

# GOVERNANCE

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

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# CHAIRMAN'S STATEMENT



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

**Andrew Martin**  
Chairman, Hays plc



## Dear Shareholder

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Andrew Martin**  
Chairman

### Our governance framework

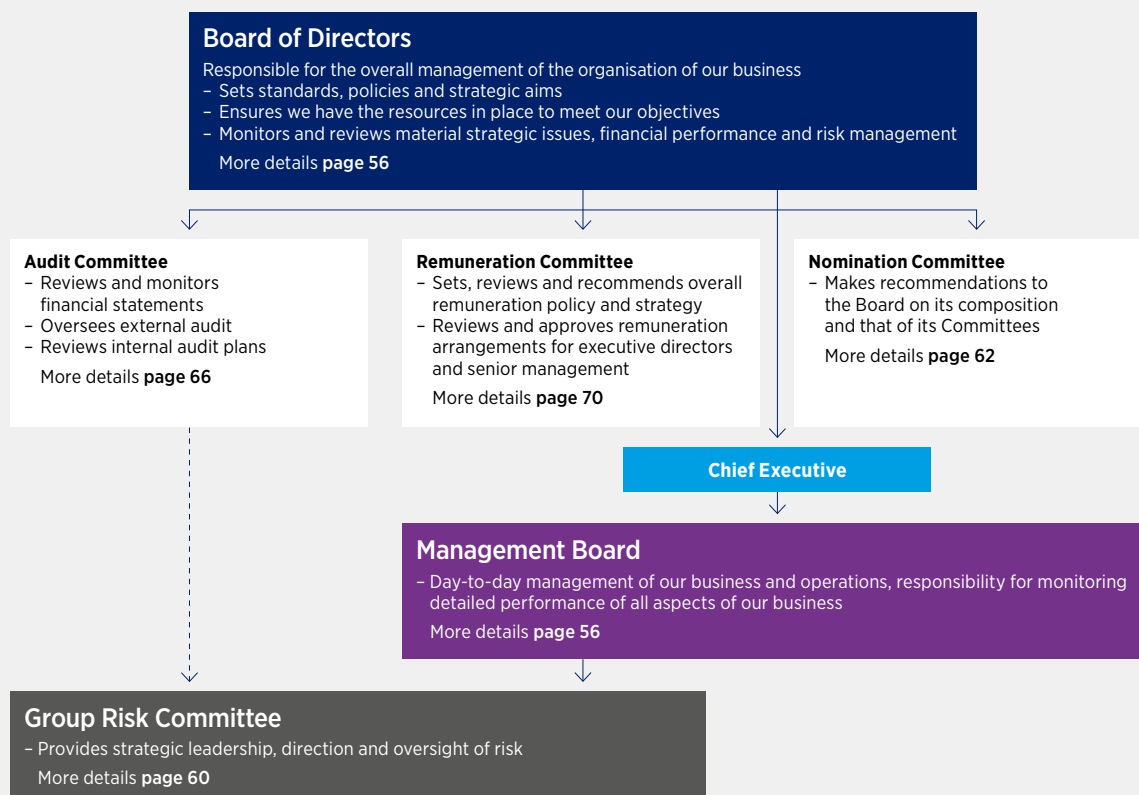
Responsibility for good governance rests with the Board; this is underpinned by an effective governance framework which, the Board believes, fits the requirements of Hays' business.

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

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

### Statement of Code Compliance

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



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

● Executive Director ● Non-Executive Director



**Andrew Martin (59) ●**  
Non-Executive Chairman

**Appointed:**  
12 July 2017

**Committees:**  
Nomination (Chair)

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

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



**Alistair Cox (58) ●**  
Chief Executive

**Appointed:**  
1 September 2007

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

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



**Paul Venables (57) ●**  
Group Finance Director

**Appointed:**  
2 May 2006

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



**Torsten Kreindl (56) ●**  
Independent  
Non-Executive Director

**Appointed:**  
1 June 2013

**Committees:**  
Audit, Nomination  
and Remuneration

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

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



**Cheryl Millington (53) ●**  
Independent  
Non-Executive Director

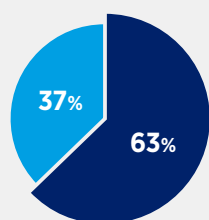
**Appointed:**  
17 June 2019

**Committees:**  
Audit, Nomination  
and Remuneration

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

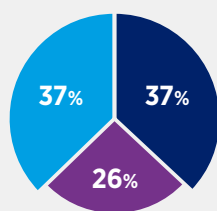
**Principal external appointments:**  
Cheryl is currently a non-executive director of Equiniti Group plc, Atom Bank plc and Intu Properties plc.

## Board diversity



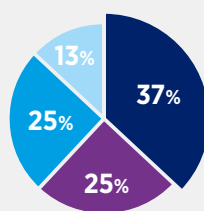
■ Male  
■ Female

## Board tenure



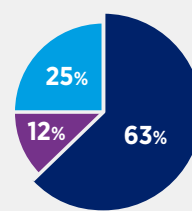
■ 0-3 years  
■ 3-6 years  
■ 6+ years

## Board experience



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

## Board composition



■ Non-Executive  
■ Chairman  
■ Executive



**Susan Murray (62)** ●  
Independent  
Non-Executive Director

**Appointed:**  
12 July 2017

**Committees:**  
Audit, Nomination and  
Remuneration (Chair)

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

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



**MT Rainey (64)** ●  
Independent  
Non-Executive Director

**Appointed:**  
14 December 2015

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

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

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



**Peter Williams (66)** ●  
Senior Independent  
Director

**Appointed:**  
24 February 2015

**Committees:**  
Audit (Chair), Nomination and Remuneration

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

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



**Doug Evans (56)**  
Company Secretary  
& General Counsel

**Appointed:**  
4 February 2013

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



# LEADERSHIP

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

## The Hays Board

### Composition of the Board

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

### Board changes during the year

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

### Election and re-election of directors at the 2019 AGM

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

### Operational governance

#### The Management Board

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

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

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

### The role of the Hays plc Board

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

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

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

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

### Role of the Non-Executive Directors

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

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

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

## Our governance framework

### Andrew Martin

#### Chairman

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

### Alistair Cox

#### Chief Executive

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

### Peter Williams

#### Senior Independent Director

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

### Doug Evans

#### Company Secretary and General Counsel

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

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

### Chairman and Chief Executive

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

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

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

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

### Senior Independent Director

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

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

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

### Matters reserved for the Board

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

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

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

### Board commitment

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

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

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

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

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

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

#### Percentage of time spent by the Board



#### 1. Developing a successful strategy

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

#### 2. Ensuring appropriate financial management

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

#### 3. Implementing governance and ethics and monitoring risk

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

#### 4. Stakeholder engagement

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



## Information and support

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

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

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

## Our purpose, values and culture

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

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

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

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

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

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

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

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

## Risk management and internal control

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

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

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

## Board attendance

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

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

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

(1) Passed away in July 2018.

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

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

(4) Joined the Board on 17 June 2019.

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

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

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

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

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

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

## RELATIONS WITH SHAREHOLDERS

### Investor meetings held in FY19

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

### Conflicts of interest

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

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

### Engagement with investors

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

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

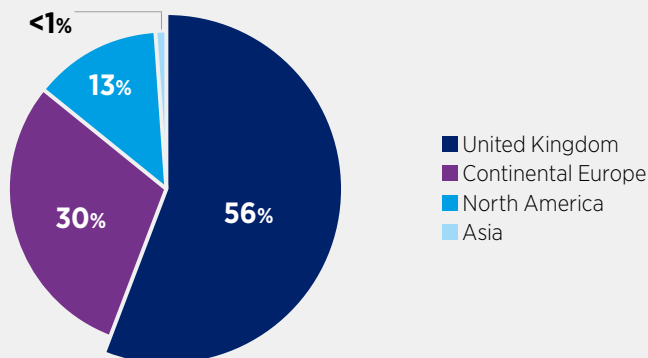
As a part of a comprehensive investor relations programme, formal meetings are scheduled with investors and analysts to discuss the Group's half- and full-year results. In the intervening periods, Hays continues its dialogue with the investor community by meeting key investor representatives, holding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

### Annual General Meeting

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

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

### Geographical breakdown of investors met



# EFFECTIVENESS: NOMINATION COMMITTEE REPORT

“

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

**Andrew Martin**

Chair of the Nomination Committee



## Dear Shareholder

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

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

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

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

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

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

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

**Andrew Martin**

Chair of the Nomination Committee

### Role of the Nomination Committee

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

The main responsibilities of the Committee are to:

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

### Membership and meetings

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

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

### Main Committee activities during the financial year

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

### Non-executive director appointment process

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

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

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

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

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

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

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

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

### Succession planning

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



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

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

### Tenure of non-executive directors

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

### Director performance

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

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

### Board induction and development

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

Elements of the programme include:

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

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

### Board evaluation

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

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

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

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

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

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

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

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

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

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

# ACCOUNTABILITY: AUDIT COMMITTEE REPORT

“

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

**Peter Williams**  
Chair of the  
Audit Committee



## Dear Shareholder

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

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

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

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

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

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

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

**Peter Williams**  
Chair of the Audit Committee  
28 August 2019

## Role of the Audit Committee

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

The key responsibilities of the Committee are to:

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

## Membership and meetings

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

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

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

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

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

## Main Committee activities during the financial year

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

## Fair, balanced and understandable

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

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

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

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

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

## Significant issues considered during the year

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

## Debtor and accrued income recoverability

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

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

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

### Revenue recognition

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

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

### Goodwill

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

### Pension accounting

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

### Litigation

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

### External Auditor

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

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

### Auditor independence and non-audit services policy

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

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

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

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

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

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



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

### Effectiveness of the external Auditor

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

### Risk management and internal control

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

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

The Committee considered the Group's risk assessment process, which included coverage across the regions, businesses and functions within the Group, reviewing the effectiveness of the risk methodology employed, the risk mitigation measures implemented and future risk management and monitoring.

### Internal Audit

The Committee oversees and monitors the work of the Internal Audit function, which reviews key controls and processes throughout the Group on a rolling basis, including resources, scope and effectiveness of the function.

The Group Head of Internal Audit has direct access to the Committee and meets regularly with both the Committee and its Chair, without the presence of management, to consider the work of Internal Audit.

The Committee approved the programme of work for the Internal Audit function in respect of the 2019 financial year, which was focused on addressing both financial and overall risk management objectives across the Group.

During the year, 34 Internal Audit reviews were undertaken, with the findings reported to both the Management Board and the Committee, with recommendations tracked and progress subsequently reported back to the Committee.

No material weaknesses were identified as a result of risk management and internal control reviews undertaken by Internal Audit during the reporting period.

The Committee believes that the Group's enterprise risk management framework needs to continue to evolve in accordance with the growth of the Hays business around the world. Throughout the financial year the Internal Audit team has continued to enhance the enterprise risk management framework and work with the Group Finance Director and the operating divisions across the globe to further embed the framework methodology at a local level. The Group Risk Committee, chaired by the Chief Risk Officer and comprising senior operators from each region, together with representation from IT and finance, assists in the management of risk in the Group.

### Raising concerns at work

The whistleblowing procedure in place across the Group ensures that employees are able to raise any concerns about any possible improprieties in business practices, or other matters, in confidence; this is managed and reported through an independent external third party. Reports made in good faith are done so without fear of recrimination, and calls cannot be traced and are not recorded. Reports can be made in over 100 languages.

The disclosures under this arrangement are investigated promptly by the Company Secretary, with the support of Internal Audit, and escalated to the Management Board and the Committee as appropriate, with follow-up action being taken as soon as practicable thereafter.

The Committee, as part of its overall review of the Group's system of internal control, reviewed the procedures in place during the reporting period and is satisfied that they are appropriate to the size and scale of the Group.

### Anti-bribery and corruption

Hays has a zero-tolerance approach to bribery and corruption. The Group Anti-Bribery and Corruption Policy (with specific reference to the UK Bribery Act 2010) is issued to all employees. Overall responsibility for, and oversight of, the Policy lies with the plc Board. Training is provided to all employees annually in local languages and ongoing support is provided when and where necessary. In addition, risk assessments are carried out on an ad hoc basis, for example when new countries are under consideration (whether they are considered to be low or high risk) or prior to entry into new public sector markets. The Committee reviewed the effectiveness of the Policy during the year and concluded that it was sufficient for managing the anti-bribery and corruption risks faced by the Group.

