the award has vested. 330,449 shares are due to vest in November 2020 which includes accrued dividend equivalent shares. This equates to a value of £367,955 using a preliminary share price of £1.1135 – see page 104. Paul Venables Awarded 426,331 shares in 2017. 50% of the award has vested. 238,253 shares are due to vest in November 2020 which includes accrued dividend equivalent shares. This equates to a value of £265,295 using a preliminary share price of £1.1135 – see page 104. Notes The Committee is satisfied that out-turns suitably reflect performance over the period. While the vesting reflects performance at the end of FY20, it is noted that forecasted vesting for this award was tracking at a higher level prior to the impact of the Covid-19 pandemic, reflecting the underlying progress made over the period. These values will be restated in FY21's Report once the final share price is known. There was no dividend for FY20. Vested shares for both Alistair and Paul will now be subject to a two-year Holding Period.

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Actual results

PSP 2017 (granted in FY18) vesting in 2020 (audited)

The share price used to calculate the award was £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							
Vest date	21 November 2020 followed by two-year Holding Period							
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⁾	20%	Median of the comparator group	Upper quartile of the comparator group	0	7.5%	30%	Below median	0%
EPS ⁽²⁾	30%	32.21p	37.73p	0	11.25%	45%	28.64p	0%
Cash Conversion	50%	71%	101%	0	18.75%	75%	120.09%	75%
Total	100%			0	37.50%	150%		75%
					25% of award	100% of award		50% 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, Kelly Services Inc, Manpower Inc, Page Group, 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:

- 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.

Note: The award is subject to Malus for the three-year performance period and Clawback during the two-year holding period.

Name	% of FY18 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	Vest date	Release date	Value (figure shown in Single Figure of Remuneration) £000s ⁽¹⁾	2016 award that vested in 2019 as stated in the FY19 Single Figure £000s	2016 award value restated using share price at release date £000s ⁽²⁾
Alistair Cox	150	1,107	1.872	591,306	660,898	330,449	21 November 2020	21 November 2022	368	1,112	1,080
Paul Venables	150	798	1.872	426,331	476,506	238,253	21 November 2020	21 November 2022	265	802	779

(1) The value of the 2017 PSP is based on a share price of £1.1135 which was calculated using an average for the final quarter of the 2020 financial year in accordance with the Regulations as the vesting will occur after the date of this report.

(2) The value of the 2016 PSP disclosed in the 2019 Single Figure was 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 occurred after the date of the Report. The share price on award was £1.373. The actual share price on the date of vesting on 12 September 2019 was £1.4864. This price has been used to restate the value of the 2016 PSP awards in the Single Figure for 2019 in the table above and the Single Figure table on page 98.

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.

PSP 2016 (granted in FY17) vesting in 2019

The value of the 2016 PSP (which vested in 2019 and was disclosed in the 2019 Single Figure) was 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 occurred after the date of the Report. The share price on award was £1.373. The actual share price on the date of vesting on 12 September 2019 was £1.4864. This price has been used to restate the value of the 2016 PSP awards in the Single Figure for 2019 in the table above and the Single Figure table on page 98.

£000s Executive director	Value in 2019 Single Figure based on share price of £1.53	Value restated based on actual share price at vesting of £1.4864
2019		
Alistair Cox	1,112	1,080
Paul Venables	802	779

1.2 Non-executive directors FY20 fees (audited)

The table below shows the current fee structure and actual fees paid in FY20. There were no taxable benefits paid in FY20 or FY19.

All non-executive directors took a fee reduction of 10% for the three-month period 1 April to 30 June 2020, i.e. the last quarter of FY20. This was in recognition of the impact that Covid-19 had on the business and its wider stakeholders.

£000s Non-executive director	Andrew Martin	Peter Williams	Susan Murray	MT Rainey	Torsten Kreindl	Cheryl Millington
Chairman						
		SID				
		R	R	R	R	R
	N	N	N	N	N	N
		A	A	A	A	A
				WE		
Total fee FY20	219	80	69	69	57	57
Total fee FY19	205	68	70	61	57	4

Key – positions held during FY20

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 FY20 was £57,963.

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.

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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 FY20

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 FY20. The shares that vested related to deferred Annual Bonus from previous years. The shares awarded in the financial year 2020 relate to deferred Annual Bonus in relation to performance in the financial year 2019. 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 2019 ⁽¹⁾	Dividend equivalents accrued to date	Awards granted in FY20 ⁽²⁾	Grant price (market price at date of award)	Face value of award granted in FY20 (at grant price)	Dividend equivalent shares accrued to date	Awards vesting in FY20	Awards outstanding as at 30 June 2020
Alistair Cox	609,823	78,223	189,582	£1.47	£278,686	9,713	189,574	697,767
Paul Venables	439,680	56,395	136,689	£1.47	£200,933	7,003	136,682	503,085

(1) The opening balance shows number of shares at award and not any accrued cumulative dividend equivalents.

(2) The awards were granted on 6 September 2019.

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 2020.

Name	Scheme date of grant	Balance 1 July 2019	Granted during 2020	Exercised	Balance 30 June 2020	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	11 July 2019	1.478	1	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

Notes:

Alistair Cox received a refund of his savings but the option remains open until 31 October 2020.

Paul Venables did not exercise his 2017 share options in FY20. A figure based on the theoretical gain had he exercised them at the first available opportunity on 1 May 2020 is shown in the Single Figure. A theoretical figure for the 2016 award was shown in the 2019 Report.

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.

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 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.

Notes:

There is a two-year Holding Period post vesting for any shares that vest as a result of performance conditions being met.

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.

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2019 PSP (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 (25% of the elements vest)	Maximum performance required (100% of the 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%	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.

Notes:

There is a two-year Holding Period post vesting for any shares that vest as a result of performance conditions being met.

The award is subject to Malus for the three-year performance period and Clawback during the two-year Holding Period.

Name	% of FY20 salary awarded	Face value at award £000s	Share price at award £	Maximum number of shares	Threshold number of shares
Alistair Cox	150	1,152	1.518	758,659	189,664
Paul Venables	150	830	1.518	546,992	136,748

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 2020 are set out in the table below.

Name	Shareholding requirement % of salary	Number of shares owned outright/ vested shares	Share price as at 30 June 2020	Base salary as at 1 July 2019	Actual share ownership as % of base salary	Guidelines met
Alistair Cox	200%	3,910,543	£1.19	£767,763	606%	Yes
Paul Venables	200%	1,391,228	£1.19	£553,556	299%	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 2020, but excluding Sharesave options, are shown below. For reference, their Sharesave options are shown in the table under 2.2 on page 106.

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	3,910,543	£4,653,546	697,767	£830,343	4,608,310	£5,483,889	714%	2,068,052
Paul Venables	1,391,228	£1,655,561	503,085	£598,671	1,894,313	£2,254,232	407%	1,491,061

(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 30 June 2020 and used in the above table was £1.19.

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 2020 – this table has been audited.

Non-executive director	Shares held at 30 June 2020	Shares held at 30 June 2019
Andrew Martin	190,088	35,000
Peter Williams	31,806	15,806
Susan Murray	4,000	4,000
MT Rainey	48,845	–
Torsten Kreindl	–	–
Cheryl Millington	–	–

There have been no changes to the above holdings for current NEDs as at the date of this Report.

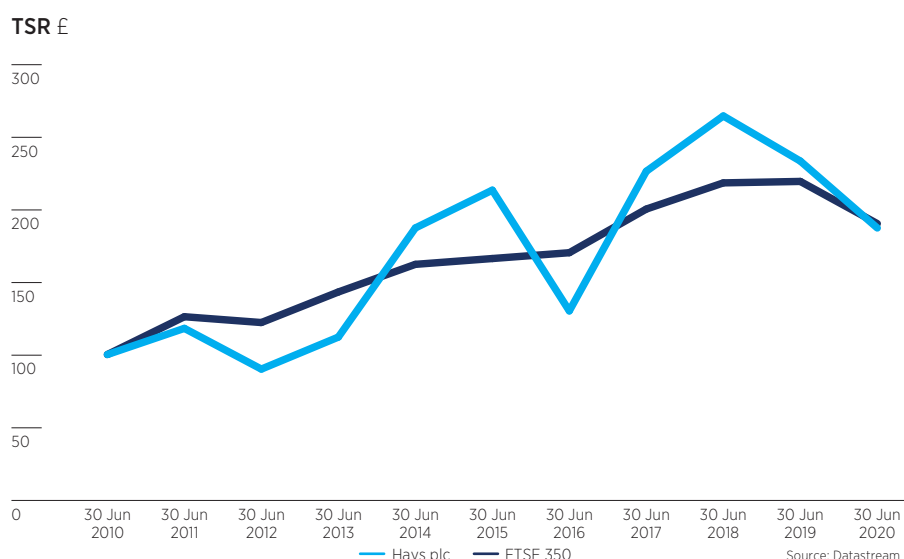
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2.5 Total Shareholder Return (TSR)

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.



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 2019 figure has been restated to take into consideration the actual share price on date of PSP vesting.

Chief Executive	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Single Figure (£000s)	1,634	2,157	1,328	2,012	2,826	3,996	2,796	2,993	3,009	2,666	1,397
Annual Bonus payment level achieved (% of maximum opportunity)	89%	80%	37%	95%	98%	98%	66%	93%	97%	49%	0%
PSP vesting level achieved (% of maximum opportunity)	0%	50%	0%	22%	50%	100%	86%	60%	55%	70%	50%
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	N/A

2.6 Payments to past directors/payment for loss of office during FY20

There were no payments made in relation to either of the above in the financial year 2020.

Section 3 – Remuneration in the broader context

In this section:

3.1	Remuneration for employees below Board	3.3	CEO vs Employee Pay Ratio
3.2	Change in Board remuneration compared to other employees	3.4	External appointments
		3.5	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. The cash element is subject to Clawback provisions for three years. Members of the Management Board also participate in the Performance Share Plan (PSP) with the same performance conditions as the executive directors.

Members of the Management Board are deemed 'specified individuals' under the Remuneration Committee's Terms of Reference and therefore have their remuneration set by the Committee. Along with the executive directors, the Committee determined that no Annual Bonus in relation to FY20 would be paid to the Management Board. Members of the Management Board also took a salary reduction for the last quarter of FY20 and no pay increases were given for FY21.

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 normally 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.

As a result of the impact of Covid-19 on the business, c.170 senior managers below the Management Board took a voluntary pay reduction for the last two months of FY20.

On 19 February 2019, MT Rainey was appointed as NED for workforce engagement.

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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 normally 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			

3.2 Change in Board's remuneration compared to other employees

The following table sets out the change in the remuneration paid to Board Directors from FY19 to FY20 compared with the average percentage change for Hays plc employees. Hays plc only employs the CEO and CFO and has contracts for services for the Chairman and non-executive directors.

The executive directors' remuneration disclosed in the table below has been calculated to take into account base salary, taxable benefits (excluding allowance in lieu of pension), and Annual Bonus (including any amount deferred).

	% change in salary/fee ⁽¹⁾ FY20 vs FY19	% change in taxable benefits ⁽²⁾ FY20 vs FY19	% change in Annual Bonus FY20 vs FY19
Chief Executive – Alistair Cox	-1.0%	0%	-100.0%
Group Finance Director – Paul Venables	-1.0%	-7.0%	-100.0%
Chairman – Andrew Martin	7.0%	n/a	n/a
SID and Chair of Audit Committee – Peter Williams	18.0%	n/a	n/a
Chair of Remuneration Committee – Susan Murray	-1.0%	n/a	n/a
Chair of Workforce Engagement – MT Rainey	13.0%	n/a	n/a
NED – Cheryl Millington	0%	n/a	n/a
NED – Torsten Kreindl	0%	n/a	n/a
Employees of Hays plc ⁽³⁾	n/a	n/a	n/a

(1) NEDs do not receive benefits or Annual Bonus. As noted on pages 98 and 105, salaries/fees were reduced by 10% for the final quarter of FY20. Where increases over FY19 are shown this is due the fact that some NEDs took on additional responsibilities part way through FY19 but FY20 represents a full year of the associated fee.

