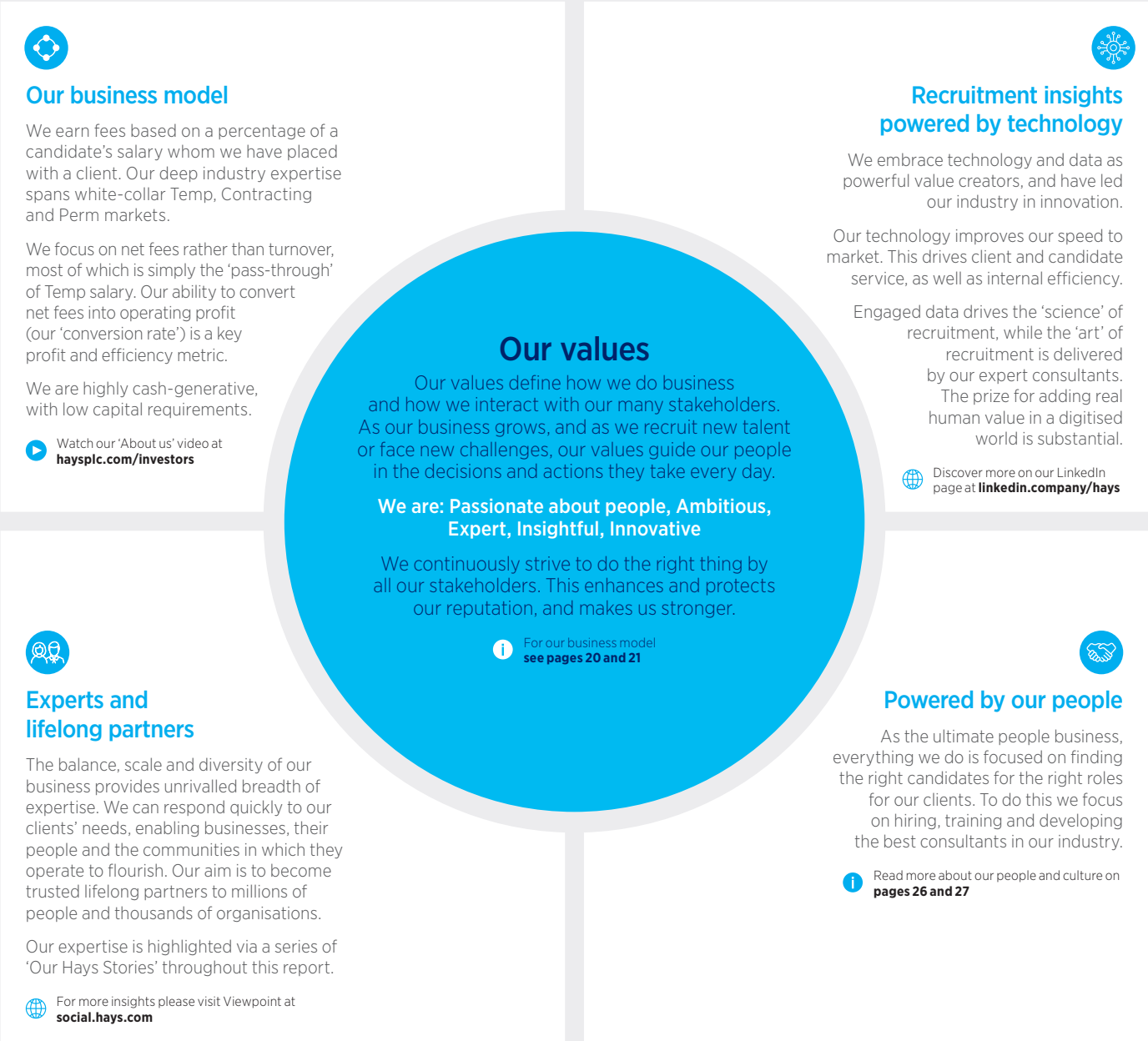


NAVIGATING THE NEW WORLD OF WORK

Hays plc Annual Report & Financial Statements 2021

HAYS Recruiting experts
worldwide

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

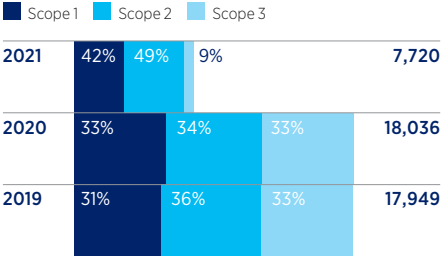


We endorse three UN Sustainable Development Goals (UN SDGs), which help frame and progress our ESG strategy. We became a carbon neutral company in FY21, offsetting our Scope 1, 2 and main scope 3 Greenhouse Gas (GHG) emissions and are working to reduce GHG emissions by c.50% versus 2020 levels by 2025, as part of our Net Zero journey and in line with the Paris Agreement on climate change. We are committed to operating our business sustainably over the long run.

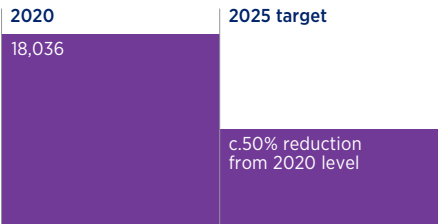
Hays UN SDG endorsements



GHG emissions (tonnes of CO₂ equivalent)



GHG emissions' reduction ambition (tonnes of CO₂ equivalent)



We operate across four divisions, with 256 offices in 33 countries

Divisional net fee performance FY21

During FY21 our fees decreased by 8%. ANZ declined by 10%, Germany by 7%, UK&I by 11% and RoW by 6%. Temp fees decreased by 6%, with Perm down 10%.

Australia & New Zealand

Group net fees	Consultants	Offices
17% (£159.9m)	945	41
Operating profit	Temporary	Permanent
£39.7m	70%	30%

Germany

Group net fees	Consultants	Offices
27% (£244.8m)	1,620	25
Operating profit	Temporary	Permanent
£31.4m	85%	15%

UK & Ireland

Group net fees	Consultants	Offices
22% (£201.1m)	1,759	89
Operating profit	Temporary	Permanent
£11.5m	62%	38%

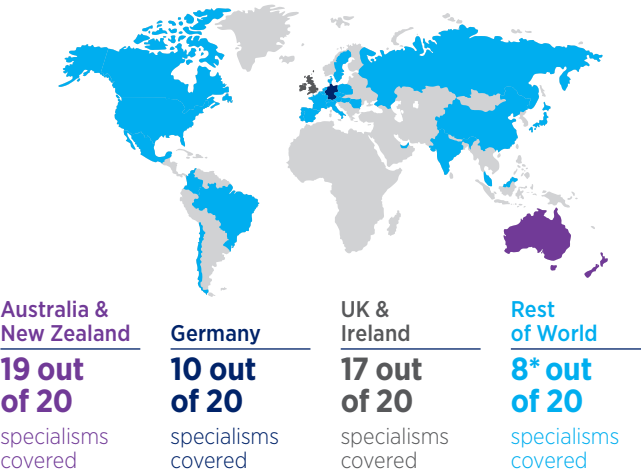
Rest of World

Group net fees	Consultants	Offices
34% (£312.3m)	2,866	101
Operating profit	Temporary	Permanent
£12.5m	36%	64%

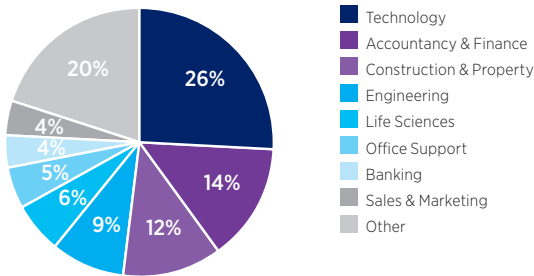
For our Divisional operating review see page 38

A global business

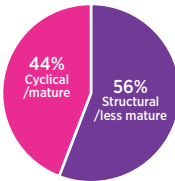
33 countries and 20 specialisms



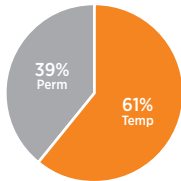
Net fees by specialism



Net fees by market maturity



Net fees by contract type



High engagement with our online learning portals highlights our deep commitment to upskilling and training. Regular employee feedback also nurtures our culture. We are committed to making Hays an equitable, diverse and inclusive workplace and in FY21 we set a target to reach 50% female in our top 560 senior leaders by 2030 (FY21: 42%). We draw on the experience of our Board (3 female, 5 male) to provide governance, and help shape our business for the future.

Training courses consumed in FY21, or >26 million minutes of learning



Employee engagement score



Gender split of senior leaders (~560 people)

	FY21 actual	FY25 target	FY30 target
Female	42%	45%	50%
Male	58%	55%	50%

Tenure of the Hays plc Board

	FY19	FY20	FY21
0-3 years	37%	37%	50%
3-6 years	26%	50%	37%
6+ years	37%	13%	13%

We have all lived through a year like no other, and ‘Our Hays Story’ in FY21 was different to any in our 53 years. It began in the toughest backdrop we have ever faced. It ended with businesses increasingly confident and hiring for growth, candidate confidence rising and skill shortages evident in all our key markets. We have positive momentum entering FY22 and see good opportunities for structural growth, cyclical recovery and self-improvement.

Given such dynamic change, our purpose has never been more relevant. We bring opportunities to people, helping improve their lives and fulfil their potential through their career. We have helped millions of talented individuals through the pandemic and are determined to continue this help as the world recovers.

The pandemic has enhanced the megatrends driving the world of work is accelerating the digital revolution. We are enabled by our technology and data. By harnessing the ‘art’ of recruitment – our expert people – with ‘science’ – technology and data, we are leading our industry to create the best recruitment experience.

We are global leaders. We have built the world’s largest and most diversified white-collar recruitment business, with 10,800 colleagues. Our aim is to become lifelong partners to our clients and candidates, writing new stories and changing lives daily. It is a privilege to be able to bring some of these stories to life in our Annual Report.

Alistair Cox
Chief Executive



OUR HAYS STORY

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

Every day, c.10,800 people in 33 countries strive to help our clients find the talent they need to grow and people advance their careers.

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

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

Our speed and agility is helping us to create the recruiting experience of tomorrow...

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

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

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

FY21 Financial overview

Net fee income

£918.1m

FY20: £996.2m

Profit before tax

£88.1m

FY20: £86.3m

Basic EPS

3.67p

FY20: 3.14p

Special dividend per share

8.93p

FY20: n/a

Pre-exceptional operating profit⁽¹⁾

£95.1m

FY20: £135.0m

Pre-exceptional basic EPS⁽¹⁾

3.67p

FY20: 5.28p

Core dividend per share

1.22p

FY20: n/a

Net cash

£410.6m

FY20: £366.2m⁽²⁾

i For our KPIs see pages 36 to 37

FY21 Operational summary

Employees

10,778

FY20: 10,438

Permanent jobs filled

59,090

FY20: 66,329

Clients

40,000+

Clients trust Hays with their main asset – their people

Web page views

c.105m

Consultants

7,190

FY20: 6,900

Temporary and contractor roles filled

220,000

FY20: 235,000

Candidate applications

c.10m

We received c.10 million job applications in FY21

LinkedIn followers

c.5m

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A description of our business model, markets and strategy.

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More information online:

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

See haysplc.com/investors

Read our views and advice on the world of work.

See social.hays.com

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

- (1) There were no exceptional charges in FY21. 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.
- (2) FY20 net cash excluded £118.3 million of deferred tax payments. These were paid in FY21.

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: investing for the long term while delivering cash-generative profit growth in the near term. Our financial strength enabled us to make long-term investments through the pandemic and we have protected our business infrastructure, including people, brand, technology and data. Our investments are accelerating our recovery from the pandemic, and we saw strong sequential fee growth in the second half of the year.

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

01

Our business model's breadth across sector and contract type

- We have built a global, white-collar recruitment business with unrivalled balance, scale, and diversity.
- We are positioned across Perm, Temp and Contractor markets, at a scale unique amongst our peers. 61% of our fees are in Temp or Contracting recruitment, where we are market leaders.
- Non-Perm recruitment tends to be less cyclical than Perm. Candidate assignments can extend to 12 months, giving some 'run-rate' fee visibility. By giving clients access to high-skilled, flexible talent, we help them convert costs from fixed to variable.
- We provide excellent service to large, medium and small clients. Our services include transactional 'spot' recruitment, preferred supplier arrangements and long-term outsourcing deals.
- We focus on precise execution, delivered by the best people, sector-leading technology and 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, products and user experience for clients and candidates, meeting their evolving needs.

02

Our balanced exposure to long-term structural growth markets

- Many of the 33 countries in 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 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.
- A further key part of our strategy is identifying attractive, structurally growing sectors and investing in them worldwide. Examples of this include Technology, Life Sciences, Engineering and the Green Economy.
- 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.

03

Our ability to deliver superior financial performance and pay substantial dividends

- Our fees declined by 8% in FY21. Trading improved through the year, with strong sequential growth in all regions. Our exposure to large Corporate clients and skill-short sectors such as Technology and Life Sciences added resilience.
- We have positive momentum entering FY22, with good opportunities for cyclical recovery and structural growth.
- So far, this recovery has been more Perm-led, and our Perm business rebounded strongly in the second half.
- Underpinned by our financial strength, we started our Strategic Growth Initiatives (SGI) programme at the height of the pandemic. SGI positions us to build much larger businesses in the most in-demand sectors of the future, especially Technology.
- Given our strong recovery in profitability, high levels of cash generation and confidence in our outlook, the Board proposes to resume core dividends with one single payment for FY21 of 1.22p per share, representing 3.0x dividend cover. Our target dividend cover range remains 2.0 to 3.0x earnings.
- We announced in February 2021 that the Board had identified £150 million of surplus cash, which it then expected to pay to shareholders in two phases, commencing with £100 million in November 2021. Given the strong recovery in profits and confidence in our growth prospects, the Board now proposes to pay this via one special dividend of £150 million (8.93p per share) in November 2021. The Board intends to restart ongoing special dividends in FY22.

“

The strength of the recovery has been dramatic. We now see a clear route back to, and then exceeding, pre-pandemic levels of profit, faster than we envisaged even six months ago. With such confidence in our future, we are proposing to resume core and special dividends.

”

THE YEAR IN REVIEW, AND THE YEARS AHEAD

Our Chief Executive, Alistair Cox, discusses the Group's performance in FY21 and looks ahead to our areas of focus and development in the future.

Q1. Given the Covid-19 pandemic continued to dominate economies in FY21, how would you characterise Hays' response to these challenges and emerging opportunities?

A. This year has been a year like no other. It began with many countries in lockdown and businesses still coming to terms with new ways of working remotely and adapting to highly dislocated markets. In the first six weeks of the pandemic, our Group fees fell by c.34%, a decline similar in scale to the Global Financial Crisis (GFC), but over a matter of weeks, not nine months. This was the steepest drop we have ever witnessed and many of our businesses were at break-even levels a year ago. How times change though and we ended the year experiencing the sharpest recovery in our history as organisations rapidly resumed hiring. Several of our businesses finished the year with activity levels well above pre-Covid levels and delivering monthly fee records, giving us good momentum as we start FY22.

It would have been impossible to predict such extreme fluctuations. The only constant throughout the year was the rapidly changing environment, meaning we were adapting daily to whatever the world threw at us. However, between these two extremes of collapse and steep recovery, there has been a wealth of stories of how we have navigated this most unpredictable of years. Let me relate just a few.

Firstly, let's not lose sight of how Covid-19 is a deep human tragedy that has affected many millions of people globally. It has fundamentally changed people's perspectives and has increased employee wellbeing as a priority for many companies, Hays included. Our number one priority has been – and remains – the safety of our colleagues, clients and candidates. Thankfully, relatively few of our Hays colleagues have contracted the virus, and I'm very relieved to say we have lost no one.

It goes without saying that at times of such great stress and anxiety, it has been crucial to provide support to our people, both professionally and personally. We invested heavily in supporting our people to cope with their daily challenges, for example implementing further wellbeing programmes for our colleagues. We also owe a huge debt to our IT teams around the world, who ensured we were fully equipped to operate effectively while working largely from home and our business did not miss a beat as we worked remotely.

It is at times like this that an organisation's true character becomes apparent, and I am incredibly proud of how our people around the world came together to provide mutual support and get through these times as a team. Despite the challenges, our employee engagement levels are very high and I would like to publicly thank all my colleagues for playing their part in such a team effort.

With such a difficult market backdrop however, strict cost control was vital. At the end of our first quarter, we had reduced our consultant headcount by 17%. However, our fees were down by considerably more, -29% in Q1, and we took the conscious decision to look through the worst of the fee downturn and protect our trained and experienced consultants as we knew we would need their talent again in the future. Our headcount reductions were materially lower than in previous downturns. Our ability to plan for the long term and carry that investment means we are now on the front foot to capture the many opportunities we see, and in the second half of the year as markets rebounded we increased consultant headcount by c.10%.

Our purpose as a business is to help others advance their own careers and realise their true potential. Never has this been more relevant as we helped clients and candidates deal with some of the toughest markets in history. Over the year, we placed c.280,000 people into a new job and helped literally



Watch our FY21 results meeting at
haysplc.com/investors/results-centre



Find out more about Hays Thrive
visit: hayslearning.com

millions of others with career advice. Our commitment is to be a lifelong partner to our candidates, which means helping them continuously develop their career, not just at the milestone event of changing jobs. One of the services we have successfully deployed to support this commitment is Hays Thrive, our leading free-to-use employee training and wellbeing portal which also helps candidate to re-skill and upskill. Overall, more than 850,000 training courses were undertaken on our online systems in the last year, equating to over 26 million minutes of online learning. That is real value added to people and their organisations and we will continue to introduce new innovative services to all those in the world of work.

Even in the periods of the strictest lockdowns, consultant interactions with clients and candidates remained very strong. As the year progressed and societies adjusted to the circumstances, our average consultant productivity increased significantly. Despite Group fees still being below pre-pandemic levels, we delivered record productivity in Q4. This gives us a strong platform to continue to add headcount across the business, giving us capacity to deliver strong fee and profit growth in FY22, FY23 and beyond.

When I think back to the start of the pandemic, the concept that people would go through an entire recruitment process virtually – including interviewing, receiving their offer, resigning and onboarding – was completely unproven. However, this has now become standard business practice and opens new ways for us to deliver our services. The necessity of working from home has shown us there are benefits in moving to our own hybrid way of working, combining the best elements of an office environment with the flexibility to work from home. Our people have been instrumental in helping to design local solutions which work for them and Hays, and I am certain there are huge benefits to be realised from this flexible approach.

Crises such as Covid are often the catalyst to step back and ask some fundamental questions about the future shape of business, particularly given the rapid pace of change in the world. Part of our own response has been our Strategic Growth Initiatives (SGI), our largest ever investment programme. This was somewhat contrarian given it commenced at the lowest points in our market. SGI is designed to accelerate our structural growth in the most attractive future markets.

Reinforcing our market leadership and gaining further market share is a top priority. There are many examples of this in our Technology recruitment business. Prior to



the pandemic our Technology fees were c.£250 million, making us a global leader in Technology recruitment, and it is our largest specialism by some distance, representing 26% of Group fees. However, there is much more we can do in undoubtedly one of the hottest and most attractive industry sectors in the global economy, and I see £500 million in Technology fees as a realistic ambition for Hays in the next five years. Another example of market leadership and investment is Hays Talent Solutions, our corporate solutions business, where we continued to win new clients around the world and grow our share of their recruitment spend.

Above all, our business is dependent on our people and the culture we have carefully built over many years. Despite the operational challenges presented by the pandemic, we continued to invest in our training and development programmes, which we aim to be the best in the industry, and as a result 2,607 colleagues were promoted in the year, a clear sign of how highly we value career progression. In the world of hybrid work, our culture is evermore important, as we onboard a significant number of new colleagues and adapt our business to the challenges and opportunities we face. Difficult as the pandemic has been, I am convinced Hays will emerge stronger and better.

Q2. Given the many impacts of the pandemic, how do you assess Hays' financial performance in the year?

A. No CEO can be happy to see operating profit⁽¹⁾ decline by 31% in the year. However, under the circumstances, I believe the Group performed well, delivering a fee and profit outcome for FY21 well above that which we might have earlier thought possible. We delivered several profit upgrades as trading improved. More importantly, the positive momentum we have built, particularly in Q4, has carried on into FY22.

Overall, Temp fees were relatively resilient and fell by 6%, while Perm was hit harder, down 10%. However, the recovery in our second half was increasingly led by Perm, rebounding faster after a steeper decline. In the second half, Perm increased by 18%, with Temp up 9%. This was unlike the period following the GFC, when the recovery was much slower and more Temp-led. That said, we also saw very encouraging signs in Temp as volumes increased, average assignment duration lengthened and average hours worked per Temp increased.

The financial year certainly started a lot tougher than it ended. Our quarterly net fee sequence through FY21 was -29%, -19%, -10% and +39%. We have never seen such a sharply positive turnaround in trading in any of Hays' 53 years – albeit we also hadn't seen a decline as fierce as the initial phase of the pandemic.

In FY21, overall Group net fees declined by 8% to £918.1 million. Against that though, 14 of our countries grew fees year-on-year, including six country fee records, illustrating the sheer level of volatility we have managed. Group operating profit⁽¹⁾ declined to £95.1 million, with £25.1 million in H1 and £70.0 million in H2.



The uncertainties necessitated by the pandemic caused us to closely manage our cost base, particularly in Q4 FY20 and at the start of FY21. However, the significant rebound in our markets meant that by the start of the second half we were investing and rebuilding headcount. Consultants increased by 4% year-on-year and by 10% in H2 FY21. Our headcount today remains c.10% below pre-Covid levels, but that gap is narrowing.

Importantly, as noted earlier we deliberately did not cut costs as severely as we did in the GFC. We took a very conscious, long-term decision to retain capacity above that normally required for the low fee levels experienced at the start of the pandemic, and to invest for the long term in structural growth sectors via our SGI programme.

Lockdown restrictions resulted in other variable and discretionary costs, such as travel, being significantly lower. Some of these will return as markets re-open, but I do expect we will permanently reduce overall travel costs as we continue to harness the benefits of video technology. This also supports our Net Zero journey (see page 52), and we have set an ambitious target to reduce our overall flight numbers by 40% versus pre-pandemic levels by 2025.

We ended the year with net cash of £410.6 million, and our strongest balance sheet ever. Cash conversion⁽²⁾ was excellent at 138%, and our credit control teams again deserve major acclaim for delivering record low debtor days of 33 days, which helped to improve our cash position by £42 million.

Given the strong recovery in Group profits, our strong balance sheet and our confidence in our outlook, the Board proposes to resume core dividends with one single payment for FY21 of 1.22 pence per share, representing 3.0x dividend cover. Our target dividend cover range remains 2.0 to 3.0x earnings. We are also able to return £150 million of surplus cash via special dividend in November 2021, equating to 8.93 pence per share.

Q3. How did performance vary by region?

A. Germany is our largest business and fees declined by 7%, with operating profit down 42% as we maintained our productive capacity. This masked a significant fee difference between the first and second half, with H1 down 26% and H2 up a strong 18% as business confidence rebounded. Contracting, 60% of German fees and where we provide freelance workers, was relatively resilient through the year with fees down 5%. We delivered particularly strong new contractor volumes in our fourth quarter, encouragingly ending the year with record contractor numbers for June.

Temp, which is mainly in Engineering and Manufacturing and where we employ temporary workers as required under German law, declined by 3%. This masked a first half down 45%, with the second half recovering strongly, up 79%. In H1 FY21 Temp fees were impacted by the under-utilisation of Temp workers and Temp severance costs. In H2 we delivered record levels of Temp utilisation as markets rebounded. The Temp business is now back at good levels of profitability and worker volumes are growing well and I remain convinced there is a significant long-term growth market for highly skilled Temps in Germany, which we are determined to continue to lead.

The final part of our market, Perm, was more difficult as client confidence was subdued and fees decreased by 18%, again delivering a stronger performance in the second half versus the first.

The sheer pace in recovery of German fees in the second half is a powerful reminder that, in my view, Germany remains the most exciting global recruitment market in the long term. This is driven by acute skill shortages as the industrial base transforms, an ageing population and the structural opening of the market to specialist recruitment agencies like Hays. As the undisputed market leader in Germany, we are determined to quickly build on our leadership position and generate very significant profits along the way.

I also think our Australia & New Zealand (ANZ) division performed well, with fees down 10% and operating profit down 21%. Our ANZ fees, which are 70% Temp, were less impacted at the outset of the pandemic, partly as we won contracts helping larger clients deal with the initial effects of the pandemic. Fees in the first half fell by 23% and were up 6% in the second, although profitability improved through the year and overall conversion rate of c.25% was the highest in the Group. Australia in particular has been faced with a series of sharp, localised lockdowns. Despite those, business confidence and activity levels have remained strong after the initial shock and the country is facing significant skills shortages as its borders remain closed. As long-standing market leaders in Australia, we will invest to further reinforce our position.

Given we have 28 countries in our RoW division, performance was understandably varied. That said, 14 countries delivered annual fee growth, with record performances in six countries including the USA and Malaysia, up 4% and 11% respectively.

Our ability to plan for the long term and carry that investment means we are now on the front foot to capture the many opportunities we see, and in the second half of the year we increased consultant headcount by c.10%.

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

(1) FY20 operating profit was stated before exceptional charges of £39.9 million, as detailed in note 5 to the Consolidated Financial Statements on page 134. There were no exceptional charges in FY21.

(2) Cash generated by operations has been adjusted for the cash impact of lease payments of £50.0 million and £118.3 million of FY20 payroll tax and VAT paid in FY21. 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.

EMEA ex-Germany is our largest sub-region, and fees fell by 5% in the year, with the first half down 20% and the second half up 12%. Spain and Italy were standout performers, with annual fees up 2% and 5% respectively. Our largest RoW market of France declined by 11%, and Belgium declined by 17%. Poland and Switzerland were more resilient with flat fees. In the Americas, alongside our record USA fee performance, Brazil grew by 9%. Canada was tougher, with fees down 15%.

In Asia, fees declined by 11% in the year, with the first half down 28% and the second half up 12%. Mainland China is now our largest Asian business and grew by a strong 17%, significantly outperforming Hong Kong SAR, down 32%. Malaysia made further excellent progress, continuing its success story with fees up 11%.

The sheer scale of structural growth opportunities for first-time outsourcing of recruitment across so many countries in our RoW portfolio gives me great confidence for our future.

Finally, in UK & Ireland, fees fell by 11% with operating profit down 31%. Temp, down 9%, was more resilient than Perm, down 14%. The Public sector also significantly outperformed the Private sector. However, the 10% rebound in fees in the second half was led by both Perm and the Private sector, as business confidence improved. We returned to solid levels of profit in the second half of the year in UK&I, and we enter FY22 with significantly improved momentum.

Overall, I am very pleased with how our businesses have faced up to the many challenges they have faced in FY21. Huge credit is due to all our colleagues globally who coped admirably through these exceptional times, delivering good results under the circumstances, keeping their people safe and displaying true Hays spirit in the way they responded to the challenges they faced. Reflecting on my own experience, it took us ten years to get back to prior peak profit levels after the GFC. Overall, the strength of the recovery has been dramatic. We now see a clear route back to, and then exceeding, pre-pandemic levels of profit, faster than we envisaged even six months ago.

Q4. Aside from the business's response to the pandemic, what were your strategic highlights of FY21?

A. There are major changes in the world of work – remote working and the opportunities that brings, new job roles with new skill requirements emerging constantly, organisations looking at ways of improving diversity and social mobility or businesses

and governments gearing up to tackle climate change. All of these represent big opportunities for Hays, and we are investing to make sure our business sits at the forefront of these new areas and is shaped to reflect the future markets. This is a core theme behind our SGI programme, launched in Q4 FY20, well before there were signs of stabilisation in our end markets. SGI identified over 20 accelerated headcount investment projects in attractive structural growth areas such as Technology, large Corporate Accounts, the Green Economy and Life Sciences in all our major markets.

It is distinct from the significant headcount investment, which is simultaneously taking place in almost all our key recruitment specialisms globally.

During FY21, SGI operating expenditure was c.£15 million, as we built management infrastructure and added c.250 consultants. We expect an increasing fee contribution from this investment during FY22 and we anticipate strong returns in FY23. We will invest a further c.£20 million in SGI in FY22, including c.350 consultants.

Let me make this real with an example. Our world is increasingly powered by technology, and we are already a leader in this exciting space. However, we believe we can be easily twice our current size and the sooner we get there, the better. That's why we are investing to double the size of our Technology business globally, with a special focus on the newer technologies which are rapidly emerging. Already organisations are struggling to find the skills they require in areas such as data science, artificial intelligence and cyber security. There are also huge new ecosystems and economies being built around technology platforms such as Salesforce, AWS and Microsoft Azure. All our data tells us this is a sector where there is a significant war for talent, and this is likely to continue as new roles and skillsets are constantly invented. We intend to capitalise on that by ramping up investment through our existing infrastructure and leadership teams to turn potential into fees and market leadership on a global basis. We have the infrastructure, experience, financial strength and ambition to deliver all this – something many of our competitors would find very hard to do.

In all our strategic initiatives, an underlying theme is to achieve a market-leading position, which means growing our market share. In a fragmented world, we see significant opportunities to win more business both in the Private and Public sectors. Larger client organisations offer substantial additional volumes to us as we grow our share of their recruitment spend, and we are building more

and larger dedicated delivery centres to efficiently fill the majority of jobs required by our larger clients, particularly in the UK, USA, Germany and Australia. The strength of our service offering through our outsourced recruitment services business, Hays Talent Solutions, combined with our investment in massive delivery capability, is designed to make us a true leader in servicing larger clients and our global network allows us to provide them with the required services wherever they operate in the world – again a position unique to ourselves.

We have long-followed a strategy of delivering equally effectively to both the Perm and non-Perm markets. The two sectors operate to different rhythms and we see benefits in both. Perm markets can rebound very quickly as confidence increases, as has been the case recently. However, non-Perm is also a preferred way of working for many talented individuals who thrive as freelancers or contractors in buoyant markets such as Technology, Life Sciences and Engineering. As an example, around 80% of our Technology fees are non-Perm. We will therefore continue to build scale in both, but we see lots of opportunities to build bigger non-Perm businesses in many markets where we are currently under-leveraging our potential. We have the systems, experience and capital to do this, all of which are significant barriers to entry in this sector. Furthermore, the 'stickiness' of the revenue stream from non-Perm arguably delivers a higher quality of earnings than a similar Perm placement.

While our business starts and ends with the people in it, I passionately believe that even the best people can be even better if you give them the right tools. We call that the 'art and science' of recruitment, combining the creativity and human skills embodied in our people with technology and data science. It means that alongside our training programmes, we are constantly looking for technology enablers that free up our consultants to do more with their time. There are no shortcuts to achieving this though, and looking at our own journey, we have gone through three distinct phases of evolution over the last decade. Firstly, we put in place the modern infrastructure we needed to exploit a multi-channel world. Secondly, we utilised that multi-channel world to find and engage with millions of people daily. And now, our third phase, leveraging 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 and there are many examples of how our digital journey is bringing ever-greater value to our markets. For example, in FY21 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 has created a whole new way of enabling schools to find the teachers they need, and now has c.5,800 schools and 200,000 teachers on the platform. The Hub is also being used as a training portal for teachers as it increasingly becomes an essential tool.

The Hub has other applications too and we are taking 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, incorporating their cutting-edge technologies into our own operating systems for the benefit of our clients and candidates.

In FY21, we renewed our innovative relationship with LinkedIn, where we now have almost five million followers worldwide, engaging regularly with our content. There are many other examples of similar engagement platforms to ensure our clients have unprecedented access to the very best talent in the world, including Xing where we recently celebrated our fourth anniversary working together.

Of course, nothing is ever perfect, and I constantly wish we were further ahead in all our plans as our ambition is so high. While the rapid pace of economic recovery in our second half was incredibly welcome, we would have benefited from greater numbers of consultants in our third and fourth quarters to service burgeoning demand. However, given we protected our productive capacity by more than we did in the GFC and began investing in SGI projects early, we enter FY22 on the front foot. I absolutely expect us to build a bigger business than we ever had before the pandemic, and an even better one too.

Q5. What were the main Environmental, Social & Governance (ESG) initiatives and progress made during FY21?

A. Underpinning our purpose as a business is our core Hays value of always trying to do the right thing. Our work in ESG is central to this, and I am delighted to say we made significant progress in FY21. What we do for a living is, in my view, a valuable social service. In addition



to the over 280,000 people we placed in work, we have helped many millions of others with advice, guidance and training towards their next role. We are investing in services to make us lifelong partners to our candidates and clients and bring real value to the world we live in.

Having endorsed two United Nations Sustainable Development Goals (UNSDGs) in FY20 – Gender Equality and Decent Work & Economic Growth – we added a third goal in FY21, Climate Action. Protecting our planet should be a goal of any business and as part of our detailed Environmental strategy I am delighted to say that Hays was a carbon neutral company for the first time in our history in FY21, based on our Scope 1, Scope 2 and selected Scope 3 Greenhouse Gas (GHG) emissions. We have committed to a path to Net Zero GHG emissions and have put in place permanent policies which should halve our Group GHG emissions, versus pre-pandemic level, by 2025. This includes a target to reduce air travel by 40%. We are also in the process of registering a Science-Based Target (SBT) to support the Paris Agreement on climate change.

We are increasingly asking sustainability questions of our wider supply chain, and I look forward to reporting more on this next year. We also have a big part to play helping find the talent the world needs as it tackles the climate challenge. Not only is this a business opportunity for us, it is also a powerful place to find ourselves as organisations globally look for the new skills that will be required.



SUSTAINABLE DEVELOPMENT GOALS



We are investing to double the size of our Technology recruitment business from £250m off fees pre-pandemic to £500m in the next five years, with a special focus on new technologies which are rapidly emerging.

Equality in all its forms – whether it be racial, gender, sexuality, physical ability, age or any other category – is core to building a sustainable society. Responsible companies should have Equity, Diversity & Inclusion (ED&I) at their heart, and it's correct that the subject has obtained far greater prominence in recent years.

Our Global ED&I council made excellent progress in the year. I am delighted to say that for the first time in our history, the Board has set stretching targets on female senior management. By 2025, we have committed to reach a level of 45% female leaders (FY21: 42% female) among our senior leadership of ~560 individuals, and to reach 50% by 2030.

Our diversity work also extends to clients and we hold a privileged position to help our clients foster true equity and diversity in their own workforces. Hays Australia launched its new Diversity Data collection portal for our Temp workers, which will provide employers with accurate and secure diversity data, helping them to build more diverse workforces. We continue to strive for greater workforce representation of Australian First Nations people, and in the last year c.5% of total candidates placed in our top-10 Australian clients identified as indigenous. By helping clients globally tackle these issues, we can have a very leveraged impact on shaping the workforces of the future.

While we help millions of talented professionals grow their own career, there are countless others who would not normally be able to access our services. That's why we launched our global Hays Helps programme in FY21, focusing on aligning the Group's volunteering and charitable activities on projects which support our purpose of creating opportunities and improving lives. We aim to help six sectors of society – workers living with a disability; ethnic minorities; LGBTQ+ communities; under-utilised talent such as caregivers, veterans or indigenous peoples; the mature aged workforce, and young people.

We have ensured every employee can take at least one paid Volunteering Day per year to allow them to lift up people's chances of employment – that's potentially over 10,500 days of support per year. For example, in the UK we worked with End Youth Homelessness to help homeless people get into the workplace, assisting with CV writing, job applications and interview coaching. In Germany we worked with Initiativ Gruppe München to provide coaching and interview simulation to support migrant women in gaining professional qualifications. In France, our colleagues raised over €11,000 to support

two associations, which offer assistance to jobseekers experiencing difficulties in accessing or returning to work. Our colleagues also ran workshops to help attendees find employment. Overall, I am really excited by the difference Hays can make to people's lives, helping them to progress in the world of work.

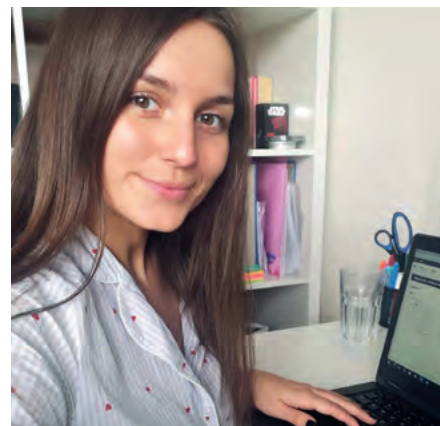
Q6. Has there been any change in your assessment of the industry megatrends?

A. Arguably the pandemic has accelerated the recruitment market megatrends we have long identified: increased demand for high-skill, non-Perm working; candidates desiring greater flexibility around building their careers; increased levels of outsourcing to specialist agencies and greater use of technology and digitalisation.

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.

The world has proven that flexible and remote working at scale works. This has major positive implications, including potentially widening the geographic areas from which roles can be hired for. With a truly global network and meaningful scale in all key geographies, we can help our clients understand how they can access the world's best talent, even if it is not available locally.

Increased digitisation was an inevitable force before the pandemic – however the pace of change has significantly accelerated and that has created its own pressures on the demand for many skillsets. In our skill-short world, the competition for the best talent gets fiercer by the day. It is our job to ensure that our clients win that competition, which requires two things: leading access to the best talent worldwide, and a unique, strong and long-lasting relationship with those individuals. Of course, organisations are free to recruit their staff themselves as they have always been able to do. However, our aim is to have the very best supply of skills possible, meaning that they will always find what they are searching for by using Hays. Our brand and marketing approach, our investment in technology tools, our rich content streams to support our candidates' own career journeys are all part of our jigsaw puzzle to build the very best talent pools available in the world,



so that we are confident of filling every job our clients give us. That's difficult for in-house teams or smaller recruitment businesses to replicate.

In addition, the past few years have seen the emergence of a new industry megatrend which we are increasingly targeting – the Green Economy. The battle against climate change is the most significant problem mankind needs to solve. To meet Paris Agreement targets, the International Labour Organisation estimates around 24 million new jobs will be required. Many markets are already skill-short, so adding in new demands for talent only makes the job harder. On top of this, the Paris Agreement is only one aspect of Sustainability – the actual number of jobs needed to solve the issues could be far higher as buildings are retrofitted to improve efficiencies, transportation is transformed, and technology underpins a sea change in how business is done. This therefore represents a major new opportunity for us to establish the leading provider of talent into the Green Economy. We start from a good place as a global leader in Technology recruitment, the leading supplier of E-mobility talent into the German automotive sector and the global leader in Construction & Property recruitment, but we see a valuable role to play as the 'go-to' organisation for all those wishing to develop their career in this exciting and vital area.

So yes, we are designing our strategy to purposefully capitalise on the megatrends we see in the world of work and they are even more relevant to us today. Our aim is to position ourselves exactly where the demand for future skills will be and in any market where supply is insufficient to meet demand, there is tremendous value to be gained. That is our prize.

Q7. Are you considering re-introducing long-term financial targets for Hays?

A. In any walk of life, it's difficult to know where you are headed or how much progress you are making unless you have a target. Hays is no exception and setting long-term financial targets acts as an internal strategic guide for us, helping to focus our ambitions and target our resources in optimal areas. Our five-year plans also convey the scale of the opportunities and a feasible level of our future operating profit, assuming a stable economic backdrop. There is so much structural opportunity in our business, it's important to illustrate that 'art of the possible'. Under our 2013 plan, we successfully delivered a near doubling in operating profits to c.£250 million. Our subsequent 2022 plan (announced in 2017) was de-railed by the pandemic, and prior to that, to an extent by

the global trade war. Neither events were predictable, but that should not stop us articulating our ambition and scale of potential profit growth, given a more stable economic backdrop free of such shocks. So, once we have a solid line of sight on sustained recovery in our markets, our plan is to conduct an investor day, at which we will present our next five-year plan. There remain many chapters to be written in the pandemic story and that of the subsequent recovery. However, despite that uncertainty, our ambitions are undiminished and I am hopeful that any long-term profit targets we set out will at a minimum be consistent with our former 2022 plan, namely an operating profit range of £300 to £450 million.

Q8. What is the Group's core dividend policy, how will surplus capital be returned to shareholders and what are your future priorities for capital?

A. The Group's profitability, cash generation and working capital management have been significantly better than our modelled scenarios at the time of our £196 million equity issuance in April 2020. The Board has therefore announced a resumption of our core dividend at 3.0x earnings cover, with a single payment proposed for FY21. Our target core dividend cover range remains 2.0 to 3.0x earnings.

We are a highly cash-generative and relatively asset-light business. Paying cash to shareholders has long been a central part of our investment case – we paid c.£374 million in core and special dividends between FY17-FY19. At the time of our equity issuance, we

were very clear with shareholders that should we not need this additional capital, we would return it as soon as practically possible.

In February we announced that the Board had identified £150 million of surplus cash, which we expected to pay to shareholders in two phases, commencing with £100 million to be declared at our prelims. Given the sequential fee growth and recovery in operating profit in the second half, together with confidence in future growth prospects, the Board now proposes to pay this via one special dividend of £150 million, to be approved by shareholders in November 2021.

Our first priority when allocating capital has – and always will be – internal investment opportunities, such as building capacity and capability across the business, our SGI programme and investments in consultant productivity tools. We face so many structural long-term growth opportunities that we must continue to invest to fully capitalise on them. Each year we seek to get that balance right between delivering short-term profit growth, and re-investing profit to build our business even faster. While the short term is obviously important, we are running the business to ensure Hays remains a winner in the long term and that does mean we sometimes temper our short-term profit gain to accelerate our longer-term strategy.

That said, our capex requirements are relatively low at £20-30 million per annum. Our business model is therefore highly cash-generative, and the Board expects to resume ongoing 'trading' special dividends in FY22, and to return material special dividends over



time. Our policy for such special dividends, as we set out at our half-year results, will be based on paying cash above our cash buffer of £100 million at each financial year-end, after adjusting for expected working capital rebuild of £130 million. This will reduce as our Temp book grows and working capital increases, including any normalisation in client payment terms. In the second half, we saw a £20 million working capital outflow, which reduced this to £110 million.

Q9. On technology, has the risk of disruption from new entrants and platforms changed?

A. The pandemic has accelerated the digitisation of many industries, ours included. All businesses are challenged to adapt their business models to this new reality. The winners will be those who deliver the services their markets need in a way that best suits their customers. That can be disruptive as organisations build around their customers, but it can be hugely value-creating too. Our task is to build on what we already have, make it ever better and more relevant to our clients and candidates, try new things and learn in the process. We have the advantage of being highly profitable, financially strong and with a brand, team, infrastructure and set of data 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. Organisations want the 'right' person and technology to date has failed to achieve that goal alone. Equally, the pace of change in areas such as social networks makes finding the right candidates ever more complex as they move between communities.

The secret of good recruitment however is based on ongoing relationships formed with clients and candidates and the advice provided to each, which is a very human thing. That is where we win – we invest in forming and nurturing those relationships with literally millions of people and organisations so that we become the expert advisor to both parties. To do that we are constantly innovating on how we reach candidates and build deep talent pools in every specialism. We then proactively engage with each member of those pools via multiple channels, strengthening our relationships

over many years. When we consider that the majority of jobs we fill every day are by individuals on our database who we know well, the value of our data becomes clear. It is a highly valuable asset and something we protect and nurture daily.

The other side of our equation though is people – technology alone does not create the perfect fit between candidate and opportunity. Each of our consultants is a trusted advisor to their clients and candidates and true experts in their fields and we constantly invest in them to ensure they remain so. Putting together the best people trained as real experts, leading technology to help them deliver the best service and insightful data is a winning combination that has taken years to build and is difficult to replicate. I believe that makes us unique and best positioned to win both against potential disruptors as well as traditional recruiters. However, there is no room for complacency, and we are constantly vigilant to technological change as our world continues to evolve.

Q10. How is Hays' culture helping the business to navigate the new era of work?

A. 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 256 offices every day. We aim to live these values every day and they guide us through whatever challenges our world throws at us.

Any organisation's true personality becomes apparent when it is under stress. The last 18 months have been a huge test in so many ways, but I am incredibly proud of how our people continued to rally to the common cause and stood tall in the face of challenges. Our consultants engaged with their clients and candidates, generating greater levels of activity and interactions than pre-Covid and that resulted in record productivity in Q4 FY21. Our IT colleagues worked tirelessly to ensure our systems coped with the stresses of hybrid work patterns, ensuring no loss of operating performance. Our credit control teams have once again reduced our debtor days to record low levels.

Supporting morale within our own teams has been a top priority as we have all witnessed anxiety or loss over the last year. We have redoubled our efforts to ensure that every single one of us feels connected, informed, reassured and supported, and there is a palpable sense of community and 'togetherness' across the business today.





We have also learned invaluable lessons which allow us to adapt our business quickly, whether that's designing more flexible day-to-day working schedules or creating new technology tools to support our managers in managing their teams remotely.

Our efforts are being recognised in the public eye, winning numerous awards throughout the year. In France, Hays was awarded the Gold Trophy in the 'Recruitment Consultancy' category by Le Monde du Chiffre. In Germany, we won AUBI's 'Best place to Learn' award for employers who stand out due to excellence in training and sustainably promoting young talent. In Poland, we secured 1st place in Recruitment and Executive Search categories in Book of Lists 2020/2021 ranking.

Overall, Hays also secured a 'Top Employer' award certified by the Top Employers Institute.

We don't achieve these accolades without hard work. I'm extremely proud of the success we have had from the Hays 'International Leadership & Management Programme' (ILMP), now in its fourth year, designed to best equip our senior people to lead successful businesses in an increasingly complex world of work. To date, over 100 of our global leaders have completed the programme and it will continue in FY22.

Similarly, we continue to innovate our training for new Associates and Managers so that it remains 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.

Q11. What keeps you awake at night as a CEO?

A. Our markets have rebounded far stronger and faster than anyone could have envisaged a year ago. Given the positive momentum we now see across our business, most of my attention is focused on capitalising on the many opportunities in front of us.

Our success in achieving this will be underpinned by 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.

Supported by our financial strength, we started making strategic investments well before our end markets started to recover. This gave us an excellent head start for growth but there remains a lot to do. My ambition is that we emerge from the pandemic much stronger in every way, with significant profit runway ahead of us.

The pace of change in digitalisation has been breath-taking in the last few years, but it will only accelerate from here. This has big implications for all businesses, and as well as being at the forefront in helping clients find the digital talent they need to grow, we are continuously seeking to improve how clients and candidates engage with Hays and how we deliver back to them. Superior customer service is what should stand us apart from our rivals and we are actively designing how that experience can be improved across everything we do.

With increased digitalisation comes greater cyber threat. 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 systems and 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.

We have all learned valuable lessons in the last year, me included. Those lessons are helping us transform our business in so many ways and we have raised our already-high ambitions for the Company to new heights. There's no reason why we cannot achieve them if we challenge ourselves hard, set aspirational targets and relentlessly focus on doing whatever we need to do to get there.

The ongoing cyclical recovery is a strong tailwind for us, but the long-term structural opportunities are where the real value lies, and we want to open up those opportunities sooner rather than later. But we must never forget that our business is about helping people. Last year we helped more than 280,000 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, but next year those numbers will be even larger.

Never has our role in helping people develop their careers and finding highly skilled workers been as relevant. What we do is important to so many people's lives and I am honoured and privileged to lead a business that makes such a contribution to our societies and communities.

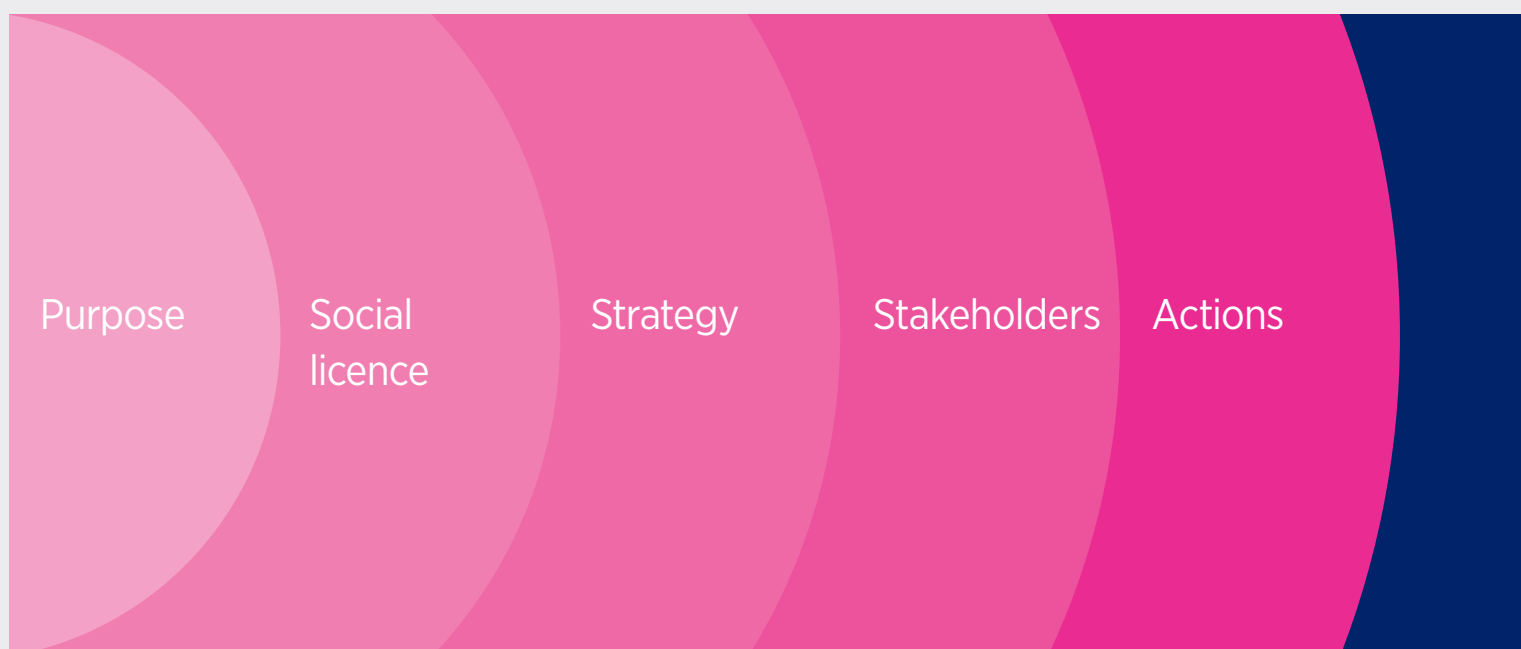
Alistair Cox

Chief Executive

OUR PURPOSE DRIVES OUR ESG FRAMEWORK, WHICH IS INTEGRATED IN OUR STRATEGY AND DECISION-MAKING

‘Doing the right thing’ is our core value, framing how we interact with our many stakeholders. This enables us to continue building a business which is not only sustainable and stronger for the future, but which has a positive impact on our clients, candidates, employees, communities and beyond.