### Audit Committee effectiveness

The Committee considered its effectiveness in discharging its duties during the year. The Committee looked at the work it had carried out during the year and considered that its performance during the year was effective when measured against its terms of reference and general audit committee best practice. Details of the main activities of the Committee and its role and responsibilities have been detailed earlier in this Report.

The Chair of the Committee will be available at this year's AGM to answer any questions on the work of the Committee.

# REMUNERATION REPORT

## CHAIR'S ANNUAL STATEMENT

### AND SUMMARY

“

**We focus on ensuring that reward outcomes are reflective of the Group's underlying performance and shareholder experience”**

**Susan Murray**  
Chair of the  
Remuneration Committee



#### Dear Shareholder

I am pleased to introduce our Directors' Remuneration Report for FY19. Our Remuneration Policy was approved by shareholders at the November 2017 AGM by a favourable vote of 94%. The modest changes made at that time ensured that our reward structure complemented our future strategy and looked to the long-term sustainability of our business. The implementation of our Policy in FY18 received a favourable advisory vote of 98.72%. FY19 has been the second year of the Policy operation. The Committee believes in maintaining consistency and therefore will continue to operate the Policy for FY20.

#### Our FY19 business review

After five years of strong performance, FY19 has been a more mixed year. Macroeconomic conditions became increasingly difficult in many of our key markets, especially Europe (including Germany) and to a lesser extent Australia. As a result, growth in our International business slowed significantly across the year and management responded quickly by controlling operational costs, while still ensuring that we continued an appropriate level of strategic investment for the long-term future of the business. We also delivered a solid performance in the UK considering the current backdrop.

In addition to a solid Group profit performance overall, we delivered a strong cash performance and this, allied to earnings growth of 4%<sup>(1)</sup>, has meant that the Group is proposing another year of record levels of dividends, which is to the clear benefit of our shareholders.

Whilst profit performance was solid and cash performance was strong in FY19, performance in the prior years FY17 and FY18 was strong in terms of both profit growth and cash generation. These results both over the past year and over the last three years have directly contributed to the reward outcomes for the executive directors, both in the annual and long-term incentives as covered below. As is evident, the level of annual incentive pay-out is much lower in FY19 than the previous year, while the long-term incentive pay-out has modestly increased.

#### Annual Bonus

Annual Bonus awards reflected the FY19 performance and were 49.37% of the maximum award (74.05% of base salary) for the CEO and 49.37% of the maximum award (74.05% of base salary) for the CFO. 50% of each award will be deferred into shares for three years.

#### 2016 Performance Share Plan (PSP)

The 2016 PSP (awarded under the legacy Policy approved in 2014) vested at 70.15% reflecting the three-year performance period that ended on 30 June 2019.

Full details of the executive directors' remuneration for FY19 can be found in the Single Figure on page 76 and the full Annual Report on Remuneration on pages 76 to 96.

The Committee takes very seriously its duty to exercise judgment and ensure outcomes are reflective of the Group's underlying performance and shareholder experience.

The Committee is satisfied that the incentive outcomes fairly reflect and are aligned with the performance achieved.

#### Remuneration for FY20

The executive directors received base salary increases of 2.0% effective from 1 July 2019. This was in line with the average pay increase for other UK relevant employees.

#### Annual Bonus and PSP Targets for FY20

When the committee met in August 2019 to finalise the targets for FY20, it was in the context of an increasingly uncertain economic outlook, both globally and also in the UK with the added uncertainty of Brexit. The Committee carefully considered the targets it should apply to the profit related incentive awards, (i.e. both annual bonus and PSP awards) for FY20. Additionally, the implementation of IFRS 16 was considered which reduces EPS for FY20.

The Committee decided to widen the range around the EPS targets for the FY20 annual bonus to reflect this increased uncertainty on FY20 earnings and to ensure that any maximum bonus target would require a level of profit achievement materially above the then consensus external forecast as well as that achieved in FY19, after adjusting for the impact of IFRS 16 (which was to be announced at the prelims and thus was not reflected in consensus at the time).

(1) Before exceptional items. There were no exceptional items in the prior year.

In setting the EPS target (which represents 30% of the PSP award) for the FY20 PSP award, noting that the mechanics for this are consistent with prior years, it is recognised that the target range is lower in absolute terms than the target applied to the awards made in FY19. However, the Committee is comfortable that these targets are no less challenging in relative terms than the targets applied to the FY19 PSP awards and are broadly consistent with external forecasts at that time when adjusted for IFRS 16/IAS 19 pension charge.

In line with the Policy approved in November 2017, it is intended to grant 150% of base salary in shares under the Performance Share Plan (PSP), the vesting of which will depend on the outcome of performance metrics at the end of the three-year performance period. In line with the Policy, to the extent that performance conditions are met, any shares will be held for a further period of two years.

### Other Committee activities in FY19

Our key regular agenda items include reviewing the basic pay, bonus and PSP awards for the executive directors and other senior executives. The Committee ensures that their targets and objectives are suitably stretching, taking into consideration, amongst other things, external consensus views. Our incentive plans include the principal Group financial performance indicators together with longer-term strategic initiatives and also take into account Group risks. The Committee is always mindful to ensure the strength of the link of performance to reward and that it does not reward for failure.

The Committee has paid close attention to the requirements of the new UK Corporate Governance Code. The provisions in the new Code will come into effect for Hays for FY20, that is from 1 July 2019, and therefore we will report on them formally in next year's report. However, the Committee fully appreciates and is supportive of the sentiment expressed in the new Code and can confirm that it already takes into account many aspects of the new Code requirements:

#### – We have oversight of senior management remuneration.

The Committee has had a wider remit and oversight of Senior Management remuneration policy and pay for many years. It considers and approves the reward structure and levels of remuneration for the Management Board and approves the structure of the Performance Share Plan for employees below the Management Board. In addition, the Committee reviews a report about employee pay for each of the 33

countries in which Hays operates and considers this prior to setting any pay increases for the executive directors.

#### – We consider the wider framework within which executive remuneration must align.

The Committee considers clarity, simplicity, risk, predictability, proportionality and the Group's culture when setting remuneration principles and structure.

#### – The Committee has oversight of the Gender Pay Gap report.

The Committee incorporated ongoing oversight of the Gender Pay Gap figures into its Terms of Reference during its review of the first report based on the snapshot date of 5 April 2017. It reviewed the second report based on 5 April 2018 prior to its publication and will continue to review the results and actions being taken by the Group to foster diversity and inclusion as well as to close, over time, the Gender Pay Gap.

Hays is committed to being transparent in its reporting and therefore we again took the decision to not only publish the mandatory figures under the Regulations that amalgamated our PAYE temporary employees with our own employees, but also chose to show the gender pay gap for our own workforce separately.

The Board believes that a diverse workforce and inclusive culture are essential to business success and Hays supports and values diversity in all forms, not just gender. The Committee believes this is an important part of employee engagement in relation to remuneration.

Full details of our Gender Pay Gap Report can be found on our website, [haysplc.com](https://haysplc.com).

#### – Our Remuneration Policy already incorporates a level of post-employment shareholding.

Shares held under the Deferred Annual Bonus (DAB) plan continue to be held post-employment until the time of their normal release. In addition, to the extent that performance conditions are met, shares under any 'trailing' Performance Share Plans (PSP), would also vest at their normal time but pro-rated to reflect service during the performance period. Subject to Good Leaver status, a level of shareholding will therefore likely be maintained for up to two years post-employment.

The shareholding policy for post-employment will be reviewed again as part of the Policy review in FY20.

In addition, the Committee has taken pro-active action to ensure it is well placed to comply with other new aspects of the Code during the coming year:

#### – We appointed a Non-Executive Director (NED) responsible for workforce engagement.

The Committee already considers the relationship between executive reward and the reward structures in place for other Group employees but, during FY19, the Company took steps to further improve its engagement with employees and the Board appointed a NED, MT Rainey, to be responsible for workforce engagement. MT is a member of the Remuneration Committee and therefore well-placed to ensure that the Committee is aware of employee sentiment across the Group.

#### – We have published global remuneration principles.

During the year, the Committee approved global remuneration principles that explain to the wider workforce how reward at Hays aligns with our Group purpose, culture and values and how executive remuneration links to these same principles.

#### – We have updated our plan rules.

During FY19 we have amended the PSP rules to enable the Committee to override any formulaic driven outcome and reduce it should it not reflect overall business performance.

The Committee embraces any debate or change that ensures good governance and fairness in relation to reward issues. As the Code comes into effect for Hays on 1 July 2019 for FY20, the Committee is giving appropriate consideration on how best to approach these issues in order to achieve maximum benefit and impact in relation to its Policy renewal and the FY20 Directors' Remuneration Report.

We aim to make the Directors' Remuneration Report clear, concise and easy to follow. To help with understanding the FY19 remuneration outcomes in relation to our current Policy, we have again included a Remuneration At A Glance page.

Our full Remuneration Policy as approved by shareholders can be found on our Company website, [haysplc.com](http://haysplc.com). However, to help with understanding, we have also summarised the Policy above each remuneration outcome and also made it clear whether any element relates to the legacy Policy approved in 2014.

An overall summary of our Policy and how it relates to our strategy is set out on pages 74 to 75. We hope that readers will find this helpful.

We trust that this report demonstrates how we balance performance, reward and underlying associated behaviours and that we place great importance on our duty not only to shareholders but to our wider workforce.

#### **Susan Murray**

Chair of the Remuneration Committee  
28 August 2019

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

### **Membership and meetings**

Four formal meetings were held during FY19 in July 2018, August 2018, January 2019 and May 2019.

Attendance is shown on page 59. In addition, members participated in other discussions as required.

### **This report is structured as follows:**

Section	What it includes
<b>Letter from the Remuneration Committee Chair</b> <a href="#">Page 70</a>	
<b>Remuneration At A Glance</b> <a href="#">Page 73</a>	
<b>Summary of our Remuneration Policy and how it links to strategy</b> <a href="#">Page 74</a>	
<b>Annual Report on Remuneration</b> <a href="#">Page 76</a>	<p>This report is divided into sections:</p> <ol style="list-style-type: none"> <li>1. Single Figure of Remuneration – page 76</li> <li>2. Long-term value creation – page 85</li> <li>3. Remuneration in the broader context – page 90</li> <li>4. Statement of Implementation of the Remuneration Policy in the following financial year – page 93</li> <li>5. Governance – page 95</li> </ol>
Our full current Remuneration Policy	Our full current Remuneration Policy as applicable to FY19 can be found on our website at <a href="http://haysplc.com">haysplc.com</a>

## REMUNERATION AT A GLANCE

### Summary of our current Remuneration Policy and structure for FY19

Key reward component	Key features
<b>Base salary and core benefits</b>	<ul style="list-style-type: none"> <li>Competitive salary and benefits to attract right calibre of executive</li> </ul>
<b>Annual Bonus</b> <ul style="list-style-type: none"> <li>60% EPS</li> <li>20% Cash Conversion</li> <li>20% Personal</li> </ul>	<ul style="list-style-type: none"> <li>Max potential 150% of salary</li> <li>Key financial KPIs and personal objectives</li> </ul>
<b>Performance Share Plan</b> <ul style="list-style-type: none"> <li>30% EPS</li> <li>50% Cash Conversion</li> <li>20% TSR</li> </ul>	<ul style="list-style-type: none"> <li>Max potential 150% of salary</li> <li>KPIs focused on long-term sustainability and shareholder returns</li> <li>Five-year lifespan: 3 year Performance Period plus 2 year Holding Period</li> </ul>
<b>Shareholding requirements</b>	<ul style="list-style-type: none"> <li>CEO: 200% of salary</li> <li>CFO: 200% of salary</li> <li>Ensure material personal stake in the business</li> </ul>

- Strong link of performance with reward
- Takes into account risk management and Annual Bonus and PSP incorporate Malus and Clawback

### Reward linked to performance – what did we do?

More details pages 76 to 84

Reward Component	What we have done
Base salary	<ul style="list-style-type: none"> <li>Increased salaries for CEO and CFO by 2.0% from 1 July 2018:</li> <li><b>New salaries</b></li> <li>CEO : £752,709 p.a.</li> <li>CFO: £542,702 p.a.</li> <li>Increase in line with budget set for relevant UK employees of 2.0%</li> </ul>
Bonus	<ul style="list-style-type: none"> <li>CEO: 49.37% of maximum i.e. 74.05% of salary equating to £557,373</li> <li>CFO: 49.37% of maximum i.e. 74.05% of salary equating to £401,865</li> <li>50% of the above awards deferred into shares for three years</li> </ul>
PSP	<ul style="list-style-type: none"> <li>150% of salary to be awarded</li> </ul>
Shareholdings at 30 June 2019 (Beneficial Ownership)	<ul style="list-style-type: none"> <li>CEO: 749% of base salary (requirement 200%)</li> <li>CFO: 391% of base salary (requirement 200%)</li> </ul>

The Single Figure can be found on page 76

### How have we performed?

More details pages 78 and 81

#### Bonus

Metrics measure success of the day-to-day management of a volatile and cyclical business.