Cheryl Millington joined the Board on 17 June 2019.

(2) The change to Paul Venables' benefits is due to a reduction in the premium for life assurance. The actual cover level did not change.

(3) Hays plc only employs the CEO and CFO and has contracts for services for the Chairman and non-executive directors.

3.3 CEO vs Employee Pay Ratio

This is the first year that we have been required to disclose the ratio of CEO remuneration to that of our employees at the median, 25th and 75th percentiles. The table below shows the overall positions:

	£000s		
FY20 CEO Single Figure of Remuneration as shown on page 98			1,397
	25th percentile	Median	75th percentile
CEO vs Employee Pay Ratio – Methodology A	53:1	36:1	22:1
Employee total remuneration for FY20	£26,570	£38,397	£62,847
Employee base salary for FY20	£24,500	£27,500	£35,800

We are committed to providing a total reward package for our employees that is competitive. The structure of remuneration for employees is shown on page 112. We anticipate that the ratio may vary significantly year to year as it will be influenced by the level of variable pay earned such as commission and Annual Bonus and, in the case of PSP awards, by the level of vesting and share price fluctuation. This variation in remuneration will apply to both employees and the CEO. A greater proportion of the package is variable at senior levels. The median pay ratio therefore reflects the pay, reward and progression policies.

In calculating the ratio, we have used methodology A, that is the same method as used for the CEO Single Figure of Remuneration, as this is felt to be the most accurate calculation and allows for a like-for-like comparison.

The UK employees included in the calculation are those who have been employed for the full FY20 financial year and part-time employees have been pro-rated to full-time equivalents to enable a realistic comparison as required under the legislation. We have excluded leavers and joiners during the year as it is felt these would not allow an accurate reflection of the figures.

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3.4 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 2020, 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. He stood down from this position on 2 March 2020. His payment for the period 1 July 2019 to 2 March 2020 was £45,260.
- Paul Venables: Paul holds no external appointments.

3.5 Relative importance of spend on pay

The table below sets out the relative importance of the spend on pay in the 2020 financial year and the 2019 financial year compared with other disbursements. All figures are taken from the relevant Hays Annual Report.

	Disbursements from profit in 2020 financial year £m	Disbursements from profit in 2019 financial year £m	% change
Profit distributed by way of dividend	0.0	137.9	-100.0%
Overall spend on pay including directors	668.5	692.3	-3.4% ⁽¹⁾

- (1) The decrease is primarily due to exceptionally low levels of incentive and commission payments across the Group, and headcount reductions in the second half of the year and voluntary pay reductions in Q4.

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 2021. These are subject to approval of the Policy by shareholders at the November 2020 AGM.

4.1 Executive directors

Summary

Position	Name	Base salary from 1 July 2020	Maximum bonus potential as % of salary	Maximum PSP award as % of salary	Benefits and pension
CEO	Alistair Cox	£767,763	150%	150%	Reduction from 30% of salary to 20% of salary for pension
CFO	Paul Venables	£553,556	150%	150%	Reduction from 30% of salary to 20% of salary for pension
		There were no salary increases for FY21 and therefore the salaries remain the same as for FY20	See below for performance conditions	The new Policy allows for a grant of up to 200% but the first grant at this level will be considered for September 2021	
		See grant summary below			

Bonus performance conditions

The weighting of the performance conditions remain as follows for FY21:

Performance condition	Weighting	
Financial (profit and cash)	80%	The operation of the Bonus Plan is as set out in the Remuneration Policy on pages 87 and 88. 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.
Personal	20%	
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;
- Fraud and Gross misconduct;
- Severe reputational damage; and
- Corporate failure.

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2020 PSP (to be granted in FY21) vesting in 2023, followed by a two-year Holding Period (to be made under the Policy to be put to shareholders at the November 2020 AGM)

Given the complex challenges of Covid-19 we have delayed the target setting for 2020 PSP awards until later in the year to ensure that they are sufficiently robust and stretching. Full details of the awards to the executive directors, together with their associated targets, will in due course be disclosed on our website. (In line with guidance published by the Investment Association the Committee intends for any targets to be disclosed within six months of the publication of the Annual Report and Financial Statements).

Performance period	1 July 2020 to 30 June 2023					
Grant date	20 November 2020					
Vest date	20 November 2023 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%	*	*	0	11.25%	45%
Cash Conversion	50%	*	*	0	18.75%	75%
Total	100%			0	37.50%	150%
					25% of award	100% of award

* To be set and disclosed during the financial year

- (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 the 2020 award 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) In setting EPS targets, the Committee will take into account the following factors:
- Budget (the setting of which is a robust and transparent process):
 - Company budget for FY21 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 will be set around a fixed range.

Notes:

There will be a two-year Holding Period post vesting for any shares that vest as a result of performance conditions being met. 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;
- Fraud and Gross misconduct;
- Severe reputational damage; and
- Corporate failure.

Shareholding requirements

For FY21 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 109.

4.2 Non-executive directors

The Committee reviewed the Group Chairman's fee for FY21 and determined that there should be no fee increase for FY21 given the ongoing impact on the business of the Covid-19 pandemic. This was in line with the decision not to increase the salaries of the executive directors and a broader decision across the Company not to award any pay review budget. The Board reviewed the fees for the other non-executive directors (NEDs) during FY20 and similarly determined that there would be no increase to fees for FY21. There were also no changes made to the SID fee or Committee Chair fees. There is no fee for being the Chair of the Nomination Committee. Fees for FY21 will therefore remain at the same level as FY20.

Position	Fee for FY21 £000s	Fee for FY20 £000s
Chairman	224	224
Base fee	58	58
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 FY19 at the 2019 AGM

Votes	Votes 2017 Policy	%	Votes FY19 Remuneration Report	%
Votes for	1,015,990,462	94.02	1,204,736,129	96.32
Votes against	64,624,371	5.98	46,015,367	3.68
Votes withheld	6,955,822	–	21,085,791	–

ANNUAL REPORT ON REMUNERATION

CONTINUED

Section 5 – Governance

In this section:

- 5.1** Remuneration Committee members and attendees
- 5.2** Terms of reference
- 5.3** Meetings in FY20

- 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 FY20.

Remuneration Committee members	Position	Comments
Susan Murray	Member from 12 July 2017	Independent
Torsten Kreindl	Member from 1 June 2013	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 FY20	Attended by invitation.

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 FY20

The Committee normally meets at least four times per year. During FY20, it formally met four times as well as having ongoing dialogue via email or telephone discussion. A number of workshops were also held to review the Remuneration Policy. The meetings principally discussed the following key issues and activities:

- Review of the Remuneration Policy;
- A review of the basic pay, bonus and PSP awards of the executive directors and other senior executives, in particular in relation to Covid-19;
- 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.

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 FY20 Deloitte has advised the Committee on all aspects of the current and future 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 FY20 in relation to Committee work was £72k 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 2017 Remuneration Policy proposals, the Resolution for which received a 94.02% vote in favour at the November 2017 AGM.

During FY20 the Committee proactively liaised with shareholders when considering the Policy renewal contained in this report and which will be voted on at the November 2020 AGM. The Committee valued the very constructive and open discussions and the feedback it received. The Committee took shareholder comments into consideration and made adjustments to the Policy now contained in this report in relation to pension proposals. The Committee is appreciative of shareholder support.

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
26 August 2020

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 along with the Company's Section 172 statement.

The Statement of Compliance with the Code for the reporting period is contained in the Governance Report.

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 28 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

No dividends for the financial year ended 30 June 2020 have been paid or are proposed.

Financial instruments

Details of the financial instruments used by the Group are set out in notes 19 to 21 to the Consolidated Financial Statements. A general outline of Hays' use of financial instruments is set out in the treasury management section on page 41 of the Finance Director's Review.

Directors

Biographies of the serving directors of Hays are provided on pages 60 and 61 of this Report. They all served on the Board throughout the 2020 financial year. Peter Williams is the Senior Independent Director and MT Rainey is 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.

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 2020, the Company had 1,682,116,775 fully paid Ordinary shares in issue, of which 4,386,954 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.

For information, on 2 April 2020, the Company announced the successful completion of the non-pre-emptive placing of 210,421,053 new Ordinary shares (Placing

and the subscription by certain directors of the Company for a total of 105,264 new Ordinary shares (Subscription) at a price of 95.0 pence per Ordinary share (Placing Price). The aggregate new Ordinary shares issued under the Placing and the Subscription represented approximately 14.3% of the existing issued Ordinary share capital of the Company prior to the Placing. The Placing Price represented a discount of 13.2% to the closing share price of 109.4 pence on 1 April 2020 and a discount of 3.6% to the middle market price at the time at which the Company agreed the Placing Price. The Placing and the Subscription raised net proceeds of approximately £195.9 million which have been used to strengthen the Company's balance sheet, working capital and liquidity position during this period of unprecedented disruption resulting from the Covid-19 pandemic, and to put the Company in a strong position to pursue organic growth opportunities with new and existing blue-chip clients. The Placing was conducted on a soft pre-emptive basis, with consultation between the Company and its major institutional shareholders ahead of the announcement of the Placing. The Board concluded that the Placing was in the best interests of shareholders and wider stakeholders and would promote the success of the Company, a conclusion which was endorsed by the consultation with major institutional shareholders. Over the three-year period preceding the Placing, the Company has only issued shares for the purpose of fulfilling its obligations under employee share schemes.

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 2020, 0.26% 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 2020 financial year, Hays transferred 1,046,323 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 2020, the following shareholders held an interest of 3% or more of the Company's issued share capital:

	% of total voting rights
Columbia Threadneedle Investments	10.43%
Silchester International	8.81%
Cedar Rock Capital Limited	7.58%
Majedie Asset Management	7.43%
Baillie Gifford & Co*	5.50%
Marathon Asset Management	4.22%
Heronbridge Investment Management	3.56%
Evenlode Investment	3.40%
M&G Investment Management	3.38%

* On 4 August 2020 Baillie Gifford notified the Company that their notifiable interest had fallen below 5%.

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 19 and 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. 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.

2020 Annual Report & 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 & 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 on 11 November 2020; further details are provided in the Notice of Meeting (the Notice).

The Notice 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 is contained in a separate circular to shareholders which is being mailed or otherwise provided to shareholders at the same time as this Report.

By order of the Board

Doug Evans

Company Secretary
26 August 2020

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report & 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 also 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 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 accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in the 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.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

By order of the Board

Alistair Cox
Chief Executive

Paul Venables
Group Finance Director
26 August 2020

FINANCIAL STATEMENTS

Financial Statements for the Group including the report from the Independent Auditor.

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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 2020 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 & Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 30 June 2020; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and 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 Auditors' 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 Note 7 to the financial statements, we have provided no non-audit services to the Group or the Company in the period from 1 July 2019 to 30 June 2020.

The scope of our audit

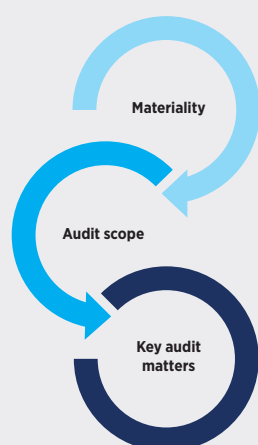
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

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 the Listing Rules, Pensions legislation, UK tax legislation, UK employment 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: £10.1 million (2019: £12.3 million), based on 5% of the average of the last three years' profit before tax adjusted for exceptional items.
- Overall Company materiality: £9.4 million (2019: £8.9 million), based on the lower of component materiality and 1% of total assets.
- 85% of Group net fees and 95% of Group profit before tax and exceptional items 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.
- As the Group and UK audit team, we maintained regular contact with significant component teams in Germany and Australia and evaluated the outcome of their audit work.
- Recoverability of trade receivables (Group).
- Goodwill impairment assessment (Group).
- Covid-19 (Group).