Our purpose and commitment to sustainability frame our strategy and how we operate...



Our purpose is to bring opportunities to people, helping them to improve their lives and fulfil their potential. Over many years, we have helped millions of talented individuals develop their careers, and we are deeply committed to helping many millions more in the future.

Our ‘social licence to operate’ and reputation are underpinned by this purpose and by the ongoing sustainability of our business. We are determined that ‘Our Hays Story’ is a sustainable one, in terms of our role in the communities we operate in, our business operations and our ability to substantially grow profits and cash flow in the long term.

Our strategy to be the world’s leading specialist recruiter is based on forming lifelong partnerships with candidates and clients, providing them with a first-class service and doing the right thing by our varied stakeholders. This means putting Environmental, Social & Governance (ESG) matters at the heart of our business and strategy. Having committed to endorsing two of the United Nations Sustainable Development Goals last year – Gender Equality, and Decent Work & Economic Growth – we have extended our focus this year to a third goal, Climate Action.

Our stakeholders are central to how we integrate our strategy with our responsibility to build a sustainable business. We are committed to engagement with our stakeholders and to uphold clear policies and targets to deliver a more sustainable business, while driving profitable, cash-generative growth.

Our actions this year have demonstrated significant, tangible advancement of our ESG strategy. This included our Net Zero/Carbon Neutral commitment, launching Hays Helps, significantly increasing the free training content available on our learning portals and enhancing our Equity, Diversity & Inclusion (ED&I) policies via our global ED&I council. For example, we have set a clear target to have 50% female senior leaders by 2030 (top 560 leaders).

How we make decisions

The Board's decision-making process is structured around a comprehensive assessment of the principal risks facing the business together with feedback and input from different internal and external stakeholders. The Board has an active role in stakeholder engagement, for example meeting local management teams and employees during office visits, and via the Chairman's meetings with our large

institutional investors. Engaging with our stakeholders means the Board is better placed to understand what is important for the near and the long term. This then helps position how principal risks are assessed and enables the Board to make more informed decisions which support how we deliver our strategy most successfully, and in the right way.

i For more on Board decision-making **see page 73**

...and this drives our strategic decision-making process

Insights

Stakeholder engagement & material topics

i For more **see page 16**

Global megatrends

i For more **see page 24**

Principal risks

i For more **see page 55**

Board review

- Our CEO and the senior management team, comprising Management Board and Operations Board, formulate the Group's long-term strategy
- The Board dedicates regular time to focused discussions concerning Group strategy as well as addressing critical short-, medium- and long-term issues with decisions which endorse the Group's strategy
- The Board reviews progress of delivery of the Group's strategic goals, together with regular strategic reviews of our business units

i For more on Board Activity **see page 72**

Strategy

Our clear strategic priorities deliver our long-term aims. Specifically:

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

i For more on strategy **see page 34**

Capital allocation

Underpinning our strategy, we have a transparent approach to capital allocation, with clear cash flow priorities:

- Fund organic Group investments and development;
- Maintain a strong balance sheet;
- Deliver a core dividend which is sustainable, progressive and appropriate; and
- Return surplus cash to shareholders via special dividends.

i For more on capital allocation **see pages 11 and 47**

Determining the most important stakeholder issues means identifying and assessing themes and issues that are material to our business and to our stakeholders. Leveraging these insights is an integral part of how Hays formulates and delivers its strategy. Matters are evaluated in terms of their potential impact in the short, medium and long term, and drive our planning processes to create the most value possible for the future.

Core to our decision-making is maintaining an open and effective dialogue with stakeholders to help us ensure our strategy is supporting our aim to do the right thing for stakeholders. This is at the core of how decisions are made as it fuels the Board's consideration and discussion of matters of material importance to internal and external stakeholders.

Hays' culture, management and governance structures are shaped by our Purpose and our recognition of needing to protect and enhance our social licence to operate.

The Board understands the need to steer the business not just for the near term, but also to ensure the success of the business in the long term. An example of this was the Board's strong support for our Strategic Growth Initiatives, as discussed on page 8.

As part of working to promote the success of the Company, the Board supports senior management in devising and delivering the Group's strategy. This includes the need to take into account the different issues and aspirations pertinent to each of our stakeholder groups.

UNDERSTANDING AND CREATING VALUE FOR ALL OUR STAKEHOLDERS

We have built strong relationships over many years with a wide range of stakeholders. Their trust and support 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.

Our key stakeholders and how we engage with them

What was important in the year



Employees – 10,800+ colleagues worldwide. Our greatest asset

We invest substantially in training and building our culture to ensure Hays is a great place to work. As well as regular communication via newsletters, townhalls and steering committees, the Group also undertakes regular global employee engagement surveys, including two in FY21. The results are analysed by regional and executive management and presented to the Board.

- Support for coping with the challenges of Covid-19
- Mental health and wellbeing training
- Changed working conditions – e.g. Equity, Diversity & Inclusion; supporting hybrid working
- Returning to headcount growth in H2, including our SGI programme



Candidates – individuals we are connecting to the world at work

By building long-term relationships with candidates, we help them fulfil their career ambitions. Our engagement is multi-channel, working through our website, social media, flagship publications such as the Hays Salary Guide, and Hays Thrive, our free-to-use Training & Wellbeing platform.

- Market insight, expert advice & support through Covid-19
- Investment in customer experience
- Tailoring Learning & Development to respective upskilling, re-skilling and career requirements



Clients – organisations whose staffing needs we support

We consult with our clients, helping them find the talent they need to deliver their growth plans. Understanding their needs helps us achieve lasting impact. We provide clients with free access to Hays Thrive, enabling them to support their employees' learning, development and mental health needs.

- Delivering a professional service, responding to rapidly changing conditions and helping solve skill shortages
- Providing support through the challenges created by Covid-19
- Insight into recruitment trends and market comparisons



Communities – the many local societies in which we operate

We seek to have a positive impact by engaging with our communities, actively providing support, career advice and training. Hays Helps, launched in FY21, is a major part of that strategy.

- Response to Covid-19
- Launch of Hays Helps, community involvement and significant local charity fundraising and volunteering, seeking to enhance socioeconomic development
- Livelihoods and job creation



Natural environment – operating in a sustainable way

We have committed to becoming a Net Zero company, setting ambitious targets to halve our GHG emissions by 2025 and reducing our broader environmental impact year-on-year. Our Net Zero Working Group is developing strategies which will underpin our Science-Based Target on carbon emissions' reductions.

- Increasing internal and external awareness of our environmental impact abatement strategy
- Establishing a pathway to being a Net Zero company, including appointing Net Zero partners
- Becoming carbon neutral for the first time and purchasing a long-term supply of certified carbon offsets



Shareholders – our long-term capital providers

We actively engage with the investor community through meetings, roadshows and conferences, and are very grateful for their long-term support. The Board receives regular updates on investor themes and questions and the Chairman also hosts meetings with some of our largest institutional investors.

- Our response and adaptation to Covid-19
- Update on the use of cash, including our dividend policy
- Clear and consistent communications and transparent reporting
- Sustainability strategy, with particular focus on ESG



Suppliers – organisations involved in supporting Hays' operations

We are committed to treating our suppliers fairly and with respect and publish a Supplier Code of Conduct on our website. As part of our Net Zero journey, we have contacted landlords and are beginning discussions with suppliers, to assess their commitment to reducing environmental impact and increasing societal engagement.

- Consistency through Covid-19
- Clear Supplier Code of Conduct
- Partnership in reducing environmental impact



Host countries and governments – administrations in our markets

Hays contributes to economies and society both directly and indirectly, through the taxes we pay, the jobs we fill, the candidates we help upskill and the local business opportunities, education and community initiatives we support.

- Supporting public sector administrations through Covid-19
- Ensuring worker tax and regulation compliance

The importance of stakeholder engagement

Hays understands its responsibilities to multiple stakeholders. By engaging with our stakeholders, we are better able to understand their needs and strive to surpass their expectations. We appreciate the impact the right individual can have on an organisation and how the right job can transform a person's life.

This is the essence of our purpose – to benefit society by helping people succeed and enabling organisations to thrive, creating opportunities and improving lives. Our behaviour is steered by our values, specifically to be: Passionate about people, Ambitious, Expert, Insightful and Innovative. By demonstrating these qualities, we are able to best deliver for our stakeholders, seeking to make a substantial, positive difference for each of them.

Throughout FY21 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 endorsing three United Nations Sustainable Development Goals and focusing our charitable efforts on activities which support our purpose via Hays Helps.

How we create value

Everything we do is focused on placing the right people into the right roles and striving to do the right thing for our multiple stakeholders



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 to 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, globally consistent brand. 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.

Stakeholder actions and benefits

Employees

2,607 colleagues were promoted. We estimate that 20% of first-year consultant time is spent in training and development. We have set a target of 50% female out of our top 560 managers by 2030 (FY21: 42%)

Candidates

We helped c.280,000 candidates secure their next role. Over 870k online learning courses were consumed on our portals, with over 26 million minutes of training undertaken

Clients

We worked with c.40,000 clients to help them find the skilled people they need to prosper. Over 16,000 clients have signed up to Hays Thrive

Communities

The launch of Hays Helps enables colleagues to volunteer time and resources to charities and initiatives that align with our Purpose

Natural environment

We became a carbon neutral business in FY21 and are on a pathway to Net Zero. We are in the process of establishing a Science Based Target for emission reductions, which we will register in FY22

Shareholders

Our highly cash-generative business model is focused on creating superior value for shareholders through the cycle. The Board has proposed to resume our core and special dividends

Suppliers

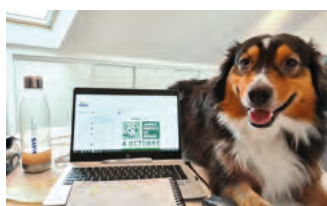
Our Code of Conduct is designed to ensure high ethical standards and foster long-term relationships

Host countries and Governments

Hays' FY21 tax on profits was £26.6m. In addition, Hays collects over £1 billion of VAT and employment tax on behalf of authorities worldwide

OUR ESG STRATEGY IN ACTION

We are committed to making our business sustainable over the long run, including our Net Zero commitment. In support of our sustainability strategy, we have made many important Group and regional decisions through the year. We are making good progress, however, we recognise that this is a journey.



Developed and promoted flexible working policies

We strongly believe that equipping our consultants with an effective range of technology tools improves their productivity. Our technology stack was instrumental in ensuring our seamless transition to remote working due to the pandemic, with complete operational continuity. We have sought to deliver all of this while boosting our company culture through team events, virtual catch-ups and providing industry-leading training.



Furthered our candidate development programme

We are proud to have placed over one million people worldwide in their next job over the past four years. As part of our Group strategy, during lockdown last year we launched Hays Thrive, our free-to-use online Training & Wellbeing platform, which is designed to help candidates upskill and to help employees deal with difficult times. So far, over 16,000 clients have signed up, with over 70,000 user accounts created and over 26 million minutes of content consumed.



Enhanced the client centricity of our business model

We have built deep trust with our clients over many years, underpinned by the reach and depth of our engagement with them. Our technology infrastructure enhances consultant productivity by helping them to quickly find the most suitable candidate for each job. Our sophisticated in-house analytics are combined with best-in-class external tools to increase our understanding of a candidate's career journey. This enables us to support candidates with services such as learning pathways.



Launched our Hays Helps programme

The Hays Helps programme has been established to focus and align all of Hays' global volunteering and fundraising activities towards ensuring we are supporting the communities and societies we serve. We do this by helping to lift the employability of people who may not have the same opportunities as others and protecting the environments where we are based.



Reaching carbon neutrality and our commitment to Net Zero

In February 2021, Hays committed to becoming a Net Zero company. We are currently in the process of establishing our Science Based Target (SBT) on carbon emissions, which will align with the Paris Agreement's commitment to limiting climate change to 1.5°C and be registered with the SBT initiative. Ahead of achieving Net Zero status, we have purchased the requisite certified carbon removal credits relating to the carbon emissions we cannot avoid at the moment. Hays is proud to have become carbon neutral in FY21, having calculated and offset all aspects of its Scope 1 and 2 and selected aspects of its Scope 3 greenhouse gas emissions.



Updated capital allocation policy

The Group's cash generation and working capital management have been considerably more resilient than our modelled scenarios at the time of our equity issuance in April 2020. Given confidence in our growth prospects, the Board proposes to resume core dividends with one single payment for FY21 of 1.22 pence per share, and also proposes the return of £150 million (8.93 pence per share) surplus cash in November 2021. The Board also expects to resume ongoing special dividends in FY22, and our long-term policy will be based on paying capital above our cash buffer at each financial year-end of £100 million.



Invested in Strategic Growth Initiatives (SGI)

In the year, we invested c.£15 million of additional operating expenditure to be focused on over 20 accelerated headcount investment projects in attractive structural growth markets such as Technology, large Corporate Accounts and Life Sciences in Australia, Germany, the USA, UK, Asia and France. SGI will position us to build much larger businesses in the most in-demand recruitment sectors of the future.

We have made very good progress in SGI, adding c.250 people in FY21. In FY22, we anticipate investing a further £20 million in SGI, including c.350 further consultants.



Developed our Equity, Diversity & Inclusion strategy

Equity, Diversity & Inclusion (ED&I) has progressed from being an important, but locally-managed, matter into being a 'Tier-one' priority issue for the whole business. It is a fixed item at the Management and Operations board meetings and every region globally is now committed to specific ED&I objectives with a plan of action to achieve them. We are committed to making Hays an equitable, diverse and inclusive workplace.

For the first time, we have set a target to be 50% female in our top c.560 senior leaders by 2030.

ESG strategy delivery

The below table provides examples of some of the initiatives which are helping us deliver on our ESG strategy across the business.

In addition, the Group has set a target to reduce air travel by c.40% by 2025, by promoting technology for virtual meetings (see page 9).

Region	Environmental	Community & Charity	Colleagues	Clients & Candidates
Australia & New Zealand	- Secured renewable energy supply across most of our offices - Introduced a policy whereby new joiners to the car scheme can only choose hybrid vehicles, and much greater availability of full electric vehicles	- In New Zealand we partnered with BE:Lab to volunteer time to mentor disabled workers to support them returning to work - Celebrated National Aborigines & Islanders Day Observance Committee (NAIDOC) week	- Launched the ANZ Pride network, supported by over 60 members - Received the 'At Work' Australia Disability Employment Services Award, recognising our commitment to inclusivity	Hays Reflect Reconciliation Action Plan (RAP), which seeks to promote Aboriginal Engagement. In FY21, 5% of total candidates placed across our top-10 clients identified as indigenous
Germany	92% of offices now on renewable energy tariffs - Currently conducting a detailed, long-term Mobility review to help shape a lower-emission vehicle policy	- Directly financed a paediatric oncology doctor in Heidelberg - Supported Action for Children with Cancer, which provides art and music therapy for children with cancer - Worked with Das Macht Schule Förderverein, which promoted dialogue-based digital teaching for pupils during lockdown	- Founded and supported a variety of employee resource groups: - Hays Pride Network (LGBTQ+) - Lioness Network (Leading Women) - HaysD@ds (Fathers) - Entered the Top-10 Women Career Index	We offer financial scholarships to fellows from the universities of Mannheim, Bayreuth and Mainz. Students also receive non-material support through lectures and workshops we provide in cooperation with Mentoring Programmes at universities
UK & Ireland	100% of offices now on renewable energy tariffs - Policy limiting new car purchases to electric, hybrid or ultra-low emission vehicles 'Zero Heroes' initiative to completely remove single-use plastic from our offices - Significant investment in data centre infrastructure to lower carbon emissions by c.40%	- Supported 'End Youth Homelessness' (EYH) to provide homeless young people with support to develop key skills and move into meaningful education, employment or training. Over 550 young people received support in the first 18 months - Partnered with Camara Education to donate surplus IT equipment to schools in Africa, positively impacting the education of over 6,000 children	- Focused on engagement and talent attraction via networks (e.g. Parents@ Hays, UK&I Pride) and worked to support under-represented groups (e.g. those living with a disability) - Set up a UK&I Wellbeing Steering Committee to help improve wellbeing	Our work with EYH included coaching EYH candidates through the recruitment process for specific roles with two clients (Tarmac and Birmingham City Council). This enabled clients to access broader, hard-to-reach talent and supporting previously homeless people into work
Rest of World	- All offices in France and Italy now on renewable energy tariffs - Exploring renewable energy with landlords in other regions - Increased electric vehicle availability in car schemes - Launched bike leasing programme in Belgium to reduce car use	- In the USA, our colleagues held various career education awareness programmes, mentorship programmes and donation drives in partnership with Think Big For Kids - Supported 'Les Apprentis d'auteuil' in France, which offers professional support and training to vulnerable young people	- Several ED&I initiatives underway, including: - The USA achieved its target to have a workforce which is 30% BIPOC within six months - Seeking to improve hiring practices related to those with disabilities - Pride networks across markets	- We mentor young people from socially disadvantaged backgrounds in the Czech Republic, providing career advice and running interview workshops - Advocated and supported inclusive hiring across the Rest of World business

 Read more in the Sustainability section **see page 48**

 Read more about the Section 172 declaration **see page 62**

 Read more about Board's decision-making flowchart **see page 73**

SUSTAINABLE GLOBAL BUSINESS MODEL, LOCAL EXPERTISE

Having a balanced exposure within and between our markets is key to driving performance, particularly in times of economic recovery. We have a high-quality business with scale, breadth and diversity of exposure, designed to deliver a more sustainable strategy for stakeholders in the near and long terms, including capitalising on the megatrends driving 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 such as Hays to source skilled candidates is still a relatively new practice. Traditionally in these markets, this recruitment is undertaken by companies themselves, using hiring teams within their own HR functions.

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

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

Net fees by clients

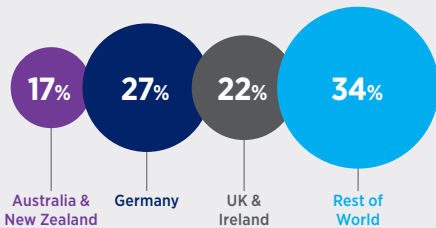
Top 50

c.15%

Other clients

c.85%

Net fees by geography



Global integrated business

By having a single culture, brand and technology platform, we can drive significant synergies across our network. We can also deliver leading service to our largest global clients.

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 ten specialisms.

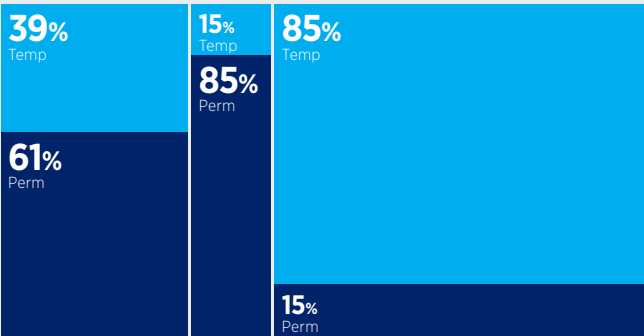
By bringing existing global expertise to new markets, we can grow in a relatively low-risk fashion, leveraging existing infrastructure and country management. For example, we are the global leaders in Accountancy & Finance (A&F), yet we only introduced the specialism to the USA, the world's largest A&F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

Net fees by geography, type and market maturity

Structural/less mature

56%

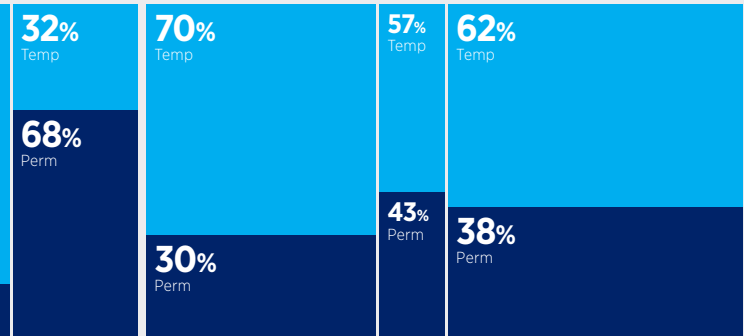
0-30% market penetration



Cyclical/mature

44%

>30-70% market penetration

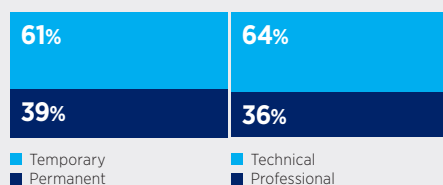


As part of our Strategic Growth Initiatives, we are investing to grow our presence and take market share in areas such as Technology, large Corporate Accounts, the Green Economy and Life Sciences.

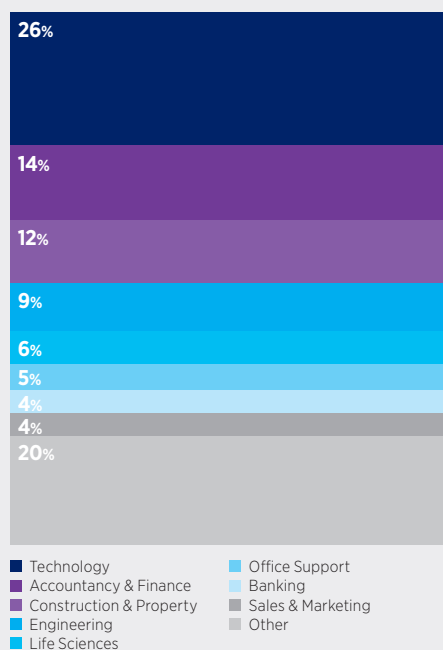
Scope for our people to move worldwide

Given travel restrictions, only a few colleagues transferred internationally within Hays in FY21, down from 69 in FY20. However, we aim to restore this practice as soon as countries re-open, as it reinforces our culture

Net fees by contract and job type



Net fees by specialism



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.

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. This ensures they can continue developing and upskilling, with over 850,000 courses consumed in FY21. Hays Hub, our Temp platform app, now has over 5,800 UK schools signed up to our Education Training programmes, including 'Safeguarding Complete', 'Core Compliance' and 'Wellbeing First'.



Our Hays Stories

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



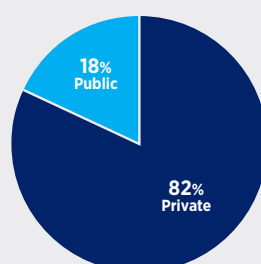
A balanced and diverse model

We have deliberately and strategically built a business which is balanced and diverse. Within our network, we have exposure both to 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.

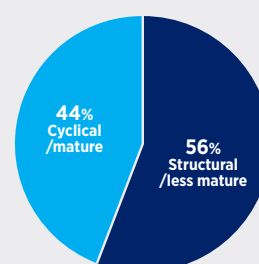
We are predominantly Private sector-focused, but also serve Public sector clients in some markets. Within our portfolio of services, we work on one-off placements for SMEs and global multinationals, as well as contract-based, higher-volume recruitment for our larger clients. The balance, breadth and 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.

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

Net fees by client type



Net fees by market maturity



Net fees by business



HOW DOES THE FLEXIBILITY OF HYBRID WORKING HELP YOU DO YOUR JOB?

“

Many industries have changed significantly as global society has adapted to a new way of working due to the pandemic. Results are far more important than the hours we sit in an office. By having this hybrid work pattern at Hays, it allows us to create a workplace that we feel highly comfortable in, enabling us to eliminate distractions. Giving us flexibility in conducting our day-to-day work is something that I could only previously dream of, and it is now a reality.

Hassan Berrada
Germany

The flexibility of working from home has allowed me to be both a much more present Director for my team and present mother to my son. I am in a national role and I have found that since we now work through video chat, I have been able to form incredibly deep relationships with my team in different regions. My team in each region works very well together and even though they weren't in the 'same office', they still feel a connection to one another.

Taryn Beber
Canada

The hybrid working world is a world I never thought I would see, however I feel this has hugely increased both my team's and my performance. Hybrid working has had a huge impact on wellbeing and work-life balance across the team. It has given us more time, definitely increased productivity across the office and also improved our culture when we are in the office. I also strongly believe that this will play a huge part in allowing us to both attract and retain the right talent in the business.

Isobel Grieve
UK

”



OUR HAYS STORIES

“

Hays acted extremely quickly when the pandemic hit. Our transition to working from home full-time was as smooth as anyone could have hoped for and we were given the correct tools and support needed to carry out our day-to-day responsibilities. Since normality has started to gradually return, the hybrid working model offers the opportunity for a better work-life balance. After the amount of time we were forced to work remotely, I can now fully appreciate the benefits of a high-energy Hays office environment.

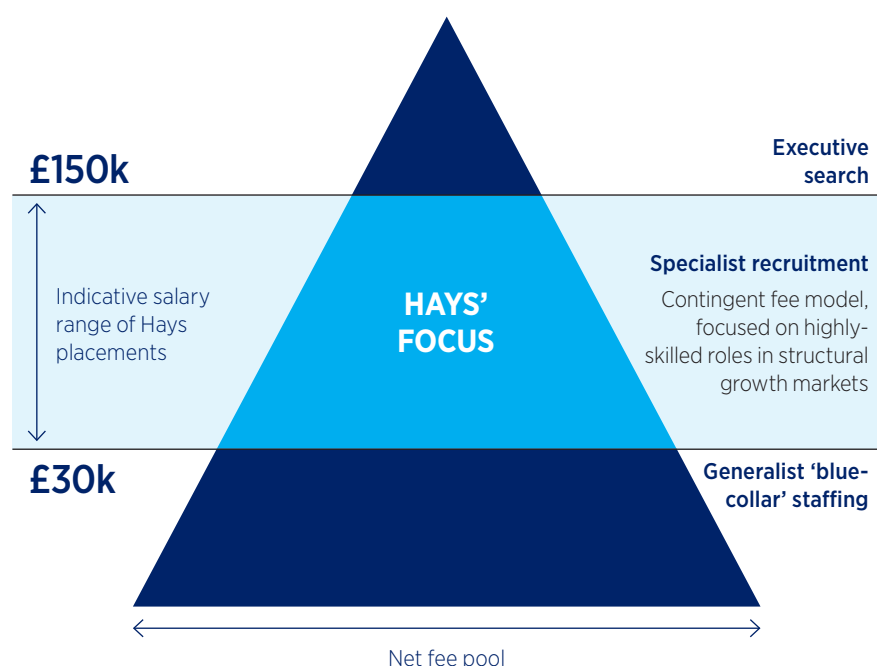
Mark Paul
UAE

”



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 mainly place ranges from c.£30,000 to £150,000 per annum. 61% of our FY21 fees come from Temp and Contracting assignments, while 39% comes from Perm placements.

We operate across 20 specialisms, with over 60% of our fees in white-collar 'Technical', project-led areas such as Technology, Life Sciences, Engineering and Construction & Property. We view this as a strength of our business, with Technology 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 page 32). 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 and hybrid working. Client and candidate relationships were deepened and new ones built during lockdowns.

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 24 and 25). The prize for adding real human value and insight in a digital world is significant.

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.

Our transition to remote working was seamless, and our systems are now supporting hybrid working, underpinning strong client service. In FY21 we helped over 280,000 people find their next job.

We are focused on further enhancing our leading businesses in structural growth areas such as Technology, Life Sciences, Engineering and the Green Economy.

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 such as 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 FY21, 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 10%, with Temp down 11% and Perm down 6%
- Trading conditions materially improved towards the end of the year, particularly in Perm
- Good cost control in very tough market conditions
- New Zealand produced a strong performance with fees up 14%

The initial phase of the pandemic was less severe in ANZ than our other regions. Once the long-term lockdowns in Victoria ended in November, we quickly saw positive momentum return in both Temp and Perm, particularly in our fourth quarter.

The Australian economy has historically benefited from population growth via inward migration, which has been prevented by closed borders due to the pandemic. From a labour market point of view, this has increased skill shortages and may result in increased wage inflation.

It is too early to quantify the negative impact on ongoing business activity from lockdowns implemented in July/August 2021 in most states and how long this will last.

i For more information [see page 39](#)

Germany

- Fees down 7%, with Contracting down 5%, Temp down 3% and Perm down 18%
- Strong sequential fee growth through FY21, especially in Contracting, driven by rising business confidence
- Temp under-utilisation issues resolved during the first half, and high levels of utilisation in the second half

The labour market in Germany improved strongly through the year and we ended FY21 with a record June number of contractors.

Business confidence increased in all sectors, including in Automotive, which had been tough even before the pandemic given the global trade war and falling demand for diesel vehicles.

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

i For more information [see page 40](#)

UK & Ireland

- Fees down 11%, with Temp down 9% and Perm down 14%. Both Temp and Perm delivered sequential fee growth in each quarter
- Public sector outperformed the Private, however we saw a strong recovery in the Private sector in the second half
- Strong sequential fee growth in the second half drove a return to profitability in H2

In the initial phase of the pandemic, the UK & Ireland was one of our hardest-hit job markets we operate in globally. Conditions then began to improve sharply in the autumn of 2020, and recovery continued into 2021. We see significant long-term opportunities for growth in sectors like Technology, Life Sciences and the Green Economy.

While Brexit has created significant uncertainties for the UK economy in recent years, the impact on Hays' business activity has so far been relatively modest.

i For more information [see page 41](#)

Rest of World

- Fees down 6%, with H1 down 21% and H2 up 14%
- Despite the pandemic, six countries delivered record performances including the USA, Malaysia and Switzerland

In the initial phase of the pandemic, job markets in EMEA ex-Germany were significantly impacted by strict lockdowns. Encouragingly, activity recovered sharply through the year.

In Asia, Mainland China was one of the first countries to ease restrictions and activity has recovered to above pre-pandemic levels. Japan remains more muted, while activity in Malaysia improved through the year, despite relatively strict lockdowns.

Job markets in the Americas were led by the USA. Having been deeply impacted in the early phases of the pandemic, hiring sharply increased through the year.

i For more information [see page 42](#)

Our Hays Stories: Supporting under-represented talent

In FY21, Hays supported Tarmac – the UK's leading building materials and construction business – to launch an innovative scheme to identify talent from under-represented groups. Hays worked with their charity partner End Youth Homelessness, who support vulnerable young adults, alongside their member charity St Basil's, to identify potential candidates and assist them with the application process, including CV development and interview coaching. As most applicants had never experienced formal interviews before, each was offered support and guidance on preparation, a process which received strongly positive feedback.

Overall, as a result of the programme, two applicants were offered roles directly, and have successfully begun new careers with Tarmac.

"It is a fantastic success story of the Tarmac/Hays relationship and I found it genuinely uplifting that those who have been involved in this have made such a difference. A flexible and modern approach to recruitment, which accounted for individual circumstances and was not based on traditional practices such as CVs, demonstrated the success of Hays' ability to think and act inventively. Hays should feel really proud of that."

Damian Mckenna
Head of HR, Tarmac

MEGATRENDS IN THE WORLD OF WORK

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

1. Candidates – and companies – are demanding new ways of working

Many skilled workers are increasingly seeking interesting, and often highly paid, non-Perm roles as they build 'portfolio' freelance careers.

The pandemic has enhanced the demand for flexible working for both clients and candidates. This trend is also strongly supported by remote or hybrid working. This means many white-collar candidates no longer need to live in close proximity to workplaces and we can find talent from a wider and broader pool for our clients, including internationally. We also advise clients on where to locate operations to find talent, and how to effectively deliver a hybrid work model.

Having a flexible, non-Perm skilled workforce allows organisations to convert a fixed employee cost into a more variable expense, giving cost-base flexibility.

FOR HAYS:

We believe higher skill, higher salary Temp and Contracting is a key structural growth market, particularly in 'Technical' white-collar specialisms such as Technology, Life Sciences and Engineering.

We use our expert consultants, global network, state-of-the-art technology and rich data to build deep and broad talent pools.

2. Jobs are changing and skills are increasingly short

For many industries, the pace of change has never been faster. Some sectors are in decline, others are seeing exponential growth. This is creating major dislocation in skills, with millions of people in 'old economy' roles requiring significant re-training and upskilling, to enable them to move to the newer sectors seeing strong growth in demand.

Employers are struggling to find the talent they need, particularly in high-skill, higher salary areas. This 'war for talent' may well drive meaningful wage inflation for the foreseeable future, which is positive for our fees.

FOR HAYS:

Training and upskilling is an increasing part of how we support and help develop candidates through our learning portals, including Hays Thrive.

Overall, across all our online platforms, over 850,000 individual training courses were undertaken on our web platforms during the year, equating to c.26 million minutes of online learning.

Our strategy is focused on building the strongest talent pools possible, and our SGI programme targets the most skill-short markets.

Recruitment type

Temporary and Contracting

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

61%

Permanent

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

39%

% of Group net fees

64%

36%

Technical

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

Professional

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

Specialism type



3. Skill shortages are magnified in areas like Technology and the Green Economy

The pandemic has significantly accelerated digitalisation. New technologies are driving demand for high-skilled technologists globally. Almost every organisation would like more and better technology talent in areas such as data science, artificial intelligence, cyber security; and Tech ecosystems such as Salesforce, AWS and Azure.

To reach the Paris Agreement targets on climate change, trillions of dollars needs to be invested in the Green Economy. The International Labour Organisation predicts this will create at least 24 million new jobs by 2030. Additionally, the wider theme of business sustainability may also create millions more new jobs.

FOR HAYS:

We are a leading global Technology recruiter, with c.£250 million annual fees pre-pandemic. Our aim is to double this to £500 million over the next five years. We have the scale and global reach to find the best candidates for our clients.

The Green Economy includes sectors where we are global leaders, like Construction & Property. In addition, we are leading suppliers of talent into the Electric Transport, Renewable Energy and Engineering sectors.

4. Organisations increasingly need expert help to find the talent they need

Employers are struggling to locate the talent they need, particularly in high-skill, high salary areas. Yet most recruitment globally is performed in-house by HR teams.

To help win the war for talent, organisations increasingly need agencies such as Hays, who can bring a far broader and deeper pool of talent to them, from a far wider geographic area, much faster. This applies to transactional 'spot' recruitment, and long-term outsourcing.

Over half our fees today are in structurally growing markets, where the penetration of recruitment agencies is relatively low, such as Germany, Asia and parts of Europe.

FOR HAYS:

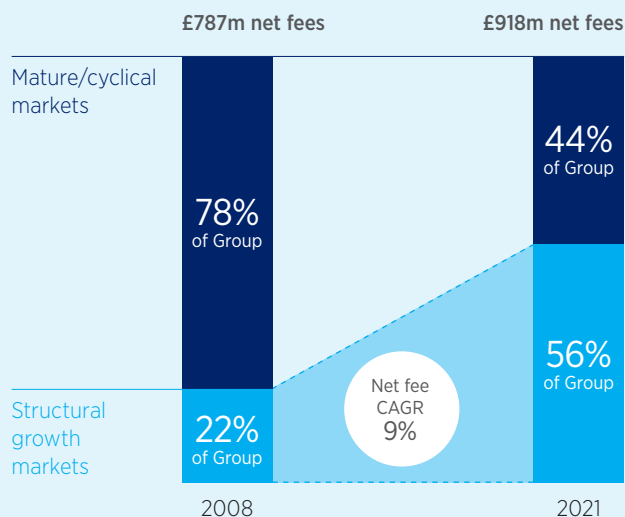
With many large corporates procuring centrally, we can closely tailor our services to clients' needs. Hays' main example of this is our Managed Service Provision (MSP) offering. We use our scale, infrastructure and deep candidate pools to manage Temp and Contract workforces on an outsourced basis.

Driving our productivity in a hybrid world: 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.

New and experienced consultants can be coached, virtually or in-person, on how to best use the information and build their day around it. This makes processes much more efficient by streamlining how and where consultants access information. This saves time and provides near-real-time data, allowing managers to monitor and improve consultant performance. Digital Manager has a major role to play in the hybrid model of home and office working.

Over half of our business today is in structural growth areas



HOW DOES HAYS' CULTURE HELP YOU AND YOUR TEAM?

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Within our values, we are known for being passionate about people, and during this time Hays as an organisation demonstrated it. Although we lived in a situation of uncertainty as a business; the message we received was always one of concern about our mental and physical health as well as that of our families. Feeling that you are part of an organisation that truly lives its values and manages to adapt and innovate in times of crisis removes pressure. It makes our work simpler and allows us to focus on maintaining a high-quality relationship with our clients and candidates and continuing to gain market share.

Martha Sanabria
Colombia

During the challenges of the pandemic, Hays' culture taught me that there is nothing more important than paying attention to the people you work with. I have learned, and our culture helped me to understand, that it is possible to pair competitive spirit with care and support. There will be days when we need to inspire others and sometimes, when it's needed the most, we can be inspired by someone else. We all can have an impact on each other, and we need to do it every single day, with responsibility and joy.

Kővári Botond
Hungary

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OUR HAYS STORIES

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Our culture at Hays is fundamental to our success and the ability for our organisation to adapt to the external factors we have all experienced over the last year. We have hard-working and high-performing staff who have a strong sense of passion for Hays. Collaboration and the practice of regular celebration of success is what helps us bring everyone on the journey to achieve our goals. What is also incredibly important is that we have strong bonds outside of work and have always taken the opportunities to enjoy each other's company in external settings. Having worked for Hays in both Sydney and London, Hays' positive and supportive culture has been critical to my success and enjoyment of my time in the business.

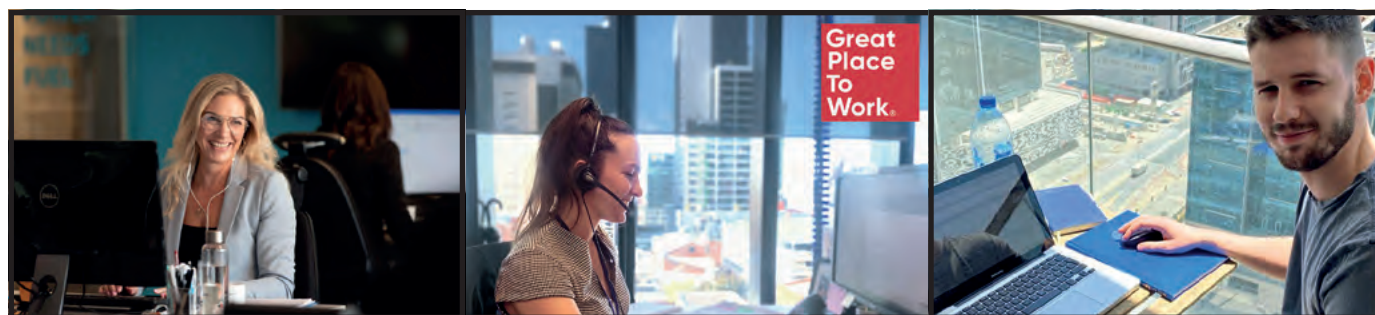
William Prest
Australia

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OUR PEOPLE AND CULTURE

To become 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, every day. As the pandemic's impact continued, this proved to be a major strength.



We are proud of how our colleagues have coped through the pandemic

The way in which our colleagues responded to the continuing 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. As people have started returning to offices, we are excited for how hybrid working is helping our business progress.

Purpose and values

Every day, our c.10,800 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.

i You can read more about how our purpose and values help underpin our culture and our stakeholder relationships **see pages 16 and 17**

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**

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 in recent years we have made changes to our operating hours, plus adopted new

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.

“Maximising organisational performance depends on us realising the full potential of our people and giving them flexibility in how they work. Our commitment to ED&I supports this, helping to develop depth of talent and diverse thinking to drive our business.”

Sandra Henke
Director of People & Culture



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

We have adapted our approaches to learning and development to work effectively within increasingly flexible and hybrid ways of working. This includes increasingly blended learning solutions harnessing technology whilst maximising the opportunities to connect with people face to face. Demonstrating career progression at Hays, 2,607 colleagues were promoted in the year.

Intermediate managers

We established global manager forums to share our challenges and effective ways to operate in a hybrid working environment. Output from these forums informed the innovative design of our management development programmes.

Senior managers: Hays International Leadership & Management Programme

As our leaders face the challenge of leading increasingly complex business and increasingly diverse teams we continue to develop their skills to equip them to maximise the opportunities post-pandemic and position us for the future. Elements of the programme have been redesigned to accommodate virtual learning and promote global connections and collaboration amongst our senior leaders.

In response to Covid, we have given extra prominence to developing coaching skills in our senior leadership, with particular emphasis on enabling them to support their people as they coped with the pandemic's challenges. Operating through the pandemic proved the effectiveness of remote learning, without losing the experiential nature of the learning experience.

Equity, Diversity & Inclusion

In order for Hays to thrive post-pandemic we need to maximise our people's potential and ensure we continue to attract diverse talent. Our commitment to ED&I is fundamental to unlocking that potential. Further, as part of this commitment to ED&I, we partnered with an external specialist to help identify any barriers – real or perceived – to getting in and getting on at Hays.



Building on our work in Asia, our focus in FY21 was on the USA, Germany and the UK. Our ED&I Council created workstreams to progress our ED&I agenda including: inclusive/diverse hiring; building more balanced leadership succession pipelines; and the formation of a Gender Targets Advisory Group comprised of senior women from every region. To further support our commitment to having ED&I at the heart of our culture, our leadership development programmes have an increasing focus on the development of inclusive leadership skills. The Group also set a target to reach a level of 50% senior female leaders by 2030 (FY21: 42%).

Employee voice and engagement

We continue to develop an increasingly inclusive culture, building on the opportunities that 2020 provided us to connect and collaborate. Our various channels have enabled us to engage with a broader cross-section of our people and provided more opportunities to listen directly to their challenges, opinions and ideas. As part of this, we conducted two employee engagement – Your Voice – surveys during the year.

We have continued to focus on wellbeing by providing support and a sense of connection. This was reflected in our recent Your Voice survey, which showed a 2% rise to 78% in engagement since last year. Specifically, 90% of employees agreed or strongly agreed that they have a positive relationship with their manager, 85% agreed or strongly agreed that their manager cares about their wellbeing, and 82% agreed or strongly agreed that they feel connected to their team even when not all in the office together.

The welfare and interests of the workforce have always been matters over which the Board has overall responsibility. During the year MT Rainey continued her work as designated workforce engagement director. MT's role serves as an additional and independent channel for the Board to hear directly from Hays' diverse workforce and MT participated in the design of the year's two Your Voice surveys, held consultations with the Head of Group People & Culture and reviewed the results. MT also sits on the Hays Helps Committee and participated in discussions with the Blaze Taskforce, a forum for global fee-earning people-managers to inform the Management Board about the challenges being faced by them, and with our Global ED&I Council during the year.

Eliza began her career with Hays as a graduate in 2006 and today is a Regional Director with responsibility for several New South Wales businesses. She leads a team of consultants and has won numerous quarterly and national awards for her personal and leadership contribution to Hays, and she currently sits on the NSW board and the ANZ Change Network.



Eliza Kirkby

Our Hays Stories

"My participation in the Hays International Leadership & Management Programme (ILMP) programme has had a very personal impact on me and consequently on the way I lead my business.

In particular, my mindset and belief have shifted. As a female leader, my confidence to challenge the status quo, to question why we do things a particular way, and to introduce new ideas has grown. Seeing the organisation's explicit commitment to ED&I underpins my belief in its fundamental desire to help me to fulfil my potential by helping me maximise what and how I contribute.

My growth has led to my being presented with an opportunity to put to use my passion for inclusivity and diversity. To be invited to contribute to our Global Gender Advisory Committee has enabled me to be involved in strategically mapping out Hays' pathway towards gender parity in Senior Leadership. It has been extremely rewarding to have a voice on this topic and be part of Hays' journey. The ILMP, and the ongoing value it brings to my development and the organisation, was the catalyst for this tangible progression in my career."

Eliza Kirkby
Regional Director,
Sydney, Australia

 **Find out more about People & Culture**
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 38



1 Abogen Biosciences is a discovery stage biotechnology company focused on developing nucleic acid-based (RNA and DNA) therapeutics for the treatment of cancer and infectious diseases. Hays has been supporting Abogen through its rapid expansion, assisting with building a team of experienced, expert scientists.

“Hays is a trustworthy and committed partner of Abogen with outstanding service and market insight. I have appreciated Hays’ relationship over the past eight years, including the past year while at Abogen Biosciences. Hays has provided tremendous support for hiring and talent strategy and business growth, and we profoundly value its professionalism and expertise.”

Connie Liu
Senior VP, HR & Operations



2 Hays is the recruitment partner of Survitec, a global leader in survival technology. Via an entirely virtual process, we have helped source talent to grow the Finance function, supporting Survitec in its growth despite the pandemic. In FY21, we placed 52 candidates in Perm/Temp roles to support the setup of Survitec’s new Shared Services function in Northern Ireland as well as with replacement hiring across specialisms worldwide. We provided salary and skillset benchmarking, marketing support and a three-month aftercare service to help them manage remote onboarding.



Trust enables partners to win together and even achieve results that exceed the sum of the parts. SAP Fieldglass and Hays Talent Solutions have built a trustworthy partnership in delivering workforce solutions for clients. The combination between SAP Fieldglass as the market leading Vendor Management System technology and the customised services for contingent

workforce management provided by Hays, enables our clients to increase process efficiency and transparency.

SAP Fieldglass and Hays have worked successfully together for several years with many clients across different regions. Hays is looking forward to joining the SAP Partner Edge Program in 2021.

“Hays is one of the leading specialists in workforce management services. We trust in their expertise and combine our strengths to deliver efficiency and transparency.”

SAP Fieldglass as an innovative global software solution is thus complemented by Hays’ strategic and operational services.”

Peter Graulich
SVP & General Manager, SAP Intelligent Spend Management



■ BASF

We create chemistry

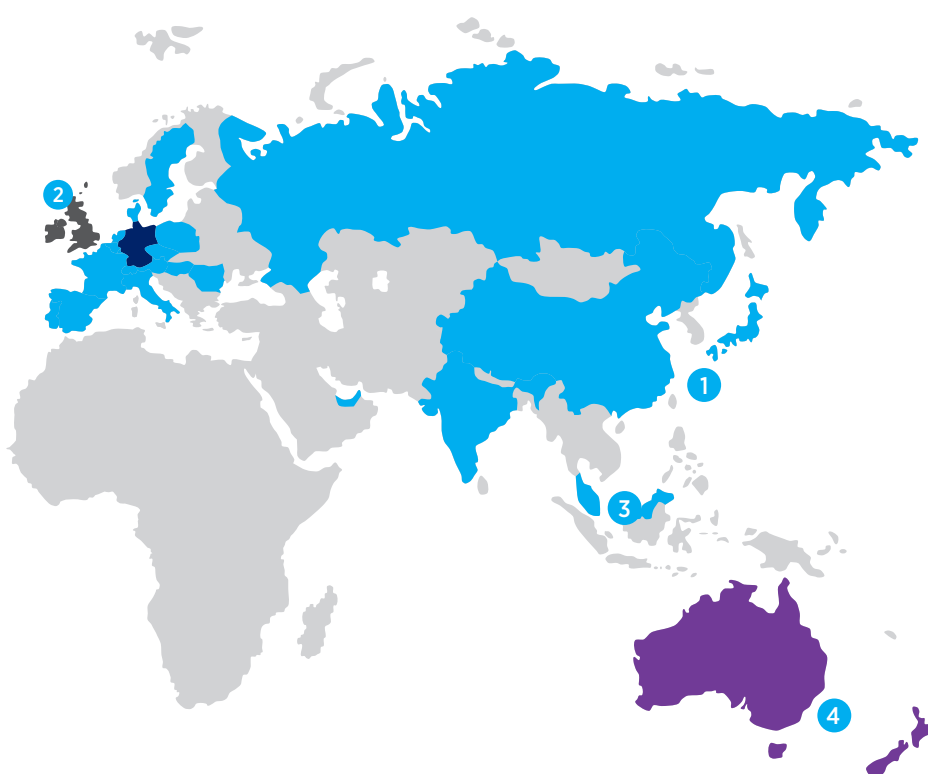
3 Hays' trusted relationship with BASF in Shanghai began in 2018 and combines a dedicated on-site Hays Client Partner and an off-site account manager, supported by a flexible off-site sourcing and administration team. Hays has placed over 100 people into different sub-sectors of the BASF Research & Development team, while reducing the time

to hire by c.40%. Our strong relationship in Shanghai together with our excellent local track record of delivery by our Malaysian agency teams helped secure a separate RPO contract with BASF in Malaysia during FY21, with a mandate for 200 multi-lingual hires per annum across HR, Supply Chain and Technology. In addition to directly sourcing and onboarding candidates, we are also responsible for managing internal hires, employee referrals and other third-party agencies.

"Talent plays an important role in innovation. At our Innovation Campus Shanghai, colleagues from 12 nationalities are innovating sustainable products and solutions for Asia and the rest of the world. At BASF, we always look for dedicated, high-calibre R&D talent across Asia to drive our innovation forward and Hays has been an integral support in that process."