Metric	Target Range	Actual	% of max achieved
EPS*	11.98p to 12.93p	<b>11.99p</b>	20.61%
Cash Conversion	86%	<b>105.71%</b>	100.00%
Personal CEO/CFO		<b>85%</b>	

\* Both the target and actual performance were based on budget exchange rates. Therefore actual performance differs to the reported performance due to movements in exchange rates during the year.

#### September 2016 PSP award – grant 175% of base salary (under legacy Policy approved in 2014)

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

Metric	Threshold	Maximum	Actual	% of max achieved
EPS	22.05p	25.80p	<b>33.02p</b>	100.00%
Cash Conversion	71%	101%	<b>91.62%</b>	74.98%
Relative TSR	Median of comparator group	Upper quartile of comparator group	<b>34.26%</b>	35.48%

Total % of award vesting: 70.15%

#### Key general business highlights

- Like-for-like net fee growth of 6%.
- Operating profit up 4%<sup>(1)</sup> with record International performance.
- Performance in line with market expectations at year-end, but below the Board's expectations at the start of the financial year.
- Strong cash performance.
- Over the three years of the PSP there has been strong profit performance up 41% and strong cash performance.

More details can be found on page 37.

#### What changes have we proposed to the Remuneration Policy for FY19?

There are **no changes** to our Remuneration Policy.

- We received a binding vote of 94% in favour of the Policy at the November 2017 AGM indicating strong support for our approach.
- Our full Remuneration Policy can be found on pages 64 to 71 of the FY17 Annual Report and on our website, haysplc.com
- A summary of the Policy can be found on pages 74 to 75 of this report and in the explanation of the Single Figure of Remuneration on pages 76 to 84.

(1) Before exceptional items. There were no exceptional items in the prior year.



## REMUNERATION POLICY AND HOW IT LINKS TO STRATEGIC OBJECTIVES

### Competitive salary and benefits to attract, motivate and retain executives plus variable pay that aligns to strategy and focuses on performance

The incentive plans support our four key strategic priorities:



Materially increase and diversify Group profits;



Generate, reinvest and distribute meaningful cash returns;



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



Build critical mass and diversity across our global platforms.

- EPS target provides focus on profit.
- Cash Conversion maintains focus on cash returns and business efficiency.
- Personal objectives provide building blocks to longer-term strategic goals.
- 50% of any award is deferred into shares for three years to ensure a long-term focus.
- Malus and Clawback apply.

#### SHORT-TERM AGILITY

#### Annual Bonus

EPS  
60%

Cash Conversion  
20%

Personal  
20%

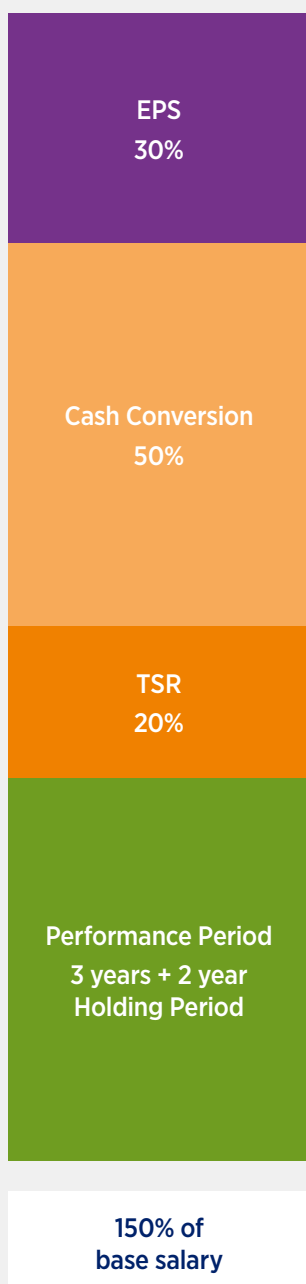
Performance Period  
1 year  
50% deferred  
into shares

150% of  
base salary

Balanced

Shareholding 200%

## PSP



weighting

of base salary

**Hays is a highly cyclical business. It has built a diversified portfolio designed to try and best mitigate this by:**

- Balancing the business between permanent and temporary/contractor candidate placements;
- Having a wide range of business specialisms covering 20 professional and technical sectors; and
- Having a global geographic footprint in 33 countries.

Nevertheless, the Group is subject to the volatility and vagaries of the economic markets which can create sudden changes within the recruitment market and industry. In this environment, where it is extremely difficult to give an accurate, robust, long-term prediction of the economy, the Committee believes it is important that the executives' reward is consistent with the need to be agile in managing the business. The Committee feels this is best addressed by having a short-term focus on profit and a long-term focus on cash generation.

- The following factors are taken into account when setting EPS targets:
  - Budget (the setting of which is a robust and transparent process);
  - Strategic direction of the business over the period covered by the PSP;
  - Market conditions and visibility of future trading; and
  - Analysts' forecasts.
- The cash element focuses on the long-term business efficiency and return to shareholders through dividend payments.
- The TSR element directly measures shareholder returns relative to industry peers.
- The five-year term of the plan together with shareholding requirements ensure that the CEO and CFO have a material, personal stake in the business and align to shareholders.
- Malus and Clawback apply.

**LONG-TERM SUSTAINABILITY AND FOCUS**

## ANNUAL REPORT ON REMUNERATION

### Section 1 – Total reward for FY19

#### In this section:

**1.1** FY19 Single Figure for executive directors

**1.1.1** Salary

**1.1.2** Benefits

**1.1.3** Pension

**1.1.4** Other benefits

**1.1.5** Annual bonus

**1.1.6** PSP

**1.2** FY19 fees for non-executive directors (NEDs)

### Section 1 – Total Reward for FY19

Remuneration for FY19 reflects the Policy approved by shareholders at the 2017 AGM and, in line with that Policy, includes a legacy PSP plan which was granted under the Policy approved at the November 2014 AGM and which vests in FY19.

#### 1.1 FY19 Single Figure for executive directors

##### Single Figure of remuneration (audited)

The following table shows the total Single Figure of remuneration for each executive director in respect of qualifying services for FY19. Comparative figures for FY18 have also been provided. Details of non-executive directors' (NEDs) fees are set out in 1.2 on page 84.

£000s Executive director	Salary Note 1	Benefits Note 2	Pension Note 3	Other Note 4	Annual Bonus Note 5	Total remuneration excluding PSP (a)	PSP Note 6 and (b)	Total remuneration (b)
<b>FY19</b>								
Alistair Cox <b>Chief Executive</b>	753	50	226	0	<b>557</b>	<b>1,586</b>	1,112	<b>2,698</b>
Paul Venables <b>Group Finance Director</b>	543	41	163	2	<b>402</b>	<b>1,151</b>	802	<b>1,953</b>
<b>FY18</b>								
Alistair Cox	738	48	221	0	1,069	<b>2,076</b>	933	<b>3,009</b>
Paul Venables	532	40	160	0	771	<b>1,503</b>	673	<b>2,176</b>

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

(b) FY18 PSP figures now reflect the actual vesting price on 10 September 2018 of £2.0377 and the adjustment explained on page 84.

Due to timing, the FY19 Single Figure includes elements from both the 2014 and 2017 Remuneration Policies. The FY19 Annual Bonus falls under the new Policy approved at the November 2017 AGM. However the PSP that was granted in 2016 and vests in FY19 was made under the legacy Policy approved at the November 2014 AGM. The overall total potential face value of the Annual Bonus and PSP under both the 2014 and 2017 Policies is the same at a combined maximum of 300% of base salary. However, due to rebalancing the split between the short- and long-term incentives in the 2017 Policy and the overlap of policies in relation to the trailing PSP, it means that for FY19 there is an anomaly in the potential total quantum. This is the last PSP dating from the 2014 Policy.

#### Components of the Single Figure and how the calculations are worked out

The following tables and commentary explain how the Single Figure has been derived.

##### 1.1.1 Salary – note 1 (audited)

###### Policy summary

- Set annually from 1 July.
- Broadly aligned with salary increases for relevant UK employees.

###### What has happened

As disclosed in last year's Report, salaries were increased by 2.0% with effect from 1 July 2018. This increase was the same as the wider budget set for relevant UK employees.

Name	Salary for FY19	% increase over FY18	Salary for FY18
Alistair Cox	<b>£752,709</b>	2.0%	£737,950
Paul Venables	<b>£542,702</b>	2.0%	£532,061

### 1.1.2 Benefits – note 2 (audited)

#### Policy summary

- Core benefits align with those for other UK employees.

#### What has happened

There were no changes in FY19.

£000s Executive director	Private Medical Insurance (PMI)	Life assurance	Income protection	Travel and mileage	Car allowance	Total
<b>FY19</b>						
Alistair Cox	2	11	13	4	20	<b>50</b>
Paul Venables	2	8	13	–	18	<b>41</b>
<b>FY18</b>						
Alistair Cox	2	10	12	4	20	48
Paul Venables	2	8	12	–	18	40

PMI, life assurance and income protection figures represent the annual premiums.

### 1.1.3 Pension – note 3 (audited)

#### Policy summary

- Other than a cash payment in lieu of pension at the rate of 30% of base salary, there are no other pension arrangements for the directors.
- For the sake of clarity, neither executive director has any defined benefit pension provision.

#### What has happened

There were no changes in FY19.

The Remuneration Committee intends to review the approach on retirement benefits as part of the Policy renewal.

£000s Executive director	Pension
<b>FY19</b>	
Alistair Cox	<b>226</b>
Paul Venables	<b>163</b>
<b>FY18</b>	
Alistair Cox	221
Paul Venables	160

### 1.1.4 Other benefits – note 4 (audited)

#### Policy summary

- The executive directors are able to participate in the Hays UK Sharesave Scheme in the same way as other eligible employees.

#### What has happened

Alistair Cox participated in the March 2017 Hays Sharesave Scheme and Paul Venables participated in the March 2016, 2017 and 2019 Hays Sharesave Schemes. Details are shown on page 85.

£000s Executive director	Other £000
<b>FY19</b>	
Alistair Cox	<b>0</b>
Paul Venables <sup>(1)</sup>	<b>2</b>
<b>FY18</b>	
Alistair Cox	0
Paul Venables	0

- (1) Figure shows theoretical gain on the 2016 Sharesave using the share price of £1.518 on 1 May 2019 which was the first opportunity for exercise. In fact, Paul Venables did not exercise the options during FY19.

## ANNUAL REPORT ON REMUNERATION

### CONTINUED

#### 1.1.5 Annual Bonus – note 5 (audited)

##### Policy summary

- Maximum bonus potential for FY19 under the 2017 Policy is 150% of base salary, of which 50% of any award is paid in cash and 50% is deferred into shares.
- Bonus is based on financial KPIs and personal objectives.

##### What has happened

The figure shown is the total bonus awarded in relation to performance in the year, including the portion that is deferred.

For bonus awarded in relation to FY19 performance, 50% of the figure shown is deferred into shares for three years.