- Discussions with management, internal audit and local legal advisors, 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;
- Challenging assumptions and judgements 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 auditors' professional judgement, 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 73 (Audit Committee Report), Note 2, Note 3 and Note 18 to the financial statements for the directors' disclosures of the related accounting policies, judgements and estimates. At 30 June 2020, the total trade receivables balances net of provisions included in Note 18 was £521.2 million (2019: £649.3 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 judgements required in making appropriate provisions. Given the current economic impact of Covid-19, there may be additional risk in the trade receivables balance as customers may be experiencing cash flow problems and recoverability may be in greater doubt.	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 judgements regarding the level of expected credit loss for trade receivables and assessed whether the associated provisions were calculated in accordance with the Group's provisioning policies and/or whether there was evidence of management bias in provisioning, obtaining supporting evidence as necessary; and – We also challenged management 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. 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
Goodwill impairment assessment – Group Refer to page 73 (Audit Committee Report), Note 2, Note 3 and Note 13 for the related disclosures on goodwill. The Group carried £209.0 million of goodwill at 30 June 2020 (2019: £227.2 million), following an impairment charge of £20.3 million recorded against the goodwill in its US business. The carrying value of goodwill is underpinned by the 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 may be impaired. We focused our assessment on the Hays US CGU and the associated £20.3m impairment recorded in the year. The residual carrying value of goodwill in this CGU after the impact of impairment and foreign exchange was £23.1 million (2019: £42.4 million). The Group continues to make material investment in the US business to accelerate growth in line with the Group's long-term strategy to build a strong presence in the US. This in combination with the challenging economic conditions caused by Covid-19 means the future performance of the business could vary significantly, resulting in a greater or smaller impairment than that recognised.	For those CGUs other than the US, we considered whether there was any indication that the associated goodwill could be impaired. In order to assess the recoverable amount of goodwill as at the balance sheet date, we performed review procedures, and calculated sensitivities using severe but plausible downsides, to assess the risk of material impairment in each CGU. We were satisfied that these CGUs did not require any impairment. 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. We compared management's short-term forecast with the latest budget and found it 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 in light of Covid-19; and – the discount rate used in the calculations by assessing the cost of capital for the US business and comparing the discount rate to that expected by our internal valuation experts. 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 material change to the goodwill impairment, and considered the likelihood of such events occurring. Based on the procedures described above, we were satisfied that the impairment recorded against the US was materially reasonable.

Key audit matter	How our audit addressed the key audit matter
Covid-19 The Covid-19 pandemic has had a significant impact on the performance of the Hays Group during FY20, with the severity of the impact varying across Hays' global operations. As a result, the pandemic has brought increased estimation uncertainty to certain areas of the financial statements. The key areas of the financial statements most impacted by the increased estimation uncertainty are described below: (i) The directors have carefully considered the appropriateness of the going concern basis of preparation in the Group's financial statements. In doing so, they prepared a severe but plausible cash flow forecast that assumed the continuation of the weak trading performance experienced by the Group during Q4 FY20 for the whole of the going concern period. This showed that the Group could maintain a positive net cash position throughout the forecast period and that it would not need to draw on its available committed credit facilities. The directors therefore concluded in Note 2 that the going concern basis of preparation was appropriate; (ii) The recoverability of trade receivables has been considered in light of the increased uncertainty over customer liquidity and the ability of Hays to collect amounts due from customers; (iii) A £20.3 million impairment has been recorded against goodwill in the US. As explained in the previous Key Audit Matter, this reflects the Group's commitment to continue to invest in its US business to support its growth, but also takes into account the more challenging economic conditions caused by Covid-19; (iv) £7.0 million of restructuring expenses (as set out in Note 5) have been incurred in order to reduce operating costs in light of the pandemic. These costs have been presented as exceptional items in the Group's financial statements; (v) The forecasts of future taxable profits to support deferred tax assets in countries substantially impacted by the pandemic have been assessed as at 30 June 2020. A £12.6 million charge (as set out in Note 17) in respect of accelerated tax depreciation partly reflects a reassessment of the associated deferred tax position. (vi) The Hays' defined benefit pension scheme, as disclosed in Note 23, holds £948.4 million of assets as at 30 June 2020 including £56.2 million relating to real estate assets, the valuation of which could be more uncertain due to the pandemic. In addition, management's ways of working, including the operation of controls, has been impacted as a result of a large number of staff having to work remotely. This has inevitably resulted in an increase in risk due to the remote accessing of IT systems and a potentially heightened cyber risk.	In response to the key areas identified as being significantly impacted by Covid-19, we performed the following procedures: (i) We evaluated the appropriateness of the severe but plausible cash flow forecast used in management's determination of the going concern basis of preparation, which included an assessment of any key assumptions underpinning the net cash position forecast throughout the going concern period. We concluded that modelling a profitability and cash flow position that assumed a continuation of trading performance experienced in Q4 of FY20, when many of the countries in which the Group operates were in various states of government imposed lockdown, was an appropriately severe but plausible scenario. (ii) Refer to our first Key Audit Matter above for details of how we considered the impact of Covid-19 in our audit procedures over the recoverability of trade receivables; (iii) Refer to our second Key Audit Matter above for details of how we considered the impact of Covid-19 in our procedures over the recoverability of goodwill; (iv) In respect of the exceptional restructuring charges incurred in response to Covid-19 of £7.0 million, we assessed: – whether the associated provisions were determined appropriately in accordance with IAS 37 – Provisions, contingent liabilities and contingent assets; and – whether the presentation of these costs as exceptional was consistent with the Group's accounting policy for exceptional items, as well as in line with recent FRC guidance regarding the disclosure of costs as exceptional items; We did not identify any material issues in this respect. v) We assessed the basis of the forecast taxable profits across the Group and considered whether these were consistent with the basis of forecasting the Group's other significant estimates. We did not identify any material issues in respect of the recognition of deferred tax assets. vi) We engaged with Hays' external investment managers to verify the existence and nature of pension assets, while using internal experts to assess the valuation and uncertainty of the valuations. We are satisfied that the valuation of the pension assets is reasonable. We performed additional procedures to assess any control implications arising from the impact of the pandemic, including inquiries regarding the operation of IT and business process controls, and whether there had been any impact on the Group given the heightened cyber risk. Based on the inquiries performed and the results of our audit procedures, we did not identify any evidence of a material deterioration in the control environment.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

CONTINUED

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 Hays operates.

The Group's 33 trading countries are structured across four reporting 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 64% of the Group's net fees and 70% of the Group's profit before tax and exceptional items. 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 21% of Group net fees and 25% of Group profit before tax and exceptional items. In total, our full scope audit procedures covered 85% of the Group's net fees and 95% of the Group's profit before tax and exceptional items.

One holding company reporting unit was subject to a limited scope audit of tax balances.

Central review procedures were performed by the Group audit team on the remaining 14 countries that were not subject to full scope or specified audit procedures. These countries represented the remaining 15% of net fees and 5% of profit before tax and exceptional items for the Group.

Given the restrictions in overseas travel, we increased the frequency and extent of our oversight over component audit teams, particularly our significant component teams in Germany and Australia. This included regular video conferences and remote working paper reviews to direct and supervise the work of these teams, and to satisfy ourselves as to the appropriateness of the audit work performed.

The Group audit team also joined the audit clearance meetings for each of the 20 countries that were subject to full scope audit procedures, as well as holding calls with the regional management teams responsible for the 13 countries subject to central review procedures.

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 judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£10.1 million (2019: £12.3 million).	£9.4 million (2019: £8.9 million).
How we determined it	5% of the average of the last three years' profit before tax adjusted for exceptional items.	1% of total assets, limited by the allocation of component materiality.
Rationale for benchmark applied	We believe that profit before tax adjusted for exceptional items is the primary measure used by management and the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark. We have applied a three-year average to the profit before tax (before exceptional items) of the financial years 2018 (£238 million), 2019 (£246 million) and 2020 (£126 million) due to the substantial impact that Covid-19 has had on the business in 2020.	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 between £0.75 million and £9.4 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 £500,000 (Group audit) (2019: £612,500) and £500,000 (Company audit) (2019: £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 12 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.
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 auditor's 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 2020 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 page 59 about internal controls and risk management systems in relation to financial reporting processes and about share capital structures on page 120 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 59 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).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

CONTINUED

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 49 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 50 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 122, 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 72 to 75 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).

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities on page 122, 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 four years, covering the years ended 30 June 2017 to 30 June 2020.

Andrew Paynter

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

26 August 2020

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE

(In £s million)	Note	2020 Before exceptional items	2020 Exceptional items (note 5)	2020	2019 Before exceptional items	2019 Exceptional items (note 5)	2019
Turnover	4	5,929.5	–	5,929.5	6,070.5	–	6,070.5
Net fees⁽¹⁾	4	996.2	–	996.2	1,129.7	–	1,129.7
Administrative expenses ⁽²⁾	6	(861.2)	(39.9)	(901.1)	(880.9)	(15.1)	(896.0)
Operating profit	4	135.0	(39.9)	95.1	248.8	(15.1)	233.7
Net finance charge	9	(8.8)	–	(8.8)	(2.5)	–	(2.5)
Profit before tax		126.2	(39.9)	86.3	246.3	(15.1)	231.2
Tax	10	(46.2)	7.4	(38.8)	(72.7)	3.2	(69.5)
Profit after tax		80.0	(32.5)	47.5	173.6	(11.9)	161.7
Profit attributable to equity holders of the parent company		80.0	(32.5)	47.5	173.6	(11.9)	161.7
Earnings per share (pence)							
– Basic	12	5.28p	(2.14p)	3.14p	11.92p	(0.82p)	11.10p
– Diluted	12	5.23p	(2.13p)	3.10p	11.77p	(0.80p)	10.97p

(1) Net fees comprise turnover less remuneration of temporary workers and other recruitment agencies.

(2) Administrative expenses include impairment loss on trade receivables of £10.6 million (2019: £3.9 million).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE

(In £s million)	2020	2019
Profit for the year	47.5	161.7
Items that will not be reclassified subsequently to profit or loss:		
Actuarial remeasurement of defined benefit pension schemes	21.3	(63.1)
Tax relating to components of other comprehensive income	(4.4)	12.3
	16.9	(50.8)
Items that may be reclassified subsequently to profit or loss:		
Currency translation adjustments	5.7	7.6
Tax relating to components of other comprehensive income	–	(0.7)
Other comprehensive income for the year net of tax	22.6	(43.9)
Total comprehensive income for the year	70.1	117.8
Attributable to equity shareholders of the parent company	70.1	117.8

CONSOLIDATED BALANCE SHEET

AT 30 JUNE

(In £s million)	Note	2020	2019
Non-current assets			
Goodwill	13	209.0	227.2
Other intangible assets	14	48.9	38.4
Property, plant and equipment	15	31.4	33.0
Right-of-use assets	16	216.6	-
Deferred tax assets	17	11.1	24.0
Retirement benefit surplus	23	55.2	19.7
		572.2	342.3
Current assets			
Trade and other receivables	18	878.8	1,025.3
Corporation tax debtor		4.3	5.6
Cash and cash equivalents	19	484.5	129.7
Derivative financial instruments	20	0.1	-
		1,367.7	1,160.6
Total assets		1,939.9	1,502.9
Current liabilities			
Trade and other payables	22	(800.3)	(761.7)
Lease liabilities	16	(43.8)	-
Current corporation tax liabilities		(24.0)	(23.0)
Derivative financial instruments	20	-	(0.1)
Provisions	24	(16.8)	(1.1)
		(884.9)	(785.9)
Non-current liabilities			
Deferred tax liabilities	17	(6.9)	(8.4)
Lease liabilities	16	(184.9)	-
Provisions	24	(9.8)	(7.1)
		(201.6)	(15.5)
Total liabilities		(1,086.5)	(801.4)
Net assets		853.4	701.5
Equity			
Called up share capital	25	16.8	14.7
Share premium		369.6	369.6
Merger reserve	26	193.8	-
Capital redemption reserve		2.7	2.7
Retained earnings		161.0	206.7
Cumulative translation reserve		92.0	86.3
Equity reserve		17.5	21.5
Total equity		853.4	701.5

The Consolidated Financial Statements of Hays plc, registered number 2150950, as set out on pages 132 to 172 were approved by the Board of Directors and authorised for issue on 26 August 2020.

