STRATEGIC REPORT

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

OUR INVESTMENT CASE

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

We believe there are four simple and compelling reasons to invest in Hays.

1.

Our business model breadth across sector and contract type

- We have built a global, white-collar recruitment business with unrivalled scale, balance and diversity.
- We are positioned across Perm, Temp and Contractor markets, at a scale unique amongst our peers. 59% of our net fees are in Temp or Contracting recruitment, which we anticipate being relatively more resilient than Perm in the near term, and where we are market leaders.
- We focus on precise execution, delivered by the best people, sector-leading technology, recruitment tools and our world-class brand.
- We have strong and experienced senior regional management teams across the Group, and invest in our leaders through our bespoke International Leadership Management Programme.
- We focus on developing and delivering the best services and products for clients and candidates, meeting their evolving needs.

2.

Our balanced exposure to both mature and structural growth markets

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

3.

Our ability to deliver superior financial performance through the cycle

- Our scale and balance adds relative resilience to earnings through the economic cycle. This contributes to the outperformance of our business versus peers over the long-term.
- Non-Perm recruitment tends to be less cyclical than Perm. Candidate assignments can extend up to 12 months, giving some 'run-rate' net fee visibility. By giving clients access to high-quality, flexible talent, we help them convert costs from fixed to variable.
- The pandemic reduced hiring globally and we acted quickly to manage our cost base, while protecting our core business operations and productive capacity and are in a strong position to grow once our markets stabilise.
- Although fees declined 11% in FY20, we supported our clients through very challenging times. Our high exposure to skill-short sectors such as Technology and Life Sciences added resilience.
- Our c.£196 million equity raise in April 2020 gives us our strongest balance sheet ever. Our financial strength allows us to pursue organic business opportunities as clients seek well-capitalised partners, and to protect our core infrastructure.

4.

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

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

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

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

THE YEAR IN REVIEW, AND THE YEARS AHEAD

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

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

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

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

Throughout the remote working phase, we have continued to achieve a lot. Consultant interactions with clients and candidates have remained very strong. We won some notable new clients in Hays Talent Solutions, our corporate solutions business. We also launched Hays Thrive globally, our unique and free-to-use employee training and wellbeing platform. So far we have had 17,000 client sign-ups, including 5,000 new clients, and 51,000 individuals registering learning accounts. This is a great example of the value and innovation we can bring to our markets, even when circumstances change dramatically. It's all part of our strategy to be lifelong partners to our clients and candidates.

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

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

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Find out more about Hays Thrive visit: hayslearning.com

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

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

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

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

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

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

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

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

The lockdown impacted the component parts of our German business in different ways. Contracting, our largest area at 58% of German fees and which provides freelance workers, was relatively resilient and declined by 9% in the year, including Q4 down 12%. Conversely our Temp business, where we are required to employ workers under German law who are then 'seconded' to our clients, primarily in the Automotive and Manufacturing sectors, was significantly weaker and declined 24% in the year, with Q4 down 72%. A substantial proportion of this decline was due to the under-utilisation of our employed Temps as our clients had to close their operations during lockdown. We took decisive action towards the end of the year to reduce our exposure here. I remain confident there is a significant long-term market for highly skilled Temps in Germany. We are determined to continue to lead that market and I am sure we will emerge strongly once demand becomes more certain. Perm fees decreased by 8%.

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

Considering the backdrop, I think our Australia & New Zealand division performed well, with fees down 11%. The first half of the year saw fees fall by 4%, in part impacted by the bushfires in December. Activity levels then began to improve prior to the onset of the pandemic. However fees declined by 28% in Q4 as the lockdowns hit, with Temp down 18% and Perm down 52% in the quarter. Sector-wise in Australia, corporate skillsets including Accountancy & Finance were hardest hit, down 23% in the year. However IT demonstrated its resilience with flat fees, supporting our strategy of investing even further in that business. Again, as long-standing market leaders in Australia, we will use our financial strength to further reinforce that position.

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

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

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

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

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

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

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

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

Our enthusiasm for the structural attraction of non-Perm and flexible working is therefore higher than ever. In tandem with major shifts in worker demographics and financial needs, longer, plural careers are becoming more commonplace.

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

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

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

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

Watch our Investor video at haysplc.com/investors

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

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

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

Careers are an important part of our lives. How careers are built will change and how individuals access the skills they need or the opportunities they are seeking will change too. I remain of the view that, in time, we will see our white-collar, professional markets, particularly in Flex roles, moving towards a 'Careers as a Service' type-model. If I am correct, Hays is uniquely positioned to help clients and candidates make this shift.

Q. Thinking about the performance of Hays pre-Covid, what were your strategic highlights in 2020? Any 'low-lights' across the year?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A. As I said earlier, our equity placing in April 2020 and an outstanding cash collection performance in Q4 have put us in our strongest financial position ever. Given the current highly challenging market conditions, we are still managing our cost base tightly to protect profits. This said, trading stabilised quicker and at a higher level of fees than we expected at the time of the equity placing. Coupled with the outstanding performance of our credit control teams and our existing debt facilities, we have great security against any prolonged effects of the pandemic. We also have flexibility to invest in attractive areas of our business which have the potential to make a material impact on our future results.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

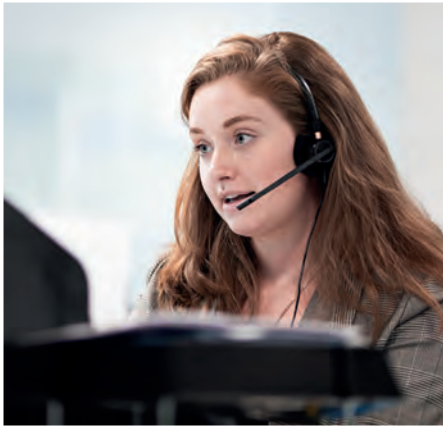
Q. On technology, has the risk of disruption from new entrants and platforms changed?

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

Commentators have forecast the dis-intermediation of recruitment agencies longer than I've been in the industry. First it was via job boards, then social media platforms and online communities, and latterly aggregators and peer-to-peer hiring platforms. While the advent of technology may have made it easier to apply for multiple roles as a candidate, it has not made it easier for organisations to sift through vast volumes of applications to find exactly the talent they are looking for. The heart of good recruitment is based on the strength of the relationships formed with clients and candidates and the advice provided to each, which is a very human thing. I firmly believe that the prize for adding real human value in a digital world is immense.

Software companies seeking to solve all problems with an algorithm cannot do this alone, and human-only businesses miss out on what technology can augment in their people. Hays balances the best of both worlds – we train our consultants to be the best in the industry and we truly value the importance of the human touch. Equally, we have never been in a better place in terms of data and technology. However, there is no room for complacency and we are constantly vigilant to technological change as our world continues to evolve.

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



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

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

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

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

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

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

We don't achieve these accolades without hard work. I'm extremely proud of the success we have had from the Hays 'International Leadership and Management Programme' (ILMP), now in its third year, and designed to further equip our senior people to lead successful businesses in an increasingly complex world of work. We will protect this material investment in our future leaders despite the challenges of Covid-19 as it is all about securing our long-term future. To date, over 100 of our global leaders have completed the programme and it will continue in FY21.

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

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

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

The acceleration in digitalisation, in part due to the pandemic, means that cyber threats remain acute. At Hays we take this threat extremely seriously and it occupies a central position at Board level. It is my job as CEO to be 'professionally paranoid' around the subject and do everything we can to protect our candidate, client and employee data. It is a continual battle, but our IT, Legal and Operations teams' level of engagement gives me great comfort as CEO. However, we can never be complacent.

My main personal challenges are staying apace with innovation and industry developments, ensuring we remain highly relevant and the industry leader. I expect significant further technological changes and innovation, and plan to embrace these. Change will continue to present us with opportunities, as well as creating risks or threats to our business model. However, we have successfully navigated these in the past and I see no reason why we will fail in the future.

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

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

Alistair Cox
Chief Executive

FORMING LIFELONG PARTNERSHIPS

RECRUITING THROUGH THE PANDEMIC

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

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

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

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

"

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

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

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

"

Sam McCarthy
United Kingdom

GLOBAL BUSINESS MODEL, LOCAL EXPERTISE

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

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

Exposure to mature and less mature markets

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

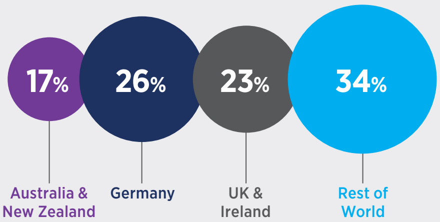
An important driver of our growth remains the first-time outsourcing of this recruitment to third parties. This means that these markets are relatively less cyclical, and relatively less driven by the prevailing economic backdrop, or short-term sentiment. Markets which are more mature are those where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

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

Net fees by clients

Top 50	Other clients
c.15%	c.85%

Net fees by geography



Global integrated business

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

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

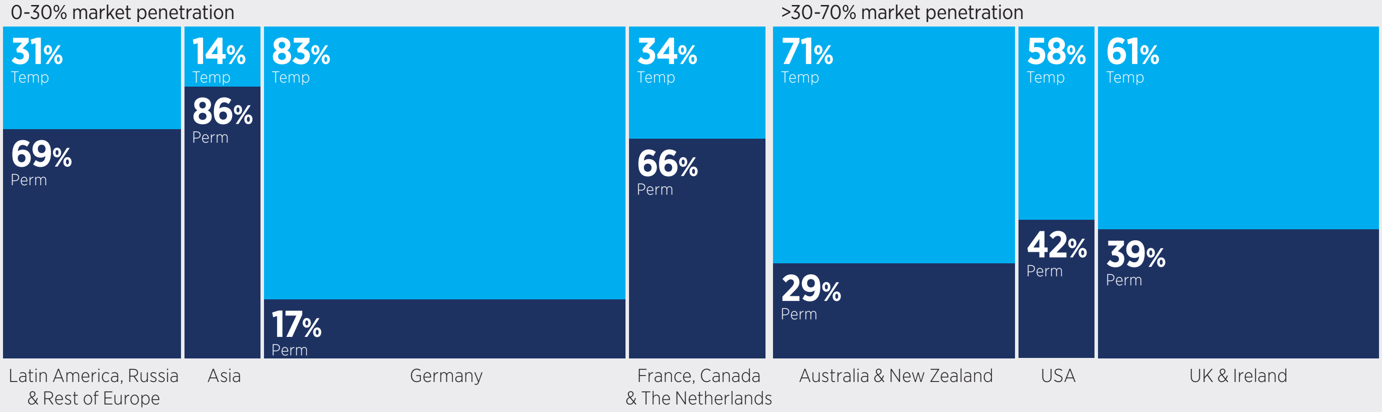
In most of our 33 countries, we still have significant scope to in-fill from our current 20 specialisms. For example, our average RoW country has exposure to only eight specialisms, while Germany, where we are by some distance the market leader in white-collar recruitment, has only nine specialisms.