There are no further performance conditions but leaver terms apply.

The cash element of the bonus award in relation to performance in both FY19 and FY18 is subject to Clawback for three years from award. The deferred element is subject to Malus for the three-year holding period.

See pages 79 to 81 for detailed information on performance against targets.

##### Summary

E000s Executive director	Annual Bonus	Of which cash	Of which deferred	% of salary achievement
<b>FY19 – 50% deferred into shares</b>				
Alistair Cox	557	278	279	74.05%
Paul Venables	402	201	201	74.05%
<b>FY18 – 50% deferred into shares</b>				
Alistair Cox	1,069	534	535	144.83%
Paul Venables	771	385	386	144.83%



## Details of the FY19 Annual Bonus

The performance metrics and objectives	Assessment	Achievement and what happens now
<p>60% on earnings per share (EPS): focuses on shareholder returns;</p> <p>20% on cash conversion: ensures ongoing business efficiency; and</p> <p>20% on personal objectives: safeguard and plan for the Company's future.</p> <p>Overall both executives achieved very high performance against these objectives.</p>	<p>The Committee reviews both the Group's results and executive directors' performance against their personal objectives.</p> <p>The basic EPS targets and actual performance were measured at budget exchange rates.</p> <p>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.</p> <p>In addition to assessment of the individual executives' overall performance against key objectives, the Committee also takes into account its view of the directors' regulatory compliance and approach to risk (including environmental, social or governance (ESG) risks).</p> <p>The Committee has not exercised any discretion in relation to bonus outcomes.</p> <p>Further detail is set out in the next pages.</p>	<p><b>Alistair Cox</b> Achieved 74.05% of salary (out of 150% maximum potential, i.e. 49.37% of maximum).</p> <p>This equates to a bonus of £557,373 (as stated in the Single Figure) of which:</p> <ul style="list-style-type: none"> <li>– 50% or £278,686 will be paid as cash; and</li> <li>– 50% or £278,687 will be deferred into shares for three years. There are no further performance conditions.</li> </ul> <p><b>Paul Venables</b> Achieved 74.05% of salary (out of 150% maximum potential, i.e. 49.37% of maximum).</p> <p>This equates to a bonus of £401,865 (as stated in the Single Figure) of which:</p> <ul style="list-style-type: none"> <li>– 50% or £200,932 will be paid as cash; and</li> <li>– 50% or £200,933 will be deferred into shares for three years. There are no further performance conditions.</li> </ul> <p><b>Clawback and Malus</b> The cash element of the bonus is subject to Clawback for three years from the date of award. The deferred element is subject to Malus for the three-year deferral period.</p>

## Calculation of actual results (audited)

Annual Bonus FY19 outcome						Alistair Cox		Paul Venables	
Performance condition	Weighting	Threshold performance required	Maximum performance required	Actual performance	Annual bonus value for meeting threshold and maximum performance (% salary)	Achievement % salary	Bonus value £000s	Achievement % salary	Bonus value £000s
EPS*	60%	11.98p	12.93p	11.99p	18 – 90	18.55%	140	18.55%	101
Cash Conversion	20%	71%	101%	105.71%	6 – 30	30.00%	226	30.00%	163
Personal	20%	–	100%	85%	0 – 30	25.50%	191	25.50%	138
<b>Total FY19</b>	<b>100%</b>				<b>These totals are in the FY19 Single Figure</b>	<b>74.05%</b>	<b>557</b>	<b>74.05%</b>	<b>402</b>
* Both the target and actual performance were based on budget exchange rates. Therefore actual performance is slightly higher than the reported performance due to movements in exchange rates during the year.						Of which cash – 50%	278	Of which cash – 50%	201
						Of which deferred – 50%	279	Of which deferred – 50%	201

Both Alistair Cox and Paul Venables achieved 85% of their personal objectives which are outlined on pages 80 and 81.

## ANNUAL REPORT ON REMUNERATION

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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. However, the key major themes of the objectives and the executives' broad achievements are given below.

#### CEO – Alistair Cox

Overall it was determined that 85% of personal objectives had been met.

Key Themes for FY19	Link to Strategic Priorities	Key Achievements in FY19	Attainment
The roll-out of 'Our Hays Story'		Following a global conference held for 200 Hays senior managers in key positions from across the world, the future direction of the Company was reviewed and 'Our Hays Story' developed. This was then disseminated to all employees. It acted as a catalyst for the development of Hays' purpose and updated values.	✓✓✓✓
The roll-out of a strategic leadership course for Hays future leaders and the appointment of senior country roles		Five cohorts of Hays' employees have passed through its bespoke Leadership and Development course.	✓✓✓
		Senior appointments have been made in Asia and the UK with others underway.	
Roll-out and delivery of strategic plans for major businesses		Strategic plans for revenue, profit and cash flow growth have been completed in the UK and Australia. Delivery of the plan slowed in Germany and the USA.	✓✓
			
			
Implement Salesforce marketing cloud and strengthen Marketing function		The new system has been rolled out globally and the marketing function strengthened.	✓✓✓✓
			
			
Other projects		These have included cementing digital eco-system relationships, developing new productivity tools and implementing the longer-term strategy for UK pensions and credit facilities.	✓✓✓✓
			

## CFO – Paul Venables

Overall it was determined that 85% of personal objectives had been met.

Key Themes for FY19	Link to Strategic Priorities	Key Achievements in FY19	Attainment
The improvement of financial systems and development of automation in selected countries	  	These developments were completed in some countries and significant improvements have been seen as a result. In other locations, the process has been started but additional work will be required to complete the projects.	✓✓✓
Appointments for key strategic roles in the Group Finance area and organisational development to strengthen the control environment in certain countries	 	During FY19 there were key appointments made in the Group Finance, Group Tax and Group Risk areas. There were also organisational changes and successful appointments made in Canada, Belgium, Netherlands and Hong Kong which have helped to further strengthen the internal control environment.  It was determined that all appointments have been successfully made.	✓✓✓
Treasury and Pensions		The banking RCF was successfully renewed at good rates in November 2018 and the buy-in of the liabilities of the pensioner population as at December 2017 was completed under Canada Life in August 2018.	✓✓✓✓
To undertake risk reviews in certain locations and ensure that the Group Risk Strategy remains an active process		Further embedded the ERM process across the Group including five more countries and reviewed the purpose, effectiveness and composition of the Risk Committee.	✓✓✓
Other projects	  	These included driving appropriate cost control across the Group, leading the business case modules in the Hays strategic leadership programme, securing new Group Headquarters and managing the move seamlessly and evaluating the effectiveness of our IT investment.	✓✓✓✓

## 1.1.6 PSP – note 6

### Policy summary

- The 2016 PSP was granted under the legacy Policy approved at the November 2014 AGM.
- Maximum potential for executive directors was 175% of base salary at grant (this moved to 150% of base salary under the 2017 Policy).
- KPIs were focused on long-term sustainability and shareholder returns.
- Performance period was three years.
- Threshold performance equates to 25% of the award.
- Award is subject to Malus provisions prior to vesting and Clawback provisions for up to two years post vesting.

### What has happened

70.15% of the 2016 award vested in 2019. No Malus was exercised.

### PSP 2016 (granted in FY17) vesting in 2019

The value of the 2016 PSP (vesting in September 2019) is based on a share price of £1.53, which was calculated using an average for the final quarter of the financial year in accordance with the Regulations as the vesting will occur after the date of this Report. The share price on award was £1.373. The award vested at 70.15% of the maximum.

See page 83 for detailed information on performance against targets.

Executive director	Value £000s in Single Figure based on share price of £ 1.53	Restatement
<b>2019</b>		
Alistair Cox	<b>1,112</b>	Value will be restated in FY20 report when vesting share price is known.
Paul Venables	<b>802</b>	

## ANNUAL REPORT ON REMUNERATION

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#### Details of PSP 2016 (granted in FY17) vesting in 2019

This PSP was granted under the Policy approved by shareholders in 2014.

The performance metrics and objectives	Assessment	Achievement and what happens now
<p><b>Three-year plan</b> Performance period: 1 July 2016 to 30 June 2019.</p> <p>Granted: 12 September 2016 and will vest 12 September 2019.</p> <p><b>Performance Metrics</b> One-third on cumulative earnings per share (<b>EPS</b>): focuses on longer-term shareholder returns.</p> <p>One-third on <b>Cumulative Cash Conversion</b> focuses on ongoing business cash efficiency, whatever the trading circumstances of the Company.</p> <p>One-third on relative total shareholder return (<b>TSR</b>): Ranks the performance of Hays against a sector group of comparator companies: Adecco SA Kelly Services Inc Manpower Group Inc Page Group plc (previously Michael Page International plc) Randstad Holdings nv Robert Half International Inc Robert Walters plc SThree plc CDI Corporation<sup>(1)</sup></p> <p>(1) CDI Corporation were delisted. The TSR calculation was conducted in line with the Plan rules under these circumstances.</p>	<p><b>Cumulative Earnings Per Share</b> 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.</p> <p>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.</p> <p><b>Cumulative Cash Conversion</b> three-year Cash Conversion is the cumulative operating cash flow of the Group after deducting net capital expenditure items stated as a percentage of cumulative operating profit before exceptional items.</p> <p><b>TSR</b> 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.</p> <p>Vesting will be subject to satisfactory financial performance over the performance period as determined by the Committee.</p> <p>The Committee has not exercised any discretion in relation to PSP outcomes.</p>	<p><b>Alistair Cox</b> Awarded 922,134 shares in 2016. 70.15% of the award has vested.</p> <p>726,730 shares are due to be released in September 2019 which includes accrued dividend equivalent shares.</p> <p>This equates to a value of £1,111,897 using a preliminary share price of £1.53 – see page 83.</p> <p><b>Paul Venables</b> Awarded 664,857 shares in 2016. 70.15% of the award has vested.</p> <p>523,971 shares are due to be released in September 2019 which includes accrued dividend equivalent shares.</p> <p>This equates to a value of £801,676 using a preliminary share price of £1.53 – see page 83.</p> <p>These values will be restated in FY20's Report once the final share price is known.</p> <p>As explained on page 84, the number of shares due to be released will be reduced to take into account the adjustment to the 2015 PSP that vested in 2018.</p>

#### Actual results

##### PSP 2016 (granted in FY17) vesting in 2019 (audited)

The share price used to calculate the award was £1.373, being the closing price on the day preceding the grant date.

Performance period	1 July 2016 to 30 June 2019
Grant date	12 September 2016
Release date	12 September 2019

Performance condition	Weighting	Threshold performance required	Maximum performance required	PSP value as % of salary for:			Actual performance	PSP Value achieved as % of base salary
				Below threshold	Threshold	Maximum		
Relative TSR <sup>(1)</sup>	1/3	Median of the comparator group	Upper quartile of the comparator group	0	14.583	58.33	34.26%	20.69%
EPS <sup>(2)</sup>	1/3	22.05p	25.80p	0	14.583	58.33	33.02p	58.33%
Cash Conversion	1/3	71%	101%	0	14.583	58.33	91.62%	43.74%
Total	100%			0	43.75	175		122.76%
					25% of award	100% of award		

- (1) TSR is measured against a bespoke comparator group, with vesting subject to satisfactory financial performance as determined by the Committee. The comparator group is Adecco SA, CDI Corporation, Kelly Services Inc, Manpower Inc, Michael Page International plc (now Page Group), Randstad Holdings nv, Robert Half International Inc, Robert Walters plc and SThree plc. CDI Corporation were delisted. The TSR calculation was conducted in line with the Plan rules under these circumstances.
- (2) The Committee took into account the following factors when setting the EPS targets:
- Budget (the setting of which is a robust and transparent process):
    - Company budget for FY17 and the expectations for performance;
    - Strategic direction of the business over the period covered by the PSP award; and
    - Market conditions and visibility of future trading;
    - Analysts' forecasts; and
    - An assumed RPI of 3% per annum. The final Maximum figure has been adjusted upwards to reflect the RPI now known.
- (3) The award is subject to Malus for the three-year performance period and Clawback for two years post vesting.