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 2020

(In £s million)	Called up share capital	Share premium	Merger reserve ⁽¹⁾	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Equity reserve ⁽²⁾	Total equity
At 1 July 2019	14.7	369.6	-	2.7	206.7	86.3	21.5	701.5
Currency translation adjustments	-	-	-	-	-	5.7	-	5.7
Remeasurement of defined benefit pension schemes	-	-	-	-	21.3	-	-	21.3
Tax relating to components of other comprehensive income	-	-	-	-	(4.4)	-	-	(4.4)
Net income recognised in other comprehensive income	-	-	-	-	16.9	5.7	-	22.6
Profit for the year	-	-	-	-	47.5	-	-	47.5
Total comprehensive income for the year	-	-	-	-	64.4	5.7	-	70.1
New shares issued	2.1	-	193.8	-	-	-	-	195.9
Dividends paid	-	-	-	-	(121.6)	-	-	(121.6)
Share-based payments	-	-	-	-	11.4	-	(4.0)	7.4
Tax on share-based payment transactions	-	-	-	-	0.1	-	-	0.1
At 30 June 2020	16.8	369.6	193.8	2.7	161.0	92.0	17.5	853.4

FOR THE YEAR ENDED 30 JUNE 2019

(In £s million)	Called up share capital	Share premium	Merger reserve ⁽¹⁾	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Equity reserve ⁽²⁾	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

(1) The Merger reserve is generated under section 612 of the Companies Act 2006, as a result of the cash box structure used in the equity placing of new shares issued.

(2) 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	2020	2019
Operating profit		95.1	233.7
Adjustments for:			
Exceptional items ⁽¹⁾	5	39.9	15.1
Depreciation of property, plant and equipment		10.9	10.0
Depreciation of right-of-use lease assets ⁽²⁾		45.5	-
Amortisation of intangible assets		6.5	5.2
Loss on disposal of business assets		0.1	0.2
Net movements in provisions (excluding exceptional items)		6.9	0.8
Share-based payments		7.8	11.2
		117.6	42.5
Operating cash flow before movement in working capital		212.7	276.2
Movement in working capital:			
Decrease/(increase) in receivables		157.8	(9.1)
Increase/(decrease) in payables		41.6	(4.1)
Movement in working capital		199.4	(13.2)
Cash generated by operations		412.1	263.0
Cash paid in respect of exceptional items from current and prior year ⁽³⁾		(12.0)	(2.9)
Pension scheme deficit funding		(16.1)	(15.7)
Income taxes paid		(29.8)	(75.5)
Net cash inflow from operating activities		354.2	168.9
Investing activities			
Purchase of property, plant and equipment		(9.4)	(13.5)
Purchase of own shares		(0.2)	(0.1)
Purchase of intangible assets		(16.4)	(19.5)
Interest received		0.6	0.7
Net cash used in investing activities		(25.4)	(32.4)
Financing activities			
Interest paid		(2.0)	(3.4)
Lease liability principal repayment ⁽²⁾		(46.4)	-
Equity dividends paid		(121.6)	(129.1)
Proceeds from issue of new shares net of transaction costs		195.9	-
Proceeds from exercise of share options		0.6	1.9
Net cash from/(used in) financing activities		26.5	(130.6)
Net increase in cash and cash equivalents		355.3	5.9
Cash and cash equivalents at beginning of year		129.7	122.9
Effect of foreign exchange rate movements		(0.5)	0.9
Cash and cash equivalents at end of year		484.5	129.7

- (1) The adjustment to the Cash Flow Statement in the prior year to 30 June 2019 of £15.1 million has been re-presented and relates to the non-cash GMP Equalisation charge of £8.3 million and restructuring costs of £6.8 million of which £2.9 million was paid out in the year to 30 June 2019.
- (2) Following the adoption of IFRS 16 Leases, in order to compare Cash generated by operations for the year to 30 June 2020 of £412.1 million with the prior periods, the lease liability principal payment of £46.4 million reported in Financing activities should be deducted. The Cash generated by operations includes a corresponding £45.5 million depreciation non-cash adjustment relating to the right-of-use assets.
- (3) Cash paid in respect of exceptional items relates to £8.1 million in the current year and £3.9 million relating to the prior year. Cash paid in respect of exceptional items in the prior year of £2.9 million has been re-presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Hays plc is a Company limited by shares, incorporated and domiciled in the United Kingdom and registered in England and Wales and its registered office and principal place of business 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 (IFRS IC) 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 2020. These accounting policies are consistent with those applied in the preparation of the financial statements for the year ended 30 June 2019 with the exception of the following new accounting standards, amendments and interpretations which were mandatory for accounting periods beginning on or after 1 January 2019:

- 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)

Apart from IFRS 16 Leases, there have been no alterations made to the accounting policies as a result of considering all of the other amendments above that became effective in the period, as these were either not material or were not relevant.

Under IFRS 16 Leases, the Group has recognised within the Consolidated Balance Sheet a right-of-use asset and a lease liability for all applicable leases. Within the Consolidated Income Statement, operating lease rentals charges have been replaced with depreciation and interest expense. The impact of this change has been disclosed in note 16 to the Group Financial Statements.

IFRIC 23 Uncertainty over Income Tax Treatments, clarifies how to measure current and deferred tax assets and liabilities where there is uncertainty that affects the application of IAS 12 Income Taxes. The Group has undertaken a review of the current tax position and assessed that the adoption of IFRIC 23 does not have a material impact on the Group's results.

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 2020. These new pronouncements are listed as follows:

- 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).

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 and share-based payments 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 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 19 to 21 to the Consolidated Financial Statements.

As in prior years, the Board undertook a strategic business review in the current year which took into account the Group's current financial position and the potential impact of the principal risks set out in 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.

Financial position

At 30 June 2020 the Group had a net cash position of £484.5 million, or £366.2 million after deducting tax payments which had been deferred in agreement with local country tax regimes. In addition, the Group has a £210 million revolving credit facility with a suite of banks through to November 2024, with an option to extend to November 2025 subject to lender agreement. This facility is undrawn. In April 2020, the Group raised £196 million net of expenses through an equity placing, which has substantially strengthened the Group's financial position. The Group's operations were significantly impacted by the Covid-19 pandemic and lockdown in the majority of the Group's major markets through its fourth quarter (to 30 June 2020), with net fees down 34% versus prior year and with the Group's operating profit at around breakeven through this period. The Group had a strong working capital performance through its fourth quarter with significant management focus on cash collection reducing average trade debtor days in the year to 36 days (2019: 39 days) with the majority of clients continuing to pay to agreed terms. The Group also benefited from a cash inflow resulting from a reduction in its temp debtor book, as temp placement volumes reduced through the fourth quarter.

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 modelled scenarios in which the Group incurred a sustained loss of business arising from a prolonged global downturn as a result of the Covid-19 pandemic, with a range of recovery scenarios considered. Our "Covid-19 Stress Case" scenario assumes that trading volumes for the year ending June 2021 remain broadly at the levels seen through our fourth quarter of the year ended June 2020, a period when most of our major markets were in lockdown and heavily impacted by the pandemic. After deducting the expected payment of £118.3 million of taxes which had been deferred in the year ended June 2020, the Stress Case scenario forecasts a strong cash position in excess of £300 million throughout the Going Concern period, with the revolving credit facility to remain undrawn with significant headroom against its banking covenants.

Set against these downside trading scenarios, the Board considered key mitigating factors including the geographic and sectoral 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 and which we again experienced in the year ended 30 June 2020.

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 its £210 million revolving credit facility which is currently undrawn. In addition, during the year ended 30 June 2020 the Group was admitted into the Bank of England's uncommitted Covid Corporate Financing Facility (CCFF). While this provides access to an additional short-term form of financing of up to £600 million, based on all stress-test scenarios the Group is highly unlikely to utilise this facility, although it has until March 2021 in which to do so if required.

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.

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, an immaterial adjustment 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 candidate's 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. In nearly all contract arrangements the Group acts as principal. 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 placement's 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.

In some limited instances, 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.

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.

Net fees are described in note 2 (e).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. Significant accounting policies continued

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 material non-recurring nature have been classified separately and are highlighted separately in the notes to the Consolidated Financial Statements. The Group considers this provides additional useful information and assists in understanding the financial performance achieved by the Group. Separate presentation of these items is intended to enhance understanding of the financial performance of the Group in the year and the extent to which results are influenced by material non-recurring items. These may include items such as a major restructure of the business operations or a material impairment of goodwill. 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.

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 are 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.

Uncertain tax positions

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.

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. There are no significant intangible assets other than computer software.

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software controlled by the Group are recognised as intangible assets. Directly attributable costs that are capitalised as part of the software include employee costs and appropriate overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

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. An allowance for impairment is made based on historical credit loss experience adjusted for forward-looking factors specific to the debtors and economic environment, as evidence of a likely reduction in the recoverability of the cash flows.

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 three foreign exchange contracts at the end of the current year (2019: two) to facilitate cash management within the Group. The Group does not hold or use derivative financial instruments for speculative purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. Significant accounting policies continued

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

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease and are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is

remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property, motor vehicles and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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.

v. Government grants

A government grant is recognised only when there is reasonable assurance that the Group will comply with any conditions attached to the grant and that the grant will be received. The grant is recognised net against the related costs for the period in which they are intended to compensate.

3. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the Financial Statements requires judgment, estimations and assumptions to be made that affect the reported value of assets, liabilities, revenues and expenses. Judgments, estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected. In applying the Group's accounting policies, the directors have identified that the following areas are the critical accounting judgments and key sources of estimation uncertainty.

Critical accounting judgments

Profit before exceptional items

Management consider that this alternative performance measure provides useful information for shareholders on the Group's underlying performance and is consistent with how the business performance is measured internally by the chief operating decision maker. Profit before exceptional items and earnings per share before exceptionals are not recognised measures under EU adopted IFRS and may not be directly comparable with adjusted measures used by other companies.

The classification of items excluded from profit before exceptionals requires judgment, including considering the nature, circumstances, scale and impact of a transaction upon the Group's results. The details of items treated as exceptional items are disclosed in note 5 to the Consolidated Financial Statements.

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 (CGUs). These assumptions are set out in note 13 to the Consolidated Financial Statements. There was an impairment of £20.3 million (2019: £nil) recognised in the current year as an exceptional item in respect of the US business acquired in December 2014. Management have determined that there has been no impairment required to any of the other CGUs and does not consider there to exist a significant risk of any material adjustments.

Pension accounting

Under IAS 19 'Employee Benefits', the Group has recognised a pension surplus of £55.2 million (2019: £19.7 million). A number of assumptions have been made in determining the pension position and these are described in note 23 to the Consolidated Financial Statements.

Provisions in respect of recoverability of trade receivables

As described in note 18, 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.

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.

Turnover, 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 132. The reconciliation of turnover to net fees can be found in note 6.

(In £s million)	2020	2019
Turnover		
Australia & New Zealand	1,545.6	1,461.5
Germany	1,513.5	1,704.8
United Kingdom & Ireland	1,641.3	1,761.3
Rest of World	1,229.1	1,142.9
	5,929.5	6,070.5

(In £s million)	2020	2019
Net fees		
Australia & New Zealand	170.5	198.5
Germany	259.8	299.8
United Kingdom & Ireland	225.6	263.8
Rest of World	340.3	367.6
	996.2	1,129.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

4. Segmental Information continued

(In £s million)	2020 Before exceptional items	2020 Exceptional items	2020	2019 Before exceptional items	2019 Exceptional items	2019
Operating profit						
Australia & New Zealand	48.2	–	48.2	66.4	(0.3)	66.1
Germany	53.2	(12.6)	40.6	91.3	(2.1)	89.2
United Kingdom & Ireland	16.6	(2.2)	14.4	48.9	(9.0)	39.9
Rest of World	17.0	(25.1)	(8.1)	42.2	(3.7)	38.5
	135.0	(39.9)	95.1	248.8	(15.1)	233.7

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 18.