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

Net fees by geography, type and market maturity

Structural/less mature
56%
0-30% market penetration

Cyclical/mature
44%
>30-70% market penetration



Our Hays Stories

To listen to many expert insights from our country leaders please go to: **https://social.hays.com/podcasts/**

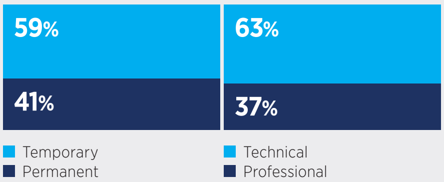
Our business model allows us to create value for all our stakeholders

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

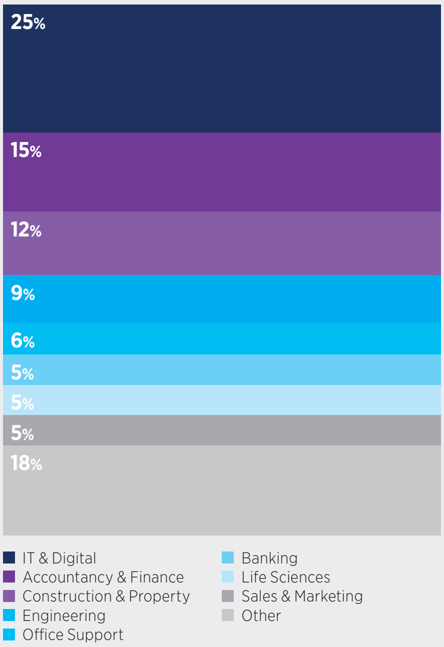
Scope for our people to move worldwide

In FY20, 69 colleagues transferred internationally within Hays, reinforcing our culture while giving them exciting new opportunities globally. We want to keep the best talent within Hays, which is in the interest of our clients, candidates and shareholders.

Net fees



Net fees by specialism



Lifelong partnerships

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

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

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

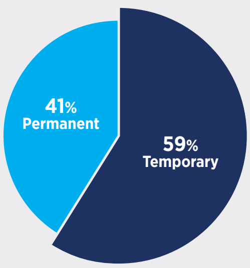
The result: a balanced and diverse model, working through the cycle for all our stakeholders

A balanced and diverse model

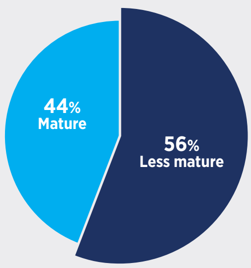
We have deliberately and strategically built a business which is balanced and diverse. Within our network, we have exposure to both more cyclical, mature markets such as the UK and less mature, structural growth markets such as Germany and in Asia. We have deep scale and expertise in 20 specialist areas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

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

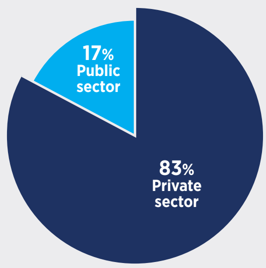
Contract type



Market maturity



Net fees by sector



CREATING VALUE FOR ALL STAKEHOLDERS

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

High returns on capital

Our business is relatively asset-light with low capital employed

Introducing our key stakeholders

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

Our key resources

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

Strategic priorities

Materially increase and diversify Group profits

Build critical mass and diversity across our global platform

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

Generate, reinvest and distribute meaningful cash returns

Read more about our strategic priorities **see page 28**

Stakeholders

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

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

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

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

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

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

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

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

Read more on our Governance **see page 57**

Our people, candidates and society
We help hundreds of thousands of people each year in their career journey, and tens of thousands of organisations source the skills they need to grow. This all contributes to the wider growth and success of the economies and communities in which we operate, and helps maximise tax revenues.

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

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

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

Engaging with our stakeholders

By engaging with our stakeholders, we are better able to understand their needs and strive to surpass their expectations. Throughout FY20 we have maintained close contact with our key stakeholders including: regular engagement with our shareholders, including our non-pre-emptive equity placing; frequent engagement with employees, clients and candidates through the pandemic, including launching Hays Thrive, our free-to-use wellbeing platform; and engaging with communities by adopting two United Nations Sustainable Development Goals and focusing our charitable efforts on activities which support our purpose.

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

How we create value

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

Stakeholder benefits

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

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

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

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

Read more about our risk policies **see page 49**

Read more on our remuneration **see page 76**

FY20 outcomes

Principal stakeholders

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

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

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

External stakeholders

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

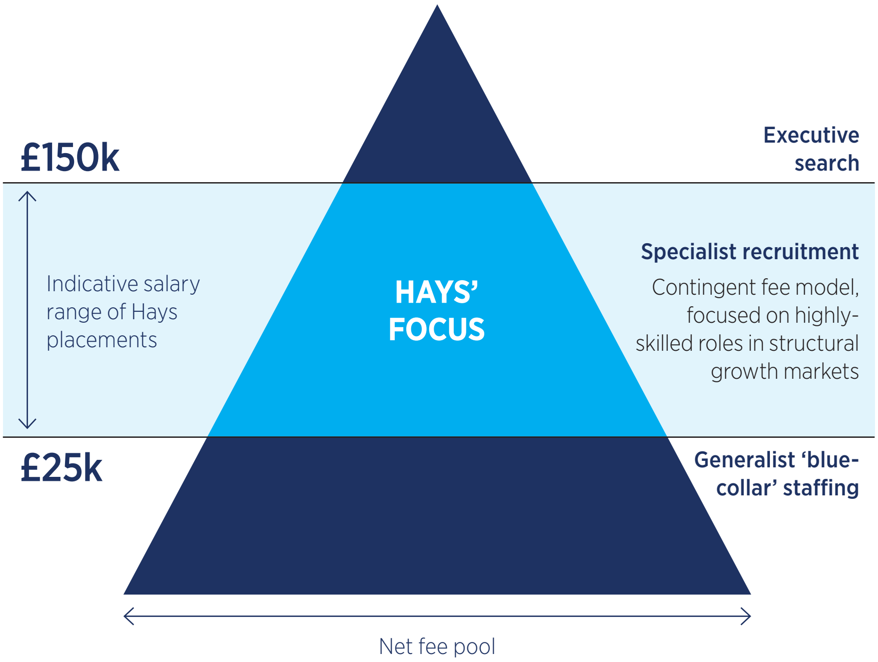
Environment
Our employee GHG emission intensity per tonne of CO_2 remained broadly flat

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

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

LEADERS IN THE GLOBAL JOBS MARKET

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



The competitive environment

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

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

We embrace digitalisation; developing technology to help our consultants match candidates with clients' roles faster than previously possible. Our 'Find & Engage' recruitment model and Hays' Approachability Index sit at the heart of our process (see pages 24 to 27). These form part of how we build wide and deep talent pools, using our strong brand, online presence and relationships with digital platforms such as LinkedIn and Xing to support more clients and candidates than ever.

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

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

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

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

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

The competitive landscape across most of our markets is characterised by numerous recruitment companies, often very small and focused on local, niche markets. There are a few, large global players. The main UK-listed specialist recruitment businesses are PageGroup, Robert Walters and SThree. Each has different exposures and mix, but are present in many of our markets.

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

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

Australia & New Zealand

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

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

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

For more information **see page 33**

Germany

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

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

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

For more information **see page 34**

UK & Ireland

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

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

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

Brexit remains a material uncertainty for the UK economy.

For more information **see page 35**

Rest of World

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

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

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

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

For more information **see page 36**

Our Hays Stories: Covid-19

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

After learning more about their niche, cases and the team, we discussed what the role of the person should be. It was important to take into account both the immediate needs of the law firm and what their clients would need once lockdown was over. Planning for an unpredictable future was the hardest part of the process.

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

Carlota Oliver
Barcelona

MEGATRENDS IN THE WORLD OF WORK

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

1. More and varied ways of building a career

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

The rise of digital economies is driving the creation of new job types in niche areas. It is also enabling greater mobility of experienced workers, who can provide their skills as independent contractors on a more flexible basis. The pandemic has expanded this theme further by proving that many roles can be fully carried out remotely. As markets stabilise and recover, we can also attract talent from a wider geographic area and create broader pools of talent for our clients to access.

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

2. Skill shortages and businesses' demands for flexibility

In uncertain economic times, our clients increasingly look to add flexibility to their skilled workforce. In doing so, they can respond to fast-changing market conditions, accessing the skilled labour they need, precisely when they need it.

They can also convert a traditionally fixed employee cost into a variable expense. Employing skilled people on a contract or project basis provides greater cost-base flexibility. Also, by adding highly skilled specialisms in a particular role, the employer increases the potential for seamless execution.

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

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

Recruitment type

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

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

Temporary and Contracting	Permanent
59%	41%

% of Group net fees

Technical	Professional
63%	37%

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

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

Specialism type

3. Structural market growth and evolving client demands

Most professional recruitment around the world is still done by in-house HR teams. This is true across mature and less mature economies, although previous economic downturns have shown that outsourcing to specialist recruitment agencies can accelerate. Over half of our business today is in structural growth markets. We continue to observe a shift, mainly among large corporates, towards centralised procurement.

FOR HAYS: Our services must be tailored to these different client needs, whether it is first-time outsourcing or providing different specialist recruitment delivery models.

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

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

4. Emergence of new, and evolving, technologies

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

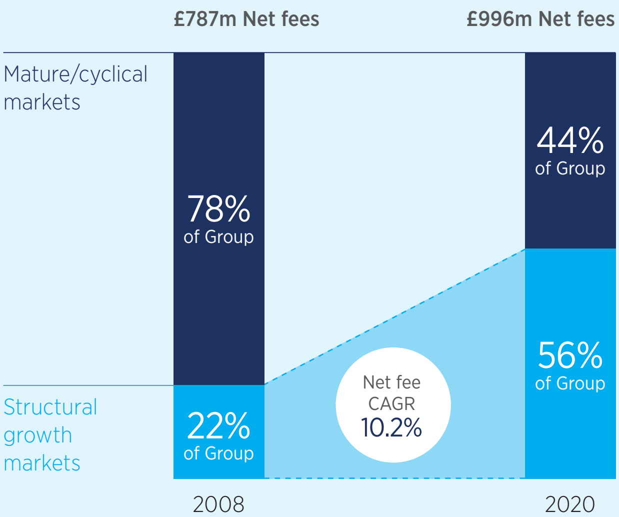
FOR HAYS: The guiding principles of our technology strategy are:

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

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

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

Over half of our business today is in structural growth markets



New productivity tool: Hays Digital Manager

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

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

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

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

HOW DOES HAYS' CULTURE HELP YOU AND YOUR TEAM?

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

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

Sandra Henke
Group Head of People and Culture

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

Simone Salem
Hays Talent Solutions

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

Jeremy Demeure
Luxembourg

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

Adam Badman
United Kingdom

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

Sebastian Schwand
Germany

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OUR PEOPLE AND CULTURE

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

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

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

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

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

Purpose and values

Every day, our c.10,400 colleagues collectively power the world of work. We know that the right job can transform a person's life, and the right person can transform an organisation.

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

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

Our core values are to be:

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

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

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

Sandra Henke
Director of People & Culture

The Ultimate People Business

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

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

We train them in the ‘art’ of recruitment, helping them build the depth of insight and awareness required to ensure the ideal cultural fit for any role. We then equip them with the best tools to do the job, embracing new technologies, and innovating the way we work – the ‘science’ of recruitment. In the digital world, giving colleagues the ability to work flexibly is vital, and we have made changes to our operating hours, plus adopted new technologies to enable home working. However, we recognise that recruitment works best when people are part of an engaged and motivated team. We promote from within, and give our staff the opportunity to quickly move up the career ladder from Consultant to Team Leader, to Desk Head, to Sector Head and then to Managing Director.

Training and development

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

We calculate that on average our new Associate Consultants each receive c.46 days of intensive coaching and training in their first year. This considerable investment in their development helps them to become more effective and productive in their role.