Name	% of FY17 salary awarded	Face value at award £000s	Share price at award £	Maximum number of shares excluding dividends	Maximum number of shares including dividend equivalent shares	Number of shares that vested including dividend equivalent shares	Release date	Value (figure shown in Single Figure of Remuneration) £000s <sup>(1)</sup>	2015 award that vested in the 2018 Single Figure £000s	2015 award value restated using share price at release date £000s <sup>(2)</sup>
Alistair Cox	175	1,266	1.373	922,134	1,035,967	726,730	12 September 2019	1,112	896	933
Paul Venables	175	913	1.373	664,857	746,930	523,971	12 September 2019	802	646	673

- (1) The value of the 2016 PSP is based on a share price of £1.53 which was calculated using an average for the final quarter of the 2019 financial year in accordance with the Regulations as the vesting will occur after the date of this report.
- (2) The value of the 2015 PSP disclosed in the 2018 Single Figure was based on a share price of £1.84 which was calculated using an average for the final quarter of the 2018 financial year in accordance with the Regulations as the vesting occurred after the date of the Report. The share price on award was £1.622. The actual share price on the date of vesting on 10 September 2018 was £2.0377. This price has been used to restate the value of the 2015 PSP awards in the Single Figure for 2018 in the table above and the Single Figure table on page 76. In addition, the figure includes the adjustment explained on page 84.

## Performance conditions

The Committee believes that the performance conditions for all incentives are:

- Suitably demanding;
- Have regard to business strategy;
- Incorporate an understanding of business risk;
- Consider shareholder expectations; and
- Take into account, to the extent possible, the cyclicity of the recruitment markets in which the Group operates.

To the extent that any performance condition is not met, the relevant part of the award will lapse. There is no re-testing of performance.

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#### PSP 2015 (granted in FY16) vesting in 2018

The value of the 2015 PSP (which vested in 2018 and was disclosed in the 2018 Single Figure) was based on a share price of £1.84 which was calculated using an average for the final quarter of the 2018 financial year in accordance with the Regulations as the vesting occurred after the date of the Report. The share price on award was £1.622. The actual share price on the date of vesting on 10 September 2018 was £2.0377. This price has been used to restate the value of the 2015 PSP awards in the Single Figure for 2018 in the table above and the Single Figure table on page 76.

The value included in last year's report was also based on a vesting outcome of 58.62%. Following the publication of last year's report, the vesting outcome was corrected to 55.13%. This minor adjustment arose after the Cash Conversion outcome for the final year of the performance period was calculated on a pre-Capex basis rather than on a post-Capex basis. For awards granted prior to 2017 under the legacy Policy, Cash Conversion was calculated on a post-Capex basis for all financial years in the performance period. This correction will be implemented by reducing the shares released to Alistair Cox and Paul Venables from the vesting of the 2016 PSP award by 28,996 and 20,906 shares respectively. This adjustment reflects the reduced vesting outcome and associated dividend equivalent shares accrued. The restated value of the 2015 PSP awards also takes into account the corrected vesting outcome.

The 2019 Single Figure includes a value for the 2016 PSP based on a vesting outcome of 70.15% and a share price of £1.53 (average for the final quarter of the 2019 financial year). The actual shares delivered to participants following vesting will be reduced as described above.

£000s Executive director	Value in 2018 Single Figure based on share price of £1.84	Value restated based on actual share price at vesting of £2.0377 and including the adjustment above
<b>2018</b>		
Alistair Cox	896	933
Paul Venables	646	673

#### 1.2 Non-executive directors FY19 fees (audited)

The table below shows the current fee structure and actual fees paid in FY19. There were no taxable benefits paid in FY19 or FY18.

£000s Non-executive director	Andrew Martin <sup>(1)</sup>	Alan Thomson <sup>(2)</sup>	Peter Williams <sup>(3)</sup>	Susan Murray	Victoria Jarman <sup>(4)</sup>	MT Rainey <sup>(5)</sup>	Torsten Kreindl	Cheryl Millington <sup>(6)</sup>
	Chairman	Chairman						
	<b>SID</b>		<b>SID</b>					
			R	<b>R</b>	R	R	R	R
	<b>N</b>	<b>N</b>	N	N	N	N	N	N
			<b>A</b>	A	<b>A</b>	A	A	A
						<b>WE</b>		
<b>Total fee FY19</b>	<b>205</b>	<b>26</b>	<b>68</b>	<b>70</b>	<b>29</b>	<b>61</b>	<b>57</b>	<b>4</b>
Total fee FY18	61	255	56	62	69	56	56	-

#### Key – positions held during FY19

R	Remuneration Committee member
A	Audit Committee member
N	Nomination Committee member
SID	Senior Independent Director
<b>R N A</b>	Chair of relevant Committee
<b>WE</b>	Chair of workforce engagement

The annual Base Fee for FY19 was £56,826.

The annual fee for being Chair of a Committee and for Chair of workforce engagement was £13,000.

The annual fee for SID was £11,000.

There is no additional Committee Chair fee for the Nomination Committee.

Notes:

- (1) Andrew Martin became Chairman on 23 July 2018 and stood down from SID at this time.
- (2) Alan Thomson passed away on 23 July 2018.
- (3) Peter Williams was appointed as Chair of the Audit Committee on 14 November 2018 and as SID on 19 February 2019.
- (4) Victoria Jarman stood down from the Board at the November AGM.
- (5) MT Rainey was appointed as NED for workforce engagement on 19 February 2019.
- (6) Cheryl Millington was appointed to the Board on 17 June 2019.



## Section 2 – Long-term value creation

### In this section:

**2.1** Outstanding deferred annual bonus

**2.2** Share options

**2.3** Outstanding PSP awards

**2.4** Statement of directors' shareholdings and share interests

**2.5** TSR chart and table

**2.6** Payments to past directors/payment for loss of office during FY19

### 2.1 Outstanding deferred annual bonus awards (DAB) (audited)

The table below shows the shares held under the DAB and those that were awarded or vested during FY19. The shares that vested related to deferred annual bonus from previous years. The shares awarded in the financial year 2019 relate to deferred annual bonus in relation to performance in the financial year 2018. Dividend equivalent shares which accrue under the DAB have been included in the table below. There are no further performance conditions.

Name	Awards outstanding at 1 July 2018 <sup>(1)</sup>	Dividend equivalents accrued to date	Awards granted in FY19 <sup>(2)</sup>	Grant price (market price at date of award)	Face value of award granted in FY19 (at grant price)	Dividend equivalent shares accrued to date	Awards vesting in FY19	Awards outstanding as at 30 June 2019
Alistair Cox	561,645	57,217	259,161	£2.062	£534,390	14,782	229,053	663,752
Paul Venables	403,393	41,118	186,854	£2.062	£385,295	10,657	163,462	478,560

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

(2) The awards were granted on 7 September 2018.

### 2.2 Share options

Both executive directors participate in the UK Sharesave Scheme (approved by HMRC) on the same terms as other eligible employees. The following table shows outstanding options over Ordinary shares held by the executive directors during the year ended 30 June 2019.

Name	Scheme date of grant	Balance 1 July 2018	Granted during 2019	Exercised	Balance 30 June 2019	Option price £	Exercise date	Market price on date of exercise £	Gain £000s	Date from which exercisable	Expiry date
Alistair Cox	31 March 2017	6,293	–	–	6,293	1.43	–	–	–	1 May 2020	31 October 2020
Paul Venables	31 March 2016	3,364	–	–	3,364	1.07	–	–	–	1 May 2019	31 October 2019
Paul Venables	31 March 2017	3,776	–	–	3,776	1.43	–	–	–	1 May 2020	31 October 2020
Paul Venables	28 March 2019	–	2,666	–	2,666	1.35	–	–	–	1 May 2022	31 October 2022

Note: Paul Venables did not exercise his 2016 share options in FY19. A figure based on the theoretical gain had he exercised them at the first available opportunity on 1 May 2019 is shown in the Single Figure.

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#### 2.3 Outstanding PSP awards

The tables below show the outstanding PSP awards where vesting will be determined according to the achievement of performance conditions that will be tested in future reporting periods.

##### 2017 PSP (granted in FY18) vesting 2020 (made under the Policy approved at the November 2017 AGM)

The share price used to calculate the award is £1.872, being the closing price on the day preceding the grant date.

Performance period	1 July 2017 to 30 June 2020
Grant date	21 November 2017
Release date	21 November 2020 followed by a two-year Holding Period

Performance condition	Weighting	Threshold performance required (25% of elements vest)	Maximum performance required (100% of elements vest)	PSP value as % of salary for:		
				Below threshold	Threshold	Maximum
Relative TSR <sup>(1)</sup>	20%	Median of the comparator group	Upper quartile of the comparator group	0	7.5%	30%
EPS <sup>(2)</sup>	30%	32.21p	37.73p	0	11.25%	45%
Cash Conversion	50%	71%	101%	0	18.75%	75%
Total	100%			0	37.50%	150%
					25% of award	100% of award

Name	% of FY18 salary awarded	Face value at award £000s	Share price at award £	Maximum number of shares	Threshold number of shares
Alistair Cox	150	1,107	1.872	591,306	147,826
Paul Venables	150	798	1.872	426,331	106,582

- (1) TSR is measured against a bespoke comparator group, with vesting subject to satisfactory financial performance as determined by the Committee. The comparator group is Adecco SA, Kelly Services Inc, Manpower Inc, Page Group (previously Michael Page International plc), Randstad Holdings nv, Robert Half International Inc, Robert Walters plc and SThree plc.
- (2) The Committee took into account the following factors when setting the EPS targets for the award:
  - Budget (the setting of which is a robust and transparent process):
    - Company budget for FY18 and the expectations for performance;
    - Strategic direction of the business over the period covered by the PSP award; and
    - Market conditions and visibility of future trading;
  - Analysts' forecasts; and
  - Threshold and maximum ongoing growth expectations for years two and three are set around a fixed range.
- (3) There is a two-year holding period post vesting for any shares that vest as a result of performance conditions being met.
- (4) The award is subject to Malus for the three-year performance period and Clawback during the two-year holding period.

The Malus and Clawback provisions are:

- Material misstatement resulting in an adjustment to the audited accounts;
- Incorrect assessment of any performance conditions or award calculations due to an error or misleading information; and
- Fraud and Gross misconduct.

## 2018 PSP (granted in FY19) vesting 2021 (made under the Policy approved at the November 2017 AGM)

The share price used to calculate the award is £2.058, being the closing price on the day preceding the grant date.

Performance period	1 July 2018 to 30 June 2021
Grant date	12 September 2018
Vest date	12 September 2021 followed by a two-year Holding Period

Performance condition	Weighting	Threshold performance required (25% of the elements vest)  Median of the comparator group	Maximum performance required (100% of the elements vest)  Upper quartile of the comparator group	PSP value as % of salary for:		
				Below threshold	Threshold	Maximum
Relative TSR <sup>(1)</sup>	20%			0	7.5%	30%
EPS <sup>(2)</sup>	30%	37.31p	43.69p	0	11.25%	45%
Cash Conversion	50%	71%	101%	0	18.75%	75%
Total	100%			0	37.50%	150%
					25% of award	100% of award

Name	% of FY19 salary awarded	Face value at award £000s	Share price at award £	Maximum number of shares	Threshold number of shares
Alistair Cox	150	1,129	2.058	548,621	137,155
Paul Venables	150	814	2.058	395,555	98,888

- (1) TSR is measured against a bespoke comparator group, with vesting subject to satisfactory financial performance as determined by the Committee. The comparator group for FY19 is: Adecco SA, Kelly Services Inc, Manpower Inc, Page Group (previously Michael Page International plc), Randstad Holdings nv, Robert Half International Inc, Robert Walters plc and SThree plc.
- (2) The Committee took into account the following factors when setting the EPS targets for the award:
- Budget (the setting of which is a robust and transparent process):
    - Company budget for FY19 and the expectations for performance;
    - Strategic direction of the business over the period covered by the PSP award; and
    - Market conditions and visibility of future trading;
  - Analysts' forecasts; and
  - Threshold and maximum ongoing growth expectations for years two and three are set around a fixed range.
- (3) There is a two year Holding Period post vesting for any shares that vest as a result of performance conditions being met.
- (4) The award is subject to Malus for the three-year performance period and Clawback during the two year Holding Period.