(In £s million)	As reported internally	Foreign exchange	2020	As reported internally	Foreign exchange	2019
Australia & New Zealand	80.7	0.5	81.2	108.8	(1.3)	107.5
Germany	172.3	2.0	174.3	197.4	2.5	199.9
United Kingdom & Ireland	118.1	0.1	118.2	183.5	0.2	183.7
Rest of World	146.1	1.4	147.5	154.7	3.5	158.2
	517.2	4.0	521.2	644.4	4.9	649.3

Major customers

In the current year and prior year there was no customer that exceeded 10% of the Group's turnover.

5. Exceptional items

During the year, the Group incurred an exceptional charge of £39.9 million (2019: £15.1 million). As described in note 13, the Group has recognised a non-cash exceptional charge of £20.3 million resulting from the partial impairment of the carrying value of goodwill in relation to the US business that was acquired in December 2014. The goodwill impairment charge is a material non-cash item that on the basis of its size and non-recurring nature is considered to be exceptional.

In January 2020, the Group undertook a restructure of its business operations in Germany in order to provide a greater focus and alignment to the mid-sized enterprises known as the Mittlestand, together with a dedicated large Corporate Accounts division at a cost of £12.6 million. In addition, following the subsequent Covid-19 pandemic, and the immediate reduction in demand for recruitment services, the business operations of several other countries across the Group were restructured, primarily to reduce operating costs. The restructuring exercise led to the redundancy of a number of employees, including senior management positions and incurred costs of £7.0 million. The restructuring charges in Germany and in response to Covid-19 are considered exceptional given the size of the charges incurred and that they resulted in significant restructuring changes to the business operations. The cash impact from the restructuring exceptional charge as at the balance sheet date was £8.1 million, with a further £11.5 million cash outflow expected during the financial year to 30 June 2021. In total the exceptional charge generated a tax credit of £7.4 million (2019: £3.2 million).

In the prior year, following a legal judgment ruling against Lloyds Banking Group in October 2018 on the equalisation of guaranteed minimum pensions (GMP) for men and women in UK defined pension plans, the Group recognised an exceptional (non-cash) charge of £8.3 million. In addition, management performed a comprehensive operational cost review exercise, principally across the European country operations. The exercise incurred restructuring costs of £6.8 million.

6. Operating profit

The following costs are deducted from turnover to determine net fees:

(In £s million)	2020	2019
Turnover	5,929.5	6,070.5
Remuneration of temporary workers	(4,626.7)	(4,661.4)
Remuneration of other recruitment agencies	(306.6)	(279.4)
Net fees	996.2	1,129.7

Operating profit is stated after charging the following items to net fees of £996.2 million (2019: £1,129.7 million):

(In £s million)	2020 Before exceptional items	2020 Exceptional items	2020	2019 Before exceptional items	2019 Exceptional items	2019
Staff costs (note 8)	647.8	17.6	665.4	677.5	14.8	692.3
Depreciation of property, plant and equipment	10.9	–	10.9	10.0	–	10.0
Depreciation of right-of-use assets	45.5	–	45.5	–	–	–
Amortisation of intangible assets	6.5	–	6.5	5.2	–	5.2
Impairment loss on goodwill	–	20.3	20.3	–	–	–
Operating lease rentals payable	–	–	–	49.8	–	49.8
Short-term and low-value leases	3.1	–	3.1	–	–	–
Impairment loss on trade receivables	10.6	–	10.6	3.9	–	3.9
Auditor's remuneration (note 7)						
– for statutory audit services	1.4	–	1.4	1.4	–	1.4
– for other services	0.1	–	0.1	0.1	–	0.1
Other external charges	135.3	2.0	137.3	133.0	0.3	133.3
	861.2	39.9	901.1	880.9	15.1	896.0

Operating profit is stated net of £7.7 million income received from governments globally in respect of job support schemes following the Covid-19 pandemic.

7. Auditor's remuneration

(In £s million)	2020	2019
Fees payable to the Company's Auditor's for the audit of the Company's annual Financial Statements	0.4	0.3
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	1.0	1.1
Total audit fees	1.4	1.4
Half year review	0.1	0.1
Total non-audit fees	0.1	0.1

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8. Staff costs

The aggregate staff remuneration (including executive directors) was as follows:

(In £s million)	2020 Before exceptional items	2020 Exceptional items	2020	2019 Before exceptional items	2019 Exceptional items	2019
Wages and salaries	552.5	16.0	568.5	575.5	5.7	581.2
Social security costs	70.5	1.6	72.1	73.7	0.8	74.5
Other pension costs	17.0	–	17.0	17.1	8.3	25.4
Share-based payments	7.8	–	7.8	11.2	–	11.2
	647.8	17.6	665.4	677.5	14.8	692.3

Average number of persons employed during the year (including executive directors):

(Number)	2020	2019
Australia & New Zealand	1,389	1,456
Germany	2,433	2,485
United Kingdom & Ireland	3,505	3,542
Rest of World	4,050	4,027
	11,377	11,510

Closing number of persons employed at the end of the year (including executive directors):

(Number)	2020	2019
Australia & New Zealand	1,199	1,418
Germany	2,246	2,512
United Kingdom & Ireland	3,333	3,545
Rest of World	3,660	4,034
	10,438	11,509

9. Net finance charge

(In £s million)	2020	2019
Interest received on bank deposits	0.6	0.7
Interest payable on bank loans and overdrafts	(1.7)	(2.4)
Other interest payable	(0.3)	(0.1)
Interest on lease liabilities	(5.3)	–
Pension Protection Fund levy	(0.2)	(0.2)
Net interest on pension obligations	(1.9)	(0.5)
Net finance charge	(8.8)	(2.5)

10. Tax

The tax (expense)/credit for the year is comprised of the following:

Current tax

(In £s million)

	2020	2019
Current tax expense in respect of the current year	(33.7)	(69.7)
Adjustments recognised in the current year in relation to the current tax of prior years	1.7	1.1
	(32.0)	(68.6)

Deferred tax

(In £s million)

	2020	2019
Deferred tax charge in respect of the current year	(6.5)	(0.8)
Adjustments to deferred tax in relation to prior years	(0.3)	(0.1)
	(6.8)	(0.9)
Total income tax expense recognised in the current year	(38.8)	(69.5)

Current tax expense for the year is comprised of the following:

(In £s million)

	2020	2019
UK	(1.1)	(9.7)
Overseas	(32.6)	(60.0)
	(33.7)	(69.7)

The income tax expense for the year can be reconciled to the accounting profit as follows:

(In £s million)	2020 Before exceptional items	2020 Exceptional items	2020	2019 Before exceptional items	2019 Exceptional items	2019
Profit before tax	126.2	(39.9)	86.3	246.3	(15.1)	231.2
Income tax expense calculated at 19.0% (2019: 19.0%)	(24.0)	7.6	(16.4)	(46.8)	2.9	(43.9)
Net effect of items that are non-taxable/(non-deductible) in determining taxable profit	(0.1)	(0.3)	(0.4)	(4.0)	-	(4.0)
Effect of unused tax losses not recognised for deferred tax assets	(1.8)	(0.2)	(2.0)	(1.5)	-	(1.5)
Effect of tax losses not recognised for deferred tax utilised in the year	(0.2)	-	(0.2)	1.0	-	1.0
Effect of tax losses now recognised for deferred tax	1.5	-	1.5	0.6	-	0.6
Effect of other timing differences not recognised for deferred tax assets	(8.4)	(1.4)	(9.8)	(0.6)	-	(0.6)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(13.7)	1.7	(12.0)	(21.9)	0.3	(21.6)
Effect of share-based payment charges and share options	(0.9)	-	(0.9)	(0.5)	-	(0.5)
	(47.6)	7.4	(40.2)	(73.7)	3.2	(70.5)
Adjustments recognised in the current year in relation to the current tax of prior years	1.7	-	1.7	1.1	-	1.1
Adjustments to deferred tax in relation to prior years	(0.3)	-	(0.3)	(0.1)	-	(0.1)
Income tax expense recognised in the Consolidated Income Statement	(46.2)	7.4	(38.8)	(72.7)	3.2	(69.5)
Effective tax rate for the year	36.6%	18.5%	45.0%	29.5%	21.2%	30.1%

The tax rate used for the 2020 reconciliations above is the corporate tax rate of 19.0% (2019: 19.0%) payable by corporate entities in the United Kingdom on taxable profits under tax law in that jurisdiction.

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10. Tax continued

Income tax recognised directly in equity

(In £s million)	2020	2019
Current tax		
Excess tax deductions relating to share-based payments	0.2	0.7
Deferred tax		
Excess tax deductions relating to share-based payments	(0.1)	(0.1)
Total income tax recognised in equity	0.1	0.6

Income tax recognised in other comprehensive income

(In £s million)	2020	2019
Current tax		
Contributions in respect of defined benefit pension scheme	-	1.4
Charge in respect of foreign exchange	-	(0.7)
Deferred tax		
Actuarial (gain)/loss in respect of defined benefit pension scheme	(4.4)	10.9
Total income tax recognised in other comprehensive income	(4.4)	11.6

11. Dividends

The following dividends were paid by the Group and have been recognised as distributions to equity shareholders in the year:

	2020 pence per share	2020 £s million	2019 pence per share	2019 £s million
Previous year final dividend	2.86	41.9	2.75	40.0
Previous year special dividend	5.43	79.7	5.00	72.9
Current year interim dividend	-	-	1.11	16.2
	8.29	121.6	8.86	129.1

There were no dividends paid by the Group in respect of the year ended 30 June 2020. On 2 April 2020, due to the escalating impact of the Covid-19 pandemic and considering the uncertainties arising on the impact of the Group's earnings, the Company announced the decision to cancel the 1.11 pence per share interim dividend that was proposed on 20 February 2020 and which was due to be paid on 9 April 2020. Given macroeconomic uncertainty and the fact the Company traded at breakeven profitability in our fourth quarter, the Board is not proposing a final dividend for the current year.

	2020 pence per share	2020 £s million	2019 pence per share	2019 £s million
Interim dividend (paid)	-	-	1.11	16.2
Final dividend (proposed)	-	-	2.86	42.0
Special dividend (proposed)	-	-	5.43	79.7
	-	-	9.40	137.9

12. Earnings per share

For the year ended 30 June 2020	Earnings (£s million)	Weighted average number of shares (million)	Per share amount (pence)
Before exceptional items:			
Basic earnings per share	80.0	1,514.4	5.28
Dilution effect of share options	-	15.7	(0.05)
Diluted earnings per share	80.0	1,530.1	5.23
After exceptional items:			
Basic earnings per share	47.5	1,514.4	3.14
Dilution effect of share options	-	15.7	(0.04)
Diluted earnings per share	47.5	1,530.1	3.10

For the year ended 30 June 2019	Earnings (£s million)	Weighted average number of shares (million)	Per share amount (pence)
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

The weighted average number of shares in issue for both years exclude shares held in treasury.

Reconciliation of earnings

(In £s million)	2020	2019
Earnings before exceptional items	80.0	173.6
Exceptional items (note 5)	(39.9)	(15.1)
Tax credit on exceptional items (note 10)	7.4	3.2
Total earnings	47.5	161.7

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13. Goodwill

(In £s million)

	2020	2019
Cost		
At 1 July	227.2	223.2
Exchange adjustments	2.1	4.0
Impairment loss for the year	(20.3)	–
At 30 June	209.0	227.2

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, and medium-term forecasts 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 6.4% and 11.8% (2019: 7.1% and 12.9%) 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 current management forecasts. Following the immediate impact of the Covid-19 pandemic, the demand for recruitment services across the Group declined significantly. However, while the outlook remains uncertain, there are signs of stability and therefore the medium-term growth rates reflect an expectancy of net fee growth recovery over the next five years. 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% (2019: 2.0%), 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.