Intermediate managers

Once consultants have completed their first year, our training takes on a more tailored approach based on a person’s needs. For example, someone working on a Data Science desk within our IT specialism, or on an Architecture desk within C&P, will get ample opportunity to stay current with developments in their industry, helping develop their expertise. We also provide leadership, sales psychology and ethics training. In FY20, our managers spent on average 12 days engaged in training and development activity, or approximately 5% of their working time.

Senior managers: Hays International Leadership & Management Programme

In 2018 we introduced our ‘International Leadership and Management Programme’ (ILMP) for our most senior leaders. The aim is to equip our most experienced leaders with the skills to drive their businesses forward, and to embrace the opportunities being presented by the digital revolution. 105 of our senior leaders have completed this course, which will continue in FY21.

Equality, Diversity & Inclusion

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

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

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

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

Alex Heise

Our Hays Stories

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

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

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

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

Alex Heise
Managing Director,
Mannheim, Germany

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

EMPOWERING CLIENTS GLOBALLY

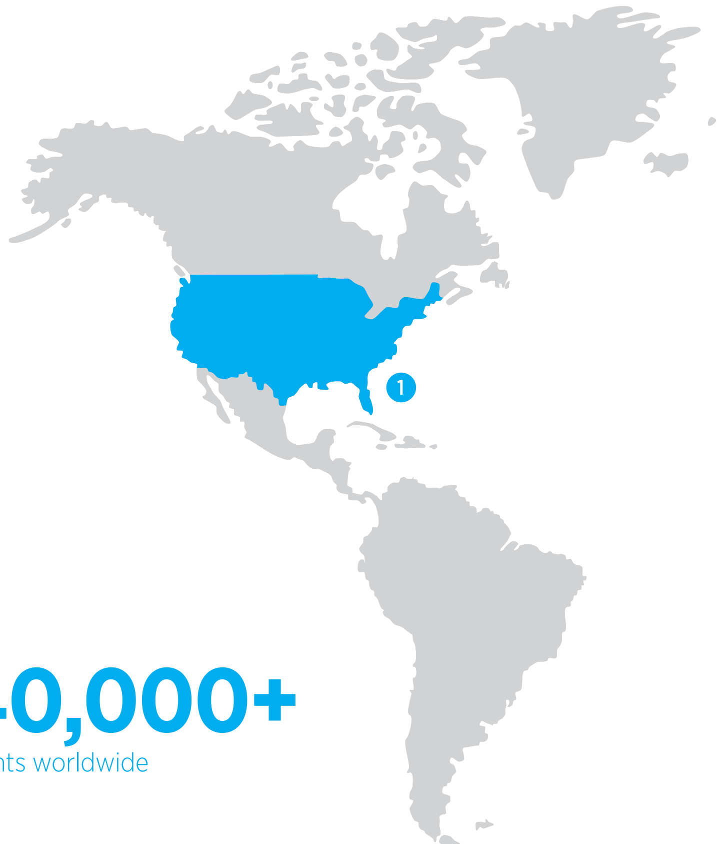
We work with over 40,000 clients worldwide each year, across the Public and Private sectors, from the largest multinational companies to start-ups. Each relationship is based on expertise, trust, quality of service and speed to market. These attributes are vital in a digital world. We profile five relationships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

For Divisional operating review **see page 32**

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

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

Mitchelle Schanbaum
CEO



40,000+
clients worldwide

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

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

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

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

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

BIBBY FINANCIAL SERVICES

2 In early 2020, Hays was appointed as the exclusive recruitment partner for Bibby Financial Services (BFS), the UK's leading invoice financing provider for SMEs, to deliver a project to place high-calibre, permanent colleagues into its new corporate office in Manchester. As lockdown restrictions came into force the day after assessments commenced, the entire interview, selection and onboarding campaign became virtual overnight. Hays adapted swiftly to the cultural, technological and logistical challenges, driving an increase in offer/ acceptance rates. With over 50 starters to date, the programme is ahead of schedule, despite Covid-19 challenges.

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

Suzanne Cousens
Head of People Operations

sea
connecting the dots

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

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

Semantha Ong
HR Director

iag

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

Hays helped design multi-channel recruitment campaigns, pre-screen candidates, runs IAG-specific assessment centres, manage the interview process and facilitate offer-management. Working seamlessly with IAG's applicant tracking and vendor management systems, Hays' OneTouch boosts the talent pools available to IAG. This frees up managers' time, allowing them to focus on training and retaining staff. The relationship has averaged over 450 perm placements and 200 flex workers each year.

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

POWERING OUR SHIFT TO REMOTE WORKING GLOBALLY

"

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

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

"

Steve Weston
Chief Technology Officer

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

Isabel Höhn
Germany

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

Michael Gauci
Hays Talent Solutions

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

Ghader Al-Jaber
Canada

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OUR PEOPLE, ENABLED BY TECHNOLOGY

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

Digitalisation boosts our consultants' productivity and helps them find talent

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

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

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

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

Our guiding principles in technology are:

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

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

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

Three phases of data-driven insights

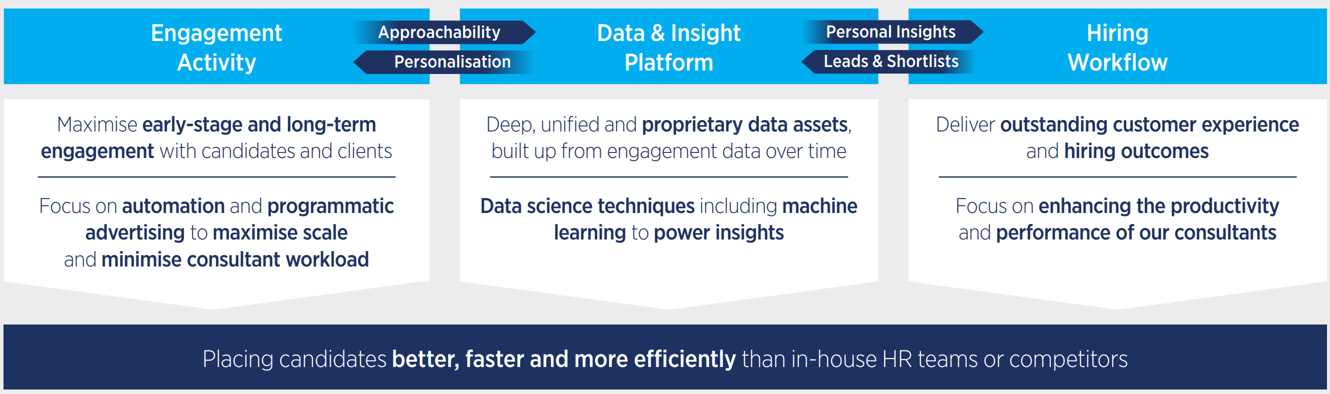
We have been developing our cutting-edge data systems for well over a decade. Our first 'Foundation' period (2008-2012) established an architecture, process and internet-enabled system. Our second 'Connections' phase (2012-2017) focused on channel exploitation, working innovatively with companies like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

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

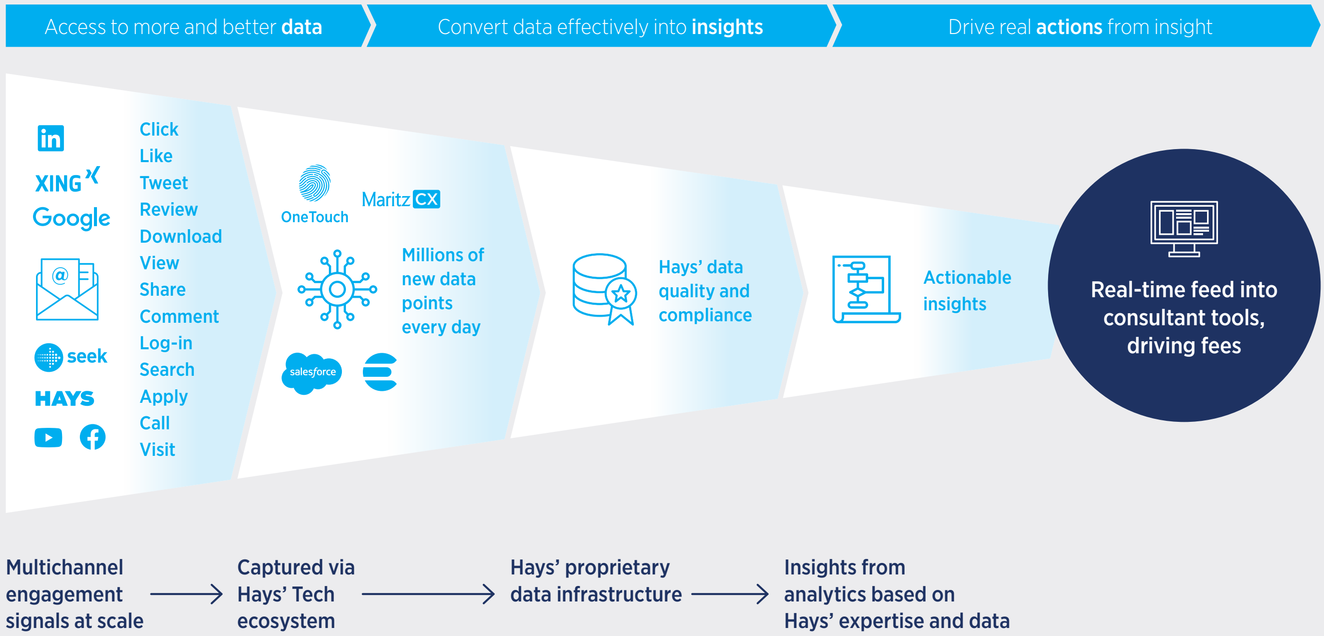
Our systems use many inputs and analytics to gauge how open to an approach a potential candidate is likely to be. Understanding approachability signals, when overlaid with a trusted Hays consultant relationship, gives us a competitive edge.

We believe we are now in a third 'deep insights' phase, underpinned by analytics. We believe the prize for adding real human value in the digital age will be significant.

The Hays Power Recruitment Platform: Fully integrating cutting-edge tools for our consultants



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



Data driven, people powered

Almost every area of recruitment has become digitally enabled, creating significant useful data. Protecting and managing this data with great care and attention sits at the heart of what we do and is central to our business model. We believe in transparency with our candidates, and set out clearly in our privacy policies how we process their personal data.

To create economies of scale, our consultants need to be equipped with the best technological tools to search this complex and ever-increasing bank of data, which we gather via our 'data funnel' shown above. We received c.11.5 million job applications in FY20, and our website received over 120 million page views. Such applications and website interest are engagement signals, which flow directly into our data funnel.

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

These play a leading role in both nurturing strong candidate relationships, and also gaining useful candidate engagement signals. Our data assets are then supported by Salesforce Marketing Cloud, adding a high degree of automation and consistent contact.

Engagement signals across a wide variety of sources are converted into actionable insights by our in-house developed proprietary analytics, powered by in-built machine learning. Increasingly, technology helps us to anticipate clients' demands before they arise.

We are able to analyse complex user data in real time, gaining invaluable insight into candidates' skills and career ambitions. Our aim is to match these insights received from clients and candidates with the highest service quality in our industry from our consultants, at speed and at scale.