The Malus and Clawback provisions are:

- Material misstatement resulting in an adjustment to the audited accounts;
- Incorrect assessment of any performance conditions or award calculations due to an error or misleading information; and
- Fraud and Gross misconduct.

## ANNUAL REPORT ON REMUNERATION

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#### 2.4 Statement of directors' shareholdings and share interests (audited)

##### Policy summary

- Shareholding requirements in operation at Hays are currently 200% of base salary for both the Chief Executive and the Group Finance Director. Both are required to build up their shareholdings over a reasonable amount of time which would normally be five years.

##### What has happened

The number of shares of the Company in which current directors had a beneficial interest and details of long-term incentive interests as at 30 June 2019 are set out in the table below.

Name	Shareholding requirement % of salary	Number of shares owned outright/ vested shares	Share price as at 28 June 2019	Base salary as at 1 July 2018	Actual share ownership as % of base salary	Guidelines met
Alistair Cox	200%	3,590,720	£1.571	£752,709	749%	Yes
Paul Venables	200%	1,352,776	£1.571	£542,702	391%	Yes

Shares used for the above calculation exclude those with performance conditions, i.e. those awarded under the PSP which are still within their performance period, any unexercised options, those shares subject to a period of deferral and any shares held in a private Trust where the executive director is not a Trustee. They include vested shares where the executive directors have beneficial ownership, shares independently acquired in the market and those held by a spouse or civil partner or dependent child under the age of 18 years. The executive directors' total shareholdings, including shares subject to deferral and including accrued dividend equivalents to 30 June 2019, but excluding Sharesave Options, are shown below. For reference, their Sharesave options are shown in the table under 2.2 on page 85.

Name	Number of owned outright/ vested shares	Value of owned outright/ vested shares <sup>(2)</sup> £	Number of shares subject to deferral/ holding period <sup>(1)</sup>	Value of shares subject to deferral/ holding period <sup>(2)</sup> £	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) <sup>(2)</sup> £	Share ownership as % of base salary using vested and unvested shares	PSP share Interests including dividends subject to performance conditions
Alistair Cox	3,590,720	£5,641,021	663,752	£1,042,754	4,254,472	£6,683,776	887%	2,244,567
Paul Venables	1,352,776	£2,125,211	478,560	£751,817	1,831,336	£2,877,029	530%	1,618,328

(1) Unvested shares will be subject to payroll deductions for tax and social security on vesting. Number includes dividend equivalent shares to date.

(2) Share price as at 28 June 2019 and used in the above table was £1.571.

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

The table below shows the NEDs' shareholdings as at 30 June 2019 – this table has been audited.

Non-executive director	Shares held at 30 June 2019	Shares held at 30 June 2018
Andrew Martin	35,000	35,000
Peter Williams	15,806	15,000
Susan Murray	4,000	–
Victoria Jarman <sup>(1)</sup>	14,000	14,000
MT Rainey	–	–
Torsten Kreindl	–	–
Cheryl Millington <sup>(2)</sup>	–	N/A

(1) Victoria Jarman stood down from the Board at the AGM on 14 November 2018. The number of shares shown is her shareholding at this date.

(2) Cheryl Millington joined the Board on 17 June 2019.

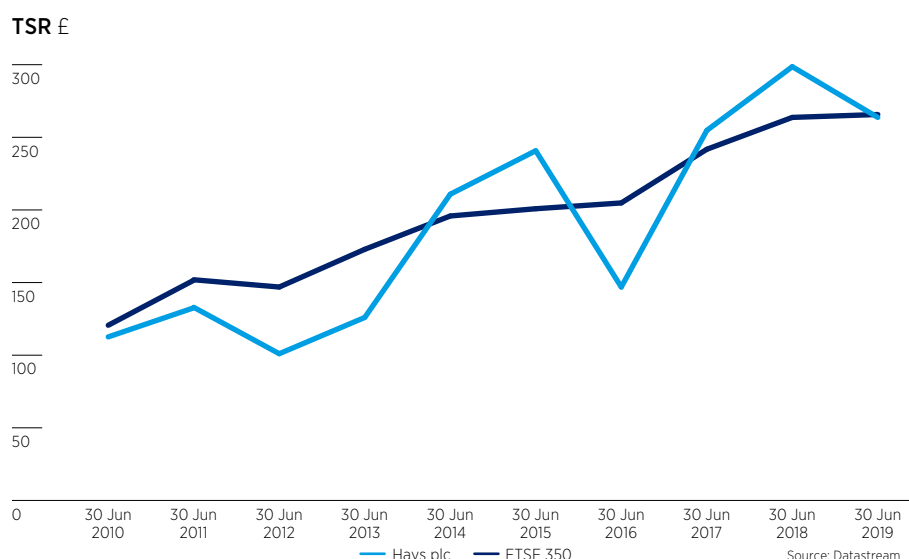
Note: Alan Thomson passed away on 23 July 2018. At the time of his death he held 250,000 shares.

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

## 2.5 Total Shareholder Return (TSR)

The graph shows the value of £100 invested in the Company's shares compared to the FTSE 350 Index. The graph shows the total shareholder return generated by both the movement in share value and the reinvestment over the same period of dividend income. The Committee considers that the FTSE 350 is the appropriate index because the Company has been a member of this index throughout the period. This graph has been calculated in accordance with the Regulations.

Note that following the UK Referendum to leave the EU, Hays' share price fell from 136.9 pence on 23 June 2016 to 97.65 pence on 30 June 2016.



## Chief Executive historical remuneration

The table below sets out the total remuneration delivered to the Chief Executive over the last ten years, valued using the methodology applied to the total single figure of remuneration.

The 2018 figure has been restated to take into consideration the actual share price on date of PSP vesting and the adjustment as previously explained on page 84.

Chief Executive	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Single Figure (£000s)	1,634	2,157	1,328	2,012	2,826	3,996	2,796	2,993	3,009	2,698
Annual bonus payment level achieved (% of maximum opportunity)	89%	80%	37%	95%	98%	98%	66%	93%	97%	49%
PSP vesting level achieved (% of maximum opportunity)	0%	50%	0%	22%	50%	100%	86%	60%	55%	70%
DAB match vesting level achieved (% of maximum opportunity)	N/A	59%	60%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

## 2.6 Payments to past directors/payment for loss of office during FY19

There were no payments made in relation to either of the above in the financial year 2019.

## ANNUAL REPORT ON REMUNERATION

### CONTINUED

#### Section 3 – Remuneration in the broader context

##### In this section:

- |            |  |            |                                     |
|------------|--|------------|-------------------------------------|
| <b>3.1</b> | Remuneration for employees below Board                               | <b>3.3</b> | External appointments               |
| <b>3.2</b> | Change in Chief Executive's remuneration compared to other employees | <b>3.4</b> | Relative importance of spend on pay |

### 3.1 Remuneration for employees below Board

Our remuneration philosophy is cascaded throughout the organisation. Our Management Board has an annual bonus scheme that is measured against Group and Regional financial targets and personal and strategic objectives. Of any award, 50% is deferred into shares for three years and subject to Malus provisions. Members of the Management Board also participate in the Performance Share Plan (PSP) with the same performance conditions as the executive directors.

Employees below the Management Board receive salary and benefits which are benchmarked to the local markets and countries in which they work. These are reviewed annually. There is a strong tie of reward to performance which is recognised through annual bonuses, commission or other non-financial recognition. Employees who hold key strategic positions or are deemed critical to the business through their performance are also offered the opportunity to participate in the Performance Share Plan with performance conditions based on Group EPS results measured over one year. Any shares that crystallise at the end of the performance period have a further two-year holding period prior to vesting. During this time there is also a personal performance underpin. In addition, nine countries offer a Sharesave plan to employees. A Resolution was passed at the 2016 AGM to enable the introduction of a US Stock Purchase Plan for employees in the USA and this was launched in FY19.




As stated in our Remuneration Policy, each year, prior to reviewing the remuneration of the executive directors and the members of the Management Board, the Committee considers a report prepared by the Group Head of Reward detailing remuneration practice across the Group. The report provides a regional overview of how employee pay compares to the market, any material changes during the year and includes detailed analysis of basic pay and variable pay changes within the UK where all of the executive directors and most of the Management Board are based.

While the Company does not currently directly consult with employees as part of the process of reviewing executive pay and formulating the Remuneration Policy, the Company takes account of feedback from the broader employee population on an annual basis using the engagement survey which includes a number of questions relating to remuneration.

Over the course of FY19, the Board and Committee have given further consideration to the approach to complying with the new Corporate Governance Code, which comes into effect for Hays from 1 July 2019. On 19 February 2019, MT Rainey was appointed as NED for workforce engagement. Further details will be provided in FY20's report.



The table below summarises the above.

Principles	Components		
<p>Operate a consistent reward and performance philosophy throughout the business.</p> <p>Provide a balanced package with a strong link between reward and individual and Group performance.</p> <p>Encourage a material, personal stake in the business to give a long-term focus on sustained growth.</p>	<p><b>Base Salary</b> Based on skill and experience and benchmarked to local market.</p>	<p><b>Annual bonus</b> 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.</p> <p>For members of the Management Board, 50% of any bonus earned is deferred into shares for three years and is subject to Malus.</p>	<p><b>Performance Share Plan (PSP) and Sharesave</b> 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.</p> <p>Management Board members are encouraged to retain shares.</p> <p>Below the Management Board, broadly 350 key employees each year participate in a PSP which has a one-year performance period and two-year holding period. Financial targets are based on Group EPS results. Nominations are reviewed and approved by the Remuneration Committee.</p> <p>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.</p>
	<p><b>Benefits</b> Benchmarked to local market and can include pension, life assurance, health cover and discounted voluntary benefits.</p> <p>In the UK the executive directors participate in the same plans as other UK employees.</p>	<p><b>Commission</b> Client-facing employees have annual bonuses based on personal objectives and/or commission directly related to personal business performance.</p>	<p><b>Your Voice Survey</b> 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.</p>
<b>Timeline</b>			
Fixed			
Variable			
Long-term/Ongoing			

## ANNUAL REPORT ON REMUNERATION

### CONTINUED

### 3.2 Change in Chief Executive's remuneration compared to other employees

The following table sets out the change in the remuneration paid to the Chief Executive from FY18 to FY19 compared with the average percentage change for UK employees.

The Chief Executive's remuneration disclosed in the table below has been calculated to take into account base salary, taxable benefits, excluding his allowance in lieu of pension, and annual bonus (including any amount deferred). The UK employee pay (on which the average percentage change is based) is calculated using the increase in the earnings of UK-based, full-time employees who are eligible for increases in salary/benefits and who participate in the standard discretionary (i.e. not commission based) annual bonus plans (employees who receive bonuses on a monthly or other time-scale basis are excluded). It uses P11D data from tax years 2018 and 2019. Part-time employees have been excluded from the analysis as many will have experienced material changes in pay during the period due to their change of hours.

The comparison figures are based on relevant UK employees (as described above) as both executive directors and most of the Management Board are UK based and this is considered to be an appropriate comparison.

	% change in salary FY19 vs FY18	% change in taxable benefits FY19 vs FY18	% change in annual bonus FY19 vs FY18
Chief Executive	2.0%	4.2% <sup>(2)</sup>	-48.0%
Other relevant employees	4.1% <sup>(1)</sup>	17.4%	-11.8%

(1) The figure includes salary increases due to promotions as well as the annual pay review where the budget was 2%.

(2) The percentage change in taxable benefits is due to the increase in premium cost for life assurance and income protection.

### 3.3 External appointments

The Company considers that certain external appointments can help to broaden the experience and contribution to the Board of the executive directors. Any such appointments are subject to prior agreement by the Company and must not be with competing companies. Subject to the Company's agreement, any fees may be retained by the individual.

For the 12 months ended 30 June 2019, the fees earned and retained by the executive directors were as follows:

- Alistair Cox: Alistair was appointed as a non-executive director at Just Eat plc on 2 May 2017. His payment for the 12 months ending 30 June 2019 was £69,156.
- Paul Venables: Paul holds no external appointments.