Impairment reviews were performed at the year end by comparing the carrying value of goodwill with the recoverable amounts of the CGUs to which goodwill has been allocated. Before impairment testing, the carrying value in respect of the US business, which is part of the Rest of World segment was £43.4 million. The US business had been performing in line with expectations up until the Covid-19 pandemic but as disclosed in previous years, the business had limited headroom on the carrying value of goodwill. The Group continues to make material investment in the US business to accelerate growth in line with the Group's long-term strategy to build a strong presence in the US in order to maximise the long-term growth opportunities available in the market. As a result of this ongoing investment, against a difficult market backdrop, Management have revised the cash flow forecast for the US CGU resulting in a reduction of its recoverable amount through the recognition of an exceptional impairment loss against goodwill of £20.3 million. The recoverable amount is considered to be in line with its value-in-use which is considered higher than its fair value less cost of disposal. The key assumptions that were applied to the US CGU were as follows: A pre-tax WACC of 7.9%, an average medium-term growth rate of 6.4% and a long-term growth rate of 2.0%. The sensitivity of an adverse 0.5% change in absolute terms to each of these assumptions in isolation would result in a reduction in its value-in-use by £2.6 million, £0.1 million and £1.3 million respectively. The sensitivity of a favourable 0.5% change in absolute terms to each of these assumptions in isolation would result in an increase in its value-in-use by £2.8 million, £0.1 million and £1.5 million respectively.

Management have determined that there has been no impairment to any of the other 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 5% 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.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments. The carrying amount of goodwill has been allocated as follows:

(In £s million)	2020	2019
Germany	52.5	51.9
United Kingdom & Ireland	93.1	93.1
Rest of World	63.4	82.2
	209.0	227.2

14. Other intangible assets

(In £s million)	2020	2019
Cost		
At 1 July	143.0	122.9
Exchange adjustments	1.1	1.0
Additions	16.4	19.5
Disposals	(0.4)	(0.4)
At 30 June	160.1	143.0
Amortisation		
At 1 July	104.6	99.1
Exchange adjustments	0.5	0.5
Charge for the year	6.5	5.2
Disposals	(0.4)	(0.2)
At 30 June	111.2	104.6
Net book value		
At 30 June	48.9	38.4
At 1 July	38.4	23.8

All other intangible assets relate mainly to computer software, and of the additions in the current year, £13.4 million relate to internally generated assets (2019: £11.6 million).

The estimated average useful life of the computer software related intangible assets is seven years (2019: 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 (2019: £nil).

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15. Property, plant and equipment

(In £s million)	Leasehold properties (short)	Plant and machinery	Fixtures and fittings	Total
Cost				
At 1 July 2019	25.3	48.0	32.5	105.8
Exchange adjustments	–	0.2	–	0.2
Capital expenditure	1.8	6.7	0.9	9.4
Reclassification	–	1.2	(1.2)	–
Disposals	(0.2)	(3.6)	(0.2)	(4.0)
At 30 June 2020	26.9	52.5	32.0	111.4
Accumulated depreciation				
At 1 July 2019	14.4	37.1	21.3	72.8
Exchange adjustments	–	0.2	–	0.2
Charge for the year	2.9	5.6	2.4	10.9
Reclassification	–	0.7	(0.7)	–
Disposals	(0.2)	(3.5)	(0.2)	(3.9)
At 30 June 2020	17.1	40.1	22.8	80.0
Net book value				
At 30 June 2020	9.8	12.4	9.2	31.4
At 1 July 2019	10.9	10.9	11.2	33.0

There were no capital commitments at the year end (2019: Enil).

(In £s million)	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

16. Lease accounting under IFRS 16

(In £s million)	Right-of-use assets			Total lease assets	Lease liabilities
	Property	Motor vehicles	Other assets		
As at 1 July 2019	227.3	10.4	0.4	238.1	(245.8)
Foreign exchange	1.0	–	–	1.0	(1.0)
Lease additions	20.2	6.8	–	27.0	(27.0)
Lease disposals	(3.9)	(0.1)	–	(4.0)	4.0
Depreciation of right-of-use lease assets	(39.0)	(6.4)	(0.1)	(45.5)	–
Lease liability principal repayments	–	–	–	–	46.4
Interest on lease liabilities	–	–	–	–	(5.3)
As at 30 June 2020	205.6	10.7	0.3	216.6	(228.7)
Maturity analysis					
Year 1					(43.8)
Year 2					(35.9)
Year 3					(30.4)
Year 4					(27.0)
Year 5					(23.9)
Onwards					(67.7)
As at 30 June 2020					(228.7)
Current					
					(43.8)
Non-current					
					(184.9)
As at 30 June 2020					(228.7)

IFRS 16 Leases was adopted by the Group on 1 July 2019 and applied the modified retrospective approach whereby the right-of-use asset at the date of initial application was measured at an amount equal to the lease liability with no restatement to prior years. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019. There were no adjustments recognised in retained earnings as at the transition date.

The Group's leasing activities primarily relate to leased offices and motor vehicles, and under IAS 17 they were previously accounted for as an operating lease. On adoption of IFRS 16 Leases, the Group has recognised a right-of-use asset of £238.1 million, relating primarily to property leases, which has been adjusted by £7.7 million for 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 is the present value of the remaining future minimum lease payments, discounted using an incremental borrowing rate at 1 July 2019, including any early termination or extension options only if they were deemed reasonably certain to be adopted. The weighted average incremental borrowing rates applied to the lease liabilities on 1 July 2019 was 2.3%. The Group has applied the following practical expedients within the standard:

- 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.
- Not to capitalise a right-of-use lease asset or lease liability where the lease expires before 30 June 2020.
- A lessee may apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Reliance on an assessment of whether a lease is onerous.
- The treatment of initial direct costs.
- The use of hindsight in determining the lease terms in the context of extension or termination options.

The new accounting policies of the Group upon adoption of IFRS 16, are set out in note 2 (t) to the Group Financial Statements.

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16. Lease accounting under IFRS 16 continued

Changes in amounts recognised in the Condensed Consolidated Income Statement

Set out below is the impact of IFRS 16 Leases on profit before tax:

(In £s million)	2020
Depreciation of right-of-use lease assets	(45.5)
Operating lease charges	47.4
Impact on operating profit	1.9
Interest on lease liabilities	(5.3)
Impact on profit before tax	(3.4)

The financial impact of IFRS 16 on the Group's profit before tax for the year was not material. Group profit before tax decreased by £3.4 million. Group operating profit increased by £1.9 million due to depreciation charges of £45.5 million under IFRS 16 being lower than under IAS 17 operating lease charges. This was offset by £5.3 million non-cash interest cost in relation to the lease liabilities. The impact on the Group's basic and diluted earnings per share calculations as at 30 June 2020 were both reduced by 0.12 pence respectively. IFRS 16 did not have any impact on the underlying commercial performance of the Group, nor the cash flows generated during the year.

Reconciliation between closing IAS 17 lease commitments and IFRS 16 opening lease liability

Set out below is the impact on the changes on adoption between IAS 17 lease commitments and IFRS 16 lease liability.

(In £s million)	Total
Operating lease commitments as disclosed at 30 June 2019	216.0
Discount	(23.2)
Discounted using lessee's IBR rate at date of initial application	192.8
Contracts reassessed as service agreements	(2.9)
Adjustments as a result of a different treatment of an extension and termination options	55.9
Lease liability recognised as at 1 July 2019	245.8

The adjustments as a result of a different treatment of an extension and termination options primarily relate to leases that were previously disclosed as a commitment based on an early termination option.

17. Deferred tax

Deferred tax assets and liabilities in relation to:

(In £s million)	1 July 2019	(Charge)/ credit to Consolidated Income Statement	(Charge)/ credit to other comprehensive income	(Charge)/ credit to equity	Exchange difference	30 June 2020
Accelerated tax depreciation	6.5	(12.6)	-	-	(0.2)	(6.3)
Acquired tangibles and intangibles	(3.7)	3.7	-	-	-	-
Retirement benefit obligation	(3.4)	(2.7)	(4.4)	-	-	(10.5)
Share-based payments	2.4	(1.1)	-	(0.1)	-	1.2
Provisions	4.0	4.9	-	-	0.1	9.0
Tax losses	1.1	2.0	-	-	-	3.1
Other short-term timing differences	8.7	(1.0)	-	-	-	7.7
	15.6	(6.8)	(4.4)	(0.1)	(0.1)	4.2

(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

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)	2020	2019
Deferred tax assets	11.1	24.0
Deferred tax liabilities	(6.9)	(8.4)
Net deferred tax	4.2	15.6

The deferred tax asset of £11.1 million (2019: £13.4 million) arise in the other jurisdictions (primarily Australia) in which the Group operates.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which they reverse – being the rates enacted or substantively enacted for those relevant periods. The rates used are 19% for 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 2020	Tax 2020	Gross 2019	Tax 2019
Tax losses (revenue in nature)	139.4	31.4	138.6	33.9
Tax losses (capital in nature)	22.1	4.2	22.1	3.8
	161.5	35.6	160.7	37.7

(In £s million)	Gross 2020	Tax 2020	Gross 2019	Tax 2019
Unrecognised deductible temporary differences	77.3	15.9	15.6	3.7

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)	2020	2019
Foreign subsidiaries	5.7	8.4
Tax thereon	0.3	0.5

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18. Trade and other receivables

(In £s million)	2020	2019
Trade receivables	542.9	664.9
Less provision for impairment	(21.7)	(15.6)
Net trade receivables	521.2	649.3
Accrued income	301.5	320.2
Prepayments and other debtors	56.1	55.8
	878.8	1,025.3

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 36 days (2019: 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)	2020	2019
Not yet due	449.8	548.8
Up to one month past due	56.0	83.6
One to three months past due	15.4	16.9
	521.2	649.3

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 £2.4 million and £0.5 million movement in trade receivables respectively.

The movement on the provision for impairment of trade receivables is as follows:

(In £s million)	2020	2019
At 1 July	15.6	13.8
Exchange movement	0.2	0.1
Charge for the year	10.6	3.9
Uncollectable amounts written off	(4.7)	(2.2)
At 30 June	21.7	15.6

The ageing of impaired trade receivables relates primarily to trade receivables over three months past due.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables and the risk of customer default. 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, as evidence of a likely reduction in the recoverability of the cash flows. Due to the global financial uncertainty arising from the Covid-19 pandemic, Management have increased the expected loss rates for trade receivables based on judgment as to the impact of the pandemic. In addition, certain customers within the sectors in which we operate have been identified as having a significantly elevated risk and have been provided for on a specific basis. This has resulted in an increased charge for the impairment provision recognised in the income statement during the year and the overall provision held. 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 page 49 to 56 within the Strategic Report form part of these Financial Statements.

19. Cash and cash equivalents

(In £s million)

	2020	2019
Cash at bank and in hand	484.5	129.7

The year end cash balance of £484.5 million benefited from £118.3 million of deferred payments in respect of payroll and other taxes, as agreed with several country governments in response to the Covid-19 pandemic. These will be fully repaid during the year to 30 June 2021, therefore resulting in an underlying Group cash balance of £366.2 million.

The effective interest rate on short-term deposits was 0.2% (2019: 1.3%). The average maturity of short-term deposits was one day (2019: one day).