Hays 'Approachability Index'

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

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

The consultant's view

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

Julia Prado
Rio de Janeiro

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

Technology and a candidate's path

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

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

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

Candidate experience

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

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

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

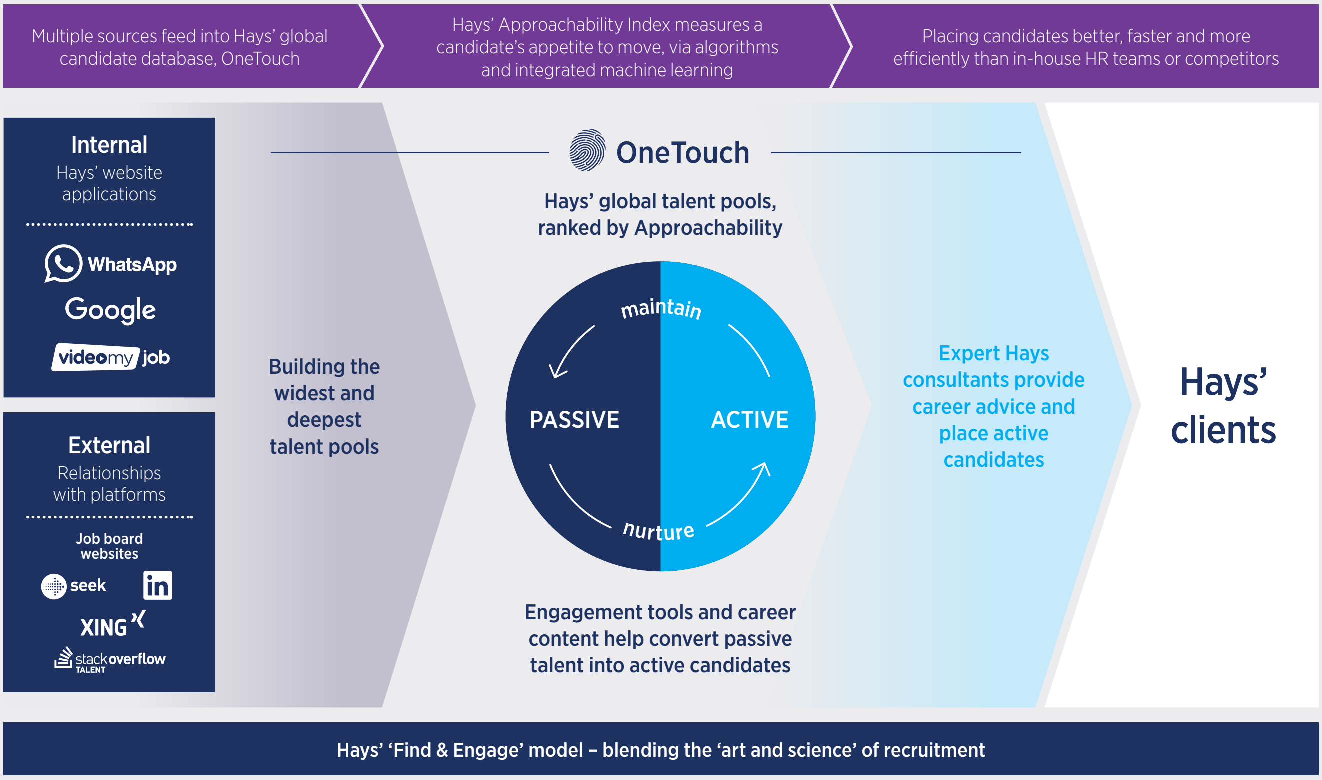
By engaging with our talent pools, we can deliver what was once viewed as high-end headhunting, to many more white-collar candidates, at scale.

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

Signals of activity and interests	Enhanced candidate profiles	Personal relationships
Likelihood to move	Fit to career ambitions	Trusted advisor

Data analytics combine many signals and inputs into a single score to predict a candidate's likely interest in a role

How technology accelerates the candidate journey



Continuous innovation

Our expert Hays Innovation team constantly monitors the technology landscape, identifying new trends, opportunities and threats and building relationships with key players. In FY20, we made excellent progress, notably with our Temp platform Hays Hub, which had great success in the UK Education sector pre-lockdown, and which we have rolled out to Social Care and also our Australian business. Our collaborations with Mya and Stack Overflow also had very good second years.

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

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

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

Lauren Yates
Sydney

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

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

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

Read more about our KPIs
see page 30

Read more about our sustainability policies
see page 42

Read more about our risks
see page 49

Read more on our remuneration
see page 76

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

Strategic priority

Materially increase and diversify Group profits

Generate, reinvest and distribute meaningful cash returns

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

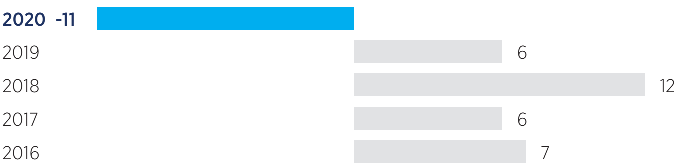
Build critical mass and diversity across our global platform

What we achieved in FY20	Focus in FY21	Link to relevant KPIs
– Group operating profit fell by 45% to £135.0 million[1], materially impacted by the reduction in fees in H2 after the pandemic hit. All of our profit was delivered in the nine months to the end of March, with Q4 trading broadly breakeven – We acted to appropriately manage our cost base, while protecting our core business operations and productive capacity – 88% of our operating profit[1] was generated outside of the UK&I. This is up from c.35% in 2008	– The shape of recovery will be largely driven by the effects of the pandemic, and any need for further lockdowns – Notwithstanding the unpredictable nature of the pandemic, we will continue to focus on maximising net fees in our businesses – We have identified over 20 'return to growth' initiatives, across our divisions. These accelerated investment plans are in attractive structural growth markets, including IT and large Corporate Accounts, and aim to materially enhance our recovery	1 Like-for-like net fee growth 2 Proportion of Group net fees generated by our International business 4 Basic earnings per share growth 5 Like-for-like net fees per consultant 6 Conversion rate
– Underlying cash performance was excellent, ending the year with a net cash balance of £366.2 million, excluding short-term deferral of tax payments – Cash conversion[2] of 183%, benefiting from strong credit control and a c.£100 million partial unwind of Temp debtors – Given the macroeconomic uncertainty caused by the pandemic, and the fact we traded only at a broadly breakeven level of profitability in Q4, the Board is not proposing a final dividend for FY20	– Our long-term priorities for free cash flow are to fund investment and development, maintain a strong balance sheet and, when appropriate, pay a sustainable core dividend – We are acutely aware of the importance of dividends to our shareholders. We aim to restore dividends as soon as is appropriate	1 Like-for-like net fee growth 4 Basic earnings per share growth 7 Cash conversion
– Internally promoted 3,721 of our colleagues – Strong progress with our Hays Hub Temp platform – Launched Hays Thrive, our unique, free to use client training & wellbeing platform. Continued to develop mutually beneficial relationships across a range of areas, including collaborations with Xing, LinkedIn and Stack Overflow, among others – Upgraded our German operational system, and continued investment in our back-office with efficiency projects in Germany, the USA and Canada	– Continue to explore and develop relationships with external organisations, to enable us to better understand, respond to and capitalise on new opportunities and/or threats – Further develop our front- and back-office capabilities, including data science and analytics, to improve our business efficiency and service to clients and candidates – Continue to evolve and shape our offering to meet changing clients' needs by providing alternative and innovative delivery models, including Hays Hub	5 Like-for-like net fees per consultant 6 Conversion rate
– Given the unprecedented uncertainties created by the pandemic and lockdowns, Group headcount was reduced by 9% in FY20 as we appropriately managed our costs – In addition, at 30 June 2020 18% of Group employees were either in job support schemes, short-time working arrangements or had voluntarily reduced their pay, including senior management – Our Temp & Contracting business, 59% of Group fees, demonstrated greater resilience than Perm	– We are focused on returning our businesses to organic growth once markets stabilise – Our 'return to growth' investments are designed to accelerate our medium-term growth. Common themes across all divisions include growing our IT specialism and large Corporate Accounts business – We will also look to further drive growth in our non-Perm businesses in new/existing markets, including France, Japan, Canada and the USA	1 Like-for-like net fee growth 2 Proportion of Group net fees generated by our International business 3 Headline International net fee base

FY20 PERFORMANCE HEAVILY IMPACTED BY COVID-19

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

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



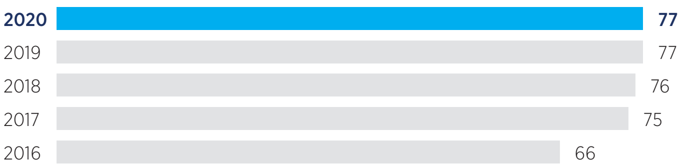
Measure

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

Progress made in 2019-20

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

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



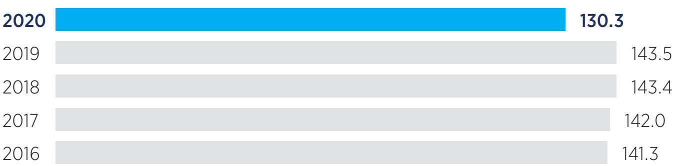
Measure

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

Progress made in 2019-20

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

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



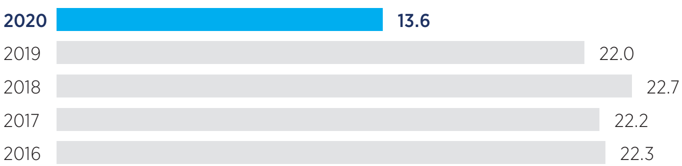
Measure

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

Progress made in 2019-20

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

6. Conversion rate[3] (%)



Measure

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

Progress made in 2019-20

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

(1) Like-for-like growth represents organic growth of operations at constant currency.
(2) Operating profit and basic earnings per share are stated before exceptional charges, as detailed in note 5 to the Consolidated Financial Statements on page 142.
(3) Conversion rate is the proportion of net fees converted into pre-exceptional operating profit[2].
(4) FY20 cash generated by operations has been adjusted for the cash impact of lease payments of £46.4 million and £118.3 million of deferrals of taxes.
(5) Cash conversion represents the conversion of pre-exceptional operating profit[2] to cash generated from operations[4].

Measured against our strategy

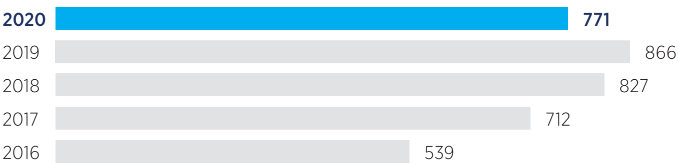
We clearly link each of our KPIs to our four strategic priorities:

- Materially increase and diversify Group profits
- Invest in people and technology, responding to change and building relationships
- Generate, reinvest and distribute meaningful cash returns
- Build critical mass and diversity across our global platform

These are focused on the overall Group financial performance, as well as changes we are making within the Group, such as the internationalisation of the business. As well as growth, we measure KPIs which illustrate the efficiency of our operations, such as conversion rate and cash conversion.