### 3.4 Relative importance of spend on pay

The table below sets out the relative importance of the spend on pay in the 2019 financial year and the 2018 financial year compared with other disbursements. All figures are taken from the relevant Hays Annual Report.

	Disbursements from profit in 2019 financial year £m	Disbursements from profit in 2018 financial year £m	% change
Profit distributed by way of dividend	137.9	128.3	7.5%
Overall spend on pay including directors	693.1	635.2	9.1% <sup>(1)</sup>

(1) The increase is primarily due to the increase in consultant headcount and rise in commission payments in line with increase in fees.

## Section 4 – Statement of implementation of Remuneration Policy in the following financial year

### In this section:

#### 4.1 Executive directors

#### 4.2 Non-executive directors

#### 4.3 Voting outcome

Below are the Remuneration Policy decisions for the financial year 2020. There are no changes to the Policy approved by shareholders at the November 2017 AGM.

There have been no changes to our Remuneration Policy during FY19.

### 4.1 Executive directors

#### Summary

Position	Name	Base salary from 1 July 2019	Maximum bonus potential as % of salary	Maximum PSP award as % of salary	Benefits and pension
CEO	Alistair Cox	£767,763	150%	150%	No change
CFO	Paul Venables	£553,556	150%	150%	No change
		The salaries for the CEO and CFO were increased by 2.0%, in line with the pay review budget for other relevant employees in the UK.	See below for performance conditions.	See grant summary below.	

#### Bonus performance conditions

The weighting of the performance conditions remain as follows for FY20:

Performance condition	Weighting	
EPS	60%	The operation of the Bonus Plan is as set out in the Remuneration Policy which can be found on our website, haysplc.com.
Cash Conversion	20%	
Personal	20%	It should be noted that the Committee views the disclosure of the actual performance targets as commercially sensitive. The Committee will aim to provide retrospective disclosure of the performance targets to allow shareholders to judge the bonus earned in the context of the performance delivered. In some instances, the detail of certain personal objectives may continue to be commercially sensitive for an extended period.
Total	100%	

Of any award, 50% will be deferred into shares and held for three years from the date of award and will be subject to Malus conditions for the three-year holding period.

Any cash award is subject to Clawback conditions for three years from the date of award. The Malus and Clawback provisions are:

- Material misstatement resulting in an adjustment to the audited accounts;
- Incorrect assessment of any performance conditions or award calculations due to an error or misleading information; and
- Fraud and Gross misconduct.

## ANNUAL REPORT ON REMUNERATION

### CONTINUED

#### 2019 PSP (to be granted in FY20) vesting in 2022 (made under the Policy approved at the November 2017 AGM)

Performance period	1 July 2019 to 30 June 2022
Grant date	12 September 2019
Vest date	12 September 2022 followed by a two-year Holding Period

Performance condition	Weighting	Threshold performance required	Maximum performance required	PSP value as % of salary for:		
				Below threshold	Threshold	Maximum
Relative TSR <sup>(1)</sup>	20%	Median of the comparator group	Upper quartile of the comparator group	0	7.5%	30%
EPS <sup>(2)</sup>	30%	33.59p	39.34p	0	11.25%	45%
Cash Conversion	50%	71%	101%	0	18.75%	75%
Total	100%			0	37.50%	150%
					25% of award	100% of award

- (1) TSR is measured against a bespoke comparator group, with vesting subject to satisfactory financial performance as determined by the Committee. The comparator group for FY20 is: Adecco SA, Kelly Services Inc, Manpower Inc, Page Group (previously Michael Page International plc), Randstad Holdings nv, Robert Half International Inc, Robert Walters plc and SThree plc.
- (2) The Committee took into account the following factors when setting the EPS targets for the award:
- Budget (the setting of which is a robust and transparent process);
  - Company budget for FY20 and the expectations for performance;
  - Strategic direction of the business over the period covered by the PSP award; and
  - Market conditions and visibility of future trading;
  - Analysts' forecasts; and
  - Threshold and maximum ongoing growth expectations for years two and three are set around a fixed range.
- In setting the EPS target (which represents 30% of the PSP award) for the FY20 PSP award, noting that the mechanics for this are consistent with prior years, it is recognised that the target range is lower in absolute terms than the target applied to the awards made in FY19. However, the Committee is comfortable that these targets are no less challenging in relative terms than the targets applied to the FY19 PSP awards and are broadly consistent with external forecasts at that time when adjusted for IFRS 16/IAS 19 pension charge.
- (3) There is a two-year Holding Period post vesting for any shares that vest as a result of performance conditions being met.
- (4) The award is subject to Malus for the three-year performance period and Clawback during the two year Holding Period.

The Malus and Clawback provisions are:

- Material misstatement resulting in an adjustment to the audited accounts;
- Incorrect assessment of any performance conditions or award calculations due to an error or misleading information; and
- Fraud and Gross misconduct.

#### Shareholding requirements

For FY20 the shareholding requirement for both the CEO and the CFO is 200% of base salary. Both the CEO and CFO already hold above this shareholding – see page 88.

#### 4.2 Non-executive directors

The Committee reviewed the Group Chairman's fee during FY19 and determined that it should increase by 2.0% for FY20 from £220k to £224k. This was in line with other increases across the Company. The Board reviewed the fees for the other non-executive directors (NEDs) during FY19. They determined that their base fee should increase by 2.0% for FY20 in line with other increases across the Company. On 19 February 2019 MT Rainey was appointed as the NED for engagement with the Company's Workforce in line with the provisions of the UK Corporate Governance Code. It was determined that her fee for this role would be in line with the Committee Chair fee of £13,000. There were no changes made to the SID fee or Committee Chair fees. There is no fee for being the Chair of the Nominations Committee. All increases were effective from 1 July 2019.

The table below shows the changes.

Position	Fee for FY20 £000s	Fee for FY19 £000s
Chairman	224	220
Base fee	58	57
Committee Chair (Including fee for NED responsible for workforce engagement)	13	13
SID	11	11

### 4.3 Voting outcome for the 2017 Remuneration Policy at the 2017 AGM and Annual Report on Remuneration FY18 at the 2018 AGM

Votes	Votes 2017 Policy	%	Votes FY18 Remuneration Report	%
Votes for	1,015,990,462	94.02	1,201,141,966	98.72
Votes against	64,624,371	5.98	15,513,481	1.28
Votes withheld	6,955,822	–	1,291,832	–

## Section 5 – Governance

### In this section:

- 5.1** Remuneration Committee members and attendees
- 5.2** Terms of reference
- 5.3** Meetings in FY19

- 5.4** Advisers to the Remuneration Committee
- 5.5** Engagement with shareholders
- 5.6** Considering risk
- 5.7** General governance

### 5.1 Remuneration Committee members and attendees

The table below shows the members and attendees of the Remuneration Committee during FY19.

Remuneration Committee members	Position	Comments
Susan Murray	Member from 12 July 2017	Independent
Victoria Jarman	Member from 1 October 2011 until AGM 2018	Independent
Torsten Kreindl	Member from 1 June 2013	Independent
Andrew Martin	Member from 12 July 2017 to 23 July 2018	Independent
Peter Williams	Member from 24 February 2015	Independent
MT Rainey	Member from 14 December 2015	Independent
Cheryl Millington	Member from 17 June 2019	Independent

Remuneration Committee attendees	Position	Comments
Andrew Martin	Group Chairman and attended by invitation	Independent upon appointment on 23 July 2018 (member from appointment to Board on 12 July 2017 to date became Chairman).
Alistair Cox	Chief Executive	Attends by invitation but does not participate in any discussion about his own reward.
Other executives	The Group Head of Reward	Attends by invitation as the executive responsible for advising on the Remuneration Policy.
	The Company Secretary	Acts as Secretary to the Committee.
Deloitte	Committee's independent advisers during FY19	Attended by invitation.

Note: Alan Thomson, former Chairman, attended by invitation until his death on 23 July 2018.

No person is present during any discussion relating to his or her own remuneration.

### 5.2 Terms of reference

The Board has delegated to the Committee, under agreed Terms of Reference, responsibility for the Remuneration Policy and for determining specific packages for the executive directors, the Chairman and other senior executives. The Company consults with key shareholders in respect of the Remuneration Policy and the introduction of new incentive arrangements. The Terms of Reference for the Committee are available on the Company's website, [haysplc.com](http://haysplc.com), and from the Company Secretary at the registered office.

### 5.3 Meetings in FY19

The Committee normally meets at least four times per year. During FY19, it formally met four times as well as having ongoing dialogue via email or telephone discussion. The meetings principally discussed the following key issues and activities:

- A review of the basic pay, bonus and PSP awards of the executive directors and other senior executives;
- Consideration of the relationship between executive reward and the reward structures in place for other Group employees;
- The requirements of the revised UK Corporate Governance Code (July 2018);
- A review of the Committee's Terms of Reference; and
- The review of the Gender Pay Gap reporting.

## ANNUAL REPORT ON REMUNERATION

### CONTINUED

#### 5.4 Advisers to the Remuneration Committee

Deloitte was appointed by the Committee as the independent adviser to the Committee with effect from November 2016 following a competitive tender process. During FY19 Deloitte has advised the Committee on all aspects of the current Remuneration Policy for executive directors and members of the Management Board.

Deloitte also provided advice to the Company in relation to taxation compliance work and tax advice including transfer pricing work. This work is carried out by entirely different areas and employees within Deloitte and is not felt to be in conflict with the independence and objectivity of the work carried out for the Committee.

The Committee is satisfied that the advice received was objective and independent. Deloitte is a member of the Remuneration Consultants' group and the voluntary code of conduct of that body is designed to ensure objective and independent advice is given to Remuneration Committees.

Deloitte's total fee for FY19 in relation to Committee work was £50k excluding VAT. While fee estimates are generally required for each piece of work and set fees have been agreed for certain regular work, fees are generally calculated based on time, with hourly rates in line with the level of expertise and seniority of the adviser concerned.

#### 5.5 Engagement with shareholders

The Committee seeks to maintain an active and productive dialogue with investors on developments in the remuneration aspects of corporate governance generally and any changes to the Company's executive pay arrangements in particular. Following consultation, the Committee was pleased to have received strong shareholder support for its Remuneration Policy proposals, the Resolution for which received a 94.02% vote in favour at the November 2017 AGM. During FY20 the Committee will proactively liaise with shareholders when considering the Policy renewal due at the November 2020 AGM and values the constructive and open discussions and feedback.

#### 5.6 Considering risk

Each year, the Committee considers the executive remuneration structure in the light of its key areas of risk. The Committee takes into consideration whether the achievement of objectives and any payment from plans have taken into account the overall risk profile of the Company when it evaluates the executives' performance.

#### 5.7 General governance

The Directors' Report on Remuneration has been prepared in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), the revised provisions of the Code and the Listing Rules.

By order of the Board

**Susan Murray**

Chair of the Remuneration Committee

28 August 2019



## DIRECTORS' REPORT

Hays is incorporated in the UK and registered as a public limited company in England and Wales. Its headquarters are in London and it is listed on the main market of the London Stock Exchange.

### Strategic Report

A description of the Company's business model and strategy is set out in the Strategic Report along with the factors likely to affect the Group's future development, performance and position. An overview of the principal risks and uncertainties faced by the Group are also provided in the Strategic Report.

The Statement of Compliance with the Code for the reporting period is contained in the Corporate Governance Statement.

Information relating to matters addressed by the Audit, Remuneration and Nomination Committees, which operate within clearly defined terms of reference, are set out within the Audit, Remuneration and Nomination Committee Reports.

In accordance with Section 414CB of the Companies Act 2006, all of the matters above are incorporated by reference into this Directors' Report.

The purpose of this Report is to provide information to the members of the Company, as a body. The Company, its directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. This Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Report. Nothing in this Report should be construed as a profit forecast.

### Related party transactions

Details of the related party transactions undertaken during the reporting period are contained in note 26 to the Consolidated Financial Statements.

### Post balance sheet events

There have been no significant events to report since the date of the balance sheet.