Stella Fu

HR, Research Asia Pacific



CommonwealthBank



4 Hays has supported CBA's recruitment requirements across most contract forms for more than 20 years. In 2018, this relationship was deepened when Hays rolled out CBA's group-wide Managed Service Programme and Vendor Management System to manage its contingent workforce. In FY21 Hays placed over 1,500 temps and contractors into CBA, with the majority in enterprise services, technology and projects. We also work closely on permanent recruitment projects, augmenting CBA's leading Talent Acquisition function. This has seen Hays deliver over 350 Perm hires for CBA's Risk teams; we are also working closely on an augmented Perm hiring initiative in Technology and Digital.

"Hays has been a long-term partner to CBA, supporting the Group in a variety of ways to attract both contingent and permanent talent. Their understanding of our organisation and values, their flexible, collaborative approach, and their ability to source and screen specialist talent has made them a key partner in support of our Talent Acquisition strategy."

James Elliot

HR Director

40,000+
clients worldwide

OUR TECHNOLOGY

HOW DOES HAYS' TECHNOLOGY HELP YOU DO YOUR JOB BETTER?

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Our consultants are now reaping the benefits of a completely mobile and flexible working environment, underpinning hybrid home and office working. Tools within Office 365 are now utilised globally, supporting productivity and collaboration within a highly secure infrastructure. For example, in FY21 there were >49 million external activities globally conducted within Office 365, plus an additional 3 million engagements using collaboration tools. Recent innovation around the use of video, via a successful UK pilot scheme, has enabled video interviewing at speed, helping employers build their brands and attract candidates, creating a more personalised and customer-centric experience. A key outcome and benefit for all users is that we've been able to decrease the time from CV review to a confirmed interview by c.50% – evidence that providing our employees a leading stack of technology solutions drives world-class customer service.

We are excited to expand our Worker Services Platform (WSP) over the coming months. This will provide additional benefits to our current temporary workers, and to all our customers soon after. One example is candidates will be able to manage their own key data in real-time, which will automatically update their details within managed talent pools, resulting in superior service to all. WSP will also provide extensive career services such as My Learning, whereby candidates can engage with micro-learning to continuously update their skills to meet the demands of the marketplace.

Steve Weston
Chief Technology Officer

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OUR HAYS STORIES

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Our technology essentially allows us to review real-time data and adapt our learning and development programmes to be fit for market or fit for purpose, ensuring our people are developed and challenged with resources and training that is directly reflective of what is happening in the market or external world. By having access to cutting-edge technology, we were able to adapt all classroom-based training to virtual, or self-directed micro-learning. Our technology and systems allowed our team to ensure learning wasn't compromised, and the human element was still a key driver in our people's development.

Shen Walker
USA

Hays has made substantial investments in developing market-leading technologies and tools that help us deliver quicker and higher quality service to our candidates and clients. Some of the newer technology such as 'Talent Manager' has significantly transformed the way I run and organise my day.

Jason Tsang
China

Hays is a company whose processes and tools are constantly evolving, in line with the technological and digital developments in the market. By using our entire toolbox, we consultants can quickly focus on the essential, which is the human relationship with our candidates and clients. Our tools allow us to save time and be more efficient, which is essential in order to be always one step ahead of the competition and to be able to work with confidence on the content of our actions and the performance that results from them.

Thibaut Gollentz
France

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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. Having rapidly transitioned to remote working across our global business in 2020, our technology has made our business operations robust to the rapidly and unpredictably changing local restrictions and policies necessary to protect public health during the pandemic.

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 FY14-19.

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. Deliver world-class omnichannel customer experience;
3. Invest selectively in best-in-class HR Tech software; and
4. Investigate new tech-enabled delivery models, such as Hays Hub.

With many global economies moving into recovery, with significant shifts in patterns of employment, we are seeing candidate shortages in many sectors. In this environment, it is not sufficient to simply post a job and wait for applications. Delivering the best outcomes requires investment and experience in using a range of alternative sourcing channels, alongside deep talent databases, which few employers have in-house. Outsourcing to Hays allows HR teams to use our expertise, technology and data insights, materially improving the process and the outcome.

Three phases of data-driven insights

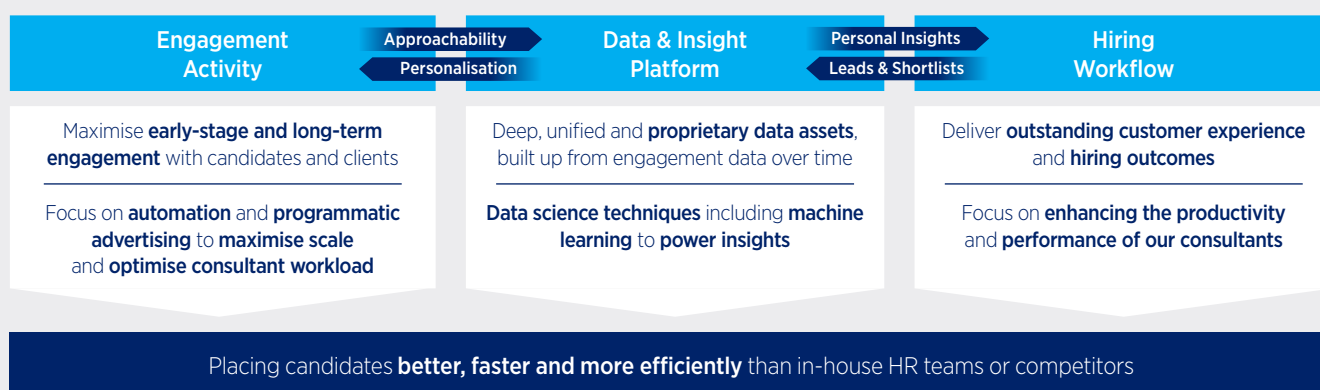
We have been developing our cutting-edge data systems for well over a decade. Our first 'Foundation' period (2008-2012) established an architecture, process and internet-enabled system. Our second 'Connections' phase (2012-2017) focused on channel integration, working innovatively with companies like 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. Candidate engagement with our content and marketing provides proprietary data and lays the foundation for our next phase of insight.

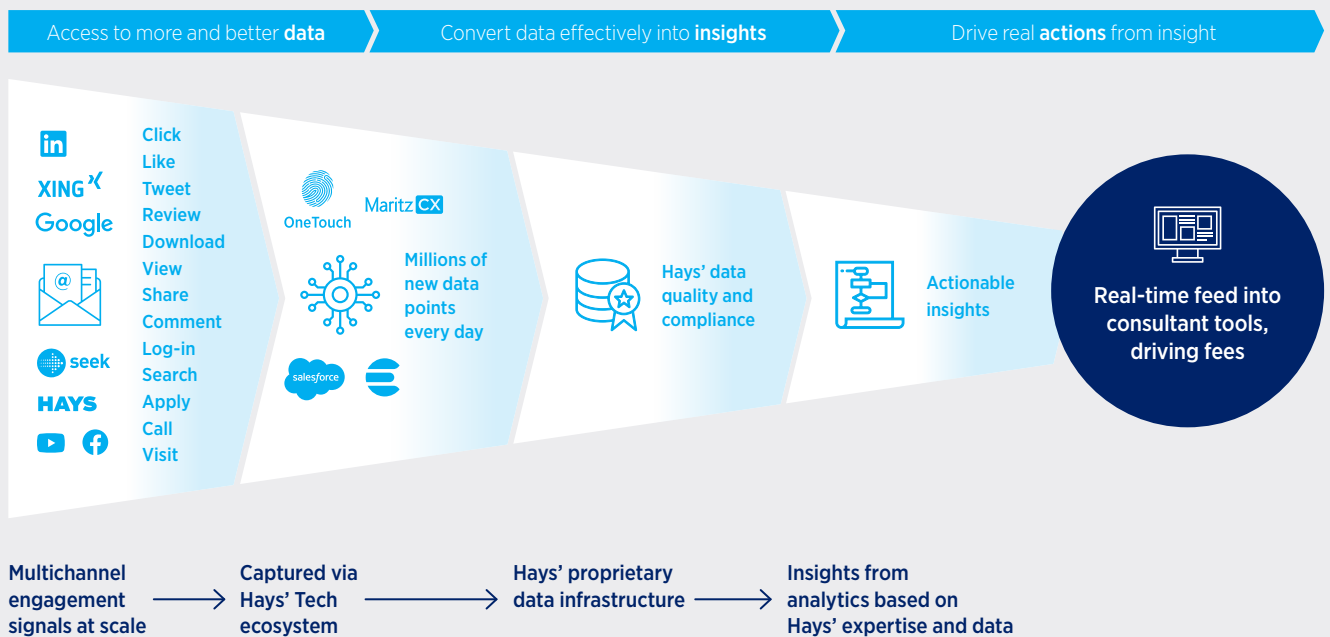
We believe we are now in this third 'deep insights' phase, underpinned by advanced analytics. Internal data science initiatives are mining our rich datasets to generate key insights to empower recruiters, ranging from candidate approachability through to anticipating hiring demand by client or sector.

Our systems and insights set out to enhance the human role in recruitment, not replace it. We work to automate low-value interactions and enhance high-value engagements, for example by equipping our consultants with market insights on salaries and skills to share with candidates and clients. 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



We are not just finding the talent available right now though – increasingly, we play a role in nurturing new supply of talent, supporting candidates and helping them to develop new skills. Candidates are looking for stronger advice and guidance for their career development, and our 'Hays Thrive' learning and wellbeing platform provides this.

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.10 million job applications in FY21, and our website received over 100 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 including 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 put to work 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.

The consultant's view

"Despite the uncertainty of the past 12 months, Hays went above and beyond to ensure that we remained industry leaders both in practice and available technology. The ramifications were beyond considerable, with swift provision of leading BI systems and cutting-edge industry tools that were rolled out company wide. The achievements that have since been accomplished are entirely indebted to the confidence and prioritisation of Hays to guarantee all employees are not only equipped for their role, but provided with clear competitive advantage."

David Shepperd
UK



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

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 in the diagram below. Approachability signals are also enhanced by our advisory content which candidates download.

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

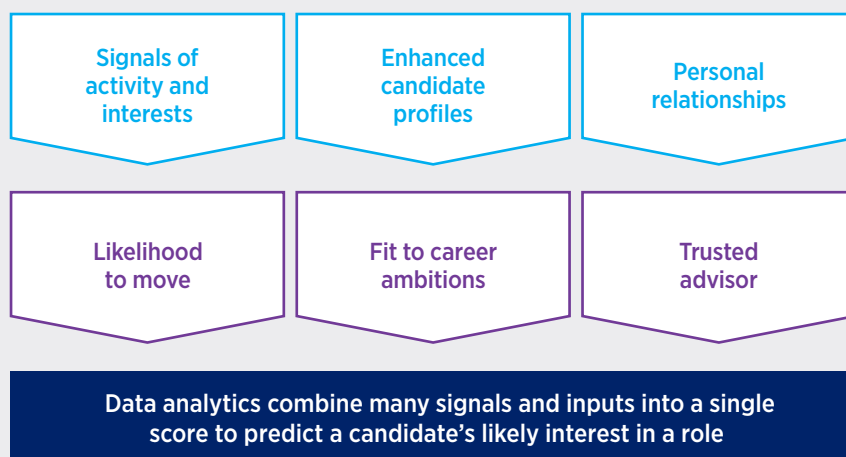
We have streamlined our candidate application process, which is powered by state-of-the-art search capability from Google. Our user experience has also benefited from this technology, with standardisation of job titles significantly improving the effectiveness of the search functionality.

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.

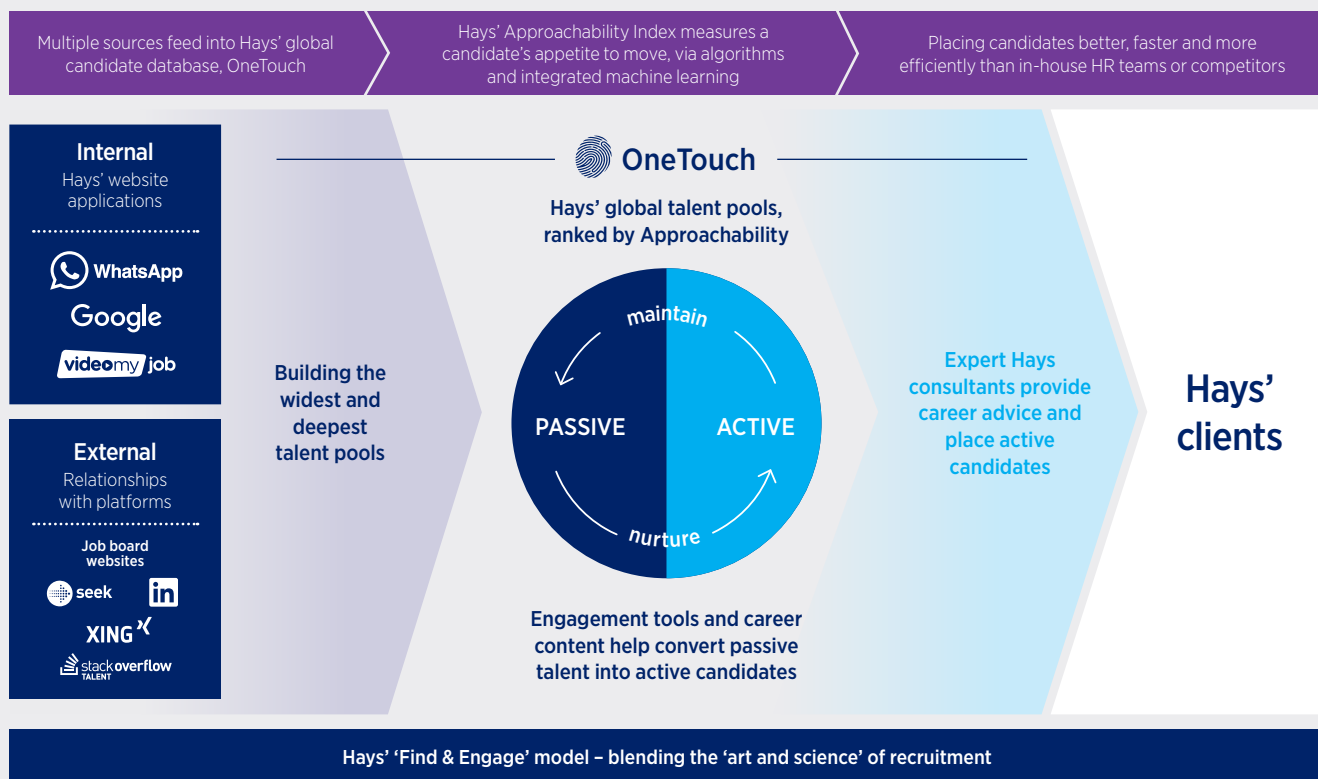


The Hays Approachability Index: Anticipating candidates' likely interest in a role



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.

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 FY21, we made further progress, notably with our Temp platform Hays Hub, which had great success in the UK Education sector pre-lockdown, and which is now embedded in Social Care and our Australian businesses.

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.

"It was impressive how effectively the entire business switched to remote working during the pandemic for us to continue to be able to do our job in a lockdown, with the legacy of a hybrid work environment with better remote access. The business has not only to keep up with the inevitable accelerated pace of digital change for all employees, but also continuously innovating with the needs of our clients and candidates prioritised – such as with the roll-out of Hays Thrive."

Yoke Pei Ong
Malaysia



Find out more about tech

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

OUR CLEAR STRATEGIC PRIORITIES DELIVER OUR LONG-TERM AIMS, DESPITE THE PANDEMIC

The pandemic had a significant negative impact on our business, particularly in H1 FY21. However, our recovery from the pandemic accelerated through the year, and we have invested to support our target of remaining the undisputed global leader in specialist recruitment. Our long-established strategic priorities are interlinked to long-term industry megatrends (see pages 24 and 25).



-  Read more about our KPIs **see page 36**
-  Read more about our sustainability policies **see page 48**
-  Read more about our risks **see page 55**
-  Read more on our remuneration **see page 83**

- (1) FY20 operating profit is stated before exceptional charges of £39.9 million, as detailed in note 5 to the Consolidated Financial Statements on page 134. There were no exceptional charges in FY21.
- (2) 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 FY21

- Group operating profit fell by 31%⁽¹⁾ to £95.1 million, materially impacted by the reduction in fees in the first half as the pandemic continued to weigh on performance. A sharp improvement in fees in the second half led to material recovery in profitability, with £70.0 million of operating profit generated in H2 FY21
- We protected our core infrastructure and capability in H1, and significantly increased our headcount in H2
- 88% of our operating profit was generated outside of the UK&I. This is up from c.35% in 2008

Focus in FY22

- Capitalising on the cyclical recovery and accelerating structural growth in the most attractive future recruitment sectors
- We will continue to invest in our key specialisms, and aim to maximise fees by driving consultant productivity
- Our second phase of SGI has commenced, and we intend to invest c.£20 million in FY22. These accelerated investment plans are in attractive structural growth markets, including Technology and large Corporate Accounts, and aim to materially enhance our recovery

Link to relevant KPIs

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

- Underlying cash performance was excellent, ending the year with a net cash balance of £410.6 million
- Cash conversion⁽²⁾ of 138%, benefiting from outstanding credit control, which led to record low debtor days (33 days)
- Trading momentum improved significantly through the year and we are now in our strongest ever financial position. Given the sequential fee growth and recovery in operating profit in the second half, together with confidence in future growth prospects, the Board is proposing the resumption of core (1.22p) and special (8.93p) dividends

- Our long-term priorities for free cash flow are to fund investment and development, maintain a strong balance sheet and, deliver a core dividend which is sustainable, progressive and appropriate
- The Board will look to grow core dividend in line with EPS growth. Our target dividend cover range remains 2.0 to 3.0x earnings
- The Board expects to restart ongoing special dividends in FY22. Our policy will be based on paying cash above our buffer at each financial year-end of £100 million. We have also budgeted a further buffer for working capital rebuild as our Temp book grows. This stood at £110 million at 30 June 2021. Ongoing special dividends will be dependent on a return to more normal levels of profitability, and a positive economic outlook

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

- Internally promoted 2,607 of our colleagues and onboarded c.650 new colleagues in H2 FY21. Two employee engagement surveys conducted in the year, with engagement increasing from 76% to 78%
- Continued development and promotion of Hays Thrive, our unique, free to use client training and wellbeing platform, with over 850,000 unique courses completed (c.26 million minutes of online learning)
- Continued to develop mutually beneficial relationships across a range of areas, including collaborations with Xing, LinkedIn and Stack Overflow, among others

- 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

- Group consultant headcount increased by 4% in FY21, including 10% growth in the second half of the year
- Our Temp & Contracting business, 61% of Group fees, demonstrated greater resilience than Perm
- This said, the recovery through the year was increasingly Perm-led

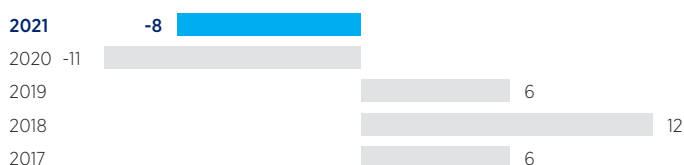
- Capitalising on cyclical recovery and accelerating growth in structurally attractive markets
- Our SGI programme is designed to accelerate our medium-term growth. Common themes across all divisions include growing our Technology specialism and large Corporate Accounts business
- We will also look to 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

RECOVERY FROM THE PANDEMIC ACCELERATED IN H2 WITH STRONG SEQUENTIAL GROWTH

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 (%)



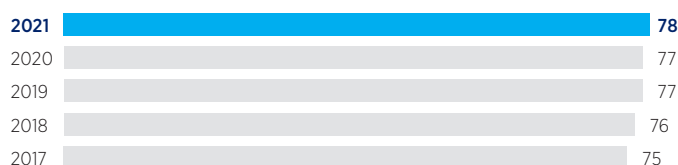
Measure

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

Progress made in FY21

Tough market conditions led to net fees down 8% to £918.1 million. Encouragingly though, fees in the second half increased by 13% and we enter 2022 with positive momentum.

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



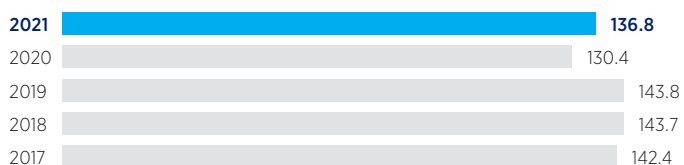
Measure

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 FY21

78% of Group net fees were generated outside of the UK&I this year, slightly higher than FY20.

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



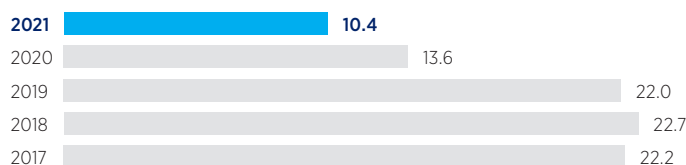
Measure

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

Progress made in FY21

Group like-for-like fees per consultant increased by 5% YoY to £136.8k, driven by the increase in fees in H2. Encouragingly, our productivity per consultant reached record levels in our fourth quarter, and through H2 we invested to increase the productive capacity of the business and drive growth in FY22 and beyond.

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 FY21

Our conversion rate⁽³⁾ decreased by 320bps to 10.4%, although conversion rate improved in our second half to 14.1%. We expect a material increase in conversion rate in FY22.

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

(2) FY20 and FY19 operating profit and basic earnings per share are stated before exceptional charges, as detailed in note 5 to the Consolidated Financial Statements on page 134. There are no exceptional charges in FY21.

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

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

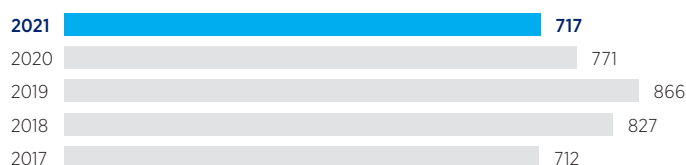


Build critical mass and diversity across our global platform

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)



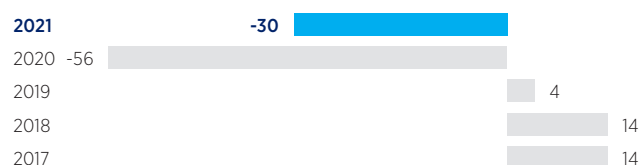
Measure

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

Progress made in FY21

Like-for-like fees declined by 7% in FY21 in our International business, impacted by the pandemic. Germany declined by 7% and the Americas fell by 2%, although the USA grew by 4%. EMEA and Asia decreased by 5% and 11% respectively.

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



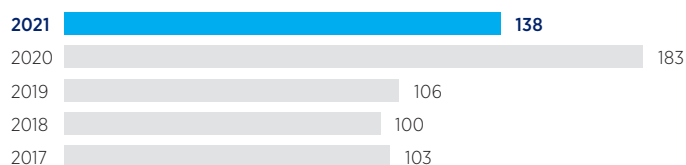
Measure

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

Progress made in FY21

Basic earnings per share⁽²⁾ fell by 30% to 3.67 pence. This reflects the Group's lower operating profit and increase in average number of shares following our equity placement in FY20, partially offset by lower tax rate and interest charges.

7. Cash conversion⁽⁵⁾ (%)



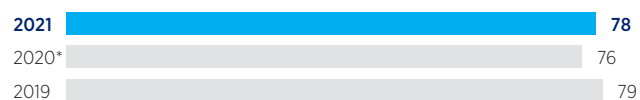
Measure

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 FY21

138% cash conversion was again very strong. Excellent working capital management, with debtor days reduced to a record low 33.

8. Employee engagement (%)



Measure

We have worked with Culture Amp since 2019 to deliver our annual employee engagement survey, delivering actionable insights into our employees' experiences of working at Hays. The significant disruption of the pandemic meant we postponed the FY20 survey until November 2020*, i.e. in FY21. Given employee engagement is so important, we ran two surveys in FY21, with one in May 2021.

Progress made in FY21

81% of all staff completed the May survey, providing strong representation of employee opinion. 81% said they believed Hays has a positive impact on society (FY19: 74%), and 80% said that people of all backgrounds have an equal opportunity to succeed at Hays (FY19: 77%) and 82% agreed that they can be their authentic self at work. Encouragingly, 71% of staff said they believed Hays supports flexible working practices, up from 48% in FY19 and 66% in November 2020.

- (4) FY21 cash generated by operations has been adjusted for the cash impact of lease payments of £50.0 million and £118.3 million of deferred payroll tax and VAT paid in FY21. FY20 cash generated by operations has been adjusted for the cash impact of lease payments of £46.4 million and £118.3 million of payroll tax and VAT deferred at 30 June 2020.
- (5) Cash conversion represents the conversion of pre-exceptional operating profit⁽²⁾ to cash generated from operations⁽⁴⁾.

DIVISIONAL OPERATING REVIEW



AUSTRALIA & NEW ZEALAND

Trading conditions materially improved towards the end of the year, particularly in Perm

Net fees

£159.9m

(FY20: £170.5m)

Operating profit

£39.7m

(FY20: £48.2m)

Consultants⁽²⁾

945

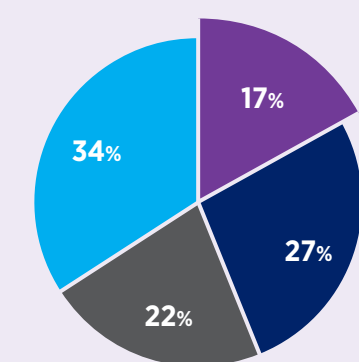
(FY20: 811)

Offices

41

(FY20: 42)

Share of Group net fees



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

In Australia & New Zealand (ANZ), net fees decreased by 10% to £159.9 million and operating profit fell 21% to £39.7 million. This represented a conversion rate⁽¹⁾ of 24.8% (FY20: 28.3%). The difference between actual and like-for-like growth rates was primarily the result of the appreciation in the average rate of exchange of the Australian dollar versus sterling, which increased net fees by £7.0 million and operating profit by £2.1 million.

Net fees fell by 23% in the first half, impacted by the pandemic and related effects of rolling lockdowns, particularly in Victoria. Momentum improved as lockdown restrictions eased in November 2020, and fees in our second half grew by 6%, including Q4 up 28%.

Temp, which represented 70% of ANZ fees, declined by 11%, including the second half down 4% against a tough growth comparator which included some one-off contract wins at the start of the pandemic. Perm fees decreased by 6% overall, however increased by 34% in the second half as we capitalised on improving business confidence. The Private sector, which represented 64% of ANZ net fees, fell by 11%, with the Public sector down 9%.

Australia net fees fell by 11%. Our largest regions of New South Wales and Victoria, which together accounted for 51% of Australia net fees, fell by 17% and 16% respectively. Queensland, ACT and Western Australia were more resilient, with net fees down 8%, 4% and 1% respectively.

At the Australian specialism level, Construction & Property, our largest specialism, and Accountancy & Finance were both negatively impacted by the pandemic and declined 17% and 16% respectively, while Office Support was also difficult, down 17%. Technology declined by 10%, while HR delivered a standout performance, with flat fees. Resources & Mining and our 'Other' smaller specialisms also both showed relative resilience, each down 3%.

New Zealand (7% of ANZ net fees) delivered a strong performance with fees up 14%.

Net fees by specialism

Construction & Property	21%
Technology	14%
Banking	11%
Office Support	10%
Accountancy & Finance	10%
Resources & Mining	4%
Other	30%

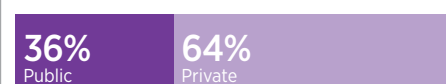
Net fees by country/sub-region

New South Wales	26%
Victoria	22%
Queensland	13%
Australian Capital Territory	10%
Western Australia	10%
New Zealand	7%
Other	12%

Net fees by contract type



Net fees by sector



Operating performance

Year ended 30 June	2021	2020	Actual growth	LFL growth
Net fees	£159.9m	£170.5m	(6)%	(10)%
Operating profit	£39.7m	£48.2m	(18)%	(21)%
Conversion rate ⁽¹⁾	24.8%	28.3%	(350bps)	
Period-end consultant headcount ⁽²⁾	945	811	17%	

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.

(2) Closing consultant headcount as at 30 June.

GERMANY

Strong sequential fee growth, driven by rising business confidence. Record June contractor volumes and high levels of average Temp hours worked in the second half

Net fees

£244.8m

(FY20: £259.8m)

Operating profit⁽³⁾

£31.4m

(FY20: £53.2m)

Consultants⁽²⁾

1,620

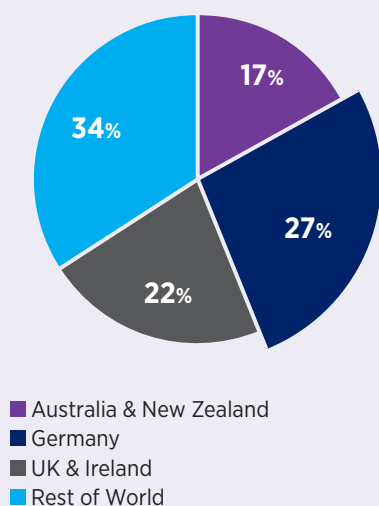
(FY20: 1,560)

Offices

25

(FY20: 25)

Share of Group net fees



Net fees in our largest market of Germany declined by 7% to £244.8 million, with operating profit⁽³⁾ down by 42% to £31.4 million as we maintained our productive capacity. This represented a conversion rate⁽¹⁾ of 12.8% (FY20: 20.5%). Modest sterling weakness versus the euro led to an increase in net fees and operating profit of £2.5 million and £0.5 million respectively. Fees in the first half fell by 26%, significantly impacted by the pandemic, although there were clear signs of improving business confidence generally in Q2, and stabilisation in the automotive sector. Performance improved sharply in the second half, with fees up 18% including strong sequential growth.

Contracting, 60% of Germany fees, which held up relatively well at the start of the pandemic, and where we operate a freelance model, primarily in the Technology sector, was relatively resilient and declined by 5%. Almost all assignments continued to work remotely through lockdowns, and momentum improved through FY21. Encouragingly, we had a record year-end number of contractors on assignment, driven by a strong increase in new placements and high levels of contract extensions.

Our Temp business, 25% of Germany fees, which is mainly in Engineering & Manufacturing and where we employ temporary workers as required under German law, declined by 3%. Temp fees in the first half fell by 45%, significantly impacted by under-utilisation of employed Temps and Temp severance costs, which reduced fees by £3.3 million and £2.9 million respectively. Encouragingly, Temp fee performance improved substantially in the second half and increased by 79% versus H2 FY20, a period which included £10.9 million of Temp under-utilisation (net of support from the German short time working scheme) and severance costs. Excluding these one-off prior year items, underlying Temp fees increased by 16% in the second half. Average Temp volumes continued to improve through the second half, and we saw very high levels

Net fees by specialism

Technology	42%
Engineering	23%
Accountancy & Finance	16%
Life Sciences	6%
Construction & Property	5%
Sales & Marketing	4%
Other	4%

Net fees by contract type

15% Perm	85% Temp
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Net fees by sector

14% Public	86% Private
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of Temp utilisation, helped by lower-than-normal levels of vacations taken, some of which will reverse in the coming months, and low levels of sickness leave.

Perm, 15% of Germany fees and which continues to have excellent long-term structural outsourcing potential, decreased by 18%.

Technology, which represented 42% of fees, fell by 8%. Engineering, 23% of fees, decreased by 14%. Life Sciences delivered a strong performance, up 18%, while Accountancy & Finance and Construction & Property also showed relative resilience, down 4% and 3% respectively.

Consultant headcount increased by 4% year-on-year to 1,620.

Operating performance

Year ended 30 June	2021	2020	Actual growth	LFL growth
Net fees	£244.8m	£259.8m	(6)%	(7)%
Operating profit ⁽³⁾	£31.4m	£53.2m	(41)%	(42)%
Conversion rate ⁽¹⁾	12.8%	20.5%	(770bps)	
Period-end consultant headcount ⁽²⁾	1,620	1,560	4%	

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) FY20 operating profit is stated before exceptional charges, as detailed in note 5 to the Consolidated Financial Statements on page 134. There were no exceptional charges in FY21.

UK & IRELAND

Strong sequential fee improvement through the year driving a return to profitability in the second half

Net fees

£201.1m

(FY20: £225.6m)

Operating profit⁽³⁾

£11.5m

(FY20: £16.6m)

Consultants⁽²⁾

1,759

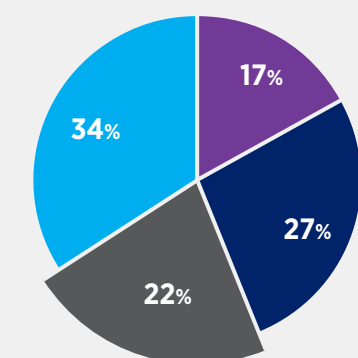
(FY20: 1,840)

Offices

89

(FY20: 95)

Share of Group net fees



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

In the United Kingdom & Ireland, net fees declined by 11% to £201.1 million, with operating profit⁽³⁾ down 31% to £11.5 million, including an operating loss of £1.0 million in the first half and profit of £12.5 million in the second half. This represented a conversion rate⁽¹⁾ of 5.7% (FY20: 7.4%). Fees in the first half fell by 27%, significantly impacted by the pandemic, although performance improved sharply in the second half, with fees up 10%.

Our largest business of Temp, 62% of fees, fell by 9% and was more resilient than Perm, which declined 14%. Both Temp and Perm fees grew sequentially in every quarter of the year, delivering growth of 5% and 19% respectively in the second half. The Public sector, 34% of fees, fell by 3%, outperforming the Private sector, down 14%. However, the Private sector rebounded significantly faster in the second half.

All UK regions traded broadly in line with the overall UK business, except Yorkshire and the North, down 17%, the North West, down 3% and Northern Ireland, down 5%. Fees in London, our largest region at c.33% of UK&I fees, declined by 14%, with Ireland down 11%.

At the specialism level, Accountancy & Finance, Office Support and Construction & Property decreased by 22%, 21% and 10% respectively, with Education down 14% as schools remained closed for part of the year. On a positive note, Technology delivered a standout performance with fees up a strong 9%.

Consultant headcount decreased by 4% year-on-year to 1,759 but increased by 11% in the second half.

Net fees by specialism

Construction & Property	19%
Accountancy & Finance	18%
Technology	15%
Office Support	10%
Education	7%
Banking	6%
Other	25%

Net fees by region

London & South East	33%
North & Scotland	22%
Midlands & East Anglia	16%
South West & Wales	12%
Talent Solutions	9%
Ireland	8%

Net fees by contract type

38% Perm	62% Temp
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Net fees by sector

34% Public	66% Private
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Operating performance

Year ended 30 June	2021	2020	Actual growth	LFL growth
Net fees	£201.1m	£225.6m	(11)%	(11)%
Operating profit ⁽³⁾	£11.5m	£16.6m	(31)%	(31)%
Conversion rate ⁽¹⁾	5.7%	7.4%	(170bps)	
Period-end consultant headcount ⁽²⁾	1,759	1,840	(4)%	

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) FY20 Operating profit is stated before exceptional charges, as detailed in note 5 to the Consolidated Financial Statements on page 134. There were no exceptional charges in FY21.

REST OF WORLD

Significant improvement in fees and profits in the second half, led by the USA, Mainland China and EMEA

Net fees

£312.3m

(FY20: £340.3m)

Operating profit⁽³⁾

£12.5m

(FY20: £17.0m)

Consultants⁽²⁾

2,866

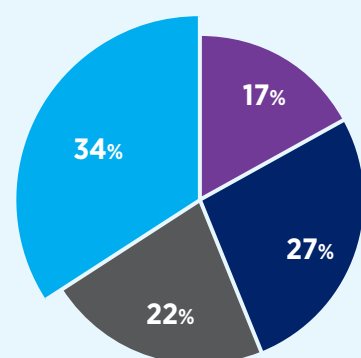
(FY20: 2,689)

Offices

101

(FY20: 104)

Share of Group net fees



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

Net fees in Rest of World (RoW), which is mainly in Perm and comprises 28 countries, declined by 6% to £312.3 million. Operating profit⁽³⁾ fell by 26% to £12.5 million, including profit of £0.1 million in the first half and £12.4 million in the second half. This represented a conversion rate⁽¹⁾ of 4.0% (FY20: 5.0%; H2 FY21: 7.4%). Currency impacts in the year were negative, with movements in sterling versus the US dollar and other currencies resulting in a decrease in fees of £8.5 million, although the impact on RoW profit was minimal.

Fees in the first half fell by 21%, significantly impacted by the pandemic, although performance improved sharply in the second half, with fees up 14%. Despite the pandemic, we achieved record fee performances in six countries including the USA, Switzerland, Russia and Malaysia. Perm net fees, 64% of RoW, decreased by 8%, while Temp net fees fell 1%.

EMEA ex-Germany net fees declined by 5%, with operating profit⁽³⁾ down 23%. Fees in the first half fell by 20%, although increased by 12% in the second half, with good fee improvements in all major markets. France, our largest RoW market, decreased by 11% while Belgium and the Netherlands also saw difficult conditions, with fees down 17% and 15% respectively. Fees in Russia, Italy and Spain were much stronger, increasing by 6%, 5% and 2% respectively, while Poland was flat.

Asia net fees declined by 11%, with operating profit⁽³⁾ down 29%. Fees in the first half fell by 28%, although increased by 12% in the second half. Growth in Mainland China was strong, up 17%, and Malaysia produced record fees, up 11%, although Hong Kong and Japan were much tougher, down 32% and 28% respectively. Singapore was relatively resilient and fell by 3%.

The Americas fees decreased by 2%, with the first half down 20% and the second half up 19%. The USA, our second-largest RoW country, grew by 4%, helped by our high

Net fees by specialism

Technology	26%
Accountancy & Finance	12%
Life Sciences	10%
Construction & Property	9%
Sales & Marketing	7%
Engineering	6%
Other	30%

Net fees by selected sub-region

EMEA*	60%
The Americas	22%
Asia	18%

*excluding Germany.

Net fees by contract type

64% Perm	36% Temp
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exposure to the Technology sector and a record fourth quarter, up 55%. Fees in Canada were down 15%, but improved through the second half, while Mexico declined by 17%. Brazil was a standout performer, growing fees by 9%. Overall, in the Americas, we made a modest operating loss in the year as we continued to invest for long-term growth, particularly in the USA.

Consultant headcount in the division increased 7% year-on-year to 2,866.

Operating performance

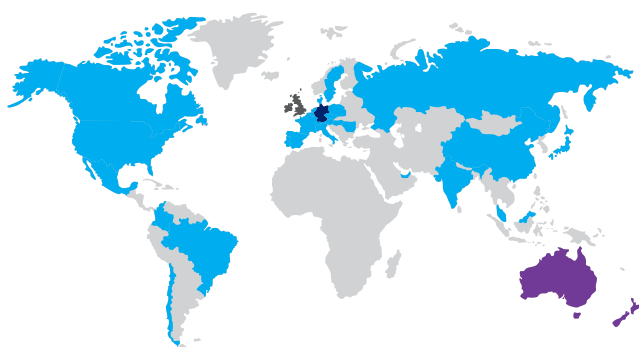
Year ended 30 June	2021	2020	Actual growth	LFL growth
Net fees	£312.3m	£340.3m	(8)%	(6)%
Operating profit ⁽³⁾	£12.5m	£17.0m	(26)%	(26)%
Conversion rate ⁽¹⁾	4.0%	5.0%	(100bps)	
Period-end consultant headcount ⁽²⁾	2,866	2,689	7%	

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.

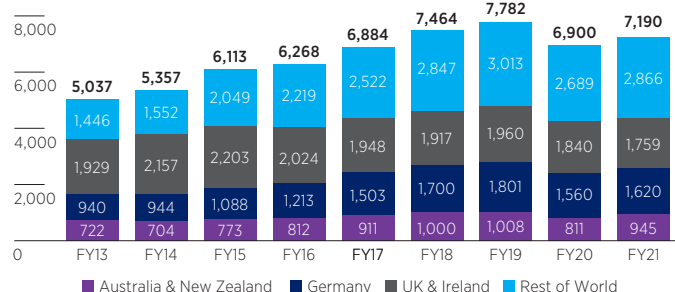
- (1) Conversion rate is the proportion of net fees converted into operating profit (before exceptional items).
 (2) Closing consultant headcount as at 30 June.
 (3) FY20 operating profit is stated before exceptional charges, as detailed in note 5 to the Consolidated Financial Statements on page 134. There were no exceptional charges in FY21.

HISTORICAL COMPARISONS FY13–21

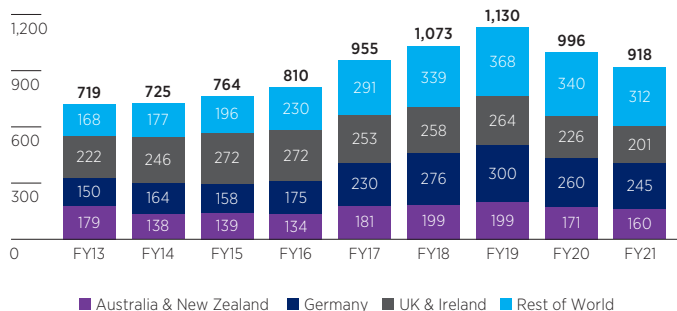
To assist investors in their analysis of Hays, we present our net fees, operating profit, headcount and conversion rate since FY13.



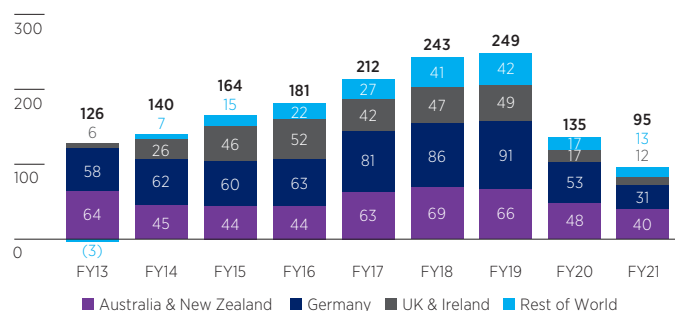
Consultant headcount



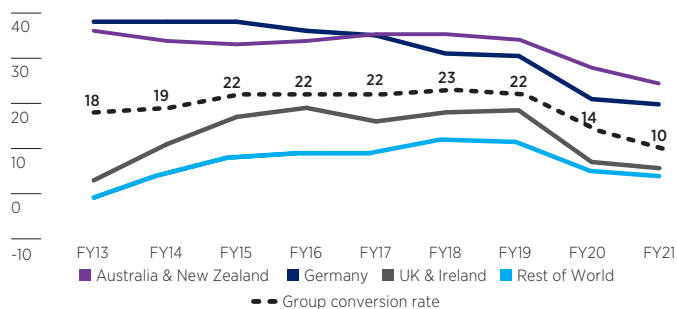
Net fees (£m)



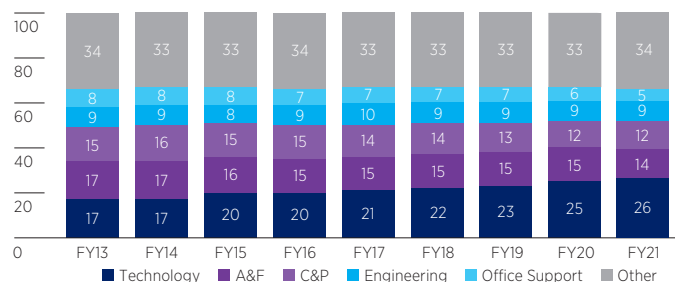
Operating profit⁽¹⁾ (£m)



Conversion rate⁽²⁾ (%)



Net fees by specialism (%)



(1) There were no exceptional charges in FY21. 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 134.

(2) FY20 and FY19 conversion rates are shown on a pre-exceptional basis.



Recovery from the pandemic accelerated in the second half with strong sequential fee and profit growth. As a sign of our confidence, we have resumed dividend payments.



Paul Venables

Group Finance Director,
Hays plc



FINANCE DIRECTOR'S REVIEW

Financial overview

Although the impact of the pandemic meant FY21 began in arguably the toughest macroeconomic backdrop we have ever faced, Group fees stabilised during the summer of 2020 and began to show strong sequential improvement from September 2020 onwards. Our quarterly fee growth through FY21 was -29%, -19%, -10% and 39%, and we have never before seen such a sharply positive sequential improvement in trading in any of Hays' 53 years. Encouragingly, June 2021 delivered our strongest fee performance since the start of the pandemic.

Our turnover declined 6% and net fees⁽²⁾ fell 8%. Operating profit⁽³⁾ fell 31% to £95.1 million. This represented a Group conversion rate⁽⁴⁾ of 10.4% (FY20: 13.6%). Driven by the significant recovery in fees in the second half, operating profit in the second half was £70.0 million, representing an H2 conversion rate of 14.1%⁽⁴⁾.

Our cash performance was excellent, and we ended the year with net cash of £410.6 million. We converted 138%⁽⁸⁾ of operating profit⁽³⁾ into operating cash flow⁽⁵⁾, driven by excellent credit control with debtor days reducing to a record low 33 days.

Given the strong recovery in Group profitability, high levels of cash generation and confidence in our outlook, and as previously announced, the Board proposes to resume core dividends with one single payment for FY21 of 1.22 pence, representing 3.0x dividend cover. Our target dividend cover range remains 2.0 to 3.0x earnings.

At our half-year results we also announced that the Board had identified £150 million of surplus cash, which we expected to pay to shareholders in two phases, commencing with £100 million to be declared at our prelims. Given the Board's confidence in our

Decrease in Group
net fee income

(8)%

FY20: (11)%

Decrease in operating profit⁽³⁾

(31)%

FY20: (45)%

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

10.4%

FY20: 13.6%

Group consultant headcount
up 4% year-on-year

7,190

FY20: 6,900

Year-end net cash⁽⁷⁾

£410.6m

FY20: £366.2m

(1) Net fees of £918.1 million (FY20: £996.2 million) are reconciled to statutory turnover of £5,648.4 million (FY20: £5,929.5 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 earnings per share were stated before exceptional charges, as detailed in note 5 to the Consolidated Financial Statements on page 134. There were no exceptional charges in FY21.

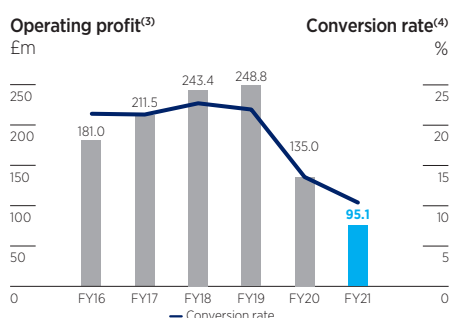
(4) Conversion rate is the proportion of net fees converted into pre-exceptional operating profit.

Operating performance

Year ended 30 June (£m)	2021	2020	Actual growth	LFL growth
Turnover ⁽¹⁾	5,648.4	5,929.5	(5)%	(6)%
Net fees ⁽²⁾	918.1	996.2	(8)%	(8)%
Operating profit ⁽³⁾	95.1	135.0	(30)%	(31)%
Cash generated by operations ⁽⁵⁾	130.8	247.4	(47)%	
Profit before tax	88.1	86.3	2%	
Basic earnings per share	3.67p	3.14p	17%	
Basic earnings per share (before exceptional items)	3.67p	5.28p	(30)%	
Core dividend per share	1.22p	0.0p	-	
Special dividend per share	8.93p	0.0p	-	

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.

future growth prospects, this is now proposed via one special dividend of £150 million or 8.93 pence per share, to be approved by shareholders in November 2021. The Board also expects to restart ongoing special dividends in FY22.



Foreign exchange

Overall, net currency movements versus sterling positively impacted results in the year, increasing net fees by £1.1 million, and operating profit by £2.6 million. In the first half, the impact of exchange meant that Group fees increased by £4.0 million, while in the second half the strengthening of sterling, particularly against the US dollar and our Asian currencies, reduced reported Group fees by £2.9 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 £3.3 million respectively per annum, and operating profit by £0.3 million and £0.6 million respectively per annum.

The rate of exchange between the Australian dollar and sterling over the year ended 30 June 2021 averaged AUD 1.8037 and closed at AUD 1.8418. As at 24 August 2021 the rate stood at AUD 1.8908. The rate of exchange between the euro and sterling over the year ended 30 June 2021 averaged €1.1294 and closed at €1.1652. As at 24 August 2021 the rate stood at €1.1676.

The impact of these movements in exchange rates means that if we retranslate the Group's FY21 operating profit of £95.1 million at current exchange rates, the actual reported result would decrease by c.£5 million to c.£90 million. Clearly, foreign exchange movements may have a larger negative impact as Group operating profit increases in FY22.

Relative resilience in Temp, although Perm rebounded more strongly

Fees in Perm decreased by 10%, driven by an 11% decline in placement volume and a 1% increase in our average perm fee. Regionally, ANZ perm fees decreased by 6%, Germany by 18%, UK&I by 14% and RoW by 8%. Overall, underlying wage inflation started to increase in the second half, with pockets of higher inflation in certain skill-short markets.

Net fees in Temp, which incorporates our Contracting business and represented 61% of Group net fees, decreased by 6%. This comprised an 8% decline in volume and a 20bps decrease in underlying Temp margin⁽⁶⁾

to 14.5% (2020: 14.7%), due to mix, with greater resilience in our large Corporate accounts business (2020: 14.7%), partially offset by a 3% increase in mix and hours, with relative resilience in our higher paid Technology and Life Sciences specialisms.

In the second half, the recovery was increasingly led by Perm markets, with Perm fees up 18%. Temp fees grew by 9% in H2 and we saw some very encouraging trends, with good volume growth, a lengthening in average assignment duration and high average hours worked per Temp.

Movements in consultant headcount

Group consultant headcount at 30 June 2021 stood at 7,190, up 4% year-on-year and up 10% in the second half, and was c.10% below pre-pandemic levels.