Capital management

The Board's long-term priorities for free cash flow are to fund investment and development, maintain a strong balance sheet and paying a sustainable core dividend at a level that is affordable and appropriate. Given the high level of market uncertainty and volatility resulting from the Covid-19 pandemic, and the fact the Group traded at breakeven profitability in the fourth quarter, the Board is not proposing a final dividend for the current year. The Board remain acutely aware of the importance of dividends to shareholders and aim to restore dividend payments as soon as is appropriate 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 dividends can be found in the Finance Director's Review on page 41.

The capital structure of the Group consists of net cash/(debt), which is represented by cash and cash equivalents, bank loans and overdrafts (note 21) 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 Finance Director's Review on page 41.

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 £0.7 million and £0.3 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.

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20. Derivative financial instruments

(In £s million)	2020	2019
Net derivative asset/(liability)	0.1	(0.1)

As set out in note 19 and in the treasury management section of the Finance Director's Review on page 41, 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 2020, the Group had entered into three forward exchange contract arrangements with a counterparty bank (2019: two forward contracts). The fair market value of the contracts as at 30 June 2020 gave rise to a profit resulting in the presentation of a net derivative asset of £0.1 million (2019: liability £0.1 million) in the Consolidated Balance Sheet.

Some of the derivative assets and liabilities meet the offsetting criteria of IAS 32 paragraph 42. Consequently, the qualifying gross derivative assets are set off against the qualifying gross derivative liabilities.

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)	2020	2019
Financial assets		
Trade receivables less provision for impairment	521.2	649.3
Accrued income	301.5	320.2
Cash and cash equivalents	484.5	129.7
Derivative financial instruments	0.1	-
	1,307.3	1,099.2
Financial liabilities		
Trade creditors	179.9	239.2
Other creditors	45.3	58.0
Accruals	424.9	394.8
Derivative financial instruments	-	0.1
	650.1	692.1

21. Bank loans and overdrafts

Risk management

A description of the Group's treasury policy and controls is included in the Finance Director's Review on page 41.

Committed facilities

The Group has in place a £210 million unsecured revolving credit facility to November 2024. The facility includes an option to extend for a further year 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 agreement, the Group has the option to calculate the financial covenants on a basis that either include or 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 2020, £210 million of the committed facility was undrawn (2019: £210 million undrawn).

Uncommitted facilities

Following the escalation of the Covid-19 pandemic in April 2020, the Group applied for and was admitted into the Bank of England's uncommitted Covid Corporate Financing Facility (CCFF). While this provides access to an additional short-term form of financing of up to £600 million, based on current forecasts the Group is unlikely to utilise this facility, although it has until March 2021 in which to do so if required.

Interest rates

The weighted average interest rates paid were as follows:

	2020	2019
Bank borrowings	1.8%	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.

22. Trade and other payables

(In £s million)	2020	2019
Current		
Trade creditors	179.9	239.2
Other tax and social security	150.2	69.7
Other creditors	45.3	58.0
Accruals	424.9	394.8
	800.3	761.7

The directors consider that the carrying amount of trade payables approximates to their fair value. The average credit period taken for trade purchases is 30 days (2019: 31 days).

Other tax and social security include £118.3 million in relation to deferred payments agreed with the relevant country tax authorities following the outbreak of the Covid-19 pandemic. These will be fully paid in the year to June 2021.

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.

23. 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 £11.8 million (2019: £12.1 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 3% to 12% of pensionable salary depending on the level of employee contribution and seniority.

The total cost charged to the Consolidated Income Statement of £5.2 million (2019: £5.0 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 2020, the Group made a contribution of £15.7 million to the Hays Pension Scheme (2019: £15.3 million) in accordance with the agreed deficit funding schedule. The cash contributions made during the year mainly related to deficit funding payments.

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 2018, ruling on the equalisation of guaranteed minimum pensions (GMP) for men and women in UK defined benefit pension plans, we continue to review our own position with the Hays Pension Scheme Trustees. The initial estimate indicated that the Schemes' liabilities will increase by circa. 1.17% (£8.3 million) and accordingly this was recorded as an exceptional charge in the prior 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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23. Retirement benefit surplus/obligations continued

The net amount included in the Consolidated Balance Sheet arising from the Group's obligations in respect of its defined benefit pension schemes is as follows:

(In £s million)	2020	2019
Present value of defined benefit obligations	(893.2)	(807.4)
Less fair value of defined benefit scheme assets:		
Equities	2.1	89.3
Bonds and gilts	152.8	124.3
Absolute return funds	20.8	37.3
LDI funds	424.7	241.6
Real estate	56.2	53.1
Buy-in policy and other insurance policies	275.9	263.5
Cash	15.9	18.0
Total fair value of defined benefit scheme assets	948.4	827.1
Net asset arising from defined benefit obligation	55.2	19.7

(In £s million)	Quoted	Unquoted	Total
Asset category			
Equities	–	2.1	2.1
Bonds and gilts	–	152.8	152.8
Absolute return funds	20.8	–	20.8
LDI funds	689.5	(264.8)	424.7
Real estate	–	56.2	56.2
Buy-in policy and other insurance policies	–	275.9	275.9
Cash	15.9	–	15.9
Total scheme assets	726.2	222.2	948.4

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 a Liability Driven Investments (LDI) portfolio and corporate bonds and gilts. The Scheme also holds a bulk purchasing annuity policy (buy-in) contract with Canada Life Limited in respect of ensuring all future payments to existing pensioners of the Hays defined Scheme as at 31 December 2017. 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			
Government bonds	213.8	–	213.8
Government index-linked	473.0	–	473.0
Interest rate swaps	–	67.3	67.3
Liquidity	2.7	–	2.7
Gross funds	689.5	67.3	756.8
Repurchase agreements	–	(275.5)	(275.5)
Asset swaps	–	(32.1)	(32.1)
RPI swaps	–	(24.5)	(24.5)
Gross liabilities	–	(332.1)	(332.1)
Total LDI funds	689.5	(264.8)	424.7

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.

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)	2020	2019
Change in benefit obligation		
Opening defined benefit obligation at 1 July	(807.4)	(716.9)
Administration costs	(2.5)	(2.7)
Past service cost – GMP Equalisation cost	–	(8.3)
Interest on defined benefit scheme liabilities	(17.8)	(18.9)
Net remeasurement losses – change in experience assumptions	(8.1)	(13.5)
Net remeasurement gains – change in demographic assumptions	–	4.6
Net remeasurement losses – change in financial assumptions	(90.1)	(82.0)
Value of Aviva insurance policies	–	(8.5)
Benefits and expenses paid	32.7	38.8
Closing defined benefit obligation at 30 June	(893.2)	(807.4)
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	(879.9)	(795.4)
Plans that are wholly unfunded	(13.3)	(12.0)
Total	(893.2)	(807.4)

The defined benefit Schemes' liability comprises 63% (2019: 65%) in respect of deferred Scheme participants and 37% (2019: 35%) in respect of retirees.

The weighted average duration of the UK defined benefit Scheme liabilities at the end of the reporting year is circa 21 years (2019: 21 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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23. Retirement benefit surplus/obligations continued

The change in the fair value of defined benefit Schemes assets was:

(In £s million)	2020	2019
Change in the fair value of scheme assets		
Fair value of plan assets at 1 July	827.1	792.8
Interest income on defined benefit scheme assets	18.4	21.1
Return on scheme assets	119.5	27.8
Employer contributions (towards funded and unfunded schemes)	16.1	15.7
Value of Aviva insurance policies	-	8.5
Benefits and expenses paid	(32.7)	(38.8)
Fair value of plan assets at 30 June	948.4	827.1

During the year the Company made deficit funding contributions of £15.7 million (2019: £15.3 million) into the funded Hays Pension Scheme, and made pension payments amounting to £0.4 million (2019: £0.4 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 2021 is £16.2 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)	2020	2019
Net interest credit	0.6	2.2
Administration costs	(2.5)	(2.7)
Past service cost – GMP Equalisation cost	-	(8.3)
Net expense recognised in the Consolidated Income Statement	(1.9)	(8.8)

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 was included as an exceptional item within the Income Statement in the prior year.

The amounts recognised in the Consolidated Statement of Comprehensive Income are as follows:

(In £s million)	2020	2019
The return on plan assets (excluding amounts included in net interest expense)	119.5	27.8
Actuarial remeasurement		
Net remeasurement losses – change in experience assumptions	(8.1)	(13.5)
Net remeasurement gains – change in demographic assumptions	-	4.6
Net remeasurement losses – change in financial assumptions	(90.1)	(82.0)
Remeasurement of the net defined benefit surplus/(liability)	21.3	(63.1)

A roll forward of the actuarial valuation of the Hays Pension Scheme to 30 June 2020 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.

	2020	2019
Discount rate	1.60%	2.25%
RPI inflation	2.85%	3.20%
CPI inflation	2.15%	2.20%
Rate of increase of pensions in payment	2.80%	3.10%
Rate of increase of pensions in deferment	2.15%	2.20%

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 0.7% per annum below the RPI assumption (2019: 1.0%). The reduction in year of 30 basis points considers the UK Statistics Authority announcement of the planned changes to the calculation on RPI to bring it in line with CPIH from 2030 at the latest. The financial impact of the change in CPI assumption on the Schemes' liabilities was estimated to be £15 million.

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 (2019: 23.0 years) and 24.4 years for females (2019: 24.4 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 (2019: 25.0 years) and 27.3 years for females (2019: 27.3 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%	-£87m/+£100m
Inflation and pension increases (allowing for caps and collars)	+/- 0.5%	+£61m/-£56m
Assumed life expectancy at age 65	+1/-1 year	+£35m/-£34m

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.

24. Provisions

(In £s million)	Restructuring	Other	Total
At 1 July 2019	-	8.2	8.2
Amounts provided during the year	19.6	6.9	26.5
Utilised	(8.1)	-	(8.1)
At 30 June 2020	11.5	15.1	26.6
Current			16.8
Non-current			9.8
At 30 June 2020			26.6

Restructuring provisions are as disclosed in note 5. Other provisions relate to exposures arising from business operations overseas including a redundancy provision of £4.1 million in relation to circa 420 Temp employees in Germany.

25. 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 2019	1,464,097	14.7
Issued in the year	218,020	2.1
At 30 June 2020	1,682,117	16.8

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.

During the year, new Ordinary shares were issued in the capital of the Company. On 9 September 2019, 7.5 million Ordinary shares were issued through a block listing in order to satisfy employee share awards that had vested. On 2 April 2020, 210.5 million shares were issued through a non-pre-emptive placing and subscription of Ordinary shares at a placing price of 95 pence per share.

As at 30 June 2020, the Company held 4.4 million (2019: 5.4 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.

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26. Merger reserve

	£s million
At 1 July 2019	–
Movement in the year	193.8
At 30 June 2020	193.8

In accordance with section 612 of the Companies Act 2006, the Merger reserve was generated as a result of the cash box structure used in the non-pre-emptive equity placing and subscription of Ordinary shares arising from the issue of 210.5 million shares on 2 April 2020 at a placing price of 95 pence per share. The placing gave rise to net proceeds received of £195.9 million after broker and legal costs of £4.1 million.

27. Share-based payments

During the year, £7.8 million (2019: £11.2 million) was charged to the Consolidated Income Statement in relation to equity-settled share-based payments.

Share options

At 30 June 2020 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				
	463,283	4,633	143	2020
	358,591	3,586	171	2021
	1,019,147	10,191	135	2022
	1,841,021	18,410		
Hays International Sharesave Scheme				
	256,671	2,567	143	2020
	439,435	4,394	171	2021
	560,933	5,609	135	2022
	1,257,039	12,570		
Total Sharesave options outstanding	3,098,060	30,980		

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 were as follows:

	2020 Number of share options (thousand)	2020 Weighted average exercise price (pence)	2019 Number of share options (thousand)	2019 Weighted average exercise price (pence)
Sharesave				
Outstanding at the beginning of the year	5,582	143	5,641	136
Granted during the year	–	–	2,418	135
Forfeited during the year	(1,824)	149	(703)	142
Exercised during the year	(538)	107	(1,728)	111
Expired during the year	(122)	110	(46)	143
Outstanding at the end of the year	3,098	146	5,582	143
Exercisable at the end of the year	720	143	692	107

The weighted average share price for all options exercised during the year was 157p (2019: 155p).