### Dividends

An interim dividend of 1.11 pence (2018: 1.06 pence) per Ordinary share was paid to shareholders on 12 April 2019. The Board recommends the payment of a final dividend of 2.86 pence (2018: 2.75 pence) per Ordinary share. In addition, the Board is also recommending the payment of a special dividend of 5.43 pence (2018: 5.00 pence) per Ordinary share. These three dividend payments will represent a total dividend of 9.40 pence (2018: 8.81 pence) per Ordinary share for the financial year ended 30 June 2019. Subject to the shareholders of the Company approving this recommendation at the 2019 AGM, the final and special dividends will be paid, in aggregate, on 15 November 2019 to those shareholders appearing on the register of members as at 4 October 2019. The ex-dividend date is 3 October 2019.

### Financial instruments

Details of the financial instruments used by the Group are set out in notes 18 to 20 to the Consolidated Financial Statements. A general outline of Hays' use of financial instruments is set out in the treasury management section on page 39 of the Finance Director's Review.

### Directors

Biographies of the serving directors of Hays are provided on pages 54 and 55 of this Report. They all served on the Board throughout the 2019 financial year, with the exception of Cheryl Millington who joined the Board on 17 June 2019. Alan Thomson served on the Board in FY19 until his passing in July 2018. Andrew Martin was appointed as Chairman, initially on an interim basis, and permanently with effect from 28 August 2018. Victoria Jarman served on the Board until the conclusion of the AGM on 14 November 2018, and was succeeded in her role as Audit Committee Chair on that date by Peter Williams. On 19 February 2019, Peter Williams was appointed to the role of Senior Independent Director and MT Rainey was appointed as the Designated NED for workforce engagement.

### General powers of the directors

The powers of the directors are contained in the Company's Articles of Association (Articles). These powers may be exercised by any meeting of the Board at which a quorum of three directors is present. The power of the Board to manage the business is subject to any limitations imposed by the Companies Act 2006, the Articles or any directions given by special resolution of the shareholders applicable at a relevant time.

The Articles contain an express authority for the appointment of executive directors and provide the directors with the authority to delegate or confer upon such directors any of the powers exercisable by them upon such terms and conditions and with such restrictions as they see fit. The Articles contain additional authorities to delegate powers and discretions to committees and subcommittees.

### Directors' powers to allot and buy back shares

The directors have the power to authorise the issue and buy-back of the Company's shares by the Company, subject to authority being given to the directors by the shareholders in general meeting, applicable legislation and the Articles.

### Appointment and replacement of directors

Shareholders may appoint any person who is willing to act as a director by ordinary resolution and may remove any director by ordinary resolution. The Board may appoint any person to fill any vacancy or as an additional director, provided that they are submitted for election by the shareholders at the AGM following their appointment. Specific conditions apply to the vacation of office, including cases where a director becomes prohibited by law or regulation from holding office, or is persistently absent from directors' meetings, or if three-quarters of appointed directors request his or her resignation or in the case of mental incapacity or bankruptcy.

### Directors' indemnities

The Company continues to maintain third-party directors' and officers' liability insurance for the benefit of its directors. This provides insurance cover for any claim brought against directors or officers for wrongful acts in connection with their positions. The directors have also been granted qualifying third-party indemnities, as permitted under the Companies Act 2006, which remain in force. Neither the insurance nor the indemnities extend to claims arising from fraud or dishonesty and do not provide cover for civil or criminal fines or penalties provided by law.

### Directors' interests

Details of the interests of Hays' directors and their connected persons in the ordinary shares of the Company are outlined in the Remuneration Report.

## DIRECTORS' REPORT CONTINUED

### Share capital

Hays has one class of Ordinary shares which carry no right to fixed income or control over the Company. These shares may be held in certificated or uncertificated form. On 30 June 2019, the Company had 1,464,096,566 fully paid Ordinary shares in issue, of which 5,433,277 Ordinary shares were held in treasury by the Company.

The rights and obligations attaching to the Company's Ordinary shares are contained in the Articles. In brief, the Ordinary shares allow holders to receive dividends and to exercise one vote on a poll per Ordinary share for every holder present in person or by proxy at general meetings of the Company. They also have the right to a return of capital on the winding-up of the Company.

There are no restrictions on the size of holding or the transfer of shares, which are both governed by the general provisions of the Company's Articles and legislation. Under the Articles, the directors have the power to suspend voting rights and the right to receive dividends in respect of Ordinary shares and to refuse to register a transfer of Ordinary shares in circumstances where the holder of those shares fails to comply with a notice issued under Section 793 of the Companies Act 2006. The directors also have the power to refuse to register any transfer of certificated shares that does not satisfy the conditions set out in the Articles.

The Company is not aware of any agreements between shareholders that might result in the restriction of transfer of voting rights in relation to the shares held by such shareholders.

### Treasury shares

As Hays has only one class of share in issue, it may hold a maximum of 10% of its issued share capital in treasury. As at 30 June 2019, 0.37% of the Company's shares were held in treasury. Legislation restricts the exercise of rights on Ordinary shares held in treasury. The Company is not allowed to exercise voting rights conferred by the shares while they are held in treasury. It is prohibited from paying any dividend or making any distribution of assets on treasury shares. Once in treasury, shares can only be sold for cash, transferred to an employee share scheme or cancelled. During the 2019 financial year, Hays transferred 7,324,300 shares out of treasury to satisfy the award of shares under the Company's employee share schemes.

### Shares held by the Employee Benefit Trust

The Hays plc Employee Share Trust (the Trust) is an employee benefit trust which is permitted to hold Ordinary shares in the Company for employee share schemes purposes. No shares were held by the Trust as at the year end. Shares held in the Trust may be transferred to participants of the various Group share schemes. No voting rights are exercisable in relation to shares unallocated to individual beneficiaries.

### Dilution limits in respect of share schemes

The current Investment Association (IA) guidance on dilution limits (formerly the responsibility of the Association of British Insurers) provide that the overall dilution under all share plans operated by a company should not exceed 10% over a 10-year period in relation to the Company's share capital, with a further limitation of 5% in any 10-year period on executive plans. The Company's share plans operate within IA recommended guidelines on dilution limits.

### Major shareholders

As at 30 June 2019, the following shareholders held an interest of 3% or more of the Company's issued share capital:

	% of total voting rights
Cedar Rock Capital Limited	7.63%
Columbia Threadneedle Investments	7.39%
Silchester International Investors	6.91%
Baillie Gifford & Co	5.88%
Marathon Asset Management	5.16%
Majedie Asset Management	4.67%
M&G Investment Management	3.51%
Evenlode Investment	3.08%

### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review, with details of the Group's treasury activities, long-term funding arrangements and exposure to financial risk included in notes 18 and 19 to the Consolidated Financial Statements.

The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments and any proposed dividends. The Group is therefore well placed to manage its business risks.

After making enquiries, the directors have formed the judgment at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

### Articles of association

The Company's Articles may only be amended by special resolution of the shareholders.

### Disclosure of information to the Auditor

So far as the directors who held office at the date of approval of this Report are aware, there is no relevant audit information of which the external Auditor is unaware and each director has taken all steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the external Auditor is aware of that information.

This confirmation should be interpreted in accordance with Section 418 of the Companies Act 2006.

### 2019 Annual Report and Financial Statements

On the recommendation of the Audit Committee and having considered all matters brought to the attention of the Board during the financial year, the Board is satisfied that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable. The Board believes that the disclosures set out in the Annual Report provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

### Annual General Meeting

The Company's AGM will be held at 12 noon on 13 November 2019 at the offices of UBS, 5 Broadgate, London EC2M 2QS.

The Notice of Meeting sets out the resolutions to be proposed at the AGM and gives details of the voting record date and proxy appointment deadline for that Meeting. The Notice of Meeting is contained in a separate circular to shareholders which is being mailed or otherwise provided to shareholders at the same time as this Report.

### Auditor

Resolutions 13 and 14 at the forthcoming AGM will respectively propose the reappointment of PricewaterhouseCoopers LLP as Auditor of the Company and authorise the directors to determine its remuneration. These resolutions will be proposed as ordinary resolutions and shall have effect until the conclusion of the next general meeting of the Company at which accounts are laid.

### Political donations

The Company made no political donations during the year and intends to maintain its policy of not making such payments. It will, however, as a precautionary measure to avoid inadvertent breach of the law, seek shareholder authority at the 2019 AGM to make limited donations or incur limited political expenditure, although it has no intention of using the authority.

Resolution 15 will be proposed as an ordinary resolution to seek authority to make political donations, and if passed, such authority shall expire at the conclusion of the 2020 AGM.

### Authority to allot shares

At the 2018 AGM, shareholders authorised the directors, subject to the Companies Act 2006, to allot Ordinary shares or grant rights to subscribe for or grant rights to subscribe for or convert any securities into shares without the prior consent of shareholders. This authority expires at the conclusion of the 2019 AGM.

Accordingly, Resolution 16 will be proposed as an ordinary resolution to renew this authority for a period expiring at the conclusion of the 2020 AGM. The directors have no present intention of exercising this authority.

### Disapplication of pre-emption rights

Also at last year's meeting, a special resolution was passed under the Companies Act 2006 empowering the directors to allot equity securities for cash without first being required to offer such shares to existing shareholders. Resolution 17 will seek to renew this authority. If approved, the resolution will authorise directors in accordance with the Articles to issue shares in connection with a rights issue and otherwise to issue shares for cash up to a specified maximum nominal amount which includes the sale on a non pre-emptive basis of any shares held in treasury.

Resolution 17 will be proposed as a special resolution to renew this authority for a period expiring at the conclusion of the 2020 AGM.

### Authority to purchase own shares

A special resolution was also passed at last year's meeting enabling the Company to purchase its own shares in the market. Resolution 18 will seek to renew this authority. The directors intend only to exercise this authority if to do so would, in their opinion, enhance shareholder value. The Company will have the option of holding, as treasury shares, any of its own shares that it purchases pursuant to the authority conferred by this resolution. This would give the Company the ability to sell treasury shares, providing the

Company with flexibility in the management of its employee shares schemes. No dividends will be paid on shares whilst held in treasury and no voting rights will attach to the treasury shares.

The price paid for Ordinary shares will not be less than the nominal value of 1 pence per share and not more than the higher of 5% above the average of the middle market quotations of the Company's Ordinary shares as derived from the London Stock Exchange.

Resolution 18 will be proposed as a special resolution to renew this authority for a period expiring at the conclusion of the 2020 AGM.

### Notice of general meetings

The notice period required by the Companies Act 2006 for general meetings of the Company is 21 clear days, unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days.

At last year's AGM, shareholders authorised the calling of general meetings other than an AGM on not less than 14 clear days' notice and Resolution 19 will be proposed as a special resolution and seeks to renew this authority. The authority granted by this resolution, if passed, will be for a period expiring at the conclusion of the 2020 AGM.

The flexibility offered by this resolution will be used where, taking into account the circumstances, the directors consider this appropriate in relation to the business to be considered at the meeting and in the interests of the Company and shareholders as a whole.

### New All-Employee Sharesave Plans

Resolutions 20 and 21 will be proposed to renew:

- the Hays UK Sharesave Plan (the "UK Sharesave Plan"); and
- the Hays International Sharesave Plan (the "International Sharesave Plan"), (together the "Plans").

Employee participation remains a priority for the Company. We believe that the Plans help align the interests of employees and shareholders, and contribute to the success of the Company.

Sharesave plans are an excellent way of achieving employee share ownership, enabling employees to finance the exercise of a share option out of regular contributions to a savings contract.

The Company introduced sharesave in the UK in 1989 and it was extended to non-UK employees in 1999. Both Plans now require renewal and Appendices to the Notice of Meeting set out details of the proposed renewals.

To the extent that new shares are issued under either of the Plans, they will comply with the limit summarised in the Notice. The rules of the Plans will be available for inspection as noted in the Notice.

### Recommendation

The directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

By order of the Board

### Doug Evans

Company Secretary  
28 August 2019

## DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- Make judgments and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's performance, business model and strategy.

Each of the directors, whose names and functions are listed in Governance Report confirm that, to the best of their knowledge:

- The Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- The Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

**Alistair Cox**  
Chief Executive

**Paul Venables**  
Group Finance Director  
28 August 2019