Current trading

We have made a good start to FY22 with strong activity levels across all our main markets. Temp and Contracting markets overall are performing well, with higher-than-normal levels of contract extensions, and high average hours worked per Temp. Conditions in Perm are strong.

Candidate confidence is high, and there are clear signs of skill shortages and wage inflation in certain industries, particularly Technology and Life Sciences.

We expect Group headcount at the end of Q1 FY22 will increase by c.5% versus 30 June 2021, driven by broad-based ongoing investment in our key specialisms together with our FY22 SGI. In addition to our headcount additions in H2 FY21, these investments will help drive further sequential fee growth in FY22 and beyond. Our expectation is that total SGI investment in FY22 will be c.£20 million.

Australia & New Zealand

The strong sequential fee improvement we observed in Q4 continued in July and August. It is too early to quantify the negative impact on ongoing business activity and sentiment from the recent lockdowns implemented in most states, especially NSW and Victoria, and how long this will last.

- (5) FY21 cash generated by operations of £130.8 million was adjusted for the cash impact of lease payments of £50.0 million, and £118.3 million of FY20 payroll tax and VAT deferred paid in FY21. FY20 cash generated by operations of £247.4 million was adjusted for the cash impact of lease payments of £46.4 million and the £118.3 million of payroll tax and VAT deferred at 30 June 2020.
- (6) The underlying Temp 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) FY20 net cash excludes £118.3 million of deferred tax payments.
- (8) Operating cash conversion represents the conversion of pre-exceptional operating profit⁽³⁾ to cash generated from operations⁽⁵⁾.

Germany

Conditions are strong and we have a record number of contractors for this time of year, helped by new assignments and a slightly higher renewal rate on June-ending assignments than normal. We are seeing good sequential growth in Temp volumes, and Perm markets are strong.

United Kingdom & Ireland

Conditions are strong, particularly in Perm, and we are seeing good sequential fee improvement.

Rest of World

Conditions in the Americas are strong, led by the USA. In Asia, Mainland China continues to have good momentum, and EMEA is seeing good market conditions.

IFRS 16 – Leases

The Group applies 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. The Group's right-of-use assets decreased to £190.3 million (2020: £216.6 million) while lease liabilities reduced to £201.1 million (2020: £228.7 million). Depreciation of right-of-use lease assets was £45.1 million (2020: £45.5 million) and lease interest charges were £5.0 million (2020: £5.3 million).

Net finance charge

The net finance charge for the year was £7.0 million (2020: £8.8 million). Net bank interest payable including amortisation of arrangement fees was £0.6 million (2020: £1.1 million). The non-cash interest charge on lease liabilities under IFRS 16 was £5.0 million (2020: £5.3 million) and the non-cash interest charge on defined benefit pension scheme obligations was £1.1 million (2020: £1.9 million). The Pension Protection Fund levy was £0.2 million (2020: £0.2 million).

We expect the net finance charge for FY22 to be around £8.0 million, with the increase resulting from a higher non-cash net interest charge on the Group's defined benefit pension scheme.

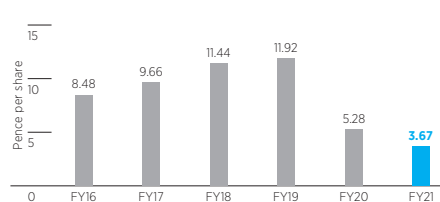
Taxation

Taxation for the year on profit was £26.6 million (2020: £46.2 million before exceptional items), representing an effective tax rate of 30.2% (2020: 36.6%). The decrease in the effective tax rate (ETR) reflects the Group's geographical mix of profits, the impact of reduced trading losses in certain countries and the impact of the partial recognition of certain UK deferred tax assets.

Earnings per share

Basic earnings per share before exceptional items decreased by 30% to 3.67 pence (2020: 5.28 pence), reflecting the Group's lower operating profit⁽³⁾ given the significant negative trading impact of the pandemic, and a 10.7% increase in our average number of shares as a result of our equity placement in April 2020. This was partially offset by our lower effective tax rate and lower net finance charge. As there were no exceptional items in FY21, basic earnings per share after exceptional charges was also 3.67 pence, representing an increase of 17%⁽³⁾ (2020: 3.14 pence).

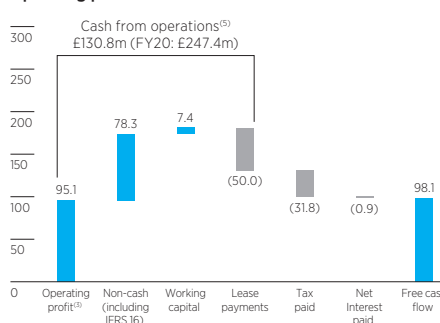
Earnings per share⁽³⁾ p



Cash flow and balance sheet

Underlying cash performance was strong with 138%⁽⁸⁾ conversion of operating profit⁽³⁾ into operating cash flow⁽⁵⁾ (2020: 183%⁽⁸⁾). This was a result of continued strong cash generation, driven by a very strong performance by our credit control teams globally with average trade debtor days decreasing to 33 days (2020: 36 days).

Operating profit⁽³⁾ to free cash flow £m



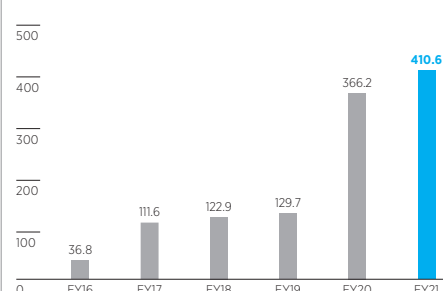
Capital expenditure was £18.8 million (2020: £25.8 million), with continued investments in cyber security, front-office systems and automation of our back-office systems. We expect capital expenditure to be c.£25 million for FY22.

No dividends were paid in the year (2020: £121.6 million) and pension contributions were £16.7 million (2020: £16.1 million). Net interest paid was £0.9 million (2020: £1.4 million) and corporation tax payments were £31.8 million (2020: £29.8 million).

During the year we also purchased 5.8 million shares under our treasury share purchase programme, at an average price of 109.9 pence per share. The shares will be held in treasury and will be utilised to satisfy employee share-based award obligations over the next two years.

We ended the year with the strongest balance sheet in our history, including a net cash position of £410.6 million, having fully paid £118.3 million of tax deferrals from FY20 during the year.

Closing net cash/(net debt)⁽⁷⁾ £m



Retirement benefits

The Group's pension position under IAS 19 at 30 June 2021 has resulted in a surplus of £46.6 million, compared to a surplus of £55.2 million at 30 June 2020. The decrease in surplus of £8.6 million was primarily due to a reduction in scheme asset values, partially offset by changes to financial assumptions, notably an increase in the discount rate, together with Company contributions. 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 £16.3 million of cash to the defined benefit scheme (2020: £15.7 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

There were no exceptional charges in FY21.

In FY20, the Group incurred an exceptional charge of £39.9 million in relation to the following items, specifically:

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, primarily senior management positions, and incurred costs of £7.0 million. The Group incurred an £8.0 million cash outflow in FY21 in respect of the FY20 exceptional charge.

Additionally, goodwill impairment reviews were performed on 30 June 2020 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 was 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 was 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 revised the cash flow forecast for the US CGU and as a result reduced its carrying value through the recognition of an exceptional impairment loss against goodwill in FY20 of £20.3 million. The recoverable amount was considered to be in line with its value-in-use and was considered higher than its fair value less cost of disposal.

Capital structure and dividend

The Board's priorities for our free cash flow are to fund the Group's investment and development, maintain a strong balance sheet and deliver a sustainable core dividend at a level which is both affordable and appropriate. Given the strong recovery in Group profitability, our strong balance sheet and confidence in our outlook, and as previously announced, the Board proposes to resume core dividends with one single payment for FY21 of 1.22 pence per share, representing 3.0x dividend cover. Our target dividend cover range remains 2.0 to 3.0x earnings.

The Board expects to resume ongoing special dividends in FY22. Our policy for such special dividends will be based on paying cash above our buffer at each financial year-end of £100 million. As mentioned on page 11, we have budgeted a further £110 million buffer for working capital rebuild which will reduce as our Temp book grows and working capital increases, including any normalisation in client payment times. This equates to the cumulative Group working capital inflow since the start of the pandemic, at 30 June 2021. Any ongoing special dividends will also be dependent on a return to more normal levels of profitability, and a positive economic outlook.

Our business model remains highly cash generative, and in recent years we have a track record of paying cash to shareholders, with c.£374 million in core and special dividends paid in respect of FY17 to FY19.

Treasury management

The Group's operations are financed by retained earnings and cash reserves. In addition, the Group has in place a £210 million revolving credit facility, which reduces in November 2024 to £170 million and expires in November 2025. 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 2021: 283:1) and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1 (as at 30 June 2021 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%.

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
25 August 2021

INTEGRATING SUSTAINABILITY INTO THE WORLD OF WORK

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

Non-financial performance reporting

Our purpose is to benefit society by helping people succeed and enabling organisations to thrive, creating opportunities and improving lives. Our values define how we do business and how we interact with our many stakeholders.

As our business grows, and as we recruit new talent or face new challenges, our values guide our people in the decisions and actions they take every day. Doing business 'the right way' means delivering a sustainable strategy which benefits all stakeholders. This includes our policies and actions in environmental

matters, and ensuring fair rates of tax are paid and discrimination and labour exploitation are not tolerated. As a global recruiter, we are also in a position to help our clients in Equity, Diversity & Inclusion by building talent pools which reflect the wider society.

The following table outlines where the key content requirements of the non-financial information statement (as required by Sections 414CA and 414CB of the Companies Act 2006) can be found in this document. The information provided below is to help our stakeholders understand our position on key non-financial matters.

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. A summary of this can information can be found on pages 16 to 19.

Clients and candidates

We are the leading global experts in qualified, professional and skilled recruitment. By building long-term relationships with candidates, we help enable their careers. We consult with our clients, helping them find the talent they need to deliver their growth plans. Understanding their needs helps us achieve lasting impacts.

Although we use cutting-edge technology in areas such as data analytics and machine learning within our business, we firmly believe it is our human interaction with people that sets us apart and builds trusted relationships.

Our goal is to have our clients and candidates as lifelong partners and support them on their journey through the different phases of their

Reporting requirements	Policies or standards with which we govern or approach ⁽¹⁾	Due diligence, outcomes and additional information	Page
Environmental matters	Group Environmental and Sustainability Policy	Our approach to corporate responsibility and sustainability Our Journey to Net Zero ESG engagements	16, 18, 52
Employees	Our Purpose and Values Health and Safety policy Internal HR policies including equal opportunities, ED&I Policy, flexible working policy, parental leave policy. Directors' Remuneration Policy	Retention of key talent Creating a supportive workplace environment Equity, Diversity & Inclusion at Hays Employee survey results Remuneration Report	49, 83
Human rights	Code of Conduct Modern Slavery Statement Supplier Code of Conduct	Our approach to corporate responsibility and sustainability Human rights Our Suppliers Our Clients	49, 50
Social matters	Hays Helps, our volunteering policy	Contributing to society, investors and local communities Our clients and candidates	51
Anti-bribery and anti-corruption	Code of Conduct Anti-bribery and Corruption policy Group Tax Strategy	Anti-bribery and corruption Whistleblowing Our approach to Tax	50
Additional information			
Description of business model			See page 20
Non-financial key performance indicators			See page 37
Description and management of principal risks and impact of business activity			See page 55

(1) Certain policies, standards and guidelines are published on haysplc.com.

business and career. Our engagement is multi-channel, working through our website, social media, flagship publications such as the Hays Salary Guide, and Hays Thrive, our free-to-use Training & Wellbeing platform.

We have a large and ever-increasing repository of content on Viewpoint, our global careers and workplace advice platform (social.hays.com), that illustrates our deep expertise in the world of work. It's a deep stream of knowledge which delivers insight to our clients and candidates and helps us to become their trusted lifelong partner. Examples of the knowledge-based insights we share across multiple digital channels include our 'How did you get that job?', Careers Advice and Leadership Insights podcasts, as well as a programme of LinkedIn Live events that generate many thousands of attendees.

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

You can read more about our engagement with clients and candidates on pages 16 and 17.

Employees

We are the ultimate people business. As such, the ability to attract, develop, enable and retain the best consultants and managers in our industry is vital to our success. We have carefully built our culture over many years and have created an exciting, vibrant work environment.

Training

We strive to provide our people with attractive career paths and train them to be experts in their fields. In addition, we run annual compliance training globally which covers key topics including anti-bribery and corruption, protecting personal data and competition law. We also provide tailored training to consultants and leaders. These programmes are shaped for each region, but all share the common goal of improving expert, excellent service to clients and candidates.

Additionally, our highly successful International Leadership & Management Programme (ILMP) is designed to equip our top leaders with the skills and approach to lead our business in a time of change and increasing complexity. Further information on ILMP can be found on page 27.

Employee involvement

Ongoing communication forms trust and partnership between Hays' senior 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. We have also

introduced a successful series of online 'Town Hall' meetings where colleagues can ask questions directly to regional and executive management, and will move to a mix of online and in-person meetings once travel restrictions ease.

The Group's Net Zero commitment and journey has also been communicated to all employees via Chief Executive emails and we have set up a dedicated Net Zero@Hays section on our intranet. All employees have been given at least one paid volunteering day per year to contribute to helping sectors of society improve their employability opportunities under Hays Helps. There is a dedicated Hays Helps page on our intranet.

All communications and videos are posted on the Group's intranet, which acts as a source of reference for the Group's brand, values, policies and procedures.

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, and worked on a number of Group-wide employee engagement activities. You can read more about her activities on page 75.

During FY21, we conducted two Your Voice surveys. You can read more about the survey and the results in our KPIs on pages 27 and 37.

We are committed to providing a range of employee benefits to support engagement and retention, including employee incentive programmes of commission schemes, performance-related cash bonuses and share schemes, along with health and wellbeing packages. The employee share schemes have been running successfully since inception and provide many employees with an additional stake in the business.

Wellbeing

Our overall global employee wellbeing strategy is made up of five key pillars: my life, my health, my money, my work environment and my learning & development. As part of the 'my health' pillar, all Hays employees in the UK & Ireland now have access to unlimited private online GP appointments per year via Babylon's Digital Doctor. The initiative 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. These types of activities were also rolled out in many Hays offices across the world as we sought to ensure the wellbeing of our employees during Covid lockdowns.

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 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, and to develop new skills. Hays Boost complements 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, Parents@Hays pledges to help mothers return to work by providing flexible work solutions and child support benefits.

Financial wellbeing has also been a focus in the UK and during FY21 we launched SAVE, the ability for employees to save money directly via payroll into a building society savings account and build their savings for a 'rainy day', or for a specific aim such as holidays or longer-term goals.

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 annually. The policy prohibits the giving or receiving of bribes in any form. All 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.

As part of our approach to bribery and corruption, Hays likewise has a zero tolerance approach to tax evasion and the facilitation of tax evasion.

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, governments and regulatory bodies, within the framework of privacy and confidentiality.

Our approach to tax

Hays subscribes to the view that tax matters. We understand that it helps to fund vital public services and when paid fairly it ensures a level playing field for businesses, whether large or small.

We therefore manage our tax affairs to ensure the payment of the correct amount of tax in the appropriate jurisdiction at the right time. Hays does not pursue any artificial or aggressive tax planning arrangements, defining such measures as transactions not driven by a valid commercial outcome or transactions that lack significant economic substance. However, Hays also strives to remain competitive by seeking to mitigate tax costs through reviewing commercially motivated activities, whilst having full regard for Hays' reputation and its wider corporate responsibilities.

Hays does not condone the criminal evasion of tax nor the facilitation of tax evasion, whether undertaken by an employee or an associated business partner acting on behalf of Hays. Appropriate controls are in place to detect and prevent such activities, whilst guidelines and training are provided to ensure all employees are aware of their responsibilities to report suspicious activities. Tax risk is managed through internal control policies and procedures, training and compliance programmes, and proactive engagement between the Group Tax Team and the broader business.

Hays adopts a transparent, proactive approach with tax authorities. We comply with our tax filing, reporting and payment obligations globally on a timely basis. From time to time a tax authority may have interpreted tax legislation, and therefore tax treatment, in a different manner to Hays. Where this occurs, we aim to work collaboratively with the tax authority to achieve an early resolution.

Our tax strategy is available at haysplc.com/sustainability.

Equity, Diversity & Inclusion at Hays

By reflecting the societies in which we operate 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. 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.

We also believe that responsible companies should have Equity, Diversity & Inclusion (ED&I) at their heart. The Group's ED&I Council ensures the effectiveness and suitability of the Hays diversity policy for our local markets, and also provides a Group framework to enable greater coordination and sharing of best practice.

During FY21, the ED&I Council made excellent progress. For the first time in our history, we have set stretching targets on female representation in senior management. By 2025, we have committed to reach a level of 45% female leaders (FY21: 42% female) among our senior leadership of c.560 individuals, and to reach 50% by 2030.

Our commitment to equal opportunities 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. 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.

Across the Group we have implemented 'Inclusive Recruitment', within which practices include removing names and redacting personal details from resumes, assessing on skills and competencies, and increasing diversity in our hiring panels. This is to mitigate any potential bias in our hiring process. All new employees in the UK undergo training in ED&I.

Our commitment to equal opportunities also applies in building our talent pools and introducing candidates to clients.

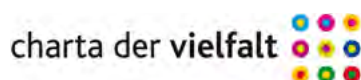
We are proud to see how passionately our ED&I initiatives are being supported by our own Hays people. Examples of how we are making a difference are as follows: In Australia and New Zealand, Hays has been on a journey of learning and discovery since the inception of the Hays Reflect Reconciliation Action Plan (RAP) in October 2020. This plan is designed to promote Aboriginal Engagement across Australia and various initiatives have been undertaken, including improving employment outcomes by increasing Aboriginal and Torres Strait Islander recruitment, retention and professional development through our recently created Hays Indigenous Internship programme. Overall in FY21, 5% of total candidates placed across our top-10 clients identified as indigenous.

In the USA, two employee forums related to BLM were conducted. The first forum created a safe place for our African American employees to come together in community to support each other and share their personal stories.

The regional management team also hosted a regional Diversity Council call, which received an overwhelming response as more than 200 employees joined the call. The feedback received during this conversation tied into our ED&I Strategic Action Plan. A key output of the conversation was that Hays America now recognises Martin Luther King Day as a paid holiday.

We extended our US ED&I initiatives externally, initiating a partnership with a leading diversity job board, posting all of our job openings to hundreds of diversity job sites. We have begun partnerships with HBCUs (Historically Black Colleges and Universities) to provide opportunities for graduates to join our team or to be candidates for clients. During the year, we set a target to increase our racially diverse population to 30% (from 24%) within 12 months, and exceeded this within six months.

In Germany, Hays diversity week was celebrated with daily events, webinars and breakout sessions. Each day was dedicated to one diversity dimension (LGBTQ+; Diversity in General; age; Dads @ Hays; ethnic minorities) and hosted by the regional Diversity Council. An interactive workshop with an anti-racism expert was one of the most popular sessions which raised awareness on discrimination and how to be an ally. We are also signatories of 'Charta der Vielfalt' (Diversity Charter), an official commitment to supporting and developing diversity management.



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 ED&I.

ED&I is also a growing priority for many of our clients. We increasingly assist them to achieve their goals of building a more diverse workforce. We continue to raise awareness and encourage an ongoing dialogue.

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.



In early 2021 the Hays ANZ PRIDE committee was launched. The community has gained over 60 committee members who have self-nominated to deliver on the Group's mission to create a culture of trust, respect, equality and inclusion so that LGBTQ+ staff and their allies can bring their whole, authentic self to work.

Pride Network (Americas) was formed in July 2020; one of the main areas for business is to enable members to support colleagues and clients in inclusive recruitment.

Gender statistics as at 30 June 2021 are provided opposite using four measures. The difference between two female senior management charts reflect different populations: the first covers the top 158 managers in Hays, the second is the top 560 leaders.

Contributing to society, investors and local communities

We undertake significant volunteering and charity fundraising via Hays Helps, whereby each employee has at least one paid volunteer day per annum – the equivalent of over 2,150 working weeks of volunteering. We launched the Hays Helps programme in 2021 to focus and align all of our global volunteering and fundraising activities towards the aim of ensuring we are supporting the communities and societies we serve by both lifting the employability of people who may not have the same opportunities as others and protecting the environments where we are based in order to create a sustainable future world of work.

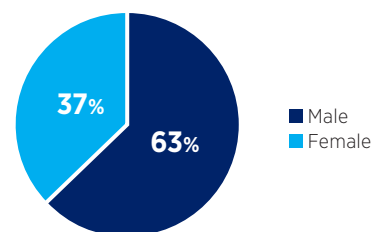
In the UK, we partner with End Youth Homelessness (EYH) and our colleagues undertook a number of fundraising activities to support EYH's Employability Fund, helping young people into employment, education and training pathways. We have also assisted with CV writing, job applications, interview coaching and with overall support during the hiring process.

In France, €22,495 was raised to support Inclusion and Diversity in two associations relating to our core business: 'La Cravate Solidaire' and 'A compétence égale'. These associations promote professional integration by offering interview help for job seekers experiencing difficulties in accessing or returning to work and we supported workshops to help them find employment.

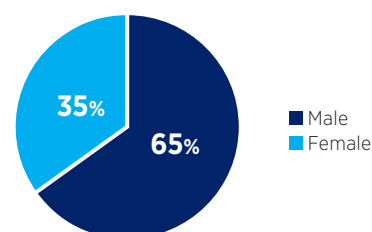
Our consultants in Chile provided career advice to professionals who were between jobs as a result of the pandemic.

In Germany, our staff worked with education association InitiativGruppe München, which has set up the project 'Women at Work and School' (FiBS). Migrant women received counselling on how to make a new start and get an opportunity for language training and professional qualifications. We supported with coaching sessions and interview simulations.

Split of Hays plc Board members

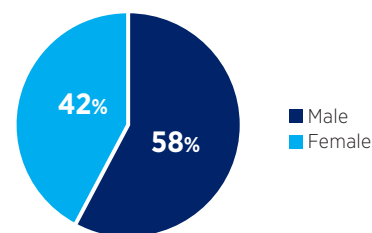


Split of senior management team members⁽¹⁾



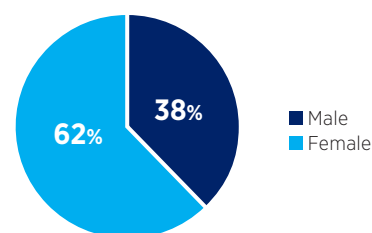
(1) As defined under the UK Corporate Governance Code.

Split of senior leaders⁽²⁾



(2) Comprises the top 560 senior leaders at Hays.

Split of employees



The mass transition of children to distance learning during the pandemic caused problems for less digitally-enabled children. In the Czech Republic, the staff bought laptops for children, supporting Klokánek, a project of the Fund for Endangered Children.

In the USA, the staff held various career education awareness programmes, mentorship programmes and donation drives in partnership with Think Big for Kids.

We partner with Be.Lab in New Zealand. This is a disability-focused social change organisation who run a mentorship programme where one of our employees is partnered with a mentee who is looking to join the workforce for the first time, return to the workforce, or who is already in the workforce but needs some additional support.

In Hong Kong we donated old Hays desktops to 'Billion Smart Green Energy', a start-up organisation that promotes green energy.

We also contribute to society through paying appropriate taxes in all the jurisdictions in which we operate.

You can read more examples about our engagement with society, investors and local communities on pages 14 to 19.

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. 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.

Greenhouse gas emissions and our Net Zero journey

Hays gathers data from every office globally to calculate our greenhouse gas (GHG) emissions in accordance with the World Resources Institute (WRI) Greenhouse Gas Protocol. We also participate in the Carbon Disclosure Project (CDP) Climate Change Survey.

We measure our annual emissions in relation to employees (our 'intensity ratio'). As a people business, employee numbers is a quantifiable factor associated with our activities.

Our reporting year for GHG emissions is 1 April 2020 to 31 March 2021, and for the year, the tonne CO₂e per employee intensity was 0.76tCO₂e (against 1.57 tCO₂e/FTE last year). Clearly, the majority of the reduction was due to the closure of offices and restriction of travel due to the pandemic. Overall, the Group's Scope 1, 2 and 3 GHG emissions in the year to 31 March reduced from 18,036 tonnes in 2020 to 7,720 tonnes in 2021.

ClimatePartner have audited the Global Corporate Carbon Footprint of the Company, and can confirm that Hays' measurement was in line with the guidelines of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol), and was conducted to sufficient data quality.

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 have put in place firm global and regional policies to reduce our environmental impact year-on-year.

We are proud that Hays was a Carbon Neutral company for the first time in our history in FY21, based on offsetting our Scope 1, Scope 2 and selected Scope 3 GHG emissions through our cooperation with climate action expert ClimatePartner. We have committed to a path to Net Zero GHG emissions and have put in place permanent environment and sustainable policies which should halve our Group GHG emissions, versus 2020 levels, by 2025. We are in the process of registering a Science-Based Target to support the Paris Agreement on Climate Change.

We expect an increase in GHG output in 2022 as more normal business practices resume and restrictions on travel ease. However, we are committed to achieving a 50% reduction in our GHG emissions by 2025, based on a 2020 base year. As an example of how we will do this, the Board has set a target for a 40% reduction in flights by 2025, and to have all our offices on a renewable energy supply within two years, where there is a viable solution available. Additionally, we will significantly increase the proportion of our cars which are either electric or hybrid. The Company does not maintain a private jet.

Over the past three years in the UK, the Zero Heroes committee has promoted our sustainability agenda. By ceasing to order any single-use plastic items, Hays reduced the amount of single-use plastic across our

UK & Ireland business by 70%, measured through individual office audits. The committee was also involved in securing a deal which ensures electricity in our offices comes from a renewable source. This commenced in October 2020 and is expected to save c.1,000 tonnes of carbon dioxide over two years.

The committee also promoted a sustainability article in Recruiter Magazine in December 2020, authored by the Managing Director of our UK & Ireland business.

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 proactive than others and we are examining how to put a system in place to share any learnings from regions who have implemented proactive measures.

The Company also notes the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to encourage businesses to increase disclosure of climate-related information, which focus on governance; risk management; strategy; and metrics and targets. As noted above, the Company has made considerable progress during FY21 with ambitious targets for carbon reductions and the approval by the Board of a formal environmental and sustainability policy; we will continue our work to identify climate change risks to the business and report on these in future annual reports.

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 2020 – 31 March 2021^(1,2)

Reporting category	Energy Consumption (kWh)			Market-Based Methodology (Tonnes of CO ₂ e)		
	UK and offshore	Global (excluding UK and offshore)	% Contribution to total Scope 1, 2 & 3	UK and offshore	Global (excluding UK and offshore)	% Contribution to total Scope 1, 2 & 3
Operational fuel (Scope 1)	318,231	1,035,135	5.1%	59	202	3.4%
Vehicle fuel (Scope 1)	1,258,873	10,629,030	44.7%	314	2,669	39.0%
Refrigerant (Scope 1)	0	0	0.0%	0	0	0.0%
Electricity (Scope 2)	3,126,902	7,356,994	39.4%	188	3,245	44.0%
District heating (Scope 2)	0	2,885,439	10.8%	0	324	4.2%
Air travel (Scope 3)	N/A	N/A	0.0%	1	262	3.4%
Rail travel (Scope 3)	N/A	N/A	0.0%	0	14	0.2%
Electricity T&D losses (Scope 3)	N/A	N/A	0.0%	63	188	3.3%
Private cars (business use) (Scope 3)	N/A	N/A	0.0%	12	179	2.5%
Total Scope 1, 2 & 3	4,704,006	21,906,598	100.0%	637	7,083	100.0%
Scope 1, 2 & 3 intensity ratio: per FTE	1,832	2,869		0.25	0.93	
Group Total Scope 1, 2 & 3	26,610,604			7,720		
Group intensity ratio: per FTE				0.76		

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

Reporting category	Energy Consumption (kWh)			Market-Based Methodology (Tonnes of CO ₂ e)		
	UK and offshore	Global (excluding UK and offshore)	% Contribution to total Scope 1, 2 & 3	UK and offshore	Global (excluding UK and offshore)	% Contribution to total Scope 1, 2 & 3
Operational fuel (Scope 1)	257,593	1,947,347	5.3%	48	386	2.4%
Vehicle fuel (Scope 1)	4,355,775	17,763,716	53.2%	1,077	4,417	30.5%
Refrigerant (Scope 1)	0	0	0.0%	0	0	0.0%
Electricity (Scope 2)	4,792,641	9,641,251	34.7%	1,826	3,952	32.0%
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	25.6%
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	2.5%
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%	3,793	14,243	100.0%
Scope 1, 2 & 3 intensity ratio: per FTE	3,124	3,845		1.26	1.70	
Group Total Scope 1, 2 & 3	41,573,135			18,036		
Group intensity ratio: per FTE				1.57		

(1) Please note that rounding 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.

2021 awards for excellence

In Poland, Hays secured 1st place in Recruitment & Selection and Executive Search categories in Book of Lists 2020/2021 ranking. Book of Lists is a guide to Polish business and economy, presenting information on the best and largest 1,000 companies from eight sectors of the B2B economy.

Hays Poland was also declared winner of Outsourcing Stars Award in Permanent Category. Outsourcing Stars is a competition run by Pro Progressio – an independent organisation focused on the development of the Business Services sector. The final of the competition awarded are the fastest-growing organisations operating in the sector of modern business services.

In Germany, Hays secured a 'Best place to learn' award. The award certifies AUBI-Plus employers who stand out due to their excellent performance as a training company and sustainable promotion of young talent.

Hays also secured a 'Top Employer' award certified by the Top Employers Institute who certify employers who distinguish themselves through above-average employee orientation.

Hays Public Practice was awarded the Gold Trophy in the 'Recruitment Consultancy' category by Le Monde du Chiffre in France. This award rewards the best partners of chartered accountants and auditors in several categories, with more than 40,000 experts participating.

Hays ANZ was the proud recipient of the 'Excellence in Innovation' award at the Work Australia Disability Employment Services Awards. This award recognises Hays' commitment to facilitating an inclusive workplace and promoting opportunities for people with differing abilities to join our business.



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 needs to provide leadership and direction to ensure the Group's overall risk-taking activity is cascaded to and managed appropriately with 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; and
- 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 across 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. The Board and management continued to consider emerging risks, to ensure appropriate internal processes are defined in order to confirm that emerging risks are re-considered and monitored across the Group.

Risk identification and impact – enterprise risk management

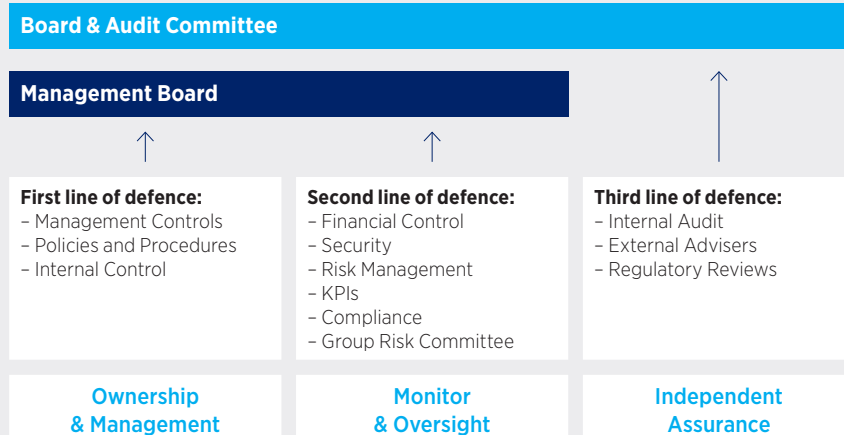
The Management Board oversees a Group-wide enterprise risk management framework, which allows for both a holistic, top-down

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

How we monitor our progress – three lines of defence



Risk attributes

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

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

Our risk appetite

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

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

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

Emerging risks

Following the requirements of the UK Corporate Governance Code 2018, for the second year, the Board undertook a formal exercise 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 is newly 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 58 to 61).

The Directors believe that a three-year period ending 30 June 2024 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.

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 58 to 61.

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 2021 the Group had cash of £410.6 million compared to cash of £484.5 million at 30 June 2020 (£366.2 million after deducting tax payments which were deferred in agreement with local country tax regimes, but fully paid during the current year). In addition, the Group currently has an unsecured revolving credit facility of £210 million that reduces in November 2024 to £170 million, and expires in November 2025. The facility has remained undrawn throughout the current year. Whilst the Group's operations were significantly impacted by the Covid-19 pandemic, the Group had a strong working capital performance throughout the year with significant management focus on cash collection reducing average trade debtor days in the year to a record number of 33 days (2020: 36 days), with the majority of clients continuing to pay to agreed terms.

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 of the Group's cash flow to model the potential effects should principal risks actually occur either individually or in unison.

The sensitivity analysis modelled scenarios in which the Group incurred a sustained loss of business arising from a prolonged global downturn, with a range of recovery scenarios considered. The Group's 'Stress Case' scenario assumes that the Group experiences another severe downturn similar in scale to the one caused by the Covid-19 pandemic in the year ended 30 June 2020, followed by a period of gradual recovery, as opposed to the significant recovery the Group experienced through the year ended 30 June 2021. The Stress Case scenario forecasts a strong cash position in excess of £290 million throughout the assessment period, with the revolving credit facility remaining undrawn with significant headroom against its banking covenants.

Set against these downside trading scenarios, the Board considered key mitigating factors including the geographic and sectoral diversity of the Group, its balanced business model across Temporary, Permanent and Contract recruitment services, and the significant working capital inflows which arise

in periods of severe downturn, particularly in the Temporary recruitment business, thus protecting liquidity as was the case during the global financial crisis of 2008/09 and which we experienced again when the pandemic hit in 2020.

In addition, the Group's strong balance sheet position and history of strong cash generation, tight cost control and flexible workforce management provides further protection. The Group also has in place its £210 million revolving credit facility which is currently undrawn. This facility is in place until November 2025, although at the lower value of £170 million in its final year due to reduced lender commitments received.

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 2024.

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 Going Concern period, being at least 12 months from the date of approval of the Consolidated Financial Statements. 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 continues to have a negative impact on the global economy and our business, with the majority of the countries across the world being affected. Whilst economies have rebounded strongly in H2 FY21 and most countries have reduced restrictions on activities, there remains a residual risk that further waves of infection may occur which could reduce economic confidence and activity, especially if businesses are subject to government policies in terms of lockdowns, quarantine and social distancing restrictions in order to control the transmission of the virus. As a result, over the course of the past year, a number of offices across the Hays global network have been closed at some point, with activity levels significantly decreased in both Temporary and Permanent markets, especially in H1 FY21. Many of our clients initially stopped new investment projects and embarked on redundancy programmes. Whilst we have seen a strong rebound in activity in H2 FY21, some uncertainty on the sustainability of any economic recovery remains.	 Operational Financial Strategic	In FY21, the pandemic continued to impact all our markets globally and our priority continued to be to look after the safety and wellbeing of our people and to support our business as it adjusted to new realities. During this time the Management Board closely monitored and reviewed 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 as we continue to identify and focus investment on key growth markets, sectors and specialisms in light of new and changing market conditions. 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 April 2020 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 be aggressively pursued as the recovery started. 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. As a result of the above actions and the significant improvement in trading in H2 FY21, we ended FY21 with £410.6 million net cash and this is a very strong financial position to deal with any further uncertainty. 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 continued to be 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. Much of FY21 was dominated by the Covid-19 pandemic which had led to the steepest slowdown in our business in its 53-year history. This had reduced both candidate confidence to change roles and client confidence and thus their appetite for investment. Whilst economic sentiment and activities rebounded strongly in H2 FY21, some residual risk remains. In addition, the current geopolitical environment could lead to protectionist measures being introduced, which could further damage the global economy.	 Financial	Hays has continued to diversify its operations to include a balance of both Temporary and Permanent recruitment services to Private and Public sector clients 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 sixth consecutive year, excluding the impact from the equity placing in April 2020. 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 both insourced and 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. Whilst, during Covid-19 pandemic, there has been reduced investment in this area, additional focus has been given around legislative changes such as statement of works and a greater move to automation.	 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 find and engage 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, develop, engage and retain sufficient high-quality talent in line with our long-term strategic growth plans and protect the business it has today, focused at business directors, managers and fee earners. Following the Covid-19 pandemic, whereby headcount investment stalled, there is an increased competition for talent in the market. Hays' strategy continues 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 continues 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 Equity, Diversity & Inclusion (ED&I), employee wellbeing and corporate social responsibility, and has set clear global and regional ED&I objectives and action plans. 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 and 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, regulatory, compliance and tax rules, especially for Temporary workers, with any non-compliance increasing the Group's exposure to potential legal, financial and reputational risk. During the year the UK Government, with effect from April 2021, implemented the IR35 legislation changes to include the Private sector in the United Kingdom.	 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 continues to increase (both in sophistication and volume) over the course of the year and we have increasingly seen malicious code being reportedly added into software products, which could prove to be an entry point for an attack. 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. Robust due diligence on IT partners and products is undertaken. 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 are 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

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 relationships with customers, suppliers and other stakeholders are set out on pages 68 to 75. More detail of the activity undertaken by the Board and its Committees' activities can be found on pages 68 to 111, together with the Strategic report on pages 2 to 35. 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.

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

25 August 2021

GOVERNANCE

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

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CHAIRMAN'S STATEMENT

“

The right culture has immeasurable benefits for all stakeholders.

”

Andrew Martin
Chairman, Hays plc



Dear Shareholder

I am pleased to present to you the Company's Corporate Governance Report for the financial year ended 30 June 2021, prepared under the July 2018 version of the UK Corporate Governance Code (the Code). Details of the Company's compliance with the Code during the year are provided on the opposite page.

At the time of writing to you last year, I don't think I would have believed that we would still be dealing with the effects of the pandemic in the way we are now. The impact of Covid-19 continues to be felt in all corners of the world; however, what we have also experienced at Hays was initially a gradual and then in H2 FY21 a much stronger bounce back in the hiring plans of our clients, and confidence of candidates to change jobs leading to an unexpectedly positive business performance in FY21, especially in H2. The way colleagues have performed to meet the demands of clients, in some cases in a candidate-short market, is truly remarkable and the Board is incredibly appreciative of all of the effort and hard work involved. Our thoughts are with those who have suffered more significantly and/or personally with the effects of the pandemic, directly through having contracted it, and indirectly, for example in caring for, or worse still losing, loved ones. Management across the business have adapted well and, where local infrastructure or support in a region is less developed, it is testament to the spirit and culture within the business to hear what help has been put in place by colleagues by way of support. The safety and wellbeing of our staff, clients and candidates remains our main priority.

On the subject of culture, this is a real focus for companies, as well as investors and wider stakeholders, and Hays is no exception in the attention that this subject has continued to receive during the course of the year.

We continue to develop an increasingly inclusive culture, building on the opportunities that 2020 provided us to connect and collaborate in different ways. Our numerous channels and forums have enabled us to engage more than ever before with a broader cross-section of employees and provided the opportunity to listen directly to their challenges, opinions and ideas. We have continued to respond to the pandemic with an ongoing focus on employee wellbeing by providing appropriate support and a sense of connection. The Board believes firmly that when employees see, hear and feel the alignment between organisational purpose, strategy, values, culture and leadership behaviours, it has a positive effect on their engagement, performance and consequently our success and the interests of our stakeholders.

I mentioned that culture was in focus for many stakeholders, so I was pleased when invited to take part in the FRC's project to better understand what contributes to an exemplary culture and how boards are promoting it and overcoming any obstacles, and I look forward to the outcome of their review later this year.

The improved trading position that unfolded during our financial year has meant the Board have been able to consider a return to paying dividends. As already communicated, the

Board intends to resume dividends, beginning with the return of surplus cash of £150 million, or 8.93 pence per share, to be approved by shareholders in November 2021, alongside a core dividend of 1.22 pence per share. The Board also expects to restart ongoing special dividends in FY22, and these will be dependent, amongst other things, on a return to more normal levels of profitability, and a positive economic outlook.

Our Board evaluation was run internally again this year, with next year being the time for an external evaluation; further detail on that can be found in my Nomination Committee Report, but it was good to see most key issues being common among the Directors as to where we need to focus, including succession and ESG matters.

With ESG such a hot topic the Board were pleased to approve the Group's Environmental and Sustainability Policy during the year. The Group has historically empowered regional teams for the delivery of such issues, and will continue to do so, but an overarching Group Policy provides a more formalised framework for the sharing of ideas and best practice and a coordination of efforts with initiatives such as Hays Helps. Solid governance remains at the core of the Board's way of working.

Hays' ED&I agenda has taken strides during the year, and we first published Our Promise in October 2020. Key to achieving Our Promise is to identify any barriers, real or perceived, to getting in and getting on at Hays. As part of our ongoing commitment to building a diverse and inclusive workplace, we partnered with external consultancy Hatch Analytics to help us to better understand our workplace culture and what 'getting in and getting on' at Hays is really like. Beginning in the UK & Ireland, US and Germany, every employee was surveyed and a representative group identified for in-depth 1:1 interviews. This data, both qualitative and quantitative, formed the basis of Hatch's insights and recommendations for that country. This work continues and further information can be found in this Report.

As I sign off, I am hopeful that our AGM this year will be back to normal, an open meeting, and I look forward to meeting as many of you who can make it. I would like to extend my thanks to all of our shareholders for your continued support. Finally, on behalf of the Board, I would again like to thank all of our amazing people and teams across the business for all of their commitment and hard work during the year.

Andrew Martin
Chairman

Our governance framework

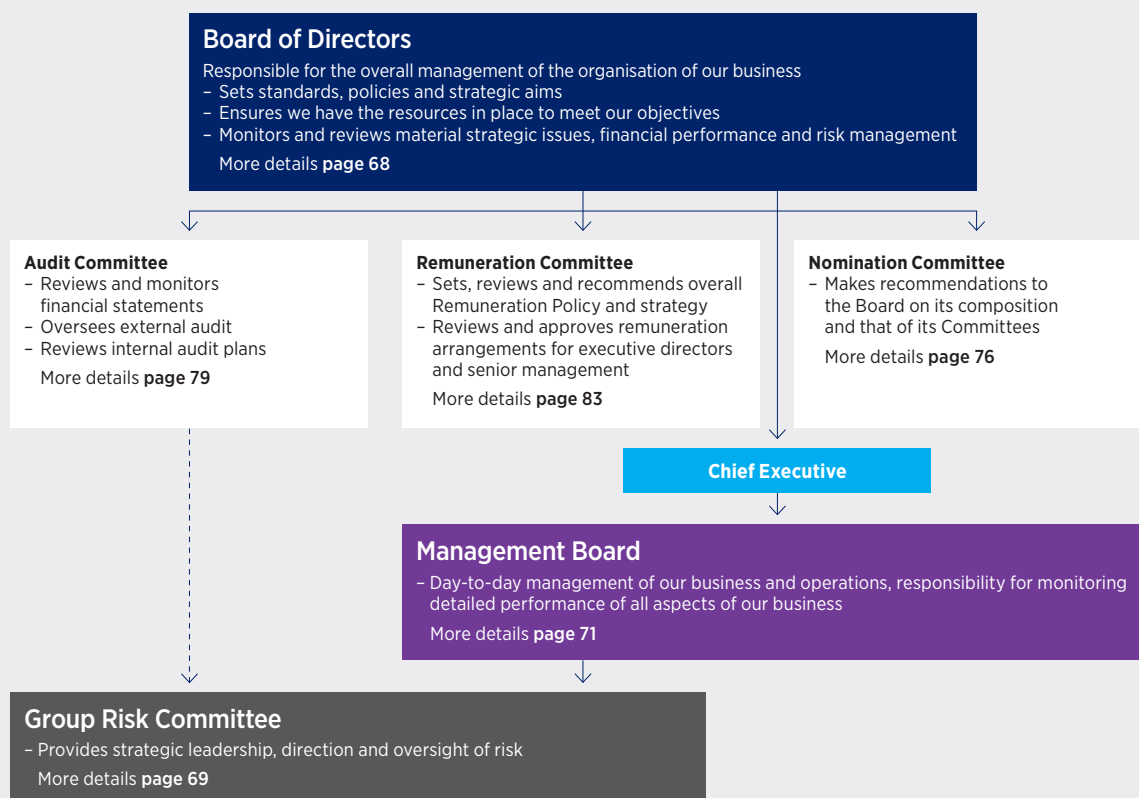
Responsibility for good governance rests with the Board; this is underpinned by an effective governance framework which, the Board believes, fits the requirements of Hays' business.

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

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

Statement of Code Compliance

Hays plc is subject to the UK Corporate Governance Code (the Code) issued by the Financial Reporting Council (available at frc.org.uk), published in July 2018. As a listed company, Hays is required to report on how it has applied the principles of the Code and this is set out in the following pages. Hays plc has complied with all of the provisions of the Code throughout the year ended 30 June 2021 and to the date of this document, with the exception of Provision 38. The executive directors' pension provision was reduced by a third during the year and Hays has committed to alignment with workforce rates, as required by Provision 38, by December 2022.



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

● Executive Director ● Non-Executive Director



Andrew Martin (61) ●
Non-Executive Chairman

Appointed:
12 July 2017

Committees:
Nomination (Chair)

Skills and experience:
Andrew trained as a Chartered Accountant at Peat Marwick before moving to Arthur Andersen where he became a partner. He was, until 2015, Group Chief Operating Officer, Europe and Japan, for Compass Group plc, having previously been their Group Finance Director from 2004 to 2012. Before joining Compass Group, Andrew was Group Finance Director at First Choice Holidays plc and prior to that held a number of Senior Finance roles at Granada Group plc. Andrew was, until August 2020, a non-executive director of easyJet plc.

Principal external appointments:

Andrew has been a Non-Executive Director at Intertek Group plc since 2016 and was appointed Chairman in January 2021. In July 2018 Andrew was appointed as a Non-Executive Director of the John Lewis Partnership Board and Chair of their Audit and Risk Committee.



Alistair Cox (60) ●
Chief Executive

Appointed:
1 September 2007

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



Paul Venables (59) ●
Group Finance Director

Appointed:
2 May 2006

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



Torsten Kreindl (58) ●
Independent
Non-Executive Director

Appointed:
1 June 2013

Committees:
Audit, Nomination
and Remuneration

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

Principal external appointments:
Torsten is Managing Partner of Deutsche Invest Venture Capital based in Munich. Torsten is also a Board member, and Chairs the Compensation Committee, of NASDAQ-listed SiTime, Inc.



Cheryl Millington (55) ●
Independent
Non-Executive Director

Appointed:
17 June 2019

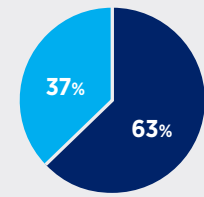
Committees:
Audit, Nomination
and Remuneration

Skills and experience:
Cheryl was Chief Digital Officer of Travis Perkins plc from 2016 to 2018, Executive Director, IT, for Waitrose from 2012 to 2016 and Chief Information and Data Officer for Asda Stores Ltd from 2009 to 2012. Prior to those positions Cheryl held senior management roles at HBOS plc, Innogy plc and National Power plc, and began her career as a management consultant with Price Waterhouse. From 2013 to 2016 Cheryl served as non-executive director of National Savings and Investments and was, until June 2020, a non-executive director of Intu Properties plc.

Principal external appointments:

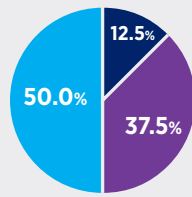
Cheryl is currently a Non-Executive Director of Equiniti Group plc, Atom Bank plc and AXA Insurance UK plc.

Board diversity



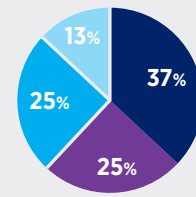
■ Male
■ Female

Board tenure



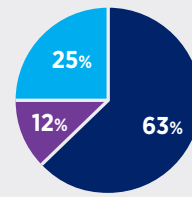
■ 0-3 years
■ 3-6 years
■ 6+ years

Board experience



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

Board composition



■ Non-Executive
■ Chairman
■ Executive



Susan Murray (64) ●
Independent
Non-Executive Director

Appointed:
12 July 2017

Committees:
Audit, Nomination and
Remuneration (Chair)

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

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



MT Rainey (66) ●
Independent
Non-Executive Director

Appointed:
14 December 2015

Committees:
Audit, Nomination and Remuneration.
Designated NED for Workforce Engagement

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

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



Peter Williams (68) ●
Senior Independent
Director

Appointed:
24 February 2015

Committees:
Audit (Chair), Nomination and Remuneration

Skills and experience:
Peter has a Law degree from Cambridge University and is a Chartered Accountant. He was, until 2011, Group Finance Director of Daily Mail & General Trust plc, a role he performed for 19 years, making him one of the longest serving CFOs in the FTSE. From 2011 to 2018 Peter was a non-executive director of Perform Group, a leading digital sports media company.

Principal external appointments:
Peter is a member of the Industrial Advisory Board of GVQ Asset Management, a UK equity management company.



Doug Evans (58)
Company Secretary
& General Counsel

Appointed:
4 February 2013

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

BOARD LEADERSHIP AND PURPOSE

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

The Hays Board

Composition of the Board

The Board is currently made up of two executive directors and six non-executive directors, including the Chairman. Their biographies, including prior experience, are set out on pages 66 and 67. There have been no changes to the Board during the year.

Re-election of directors at the 2021 AGM

In accordance with the Company's Articles of Association and the principles of the Code, all Directors of the Company will offer themselves for re-election at the 2021 AGM. Having received advice from the Nomination Committee, the Board is satisfied that each Director standing for re-election is qualified for re-election by virtue of their skills, experience and commitment to the Board.