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

3. Headline International net fee base (£m)



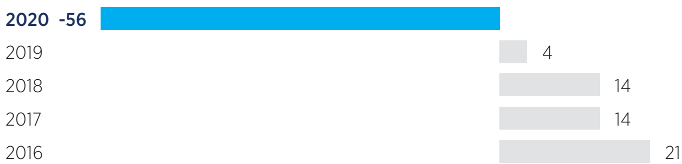
Measure

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

Progress made in 2019-20

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

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



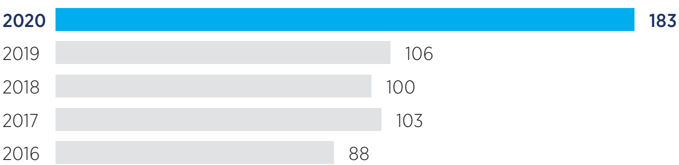
Measure

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

Progress made in 2019-20

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

7. Cash conversion[5] (%)



Measure

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

Progress made in 2019-20

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

DIVISIONAL OPERATING REVIEW

AUSTRALIA & NEW ZEALAND

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

Offices

42

(FY19: 41)

Consultants[2]

811

(FY19: 1,008)

Net fees

£170.5m

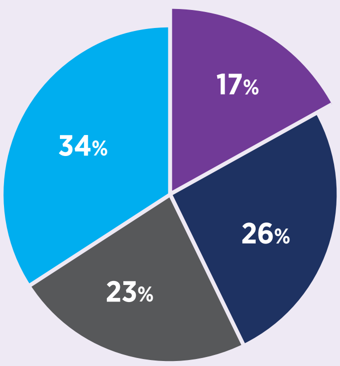
(FY19: £198.5m)

Operating profit[3]

£48.2m

(FY19: £66.4m)

Share of Group net fees



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

In Australia & New Zealand (ANZ), net fees decreased by 11% to £170.5 million and operating profit[3] fell 25% to £48.2 million. This represented a conversion rate[1] of 28.3% (2019: 33.5%). The difference between actual and like-for-like growth rates was primarily the result of the depreciation in the average rate of exchange of the Australian Dollar versus Sterling during the year, which decreased net fees by £7.2 million and operating profit by £2.5 million.

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

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

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

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

Net fees by specialism

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

Net fees by country/sub-region

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

Net fees by contract type

29% Permanent	71% Temporary

Net fees by sector

35% Public	65% Private

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

Operating performance

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

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

(1) Conversion rate is the proportion of net fees converted into operating profit (before exceptional items).
(2) Closing consultant headcount as at 30 June.
(3) Operating profit was stated before exceptional charges, as detailed in note 5 to the Consolidated Financial Statements on page 142.

GERMANY

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

Offices

25

(FY19: 24)

Consultants[2]

1,560

(FY19: 1,801)

Net fees

£259.8m

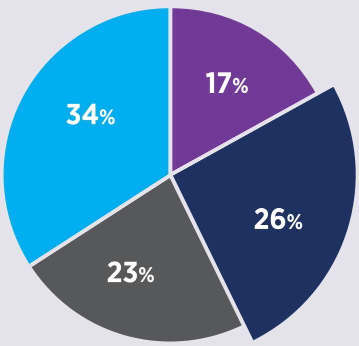
(FY19: £299.8m)

Operating profit[3]

£53.2m

(FY19: £91.3m)

Share of Group net fees



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

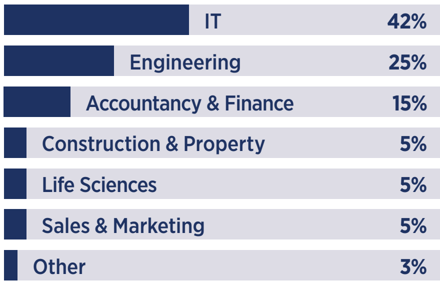
Net fees in our largest market of Germany declined by 13% to £259.8 million, with operating profit[3] down by 41% to £53.2 million. This represented a conversion rate[1] of 20.5% (2019: 30.5%). Modest Sterling strength versus the Euro led to a year-on-year decrease in net fees of £1.3 million and operating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

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

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

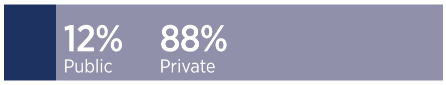
Our Temp business, 25% of Germany fees and where we employ temporary workers as required under German law, was significantly weaker and declined by 24%, including Q4 down 72%. A large proportion of this decline was due to the under-utilisation of employed Temps due to the widespread client closures of their manufacturing sites during lockdown. As a result, the net reduction in billable hours in Q4 impacted net fees by £6.8 million (net of £2.2 million received from the German short-time working scheme) and fees were further reduced by £4.1 million of non-exceptional costs as we took the decision to release c.420 Temps, given significantly reduced levels of demand from our clients and the tough market outlook.

Net fees by specialism



Net fees by contract type

Net fees by sector



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

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

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

Operating performance

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

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

(1) Conversion rate is the proportion of net fees converted into operating profit (before exceptional items).
(2) Closing consultant headcount as at 30 June.
(3) Operating profit is stated before exceptional charges, as detailed in note 5 to the Consolidated Financial Statements on page 142.

UK & IRELAND

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

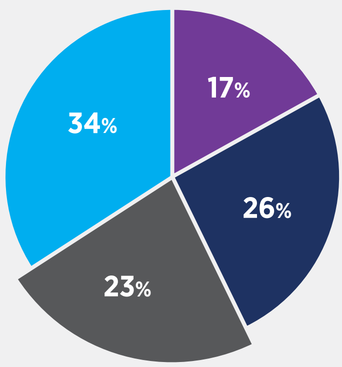
Offices
95
(FY19: 96)

Consultants[2]
1,840
(FY19: 1,960)

Net fees
£225.6m
(FY19: £263.8m)

Operating profit[3]
£16.6m
(FY19: £48.9m)

Share of Group net fees



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

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

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

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

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

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

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

Net fees by specialism

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

Net fees by region

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

Net fees by contract type

39% Perm	61% Temp

Net fees by sector

31% Public	69% Private

Operating performance

Year ended 30 June	2020	2019	Actual growth	LFL growth
Net fees	£225.6m	£263.8m	(14)%	(14)%
Operating profit[3]	£16.6m	£48.9m	(66)%	(66)%
Conversion rate[1]	7.4%	18.5%	(1,110bps)	
Period-end consultant headcount[2]	1,840	1,960	(6)%	

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

(1) Conversion rate is the proportion of net fees converted into operating profit (before exceptional items).
(2) Closing consultant headcount as at 30 June.
(3) Operating profit is stated before exceptional charges, as detailed in note 5 to the Consolidated Financial Statements on page 142.

REST OF WORLD

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

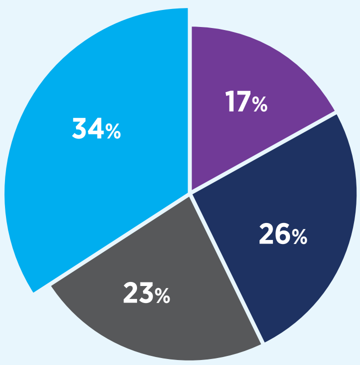
Offices
104
(FY19: 104)

Consultants[2]
2,689
(FY19: 3,013)

Net fees
£340.3m
(FY19: £367.6m)

Operating profit[3]
£17.0m
(FY19: £42.2m)

Share of Group net fees



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

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

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

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

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

Asia net fees declined by 9%, with operating profit[3] down 50%. Fees in H1 grew by 4%, although conditions deteriorated sharply at the start of H2 as the pandemic emerged in China and have remained difficult due to rolling lockdowns. Overall in the year, Japan, our second largest Asian market, delivered relative resilience, with fees down 2%. Singapore and China were more difficult, with fees down 13% and 17% respectively. However, Malaysia produced an excellent performance with fees up 28%.

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

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

Net fees by specialism

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

Net fees by selected sub-region

EMEA*	59%
The Americas	22%
Asia	19%

*excluding Germany

Net fees by contract type

66% Perm	34% Temp

Operating performance

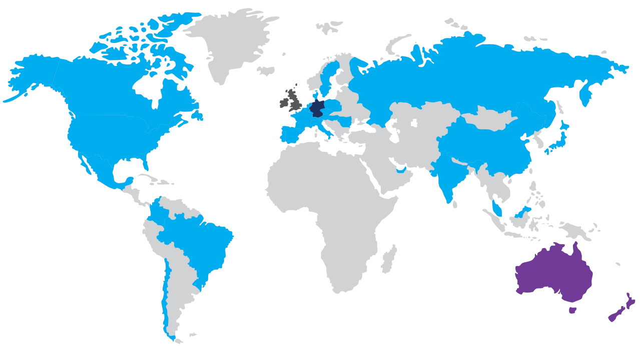
Year ended 30 June	2020	2019	Actual growth	LFL growth
Net fees	£340.3m	£367.6m	(7)%	(8)%
Operating profit[3]	£17.0m	£42.2m	(60)%	(60)%
Conversion rate[1]	5.0%	11.5%	(650bps)	
Period-end consultant headcount[2]	2,689	3,013	(11)%	

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

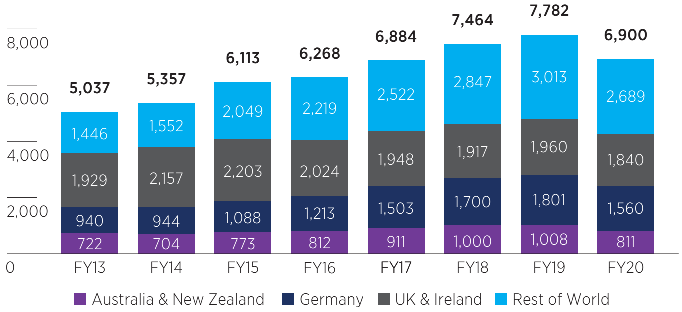
(1) Conversion rate is the proportion of net fees converted into operating profit (before exceptional items).
(2) Closing consultant headcount as at 30 June.
(3) Operating profit is stated before exceptional charges, as detailed in note 5 to the Consolidated Financial Statements on page 142.

HISTORICAL COMPARISONS FY13–20

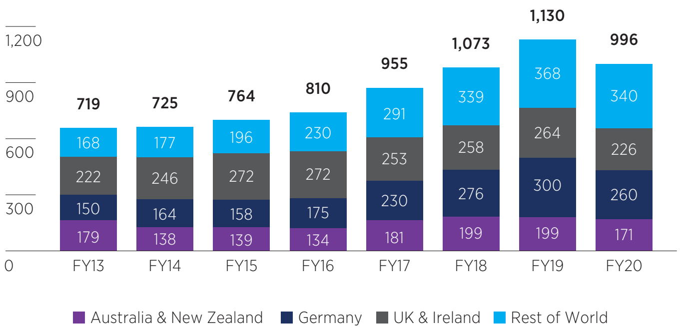
To assist investors in their analysis of Hays, we present our net fees, operating profit, headcount and conversion rate since FY13.



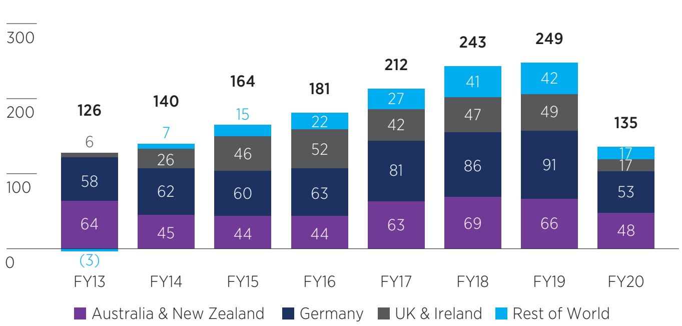
Consultant headcount



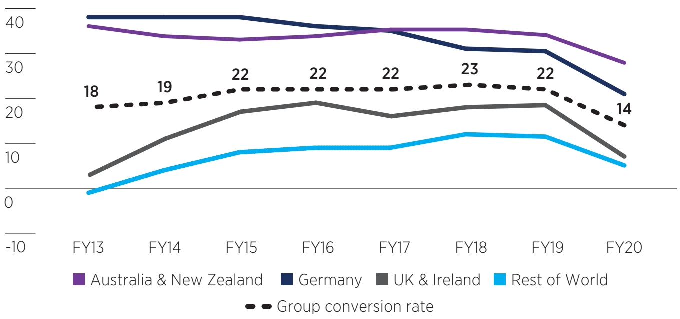
Net fees £m



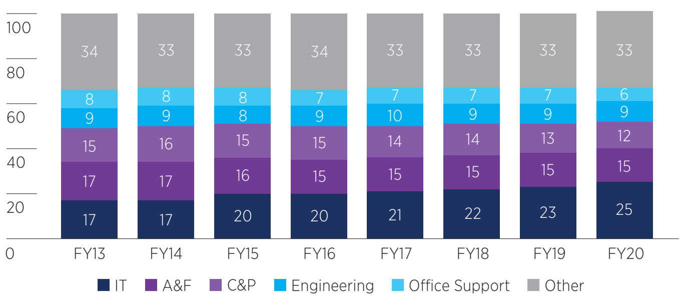
Operating profit(1) £m



Conversion rate(2) %



Net fees by specialism %



(1) FY20 operating profit is stated before exceptional charges of £39.9 million. FY19 is stated before exceptional charges of £15.1 million. As detailed in note 5 to the Consolidated Financial Statements on page 142.