The options outstanding as at 30 June 2020 had a weighted average remaining contractual life of 1.3 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 106 to 108.

Details of the share awards outstanding during the year are as follows:

	2020 Number of share options (thousand)	2020 Weighted average fair value at grant (pence)	2019 Number of share options (thousand)	2019 Weighted average fair value at grant (pence)
Performance Share Plan				
Outstanding at the beginning of the year	19,129	166	19,664	152
Granted during the year	7,773	146	5,612	201
Exercised during the year	(6,614)	132	(4,526)	154
Lapsed during the year	(2,373)	169	(1,621)	150
Outstanding at the end of the year	17,915	170	19,129	166

The weighted average share price on the date of exercise was 148p (2019: 203p).

The options outstanding as at 30 June 2020 had a weighted average remaining contractual life of 1.9 years.

	2020 Number of share options (thousand)	2020 Weighted average fair value at grant (pence)	2019 Number of share options (thousand)	2019 Weighted average fair value at grant (pence)
Deferred Annual Bonus				
Outstanding at the beginning of the year	2,195	181	1,940	162
Granted during the year	753	147	949	206
Exercised during the year	(595)	138	(694)	162
Outstanding at the end of the year	2,353	181	2,195	181

The weighted average share price on the date of exercise was 151p (2019: 205p).

The options outstanding as at 30 June 2020 had a weighted average remaining contractual life of 1.3 years.

28. 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. Further information about the remuneration of executive and non-executive directors is provided in the Directors' Remuneration Report on pages 98 to 105.

(In £s million)	2020	2019
Short-term employee benefits	6.5	9.4
Share-based payments	3.5	4.2
	10.0	13.6

Information relating to pension fund arrangements is disclosed in note 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

29. 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	71%	83%	61%	34%	59%
Permanent placements	29%	17%	39%	66%	41%
Private sector	65%	88%	69%	99%	83%
Public sector	35%	12%	31%	1%	17%
Accountancy & Finance	10%	15%	21%	13%	15%
IT & Engineering	13%	68%	12%	31%	33%
Construction & Property	21%	5%	18%	10%	12%
Office Support	11%	0%	11%	5%	6%
Other	45%	12%	38%	41%	34%
Total	100%	100%	100%	100%	100%

30. Subsequent events

There were no subsequent events to report.

HAYS PLC COMPANY BALANCE SHEET

AT 30 JUNE

(In £s million)	Note	Company 2020	Company 2019
Non-current assets			
Intangible assets		0.5	0.5
Property, plant and equipment		0.9	0.9
Investment in subsidiaries	4	743.9	743.9
Trade and other receivables	5	38.0	67.4
Deferred tax assets	6	2.3	1.0
Retirement benefit surplus	9	55.2	19.7
		840.8	833.4
Current assets			
Trade and other receivables	7	6.2	33.0
Cash and bank balances		274.2	22.2
		280.4	55.2
Total assets		1,121.2	888.6
Current liabilities			
Trade and other payables	8	(112.7)	(67.6)
Net current assets		167.7	(12.4)
Total assets less current liabilities		1,008.5	821.0
Non-current liabilities			
Deferred tax liabilities	6	(10.5)	(3.4)
Provisions	10	(9.4)	(6.6)
		(19.9)	(10.0)
Total liabilities		(132.6)	(77.6)
Net assets		988.6	811.0
Equity			
Called up share capital	11	16.8	14.7
Share premium		369.6	369.6
Merger reserve	12	193.8	-
Capital redemption reserve		2.7	2.7
Retained earnings		388.3	402.6
Equity reserve		17.4	21.4
Total equity		988.6	811.0

The Financial Statements of Hays plc, registered number 2150950, set out on pages 165 to 172 were approved by the Board of Directors and authorised for issue on 26 August 2020.

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 2020

(In £s million)	Called up share capital	Share premium	Merger reserve	Capital redemption reserve	Retained earnings	Equity reserve	Total equity
At 1 July 2019	14.7	369.6	–	2.7	402.6	21.4	811.0
Remeasurement of defined benefit pension schemes	–	–	–	–	21.3	–	21.3
Tax relating to components of other comprehensive income	–	–	–	–	(4.6)	–	(4.6)
Net income recognised in other comprehensive income	–	–	–	–	16.7	–	16.7
Profit for the year	–	–	–	–	79.0	–	79.0
Total comprehensive income for the year	–	–	–	–	95.7	–	95.7
New shares issued	2.1	–	193.8	–	–	–	195.9
Dividends paid	–	–	–	–	(121.6)	–	(121.6)
Share-based payments	–	–	–	–	11.4	(4.0)	7.4
Tax on share-based payment transactions	–	–	–	–	0.2	–	0.2
At 30 June 2020	16.8	369.6	193.8	2.7	388.3	17.4	988.6

FOR THE YEAR ENDED 30 JUNE 2019

(In £s million)	Called up share capital	Share premium	Merger reserve	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
Share premium for new shares issued	–	–	–	–	–	–	–
Remeasurement of defined benefit pension schemes	–	–	–	–	(63.1)	–	(63.1)
Tax relating to components of other comprehensive income	–	–	–	–	11.8	–	11.8
Net expense 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

NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS

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.

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 2020 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.

2. Employee information

There are no staff employed by the Company (2019: none). Therefore no remuneration has been disclosed. Details of directors' emoluments and interests are included in the Remuneration Report on pages 98 to 105 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 £79.0 million (2019: profit £57.6 million).

4. Investment in subsidiaries

(In £s million)	2020	2019
Cost		
At 1 July	743.9	743.9
Provision for impairment		
Charge during the year	-	-
Total		
At 30 June	743.9	743.9

Investments in subsidiaries are stated at cost less any impairment in recoverable value.

The principal subsidiary undertakings of the Group are listed in note 13.

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)	2020	2019
Prepayments	1.1	1.2
Amounts owed by subsidiary undertakings	36.9	66.2
	38.0	67.4

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)	2020	2019
Deferred tax assets	2.3	1.0
Deferred tax liabilities	(10.5)	(3.4)
Net deferred tax	(8.2)	(2.4)

7. Trade and other receivables: amounts falling due within one year

(In £s million)	2020	2019
Corporation tax debtor	4.2	29.7
Prepayments	2.0	3.3
	6.2	33.0

8. Trade and other payables

(In £s million)	2020	2019
Accruals	20.1	17.0
Amounts owed to subsidiary undertakings	92.6	50.6
	112.7	67.6

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)	2020	2019
Net asset arising from defined benefit obligation	55.2	19.7

The details of this UK scheme, for which Hays plc is the sponsoring employer, are set out in note 23 to the Group Financial Statements.

10. Provisions

(In £s million)	
At 1 July 2019	6.6
Charged to the income statement	2.8
At 30 June 2020	9.4

Provisions comprise of potential exposures arising as a result of business operations. It is not possible to estimate the timing of payments against the provisions.

11. 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 2019	1,464,097	14.7
Issued in the year	218,020	2.1
At 30 June 2020	1,682,117	16.8

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.

During the year, new Ordinary shares were issued in the capital of the Company. On 9 September 2019, 7.5 million Ordinary shares were issued through a block listing in order to satisfy employee share awards that had vested. On 2 April 2020, 210.5 million shares were issued through a non-pre-emptive placing and subscription of Ordinary shares at a placing price of 95 pence per share.

As at 30 June 2020, the Company held 4.4 million (2019: 5.4 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.

12. Merger reserve

	£s million
At 1 July 2019	–
Movement in the year	193.8
At 30 June 2020	193.8

In accordance with section 612 of the Companies Act 2006, the Merger reserve was generated as a result of the cash box structure used in the non-pre-emptive equity placing and subscription of Ordinary shares arising from the issue of 210.5 million shares on 2 April 2020 at a placing price of 95 pence per share. The placing gave rise to net proceeds received of £195.9 million after broker and legal costs of £4.1 million.

NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS

CONTINUED

13. 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, São Paulo, Brazil
Hays Recruitment and Selection Ltda	Rua Pequetita, No.215, 13th Floor, São Paulo, Brazil
Hays Trabalho Temporário Ltda	Rua Pequetita, No.215, 13th Floor, São 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
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 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 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 Stakeholder Life Assurance Trustee Limited†	4th Floor, 20 Triton Street, London, NW1 3BF, UK
James Havard Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Krooter Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Oval (1620) Limited	4th Floor, 20 Triton Street, London, NW1 3BF, 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
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	6, rue Clovis – 51100 Reims, 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 Media SASU	147 boulevard Haussmann, 75008 Paris, France

Registered Address and Country of Incorporation

Hays Méditerranée SASU	369/371 Promenade des Anglais – Immeuble Crystal Palace, 06000 Nice, France
Hays Nord SASU	45 rue de Tournai – 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 Centre Est SASU	57 rue Servient – 69003 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 Verwaltungs GmbH	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Beteiligungs GmbH & Co. KG	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Hong Kong Limited	Unit 6604-06, 66/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
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	Office No. 2102, Space Inspire Hub, Adani Western Height, J.P. Road, Four Bungalows, Andheri West, Mumbai 400053, Maharashtra, India
Hays Business Services Ireland Limited	26/27a Grafton St, Dublin 2, Ireland
Hays Specialist Recruitment (Ireland) Limited	26/27a Grafton St, Dublin 2, Ireland
James Harvard (Ireland) Limited	26/27a Grafton St. Dublin 2
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 (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.

NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS

CONTINUED

13. Subsidiaries continued

	Registered Address and Country of Incorporation
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 (in liquidation)	6th Floor, AWT Plaza, I.I Chundrigar Road, Karachi, Pakistan
Hays Outsourcing Sp. z.o.o.	ul. Marszałkowska 126/134, 00-008 Warszawa, Poland
Hays Poland Sp. z.o.o.	ul. Marszałkowska 126/134, 00-008 Warszawa, Poland
Hays Poland Centre of Excellence sp. z.o.o.	ul. Marszałkowska 126/134, 00-008 Warszawa, Poland
HaysP Recrutamento Selecção e Empresa de Trabalho Temporário Unipessoal LDA	Avenida da Republica, no 90 – 1º andar, fração 4, 1600-206 – Lisbon, Portugal
Hays Specialist Recruitment Romania SRL	Premium Plaza 63-69 Dr. Iacob Felix Street, 7th floor Bucharest 011033 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
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 España 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

As at 30 June 2020, 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.

14. 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 2020 with other related parties were £1.7 million (2019: £1.4 million).

SHAREHOLDER INFORMATION

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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 EQ (Equiniti), the Company's registrar, 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 EQ.

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

EQ 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 EQ 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 EQ.
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 EQ.
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 EQ.
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. EQ can amalgamate your accounts into one record.	Please contact EQ.
Share dealing service ⁽²⁾	EQ 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 EQ 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 EQ's website at www.shareview.co.uk/ dealing or telephone them on 0345 300 0430.

(1) Lines open 9.00am to 5.00pm (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

2020

15 October	Trading Update for quarter ending 30 September 2020
11 November	Annual General Meeting

2021

14 January	Trading Update for quarter ending 31 December 2020
18 February	Half-Year Report for six months ending 31 December 2020
15 April	Trading Update for quarter ending 31 March 2021

HAYS ONLINE

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

 Visit: haysplc.com/investors

Our investor site includes:

- Investment case
- Results centre
- Investor video
- Downloadable historical financial data
- Events calendar
- Corporate governance
- Investor Day materials
- Regulatory news
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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
'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 Temp 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 Perm recruitment processes on an ongoing basis
Reporting period	Our internal Group reporting cycle comprises some countries which report using 12 calendar months, and some which report using 13 four-weekly periods. The Group's annual cost base equates to c.12.5x our cost base per period. This is consistent with prior years.
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

SPECIALISMS

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



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