The role of the Hays plc Board

The Hays plc Board is collectively responsible to the Company's shareholders for the long-term success of the Company. It sets the Group's strategic objectives and determines the risk appetite and control framework within which those objectives are achieved. The Board provides effective oversight of the Company and its businesses within a robust governance structure that helps achieve the long-term success of the Company and deliver sustainable shareholder value.

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

Our aim is to be the world's pre-eminent specialist recruitment business. In pursuit of this aim, our employees across the globe work towards achieving our Strategic Priorities, set out on page 34. The Board closely monitors management and its delivery of a sustainable and profitable business, ensuring it continues to operate within the appropriate risk-reward culture. The Board has established a core set of values, which it promotes throughout the Group.

Our purpose, values and culture

Our purpose is to benefit society by helping people succeed and enabling organisations to thrive – creating opportunities and improving lives. Our values aim to reflect this promise, and underpin our skills, behaviours and way of doing business. Hays is a people business and people are at the core of what we do. Our values serve to engender an entrepreneurial culture within Hays, which is critical to our continued success without promoting excessive risk-taking. Under our values, we are:

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

Underpinning everything we do is our belief that we must always do the right thing. Doing the right thing enhances and protects our reputation, building trust with all our candidates, clients and other stakeholders. This unites us and makes us stronger. To support this culture we maintain an open style of communication, which is designed to both identify issues early, and also to recognise potential opportunities, so that in both cases appropriate action can be taken in terms of reducing any negative impact on the business whilst ensuring opportunities are exploited.

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

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

The Board remains focused on our culture, further information on which can be found elsewhere in this report.

Matters reserved for the Board

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

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

Responsibility for ensuring arrangements exist for employees to raise concerns, formerly held by the Audit Committee, rests with the Board and the schedule was updated during the year to reflect this. No other changes to the schedule of matters were made during the year. Board decisions are usually by consensus at Board meetings. On occasion, decisions may be taken by a majority of Board members. In the case of an equality of votes, Hays' Articles of Association provide the Chairman with a second or casting vote.

Board commitment

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

This ensures that executive directors retain sufficient time for and focus on the Company's business, whilst allowing them to gain external Board exposure as part of their leadership development. Executive directors are permitted to retain any fees paid for such services. While the Company does not have a similar policy for non-executive directors, their key external commitments are reviewed each year to ensure that they too have sufficient time commitment for the fulfilment of their Board responsibilities. Any changes to the directors' key external commitments during the year are also reviewed by the Board.

Key external commitments of the Board are included within their biographies on pages 66 and 67.

Conflicts of interest

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

In deciding whether to authorise a conflict or potential conflict of interest only those directors that have no interest in the matter under consideration will be able to take the relevant decision; in taking such a decision the directors must act in a way they consider, in good faith, will be most likely to promote the success of the Company and may impose such limits or conditions as they think fit.

The Board has reviewed the procedures in place and considers that they continue to operate effectively. There were no actual or potential conflicts of interest which were required to be authorised by the Board during the year under review or to the date of this report.

Risk management and internal control

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

These are recorded in a Group risk register, which is reviewed at least annually by the Management Board and submitted to the Board thereafter for ratification to enable it to carry out its risk oversight responsibility. This exercise involves a current and forward look at various risks affecting the business and prioritising them according to risk impact and likelihood. The risks are also mapped through our risk appetite process to identify the tolerance levels and target risk position per risk.

Risks covered include strategic, operational and compliance risks, together with reputational, financial and people-related risks. Each risk is assigned an owner with current and future (if applicable) risk mitigation procedures detailed, with the continuing monitoring of these undertaken on an ongoing basis. The principal risks currently facing the business are detailed in the Strategic Report.

Following the requirements detailed in the 2018 Corporate Governance Code, the Board undertook a formal exercise using horizon scanning, to identify emerging risks, being plotted by impact and time horizon, to ensure that emerging risks are being appropriately considered and monitored.

The Group Risk Committee assists the Management Board in providing strategic leadership, direction, reporting and oversight of the Group's risk framework together with identifying any emerging risks that may become apparent during the year. The Committee is chaired by the Chief Risk Officer and membership includes representation across the global network and comprises operational, IT and finance functions including the Group Finance Director and Company Secretary & General Counsel. Resulting activities and recommendations are reported to the Management Board, with the Hays plc Board also having oversight of the Committee and its activities.

The Board reviews Group strategy and approves a budget each year, to ensure that the performance of the business is in line with the plan and financial and operational reporting procedures are in place. Comprehensive annual budgets and quarterly forecasts are approved by the Management Board and business divisions. Monthly progress and variances are reported to the Management Board and subsequently to the Board at each meeting as part of the ongoing internal control process.

Complementing these financial controls is a set of Group-wide policies and procedures addressing non-quantifiable risks. These include security policies, the Group's Code of Conduct and Ethics, Anti-Bribery and Corruption Policy, and whistleblowing arrangements (see 'Raising concerns at work', below, for further details on the Company's whistleblowing arrangements). The Board regularly receives management and Committee reports which also form part of the internal control system.

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

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

Raising concerns at work

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

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

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

Our governance framework

Chairman and Chief Executive

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

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

Senior Independent Director

The Senior Independent Director provides shareholders with someone to whom they could turn if ever they had concerns which

they could not address through the normal channels, for example, with the Chairman or executive directors. While there were no requests from directors or shareholders for access to the Senior Independent Director during the year, the role serves as an important check and balance in Hays' governance process. In the fulfilment of his role as Senior Independent Director, Peter Williams ensures he maintains a thorough understanding of the views of the Company's shareholders.

Independence of non-executive directors

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

During the year, the Board considered the independence of each of the non-executive directors, save for the Chairman who was deemed independent by the Board at the date of his appointment. In doing so,

it concluded that each non-executive director remained independent of management and free from any relationship that could interfere with the exercise of their independent judgment. As required by the Code, a majority of the Board of Directors of Hays plc are independent. All of Hays' directors are expected to act in the best interests of the Company. Key roles and responsibilities of these positions, and that of the Company Secretary, are provided on the right-hand page.

Role of the non-executive directors

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

Board and Committee attendance

The Board met a total of seven times during the year. In addition, the Board attended a virtual (online) annual Strategy Review meeting with the Management Board being present. All the meetings were held virtually, via online meeting software.

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

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Alistair Cox	7 of 7	–	–	–
Paul Venables	7 of 7	–	–	–
Andrew Martin	7 of 7	–	4 of 4	–
Torsten Kreindl	7 of 7	4 of 4	4 of 4	6 of 6
Cheryl Millington	7 of 7	4 of 4	4 of 4	6 of 6
Susan Murray ⁽¹⁾	7 of 7	3 of 4	4 of 4	6 of 6
MT Rainey ⁽²⁾	7 of 7	3 of 4	4 of 4	5 of 6
Peter Williams	7 of 7	4 of 4	4 of 4	6 of 6

(1) Did not attend one Audit Committee meeting due to a prior business commitment.

(2) Did not attend one Audit Committee meeting and one Remuneration Committee meeting due to a medical appointment.

Our governance framework

Andrew Martin

Chairman

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

Alistair Cox

Chief Executive

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

Peter Williams

Senior Independent Director

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

Doug Evans

Company Secretary & General Counsel

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

Operational governance

Management Board

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

Operations Board

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

Chief Executive (Chairman of Management Board)
Group Finance Director
Company Secretary & General Counsel
Chief Customer Officer
Group Director of People & Culture
Global Managing Director of Hays Talent Solutions

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

Operate their business through regional boards, which comprise key business and functional managers with specific responsibilities within those regions.

Each business is given operational autonomy, as far as possible, within a well-established internal control framework which consists of, amongst other things, a Group-wide set of policies and procedures, operational delegated authorities and policies on anti-bribery and corruption, competition compliance, conduct and ethics, Equity, Diversity & Inclusion and whistleblowing.

KEY ACTIVITIES OF THE BOARD DURING THE YEAR

Key areas of activity	Matters considered	Stakeholder impact
1. Developing a successful strategy	– Attended a Group strategy session with members of the Management Board and other senior executives, to consider key strategic priorities and challenges faced across the business – Approved the Group strategy and reviewed associated performance – Deep-dive sessions on regional businesses, receiving presentations from senior management on business performance, the state of the market, strategy, succession planning and opportunities – Reviewed strategy plans and received reports on the operational performance for the Group's regions – Received reports on technology and innovation and related industry developments	Key focus areas     Other considerations 
2. Ensuring appropriate financial management	– Received and considered regular reports on the Group's financial performance – Approved financial announcements for publication – Approved the annual budget – Considered dividend policy in respect of FY21 – Met with the Company's financial adviser and corporate brokers	Key focus areas    Other considerations    
3. Implementing governance and ethics and monitoring risk	– Performed the annual review of the effectiveness of internal control, risk identification and mitigation – Reviewed regular reports on legal and compliance matters from the Company Secretary, including from the Company's whistleblowing arrangements – Received formal training updates on corporate reporting, legal and regulatory matters – Reviewed Board and Committee effectiveness – Reviewed the terms of reference of the Board Committees – Reviewed the Directors' Conflicts of Interest procedures – Reviewed the Company's compliance with the Code (2018)	Key focus areas      
4. Stakeholder engagement	– Received feedback from designated workforce engagement NED on matters pertaining to workforce engagement – Received updates on our Net Zero journey – Received updates on launch of Hays Helps – Considered and approved invitations under the Company's all-employee share plans – Received regular updates on views and feedback from investors – Considered the Company's investor relations strategy – Considered and reviewed the leadership and development strategy – Reviewed the Group's succession plans and assessed risks and options	Key focus areas     Other considerations   



Communities



Employees



Shareholders



Clients

Host countries
& Governments

Suppliers

Natural
environment

Candidates

BOARD AND STAKEHOLDER ENGAGEMENT

How the Board makes its decisions and considers stakeholder interests.

Board decision-making

The Board effectively uses its meetings as a mechanism for discharging its duties under Section 172 of the Companies Act 2006.

You will find examples of how the Board considered our stakeholders when making key decisions during the year below. The Board recognises its fiduciary duty to

promote the success of the Company for the benefit of our shareholders. In doing so, however, the Board considers the impact of its decisions on all its stakeholders. These stakeholder considerations are woven throughout all Board discussions and decisions ensuring those impacted are treated fairly.

Employees, clients and candidates

With the onset of Covid-19 and global travel and safety restrictions, the Hays plc Board has been unable to visit our office locations around the world and the scheduled visits have been moved to future dates. During the year, the Board used its time to have a 'deep-dive' into the UK, Asia, German and European businesses, which allowed them to understand the opportunities and think about the challenges we face in these core regions. In addition to virtual meetings with the local management teams, the Board also heard how the regional teams were implementing the 'Our Hays Story', and showcasing resilience and driving growth in conversations and the presentations they received.

During the year, the Board also had a technology-focused session which enabled them to have an oversight of progress of enhancing the Customer Experience and related data integrity within the new organisational structure and the development of the Hays Workspace product/Hays App.

How the Board makes its decisions and considers stakeholder interests: A visual information flow

Board Information for Decision-making

A forward calendar of matters for discussion at each meeting is pre-determined.

Consists of certain standing items for each meeting, including operational, functional and financial reviews, and Committee updates.

Unplanned items such as commercial or property-related decisions are considered as and when required.

Agenda for each meeting planned by the Chairman, in conjunction with the Chief Executive and Company Secretary.

Management shares information in advance of any decision-making and any S.172 factors are highlighted for Board discussion in the Board papers or by the Company Secretary.

Board Discussion

Based on the information provided, the Board holds a robust discussion, challenging the matters at hand, as necessary.

The Board considers the impact of its decisions on all its stakeholders, ensuring those who are impacted are treated fairly.

See pages 16 and 17 for how the Company continues to create value for stakeholders. Also, a summary of the Board's key activities and the topics covered and debated during the year is set out on page 72.

All Board directors have access to the Company Secretary who advises them on Board and governance matters.

Any director can take independent professional advice at the Company's expense in the furtherance of their duties, where considered necessary.

Board Decision

The Company Secretary records all decisions.

Board decisions are cascaded for implementation and the Board is kept updated on the progress at future meetings.

The Board or management engages with stakeholders who are impacted because of Board decisions.

Any material Board decisions are disclosed via the Annual Report. FY21 was a routine business year after an unprecedented prior year and hence there are no material decisions to report for this year.

This deep understanding of future trends for the benefit of our clients and candidates is integral to how the Board allocates capital and invests to secure the long-term success of the Company.

MT's overview of employee engagement

Hays has appointed MT Rainey as its designated workforce engagement director. You can read more about her work during the year on page 75.

Shareholders

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

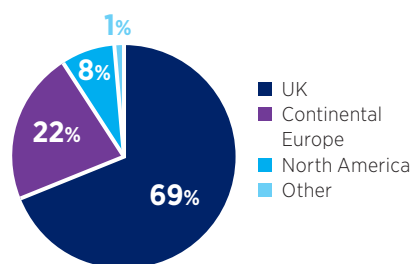
The Company's investor relations programme is supported by a dedicated Investor Relations team, which acts as the primary point of contact with the investor community. It is responsible for managing ongoing relations with investors and shareholders.

The Board receives regular reports from the Investor Relations team. Feedback from meetings held between executive management, or the Investor Relations team, and institutional shareholders is also reported to the Board.

As a part of a comprehensive investor relations programme, formal meetings are scheduled with investors and analysts to discuss the Group's half- and full-year results.

In the intervening periods, Hays continues its dialogue with the investor community by meeting key investor representatives, holding investor roadshows and participating in conferences. Meetings with debt providers, principally the Company's banks, also take place on a regular basis. During the year, the executive directors and senior management met with approximately 67 institutions around the world, interacting with shareholders and potential shareholders. The Chairman and Senior Independent Director also held meetings with investors during the year.

Geographical breakdown of investors met



Major shareholders

As at 30 June 2021, the following shareholders held an interest of 3% or more of the Company's issued share capital:

	% of total voting rights attached to shares ⁽¹⁾
Columbia Threadneedle Investments	9.75%
Silchester International	8.46%
Marathon Asset Management	6.22%
Cedar Rock Capital Limited	6.19%
Baillie Gifford & Co	5.58%
BlackRock, Inc.	4.99%
Majedie Asset Management	3.39%
M&G Investment Management	3.16%
Evenlode Investment	3.14%

- (1) On 23 August 2021, Marathon Asset Management notified the Company that their notifiable interest was 5.95%.
 On 27 July 2021, Baillie Gifford notified the Company that their notifiable interest was 4.99%.
 On 28 July 2021, BlackRock, Inc notified the Company that their notifiable interest was 5.00%.

Results presentations are posted on the Company's website at haysplc.com/investors and if you would like to know more about our relations with shareholders please contact ir@hays.com.

Annual General Meeting

Under normal circumstances, the Board uses the Company's AGM to communicate with investors and views it as a good opportunity to meet with its smaller, private shareholders. Due to the ongoing uncertainty around the Covid-19 pandemic at the time of the Company's 2020 AGM, that meeting had to be held as a Closed Meeting; however, questions were invited from shareholders in advance of the meeting.

All shareholders are entitled to attend the AGM, at which the Board members are present. A summary presentation of results is given by the Chief Executive before the formal business of the meeting is conducted. All shareholders present can question the Chairman, the Committee Chairs and the rest of the Board both during the meeting and informally afterwards.

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

Communities and environment

The Board continued its focus on Environmental, Social and Governance (ESG) matters during the year. Throughout the year, the CEO met with investors and discussed our ESG agenda. In taking into account various stakeholder views, the Board reviewed a proposal for the Company's Net Zero strategy and sought to understand the infrastructure and activity required, and formally approved a Group Environmental and Sustainability policy.

Employee and community wellbeing has been on the mind of the Board during these challenging Covid-19 times. The Board had an oversight of the launch of the 'Hays Helps' programme which supports employees to take up volunteering opportunities. The Board fully endorses this scheme which allows employees across Hays to take one paid day each year to volunteer for a charitable cause.

The Board recognises the importance of diversity and encourages the Company's approaches in addressing this subject matter. As such, the Board has been supportive of the strategies suggested by the Equity, Diversity & Inclusion (ED&I) council and continues to closely monitor the progress made in this area.

You can read more about our work on communities and environment on pages 51 and 52.

OVERVIEW OF WORKFORCE ENGAGEMENT

I was delighted to be appointed as Board Director for Workforce Engagement in 2019 as the Board seeks to ensure that a closer and more colloquial understanding of the workforce is being brought to bear in our strategic discussions beyond the research and the more managed interactions, and as part of our commitment to the Code.

People are Hays' principal asset and the Company's investment in people, their capabilities, their wellbeing and their progress, is a core strategic priority for Hays and for our Board. As a technology enabled people business, Hays has a well-established range of virtual tools, techniques, mechanisms and forums for engaging with its employees both within and across geographies, disciplines and themes. Partly this is driven by a strong sales culture in which motivational communication and town hall meetings are part of 'business as usual' but also because Hays employees are at the frontline in the world of work and their insight into market trends and transformations is a critical feedback channel for the leaders of the Company. This two-way interaction has always been critical to Hays and it has stood the Company in very good stead in the sudden transition to virtual working.

As the pandemic progressed in different waves across our geographies, the Company was able to use these established networks and channels, as well as new ones that were created in response to the pandemic, to ensure the transition to remote working was safe, efficient and fast. At all times the safety and wellbeing of Hays employees in this transition was paramount to Management and a preoccupation of the Board.

A number of special forums were set up Company-wide to encourage people to connect and support each other on a range of issues outside of their immediate job role. I was able to participate in a number of these meetings. They included the LGBTQ+ forum, Hays Pride, a Parents@Hays group and a programme called Hays Boost, designed to build on the existing Hays Thrive programme with tools and training to help employees maintain their mental wellbeing and develop new skills for remote working. In the UK&I this has been established as an ongoing programme called Wellbeing@Hays.

Additionally, I have been involved with four major Employee Engagement programmes at Hays this past year:

“

This role ensures a closer and more colloquial understanding of the workforce is brought to bear in Board discussions.

”

MT Rainey

Workforce Engagement Director



Your Voice

One of the principal tools Hays uses to gauge employee sentiment and engagement is the Your Voice survey. This is an extensive survey which is fielded twice a year to all employees who complete it anonymously. The survey is conducted online and allows free text comments yielding both qualitative and quantitative data. As the Board Director for Workforce Engagement, I was able to work closely with the team to help shape the survey and the questions to ensure they were covering areas of interest to the Board. I was also given open access to the platform which allowed me to look at the data and free text responses among sub-populations, cross-referencing different questions and issues. This additional and ongoing insight has been extremely valuable to me in my role, lending weight and colour to Board discussions around employee wellbeing, diversity and inclusion and the general response to the Work from Home (WFH) environment.

The Global ED&I Council

This was set up at Hays in 2019 led by one of our Regional Managing Directors. Rather than leave issues of Diversity purely within the People and Culture function, the intent is to establish a pragmatic results-oriented planning group of the Company's most senior operators who have visibility through to the issues and the power to address them on the ground. I was able to participate in three half day meetings of the ED&I Council this year.

The Blaze Taskforce

This was set up early in 2020 with senior managers across the Group to understand the issues that different employees and employee groups were having around remote and hybrid working and how this was impacting Management processes,

also with a view to long-term planning on a form of hybrid working. I was able to attend a number of these sessions.

Hays Helps

This was set up as a Company-wide branded programme to unify the disparate volunteering and charitable efforts of the Company and its employees around a few key issues relevant to the Hays' business, most notably employability and diversity. A clever app was developed with social and sharing features. This allowed Hays employees to 'give something back' and was a major boost to morale in very uncertain times.

Traditionally, our Board travels twice a year to regional UK offices, once a year to key European offices and once every two or three years to Asia, Australia and the US, covering all of our major markets. These meetings are designed specifically to allow the Board plenty of time to engage formally and informally with the spectrum of the employee base. The intention for this Workforce Engagement role was to create an additional layer of immersive qualitative insight to these visits, via a number of informal employee 'focus' groups in each location on a range of issues and across a spectrum of functions. My own background in Account Planning and Market Research is an advantage here. Covid, of course, got in the way of doing this; however, the intention is to reinstate that approach later this year, making any future travel as a Board really count.

MT Rainey

Workforce Engagement Director

NOMINATION COMMITTEE REPORT

“

I am pleased to see the adoption by Hays of diversity targets, and welcome the FCA's diversity disclosure consultation currently underway.

”

Andrew Martin

Chair of the Nomination Committee



Dear Shareholder

Some of the common themes of this year's Board evaluation thankfully, but perhaps not unsurprisingly, are also matters on which much of the Nomination Committee's time has been spent, not least succession and the wider issue of diversity.

A number of initiatives are ongoing within the business to better understand how we can ensure we build a diverse and inclusive workplace, to better understand our workplace culture and what 'getting in and getting on' at Hays is really like. The Committee supports the Board and the wider business with this agenda and I am most encouraged by the work being undertaken by the Group's Global and Regional Equity, Diversity & Inclusion Councils to produce plans, with targets, that will support both gender and other diversity objectives relevant to their particular region. The Committee also has the subject firmly in focus when it comes to the profile of the Board and Senior Management.

The Board has operated for some time with a complement of eight (including myself as Chairman and five further non-executive directors) and, in both my own view and as suggested by our Board Evaluation process, it has done so pretty well. However, the Committee has looked at required skills, experience, succession and diversity, at the Board level. In order that the Company can ensure it has the right mix of these factors within its leadership on the Board, the Nomination Committee has appointed Spencer Stuart to work with it in looking at Board composition, which could well include adding a further non-executive to its number.

Succession at the Senior Executive level is something on which there has also been much Committee discussion during the year. We are fortunate that our CEO and FD of the business are both long-serving and incredibly experienced, but the Nomination Committee would not be properly discharging its duty if it were not keeping their succession and that of the Management Board, the executive engine room of the business, front of mind over varying time horizons. Knowing what talent we have in the business, understanding

the profile of that talent, ensuring there is equal opportunity for all, and motivating and developing that talent, is central to our future and the delivery of success for all of our stakeholders. We want to ensure we have the very best people in our industry and that they have the best opportunities to progress.

I was encouraged by the results of the Board Evaluation, but of course there were areas where the Board considered that we could make further improvements; I and my Board colleagues will address these, and I have already worked up an appropriate action plan. A review of my own performance was led by Peter Williams as Senior Independent Director and again, whilst predominantly positive, there are aspects of my leadership I can develop further in order to improve, and I welcome this process and the feedback.

Andrew Martin

Chair of the Nomination Committee
25 August 2021

Role of the Nomination Committee

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

The main responsibilities of the Committee are to:

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

Membership and meetings

The Committee is appointed by the Board. It is chaired by the Chairman of the Board and comprises the Non-Executive Directors, all of whom are independent, save for the Chairman who was independent on appointment. The names and qualifications of the Committee's current members are set out in the directors' biographies on pages 66 and 67.

The Committee meets as required and did so on four occasions during the year and attendance by members can be seen on page 70. Other regular attendees at Committee meetings include the Company Secretary and, on invitation, the Chief Executive and Group Finance Director.

Main Committee activities during the financial year

- Considered Board and senior management succession plans
- Reviewed the composition of the Board and its Committees
- Reviewed the Committee's Terms of Reference
- Considered and approved the appointment of an independent executive search consultancy

Non-executive director appointment process

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

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

During the year the Committee appointed Spencer Stuart to facilitate a search for a further non-executive director. Spencer Stuart is an independent executive search consultancy and it has no other connection with the Company.

In the year ahead, the Committee will continue to assess the Board's composition and how it may be enhanced and will consider diversity (including, but not limited to, gender, race and experience) and geographic representation; as noted above, Spencer Stuart has been appointed as the independent consultant to the Committee to ensure a broad search for suitable candidates. The Board will keep under review the ongoing suitability of its current complement of eight members.

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

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

We believe that a culture built on trust, respect, equity and inclusivity will enable us to live our Values, achieve our ambitions and deliver our Purpose. We believe that diversity must be evident at all levels of our business and reflect the markets and communities we serve and this is central to the Nomination Committee's succession planning considerations. The Committee welcomes the work being undertaken within the business regarding diversity targets, which will complement other Group initiatives to build a strong pipeline of talent across the Company.

Succession planning

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

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

The Nomination Committee and the Board believe that refreshment of the Board should take into account the need to consider diversity in all forms. The Committee will monitor the balance of skills, knowledge, experience and diversity of the Hays plc Board, and lead succession planning for appointments to the Board and the Management Board; it will promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, as part of succession planning, recruitment and promotion.

Tenure of non-executive directors

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

Director performance

Having reviewed the independence and contribution of directors, the Committee confirms that the performance of each of the directors standing for re-election at the 2021 AGM continues to be effective and demonstrates commitment to their roles, including independence of judgment, commitment of time for Board and Committee meetings and any other duties.

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

Board induction and development

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

Elements of the programme include:

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

The Chairman, in conjunction with the Company Secretary, ensures that directors are provided with updates on changes in the legal and regulatory environment in which the Group operates. These are incorporated into

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

Board evaluation

During FY21, in accordance with Code Provision 21, the effectiveness of the Board was assessed through a Board evaluation process, conducted internally.

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

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

Results were presented to the Board and minor areas for improved operation identified and agreed; these included succession planning, greater focus on diversity and Environmental, Social and Governance factors and greater time together by the non-executives without executive management present. Please see pages 50 to 53 for our progress made in areas of diversity and ESG.

The Board recognised that the Board meetings worked well despite no face-to-face meetings since March 2020, although there was a concern on continued 'hybrid' meetings in future and the value of interactive in-person discussions that can be missed. The Board has also voiced the need to visit business locations and meet key people in the business when travel restrictions are eased. The outcome of the evaluation indicated that the Board was performing well and had improved over the course of the previous 12 months.

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

In addition to the formal evaluation, the non-executive members of the Board met during the year without the executive directors present, an exercise considered to be hugely valuable and which will be built upon further.

AUDIT COMMITTEE REPORT

“

Risk management is well embedded but continues to evolve.

”

Peter Williams
Chair of the
Audit Committee



Dear Shareholder

I am pleased to present the Audit Committee Report for the year ended 30 June 2021 on behalf of the Board, prepared in accordance with the 2018 Code.

The Report provides an oversight of the Committee's deliberations and activities over the year. Our principal responsibilities remain unchanged. We have reviewed the Committee's Terms of Reference and minor amendments were made to ensure they track best practice as well as the Code.

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

The risk landscape is a constantly evolving one, and I am reassured by the information the Committee receives in this respect, as well as by the enterprise risk management process that is embedded within the business to address this. That process has been evolved further during the year, including an enhancement to the process around the identification of emerging risks; what the pandemic has taught us all is that we never quite know what may be around the corner!

In what is perhaps a sign of the times, the Committee receives regular updates around cyber crime and data governance, and I continue to be impressed by the Company's responsiveness in such a rapidly changing landscape, and credit goes to the teams we have that work in this area. The pandemic has very heavily influenced the Company's way of working, which has brought additional technology challenges, but again, all managed extremely effectively.

During the year the Financial Reporting Council's Corporate Reporting Review Team (CRRT) carried out a review of the Company's Annual Report for the year ended 30 June 2020. The response by the Company to the request for information was discussed with me in my capacity as Chairman of the Audit Committee prior to responding to the CRRT. Details of the enquiry raised by the CRRT and the Company's response thereto were also considered by the Committee. The CRRT have closed their enquiries and the Company has agreed to enhance disclosures in a small number of areas in response to the review. The Committee is satisfied that the enhancements proposed and agreed with the CRRT have been appropriately incorporated in the 2021 Annual Report.

I hope the following report will provide you with the necessary support in your assessment of the Company's performance, business model and strategy.

Peter Williams
Chair of the Audit Committee
25 August 2021

Role of the Audit Committee

The Committee's Terms of Reference are available on the Company's website (haysplc.com) under Governance.

The key responsibilities of the Committee are to:

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

Membership and meetings

The Committee is appointed by the Board from its independent non-executive directors. Biographies of the Committee's current members are set out on pages 66 and 67.

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

The Committee discharges its responsibilities through a series of scheduled meetings during the year, the agenda of which is linked to events in the financial calendar of the Company. The Committee met four times during the financial year and attendance by members at Committee meetings can be seen on page 70.

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

Main Committee activities during the financial year

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

Fair, balanced and understandable

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

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

- Comprehensive Group and subsidiary accounts process, with written confirmations provided by the regional senior management teams on the health of the financial control environment;

- Reviews of the Annual Report undertaken at different levels of the Group and by the senior management team that aim to ensure consistency and overall balance;
- External audit review;
- Clear guidance and instruction of the requirement provided to contributors;
- Written confirmation that information provided has been done so on a fair and balanced basis;
- Additional scrutiny by senior management; and
- Additional reviews by the Committee Chair of the draft Annual Report in advance of the final sign-off in the context of the Code provision.

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

Significant issues considered during the year

In reviewing both the half- and full-year financial statements, the following issues of significance were considered by the Committee and addressed as described. These matters are described in more detail in notes 1 to 3 to the Consolidated Financial Statements.

Debtor recoverability

The recoverability of trade debtors and the level of provisions for bad debts are considered to be areas of significant judgment due to the pervasive nature of these balances to the financial statements and the importance of cash collection in the working capital management of the business. The Committee considered the level and ageing of debtors, together with the appropriateness of the provisioning matrix

and the consistency of judgments used to measure the expected credit losses. Having discussed the level of provisions both with management and with the external Auditor, the Committee satisfied itself that the provision levels were appropriate.

Income provisioning was one of the limited number of issues raised by the FRC's Corporate Reporting Review Team (CRRT) in respect of the Company's FY20 Financial Statements, and these issues were further considered by the Committee as part of the Company's response to that review. The review and the issues raised within it were satisfactorily concluded, with minor consequential enhancements to disclosures in this year's Financial Statements agreed and implemented, and no prior year restatements being required.

Pension accounting

Pension accounting is complex and contains areas of significant judgment, most notably those in respect of the discount and inflation rates used in the valuation of the net surplus disclosed in note 23. The Committee reviewed the pension items and questioned management around assumptions used in the calculation of the surplus and related pension accounting issues. The Committee also considered the work performed by PwC in testing the assumptions and was satisfied that the assumptions used and the disclosures in the Financial Statements are appropriate.

External Auditor

Both the Committee and the Board keep the external Auditor's independence and objectivity under close scrutiny, particularly with regard to its reporting to shareholders. PwC were appointed external Auditor of the Group at the 2016 AGM. Professional rules require that the Company's audit partner at PwC be rotated every five years; accordingly, the FY21 Audit will be the last for the incumbent, Andrew Paynter, and an appropriate process has been undertaken to identify his successor.

As previously reported, following a detailed tender process, PricewaterhouseCoopers LLP were first appointed as the Company's external Auditor in 2016. While the Company has no current retendering plans, in accordance with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (CMA Order), the Company will be required to put the external audit contract out to tender by 2026. Accordingly, the Company confirms that it has complied with the provisions of the CMA Order for the 2021 financial year.

Auditor independence and non-audit services policy

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

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

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

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

The three-year average audit fee was £1.3 million. Accordingly, the maximum value of non-audit services that PwC could have been engaged by Hays to provide during the financial year 2021 was £0.9 million. The total fee for non-audit services provided by PwC during the 2021 financial year was £0.1 million (2020: £0.1 million), largely reflecting the FY21 half-year review fee of £0.1 million (2020: £0.1 million). A small number of other assurance services were provided as permitted under the 2019 FRC Ethical Standard for which total costs were £35k (2020: £24k). The Company did not pay any non-audit fees to PwC on a contingent basis. A summary of the fees paid to the external Auditor is set out in note 7 to the Consolidated Financial Statements.

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

Effectiveness of the external Auditor

The annual effectiveness review in respect of financial year 2020 was conducted during the year under the guidance of the Committee Chair, on behalf of the Committee, and covered amongst other things a review of the audit partners, audit resource, planning and execution, Committee support and communications, and PwC's independence and objectivity. Overall feedback was positive with the same rating versus prior year. One area of improvement was suggested around audit planning, bringing discussions and audit requests forward. However, this was impacted by the pandemic and the remote nature of audits. Based on these reviews, the Committee was satisfied with the performance of PwC in the fulfilment of its obligations as external Auditor and of the effectiveness of the audit process in FY20. Consequently, the Committee recommended to the Board that PwC be reappointed as external Auditor at the AGM. The Committee is once again grateful to PwC for completing its work on the Company's FY21 audit under the ongoing difficult circumstances created by the Covid-19 pandemic.

Risk management and internal control

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

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

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

Internal Audit

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

The Group Head of Internal Audit has direct access to the Committee and meets regularly with both the Committee and its Chair, without the presence of management, to consider the work of Internal Audit. The Committee approved the programme of work for the Internal Audit function in respect of the 2021 financial year, which was focused on addressing both financial and overall risk management objectives across the Group.

During the year, 24 Internal Audit reviews were undertaken, with the findings reported to both the Management Board and the Committee, with recommendations tracked and progress subsequently reported back to the Committee.

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

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

Anti-bribery and corruption

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

Audit Committee effectiveness

The Committee considered its effectiveness in discharging its duties during the year. The Committee looked at the work it had carried out during the year and considered that its performance during the year was effective when measured against its terms of reference and general audit committee best practice.

Details of the main activities of the Committee and its role and responsibilities have been detailed earlier in this Report.

REMUNERATION REPORT CHAIR'S ANNUAL STATEMENT AND SUMMARY

“

FY21 is the first year of our new Remuneration Policy and, while business has improved in the second half of our financial year, we continue to be aware of the impact of the pandemic on all stakeholders and have carefully considered any remuneration outcomes to ensure they reflect the underlying business context.

”

Susan Murray

Chair of the
Remuneration Committee



Dear Shareholder

FY21 has been the first year of our Remuneration Policy (the Policy) as approved by shareholders at the 2020 AGM with a favourable vote of 91.47%. The implementation of our Policy in FY20 received a favourable advisory vote of 99.65%.

Backdrop to FY21 targets and FY21 business review

As we set out in last year's Remuneration Report, when the Committee met to finalise the targets for FY21, all aspects of the business were heavily impacted by the Covid-19 global pandemic; we had traded at break-even profitability in Q4 of FY20 and very modest levels of profitability in Q1 FY21. We had minimal momentum in the business and uncertainty around the ongoing impact of Covid-19 on the broader economy and our business remained exceptionally high as most of the major countries we operate in were just entering second phase lockdowns.

The Committee carefully considered the targets it should apply to the annual bonus and PSP awards for FY21. The Committee decided to widen the range around the profit targets for the FY21 annual bonus to reflect the unprecedented level of uncertainty on FY20 earnings and to ensure that any maximum bonus target would require a level of profit achievement significantly above the then consensus external forecast. We also, for one year only (Annual Bonus and PSP), moved to an absolute operating profit target, rather than EPS, as the tax rate was exceptionally volatile at such low levels of profitability, and we wanted to ensure that any bonus performance was driven by underlying operating profit. Finally, as we mentioned in last year's Remuneration Report, with a likely low level of profitability, our normal methodology of cash conversion was no longer an appropriate measure in FY21 and thus we moved to an absolute cash generation target range consistent with the absolute operation profit ranges mentioned above.

Given the uncertainty in the market, it was accepted at the outset that the Committee would need to apply judgment when assessing the strength of performance at the end of the performance period.

Against such a highly uncertain and volatile backdrop, our trading performance in FY21 was very encouraging. The financial performance delivered was significantly in excess of both the Board's expectations and that of the market when the targets were set. In fact our EBIT of £95.1 million (£97.7 million at Budget exchange rates), was more than 60% above consensus and c.30% above the top of the range when we set the targets, and this led to two profit upgrades during the year, which contributed to a strong share price performance. There was also continued focus on our long-term strategic priorities with investment into our growth agenda. Finally, cash performance was also very strong; we delivered all-time record low DSOs and a year-end net cash position of £410.6 million, and this, allied to the strong rebound in profitability in the second half of the year, led to the resumption of dividends to shareholders.

Clearly the material reduction in profitability in FY20 and FY21, compared with that expected pre-pandemic, has heavily impacted the three-year cumulative EPS performance in the long-term PSP ending in FY21. Contrastingly, cash performance over the same three years was very strong.

Our approach to executive award for FY21 has been carefully considered and reflects the business results.

FY21 Annual Bonus

It was recognised that, while the pandemic continued, there was likely to be a materially lower level of profitability in FY21 and therefore Cash Conversion, at such a level of profitability, was no longer an appropriate measure for the FY21 Annual Bonus. Cash generation is a key strategic goal and therefore an appropriate alternative was determined. The FY21 Annual Bonus metrics were changed from EPS to EBIT and from Cash Conversion to Operating Cash and a prudent and cautious optimism was applied to setting annual targets. A wide range was put around the on-target levels with what was felt to be an additional stretch target to achieve maximum payment. As in past years, Annual Bonus targets have been retrospectively disclosed on pages 92 to 94.

The continued Covid-19 pandemic has made business forecasting difficult and the Committee is cognisant that what were felt to be very challenging annual bonus targets at the time they were set, and which were ahead of consensus at the time, have ultimately been significantly exceeded. In practice, actual results far exceed any reasonable forecast from when targets were originally set. The Committee therefore took appropriate time to carefully consider the outcomes of the FY21 Annual Bonus plan and underlying business results.

During FY21, Hays took no operating profit benefit from the UK furlough scheme, paid all deferred tax benefits received in FY20 on a global basis and with the materially improved trading performance in the second half of the year and the strong cash performance has decided to reinstate both core and special dividend payments to shareholders.

Despite the continued challenges due to Covid-19 and the fact that many of our offices remained closed for much of FY21 with employees working flexibly from home and office, the business has performed strongly in the second half of the financial year. The continued investment in future growth opportunities has also been a key feature of the year.

The Committee took time to debate the bonus formulaic results and consider the input and efforts of the executive directors to drive the Company back to strategic growth versus the market conditions that changed significantly versus the forecast at the time the targets were set. The Committee wished to ensure that there were no significant 'windfall' gains and that the bonus out-turn was merited.

The Committee took into account the impact on key stakeholders and the fact that deferred tax payments had been paid and there is a reinstatement of dividend payments to shareholders. In addition, it was felt important to remember that during FY20, at the height of the pandemic, the executive directors volunteered a reduction to their salaries and agreed not to receive any FY20 Annual Bonus, despite the fact that the formulaic outcome would have delivered a payment, in recognition of the impact on Hays' stakeholders, both internal and external, in FY20.

Additionally, the Committee reflected on the performance of both the business and management over FY20 and FY21 and noted the combined pay-out of 48.5% of maximum for the two years.

As a result, the Committee feels that the outcomes of the FY21 Annual Bonus are appropriate given the challenges faced and the work required during FY21 to return to growth.

The 2020 (FY21) PSP target setting

Given the complex challenges of Covid-19, and in line with the IA guidance at that time, we delayed the target setting for the 2020 PSP awards until November 2020 to ensure that they were felt to be sufficiently robust and stretching. Full details of the awards to the executive directors, together with their associated targets, were disclosed on our website in November 2020 and also can be seen on page 100 of this report. The Committee recognises that the EPS target range is lower in absolute terms than the target applied in the previous year's grant. However, given the impact of Covid-19 on the global economy and our business and the level of uncertainty on the trajectory of economic recovery at the time, the Committee is comfortable that these targets were challenging in relative terms when taking into account market expectations when the targets were set. As with all incentive plans, the Committee will consider the final outcomes at the end of the performance period and weigh them against the context of overall business performance and market conditions to ensure they are a fair and appropriate reflection of performance.

The 2018 (FY19) Performance Share Plan (PSP) vesting

The 2018 PSP is the second award to vest under the Policy approved in 2017. It vested at 50% reflecting the three-year performance period that ended on 30 June 2021.

Cash performance over the last three years has been outstanding and this is reflected in the vesting outcome. The working capital position achieved at year-end will in practice increase the stretch of cash targets for future years. The EPS targets were set in a different economic environment and therefore proved to be unrealistic given the impact of the pandemic.

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

Shares that vest under the 2018 PSP will now be held for a further two years before release in 2023. During this Holding Period they will be subject to clawback conditions.

Full details of the executive directors' remuneration for FY21 can be found in the Single Figure on page 90 and the full Annual Report on Remuneration on pages 90 to 111.

Remuneration for FY22

FY22 Salary review

Reflecting the economic environment in 2020, the executive directors received no salary increase for FY21 and therefore salaries remained the same as for FY20. Given the more positive business results and outlook, it was felt appropriate to have a pay review for FY22 and the executive directors have received a 2% increase effective from 1 July 2021 in line with the pay budget for other employees in the UK.

Pension

In line with the Policy approved at the November 2020 AGM, pension contributions for the executive directors remain at 20% of salary (reduced from 30%) until 31 December 2022 when they reduce to that of the majority of employees in the UK.

Annual Bonus for FY22

Annual Bonus potential is 150% of salary. For FY22, with the strong improvement in second half trading in FY21 and a more positive market outlook, we have reverted back to our normal metrics for the Annual Bonus which are EPS and Cash Conversion. Annual Bonus targets will be retrospectively disclosed in the FY22 report.

2021 (FY22) PSP grant

Under the 2020 Policy, the PSP was increased to a maximum of 200% of salary. However, it was agreed that, due to the impact of the pandemic, the PSP would remain at 150% of salary for the first year of the Policy i.e. FY21, with the first consideration of an award at 200% for FY22. After due consideration, the Committee has agreed an award of 200% of salary for FY22 in order to increase focus on long-term performance delivery.

The Remuneration Committee is keen to spend appropriate time calibrating and reviewing the targets for the FY22 PSP awards to ensure that they are sufficiently robust and stretching. Therefore, the Committee is still in the process of finalising targets for this FY22 award. We currently intend to publish details of the targets for the FY22 PSP on the Company website, in advance of the AGM, with a view to allowing sufficient time for investors to see them prior to the AGM.

Any shares that vest under the FY22 grant would be subject to a further two-year Holding Period. The PSP is subject to both Malus and Clawback conditions.

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

Other Committee activities in FY21

In addition to the consideration of salary, bonus and PSP for the executive directors, the Committee also reviewed the annual fee for the Chairman.

It was determined that there would be a 2% increase to the Chairman's fee for FY22 in line with the pay review budget for UK employees. For information, the non-executive directors also have had their base fee increased by 2% for FY22. The SID and Committee Chair fees have remained the same. Fee levels for FY22 can be seen on page 109.

While the UK Government extended the reporting deadline for the 2020 Gender Pay Gap to October 2021, the Committee published the results close to the normal deadline of 4 April 2021 and has continued to monitor actions being taken within the Company to close the gap.

Clear reporting and transparency

We aim to make the Directors' Remuneration Report clear, concise and easy to follow. We have included a Remuneration At A Glance page. Our 2020 Remuneration Policy can be found on our website haysplc.com. However, to help with understanding we have summarised the Policy above each remuneration outcome. We hope that readers will find this helpful.

We trust that this report demonstrates how we balance performance, reward and underlying associated behaviours and that we place great importance on our duty not only to shareholders but to our wider workforce, other stakeholders and that we are aware of the greater societal issues and market sentiment. We are especially vigilant as the Covid-19 pandemic continues to flare in certain locations and its impact continues to be felt in the varying economies and as people adjust to new and flexible working practices.

Susan Murray

Chair of the Remuneration Committee
25 August 2021

See the Committee's Terms of Reference online at haysplc.com

Membership and meetings

Six formal meetings were held during FY21 – two in July 2020 and then one in each of August 2020, November 2020, January 2021 and May 2021.

Attendance is shown on page 70. In addition, members participated in other discussions as required.

This report is structured as follows:

Section	What it includes
Letter from the Remuneration Committee Chair Page 83	
Remuneration At A Glance Page 87	
Summary of our Remuneration Policy and how it links to strategic objectives Page 88	
Annual Report on Remuneration Page 90	This report is divided into sections: 1. Single Figure of Remuneration – page 90 2. Long-term value creation – page 98 3. Remuneration in the broader context – page 103 4. Statement of implementation of the Remuneration Policy in the following financial year – page 107 5. Governance – page 110
Our full current Remuneration Policy	Our full current Remuneration 2020 Policy as applicable to FY21 can be found on our website at haysplc.com

REMUNERATION AT A GLANCE

Summary of our current Remuneration Policy and structure for FY21

Key reward component	Key features
Base salary and core benefits	Competitive salary and benefits to attract right calibre of executive.
Annual Bonus 60% EBIT 20% Operating cash 20% Personal	- Maximum potential 150% of salary. - Key financial KPIs and personal objectives. - FY21 metrics were changed from EPS to EBIT and from Cash Conversion to Operating Cash.
Performance Share Plan 30% EPS 50% Cash Conversion 20% TSR	- Max potential 200% of salary but 150% awarded in 2020. - KPIs focused on long-term sustainability and shareholder returns. - Five-year lifespan: three-year Performance Period plus two-year Holding Period.
Shareholding requirements	- CEO: 200% of salary. - CFO: 200% of salary. - Ensure material personal stake in the business.

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

Reward linked to performance – what did we do?

More details pages 90 to 97

Reward component	What we have done
Base salary	- There were no salary increases for CEO and CFO. Salaries for FY21 remained the same as for FY20. - CEO: £767,763 p.a. - CFO: £553,556 p.a. - There were also no salary increases for employees in the UK for FY21.
Bonus	- Bonus payments in relation to FY21 equated to: - CEO: 97% of maximum i.e. 145.5% of salary equating to £1,117,095 - CFO: 97% of maximum i.e. 145.5% of salary equating to £805,424 50% of the above awards deferred into shares for three years
PSP	150% of salary awarded (maximum under Policy is 200% of salary)
Shareholdings at 30 June 2021 (Beneficial Ownership)	- CEO: 831% of base salary (requirement 200%) - CFO: 422% of base salary (requirement 200%)

The Single Figure can be found on page 90

How have we performed?

More details pages 92 to 96

Bonus

Metrics were changed to EBIT and Operating Cash for FY21 because of the volatility of tax rates and cash conversion at lower levels of profitability. Results are shown below.

Metric	Target range	Actual	% of max paid
EBIT*	£0m to £60m	£97.7m*	100%
Operating Cash	£4m to £46.5m	£130.8m	100%
Personal CEO/CFO		85%	

* EBIT is measured at constant currency exchange rates. Therefore actual performance differs to reported performance due to movements in exchange rates during the year.

September 2018 PSP award – grant 150% of base salary – made under the Policy approved at the November 2017 AGM

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

Metric	Threshold	Maximum	Actual	% of max achieved
EPS – 30%	37.31p	43.69p	20.87p	0%
Cash Conversion – 50%	71%	101%	134.31%	100%
Relative TSR – 20%	Median of comparator group	Upper quartile of comparator group	Below median	0%

Total % of award vesting: 50%

Key general business highlights

- Covid-19 pandemic heavily impacted H1 trading, but recovery accelerated in H2 with strong sequential fee and profit growth.
- As a result like-for-like fees declined by (8)% and operating profit by (31)%. Whilst operating profit declined to £95.1 million, encouragingly £70.0 million was earned in H2.
- Strong cash performance both in FY21 and across FY19-FY21 driven by record low debtor days.
- Improved confidence and strong balance sheet supports the resumption of core and special dividends.

More details can be found on page 44.

What changes were made to the Remuneration Policy in FY21?

- FY21 is the first year of the Remuneration Policy approved at the November 2020 AGM.
- We received a binding vote of 91.47% in favour of the Policy at the November 2020 AGM indicating strong support for our approach.
- Our full Remuneration Policy can be found on pages 85 to 97 of the FY20 Annual Report and on our website, haysplc.com.
- A summary of the Policy can be found in the explanation of the Single Figure of Remuneration on pages 90 to 97.

REMUNERATION POLICY AND HOW IT LINKS TO STRATEGIC OBJECTIVES

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

The incentive plans support our four key strategic priorities:



Materially increase and diversify Group profits;



Generate, reinvest and distribute meaningful cash returns;



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



Build critical mass and diversity across our global platforms.

- Financial metrics (80%) place emphasis on profit and maintain focus on cash returns and business efficiency. 
- Personal objectives (20%) provide building blocks to longer-term strategic goals. 
- 50% of any award is deferred into shares for three years to ensure a long-term focus.
- Malus and Clawback apply.
- Our approach to pay continues to meet Principal 40 of the 2018 UK Corporate Governance Code. Further detail is provided on page 97 of the 2020 Report & Accounts.

SHORT-TERM AGILITY

Annual Bonus

Financial
(Profit and Cash) 80%

Personal
20%

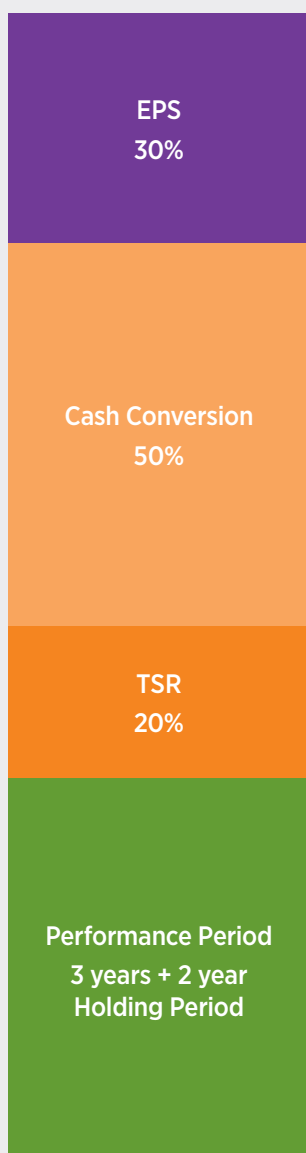
Performance Period
1 year
50% deferred
into shares

150% of
base salary

Focus on

Shareholding 200%

PSP



long term

of base salary

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

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

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

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

LONG-TERM SUSTAINABILITY AND FOCUS

ANNUAL REPORT ON REMUNERATION

Section 1 – Total reward for FY21

In this section:

1.1 FY21 Single Figure for executive directors

1.1.1 Salary

1.1.2 Benefits

1.1.3 Pension

1.1.4 Other benefits

1.1.5 Annual Bonus

1.1.6 PSP

1.2 FY21 fees for non-executive directors (NEDs)

Section 1 – Total Reward for FY21

Remuneration for FY21 reflects the Policy approved by shareholders at the 2020 AGM and, in line with that Policy, includes a legacy PSP which was granted under the Policy approved at the November 2017 AGM and which vests in FY21. Further details are given in the notes to the Single Figure table.