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

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

Paul Venables
Group Finance Director,
Hays plc

FINANCE DIRECTOR'S REVIEW

Financial overview

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

When the pandemic hit, we took appropriate action to manage our costs, while protecting our core business operations. Overall, our cost base was reduced by c.20%, or c.£15 million per period, between February and June 2020, as we actively reduced our variable and discretionary costs. In the year our cost base benefited by c.£8million from job support schemes globally. Given the difficult environment, the Executive Directors agreed that no FY20 bonuses will be paid to them, or members of the Management Board.

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

Decrease in Group net fee income
(11)%
FY19: +6%

Conversion rate[4] of Group net fees into operating profit[3]
13.6%
FY19: 22.0%

Decrease in operating profit[3]
(45)%
FY19: +4%

Group consultant headcount down 11% year-on-year
6,900
FY19: 7,782

Year-end net cash[7]
£366.2m
FY19: £137.9m

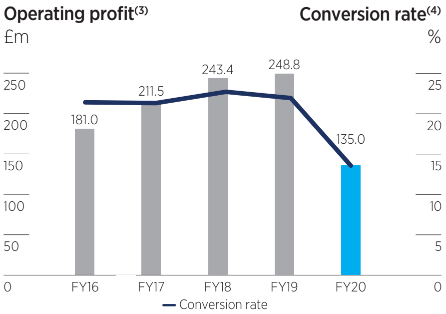
(1) Net fees of £996.2 million (FY19: £1,129.7 million) are reconciled to statutory turnover of £5,929.5 million (FY19: £6,070.5 million) in note 6 to the Consolidated Financial Statements.
(2) Net fees comprise Turnover less remuneration of temporary workers and other recruitment agencies.
(3) FY20 operating profit and basic EPS are presented before exceptional costs of £39.9 million, comprising £20.3 million relating to the partial impairment of goodwill in the US business, and £19.6 million relating to restructuring charges, primarily in our German business. There were £15.1 million of exceptional charges in the prior year.
(4) Conversion rate is the proportion of net fees converted into pre-exceptional operating profit.

Operating performance

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

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

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



Foreign exchange

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

Fluctuations in the rates of the Group's key operating currencies versus Sterling continue to represent a significant sensitivity for the reported performance of our business. By way of illustration, each 1 cent movement in annual exchange rates of the Australian Dollar and Euro impacts net fees by £0.9 million and £3.5 million respectively per annum, and operating profit by £0.3 million and £0.7 million respectively per annum.

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

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

Temp fees more resilient than Perm

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

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

Movements in consultant headcount

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

Current trading

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

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

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

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

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

Australia & New Zealand

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

(5) FY20 cash generated by operations has been adjusted for the cash impact of lease payments of £46.4 million and £118.3 million of deferrals of tax and VAT.
(6) The underlying Temp gross margin is calculated as Temp net fees divided by Temp gross revenue and relates solely to Temp placements in which Hays generates net fees and specifically excludes transactions in which Hays acts as agent on behalf of workers supplied by third-party agencies and arrangements where the Group provides major payrolling services.
(7) Year-end net cash excludes £118.3 million of deferred tax payments.
(8) Operating cash conversion represents the conversion of pre-exceptional operating profit to cash generated from operations.

Germany

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

United Kingdom & Ireland

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

Rest of World

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

IFRS 16

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

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

Net finance charge

The net finance charge for the year was £8.8 million (2019: £2.5 million). The average interest rate on gross debt during the period was 1.8% (2019: 2.0%), generating net bank interest payable including amortisation of arrangement fees of £1.1 million (2019: £1.7 million). The non-cash interest charge on lease liabilities under IFRS 16 was £5.3 million (2019: N/A) and the non-cash net interest charge on defined benefit pension scheme obligations was £1.9 million (2019: £0.5 million). The Pension Protection Fund levy was £0.2 million (2019: £0.2 million).

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

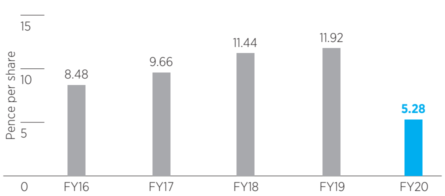
Taxation

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

Earnings per share

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

Earnings per share[3] p

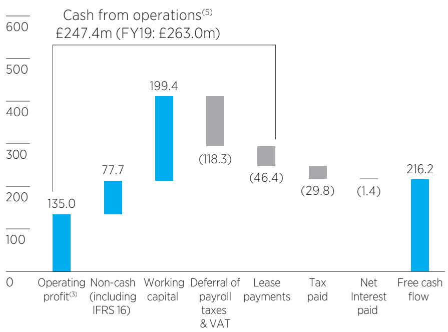


Cash flow and balance sheet

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

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

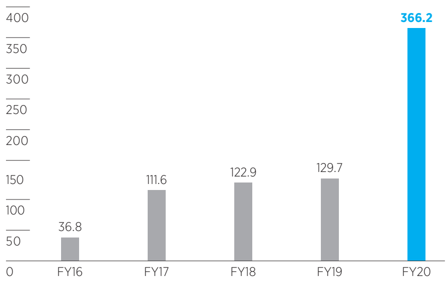
Operating profit[3] to free cash flow £m



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

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

Closing net cash/(net debt)[7] £m



Retirement benefits

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

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

During the year the Company contributed £15.7 million of cash to the defined benefit scheme (2019: £15.3 million), in line with the agreed actuarial deficit recovery plan. The 2018 triennial valuation quantified the actuarial deficit at £43.6 million on a Technical Provisions (TP) basis and the recovery plan comprises an annual payment of £15.3 million from July 2018, with a fixed 3% uplift per year, over a period of just under six years. The scheme was closed to new entrants in 2001 and to future accrual in June 2012.

Exceptional charge

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

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

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

Capital structure and dividend

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

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

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

Treasury management

The Group's operations are financed by retained earnings and bank borrowings. The Group has in place a £210 million revolving credit facility. Under the terms of the original agreement, the maturity date of November 2023 could be extended subject to lender agreement. Having submitted the extension request, the Group facility now has an amended maturity date of November 2024, with an option to extend for a further year subject to lender agreement. This provides considerable headroom versus current and future Group funding requirements.

The covenants within the facility require the Group's interest cover ratio to be at least 4:1 (ratio as at 30 June 2020: 151:1) and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1 (as at 30 June 2020 the Group held a net cash position). The interest rate of the facility is on a ratchet mechanism with a margin payable over LIBOR in the range 0.70% to 1.50%.

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

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

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

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

Paul Venables
Group Finance Director
26 August 2020

INTEGRATING SUSTAINABILITY INTO THE WORLD OF WORK

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

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

Our Purpose and Values are set out below.

Our Purpose

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

Our Values

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

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

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

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

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

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

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

Non-financial performance reporting

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

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

Engaging with our stakeholders

There are various ways in which we engage with our stakeholders, who include our clients, candidates, employees, investors, suppliers, local communities, governments and regulatory bodies. Further information can be found on pages 14–15 and 67.

Non-financial reporting regulations

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

Clients and candidates

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

We understand the fast pace of technology, applying the latest developments in areas such as data analytics and machine learning to our business. At the same time, as a leading recruitment consultancy, it is the human interaction we bring that sets us apart and makes what we do enduring. We have a large and ever-increasing repository of content on Viewpoint, our global careers and workplace advice platform (https://social.hays.com), that illustrates our deep expertise in the world of work. It's a fantastic stream of knowledge which delivers insight to our clients and candidates and helps us to become their trusted lifelong partner. The Hays Global Skills Index is a unique report which examines 34 of the world's skilled labour markets and helps business leaders and policymakers understand the many dynamics at play when looking for skilled professionals.

Our Cookies and Privacy Policies are available on our websites and these govern practices concerning the use and disclosure of user data.

Employees

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

Training

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

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

Employee involvement

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

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

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

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

Equal opportunities

Our Equal Opportunity Policy forms part of our Code of Conduct and Ethics Policy. We make every effort to ensure that no discrimination arises during the recruitment, employment and period after employment of any employee for reasons of gender, sexual orientation, marital status, creed, colour, race, nationality, ethnic or national origin, religious or other belief, political opinion, spent convictions, disability or age, and all employees are expected to deal with all persons with the same attention, courtesy and consideration. This support of equal opportunities applies not only as a direct employer but also in our introduction of candidates to clients.

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

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

Wellbeing

Wellbeing@Hays is an initiative within our UK&I business. Our overall employee wellbeing strategy is made up of four key pillars, my life, my health, my money and my work environment, and the employee benefits offered aim to support employees in each of these key pillars. As part of the 'my health' pillar, all Hays employees in the UK and Ireland now have access to unlimited private online GP appointments per year via Babylon's Digital Doctor. The initiative, which complements the Wellbeing@Hays offering, has proved extremely popular and our offering has evolved further based on feedback from UK&I employees.

As the world switched to home working overnight, as part of Wellbeing@Hays, resources were developed for employees to support them in working from home with guides and blogs posted on our intranet. In UK&I, we have regional wellbeing champions who have run campaigns and virtual employee events designed to keep people in touch with each other and promote ways of maintaining or improving good physical and mental health e.g. virtual tea breaks, virtual movie nights, exercise challenges and classes via Teams, virtual quiz nights and fundraising campaigns for our charity partner.

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

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

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

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

Whistleblowing

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

Anti-bribery and corruption

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

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

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

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

Equality, diversity & inclusion at Hays

By reflecting our market place and embracing diversity we can continue to drive an outstanding organisational culture that impacts business results and delivers world-class service to our client/candidates. Fundamental to our leading expertise is a shared commitment to equality and to harnessing the dynamism that diversity and inclusion bring to our workplace.

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

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

Across the Group, we have implemented 'Inclusive Recruitment', in which we remove résumés from the early stages of our internal recruitment process. This is to ensure that we're not creating any barriers in the form of bias while recruiting internally. All new employees in the UK undergo training around respecting equality, diversity and inclusion. It is important that we, as the world's largest specialist recruiter, talk about equality, diversity and inclusion and educate on its benefits to as many people and businesses as possible. We are proud to see how passionately these projects are being supported and delivered by our own Hays people.