1.1 FY21 Single Figure for executive directors

Single Figure of remuneration (audited)

The following table shows the total Single Figure of remuneration for each executive director in respect of qualifying services for FY21. Comparative figures for FY20 have also been provided. Details of non-executive directors' (NEDs') fees are set out in Section 1.2 on page 97.

£000s Executive director	Salary Note 1	Benefits Note 2	Pension Note 3	Other Note 4	Total Fixed Remuneration	Annual Bonus Note 5	Total Remuneration excluding PSP ^(a)	PSP Note 6 and ^(b)	Total Variable Pay ^(c)	Total Remuneration ^(b)
FY21										
Alistair Cox Chief Executive	768	42	154	0	964	1,117	2,081	505	1,622	2,586
Paul Venables Group Finance Director	554	39	111	0	704	805	1,509	364	1,169	1,873
FY20										
Alistair Cox	749	50	230	0	1,029	0	1,029	439	439	1,468
Paul Venables	540	38	166	0	744	0	744	317	317	1,061

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

(b) The FY20 PSP figures for the award that was granted in 2017 (FY18) and vested in 2020 now reflect the actual vesting price on 21 November 2020 of £1.33 (The price on 20 November 2020 was used as 21 November 2020 was a Saturday). No shares were released but moved into their Holding Period. More detail is shown on page 97.

(c) Sum of Annual Bonus and PSP.

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

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

1.1.1 Salary – note 1 (audited)

Policy summary

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

What has happened

There were no salary increases for FY21 and therefore base salaries remained the same as for FY20. The difference in figures between FY20 and FY21 in the table below is due to the fact that, as a result of the impact of Covid-19 on the business, the executive directors took a salary reduction of 10% for the three-month period 1 April to 30 June 2020, representing the last quarter of FY20. There was no salary reduction in FY21.

Name	Salary for FY21	Increase over FY20	Full Salary for FY20	Salary paid in FY20 including reduction for last three months
Alistair Cox	£767,763	0%	£767,763	£748,569
Paul Venables	£553,556	0%	£553,556	£539,717

1.1.2 Benefits – note 2 (audited)

Policy summary

- Core benefits align with those for other UK employees.

What has happened

There were no changes in FY21.

£000s Executive director	Private Medical Insurance (PMI)	Life assurance	Income protection	Other ⁽¹⁾	Car/Car allowance	Total
FY21						
Alistair Cox	2	12	15	0	13	42
Paul Venables	2	4	15	0	18	39
FY20						
Alistair Cox	2	11	13	4	20	50
Paul Venables	2	5	13	–	18	38

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

- (1) Both Alistair Cox and Paul Venables purchased shares as part of the equity raise in 2020. As the amount paid was marginally lower than the share price on the day, Alistair and Paul were deemed to have received a taxable benefit. This represented £281 each. As the above table represents £000s, the amount is shown as zero. For FY20 the amount shown was in relation to travel and mileage – there were no travel and mileage benefits in FY21.

1.1.3 Pension – note 3 (audited)

Policy summary

- Other than a cash payment in lieu of pension at the rate of 20% of base salary, there are no other pension arrangements for the directors.
- For the sake of clarity, neither executive director has any defined benefit pension provision.

What has happened

The Remuneration Committee reviewed the approach on retirement benefits as part of the Policy renewal approved at the November 2020 AGM. As a result, pension reduced from 30% of base salary in FY20 to 20% of base salary for FY21. It will move to the level of the majority of Hays' UK employees by 31 December 2022.

£000s Executive director	Pension
FY21	
Alistair Cox	154
Paul Venables	111
FY20	
Alistair Cox	230
Paul Venables	166

1.1.4 Other benefits – note 4 (audited)

Policy summary

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

What has happened

Alistair Cox participated in the March 2017 and April 2021 Hays Sharesave Scheme and Paul Venables participated in the March 2017, March 2019 and April 2021 Hays Sharesave. Details are shown on page 98.

£000s Executive director	Other
FY21	
Alistair Cox	0
Paul Venables	0
FY20	
Alistair Cox	0
Paul Venables	0

Notes:

- (1) Alistair Cox's savings under the 2017 Sharesave Scheme were repaid but the options remained available until 1 November 2020 at which point they lapsed.
 (2) Paul Venables did not exercise his options under the 2017 Sharesave Scheme in FY21 and they subsequently lapsed.

Other plans have not yet reached maturity and therefore there are no gains.

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1.1.5 Annual Bonus – note 5 (audited)

Policy summary

- Maximum bonus potential for FY21 under the 2020 Policy is 150% of base salary, of which 50% of any award is paid in cash and 50% is deferred into shares.
- Bonus is based on financial KPIs and personal objectives.

What has happened

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

For bonus awarded in relation to FY21 performance, 50% of the figure shown is deferred into shares for three years.

There are no further performance conditions but leaver terms apply.

The cash element of the bonus award is subject to Clawback for three years from award. The deferred element is subject to Malus for the three-year Holding Period.

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

Summary

£000s Executive director	Annual Bonus actually awarded	Of which cash	Of which deferred
FY21 – 50% deferred into shares			
Alistair Cox	1,117	558	559
Paul Venables	805	402	403
FY20 – 50% deferred into shares			
Alistair Cox	0	0	0
Paul Venables	0	0	0

Details of the FY21 Annual Bonus

The performance metrics and objectives	Assessment	Achievement and what happens now
Due to the uncertainty of the market as a result of the Covid pandemic, the financial metrics were changed for FY21. – 60% on Group EBIT (in lieu of Group EPS); – 20% on Group Operating Cash (in lieu of Cash Conversion); and – 20% on personal objectives. Overall, both executives achieved 85% of these objectives. EBIT is operating profit before interest and tax. Operating Cash is defined as EBIT + Depreciation + Share Based payments +/- working capital (inflow or outflow), which excludes the payment of £118.3m of payroll and tax deferred at 30 June 2020, any exceptional cash items from prior years and is stated on a pre-IFRS 16 basis. As noted in the Chair's statement, the targets were set when there was considerable market uncertainty. Full payouts for the financial measures would require very significant out-performance of consensus forecasts at the time.	The Committee reviews both the Group's results and executive directors' performance against their personal objectives. In addition to the assessment of the individual executives' overall performance against key objectives, the Committee also takes into account its views of the directors' regulatory compliance and approach to risk (including environmental, social or governance (ESG) risks). Use of discretion As stated in the Chair's letter, the Committee took into account the uncertainty and unpredictability of the market when setting the financial targets for FY21 as the Covid pandemic was still impacting the world. It has carefully reviewed the actual results and considered the underlying performance of the Company, the market and economic circumstances, which are still impacted by the Covid pandemic, any impact on the Company's key stakeholders and the input of the executives in achieving the final outcomes. Consideration included the facts that dividend payments have been reinstated, deferred payments have been made and the Company has taken no furlough support in 2021. The number of debtor days has also been reduced. After careful reflection, the Committee feels that the formulaic outcome of the FY21 bonus is fair and justified and has exercised no discretion. Although the formulaic outcome of the FY20 annual bonus would have delivered a payment, the Committee agreed with the executive directors that it would have been inappropriate to make any payment for FY20 due to the effects of the pandemic on Hays' key stakeholders. No bonus was therefore awarded in relation to FY20.	Alistair Cox Achieved 145.5% of salary (out of 150% maximum potential) i.e. 97% of maximum. This equates to a bonus of £1,117,095 (as stated in the Single Figure) of which: – 50% or £558,547 will be paid as cash; and – 50% or £558,548 will be deferred into shares for three years. There are no further performance conditions. Paul Venables Achieved 145.5% of salary (out of 150% maximum potential) i.e. 97% of maximum. This equates to a bonus of £805,424 (as stated in the Single Figure) of which: – 50% or £402,712 will be paid as cash; and – 50% or £402,712 will be deferred into shares for three years. There are no further performance conditions. Clawback and Malus The cash element of the bonus is subject to Clawback for three years from the date of award. The deferred element is subject to Malus for the three-year deferral period.

Calculation of actual results (audited)

Annual Bonus FY21 outcome						Alistair Cox		Paul Venables	
Performance condition	Weighting	Threshold performance required	Maximum performance required	Actual performance	Annual Bonus value for meeting threshold and maximum performance (% salary)	Achievement % salary	Bonus value £000s	Achievement % salary	Bonus value £000s
EBIT	60%	£0m ⁽¹⁾	£60m	£97.7m*	18 – 90	90%	691	90%	498
Operating Cash	20%	£4m	£46.5m	£130.8m	6 – 30	30%	230	30%	166
Personal	20%	–	100%	85%	0 – 30	25.5%	196	25.5%	141
Total FY21	100%	These totals are in the FY21 Single Figure				145.5%	1,117	145.5%	805
(1) No payment for negative EBIT						Of which cash – 50%	558	Of which cash – 50%	402
						Of which deferred – 50%	559	Of which deferred – 50%	403

* EBIT is measured at constant currency exchange rates. Therefore actual performance differs to reported performance due to movements in exchange rates during the year.

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Personal objectives

Personal objectives are weighted at 20% of the executive directors' Annual Bonus potential (a maximum of 30% of base salary). They are comprised of specific issues that should be achieved during the financial year to safeguard the business and contribute to, or form, the essential building blocks of our future long-term strategic priorities. As a result, some details of the executives' objectives cannot be fully disclosed due to their commercial sensitivity. However, the key major themes of the objectives and the executives' broad achievements are summarised below.

CEO – Alistair Cox

Broad themes	Summary of progress
Execute on return to growth plans following the Covid pandemic, including a review of the capital structure, cash and dividend policies.	Group plans were implemented for all key geographies with overall Group investment of c.£20m. Clarity on future strategy has been communicated. These objectives have been fully met. Score 8/8
Welfare of employees including the design of new flexible working policies and plans for return to office	Consultation with all key offices and surveys of employee thoughts around a new working model. Increased flexibility has been introduced around the world with many countries now looking to have five days in the office during a two-week period. Implementation is being staged due to varying levels of Covid cases in each area and employee wellbeing is precedent. This objective has been partially met. Score 3/4
Development of the ED&I strategy across the business	Targets have now been established to increase gender representation in senior leadership positions. Detailed reviews of ED&I issues have been carried out in the UK, USA and Germany and processes and action plans are now being considered. This objective was partially met. Score 3/4
Succession planning	Detailed reviews have taken place regarding key senior management roles. Score 3/4

Overall it was considered that the CEO had met 85% of his objectives. (Score 17/20)

CFO – Paul Venables

Broad themes	Summary of progress
Manage and coordinate a number of changes to the senior global finance teams without any adverse impact on the control environment. Continue the proactive development of key finance members as part of the overall finance succession plan.	A number of changes were made as planned with all roles filled by strong internal candidates and with seamless transition and no control issues. Strong progress achieved on the overall finance succession planning process and development of key individuals. Score 4/4
Complete the development and roll-out of a remote auditing programme on a global scale to ensure Internal Audit can continue to carry out its global work programme. Following the promotion of the team members into line finance roles, manage the effective rebuild of the function and ensure audit quality and frequency is maintained throughout.	These objectives were fully achieved. Score 4/4
Complete the development and implementation of key finance systems into Canada & HK, the roll-out of a global Power BI solution and further develop the advanced automation strategy for our main finance centres.	The systems and Power BI programmes were fully implemented, and good progress has been made on automation and rolled into a comprehensive review of our back-office functions started during the year. Score 3/4
Oversee and support the finance operational improvement plan for Germany including the upskilling of SSC Management.	Management upskilling achieved and good progress on all major projects achieved during the year. Score 3/4
Execute on a number of Group related projects including the review of the capital structure, cash and dividend policies, active role in the design of and monitoring of the return to growth plans, German tax structure post-Brexit and other projects.	All key projects designed and implemented. Score 3/4

Overall, it was considered that the CFO had met 85% of his objectives. (Score 17/20)

1.1.6 PSP – note 6

Policy summary

- The 2018 (FY19) PSP was granted under the Policy approved at the November 2017 AGM.
- Maximum potential for executive directors was 150% of base salary at grant.
- KPIs were focused on long-term sustainability and shareholder returns.

- Performance period was three years which is followed by a two-year Holding Period.
- Threshold performance equates to 25% of the award.
- Award is subject to Malus provisions prior to vesting and Clawback provisions for up to two years post-vesting during the Holding Period.

What has happened

50% of the 2018 (FY19) award vested in 2021. No Malus was exercised.

PSP 2018 (granted in FY19) vesting in 2021

The value of the 2018 PSP (vesting in September 2021) is based on a share price of £1.6572 which was calculated using an average for the final quarter of the financial year in accordance with the Regulations as the vesting will occur after the date of this Report. The share price on award was £2.058 being the closing price on the day preceding the grant date. The award vested at 50% of the maximum.

See page 96 for detailed information on performance against targets.

Executive director	Value £000s in Single Figure based on share price of £1.6572	Restatement
2021		
Alistair Cox	505	Value will be restated in FY22 report when vesting share price is known.
Paul Venables	364	

Details of PSP 2018 (granted in FY19) vesting in 2021

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

The performance metrics and objectives	Assessment	Achievement and what happens now
Three-year plan Performance period: 1 July 2018 to 30 June 2021. Granted: 12 September 2018 and will vest on 12 September 2021. Vesting will be followed by a two-year Holding Period. Performance Metrics 30% on cumulative earnings per share (EPS): focuses on longer-term shareholder returns. 50% on Cumulative Cash Conversion focuses on ongoing business cash efficiency, whatever the trading circumstances of the Company. 20% on relative total shareholder return (TSR): Ranks the performance of Hays against a sector group of comparator companies: Adecco SA Kelly Services Inc Manpower Inc Page Group plc Randstad Holdings nv Robert Half International Inc Robert Walters plc SThree plc	Cumulative Earnings Per Share is the consolidated basic earnings per share of the Group for each financial year cumulative over the performance period, as calculated based on the accounting standards in place when issued. Goodwill impairments arising from acquisitions prior to 30 June 2006 are excluded from the earnings per share calculation. The Committee may make adjustments to the calculations of cumulative earnings per share, including taking into account unusual or non-recurring items that do not reflect underlying performance. It should be noted that the EPS targets for the 2018 award were set prior to the pandemic and therefore reflected a very different economic outlook which, in practice, was unachievable due to the impact of Covid-19 on FY20 and FY21 results. Cumulative Cash Conversion three-year Cash Conversion is the cumulative operating cash flow of the Group prior to deducting net capital expenditure items stated as a percentage of cumulative operating profit before exceptional items. TSR for each company measures the change in value (in Sterling terms) of a notional shareholding (including dividends) in that company based on dealing days in the three-month period prior to the start and end of the performance period. The TSR for Hays' shares is ranked against the respective TSR performance of the comparator group. Vesting will be subject to satisfactory financial performance over the performance period as determined by the Committee.	Alistair Cox Awarded 548,621 shares in 2018. 50% of the award has vested. 304,812 shares are due to vest in September 2021 which includes accrued dividend equivalent shares. This equates to a value of £505,133 using a preliminary share price of £1.6572 – see page 96. Paul Venables Awarded 395,555 shares in 2018. 50% of the award has vested. 219,768 shares are due to vest in September 2021 which includes accrued dividend equivalent shares. This equates to a value of £364,199 using a preliminary share price of £1.6572 – see page 96. Notes The Committee is satisfied that out-turns suitably reflect performance over the period. These values will be restated in FY22's Report once the final share price is known. Vested shares for both Alistair and Paul will now be subject to a two-year Holding Period.

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Actual results

PSP 2018 (granted in FY19) vesting in 2021 (audited)

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

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

Performance condition	Weighting	Threshold performance required	Maximum performance required	PSP value as % of salary for:			Actual performance	PSP Value achieved as % of base salary
				Below threshold	Threshold	Maximum		
Relative TSR ⁽¹⁾	20%	Median of the comparator group	Upper quartile of the comparator group	0	7.5%	30%	Below median	0%
EPS ⁽²⁾	30%	37.31p	43.69p	0	11.25%	45%	20.87p	0%
Cash Conversion	50%	71%	101%	0	18.75%	75%	134.31%	75%
Total	100%			0	37.50%	150%		75%
					25% of award	100% of award		50% of award

(1) TSR is measured against a bespoke comparator group, with vesting subject to satisfactory financial performance as determined by the Committee.

The comparator group is Adecco SA, Kelly Services Inc, Manpower Inc, Page Group, Randstad Holdings nv, Robert Half International Inc, Robert Walters plc and SThree plc.

(2) The Committee took into account the following factors when setting the EPS targets:

- Budget (the setting of which is a robust and transparent process):
 - Company budget for FY19 and the expectations for performance;
 - Strategic direction of the business over the period covered by the PSP award; and
 - Market conditions and visibility of future trading;
- Analysts' forecasts; and
- Threshold and maximum ongoing growth expectations for years two and three are set around a fixed range.

Notes:

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

The award is subject to Malus for the three-year Performance Period and Clawback during the two-year Holding Period. The Malus and Clawback provisions are:

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

Name	% of FY19 salary awarded	Face value at award £000s	Share price at award £	Maximum number of shares excluding dividends	Maximum number of shares including dividend equivalent shares	Number of shares that vested including dividend equivalent shares	Vest date	Release date	Value (figure shown in Single Figure of Remuneration) £000s ⁽¹⁾	2017 award that vested in 2020 as stated in the FY20 Single Figure £000s	2017 award value restated using share price at vest date £000s ⁽²⁾
Alistair Cox	150	1,129	2.058	548,621	609,625	304,812	12 September 2021	12 September 2023	505	368	439
Paul Venables	150	814	2.058	395,555	439,538	219,768	12 September 2021	12 September 2023	364	265	317

(1) The value of the 2018 PSP is based on a share price of £1.6572 which was calculated using an average for the final quarter of the 2021 financial year in accordance with the Regulations as the vesting will occur after the date of this report.

(2) The value of the 2017 PSP disclosed in the 2020 Single Figure was based on a share price of £1.1135 which was calculated using an average for the final quarter of the 2020 financial year in accordance with the Regulations as the vesting occurred after the date of the Report. The share price on award was £1.872. The actual share price on the date of vesting was £1.33. The date of vesting was 21 November 2020 but, as this fell on a Saturday, the previous day's price on 20 November 2020 has been used. This price has been used to restate the value of the 2017 PSP awards in the Single Figure for 2020 in the table above and the Single Figure table on page 90. Please note that no shares were released on this date. The shares that vested were placed into their two-year Holding Period.

Performance conditions

The Committee believes that the performance conditions for all incentives:

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

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

PSP 2017 (granted in FY18) vesting in 2020

The value of the 2017 PSP (which vested in 2020 and was disclosed in the 2020 Single Figure) was based on a share price of £1.1135 which was calculated using an average for the final quarter of the 2020 financial year in accordance with the Regulations as the vesting occurred after the date of the Report. The share price on award was £1.872. The actual share price on the date of vesting on 21 November 2020 was £1.33 (as 21 November 2020 was a Saturday, the price on the preceding day 20 November 2020 has been used). This price has been used to restate the value of the 2017 PSP awards in the Single Figure for 2020 in the table above and the Single Figure table on page 90. No shares were actually released but entered their two-year Holding Period.

£000s Executive director	Value in 2020 Single Figure based on share price of £1.1135	Value restated based on actual share price at vesting of £1.33
2020		
Alistair Cox	368	439
Paul Venables	265	317

1.2 Non-executive directors' FY21 fees (audited)

The table below shows the current fee structure and actual fees paid in FY21. There were no taxable benefits paid in FY21 or FY20.

£000s Non-executive director	Andrew Martin ⁽¹⁾	Peter Williams	Susan Murray	MT Rainey	Torsten Kreindl	Cheryl Millington
Chairman						
	SID					
		R	R	R	R	R
	N	N	N	N	N	N
	A	A	A	A	A	A
	WE					
Total fee FY21	224	82	71	71	58	58
Total fee FY20	219	80	69	69	57	57

(1) Andrew Martin purchased shares as part of the equity raise in 2020. As the amount paid was marginally lower than the share price on the day, Andrew was deemed to have received a taxable benefit. This represented £281.

Key – positions held during FY21

R	Remuneration Committee member
A	Audit Committee member
N	Nomination Committee member
SID	Senior Independent Director
RNA	Chair of relevant Committee
WE	Chair of Workforce Engagement

The annual Base Fee for FY21 was £57,963.

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

The annual fee for SID was £11,000.

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

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Section 2 – Long-term value creation

In this section:

2.1 Outstanding deferred Annual Bonus

2.2 Share options

2.3 Outstanding PSP awards

2.4 Statement of directors' shareholdings and share interests

2.5 TSR chart and table

2.6 Payments to past directors/payment for loss of office during FY21

2.1 Outstanding deferred Annual Bonus awards (DAB) (audited)

The table below shows the shares held under the DAB and those that were awarded or vested during FY21. The shares that vested related to deferred Annual Bonus from previous years. There were no shares awarded in FY21 as no Annual Bonus was awarded for FY20. Dividend equivalent shares which accrue under the DAB have been included in the table below.

There are no further performance conditions.

Name	Awards outstanding at 1 July 2020 ⁽¹⁾	Dividend equivalents accrued to date	Awards granted in FY21 ⁽²⁾	Grant price (market price at date of award)	Face value of award granted in FY21 (at grant price)	Dividend equivalent shares accrued to date	Awards vesting in FY21	Awards outstanding as at 30 June 2021
Alistair Cox	630,658	67,109	0	n/a	0	0	210,494	487,273
Paul Venables	454,703	48,382	0	n/a	0	0	151,763	351,322

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

(2) No awards were granted as no bonus was awarded for FY20.

2.2 Share options

Both executive directors participate in the UK Sharesave Scheme (approved by HMRC) on the same terms as other eligible employees.

The following table shows outstanding options over Ordinary shares held by the executive directors during the year ended 30 June 2021.

Name	Scheme date of grant	Balance 1 July 2020	Granted during 2021	Exercised	Lapsed/Cancelled	Balance 30 June 2021	Option price £	Exercise date	Market price on date of exercise £	Gain £000s	Date from which exercisable	Expiry date
Alistair Cox	31 March 2017	6,293	–	–	6,293	0	1.43	–	–	–	1 May 2020	31 October 2020 ⁽¹⁾
Alistair Cox	1 April 2021	–	6,293	–	–	6,293	1.43	–	–	–	1 May 2024	31 October 2024
Paul Venables	31 March 2017	3,776	–	–	3,776	0	1.43	–	–	–	1 May 2020	31 October 2020 ⁽²⁾
Paul Venables	28 March 2019	2,666	–	–	–	2,666	1.35	–	–	–	1 May 2022	31 October 2022
Paul Venables	1 April 2021	–	3,776	–	–	3,776	1.43	–	–	–	1 May 2024	31 October 2024

(1) Alistair Cox received a refund of his savings but the option remained open until 31 October 2020. It then lapsed.

(2) Paul Venables received a refund of his savings. The option lapsed.

2.3 Outstanding PSP awards

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

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

The share price used to calculate the award is £1.518, being the closing price on the day preceding the grant date.

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

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

Name	% of FY20 salary awarded	Face value at award £000s	Share price at award £	Maximum number of shares	Threshold number of shares (25%)
Alistair Cox	150	1,152	1.518	758,659	189,664
Paul Venables	150	830	1.518	546,992	136,748

(1) TSR is measured against a bespoke comparator group, with vesting subject to satisfactory financial performance as determined by the Committee. The comparator group for FY20 is: Adecco SA, Kelly Services Inc, Manpower Inc, Page Group, Randstad Holdings nv, Robert Half International Inc, Robert Walters plc and SThree plc.

(2) The Committee took into account the following factors when setting the EPS targets for the award:

- Budget (the setting of which is a robust and transparent process):
 - Company budget for FY20 and the expectations for performance;
 - Strategic direction of the business over the period covered by the PSP award; and
 - Market conditions and visibility of future trading;
- Analysts' forecasts; and
- Threshold and maximum ongoing growth expectations for years two and three are set around a fixed range.

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

Notes:

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

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

The Malus and Clawback provisions are:

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

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2020 PSP (granted in FY21) vesting in 2023 (made under the Policy approved at the November 2020 AGM)

As stated on page 116 of the Directors' Remuneration Report for FY20, given the complex challenges of Covid-19 we delayed the target setting for the 2020 PSP awards to ensure they were sufficiently robust and stretching. In line with the guidance published by the Investment Association, the Remuneration Committee agreed to disclose the targets within six months of the publication of the FY20 Annual Report & Financial Statements. The 2020 PSP targets were disclosed on the Hays plc website in line with this guidance.

The Committee recognises that the EPS target range is lower in absolute terms than the target applied in the previous year's grant. However, given the impact of Covid-19 on the global economy and our business and the level of uncertainty on the trajectory of economic recovery at the time, the Committee is comfortable that these targets were challenging in relative terms when taking into account market expectations when the targets were set. The Committee will consider the final outcomes at the end of the performance period and weigh them against the context of overall business performance and market conditions to ensure they are a fair and appropriate reflection of performance.

Performance period	1 July 2020 to 30 June 2023					
Grant date	20 November 2020					
Vest date	20 November 2023 followed by a two-year Holding Period					
Performance condition	Weighting	Threshold performance required (25% of the elements vest)	Maximum performance required (100% of the elements vest)	PSP value as % of salary for:		
				Below threshold	Threshold	Maximum
Relative TSR ⁽¹⁾	20%	Median of the comparator group	Upper quartile of the comparator group	0	7.5%	30%
EPS ⁽²⁾	30%	4.54p	7.34p	0	11.25%	45%
Cash Conversion	50%	71%	101%	0	18.75%	75%
Total	100%			0	37.50%	150%
					25% of award	100% of award

Name	% of FY21 salary awarded	Face value at award £000s	Share price at award £	Maximum number of shares	Threshold number of shares (25%)
Alistair Cox	150	1,152	1.345	856,241	214,060
Paul Venables	150	830	1.345	617,348	154,337

The award was made under the Policy approved by shareholders at the November 2020 AGM. Although the Policy allows for a grant of up to 200% of salary, it was agreed that a grant of 150% of salary would be made for FY21 to take into account the business and economic conditions and impact on key stakeholders arising from the Covid-19 pandemic.

- (1) TSR is measured against a bespoke comparator group, with vesting subject to satisfactory financial performance as determined by the Committee. The comparator group for the FY21 award is: Adecco SA, Kelly Services Inc, Manpower Inc, Page Group, Randstad Holdings nv, Robert Half International Inc, Robert Walters plc and SThree plc.
- (2) The Committee took the following into account when setting the EPS targets:
- EBIT Budget (the setting of which is a robust and transparent process):
 - Company EBIT Budget for FY21 and the expectations of EBIT performance for years two and three;
 - * Threshold and maximum growth expectations for years one, two and three have been set around a fixed range each year.
 - * In addition, due to the volatility of the composition of Group profitability by Geography across the Group, a fixed tax rate has been applied each year when converting from EBIT to EPS.
 - Strategic direction of the business over the period covered by the PSP award;
 - Market conditions and visibility of future trading; and
 - Analysts' forecasts.

Notes:

There is a two-year Holding Period post-vesting for any shares that vest as a result of performance conditions being met. The award is subject to Malus for the three-year performance period and Clawback during the two-year Holding Period.

The Malus and Clawback provisions are:

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

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

Policy summary

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

What has happened

The number of shares of the Company in which current directors had a beneficial interest and details of long-term incentive interests as at 30 June 2021 are set out in the table below.

Name	Shareholding requirement % of salary	Number of shares owned outright/ vested shares	Share price as at 30 June 2021	Base salary as at 1 July 2020	Actual share ownership as % of base salary	Guidelines met
Alistair Cox	200%	4,021,958	£1.586	£767,763	831%	Yes
Paul Venables	200%	1,471,526	£1.586	£553,556	422%	Yes

Shares used for the above calculation exclude those with performance conditions, i.e. those awarded under the PSP which are still within their Performance Period, any unexercised options, those shares subject to a period of deferral and any shares held in a private Trust where the executive director is not a Trustee. They include vested shares where the executive directors have beneficial ownership, shares independently acquired in the market and those held by a spouse or civil partner or dependant child under the age of 18 years. The executive directors' total shareholdings, including shares subject to deferral and including accrued dividend equivalents to 30 June 2021, but excluding Sharesave options, are shown below. For reference, their Sharesave options are shown in the table under 2.2 on page 98.

Name	Number of owned outright/ vested shares	Value of owned outright/ vested shares ⁽²⁾ £	Number of shares subject to deferral/ holding period ⁽¹⁾	Value of shares subject to deferral/ holding period ⁽²⁾ £	Number of total vested and unvested shares (excludes any shares with performance conditions)	Value of total vested and unvested shares (excludes any shares with performance conditions) ⁽²⁾ £	Share ownership as % of base salary using vested and unvested shares	PSP share interests including dividends subject to performance conditions
Alistair Cox	4,021,958	£6,378,825	817,721	£1,296,905	4,839,679	£7,675,731	1,000%	2,263,395
Paul Venables	1,471,526	£2,333,840	589,574	£935,064	2,061,100	£3,268,905	591%	1,631,903

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

(2) Share price as at 30 June 2021 and used in the above table was £1.586.

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

The table below shows the NEDs' shareholdings as at 30 June 2021 – this table has been audited.

Non-executive director	Shares held at 30 June 2021	Shares held at 30 June 2020
Andrew Martin	190,088	190,088
Peter Williams	46,806	46,806*
Susan Murray	4,000	4,000
MT Rainey	48,845	48,845
Torsten Kreindl	–	–
Cheryl Millington	–	–

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

* Peter Williams' shares for FY20 now reflect spouse shareholdings.

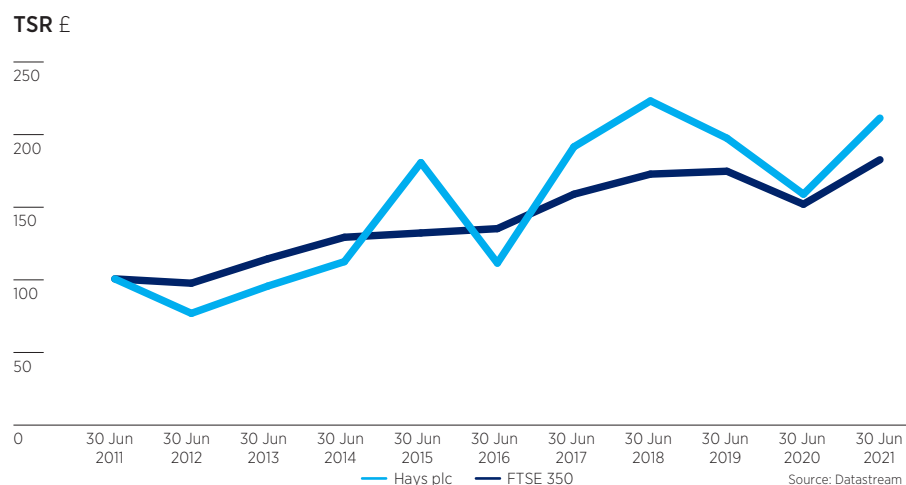
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2.5 Total Shareholder Return (TSR)

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

This graph has been calculated in accordance with the Regulations.



Chief Executive historical remuneration

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

The 2020 figure has been restated to take into consideration the actual share price on date of PSP vesting.

Chief Executive	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Single Figure (£000s)	1,328	2,012	2,826	3,996	2,796	2,993	3,009	2,666	1,468	2,586
Annual Bonus payment level achieved (% of maximum opportunity)	37%	95%	98%	98%	66%	93%	97%	49%	0%	97%
PSP vesting level achieved (% of maximum opportunity)	0%	22%	50%	100%	86%	60%	55%	70%	50%	50%
DAB match vesting level achieved (% of maximum opportunity)	60%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

2.6 Payments to past directors/payment for loss of office during FY21

There were no payments made in relation to either of the above in the financial year 2021.

Section 3 – Remuneration in the broader context

In this section:

3.1	Remuneration for employees below Board	3.3	CEO vs Employee Pay Ratio
3.2	Change in Board remuneration compared to other employees	3.4	External appointments
		3.5	Relative importance of spend on pay

3.1 Remuneration for employees below Board

Our remuneration philosophy is cascaded throughout the organisation. Members of the Management Board are deemed 'specified individuals' under the Remuneration Committee's Terms of Reference and therefore have their remuneration set by the Committee. Our Management Board has an Annual Bonus scheme that is measured against Group and Regional financial targets and personal and strategic objectives. Of any award, 50% is usually deferred into shares for three years and subject to Malus provisions. The cash element is usually subject to Clawback provisions for three years. Members of the Management Board also usually participate in the Performance Share Plan (PSP) with the same performance conditions as the executive directors.

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

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

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

MT Rainey is the non-executive director appointed for workforce engagement and she attends various employee events and projects to learn first hand about issues or concerns.

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The table below summarises the above.

Principles	Components		
Operate a consistent reward and performance philosophy throughout the business. Provide a balanced package with a strong link between reward and individual and Group performance. Encourage a material, personal stake in the business to give a long-term focus on sustained growth.	Base salary Based on skill and experience and benchmarked to local market.	Annual Bonus Employees who hold positions that influence the business strategy and direction, or hold key roles that have a direct effect on business results, have annual bonuses based on a combination of Group, Regional and/or local business targets and personal or strategic objectives. For members of the Management Board, 50% of any bonus earned is usually deferred into shares for three years and is subject to Malus.	Performance Share Plan (PSP) and Sharesave Members of the Management Board usually participate in the same PSP Plan as executive directors subject to Remuneration Committee approval. The PSP is subject to Malus and Clawback provisions. Management Board members are encouraged to retain shares. Below the Management Board, broadly 350 key employees each year participate in a PSP which has a one-year performance period and two-year holding period. Financial targets are normally based on Group EPS results. Nominations are reviewed and approved by the Remuneration Committee. Employees in nine countries can participate in a Sharesave scheme with the option to purchase shares after three years. A US Stock Purchase Plan for employees in the USA was launched in FY19.
	Benefits Benchmarked to local market and can include pension, life assurance, health cover and discounted voluntary benefits. In the UK the executive directors participate in the same plans as other UK employees. During FY21 Volunteering Days were introduced worldwide with every employee globally given at least one paid Volunteering Day per year to allow them to give back to the communities in which they live and work.	Commission Client-facing employees have annual bonuses based on personal objectives and/or commission directly related to personal business performance.	Your Voice Survey An annual global employee engagement survey is conducted across all Hays' employees in all countries to ascertain overall engagement. This includes a number of questions relating to remuneration.
Timeline			
Fixed			
Variable			
Long-term/Ongoing			

3.2 Change in Board's remuneration compared to other employees

The following table sets out the change in the remuneration paid to Board Directors from FY20 to FY21 compared with the average percentage change for Hays plc employees. Hays plc only employs the CEO and CFO and has contracts for services for the Chairman and non-executive directors.

The executive directors' remuneration disclosed in the table below has been calculated to take into account base salary, taxable benefits (excluding allowance in lieu of pension), and Annual Bonus (including any amount deferred).

The reasons for the increases from FY20 to FY21 are due to:

- A reduction in salaries and fees for FY20 – executive directors and non-executive directors, including the Chairman, took a 10% reduction in their salaries and fees for the last three months of FY20. There were no increases to salaries or fees for FY21 and therefore there would be zero increase based on full salaries and fees.
- No bonuses were paid to the executive directors in FY20, as explained in our FY20 Annual Report. A bonus has been paid in FY21.
- There is a slight change in benefits for the executive directors between FY20 and FY21. Life assurance premiums changed but there is no change to actual cover. Alistair Cox changed to an electric car and therefore his car benefit has reduced.
- Non-executive directors do not receive bonus or benefits.

	% change in salary/fee FY21 vs FY20	% change in taxable benefits FY21 vs FY20	% change in Annual Bonus FY21 vs FY20	% change in salary/fee FY20 vs FY19 ⁽³⁾	% change in taxable benefits FY20 vs FY19	% change in Annual Bonus FY20 vs FY19
Chief Executive – Alistair Cox	2.5%	-16%	100%	-1.0%	0%	-100%
Group Finance Director – Paul Venables	2.6%	2.6%	100%	-1.0%	-7.0%	-100%
Chairman – Andrew Martin	2.3%	n/a	n/a	7.0%	n/a	n/a
SID and Chair of Audit Committee – Peter Williams	2.5%	n/a	n/a	18.0%	n/a	n/a
Chair of Remuneration Committee – Susan Murray	2.9%	n/a	n/a	-1.0%	n/a	n/a
Chair of Workforce Engagement – MT Rainey	2.9%	n/a	n/a	13.0%	n/a	n/a
NED – Cheryl Millington ⁽²⁾	1.8%	n/a	n/a	0%	n/a	n/a
NED – Torsten Kreindl	1.8%	n/a	n/a	0%	n/a	n/a
Employees of Hays plc ⁽¹⁾	n/a	n/a	n/a	n/a	n/a	n/a

(1) Hays plc only employs the CEO and CFO and has contracts for services for the Chairman and non-executive directors. There are no other employees in Hays plc.

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

(3) Where increases are shown over FY19 this is due to the fact that some NEDs took on extra responsibilities part way through FY19 but FY20 represents a full year of the associated fee.

3.3 CEO vs Employee Pay Ratio

This is the second year that we have been required to disclose the ratio of CEO remuneration to that of our employees at the median, 25th and 75th percentiles. The table below shows the overall positions:

	£000s		
FY21 CEO Single Figure of Remuneration as shown on page 90.	25th percentile	Median	75th percentile
	92:1	65:1	40:1
CEO vs Employee Pay Ratio – Methodology A	£27,974	£39,781	£65,068
Employee total remuneration for FY21	£26,500	£26,599	£35,800
Employee base salary for FY21			

	£000s		
FY20 CEO Single Figure of Remuneration as shown on page 98	25th percentile	Median	75th percentile
	53:1	36:1	22:1
CEO vs Employee Pay Ratio – Methodology A	£26,570	£38,397	£62,847
Employee total remuneration for FY20	£24,500	£27,500	£35,800
Employee base salary for FY20			

We are committed to providing a total reward package for our employees that is competitive. The structure of remuneration for employees is shown on page 104. We anticipate that the ratio may vary significantly year to year as it will be influenced by the level of variable pay earned such as commission and Annual Bonus and, in the case of PSP awards, by the level of vesting and share price fluctuation. This variation in remuneration will apply to both employees and the CEO. A greater proportion of the package is variable at senior levels. The median pay ratio therefore reflects the pay, reward and progression policies.

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The ratio has increased in FY21 due to the fact that the CEO received an FY21 Annual Bonus payment. Although the formulaic outcome of the FY20 annual bonus would have delivered a payment, the Committee agreed with the executive directors that it would have been inappropriate to make any payment for FY20 due to the effects of the pandemic on Hays' key stakeholders. No bonus was therefore awarded in relation to FY20.

In calculating the ratio, we have used methodology A, that is the same method that used for the CEO Single Figure of Remuneration, as this is felt to be the most accurate calculation and allows for a like-for-like comparison.

The UK employees included in the calculation are those who have been employed for the full FY21 and part-time employees have been pro-rated to full-time equivalents to enable a realistic comparison as required under the legislation. We have excluded leavers and joiners during the year as it is felt these would not allow an accurate reflection of the figures.

3.4 External appointments

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

For the 12 months ended 30 June 2021, the fees earned and retained by the executive directors were as follows:

- Alistair Cox: Alistair holds no external appointments.
- Paul Venables: Paul holds no external appointments.

3.5 Relative importance of spend on pay

The table below sets out the relative importance of the spend on pay in FY21 and FY20 compared with other disbursements. All figures are taken from the relevant Hays Annual Report.

	Disbursements from profit in FY21 £m	Disbursements from profit in FY20 £m	% change
Profit distributed by way of dividend	170.5	0.0*	100%
Overall spend on pay including directors	624.5	665.4	-6.0%

* There were no dividend payments in FY20.

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

In this section:

4.1 Executive directors

4.2 Non-executive directors

4.3 Voting outcome

Below are the Remuneration Policy decisions for FY22. These are in line with the Policy approved by shareholders at the November 2020 AGM.

4.1 Executive directors

Summary

Position	Name	Base salary from 1 July 2021	Maximum bonus potential as % of salary	Maximum PSP award as % of salary	Benefits and pension
CEO	Alistair Cox	£783,118	150%	200%	Pension is 20% of salary
CFO	Paul Venables	£564,627	150%	200%	Pension is 20% of salary
		Salaries were increased by 2% for FY22. This was in line with the budget for other UK eligible employees.	See below for performance conditions	See grant summary below	

Bonus performance conditions

The weighting of the performance conditions remain as follows for FY22:

Performance condition	Weighting	
Financial (profit and cash)	80%	The operation of the Bonus Plan is as set out in the Remuneration Policy in the FY20 Annual Report.
Personal	20%	It should be noted that the Committee views the disclosure of the actual performance targets as commercially sensitive. The Committee will aim to provide retrospective disclosure of the performance targets to allow shareholders to judge the bonus earned in the context of the performance delivered.
Total	100%	In some instances, the detail of certain personal objectives may continue to be commercially sensitive for an extended period.

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

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

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

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2021 PSP (to be granted in FY22) vesting in 2024, followed by a two-year Holding Period (to be made under the Policy approved by shareholders at the November 2020 AGM)

The Remuneration Committee is keen to spend appropriate time calibrating and reviewing the targets for the FY22 PSP awards to ensure that they are sufficiently robust and stretching. Therefore, the Committee is still in the process of finalising targets for this FY22 award. We currently intend to publish details of the targets for the FY22 PSP on the Company website, in advance of the AGM, with a view to allowing sufficient time for investors to see them prior to the AGM.

Performance period		1 July 2021 to 30 June 2024				
Vest date		Three years from Grant date followed by a two-year Holding Period				
Performance condition	Weighting	Threshold performance required	Maximum performance required	PSP value as % of salary for:		
				Below threshold	Threshold	Maximum
Relative TSR ⁽¹⁾	20%	Median of the comparator group	Upper quartile of the comparator group	0	10%	40%
Cumulative EPS ⁽²⁾	30%	*	*	0	15%	60%
Cash Conversion	50%	*	*	0	25%	100%
Total	100%			0	50%	200%
					25% of award	100% of award

* To be set and disclosed in advance of the AGM.

- (1) TSR is measured against a bespoke comparator group, with vesting subject to satisfactory financial performance as determined by the Committee. The comparator group for the FY22 award is: Adecco SA, Kelly Services Inc, Manpower Inc, Page Group, Randstad Holdings nv, Robert Half International Inc, Robert Walters plc and SThree plc.
- (2) In setting EPS targets, the Committee will take into account the following factors:
 - Budget (the setting of which is a robust and transparent process):
 - Company budget for FY22 and the expectations for performance;
 - Strategic direction of the business over the period covered by the PSP award; and
 - Market conditions and visibility of future trading;
 - Analysts' forecasts; and
 - Threshold and maximum ongoing growth expectations for years two and three.

Notes:

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

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

The Malus and Clawback provisions are:

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

Shareholding requirements

For FY22 the shareholding requirement for both the CEO and the CFO is 200% of base salary. Both the CEO and CFO already hold above this shareholding – see page 101.

4.2 Non-executive directors

The Committee reviewed the Group Chairman's fee for FY22 and determined that there should be a 2% increase in the base fee which is in line with the budget for other eligible employees in the UK. Base fees for the other NEDs were also increased by 2%. There are no changes to the SID fee or Committee Chair fees. There is no fee for being the Chair of the Nomination Committee. Fees for FY22 are shown below.

Position	Fee for FY22 £000s	Fee for FY21 £000s
Chairman	229	224
Base fee	59	58
Committee Chair (Including fee for NED responsible for workforce engagement)	13	13
SID	11	11

4.3 Voting outcome for the 2020 Remuneration Policy at the 2020 AGM and Annual Report on Remuneration FY20 at the 2020 AGM

Votes	Votes 2020 Policy	%	Votes FY20 Remuneration Report	%
Votes for	1,330,376,148	91.47%	1,451,328,487	99.65%
Votes against	124,075,795	8.53%	5,065,456	0.35%
Votes withheld	2,006,052	–	64,053	–

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Section 5 – Governance

In this section:

- 5.1** Remuneration Committee members and attendees
- 5.2** Terms of reference
- 5.3** Meetings in FY21

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

5.1 Remuneration Committee members and attendees

The table below shows the members and attendees of the Remuneration Committee during FY21.

Remuneration Committee members	Position	Comments
Susan Murray	Member from 12 July 2017	Independent
Torsten Kreindl	Member from 1 June 2013	Independent
Peter Williams	Member from 24 February 2015	Independent
MT Rainey	Member from 14 December 2015	Independent
Cheryl Millington	Member from 17 June 2019	Independent

Remuneration Committee attendees	Position	Comments
Andrew Martin	Group Chairman and attended by invitation	Independent upon appointment on 23 July 2018 (member from appointment to Board on 12 July 2017 to date became Chairman).
Alistair Cox	Chief Executive	Attend by invitation but do not participate in any discussion about their own reward.
Paul Venables	Chief Financial Officer	
Other executives	The Group Head of Reward	Attends by invitation as the executive responsible for advising on the Remuneration Policy.
	The Company Secretary	Acts as Secretary to the Committee.
Deloitte	Committee's independent advisers during FY21	Attended by invitation.

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

5.2 Terms of reference

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

5.3 Meetings in FY21

The Committee normally meets at least four times per year. During FY21, it formally met six times as well as having ongoing dialogue via email or telephone discussion. A number of workshops were also held to review the Remuneration Policy. The meetings principally discussed the following key issues and activities:

- Review and Implementation of the Remuneration Policy;
- A review of the basic pay, bonus and PSP awards, financial targets and personal objectives of the executive directors and other senior executives, in particular in relation to the ongoing impact of Covid-19;
- Consideration of the relationship between executive reward and the reward structures in place for other Group employees;
- The ongoing requirements of the revised UK Corporate Governance Code (July 2018);
- A review of the Committee's Terms of Reference; and
- The review of the Gender Pay Gap reporting.

5.4 Advisers to the Remuneration Committee

Deloitte was appointed by the Committee as the independent adviser to the Committee with effect from November 2016 following a competitive tender process. During FY21 Deloitte has advised the Committee on all aspects of the Remuneration Policy for executive directors and members of the Management Board.

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

Deloitte's total fee for FY21 in relation to Committee work was £66k excluding VAT. While fee estimates are generally required for each piece of work and set fees have been agreed for certain regular work, fees are generally calculated based on time, with hourly rates in line with the level of expertise and seniority of the adviser concerned.

5.5 Engagement with shareholders

The Committee seeks to maintain an active and productive dialogue with investors on developments in the remuneration aspects of corporate governance generally and any changes to the Company's executive pay arrangements in particular. Following consultation, the Committee was pleased to have received strong shareholder support for its 2020 Remuneration Policy proposals, the Resolution for which received a 91.47% vote in favour at the November 2020 AGM.

During the first half of FY21 the Committee continued to proactively liaise with shareholders when considering the Policy renewal. The Committee valued the very constructive and open discussions, the feedback it received and the final strong support. The Committee took shareholder comments into consideration and made adjustments to the Policy in relation to pension proposals. The Committee is appreciative of shareholder support.

5.6 Considering risk

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

5.7 General governance

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

By order of the Board

Susan Murray

Chair of the Remuneration Committee

25 August 2021

DIRECTORS' REPORT

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

Strategic Report

A description of the Company's business model and strategy is set out in the Strategic Report along with the factors likely to affect the Group's future development, performance and position. An overview of the principal risks and uncertainties faced by the Group are also provided in the Strategic Report along with the Company's Section 172 statement.

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

Information relating to matters addressed by the Audit, Remuneration and Nomination Committees, which operate within clearly defined terms of reference, are set out within the Audit, Remuneration and Nomination Committee Reports. Information relating to Majority Shareholders can be found on page 74 under Board and stakeholder engagement.

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

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

Related party transactions

Details of the related party transactions undertaken during the reporting period are contained in note 28 to the Consolidated Financial Statements.

Post-balance sheet events

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

Dividends

No dividends for the financial year ended 30 June 2021 have been paid. The Board recommends the payment of a final dividend of 1.22 pence (2020: nil) per Ordinary share. In addition, the Board is also recommending the payment of a special dividend of 8.93 pence (2020: nil) per Ordinary share. These two dividend payments will represent a total dividend of 10.15 pence (2020: nil) per Ordinary share for the financial year ended 30 June 2021. Subject to the shareholders of the Company approving this recommendation at the 2021 AGM, the final and special dividends will be paid, in aggregate, on 12 November 2021 to those shareholders appearing on the register of members as at 1 October 2021. The ex-dividend date is 30 September 2021.

Financial instruments

Details of the financial instruments used by the Group are set out in notes 19 to 21 to the Consolidated Financial Statements. A general outline of Hays' use of financial instruments is set out in the treasury management section on page 47 of the Finance Director's Review.

Directors

Biographies of the serving directors of Hays are provided on pages 66 and 67 of this Report. They all served on the Board throughout FY21. Peter Williams is the Senior Independent Director and MT Rainey is the Designated NED for Workforce Engagement.

General powers of the directors

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

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

Directors' powers to allot and buy back shares

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

Appointment and replacement of directors

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

Directors' indemnities

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

Directors' interests

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

Share capital

Hays has one class of Ordinary shares which carry no right to fixed income or control over the Company. These shares may be held in certificated or uncertificated form. On 30 June 2021, the Company had 1,682,116,775 fully paid Ordinary shares in issue, of which 5,680,133 Ordinary shares were held in treasury by the Company.