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

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

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

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

Equality, diversity and Inclusion and 'harnessing the value of difference' is also a growing priority for many of our clients. More and more clients are asking Hays to assist them to achieve their goals of building a more diverse workforce. We continue to raise awareness and encourage an ongoing dialogue on this important employment topic. We supported the LGBTQ+ community by hosting a number of leadership events and took part in Pride celebrations. In the UK we have set up the Hays Pride Network, which was established by staff as a network for LGBTQ+ employees and allies. During the year, 12 events have been held with over 800 clients.

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

Gender statistics as at 30 June 2020 are provided opposite.

Contributing to society, investors and local communities

We benefit society by helping people succeed and enabling organisations to thrive – creating opportunities and improving lives. In addition, we contribute to society through paying appropriate taxes in all the jurisdictions in which we operate; this supports public services, helps to create jobs and supports communities. Across the Group, our employees are afforded the flexibility to champion and pursue their collective interests. Our employees have been fantastic in the different activities they were involved over the course of the year. During the year, we launched #HaysHelps to support employees to take up volunteering opportunities. The scheme allows employees across Hays UK and Ireland to take one paid day of leave per year to volunteer for a charitable cause and many employees have already utilised this scheme.

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

In June 2020, Hays Talent Solutions pledged to contribute both financial and organisational support to Haringey Council via Haringey Giving to support the urgent needs of food, mental health and employment in the borough. Hays Talent Solutions contributed £100,000 which will be split into two approaches. £80,000 will be devoted to enable the purchase of food and delivery as well as other urgent supplies, via Haringey Giving. £20,000 will be used for Hays to help facilitate employability workshops, working with young people at schools and/or colleges.

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

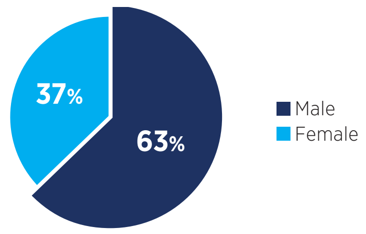
In February, our consultants from Chile, along with Santiago municipal government, undertook an initiative to assist professionals that are in between jobs. Hays consultants provided career advice for these professionals in-person and helped them in updating their CVs.

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

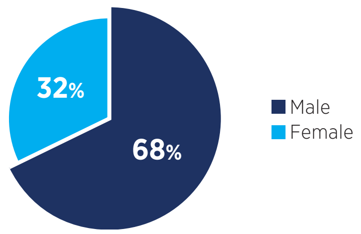
In Singapore, our charity partner AWWA Ltd sent a number of individuals to our office for a CV/Interview Prep workshop and office tour. The Regional Director hosted the sessions and shared his experiences on what makes a candidate stand out and how they could excel at an interview. Our employees also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

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

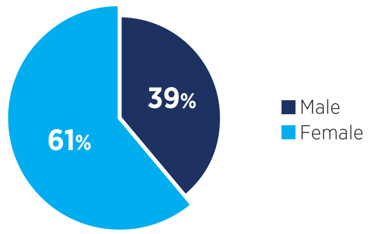
Split of Hays plc Board members



Split of senior management team members



Split of employees



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

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

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

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

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

Human rights

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

Supplier code of conduct

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

Environmental matters

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

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

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

Greenhouse gas emissions

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

Our reporting year for GHG emissions is 1 April 2019 to 31 March 2020, and for the year, the tonne CO_2e per employee intensity was 1.57 tCO_2e (against 1.56 tCO_2e/FTE last year).

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

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

FTSE4Good Index

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

FTSE4Good

Global Greenhouse Gas emissions data

Energy and GHG emissions data for Reporting Year 1 April 2019 – 31 March 2020[1,2]

	Energy Consumption (kWh)			Location-Based Methodology (Tonnes of CO_2e)		
Reporting category	UK and offshore	Global (excluding UK and offshore)	% Contribution to total Scope 1, 2 & 3	UK and offshore	Global (excluding UK and offshore)	% Contribution to total Scope 1, 2 & 3
Operational fuel (Scope 1)	257,593	1,947,347	5.3%	48	386	2.4%
Vehicle fuel (Scope 1)	4,355,775	17,763,716	53.2%	1,077	4,417	30.8%
Refrigerant (Scope 1)	0	0	0.0%	0	0	0.0%
Electricity (Scope 2)	4,792,641	9,641,251	34.7%	1,225	4,339	31.2%
District heating (Scope 2)	0	2,814,812	6.8%	0	388	2.2%
Air travel (Scope 3)	N/A	N/A	0.0%	559	4,054	25.9%
Rail travel (Scope 3)	N/A	N/A	0.0%	87	540	3.5%
Electricity T&D losses (Scope 3)	N/A	N/A	0.0%	104	353	2.6%
Private cars (business use) (Scope 3)	N/A	N/A	0.0%	92	156	1.4%
Total Scope 1, 2 & 3	**9,406,009**	**32,167,126**	**100.0%**	**3,192**	**14,633**	**100.0%**
Scope 1, 2 & 3 intensity ratio: per FTE	**3,124**	**3,845**		**1.06**	**1.75**	
Group Total Scope 1, 2 & 3	**41,573,135**			**17,825**		
Group intensity ratio: per FTE				**1.57**		

Energy and GHG emissions data for Previous Year 1 April 2018 – 31 March 2019[1,2]

	Energy Consumption (kWh)			Location-Based Methodology (Tonnes of CO_2e)		
Reporting category	UK and offshore	Global (excluding UK and offshore)	% Contribution to total Scope 1, 2 & 3	UK and offshore	Global (excluding UK and offshore)	% Contribution to total Scope 1, 2 & 3
Operational fuel (Scope 1)	287,108	775,846	2.7%	53	149	1.1%
Vehicle fuel (Scope 1)	4,328,050	15,473,417	51.3%	1,071	3,952	28.0%
Refrigerant (Scope 1)	0	0	0.0%	0	268	1.5%
Electricity (Scope 2)	5,136,517	10,809,862	41.3%	1,313	4,876	34.5%
District heating (Scope 2)	0	1,824,783	4.7%	0	246	1.4%
Air travel (Scope 3)	N/A	N/A	0.0%	624	3,805	24.6%
Rail travel (Scope 3)	N/A	N/A	0.0%	32	612	3.6%
Electricity T&D losses (Scope 3)	N/A	N/A	0.0%	111	372	2.7%
Private cars (business use) (Scope 3)	N/A	N/A	0.0%	93	372	2.6%
Total Scope 1, 2 & 3	**9,751,675**	**28,883,908**	**100.0%**	**3,297**	**14,652**	**100.0%**
Scope 1, 2 & 3 intensity ratio: per FTE	**3,240**	**3,398**		**1.10**	**1.72**	
Group Total Scope 1, 2 & 3	**38,635,583**			**17,949**		
Group intensity ratio: per FTE				**1.56**		

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

2020 – awards for excellence

Hays Luxembourg has been recognised as a Great Place to Work®, ranked **first as the Best Workplace™ in the small companies category**. Great Place to Work is the global authority on high-trust and high-performance workplace cultures. Certifications are awarded based on feedback from current employees who complete surveys about their working environment.

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

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

In the UK, Hays was ranked **No.9 in TheJobCrowd's 'Best Large Company for Graduates to work for'**, as voted by Graduate employees.

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

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

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

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

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

PRINCIPAL RISKS

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

Managing risks to achieve our strategic priorities

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

Risk governance – identifying, evaluating and managing risk

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

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

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

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

The Group Risk Committee, chaired by the Chief Risk Officer and comprising senior operational, IT, legal and finance representatives including the Group Finance Director and Company Secretary & General Counsel, assists in the strategic management and development of risk in the Group. The Group Risk Committee also allows the opportunity to review and discuss changes in the risk profile, either from an internal or external perspective, including emerging risks. During the year the Board and management gave consideration to the new requirements of the Corporate Governance Code to ensure appropriate internal processes are defined to ensure that emerging risks are considered and monitored.

Risk identification and impact – enterprise risk management

The Management Board oversees a Group-wide enterprise risk management framework, which allows for both a holistic, top-down and bottom-up view of key risks facing the business with Hays' risks being analysed on a gross (pre-mitigation) and net (post-mitigation) basis. Risk registers are maintained at a function, country and regional level, which are reviewed by senior management and consolidated annually. These risks are reviewed in conjunction with the Group risk register, which is reviewed at least annually by the Management Board and submitted to the Board thereafter, in order to enable it to carry out its risk oversight responsibility. This exercise involves a current and forward look at various risks affecting the business and prioritises them according to risk impact and likelihood, which enables the Board to assess both the risk and the effectiveness of the mitigations in managing those risks. Risks covered include strategic, operational, financial and reputational risks, as well as compliance and people-related risks. The considerable impact of the Covid-19 pandemic was assessed within this framework and further information on that is provided later in this report.

Each risk is assigned an owner with current and future risk mitigation procedures detailed, with the continuing monitoring of these undertaken on an ongoing basis to ensure that these are being developed and maintained appropriately.

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

How we monitor our progress – three lines of defence

Board & Audit Committee

Management Board

First line of defence:
- Management Controls
- Policies and Procedures
- Internal Control

Ownership & Management

Second line of defence:
- Financial Control
- Security
- Risk Management
- KPIs
- Compliance
- Group Risk Committee

Monitor & Oversight

Third line of defence:
- Internal Audit
- External Advisers
- Regulatory Reviews

Independent Assurance

Risk attributes

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

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

Our risk appetite

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

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

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

Emerging risks

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

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

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

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

Viability statement

In accordance with the UK Corporate Governance Code 2018, the Directors have assessed the prospects of the Group over a period longer than the 12 months from the date of approval of the financial statements. In assessing viability, the Directors have considered a number of key factors, including our business model, our strategy and our principal risks and uncertainties (as set out on pages 52 to 55).

The Directors believe that a three-year period ending 30 June 2023 is the most relevant period over which to provide the viability statement, being supported by the appraisal of the principal risks and mitigating internal controls. This allows the Directors to assess and conclude that the Group will be able to operate within its existing bank covenants and maintain appropriate bank facilities to meet its funding requirements over a three-year period, being backed by the £210 million revolving credit facility in place until November 2024, with an option to extend to 2025 subject to lender agreement.

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

Process to assess the Group's prospects

As in prior years, the Board undertook a strategic business review in the current year which took into account the Group's current financial position and the potential impact of the principal risks set out on pages 52 to 55.

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

Financial position

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

Stress testing

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

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

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

Set against these downside trading scenarios, the Board considered key mitigating factors including the geographic and sectoral diversity of the Group, its balanced business model across Temporary, Permanent and Contract recruitment services, and the significant working capital inflows which arise in periods of severe downturn, particularly in the Temporary recruitment business, thus protecting liquidity as was the case during the Global Financial Crisis of 2008/09 and which we again experienced in the year ended 30 June 2020.

In addition, the Group's history of strong cash generation, tight cost control and flexible workforce management provides further protection. The Group also has in place a £210 million revolving credit facility with a suite of banks until 2024. In addition, during the year ended 30 June 2020 the Group was admitted into the Bank of England's uncommitted Covid Corporate Financing Facility (CCFF). While this provides access to an additional short-term form of financing of up to £600 million, based on all stress-test scenarios the Group is highly unlikely to utilise this facility, although it has until March 2021 in which to do so if required.

Confirmation of longer-term viability

Based on the above assessment, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 30 June 2023.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows and liquidity position are described in the Finance Director's Review, with details of the Group's treasury activities, long-term funding arrangements and exposure to financial risk included in notes 19 to 21 to the Consolidated Financial Statements.