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

There are no restrictions on the size of holding or the transfer of shares, which are both governed by the general provisions of the Company's Articles and legislation. Under the Articles, the directors have the power to suspend voting rights and the right to receive dividends in respect of Ordinary shares and to refuse to register a transfer of Ordinary shares

in circumstances where the holder of those shares fails to comply with a notice issued under Section 793 of the Companies Act 2006. The directors also have the power to refuse to register any transfer of certificated shares that does not satisfy the conditions set out in the Articles.

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

Treasury shares

As Hays has only one class of share in issue, it may hold a maximum of 10% of its issued share capital in treasury. As at 30 June 2021, 0.34% of the Company's shares were held in treasury. Legislation restricts the exercise of rights on Ordinary shares held in treasury. The Company is not allowed to exercise voting rights conferred by the shares while they are held in treasury. It is prohibited from paying any dividend or making any distribution of assets on treasury shares. Once in treasury, shares can only be sold for cash, transferred to an employee share scheme or cancelled. During the year, the Company purchased 5,763,916 Ordinary shares of 1 pence, representing 0.37% of shares in issue, for a total consideration of £6,337,958, excluding costs. The shares are held in treasury and will be utilised to satisfy employee share-based award obligations. During FY21, Hays transferred 4,470,737 shares out of treasury to satisfy the award of shares under the Company's employee share schemes.

Shares held by the Employee Benefit Trust

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

Dilution limits in respect of share schemes

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

Political donations

The Company made no political donations during the financial year ended 30 June 2021 and the Board intends to maintain its policy of not making such payments.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows and liquidity position are described in the Finance Director's Review, with details of the Group's treasury activities, long-term funding arrangements and exposure to financial risk included in notes 19 and 20 to the Consolidated Financial Statements.

The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments 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 Going Concern period, being at least 12 months from the date of approval of the Consolidated Financial Statements. For this reason, they continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

Articles of Association

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

It is proposed as a special resolution to adopt new Articles of Association (The New Articles) of the Company in the Company's forthcoming Annual General Meeting (AGM). The purpose of adopting the New Articles is to reflect developments in market practice since the Company's Articles were last amended, which was quite some time ago (November 2009). Due to the nature of the changes, the Company is proposing the adoption of the New Articles rather than making amendments to the current Articles of Association (the 'Current Articles'). The principal changes being proposed in the New Articles are summarised in an Appendix to the Notice of the Annual General Meeting.

A copy of the Current Articles and the proposed New Articles, marked to show all changes proposed, will be available for inspection during normal business hours (Saturdays, Sundays and public holidays excepted) at the corporate office of the Company at Hays plc, 4th Floor, 20 Triton Street, London NW1 3BF up until the close of the AGM. A copy can be requested from cosec@hays.com up until the conclusion of the AGM.

Disclosure of information to the Auditor

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

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

2021 Annual Report & Financial Statements

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

Annual General Meeting

The Company's AGM will be held at 12 noon on 10 November 2021 at the offices of UBS, 5 Broadgate, London EC2M 2QS. The Notice of Meeting sets out the resolutions to be proposed at the AGM and gives details of the voting record date and proxy appointment deadline for that Meeting. The Notice of Meeting is contained in a separate circular to shareholders which is being mailed or otherwise provided to shareholders at the same time as this Report.

By order of the Board

Doug Evans

Company Secretary
25 August 2021

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the directors to prepare the Group financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- Make judgments and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

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

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

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

- the Group financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- the Audit Committee Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group's and Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditor is aware of that information.

By order of the Board

Alistair Cox
Chief Executive

Paul Venables
Group Finance Director
25 August 2021

FINANCIAL STATEMENTS

Financial Statements for the Group including
the report from the Independent Auditor.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

Report on the audit of the Financial Statements

Opinion

In our opinion:

- Hays plc's Group Financial Statements and Company Financial Statements (the "Financial Statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2021 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements, included within the Annual Report & Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 30 June 2021; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

As explained in note 1 to the Financial Statements, the Group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the Group Financial Statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

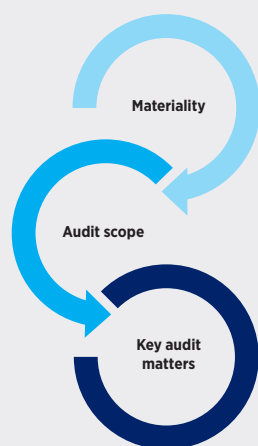
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 7 to the Financial Statements, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Overview



- Overall Group materiality: £9.0 million (2020: £10.1 million) based on 5% of the average of the last five years' profit before tax adjusted for exceptional items.
 - Overall Company materiality: £8.3 million (2020: £9.4 million) based on the lower of component materiality and 1% of total assets.
 - Performance materiality: £6.8 million (Group) and £6.2 million (Company).
-
- 85% of Group net fees and 95% of Group profit before tax and exceptional items subject to full scope audit procedures. In addition, we performed specified procedures over a further two trading countries that were not the subject of full scope audit procedures, representing 6% of Group net fees and 3% of Group profit before tax and exceptional items.
 - Australia, UK and Germany were considered to be financially significant due to their relative contributions to the Group's net fees and profit before tax and exceptional items.
 - As the Group and UK audit team, we maintained regular contact with significant component teams in Germany and Australia and evaluated the outcome of their audit work.
-
- Recoverability of trade receivables (Group)
 - Covid-19 (Group and Company)
 - Carrying value of investments (Company)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

In our 2020 audit opinion, we included a key audit matter in respect of the impairment of goodwill in the US. This is no longer a key audit matter. This year, we have also included a key audit matter in respect of our work on the parent Company's investments in subsidiaries. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables – Group Refer to page 80 (Audit Committee Report), note 2, note 3 and note 18 to the Financial Statements for the Directors' disclosures of the related accounting policies, judgements and estimates. At 30 June 2021, total trade receivables balances included in note 18 were £510.2 million (2020: £521.2 million), net of provisions of £16.6 million (2020: £21.7 million). The recoverability of trade receivables and the level of provisions for expected credit losses are considered to be a key risk due to the significance of these balances to the Financial Statements and the judgements required in making appropriate provisions. Given the ongoing economic impact of Covid-19, there may be additional risk in the trade receivables balance as customers may be experiencing cash flow problems and recoverability may be in greater doubt.	In order to test the recoverability of trade receivables, we performed the following procedures: (i) We evaluated the Group's credit control procedures and assessed and validated the ageing profile of trade receivables; (ii) We assessed recoverability on a sample basis by reference to cash received subsequent to year-end, agreement to the terms of the contract in place and issue of credit notes post year-end, as necessary; (iii) We considered the appropriateness of estimates regarding the level of expected credit loss for trade receivables and assessed whether the associated provisions were calculated in accordance with the Group's provisioning policies and/or whether there was evidence of management bias in provisioning, obtaining supporting evidence as necessary; and (iv) We also challenged Management as to whether the methodology applied in determining the appropriate expected credit loss provisions appropriately reflected the level of risk in the total receivables balance with consideration given to individual counterparty credit risk and the general economic conditions in each jurisdiction, taking into account in particular the impact of Covid-19 on macroeconomic conditions and corporate solvency. We did not encounter any material issues through these audit procedures that indicated that provisioning in respect of trade receivables was inappropriate.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

CONTINUED

Key audit matter	How our audit addressed the key audit matter
Covid-19 (Group and Company) The Covid-19 pandemic has had a significant impact on the performance of the Hays Group during FY20 and FY21, with the severity of the impact varying across Hays' global operations. As a result, the pandemic has brought increased estimation uncertainty to certain areas of the Financial Statements. Given the nature of the pandemic there remains some uncertainty regarding the impact on the Group in the short term and longer term. The key areas of the Financial Statements most impacted by the ongoing heightened estimation uncertainty are described below: (i) The appropriateness of the going concern basis of preparation in the Group's Financial Statements has been carefully considered by the Directors. In doing so, they have prepared a severe but plausible cash flow forecast that assumes that the Group experiences another severe downturn similar in scale to the one caused by the Covid-19 pandemic in the year ended 30 June 2020, followed by a period of gradual recovery, as opposed to the significant recovery the Group has experienced during the year ended 30 June 2021. This showed that the Group could maintain a significant positive net cash position throughout the forecast period and it would not need to draw on its available committed credit facilities. The Directors therefore concluded that the Going Concern basis of preparation was appropriate; (ii) The recoverability of trade receivables has been considered in light of the ongoing uncertainty over customer liquidity and the ability of Hays to collect amounts due from customers; (iii) The Directors' assessment of the carrying value of Goodwill is based upon forecasts of future cash flows which include assumptions regarding future growth rates. Management has concluded that no impairment of goodwill is required, nor are there any reasonably possible changes in key assumptions that could result in an impairment at 30 June 2021. In forming this view, Management considered the ongoing impact of Covid-19 on the Group and the outlook for the Group's businesses in both the short term and longer term; and (iv) The Hays' defined benefit pension scheme, as disclosed in note 23, holds £902.4 million of assets as at 30 June 2021 including £60.9 million relating to real estate assets, the valuation of which could be made more uncertain due to the pandemic.	In response to the key areas identified as being significantly impacted by Covid-19, we performed the following procedures: (i) Refer to the separate section below where we have set out our conclusions on the Going Concern basis of preparation; (ii) Refer to our first key audit matter above for details of how we considered the impact of the ongoing pandemic in our audit procedures over the recoverability of trade receivables; (iii) We considered whether there was any indication that any of the Group's goodwill balances could be impaired, including assessing the extent to which those cash generating units 'CGUs' with goodwill allocated to them had been impacted by the pandemic and the extent to which those businesses had recovered during the year. We also ascertained the extent to which a change in key assumptions, both individually or in aggregate, could result in a material change to the carrying value of goodwill and considered the likelihood of such events occurring. We did not encounter any issues through these audit procedures that indicated that any impairment of goodwill was required; and (iv) We engaged with Hays' external investment managers to verify the existence and nature of pension assets, while using internal experts to assess the valuation and uncertainty of the valuation's assumptions. We are satisfied that the valuation of the pension assets is reasonable.

Key audit matter	How our audit addressed the key audit matter
Carrying value of investments (Company) Refer to note 2 and note 4 of the Company Financial Statements. The Company holds investments in its subsidiaries of £744 million (2020: £744m). We focused on this area due to the size of the investment balances. Management has performed an assessment of the recoverable amount of the investments and compared this to the carrying value using the same cash flow methodology applied in the impairment test for goodwill. The results showed that no impairment was required against these investments.	We obtained Management's assessment of the carrying value of the investments and we challenged: (i) the key assumptions for short and long term growth rates in the forecast cash flows for those businesses underpinning the investees' recoverable amounts, comparing them with historical results; (ii) the discount rate used in the calculations by assessing the cost of capital for the Group and comparable organisations; and (iii) the recoverability of investment in subsidiaries by comparing the net asset values of these subsidiaries against the carrying value of the investment. There were no indications of impairment identified. We performed sensitivity analysis on the key assumptions within the cash flow forecasts. This included sensitising the discount rate applied to the future cash flows, and the short and longer term growth rates and operating profit forecast. Following the conclusion of our procedures above, we are satisfied that no impairment is required.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group's 33 trading countries are structured across four reporting segments: Australia & New Zealand ('ANZ'); Germany; UK & Ireland ('UK&I'); and Rest of World ('ROW').

Of the 33 trading countries, the UK, Germany and Australia together represent 64% of the Group's net fees and 72% of the Group's profit before tax and exceptional items. We therefore considered these three countries to be financially significant to the Group.

A further 19 other reporting units, including 18 trading countries, were also subject to full scope audits by PwC teams in each of these countries, representing 21% of Group net fees and 23% of Group profit before tax and exceptional items. In total, our full scope audit procedures covered 85% of the Group's net fees and 95% of the Group's profit before tax and exceptional items, on an absolute basis. In addition to this, the Group audit team performed specified audit procedures in two other countries, representing 6% of Group net fees and 3% of Group profit before tax and exceptional items.

One holding company reporting unit was subject to a limited scope audit of tax balances.

Central review procedures were performed by the Group audit team on the remaining 11 countries that were not subject to full scope or specified audit procedures. These countries represented the remaining 9% of net fees and 2% of profit before tax and exceptional items for the Group.

Given the ongoing restrictions in overseas travel, as in our 2020 audit, we ensured that we maintained appropriate oversight of our component teams through remote communications, particularly with our significant component teams in Germany and Australia. This included regular video conferences and remote working paper reviews to direct and supervise the work of these teams, and to satisfy ourselves as to the appropriateness of the audit work performed.

The Group audit team also joined the audit clearance meetings for each of the 20 countries that were subject to full scope audit procedures, as well as holding calls with the regional management teams responsible for the 11 countries subject to central review procedures.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

CONTINUED

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual Financial Statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Group Financial Statements	Company Financial Statements
Overall materiality	£9.0 million (2020: £10.1 million).	£8.3 million (2020: £9.4 million).
How we determined it	5% of the average of the last five years' profit before tax adjusted for exceptional items.	The lower of component materiality and 1% of total assets.
Rationale for benchmark applied	We believe that profit before tax adjusted for exceptional items is the primary measure used by Management and the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark. We have applied a five year average to the profit before tax (before exceptional items) of the financial years from 2017 (£204 million), 2018 (£238 million), 2019 (£246 million), 2020 (£126 million) and 2021 (£88 million) due to the substantial and pervasive nature of the impact that Covid-19 has had on the business in 2020 and 2021.	We believe that total assets is the most appropriate measure to assess a holding Company, and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £0.4 million and £8.3 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £6.8 million for the Group Financial Statements and £6.2 million for the Company Financial Statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £445,000 (Group audit) (2020: £500,000) and £445,000 (Company audit) (2020: £500,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to Going Concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the Going Concern basis of accounting included:

- Obtaining the Directors' cash flow forecasts for the Going Concern period and validating the underlying cash flow projections by challenging the basis of the judgements applied and verifying that it is consistent with our existing knowledge and understanding of the business;
- Reviewing the sensitivity analysis carried out by the Directors to assess the impact of the key assumptions underlying the forecast such as reduction in net fees, increase in working capital and expected level of operating expenses;
- Assessing the impact of the Directors' severe but plausible downside scenarios on the headroom available on liquidity;
- Reviewing the Directors' identified available mitigating factors where required and included within the cash flow forecast;
- Testing the mathematical accuracy of the Directors' cash flow forecast and validating the opening cash position; and
- Assessing the adequacy of the disclosure provided in note 2 of the Consolidated and Company Financial Statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a Going Concern for a period of at least 12 months from when the Financial Statements are authorised for issue.

In auditing the Financial Statements, we have concluded that the Directors' use of the Going Concern basis of accounting in the preparation of the Financial Statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a Going Concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the Going Concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to Going Concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the Financial Statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2021 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate Governance Statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the Corporate Governance Statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the Financial Statements about whether they considered it appropriate to adopt the Going Concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least 12 months from the date of approval of the Financial Statements;
- The Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether 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 period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

CONTINUED

Our review of the Directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the Financial Statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the Financial Statements and the audit

Responsibilities of the Directors for the Financial Statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a Going Concern, disclosing, as applicable, matters related to Going Concern and using the Going Concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the listing rules, pensions legislation, employment legislation, tax legislation and local laws and regulations applicable in the territories that the Group operates in, and we considered the extent to which non-compliance might have a material effect on the Financial Statements. We also considered those laws and regulations that have a direct impact on the Financial Statements such as the Companies Act 2006. We evaluated Management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to the posting of unusual journals to increase revenue and management bias in determining accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Discussions with senior management, Group legal counsel, Internal Audit, and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Challenging assumptions and judgements made by Management in its significant accounting estimates;
- Reviewing the Financial Statement disclosures and agreeing to underlying supporting documentation;
- Reviewing incentives and bonus schemes to understand and review drivers that could lead to higher fraud risks;
- Performing unpredictable procedures; and
- Identifying and testing journal entries, in particular, journal entries; which had unexpected account combinations, posted by unexpected users, with unusual descriptions or descriptions referring to Directors or key management personnel.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Financial Statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditors-responsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 9 November 2016 to audit the Financial Statements for the year ended 30 June 2017 and subsequent financial periods. The period of total uninterrupted engagement is 5 years, covering the years ended 30 June 2017 to 30 June 2021.

Andrew Paynter

Andrew Paynter (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 August 2021

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

(In £s million)	Note	2021	2020 Before exceptional items	2020 Exceptional items (note 5)	2020
Turnover	4, 6	5,648.4	5,929.5	–	5,929.5
Net fees⁽¹⁾	4, 6	918.1	996.2	–	996.2
Administrative expenses ⁽²⁾	6	(823.0)	(861.2)	(39.9)	(901.1)
Operating profit	4	95.1	135.0	(39.9)	95.1
Net finance charge	9	(7.0)	(8.8)	–	(8.8)
Profit before tax		88.1	126.2	(39.9)	86.3
Tax	10	(26.6)	(46.2)	7.4	(38.8)
Profit after tax		61.5	80.0	(32.5)	47.5
Profit attributable to equity holders of the parent company		61.5	80.0	(32.5)	47.5
Earnings per share (pence)					
– Basic	12	3.67p	5.28p	(2.14p)	3.14p
– Diluted	12	3.64p	5.23p	(2.13p)	3.10p

(1) Net fees comprise turnover less remuneration of temporary workers and other recruitment agencies.

(2) Administrative expenses include impairment loss on trade receivables of £1.9 million (2020: £10.6 million).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

(In £s million)	2021	2020
Profit for the year	61.5	47.5
Items that will not be reclassified subsequently to profit or loss:		
Actuarial remeasurement of defined benefit pension schemes	(24.2)	21.3
Tax relating to components of other comprehensive income	8.5	(4.4)
	(15.7)	16.9
Items that may be reclassified subsequently to profit or loss:		
Currency translation adjustments	(28.9)	5.7
Other comprehensive income for the year net of tax	(44.6)	22.6
Total comprehensive income for the year	16.9	70.1
Attributable to equity shareholders of the parent company	16.9	70.1

CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2021

(In £s million)	Note	2021	2020
Non-current assets			
Goodwill	13	199.9	209.0
Other intangible assets	14	44.8	48.9
Property, plant and equipment	15	27.4	31.4
Right-of-use assets	16	190.3	216.6
Deferred tax assets	17	20.6	11.1
Retirement benefit surplus	23	46.6	55.2
		529.6	572.2
Current assets			
Trade and other receivables	18	927.7	878.8
Corporation tax debtor		5.6	4.3
Cash and cash equivalents	19	410.6	484.5
Derivative financial instruments	20	-	0.1
		1,343.9	1,367.7
Total assets		1,873.5	1,939.9
Current liabilities			
Trade and other payables	22	(753.2)	(800.3)
Lease liabilities	16	(36.9)	(43.8)
Corporation tax liabilities		(22.9)	(24.0)
Provisions	24	(10.0)	(16.8)
		(823.0)	(884.9)
Non-current liabilities			
Deferred tax liabilities	17	(4.9)	(6.9)
Lease liabilities	16	(164.2)	(184.9)
Provisions	24	(9.6)	(9.8)
		(178.7)	(201.6)
Total liabilities		(1,001.7)	(1,086.5)
Net assets		871.8	853.4
Equity			
Called up share capital	25	16.8	16.8
Share premium		369.6	369.6
Merger reserve	26	193.8	193.8
Capital redemption reserve		2.7	2.7
Retained earnings		207.8	161.0
Cumulative translation reserve		63.1	92.0
Equity reserve		18.0	17.5
Total equity		871.8	853.4

The Consolidated Financial Statements of Hays plc, registered number 2150950, as set out on pages 124 to 164 were approved by the Board of Directors and authorised for issue on 25 August 2021.

Signed on behalf of the Board of Directors.

A R Cox

P Venables

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

(In £s million)	Called up share capital	Share premium	Merger reserve ⁽¹⁾	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Equity reserve ⁽²⁾	Total equity
At 1 July 2020	16.8	369.6	193.8	2.7	161.0	92.0	17.5	853.4
Currency translation adjustments	-	-	-	-	-	(28.9)	-	(28.9)
Remeasurement of defined benefit pension schemes	-	-	-	-	(24.2)	-	-	(24.2)
Tax relating to components of other comprehensive income	-	-	-	-	8.5	-	-	8.5
Net expense recognised in other comprehensive income	-	-	-	-	(15.7)	(28.9)	-	(44.6)
Profit for the year	-	-	-	-	61.5	-	-	61.5
Total comprehensive income for the year	-	-	-	-	45.8	(28.9)	-	16.9
Purchase of own shares	-	-	-	-	(6.4)	-	-	(6.4)
Share-based payments	-	-	-	-	7.4	-	0.5	7.9
At 30 June 2021	16.8	369.6	193.8	2.7	207.8	63.1	18.0	871.8

FOR THE YEAR ENDED 30 JUNE 2020

(In £s million)	Called up share capital	Share premium	Merger reserve ⁽¹⁾	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Equity reserve ⁽²⁾	Total equity
At 1 July 2019	14.7	369.6	-	2.7	206.7	86.3	21.5	701.5
Currency translation adjustments	-	-	-	-	-	5.7	-	5.7
Remeasurement of defined benefit pension schemes	-	-	-	-	21.3	-	-	21.3
Tax relating to components of other comprehensive income	-	-	-	-	(4.4)	-	-	(4.4)
Net income recognised in other comprehensive income	-	-	-	-	16.9	5.7	-	22.6
Profit for the year	-	-	-	-	47.5	-	-	47.5
Total comprehensive income for the year	-	-	-	-	64.4	5.7	-	70.1
New shares issued	2.1	-	193.8	-	-	-	-	195.9
Dividends paid	-	-	-	-	(121.6)	-	-	(121.6)
Share-based payments	-	-	-	-	11.4	-	(4.0)	7.4
Tax on share-based payment transactions	-	-	-	-	0.1	-	-	0.1
At 30 June 2020	16.8	369.6	193.8	2.7	161.0	92.0	17.5	853.4

(1) The Merger reserve was generated under Section 612 of the Companies Act 2006, as a result of the cash box structure used in the equity placing of new shares issued during the year ended 30 June 2020.

(2) The Equity reserve is generated as a result of IFRS 2 'Share-based payments'.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

(In £s million)	Note	2021	2020
Operating profit		95.1	95.1
Adjustments for:			
Exceptional items	5	–	39.9
Depreciation of property, plant and equipment		11.6	10.9
Depreciation of right-of-use lease assets		45.1	45.5
Amortisation of intangible assets		11.3	6.5
Loss on disposal of business assets		0.4	0.1
Net movements in provisions (excluding exceptional items)		1.2	6.9
Share-based payments		8.7	7.8
		78.3	117.6
Operating cash flow before movement in working capital		173.4	212.7
Movement in working capital:			
(Increase)/decrease in receivables		(80.7)	157.8
(Decrease)/increase in payables ⁽¹⁾		(30.2)	41.6
Movement in working capital		(110.9)	199.4
Cash generated by operations		62.5	412.1
Cash paid in respect of exceptional items from current and prior year		(8.0)	(12.0)
Pension scheme deficit funding		(16.7)	(16.1)
Income taxes paid		(31.8)	(29.8)
Net cash inflow from operating activities		6.0	354.2
Investing activities			
Purchase of property, plant and equipment		(9.2)	(9.4)
Purchase of own shares		(6.4)	(0.2)
Purchase of intangible assets		(9.6)	(16.4)
Interest received		0.4	0.6
Net cash used in investing activities		(24.8)	(25.4)
Financing activities			
Interest paid		(1.3)	(2.0)
Lease liability principal repayment		(50.0)	(46.4)
Equity dividends paid		–	(121.6)
Proceeds from issue of new shares net of transaction costs		–	195.9
Proceeds from exercise of share options		–	0.6
Net cash (used in)/from financing activities		(51.3)	26.5
Net (decrease)/increase in cash and cash equivalents		(70.1)	355.3
Cash and cash equivalents at beginning of year		484.5	129.7
Effect of foreign exchange rate movements		(3.8)	(0.5)
Cash and cash equivalents at end of year		410.6	484.5

(1) The decrease in payables in the year ended 30 June 2021 includes the payment of £118.3 million of short-term taxes deferred at 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Hays plc is a company limited by shares, incorporated and domiciled in the United Kingdom and registered in England and Wales and its registered office and principal place of business is 4th Floor, 20 Triton Street, London NW1 3BF.

The Consolidated Financial Statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, IFRS Interpretations Committee (IFRS IC) interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Consolidated Financial Statements are presented in sterling, the functional currency of Hays plc.

New standards and interpretations

The Consolidated Financial Statements have been prepared on the basis of the accounting policies and methods of computation applicable for the year ended 30 June 2021. These accounting policies are consistent with those applied in the preparation of the Consolidated Financial Statements for the year ended 30 June 2020 with the exception of the following new accounting standards, amendments and interpretations which were mandatory for accounting periods beginning on or after 1 January 2020.

- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies', changes in accounting estimates and errors – Definition of material (effective 1 January 2020);
- IFRS 3 (amendments) 'Business Combinations' (effective 1 January 2020);
- Amendments to IFRS 9, IAS 39, and IFRS 17 – Interest rate benchmark reform (effective 1 January 2020); and
- Amendments to the Conceptual framework (effective 1 January 2020).

The Group's accounting policies align to the requirements of IAS 1 and IAS 8. There have been no alterations made to the accounting policies as a result of considering all of the other amendments above that became effective in the period, as these were either not material or were not relevant.

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but which are only effective for the Group accounting periods beginning on or after 1 July 2021. These new pronouncements are listed as follows:

- IFRS 17 'Insurance contracts' (effective 1 January 2023); and
- IAS 1 (amendments) 'Presentation of Financial Statements', on classification of liabilities (effective 1 January 2023).

The Directors are currently evaluating the impact of the adoption of all other standards, amendments and interpretations but do not expect them to have a material impact on the Group's operations or results.

The Group's principal accounting policies adopted in the presentation of these Consolidated Financial Statements are set out below and have been consistently applied to all the periods presented.

2. Significant accounting policies

a. Basis of preparation

The Consolidated Financial Statements have been prepared on the historical cost basis with the exception of financial instruments, pension assets and share-based payments. Financial instruments have been recorded initially on a fair value basis and then at amortised cost. Pension assets and share-based payments have been measured at fair value.

b. Going Concern

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

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

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

Financial position

At 30 June 2021, the Group had cash of £410.6 million compared to cash of £484.5 million at 30 June 2020 (£366.2 million after deducting tax payments which were deferred in agreement with local country tax regimes, but fully paid during the current year). In addition, the Group currently has an unsecured revolving credit facility of £210 million that reduces in November 2024 to £170 million, and expires in November 2025. The facility has remained undrawn throughout the current year. Whilst the Group's operations were significantly impacted by the Covid-19 pandemic, the Group had a strong working capital performance throughout the year with significant management focus on cash collection, reducing average trade debtor days in the year to 33 days (2020: 36 days), with the majority of clients continuing to pay to agreed terms.

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 of the Group's cash flow to model the potential effects should principal risks actually occur either individually or in unison.

The sensitivity analysis modelled scenarios in which the Group incurred a sustained loss of business arising from a prolonged global downturn, with a range of recovery scenarios considered. The Group's 'Stress Case' scenario assumes that the Group experiences another severe downturn similar in scale to the one caused by the Covid-19 pandemic in the year ended 30 June 2020, followed by a period of gradual recovery, as opposed to the significant recovery the Group experienced through the year ended 30 June 2021.

The Stress Case scenario forecasts a strong cash position in excess of £290 million throughout the Going Concern period, being at least 12 months from the date of approval of the Consolidated Financial Statements, with the revolving credit facility remaining undrawn with significant headroom against its banking covenants.

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

In addition, the Group's strong balance sheet position and history of strong cash generation, tight cost control and flexible workforce management provides further protection. The Group also has in place its £210 million revolving credit facility which is currently undrawn. This facility is in place until November 2025, although at the lower value of £170 million in its final year due to reduced lender commitments received.

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 Consolidated Financial Statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence throughout the Going Concern period, being at least 12 months from the date of approval of the Consolidated Financial Statements. For this reason, they continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

c. Basis of consolidation

Subsidiaries are fully consolidated from the date on which power to control is transferred to the Group. They are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group whereby the identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. The Consolidated Financial Statements consolidate the accounts of Hays plc and all of its subsidiaries. The results of subsidiaries acquired or disposed during the year are included from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

d. Turnover

Turnover is measured at the fair value of the consideration received or receivable at the point in time and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Turnover arising from the placement of permanent candidates, including turnover arising from Recruitment Process Outsourcing (RPO) services, is recognised at the point in time the candidate commences full-time employment. Where a permanent candidate starts employment but does not work for the specified contractual period an adjustment is made, based on experience, in respect of the expected required refund or credit note due to the client. The revenue recognised from a permanent placement is typically based on a percentage of the candidate's remuneration package.

Turnover arising from temporary placements, including turnover arising from Managed Service Programme (MSP) services, is recognised starting at the point in time that temporary workers are provided and continues through the duration of the placement. In nearly all contract arrangements the Group acts as principal. Where the Group is acting as a principal, turnover represents the amounts billed for the services of the temporary workers, including the remuneration costs of the temporary workers. The commission included within the revenue recognised arising from temporary placements is typically based on a percentage of the placement's hourly rate.

Where Hays acts as principal in arrangements that invoice on the costs incurred with other recruitment agencies as part of the MSP service provided, and in which Hays manages the recruitment supply chain, turnover represents amounts invoiced on from other recruitment agencies, including arrangements where no commission is directly receivable by the Group.

In some limited instances where the Group is acting as an agent in arrangements that invoice on behalf of other recruitment agencies as part of the MSP service provided, turnover represents commission receivable relating to the supply of temporary workers and does not include the remuneration costs of the other agency temporary workers.

Revenue recognition

Revenue is recognised for permanent placements on the day a candidate starts work. Revenue is recognised for temporary placements at the point in time that temporary workers are provided and continues through the duration of the placement.

The factors considered by management on a contract by contract basis when concluding the Group is acting as principal (gross basis) rather than agent (net basis) are as follows:

- The client has a direct relationship with Hays;
- Hays has the primary responsibility for providing the services to the client, and engages and contracts directly with the temporary worker and other recruitment companies;
- Hays has latitude in establishing the rates directly or indirectly with all parties; and
- Hays bears the credit risk on the receivable due from the client.

Net fees are described in note 2 (e) below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. Significant accounting policies continued

e. Net fees

Net fees represent turnover less the remuneration costs of temporary workers for temporary assignments and remuneration of other recruitment agencies. For the placement of permanent candidates, net fees are equal to turnover.

f. Exceptional items

Exceptional items, as disclosed on the face of the Consolidated Income Statement, are items which due to their material non-recurring nature have been classified separately and are highlighted separately in the notes to the Consolidated Financial Statements. The Group considers this provides additional useful information and assists in understanding the financial performance achieved by the Group. Separate presentation of these items is intended to enhance understanding of the financial performance of the Group in the year and the extent to which results are influenced by material non-recurring items. These may include items such as a major restructure of the business operations or a material impairment of goodwill. Items described as 'before exceptional items' are alternative performance measures. There were no exceptional items in the year ended 30 June 2021.

g. Foreign currencies

On consolidation, the tangible and intangible assets and liabilities of subsidiaries denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Income and expense items are translated into sterling at average rates of exchange for the period. Any exchange differences which have arisen from an entity's investment in a foreign subsidiary, including long-term loans, are recognised as a separate component of equity and are included in the Group's cumulative translation reserve.

On disposal of a subsidiary, any amounts transferred to the cumulative translation reserve are included in the calculation of profit and loss on disposal. All other translation differences are dealt with in the Consolidated Income Statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

h. Retirement benefit costs

The expense of defined benefit pension schemes and other post-retirement employee benefits is determined using the projected-unit credit method and charged to the Consolidated Income Statement as an expense, based on actuarial assumptions reflecting market conditions at the beginning of the financial year. All remeasurement gains and losses are recognised immediately in reserves and reported in the Consolidated Statement of Comprehensive Income in the period in which they occur. Past service costs, curtailments and settlements are recognised immediately in the Consolidated Income Statement.

The Group chose under IFRS 1 to recognise in retained earnings all cumulative remeasurement gains and losses as at 1 July 2004, the date of transition to IFRS. The Group has chosen to recognise all remeasurement gains and losses arising subsequent to 1 July 2004 in reserves and reported in the Consolidated Statement of Comprehensive Income.

The retirement benefit surplus recognised in the Consolidated Balance Sheet represents the fair value of scheme assets less the present value of the defined benefit obligation.

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

Payments to defined contribution schemes are charged as an expense in the Consolidated Income Statement as they fall due.

i. Share-based payments

The fair value of all share-based remuneration that is assessed upon market-based performance criteria is determined at the date of grant and recognised as an expense in the Consolidated Income Statement on a straight-line basis over the vesting period, taking account of the estimated number of shares that will vest.

The fair value of all share-based remuneration that is assessed upon non-market-based performance criteria is determined at the date of the grant and recognised as an expense in the Consolidated Income Statement over the vesting period, based on the number of shares that are expected to vest. The number of shares that are expected to vest is adjusted accordingly, based on the satisfaction of the performance criteria at each year-end.

The fair values are determined by use of the relevant valuation models. All share-based remuneration is equity-settled.

j. Borrowing costs

Interest costs are recognised as an expense in the Consolidated Income Statement in the period in which they are incurred. Arrangement fees incurred in respect of borrowings are amortised over the term of the agreement.

k. Taxation

The tax expense is recognised in the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income or directly to retained earnings, according to the accounting treatment of the related transaction giving rise to the tax. The tax expense comprises both current and deferred tax.

Current tax is the tax payable based on taxable profit for the year. Taxable profit differs from profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements.

Deferred tax liabilities are generally recognised on all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is not recognised for temporary differences arising from the initial recognition of goodwill or initial recognition of other assets or liabilities in a transaction (other than a business combination) that affects neither accounting profit nor taxable profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be recovered. Unrecognised deferred tax assets are also reassessed at each balance sheet date and recognised where it has become probable that future taxable profits are available against which the asset can be recovered.

Deferred tax is provided using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Uncertain tax positions

The Group operates in many countries and is therefore subject to tax laws in a number of different tax jurisdictions. The amount of tax payable or receivable on profits or losses for any period is subject to the agreement of the tax authority in each respective jurisdiction and the tax liability or asset position is open to review for several years after the relevant accounting period ends. In determining the provisions for income taxes, Management is required to make judgments and estimates based on interpretations of tax statute and case law, which it does after taking account of professional advice and prior experience.

Uncertainties in respect of enquiries and additional tax assessments raised by tax authorities are measured in accordance with IFRIC 23 using the method, in Management's view, that best predicts the resolution of the uncertainty. The amounts ultimately payable or receivable may differ from the amounts of any provisions recognised in the Consolidated Financial Statements as a result of the estimates and assumptions used. While the majority of the tax payable balance relates to uncertain tax provisions, Management does not consider there to exist a significant risk of material adjustment within the next financial year because the tax provisions cover a range of matters across multiple tax jurisdictions with a variety of timescales before such matters are expected to be concluded.

I. Goodwill

Goodwill arising on consolidation represents the excess of purchase consideration less the fair value of the identifiable tangible and intangible assets and liabilities acquired.

Goodwill is recognised as an asset and reviewed for impairment at least annually. For the purpose of impairment testing, assets are grouped at the lowest level for which there are separately identifiable cash flows, known as cash-generating units (CGUs). Any impairment is recognised immediately in the Consolidated Income Statement and is not subsequently reversed.

On disposal of a business the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS (1 July 2004) has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date. Goodwill arising on acquisitions prior to 1 July 1998 was written off direct to reserves under UK GAAP. This goodwill has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

m. Intangible assets

Intangible assets acquired as part of a business combination are stated in the Consolidated Balance Sheet at their fair value as at the date of

acquisition less accumulated amortisation and any provision for impairment. The Directors review intangible assets for indications of impairment annually. There are no significant intangible assets other than computer software.

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software controlled by the Group are recognised as intangible assets. Directly attributable costs that are capitalised as part of the software include employee costs and appropriate overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Internally generated intangible assets are stated in the Consolidated Balance Sheet at the directly attributable cost of creation of the asset, less accumulated amortisation. Intangible assets are amortised on a straight-line basis over their estimated useful lives up to a maximum of 10 years. Software incorporated into major Enterprise Resource Planning (ERP) implementations that support the recruitment process and financial reporting process is amortised over a life of up to seven years. Other software is amortised between three and five years.

n. Property, plant and equipment

Property, plant and equipment is recorded at cost, net of depreciation and any provision for impairment. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, after they have been brought into use, at the following rates:

Leasehold properties – The cost is written off over the unexpired term of the lease.

Plant and machinery – At rates varying between 5% and 33%

Fixtures and fittings – At rates varying between 10% and 25%

o. Trade and other receivables

Trade and other receivables are initially measured at the transaction price and then at amortised cost after appropriate allowances for estimated irrecoverable amounts have been recognised in the Consolidated Income Statement. An allowance for impairment is made to both trade receivables and accrued income based on historical credit loss experience adjusted for forward-looking factors specific to the debtors and economic environment, as evidence of a likely reduction in the recoverability of the cash flows.

p. Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

q. Trade payables

Trade payables are measured initially at transaction price and then at amortised cost.

r. Bank borrowings

Interest-bearing bank loans and overdrafts are recorded initially at fair value and subsequently measured at amortised cost.

Finance charges, including premiums payable on settlement or redemption and direct-issue costs, are accounted for on an accrual basis in the Consolidated Income Statement using the effective interest rate method and are added to the carrying amount of the financial instrument to the extent that they are not settled in the period in which they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. Significant accounting policies continued

s. Derivative financial instruments

The Group may use certain derivative financial instruments to reduce its exposure to foreign exchange movements. The Group held no foreign exchange contracts at 30 June 2021 (2020: three) to facilitate cash management within the Group. The Group does not hold or use derivative financial instruments for speculative purposes.

The fair values of foreign exchange swaps are measured using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. It is the Group's policy not to seek to designate these derivatives as hedges. All derivative financial instruments not in a hedge relationship are classified as derivatives at fair value in the Consolidated Income Statement.

Fair value measurements

The information below sets out how the Group determines fair value of various financial assets and financial liabilities.

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

t. Leases

Set out below are the accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease and they are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its leases of property, motor vehicles and equipment where leases have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

u. Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

v. Government grants

A government grant is recognised only when there is reasonable assurance that the Group will comply with any conditions attached to the grant and that the grant will be received. The grant is recognised net against the related costs for the period in which they are intended to compensate.

3. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the Consolidated Financial Statements requires judgment, estimations and assumptions to be made that affect the reported value of assets, liabilities, revenues and expenses. Judgments, estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected. In applying the Group's accounting policies, the Directors have identified that the following areas are the critical accounting judgments and key sources of estimation uncertainty.

Critical accounting judgments

Profit before exceptional items

Management consider that this alternative performance measure provides useful information for stakeholders on the Group's underlying performance and is consistent with how the business performance is measured internally by the chief operating decision maker. Profit before exceptional items and earnings per share before exceptional items are not recognised measures under IFRS and may not be directly comparable with adjusted measures used by other companies.

The classification of items excluded from profit before exceptional items requires judgment, including considering the nature, circumstances, scale and impact of a transaction upon the Group's results. There were no exceptional items in the year ended 30 June 2021. The details of items treated as exceptional in the year ended 30 June 2020 are disclosed in note 5 to the Consolidated Financial Statements.

Estimation uncertainty

Goodwill impairment

Goodwill is tested for impairment at least annually. In performing these tests assumptions are made in respect of future growth rates and the discount rate to be applied to the future cash flows of cash-generating units (CGUs). These assumptions are set out in note 13 to the Consolidated Financial Statements. Whilst there was an impairment of £20.3 million recognised in the year ended 30 June 2020 as an exceptional item in respect of the US business acquired in December 2014, Management has determined that there is no impairment required to any of the CGUs in the year ended 30 June 2021 and does not consider there to exist a significant risk of any material adjustments in the year ended 30 June 2021.

Pension accounting

Under IAS 19 'Employee Benefits', the Group has recognised a pension surplus of £46.6 million (2020: £55.2 million). A number of assumptions have been made in determining the pension position and these are described in note 23 to the Consolidated Financial Statements.

Provisions in respect of recoverability of trade receivables and accrued income

As described in note 18 to the Consolidated Financial Statements, provisions for impairment of trade receivables and accrued income have been made. In reviewing the appropriateness of these provisions, consideration has been given to the ageing of the debt and the potential likelihood of default, taking into account current and future economic conditions.

4. Segmental Information

IFRS 8 'Operating Segments'

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segment and to assess their performance.

As a result, the Group segments the business into four regions, Australia & New Zealand, Germany, United Kingdom & Ireland and Rest of World. There is no material difference between the segmentation of the Group's turnover by geographic origin and destination.

The Group's operations comprise one class of business, that of qualified, professional and skilled recruitment.

Turnover, net fees and operating profit

The Group's Management Board, which is regarded as the chief operating decision maker, uses net fees by segment as its measure of revenue in internal reports, rather than turnover. This is because net fees exclude the remuneration of temporary workers, and payments to other recruitment agencies where the Group acts as principal, which are not considered relevant in allocating resources to segments. The Group's Management Board considers net fees for the purpose of making decisions about allocating resources. The Group does not report items below operating profit by segment in its internal management reporting. The full detail of these items can be seen in the Consolidated Income Statement on page 124. The reconciliation of turnover to net fees can be found in note 6 to the Consolidated Financial Statements.

(In £s million)	Note	2021	2020
Turnover			
Australia & New Zealand		1,502.4	1,545.6
Germany		1,409.1	1,513.5
United Kingdom & Ireland		1,561.1	1,641.3
Rest of World		1,175.8	1,229.1
Group	6	5,648.4	5,929.5

(In £s million)		2021	2020
Net fees			
Australia & New Zealand		159.9	170.5
Germany		244.8	259.8
United Kingdom & Ireland		201.1	225.6
Rest of World		312.3	340.3
Group	6	918.1	996.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4. Segmental Information continued

(In £s million)	2021	2020 Before exceptional items	2020 Exceptional items	2020
Operating profit				
Australia & New Zealand	39.7	48.2	–	48.2
Germany	31.4	53.2	(12.6)	40.6
United Kingdom & Ireland	11.5	16.6	(2.2)	14.4
Rest of World	12.5	17.0	(25.1)	(8.1)
Group	95.1	135.0	(39.9)	95.1

Net trade receivables

For the purpose of monitoring performance and allocating resources from a balance sheet perspective, the Group's Management Board monitors trade receivables net of provisions for impairments only on a segment by segment basis. These are monitored on a constant currency basis for comparability through the year. These are shown below and reconciled to the totals as shown in note 18 to the Consolidated Financial Statements.

(In £s million)	As reported internally	Foreign exchange	2021	As reported internally	Foreign exchange	2020
Australia & New Zealand	83.3	(2.3)	81.0	80.7	0.5	81.2
Germany	166.8	(8.7)	158.1	172.3	2.0	174.3
United Kingdom & Ireland	134.1	(0.3)	133.8	118.1	0.1	118.2
Rest of World	146.7	(9.4)	137.3	146.1	1.4	147.5
Group	530.9	(20.7)	510.2	517.2	4.0	521.2

Major customers

In the current year and prior year there was no customer that exceeded 10% of the Group's turnover.

5. Exceptional items

There were no exceptional items during the year ended 30 June 2021. During the year ended 30 June 2020, the Group incurred an exceptional charge of £39.9 million. As described in note 13 to the Consolidated Financial Statements, the Group recognised a non-cash exceptional charge of £20.3 million resulting from the partial impairment of the carrying value of goodwill in relation to the US business that was acquired in December 2014. The goodwill impairment charge was a material non-cash item which on the basis of its size and non-recurring nature was considered to be exceptional.

In January 2020, the Group undertook a restructure of its business operations in Germany in order to provide a greater focus and alignment to the mid-sized enterprises known as the Mittlestand, together with a dedicated large Corporate Accounts division at a cost of £12.6 million in the year ended 30 June 2020. In addition, following the subsequent Covid-19 pandemic, and the immediate reduction in demand for recruitment services, the business operations of several other countries across the Group were restructured, primarily to reduce operating costs. The restructuring exercise led to the redundancy of a number of employees, including senior management positions and incurred costs of £7.0 million in the year ended 30 June 2020. The restructuring charges in Germany and in response to Covid-19 were considered exceptional given the size of the charges incurred and that they resulted in significant restructuring changes to the business operations. In total the exceptional charge generated a tax credit of £7.4 million in the year ended 30 June 2020.

6. Operating profit

The following costs are deducted from turnover to determine net fees:

(In £s million)	2021	2020
Turnover	5,648.4	5,929.5
Remuneration of temporary workers	(4,422.7)	(4,626.7)
Remuneration of other recruitment agencies	(307.6)	(306.6)
Net fees	918.1	996.2

Operating profit is stated after charging the following items to net fees of £918.1 million (2020: £996.2 million):

(In £s million)	2021	2020 Before exceptional items	2020 Exceptional items	2020
Staff costs (note 8)	624.5	647.8	17.6	665.4
Depreciation of property, plant and equipment	11.6	10.9	–	10.9
Depreciation of right-of-use assets	45.1	45.5	–	45.5
Amortisation of intangible assets	11.3	6.5	–	6.5
Impairment loss on goodwill	–	–	20.3	20.3
Short-term leases and leases of low-value assets	2.1	3.1	–	3.1
Impairment loss on trade receivables	1.9	10.6	–	10.6
Auditor's remuneration (note 7):				
– for statutory audit services	1.6	1.4	–	1.4
– for other services	0.1	0.1	–	0.1
Other external charges	124.8	135.3	2.0	137.3
Administrative expenses	823.0	861.2	39.9	901.1

Operating profit is stated net of £3.9 million (2020: £7.7 million) income received from governments globally in respect of job support schemes following the Covid-19 pandemic. The income in the year ended 30 June 2021 was received entirely from governments outside of the United Kingdom.

7. Auditor's remuneration

(In £s million)	2021	2020
Fees payable to the Company's Auditor for the audit of the Company's annual Financial Statements	0.4	0.4
Fees payable to the Company's Auditor and their associates for other services to the Group:		
The audit of the Company's subsidiaries pursuant to legislation	1.2	1.0
Total audit fees	1.6	1.4
Audit-related assurance services	0.1	0.1
Total non-audit fees	0.1	0.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8. Staff costs

The aggregate staff remuneration (including Executive Directors) was as follows:

(In £s million)	2021	2020 Before exceptional items	2020 Exceptional items	2020
Wages and salaries	531.3	552.5	16.0	568.5
Social security costs	67.8	70.5	1.6	72.1
Other pension costs	16.7	17.0	–	17.0
Share-based payments	8.7	7.8	–	7.8
Staff costs	624.5	647.8	17.6	665.4

Average number of persons employed during the year to 30 June (including Executive Directors) was as follows:

(Number)	2021	2020
Australia & New Zealand	1,274	1,389
Germany	2,231	2,433
United Kingdom & Ireland	3,059	3,505
Rest of World	3,640	4,050
Group	10,204	11,377

Closing number of persons employed at 30 June (including Executive Directors) was as follows:

(Number)	2021	2020
Australia & New Zealand	1,391	1,199
Germany	2,297	2,246
United Kingdom & Ireland	3,201	3,333
Rest of World	3,889	3,660
Group	10,778	10,438

9. Net finance charge

(In £s million)	2021	2020
Interest received on bank deposits	0.4	0.6
Interest payable on bank loans and overdrafts	(1.0)	(1.7)
Other interest payable	(0.1)	(0.3)
Interest on lease liabilities	(5.0)	(5.3)
Pension Protection Fund levy	(0.2)	(0.2)
Net interest on pension obligations (note 23)	(1.1)	(1.9)
Net finance charge	(7.0)	(8.8)

10. Tax

The tax expense for the year is comprised of the following:

(In £s million)	2021	2020
Current tax		
Current tax expense in respect of the current year	(31.0)	(33.7)
Adjustments recognised in the current year in relation to the current tax of prior years	(2.4)	1.7
	(33.4)	(32.0)
Deferred tax		
Deferred tax credit/(charge) in respect of the current year	5.1	(6.5)
Adjustments to deferred tax attributable to changes in tax rates and laws	(0.2)	-
Adjustments to deferred tax in relation to prior years	1.9	(0.3)
	6.8	(6.8)
Total income tax expense recognised in the current year	(26.6)	(38.8)

Current tax expense for the year is comprised of the following:

(In £s million)	2021	2020
United Kingdom	(4.1)	(1.1)
Overseas	(26.9)	(32.6)
Group	(31.0)	(33.7)

The income tax expense for the year can be reconciled to the accounting profit as follows:

(In £s million)	2021	2020 Before exceptional items	2020 Exceptional items	2020
Profit before tax	88.1	126.2	(39.9)	86.3
Income tax expense calculated at 19.0% (2020: 19.0%)	(16.7)	(24.0)	7.6	(16.4)
Net effect of items that are non-deductible in determining taxable profit	(3.2)	(0.1)	(0.3)	(0.4)
Effect of unused tax losses not recognised for deferred tax assets	(2.3)	(1.8)	(0.2)	(2.0)
Effect of tax losses not recognised for deferred tax utilised in the year	-	(0.2)	-	(0.2)
Effect of tax losses now recognised for deferred tax	2.4	1.5	-	1.5
Effect of other timing differences not recognised for deferred tax assets	(0.7)	(8.4)	(1.4)	(9.8)
Effect of other timing differences previously unrecognised for deferred tax assets	4.0	-	-	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	(9.1)	(13.7)	1.7	(12.0)
Effect of changes in tax rates	(0.2)	-	-	-
Effect of share-based payment charges and share options	(0.3)	(0.9)	-	(0.9)
	(26.1)	(47.6)	7.4	(40.2)
Adjustments recognised in the current year in relation to the current tax of prior years	(2.4)	1.7	-	1.7
Adjustments to deferred tax in relation to prior years	1.9	(0.3)	-	(0.3)
Income tax expense recognised in the Consolidated Income Statement	(26.6)	(46.2)	7.4	(38.8)
Effective tax rate for the year	30.2%	36.6%	18.5%	45.0%

The tax rate used for the reconciliation above for the year ended 30 June 2021 is the corporation tax rate of 19.0% (2020: 19.0%) payable by corporate entities in the United Kingdom on taxable profits under tax law in that jurisdiction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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10. Tax continued

Income tax recognised directly in equity

(In £s million)	2021	2020
Current tax		
Excess tax deductions relating to share-based payments	-	0.2
Deferred tax		
Excess tax deductions relating to share-based payments	-	(0.1)
Total income tax recognised in equity	-	0.1

Income tax recognised in other comprehensive income

(In £s million)	2021	2020
Current tax		
Contributions in respect of defined benefit pension schemes	3.0	-
Tax on foreign exchange movements	0.6	-
Deferred tax		
Actuarial loss/(gain) in respect of defined benefit pension schemes	6.0	(4.4)
Contributions in respect of defined benefit pension schemes	(3.9)	-
Impact of rate change on opening balances	(1.3)	-
Losses recognised for deferred tax	4.1	-
Total income tax credit/(charge) recognised in other comprehensive income	8.5	(4.4)

11. Dividends

The following dividends were paid by the Group and have been recognised as distributions to equity shareholders in the year:

	2021 (pence per share)	2021 (£s million)	2020 (pence per share)	2020 (£s million)
Previous year final dividend	-	-	2.86	41.9
Previous year special dividend	-	-	5.43	79.7
Total	-	-	8.29	121.6

There were no dividends paid by the Group in respect of the years ended 30 June 2020 and 30 June 2021.