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

Risk trends

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

Risk description	Risk trend and type	Risk mitigation
1. Covid-19 pandemic **The Covid-19 pandemic has had an immediate, significant and materially negative impact on the global economy and our business, with all countries in which Hays operate across the world being impacted. With economies having contracted and governments implementing public lockdown measures, even when restrictions are lifted businesses are being subject to government policies in terms of quarantine and social distancing guidelines in order to control the transmission of the virus.** **As a result, all offices across the Hays global network have been closed at some point, with activity levels significantly decreased in both Temporary and Permanent markets. Many of our clients stopped new investment projects and embarked on redundancy programmes. With more companies at risk of financial distress and bankruptcy, at this stage it is currently not possible to have any certainty of the shape of any economic recovery.** **With a risk of a second wave of Covid-19 cases, which could result in the reimplementation of lockdown measures, this further reduces economic confidence and activity.**	NEW Operational Financial Strategic	The pandemic severely impacted all our markets globally and as it developed our priority was to look after the safety and wellbeing of our people and to support our business as it adjusted immediately to new realities. During this time the Management Board closely monitored events, with Board oversight, to determine and assess the response strategies, coupled with being supported by an experienced operational and finance team, allowing early trends to be identified and adjustments to be implemented. Hays have established and tested IT Disaster Recovery and capability together with documented Business Continuity Planning processes in place to mitigate the risk of lockdown and the inability to access offices within the network, with working from home capacity and processes having been built and implemented across the Group. In recent years Hays has eliminated net debt, but acknowledging the pace of the global Covid-19 pandemic, in addition to the existing banking RCF (£210 million) an equity placing of c£196 million was made in order to provide the Group with a further liquidity buffer, to protect our business through the pandemic and which will allow for organic growth opportunities to build on our market-leading positions globally by supporting our clients and capturing additional market share. In addition, Hays secured access to the Bank of England's Covid Corporate Financing Facility (CCFF), which provides access to an additional short-term form of financing up to £600 million. Hays has robust credit control procedures and a continuous monitoring of the aged debt position at both a Group and local level with robust cash and cost controls in place to protect both cash flow and profitability. **Relevant strategic priority**

Build critical mass and diversity across our global platform

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

Risk description	Risk trend and type	Risk mitigation
2. Macroeconomic/ cyclical business exposure **The performance of the Group is significantly impacted by changes to underlying economic and geopolitical activity, the levels of business confidence as businesses consider Permanent and Temporary hiring decisions and levels of candidate confidence, which impact their propensity to change jobs, particularly in our three biggest businesses in Germany, the UK and Australia.** **During the first half of the year macroeconomic conditions deteriorated with a global tariff war between the US and China, together with three specific one-off events, being elections in the UK, general strikes in France and bushfires in Australia. The second half of the year was dominated by the Covid-19 pandemic which has led to the steepest slowdown in our business in its 50-year history. This has reduced both candidate confidence to change roles and client confidence and thus their appetite for investment.** **In addition, Brexit continues to increase the level of uncertainty and therefore increases the risk of negatively impacting the trading performance in our UK business, as clients have become more cautious in headcount investment, and could result in further significant downturn.**	Financial	Hays has continued to diversify its operations to include a balance of both Temporary and Permanent recruitment services to private and public sector countries and operates across 33 countries and 20 sector specialisms. Progress is being made to further diversify the business to reduce the Group's reliance on Germany, the UK&I and ANZ, which currently represent 66% of the Group's net fees. Hays' cost base is highly variable and carefully managed to align with business activity and can be flexed and scaled accordingly to react to the individual markets. Temporary recruitment tends to be more resilient in times of economic uncertainty or downturn. Hays is highly cash-generative, requiring low levels of asset investment. Cash collection is a priority, and the Group has made appropriate investment in its credit control and working capital management processes, resulting in maintaining the elimination of Group net debt and a continued year-end net cash positive position for the fifth consecutive year, excluding the impact from the equity placing. In the run up to and the immediate aftermath of the EU referendum, we saw a significant reduction in UK activity and thus fees and profits. While this had stabilised pre Covid-19, the UK business continues to face significant potential uncertainty over the next few years. **Relevant strategic priority**
3. Business model **The Group faces competition from the increasing use of digital technologies for recruitment services and a growing trend towards outsourced recruitment models with associated margin pressures, which may impact materially on the business should Hays not continue to take appropriate actions and respond effectively.** **Social media and internet-enabled digital dynamics and recruitment value chain disintermediation, together with increased use of AI and machine learning have continued to increase the risk to the business model over the course of recent years.**	Operational Financial Strategic	Hays monitors industry trends and opportunities, including social media and insourcing, and continues to invest in our online presence to provide a high-quality customer experience. Our key relationships (such as with LinkedIn, Xing and Stack Overflow) increase our exposure to online professional networking and recruitment portals and enhance our value proposition to both clients and candidates. Our expert and specialist consultants are trained in utilising social media and other digital technologies to enhance their day-to-day activities in providing the best quality candidates to our clients. We continue to leverage our broad geographical and sectoral footprint to win and maintain a significant number of multispecialism contracts with large corporate organisations, which will strengthen our relationship with these clients and increase our share of their recruitment spend. Significant investment made in recent years has enhanced Hays' data science capabilities and has significantly improved our approach to, and engagement with, candidates. The initiative is overseen by the Group Data Marketing Director. **Relevant strategic priority**

Risk description	Risk trend and type	Risk mitigation	
4. Talent **The Group is reliant on its ability to attract, train, engage and retain staff to protect the business it has today and to deliver its future growth plans, especially internationally, notably at a business director and manager level.** **Hays' strategy is to grow and nurture talent internally into senior roles wherever possible.**	People Financial	Hays provides a defined and sustainable career development path for new hires, starting with a structured induction programme and ongoing training as they advance their careers, supported by formalised performance and career tracking. Development Centres focus on the progress of high-potential individuals, providing further development opportunities and helping to identify any talent gaps and training needs. Hays continued to roll out the International Leadership Management Programme, which focuses on senior leadership and development and is aligned with the Group's business strategy. Our Hays story has a clearly articulated Purpose and Values, with a demonstrable commitment to diversity & inclusion, employee wellbeing and corporate social responsibility.	Overall, our remuneration packages are competitive, including an employee benefit programme, together with a long-term incentive scheme that is offered to broadly 350 senior managers, which encourages a performance-led culture and aids retention. Succession plans identify future potential leaders of the business and produce individual development plans in which to harness and cultivate talent, aligned to the Hays Leadership & Management DNA framework. The Group's standard employment contracts include notice periods and non-solicitation provisions in the event of an employee leaving. **Relevant strategic priority**
5. Regulatory/Compliance **The Group operates in 33 countries, with each operating its own legislative, regulative, compliance and tax rules, especially for Temporary workers, with any non-compliance increasing the Group's exposure to potential legal, financial and reputational risk.** **During the year the UK Government decided to defer the implementation of the IR35 legislation changes in the UK, being now effective April 2021.**	Legal Financial Reputational	Compliance and monitoring processes are tailored to specific specialisms, ensuring additional focus is given to higher-risk specialisms such as Education and Healthcare in the UK, Construction & Property in Australia and specialised corporate contracts through Hays Talent Solutions. Employees receive training in respect of the operating standards applicable to their role, with additional support provided by compliance functions, regional legal teams and, where necessary, external advisers.	All staff receive regular training to ensure that legal and compliance updates are understood and applied. In territories where legislation sets out additional compliance requirements, specialists are also employed. Dedicated compliance auditors conduct sample checks to ensure that the appropriate candidate vetting checks and due diligence obligations are carried out in line with legal and contractual requirements. The Group holds all standard business insurance cover, including employers' liability, public liability and professional indemnity insurance. **Relevant strategic priority**

Build critical mass and diversity across our global platform

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

Risk description	Risk trend and type	Risk mitigation
6. Reliance on technology/ cyber security **Our dependence on technology in our day-to-day business means that systems failure due to technical issues or malicious cyber attack may have a significant impact on our operations and ability to deliver our services if it continued for a number of days and, as such, could negatively impact our financial performance and reputation.** **The global threat of a cyber attack has continued to increase (both in sophistication and quantity) over the course of the year. In addition, as the reliance on third parties increases, notably as the business utilises cloud services and support providers, our exposure in this area also increases.**	Operational Financial Reputational	The Group's technology strategy is continually reviewed to ensure that the systems it operates across the Group support its strategic direction. Ongoing asset life-cycle management programmes mitigate risks of hardware and software obsolescence. Technology systems are housed in various data centres across the Group and have capacity to cope with a data centre's loss through the establishment of disaster recovery sites. These are physically based in separate locations to the ongoing operations and intrinsically linked to the business continuity plans. Across the regions we have established dedicated security teams in order to ensure that the systems are robustly protected from unauthorised access, both externally and internally, and ensuring monitoring systems and anti-virus software is in place and up-to-date, with regular testing of these environments by external providers. In addition, we use external advisers to perform regular external and internal penetration tests, on both a physical and logical basis, on all major sites, systems and operations, implementing required improvements resulting from such tests as part of continuous improvement processes. **Relevant strategic priority**
7. Data protection/privacy **The business works with confidential and personal data in all 33 countries on a daily basis under a variety of laws and regulations. Failure to process, store and transmit this data on a compliant basis or a material data breach could expose the Group to potential legal, financial and reputational risks in the form of penalties and loss of business.** **Since the introduction of the General Data Protection Regulation (GDPR), other non-EU countries have continued to introduce similar legislation, which has increased the risk in this area.**	Legal Financial Reputational	Robust policies and procedures for processing, storing and transmitting confidential and personal data are in place across the Group, both on a physical and logical basis. Comprehensive data protection and information security policies and procedures are in place across the Group and, where data protection and privacy legislation allow, protective email monitoring programmes are undertaken to address potential areas of concern, to best protect our confidential information and candidates' personal data. Attention has been focused in this area, with the increased threat of cyber attacks globally, and security vulnerability is assessed as part of the ongoing IT strategy across the Group. External advisers are engaged to perform regular external and internal penetration tests, on both a physical and logical basis on all major sites, systems and operations and implementing required improvements resulting from such tests as part of continuous improvement processes. Annual training programmes are also reviewed and updated to ensure the programmes reflect the new regulations, where relevant. **Relevant strategic priority**
8. Contracts **The Group enters into contractual arrangements with clients, some of which can be complex and on onerous terms and/or impacted by local regulatory requirements, especially in relation to Temp/Contracting markets, which can increase the Group's risk exposure especially in more litigious environments.**	Operational Financial Reputational	During contract negotiations management seek to minimise risk and ensure that the nature of risks and their potential impact is understood. Our global legal team has the depth of knowledge and experience to enable them to advise management on the level of risk presented in increasingly onerous contracts, with clear guidelines in operation. The Group Finance Director reviews all commercial contracts with onerous non-standard terms in accordance with the Group's risk appetite. In addition, the Group's Insurance Manager reviews onerous contracts and, where necessary, engages with insurance providers to ensure where possible that risks are suitably covered and that policies will respond appropriately. Operational reviews are performed by regional compliance teams on a risk basis across key contracts to confirm compliance and adherence to agreed terms and agree improvements to the way in which services are delivered to clients. Assurance work is undertaken in key markets by Internal Audit to ensure contractual obligations are appropriately managed. **Relevant strategic priority**

Regulatory compliance

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

UK Gender Pay Gap

Supplier code of conduct

Modern Slavery Act

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

Section 172 statement

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

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

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

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

By order of the Board

Doug Evans
Company Secretary
26 August 2020