The following dividends have been proposed by the Group in respect of the accounting year presented:

	2021 (pence per share)	2021 (£s million)	2020 (pence per share)	2020 (£s million)
Final dividend (proposed)	1.22	20.5	-	-
Special dividend (proposed)	8.93	150.0	-	-
Total	10.15	170.5	-	-

Following the significant recovery in trading during the year ended 30 June 2021, a final dividend for 2021 of 1.22 pence per share (£20.5 million) will be proposed at the Annual General Meeting on 10 November 2021. As previously guided, and as part of the Group's capital return strategy, the Group will also propose a special dividend of £150.0 million, the equivalent of 8.93 pence per share at the Annual General Meeting. Neither the final dividend nor the special dividend have been included as a liability. If approved, the final and special dividend will be paid on 12 November 2021 to shareholders on the register at the close of business on 1 October 2021.

12. Earnings per share

	Earnings (£s million)	Weighted average number of shares (million)	Per share amount (pence)
For the year ended 30 June 2021			
Basic earnings per share	61.5	1,677.3	3.67
Dilution effect of share options	–	15.2	(0.03)
Diluted earnings per share	61.5	1,692.5	3.64

	Earnings (£s million)	Weighted average number of shares (million)	Per share amount (pence)
For the year ended 30 June 2020			
Before exceptional items:			
Basic earnings per share	80.0	1,514.4	5.28
Dilution effect of share options	–	15.7	(0.05)
Diluted earnings per share	80.0	1,530.1	5.23

After exceptional items:			
Basic earnings per share	47.5	1,514.4	3.14
Dilution effect of share options	–	15.7	(0.04)
Diluted earnings per share	47.5	1,530.1	3.10

The weighted average number of shares in issue for both the current and prior years exclude shares held in treasury.

Reconciliation of earnings

(In £s million)	2021	2020
Earnings before exceptional items	61.5	80.0
Exceptional items (note 5)	–	(39.9)
Tax credit on exceptional items (note 10)	–	7.4
Total earnings	61.5	47.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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13. Goodwill

(In £s million)	2021	2020
At 1 July	209.0	227.2
Exchange adjustments	(9.1)	2.1
Impairment loss for the year	–	(20.3)
At 30 June	199.9	209.0

Goodwill arising on business combinations is reviewed and tested on an annual basis or more frequently if there is indication that goodwill might be impaired. Goodwill has been tested for impairment by comparing the carrying amount of each cash-generating unit (CGU), including goodwill, with the recoverable amount. The recoverable amounts of the CGUs are determined from value-in-use calculations.

The key assumptions for the value-in-use calculations are as follows:

Assumption	How determined
Operating profit	The operating profit is based on the latest one-year forecasts for the CGUs approved by the Group's Management Board, and medium-term forecasts which are compiled using expectations of fee growth, consultant productivity and operating costs, from past experience, over a period of two to five years. The Group prepares cash flow forecasts derived from the most recent one-year financial forecasts approved by the Group's Management Board and extrapolates cash flows in perpetuity based on the long-term growth rates and expected cash conversion rates. Cash flow projections used to measure value-in-use do not include any cash inflows or outflows expected from any future restructurings or asset enhancements.
Discount rates	The pre-tax rates used to discount the forecast cash flows range between 7.0% and 11.7% (2020: 6.4% and 11.8%) reflecting current market assessments of the time value of money and the country risks specific to the relevant CGUs. The discount rate applied to the cash flows of each of the Group's operations is based on the weighted average cost of capital (WACC), taking into account adjustments to the risk-free rate for 20-year bonds issued by the government in the respective market. Where government bond rates contain a material component of credit risk, high-quality local corporate bond rates may be used. These rates are adjusted for a risk premium to reflect the increased risk of investing in equities and, where appropriate, the systematic risk of the specific Group operating company. In making this adjustment, inputs required are the equity market risk premium (that is the increased return required over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment beta, applied to reflect the risk of the specific Group operating company relative to the market as a whole.
Growth rates	The medium-term growth rates are based on Management's current forecasts for a period of two to five years. Following the immediate impact of the Covid-19 pandemic, the demand for recruitment services across the Group declined significantly. However, the Group has achieved strong sequential net fee growth throughout the year and therefore the medium-term growth rates reflect an expectancy of a continuation of net fee growth over the next five years. The growth estimates reflect a combination of both past experience and the macroeconomic environment, including GDP expectations driving fee growth. The long-term growth rates are based on Management forecasts, which are consistent with external sources of an average estimated growth rate of 2.0% (2020: 2.0%), reflecting a combination of GDP expectations and long-term wage inflation driving fee growth. GDP growth is a key driver of our business, and is therefore a key consideration in developing long-term forecasts. Wage inflation is also an important driver of net fees, as net fees are derived directly from the salary level of candidates placed into employment. Based on past experience a combination of these two factors is considered to be an appropriate basis for assessing long-term growth rates.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments. The carrying amount of goodwill has been allocated as follows:

(In £s million)	2021	2020
Germany	49.8	52.5
United Kingdom & Ireland	93.1	93.1
Rest of World	57.0	63.4
Group	199.9	209.0

Information about the performance of the individual CGUs is provided in the Divisional Operating Reviews, within the Strategic Report on pages 38 to 42.

Impairment reviews were performed at the year-end by comparing the carrying value of goodwill with the recoverable amounts of the CGUs to which goodwill has been allocated. In the current year, Management have determined that there has been no requirement to impair any of the CGUs and in respect of these a sensitivity analysis has been performed in assessing recoverable amounts of goodwill. This has been based on changes in key assumptions considered to be reasonably possible by Management. This included a change in the pre-tax discount rate of up to 1% and changes in the medium and long-term growth rates of between 0% and 2% in absolute terms. The sensitivity analysis shows that no impairment would arise in isolation under each scenario for any of the CGUs. The average headroom across all the CGUs was 717% and the lowest level of headroom on an individual CGU was 75%.

Before impairment testing in the year ended 30 June 2020, the carrying value in respect of the US business, which is part of the Rest of World segment, was £43.4 million. The Group continues to make material investment in the US business to accelerate growth in line with the Group's long-term strategy to build a strong presence in the US in order to maximise the long-term growth opportunities available in the market. As a result of this ongoing investment, against a difficult market backdrop, Management revised the cash flow forecast for the US CGU resulting in a reduction of its recoverable amount through the recognition of an exceptional impairment loss against goodwill of £20.3 million in the year ended 30 June 2020. The recoverable amount was considered to be in line with its value-in-use which was considered higher than its fair value less cost of disposal.

14. Other intangible assets

(In £s million)	2021	2020
Cost		
At 1 July	160.1	143.0
Exchange adjustments	(4.7)	1.1
Additions	9.6	16.4
Disposals	(0.1)	(0.4)
At 30 June	164.9	160.1
Amortisation		
At 1 July	111.2	104.6
Exchange adjustments	(2.4)	0.5
Charge for the year	11.3	6.5
Disposals	-	(0.4)
At 30 June	120.1	111.2
Net book value		
At 30 June	44.8	48.9
At 1 July	48.9	38.4

All other intangible assets relate mainly to computer software, and of the additions in the current year, £4.5 million relate to internally generated assets (2020: £13.4 million).

The estimated average useful life of the computer software related intangible assets is seven years (2020: seven years). Software incorporated into major Enterprise Resource Planning (ERP) implementations is amortised on a straight-line basis over a life of up to seven years. Other software is amortised on a straight-line basis between three and five years.

There were no capital commitments at 30 June 2021 (2020: Enil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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15. Property, plant and equipment

(In £s million)	Leasehold properties (short)	Plant and machinery	Fixtures and fittings	Total
Cost				
At 1 July 2020	26.9	52.5	32.0	111.4
Exchange adjustments	(1.2)	(1.7)	(1.2)	(4.1)
Capital expenditure	1.4	6.6	1.2	9.2
Disposals	(0.3)	(6.0)	(1.6)	(7.9)
At 30 June 2021	26.8	51.4	30.4	108.6
Accumulated depreciation				
At 1 July 2020	17.1	40.1	22.8	80.0
Exchange adjustments	(0.8)	(1.3)	(0.8)	(2.9)
Charge for the year	2.9	6.2	2.5	11.6
Disposals	(0.3)	(5.8)	(1.4)	(7.5)
At 30 June 2021	18.9	39.2	23.1	81.2
Net book value				
At 30 June 2021	7.9	12.2	7.3	27.4
At 1 July 2020	9.8	12.4	9.2	31.4

There were no capital commitments at 30 June 2021 (2020: £nil).

(In £s million)	Leasehold properties (short)	Plant and machinery	Fixtures and fittings	Total
Cost				
At 1 July 2019	25.3	48.0	32.5	105.8
Exchange adjustments	–	0.2	–	0.2
Capital expenditure	1.8	6.7	0.9	9.4
Reclassification	–	1.2	(1.2)	–
Disposals	(0.2)	(3.6)	(0.2)	(4.0)
At 30 June 2020	26.9	52.5	32.0	111.4
Accumulated depreciation				
At 1 July 2019	14.4	37.1	21.3	72.8
Exchange adjustments	–	0.2	–	0.2
Charge for the year	2.9	5.6	2.4	10.9
Reclassification	–	0.7	(0.7)	–
Disposals	(0.2)	(3.5)	(0.2)	(3.9)
At 30 June 2020	17.1	40.1	22.8	80.0
Net book value				
At 30 June 2020	9.8	12.4	9.2	31.4
At 1 July 2019	10.9	10.9	11.2	33.0

16. Lease accounting under IFRS 16

(In £s million)	Right-of-use assets				Lease liabilities
	Property	Motor vehicles	Other assets	Total lease assets	
As at 1 July 2020	205.6	10.7	0.3	216.6	(228.7)
Foreign exchange	(8.7)	(0.4)	–	(9.1)	10.5
Lease additions	27.7	4.6	–	32.3	(32.3)
Lease disposals	(4.0)	(0.4)	–	(4.4)	4.4
Depreciation of right-of-use assets	(38.8)	(6.2)	(0.1)	(45.1)	–
Lease liability principal repayments	–	–	–	–	50.0
Interest on lease liabilities	–	–	–	–	(5.0)
As at 30 June 2021	181.8	8.3	0.2	190.3	(201.1)

(In £s million)	Right-of-use assets				Lease liabilities
	Property	Motor vehicles	Other assets	Total lease assets	
As at 1 July 2019	227.3	10.4	0.4	238.1	(245.8)
Foreign exchange	1.0	–	–	1.0	(1.0)
Lease additions	20.2	6.8	–	27.0	(27.0)
Lease disposals	(3.9)	(0.1)	–	(4.0)	4.0
Depreciation of right-of-use assets	(39.0)	(6.4)	(0.1)	(45.5)	–
Lease liability principal repayments	–	–	–	–	46.4
Interest on lease liabilities	–	–	–	–	(5.3)
As at 30 June 2020	205.6	10.7	0.3	216.6	(228.7)

Maturity analysis

(In £s million)	2021	2020
Year 1	(36.9)	(43.8)
Year 2	(33.1)	(35.9)
Year 3	(28.5)	(30.4)
Year 4	(24.2)	(27.0)
Year 5	(17.3)	(23.9)
Onwards	(61.1)	(67.7)
Total lease liabilities	(201.1)	(228.7)

(In £s million)	2021	2020
Current	(36.9)	(43.8)
Non-current	(164.2)	(184.9)
Total lease liabilities	(201.1)	(228.7)

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17. Deferred tax

Deferred tax assets and liabilities in relation to:

(In £s million)	1 July 2020	(Charge)/ credit to Consolidated Income Statement	(Charge)/ credit to other comprehensive income	Charge to equity	Exchange difference	30 June 2021
Accelerated tax depreciation	(6.3)	2.4	–	–	0.5	(3.4)
Retirement benefit obligation	(10.5)	(1.9)	0.8	–	–	(11.6)
Share-based payments	1.2	0.4	–	–	–	1.6
Provisions	9.0	(0.3)	–	–	(0.3)	8.4
Tax losses	3.1	5.3	4.1	–	(0.3)	12.2
Other short-term timing differences	7.7	0.9	–	–	(0.1)	8.5
Net deferred tax	4.2	6.8	4.9	–	(0.2)	15.7

(In £s million)	1 July 2019	(Charge)/ credit to Consolidated Income Statement	(Charge)/ credit to other comprehensive income	Charge to equity	Exchange difference	30 June 2020
Accelerated tax depreciation	6.5	(12.6)	–	–	(0.2)	(6.3)
Acquired tangibles and intangibles	(3.7)	3.7	–	–	–	–
Retirement benefit obligation	(3.4)	(2.7)	(4.4)	–	–	(10.5)
Share-based payments	2.4	(1.1)	–	(0.1)	–	1.2
Provisions	4.0	4.9	–	–	0.1	9.0
Tax losses	1.1	2.0	–	–	–	3.1
Other short-term timing differences	8.7	(1.0)	–	–	–	7.7
Net deferred tax	15.6	(6.8)	(4.4)	(0.1)	(0.1)	4.2

Deferred tax assets and liabilities are offset where the Group has a legal enforceable right to do so. An analysis of the deferred tax balances (after offset) for financial reporting purposes is shown below:

(In £s million)	2021	2020
Deferred tax assets	20.6	11.1
Deferred tax liabilities	(4.9)	(6.9)
Net deferred tax	15.7	4.2

The deferred tax asset of £20.6 million (2020: £11.1 million) as at 30 June 2021 primarily arises from our Australian and UK businesses and the deferred tax liability of £4.9 million mainly arises from our German operations.

The increase in the deferred tax asset has been predominantly driven by the recognition of previously unrecognised deferred tax assets (mainly in the UK) primarily on the basis that it has become probable that there will be future taxable profits against which the assets can be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which they reverse – being the rates enacted or substantively enacted for those relevant periods applicable for each jurisdiction. The UK deferred tax balances as at 30 June 2021 have been remeasured following the legislated increase in the main UK corporation tax rate from 19% to 25% which has effect from 1 April 2023. The net impact of the rate change was not significant with a £0.2 million charge recognised in the Consolidated Income Statement and a £0.1 million charge recognised in the Consolidated Statement of Comprehensive Income.

Unrecognised deductible temporary differences, unused tax losses and unused tax credits

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

(In £s million)	Gross 2021	Tax 2021	Gross 2020	Tax 2020
Tax losses (revenue in nature)	122.9	31.8	139.4	31.4
Tax losses (capital in nature)	22.1	5.5	22.1	4.2
Total tax losses	145.0	37.3	161.5	35.6

(In £s million)	Gross 2021	Tax 2021	Gross 2020	Tax 2020
Unrecognised deductible temporary differences	57.0	14.0	77.3	15.9

In tax losses (revenue in nature) £0.5 million is due to expire by 2024, £1.3 million by 2036 and £3.3 million in 2037. The remaining tax losses have no fixed expiry date. The capital losses can be carried forward indefinitely but can only be offset against capital gains. The unrecognised deferred tax balances relating to the UK have been remeasured as at 30 June 2021 following the change in the main UK corporation tax rate which has effect from 1 April 2023.

Unrecognised taxable temporary differences associated with investments and interests

Taxable temporary differences in relation to investments in subsidiaries, for which deferred tax liabilities have not been recognised, are attributable to the following:

(In £s million)	2021	2020
Foreign subsidiaries	26.3	5.7
Tax thereon	1.7	0.3

18. Trade and other receivables

(In £s million)	2021	2020
Net trade receivables	510.2	521.2
Net accrued income	377.1	301.5
Prepayments and other debtors	40.4	56.1
Trade and other receivables	927.7	878.8

Due to their short-term nature, the Directors consider that the carrying amount of trade receivables approximates to their fair value. The average credit period taken is 33 days (2020: 36 days).

Accrued income primarily arises where temporary workers have provided their services but the amount incurred and margin earned thereon has yet to be invoiced on to the client due to timing.

The Group's exposure to foreign currency translation is primarily in respect of the euro and the Australian dollar. The sensitivity of a 1 cent change in the year-end closing exchange rates in respect of the euro and Australian dollar would result in a £2.1 million and £0.5 million movement in trade receivables respectively.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables and the risk of customer default, although the Group is also subject to credit risk on its accrued income. The amounts presented in the Consolidated Balance Sheet for both trade receivables and accrued income are net of allowances for doubtful receivables. An impairment analysis is performed centrally using a provision matrix to measure the expected credit losses, in which the allowance for impairment increases as balances age. Expected credit losses are measured using historical losses for the past five years, adjusted for forward-looking factors impacting the economic environment, such as the GDP growth outlook (based on the IMF's World Economic Outlook data), and commercial factors deemed to have a significant impact on expected credit loss rates. The provision matrix used to measure the expected credit losses is:

As at 30 June 2021

(In £s million)	Gross	Expected Credit Loss	Provision	Net
Not yet due	452.7	0.4%	(1.8)	450.9
Up to one month past due	52.2	6.9%	(3.6)	48.6
One to three months past due	13.2	26.5%	(3.5)	9.7
Greater than three months past due	8.7	88.5%	(7.7)	1.0
Trade receivables	526.8	3.2%	(16.6)	510.2
Accrued income	378.2	0.3%	(1.1)	377.1

As at 30 June 2020

(In £s million)	Gross	Expected Credit Loss	Provision	Net
Not yet due	449.8	0.4%	(1.7)	448.1
Up to one month past due	56.0	6.6%	(3.7)	52.3
One to three months past due	21.0	11.4%	(2.4)	18.6
Greater than three months past due	16.1	86.3%	(13.9)	2.2
Trade receivables	542.9	4.0%	(21.7)	521.2
Accrued income	303.0	0.5%	(1.5)	301.5

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18. Trade and other receivables continued

Due to the global financial uncertainty arising from the Covid-19 pandemic, Management increased the expected loss rates for trade receivables in the year ended 30 June 2020, which was based on judgment as to the impact of the pandemic. In addition, certain customers within the sectors in which we operate were identified as having a significantly elevated risk and were provided for on a specific basis. This resulted in an increased charge for the impairment provision recognised in the Consolidated Income Statement during the year ended 30 June 2020 and the overall provision held. The Group reduces risk through its credit control process and by contractual arrangements with other recruitment agencies in situations where the Group invoices on their behalf. The Group's exposure is spread over a large number of customers.

The movement on the provision for impairment of trade receivables is as follows:

(In £s million)	2021	2020
At 1 July	21.7	15.6
Exchange movement	(0.6)	0.2
Charge for the year	1.9	10.6
Uncollectable amounts written off	(6.4)	(4.7)
At 30 June	16.6	21.7

Sensitivity

The key sensitivity for credit risk is movement in recoverability of debtors, measured by days sales outstanding (DSO). Sensitivity analysis is performed for both an increase and decrease of one DSO, based on actual DSO of 33 days at 30 June 2021 (30 June 2020: 36). The sensitivity analysis shows that an increase of one DSO will result in an additional £1.0 million impairment allowance, whereas a decrease of one DSO will result in a £0.9 million decrease in impairment allowance. The impact of forward-looking factors on the required provision is immaterial at 30 June 2021, including the impact on the required provision on accrued income. The results of the sensitivity analysis of DSO is shown below:

One additional DSO

(In £s million)	Adjusted Gross	Expected Credit Loss	Required Provision
Not yet due	480.3	0.4%	(1.9)
Up to one month past due	55.4	6.9%	(3.8)
One to three months past due	14.0	26.5%	(3.7)
Greater than three months past due	9.3	88.5%	(8.2)
Trade receivables	559.0	3.2%	(17.6)

One fewer DSO

(In £s million)	Adjusted Gross	Expected Credit Loss	Required Provision
Not yet due	427.1	0.4%	(1.7)
Up to one month past due	49.3	6.9%	(3.4)
One to three months past due	12.4	26.5%	(3.3)
Greater than three months past due	8.3	88.5%	(7.3)
Trade receivables	497.1	3.2%	(15.7)

The risk disclosures contained on pages 55 to 62 within the Strategic Report form part of these Financial Statements.

19. Cash and cash equivalents

(In £s million)

	2021	2020
Cash at bank and in hand	410.6	484.5

The cash balance at 30 June 2020 of £484.5 million benefited from £118.3 million of deferred payments in respect of payroll and other taxes, as agreed with several country governments in response to the Covid-19 pandemic. These were fully paid during the year ended 30 June 2021, therefore the underlying Group cash balance is £410.6 million (2020: underlying cash balance of £366.2 million).

The effective interest rate on short-term deposits was 0.3% (2020: 0.2%). The average maturity of short-term deposits was 28 days (2020: one day).

Capital management

The Board's priorities for our free cash flow are to fund the Group's investment and development, maintain a strong balance sheet and deliver a sustainable core dividend at a level which is both affordable and appropriate. As announced at our half-year results, the Group's profitability, cash generation and working capital management have been considerably more resilient than our modelled scenarios at the time of our £196 million equity issuance in April 2020. We therefore intend to resume our core dividend at 3.0x earnings cover, commencing with a single payment of 1.22 pence per share for FY21. Our target dividend cover range will remain 2.0 to 3.0x earnings.

At our half-year results, we announced that the Board had identified £150 million of surplus cash, which we expected to pay to shareholders in two phases, commencing with £100 million to be declared at our prelims. Given the sequential fee growth and recovery in operating profit in the second half, together with confidence in future growth prospects, the Board now proposes to pay this via one special dividend of £150 million, to be approved by shareholders in November 2021.

The Board expects to resume ongoing special dividends in FY22. Our policy for such special dividends will be based on paying cash above our buffer at each financial year-end of £100 million. As mentioned on page 12, we have budgeted a further £110 million buffer for working capital rebuild which will reduce as our Temp book grows and working capital increases, including any normalisation in client payment times. This equates to the cumulative Group working capital inflow since the start of the pandemic, at 30 June 2021. Any ongoing special dividends will also be dependent on a return to more normal levels of profitability, and a positive economic outlook.

The capital structure of the Group consists of net cash/(debt), which is represented by cash and cash equivalents, bank loans and overdrafts (note 21 to the Consolidated Financial Statements) and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings.

The Group is not restricted to any externally imposed capital requirements.

Risk management

A description of the Group's treasury policy and controls is included in the Finance Director's Review on page 47.

Cash management and foreign exchange risk

The Group's cash management policy is to minimise interest payments by closely managing Group cash balances and external borrowings. Euro-denominated cash positions are managed centrally using a cash concentration arrangement which provides visibility over participating country bank balances on a daily basis. Any Group surplus balance is used to repay any maturing loans under the Group's revolving credit facility or invested in money market funds. As the Group holds a sterling-denominated debt facility and generates significant foreign currency cash flows, the Board considers it appropriate in certain cases to use derivative financial instruments as part of its day-to-day cash management to reduce the Group's exposure to foreign exchange risk.

The Group's operating profit exposure to foreign currency translation is primarily in respect of the euro and the Australian dollar. The sensitivity of a 1 cent change in the average exchange rates for the year in respect of the euro and Australian dollar would result in a £0.6 million and £0.3 million change in operating profit respectively.

The Group does not use derivatives to hedge balance sheet and income statement translation exposure.

Interest rate risk

The Group is exposed to interest rate risk on floating rate bank loans and overdrafts. It is the Group's policy to limit its exposure to fluctuating interest rates by selectively hedging interest rate risk using derivative financial instruments, however there were no interest rate swaps held by the Group during the current or prior year. Cash and cash equivalents carry interest at floating rates based on local money market rates.

Counterparty credit risk

Counterparty credit risk arises primarily from the investment of surplus funds. Risks are closely monitored using credit ratings assigned to financial institutions by international credit rating agencies. The Group restricts transactions to banks and money market funds that have an acceptable credit profile and limits its exposure to each institution accordingly.

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20. Derivative financial instruments

(In £s million)	2021	2020
Net derivative asset	–	0.1

As set out in note 19 to the Consolidated Financial Statements and in the Treasury management section of the Finance Director's Review on page 47, in certain cases the Group uses derivative financial instruments to manage its foreign exchange exposures as part of its day-to-day cash management.

As at 30 June 2021, the Group had entered into no forward exchange contract arrangements with a counterparty bank (2020: three forward contracts). The fair market value of the contracts as at 30 June 2021 gave rise to a profit resulting in the presentation of a net derivative asset of £nil (2020: £0.1 million) in the Consolidated Balance Sheet.

In the prior year some of the derivative assets and liabilities met the offsetting criteria of IAS 32 paragraph 42. Consequently, the qualifying gross derivative assets were set off against the qualifying gross derivative liabilities.

The Group does not use derivatives for speculative purposes and all transactions are undertaken to manage the risks arising from underlying business activities. These instruments are classified as Level 2 in the IFRS 7 fair value hierarchy.

Categories of financial assets and liabilities held by the Group are as shown below:

(In £s million)	2021	2020
Financial assets		
Trade receivables less provision for impairment	510.2	521.2
Accrued income less provision for impairment	377.1	301.5
Cash and cash equivalents	410.6	484.5
Derivative financial instruments	–	0.1
	1,297.9	1,307.3

(In £s million)	2021	2020
Financial liabilities		
Trade creditors	151.1	179.9
Other creditors	72.5	45.3
Accruals	444.3	424.9
	667.9	650.1

21. Bank loans and overdrafts

Risk management

A description of the Group's treasury policy and controls is included in the Finance Director's Review on page 47.

Committed facilities

On 19 October 2020, the Group extended the maturity of its £210 million unsecured revolving credit facility by one year to November 2025 at the lower value of £170 million in its final year due to reduced lender commitments received. The financial covenants within the facility remain unchanged and require the Group's interest cover ratio to be at least 4:1 and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1. The interest rate of the facility is based on a ratchet mechanism with a margin payable over LIBOR in the range of 0.70% to 1.50%.

At 30 June 2021, £210 million of the committed facility was undrawn (2020: £210 million undrawn).

Uncommitted facilities

Following the escalation of the Covid-19 pandemic in April 2020, the Group applied for and was admitted into the Bank of England's uncommitted Covid Corporate Financing Facility (CCFF). This provided access to an additional short-term form of financing of up to £600 million, although the Group did not utilise this facility and access to it expired in March 2021.

Interest rates

The weighted average interest rates paid were as follows:

	2021	2020
Bank borrowings	1.1%	1.8%

For each 25 basis point fall or rise in the average LIBOR rate in the year there would be a reduction or increase in profit before tax by approximately £0.1 million.

22. Trade and other payables

(In £s million)	2021	2020
Trade creditors	151.1	179.9
Other tax and social security	85.3	150.2
Other creditors	72.5	45.3
Accruals	444.3	424.9
Trade and other payables	753.2	800.3

The Directors consider that the carrying amount of trade payables approximates to their fair value. The average credit period taken for trade purchases is 23 days (2020: 30 days).

Other tax and social security in the prior year included £118.3 million in relation to deferred payments agreed with the relevant country tax authorities following the outbreak of the Covid-19 pandemic. These amounts were fully paid during the year ended 30 June 2021.

Accruals primarily relate to the remuneration costs for temporary workers and other agencies that have provided their services but remuneration has yet to be made due to timing.

23. Retirement benefit surplus

The Group operates a number of retirement benefit schemes in the UK and in other countries. The Group's principal schemes are within the UK where the Group operates one defined contribution scheme and two defined benefit schemes. The majority of overseas arrangements are either defined contribution or government-sponsored schemes and these arrangements are not material in the context of the Group results. The total cost charged to the Consolidated Income Statement in relation to these overseas arrangements was £11.7 million (2020: £11.8 million).

UK Defined Contribution Scheme

The Group's principal defined contribution retirement benefit scheme is the Hays Group Personal Pension Plan which is operated for all qualifying employees and is funded via an employee salary sacrifice arrangement, and for qualifying employees additional employer contributions. Employer contributions are in the range of 3% to 12% of pensionable salary depending on the level of employee contribution and seniority.

The total cost charged to the Consolidated Income Statement of £5.0 million (2020: £5.2 million) represents employer's contributions payable to the money purchase arrangements. There were no contributions outstanding at the end of the current year or prior year. The assets of the money purchase arrangements are held separately from those of the Group.

UK Defined Benefit Schemes

The Group's principal defined benefit schemes are the Hays Pension Scheme and the Hays Supplementary Scheme, both in the UK. The Hays Pension Scheme is a funded final salary defined benefit scheme providing pensions and death benefits to members. The Hays Supplementary Scheme is an unfunded unapproved retirement benefit scheme for employees who were subject to HMRC's earnings cap on pensionable salary. The Schemes were closed to future accrual from 30 June 2012 with pensions calculated up until the point of closure. The Schemes are governed by a Trustee board, which is independent of the Group and are subject to full actuarial valuation on a triennial basis.

The last formal actuarial valuation of the Hays Pension Scheme was performed at 30 June 2018 and quantified the deficit at c.£44 million. A revised deficit funding schedule was agreed with effect from 1 July 2018 which maintained the annual contribution at its previous level, subject to a 3% per annum fixed uplift over a period of just under six years. During the year ended 30 June 2021, the Group made a contribution of £16.3 million to the Hays Pension Scheme (2020: £15.7 million) in accordance with the agreed deficit funding schedule. The cash contributions made during the year mainly related to deficit funding payments.

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

The defined benefit schemes expose the Group to actuarial risks, such as longevity risk, inflation risk, interest rate risk and market (investment) risk. The Group is not exposed to any unusual, entity-specific or scheme-specific risks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

23. Retirement benefit surplus continued

The net amount included in the Consolidated Balance Sheet arising from the Group's obligations in respect of its defined benefit schemes is as follows:

(In £s million)	2021	2020
Present value of defined benefit obligations	(855.8)	(893.2)
Less fair value of defined benefit scheme assets:		
Equities	–	2.1
Bonds and gilts	232.4	152.8
Absolute return funds	32.0	20.8
LDI funds	292.2	424.7
Real estate	60.9	56.2
Buy-in policy and other insurance policies	258.1	275.9
Cash	26.8	15.9
Total fair value of defined benefit scheme assets	902.4	948.4
Net asset arising from defined benefit obligations	46.6	55.2

(In £s million)	Quoted	Unquoted	2021
Asset category			
Bonds and gilts	–	232.4	232.4
Absolute return funds	32.0	–	32.0
LDI funds	499.5	(207.3)	292.2
Real estate	2.3	58.6	60.9
Buy-in policy and other insurance policies	–	258.1	258.1
Cash	26.0	0.8	26.8
Total scheme assets	559.8	342.6	902.4

The Trustee board is responsible for determining the Hays Pension Schemes investment strategy, after taking advice from the Schemes' investment adviser Mercer Limited. The investment objective for the Trustee of the Scheme is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the defined benefit scheme as they fall due. The current strategy is to hold investments that share characteristics with the long-term liabilities of the Scheme. The majority of assets are invested in a Liability Driven Investments (LDI) portfolio and corporate bonds and gilts. The Scheme also holds a bulk purchasing annuity policy (buy-in) contract with Canada Life Limited in respect of ensuring all future payments to existing pensioners of the Hays Defined Scheme as at 31 December 2017. The Scheme assets do not include any directly held shares issued by the Company or property occupied by the Company.

The fair value of financial instruments has been determined using the fair value hierarchy. Where such quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted if necessary, is used. Where quoted prices are not available and recent transactions of an identical asset on their own are either unavailable or not a good estimate of fair value, valuation techniques are employed using observable market data and non-observable data.

In relation to the LDI funds the valuations have been determined as follows:

- Repurchase agreements (where the Scheme has sold assets with the agreement to repurchase at a fixed date and price) are included in the Financial Statements at the fair value of the repurchase price as a liability. The assets sold are reported at their fair value reflecting that the Scheme retains the risks and rewards of ownership of those assets;
- The fair value of the forward currency contracts is based on market forward exchange rates at the year-end and determined as the gain or loss that would arise if the outstanding contract was matched at the year-end with an equal and opposite contract; and
- Swaps represent current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date.

The analysis of the LDI funds included within the pension scheme assets is as follows:

(In £s million)	Quoted	Unquoted	2021
LDI funds summary valuation			
Government bonds	37.9	–	37.9
Government index-linked	446.3	–	446.3
Interest rate swaps	–	41.6	41.6
Liquidity	15.3	–	15.3
Gross funds	499.5	41.6	541.1
Repurchase agreements	–	(202.7)	(202.7)
Asset swaps	–	(28.9)	(28.9)
RPI swaps	–	(17.3)	(17.3)
Gross liabilities	–	(248.9)	(248.9)
Total LDI funds	499.5	(207.3)	292.2

The LDI portfolio is managed by Insight (a Bank of New York Mellon company) under an active mandate and uses government bonds and derivative instruments (such as interest rate swaps, inflation swaps and gilt repurchase transactions) to hedge the impact of interest rate and inflation movements in relation to the long-term liabilities.

Under the Scheme's LDI strategy, if interest rates fall, the value of LDI investments will rise to help match the increase in actuarial liabilities arising from the fall in discount rate. Similarly if interest rates rise, the LDI investments will fall in value, as will the liabilities because of the increase in the discount rate. The extent to which the liability interest rate and inflation risk is not fully matched by the LDI funds represents the residual interest rate and inflation risk the Scheme remains exposed to.

In addition to the above risk, the LDI portfolio forms part of a diversified investment portfolio for the Scheme, with this diversification seeking to reduce investment risk.

The Scheme is subject to direct credit risk because the Scheme invests in segregated mandates with the Insight LDI portfolio. Credit risk arising on bonds held directly within the LDI portfolio is mitigated by investing mostly in government bonds where the credit risk is minimal.

Credit risk arising on the derivatives held in the LDI mandate depends on whether the derivative is exchange traded or over the counter (OTC). OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps held in the LDI portfolio is reduced by collateral arrangements.

The change in the present value of defined benefit obligations was:

(In £s million)	2021	2020
Opening defined benefit obligations at 1 July	(893.2)	(807.4)
Administration costs	(2.1)	(2.5)
Interest on defined benefit scheme liabilities	(14.1)	(17.8)
Net remeasurement gains/(losses) – change in experience assumptions	0.5	(8.1)
Net remeasurement gains/(losses) – change in financial assumptions	23.4	(90.1)
Benefits and expenses paid	29.7	32.7
Closing defined benefit obligations at 30 June	(855.8)	(893.2)

The analysis of the defined benefit obligations is shown below:

(In £s million)	2021	2020
Plans that are wholly or partly funded	(843.5)	(879.9)
Plans that are wholly unfunded	(12.3)	(13.3)
Total	(855.8)	(893.2)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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23. Retirement benefit surplus continued

The defined benefit schemes' liability comprises 63% (2020: 63%) in respect of deferred Scheme participants and 37% (2020: 37%) in respect of retirees.

The weighted average duration of the UK defined benefit scheme liabilities at the end of the reporting year is c.21 years (2020: c.21 years).

The change in the fair value of defined benefit scheme assets is as follows:

(In £s million)	2021	2020
Fair value of plan assets at 1 July	948.4	827.1
Interest income on defined benefit scheme assets	15.1	18.4
Return on scheme assets	(48.1)	119.5
Employer contributions (towards funded and unfunded schemes)	16.7	16.1
Benefits and expenses paid	(29.7)	(32.7)
Fair value of plan assets at 30 June	902.4	948.4

During the year the Company made deficit funding contributions of £16.3 million (2020: £15.7 million) into the funded Hays Pension Scheme, and made pension payments amounting to £0.4 million (2020: £0.4 million) in respect of the unfunded Hays Supplementary Scheme. The amount of deficit funding contributions expected to be paid into the funded Hays Pension Scheme in the year to 30 June 2022 is £16.7 million. Following the closure of the Schemes in 2012 future service contributions are no longer payable.

The net expense recognised in the Consolidated Income Statement comprised:

(In £s million)	2021	2020
Net interest credit	1.0	0.6
Administration costs	(2.1)	(2.5)
Net expense recognised in the Consolidated Income Statement	(1.1)	(1.9)

The net interest credit and administration costs in the current year and prior year were recognised within finance costs.

The amounts recognised in the Consolidated Statement of Comprehensive Income are as follows:

(In £s million)	2021	2020
The return on plan assets (excluding amounts included in net interest expense)	(48.1)	119.5
Actuarial remeasurement:		
Net remeasurement gains/(losses) – change in experience assumptions	0.5	(8.1)
Net remeasurement gains/(losses) – change in financial assumptions	23.4	(90.1)
Remeasurement of the net defined benefit surplus	(24.2)	21.3

A roll forward of the actuarial valuation of the Hays Pension Scheme to 30 June 2021 and the valuation of the Hays Supplementary Scheme has been performed by an independent actuary, who is an employee of Deloitte LLP.

The key assumptions used at 30 June are listed below.

	2021	2020
Discount rate	1.95%	1.60%
RPI inflation	3.20%	2.85%
CPI inflation	2.50%	2.15%
Rate of increase of pensions in payment	3.10%	2.80%
Rate of increase of pensions in deferment	2.50%	2.15%

The discount rate has been constructed to reference the Deloitte AA corporate bond curve (which fits a curve to iBoxx Sterling AA corporate data). The corporate bond yield curve has been used to discount the Scheme cash flows using the rates available at each future duration and this had been converted into a single flat rate assumption to give equivalent liabilities to the Scheme's cash flows. The duration of the Scheme's liabilities using this approach is c.21 years.

The RPI inflation assumption has been set as gilt market implied RPI appropriate to the duration of the liabilities (c.21 years) less a 0.2% per annum inflation risk premium. The CPI inflation assumption has been determined as 0.7% per annum below the RPI assumption (2020: 0.7%). The reduction in year of 30 basis points considers the UK Statistics Authority announcement of the planned changes to the calculation on RPI to bring it in line with CPIH from 2030 at the latest. The financial impact of the change in CPI assumption on the scheme's liabilities was estimated to be £15 million.

The life expectancy assumptions have been updated and calculated using bespoke 2018 Club Vita base tables along with CMI 2017 projections (smoothing factor of 8 and assuming improvements have peaked) and a long-term improvement rate of 1.5% per annum. On this basis a 65-year-old current pensioner has a life expectancy of 23.0 years for males (2020: 23.0 years) and 24.4 years for females (2020: 24.4 years). Also on the same basis, the life expectancy from age 65 years of a current 45-year-old deferred member is 25.0 years for males (2020: 25.0 years) and 27.3 years for females (2020: 27.3 years).

A sensitivity analysis on the principal assumptions used to measure the scheme's liabilities at the year-end is:

	Change in assumption	Impact on Schemes
Discount rate	+/- 0.5%	-£80m/+£95m
Inflation and pension increases (allowing for caps and collars)	+/- 0.5%	+£55m/-£50m
Assumed life expectancy at age 65	+1 or -1 year	+£30m/-£30m

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation to one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Consolidated Balance Sheet.

24. Provisions

(In £s million)	Restructuring	Other	Total
At 1 July 2020	11.5	15.1	26.6
Exchange movement	(0.2)	-	(0.2)
Amounts provided during the year	-	5.3	5.3
Utilised	(8.0)	(4.1)	(12.1)
At 30 June 2021	3.3	16.3	19.6

(In £s million)	2021	2020
Current	10.0	16.8
Non-current	9.6	9.8
Total provisions	19.6	26.6

Restructuring provisions arose in the prior year as disclosed in note 5 to the Consolidated Financial Statements. Other provisions relate to exposures arising from business operations overseas, a redundancy provision of £2.7 million in relation to Temp employees in Germany and £2.5 million for certain indirect tax exposures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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25. Called up share capital

Called up, allotted and fully paid Ordinary shares of 1 pence each

	Share capital number (thousand)	Share capital (£s million)
At 1 July 2020	1,682,117	16.8
At 30 June 2021	1,682,117	16.8

In accordance with the Companies Act 2006, the Company no longer has an authorised share capital. The Company is allowed to hold 10% of issued share capital in treasury.

During the year ended 30 June 2020, new Ordinary shares were issued in the capital of the Company. On 9 September 2019, 7.5 million Ordinary shares were issued through a block listing in order to satisfy employee share awards that had vested. On 2 April 2020, 210.5 million shares were issued through a non-pre-emptive placing and subscription of Ordinary shares at a placing price of 95 pence per share.

As at 30 June 2021, the Company held 5.7 million (2020: 4.4 million) Hays plc shares in treasury. The shares held in treasury are used to satisfy the exercises in relation to equity-settled share-based payment awards.

26. Merger reserve

(In £s million)	Total
At 1 July 2020	193.8
At 30 June 2021	193.8

In accordance with Section 612 of the Companies Act 2006, the Merger reserve was generated as a result of the cash box structure used in the non-pre-emptive equity placing and subscription of Ordinary shares arising from the issue of 210.5 million shares on 2 April 2020 at a placing price of 95 pence per share. The placing gave rise to net proceeds received of £195.9 million after broker and legal costs of £4.1 million.

27. Share-based payments

During the year ended 30 June 2021, £8.7 million (2020: £7.8 million) was charged to the Consolidated Income Statement in relation to equity-settled share-based payments.

Share options

At 30 June 2021 the following options had been granted and remained outstanding in respect of the Company's Ordinary shares of 1 pence each under the Company's share option schemes:

	Number of shares	Nominal value of shares (£)	Subscription price (pence/share)	Date normally exercisable
Hays UK Sharesave Scheme				
	286,082	2,861	143	2021
	796,914	7,969	171	2022
	–	–	–	2023
	2,071,378	20,714	143	2024
	3,154,374	31,544		
Hays International Sharesave Scheme				
	367,063	3,671	143	2021
	546,500	5,465	171	2022
	–	–	–	2023
	611,306	6,113	143	2024
	1,524,869	15,249		
Total Sharesave options outstanding	4,679,243	46,793		

The Hays International Sharesave Scheme is available to employees in Australia, New Zealand, Germany, the Republic of Ireland, Canada, Hong Kong SAR, Singapore and the United Arab Emirates.

Details of the share options outstanding during the year are as follows:

	2021 Number of share options (thousand)	2021 Weighted average exercise price (pence)	2020 Number of share options (thousand)	2020 Weighted average exercise price (pence)
Sharesave				
Outstanding at the beginning of the year	3,098	146	5,582	143
Granted during the year	2,741	143	–	–
Forfeited during the year	(383)	147	(1,824)	149
Exercised during the year	(6)	162	(538)	107
Expired during the year	(771)	144	(122)	110
Outstanding at the end of the year	4,679	145	3,098	146
Exercisable at the end of the year	653	171	720	143

The weighted average share price for all options exercised during the year was 166 pence (2020: 157 pence).

The options outstanding as at 30 June 2021 had a weighted average remaining contractual life of two years.

Performance Share Plan (PSP) and Deferred Annual Bonus (DAB)

The PSP is designed to link reward to the key long-term value drivers of the business and to align the interests of the Executive Directors and approximately 360 of the global senior management population with the long-term interests of shareholders. PSP awards are discretionary and vesting is dependent upon the achievement of performance conditions measured over either a three-year period with a two-year holding period or a one-year period with a two-year holding period. The fair value of both the PSP and DAB awards are calculated using the share price as at the date the shares are granted.

Only the Executive Directors and other members of the Management Board participate in the DAB which promotes a stronger link between short-term and long-term performance through the deferral of annual bonuses into shares for a three-year period.

Further details of the schemes for the Executive Directors can be found in the Remuneration Report on pages 83 to 111.

Details of the share awards outstanding during the year are as follows:

	2021 Number of share options (thousand)	2021 Weighted average fair value at grant (pence)	2020 Number of share options (thousand)	2020 Weighted average fair value at grant (pence)
Performance Share Plan				
Outstanding at the beginning of the year	17,915	170	19,129	166
Granted during the year	9,476	119	7,773	146
Exercised during the year	(3,256)	187	(6,614)	132
Lapsed during the year	(4,731)	159	(2,373)	169
Outstanding at the end of the year	19,404	145	17,915	170

The weighted average share price on the date of exercise was 119 pence (2020: 148 pence).

The options outstanding as at 30 June 2021 had a weighted average remaining contractual life of 2.4 years.

	2021 Number of share options (thousand)	2021 Weighted average fair value at grant (pence)	2020 Number of share options (thousand)	2020 Weighted average fair value at grant (pence)
Deferred Annual Bonus				
Outstanding at the beginning of the year	2,353	181	2,195	181
Granted during the year	–	–	753	147
Exercised during the year	(651)	184	(595)	138
Outstanding at the end of the year	1,702	180	2,353	181

The weighted average share price on the date of exercise was 118 pence (2020: 151 pence).

The options outstanding as at 30 June 2021 had a weighted average remaining contractual life of 0.7 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

28. Related parties

Remuneration of key management personnel

The remuneration of the Management Board and Non-Executive Directors, who are key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures' and represents the total compensation costs incurred by the Group in respect of remuneration, not the benefit to the individuals. Further information about the remuneration of Executive and Non-Executive Directors is provided in the Directors' Remuneration Report on pages 83 to 111.

(In £s million)	2021	2020
Short-term employee benefits	11.8	6.5
Share-based payments	3.9	3.5
Remuneration of key management personnel	15.7	10.0

29. Disaggregation of net fees

IFRS 15 requires entities to disaggregate revenue recognised from contracts with customers into relevant categories that depict how the nature, amount and cash flows are affected by economic factors. As a result, we consider the following information relating to net fees to be relevant:

	Australia & New Zealand	Germany	United Kingdom & Ireland	Rest of World	Group
Temporary placements	70%	85%	62%	36%	61%
Permanent placements	30%	15%	38%	64%	39%
Total	100%	100%	100%	100%	100%
Private sector	64%	86%	66%	99%	82%
Public sector	36%	14%	34%	1%	18%
Total	100%	100%	100%	100%	100%
Accountancy & Finance	10%	16%	18%	12%	14%
IT & Engineering	14%	65%	15%	32%	34%
Construction & Property	21%	5%	19%	9%	12%
Office Support	10%	0%	10%	5%	5%
Other	45%	14%	38%	42%	35%
Total	100%	100%	100%	100%	100%

30. Subsequent events

Following the significant recovery in trading in the year ended 30 June 2021, a final dividend for 2021 of 1.22 pence per share (£20.5 million) will be proposed at the Annual General Meeting on 10 November 2021. As previously guided, and as part of the Group's capital return strategy, the Group will also propose a special dividend of £150.0 million, the equivalent of 8.93 pence per share at the Annual General Meeting. Neither the final dividend nor the special dividend have been included as a liability. If approved, the final and special dividend will be paid on 12 November 2021 to shareholders on the register at the close of business on 1 October 2021.

HAYS PLC COMPANY BALANCE SHEET

AT 30 JUNE 2021

(In £s million)	Note	Company 2021	Company 2020
Non-current assets			
Intangible assets		0.8	0.5
Property, plant and equipment		0.8	0.9
Investment in subsidiaries	4	743.9	743.9
Trade and other receivables	5	61.3	38.0
Deferred tax assets	6	2.3	2.3
Retirement benefit surplus	9	46.6	55.2
		855.7	840.8
Current assets			
Trade and other receivables	7	9.6	6.2
Cash and bank balances		225.0	274.2
		234.6	280.4
Total assets		1,090.3	1,121.2
Current liabilities			
Trade and other payables	8	(110.8)	(112.7)
Net current assets		123.8	167.7
Total assets less current liabilities		979.5	1,008.5
Non-current liabilities			
Deferred tax liabilities	6	(5.2)	(10.5)
Provisions	10	(9.3)	(9.4)
		(14.5)	(19.9)
Total liabilities		(125.3)	(132.6)
Net assets		965.0	988.6
Equity			
Called up share capital	11	16.8	16.8
Share premium		369.6	369.6
Merger reserve	12	193.8	193.8
Capital redemption reserve		2.7	2.7
Retained earnings		364.2	388.3
Equity reserve		17.9	17.4
Total equity		965.0	988.6

The loss for the financial year in the Hays plc Company Financial Statements is £7.0 million (2020: profit of £79.0 million).

The Financial Statements of Hays plc, registered number 2150950, set out on pages 157 to 164 were approved by the Board of Directors and authorised for issue on 25 August 2021.

Signed on behalf of the Board of Directors.

A R Cox

P Venables

HAYS PLC COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

(In £s million)	Called up share capital	Share premium	Merger reserve	Capital redemption reserve	Retained earnings	Equity reserve	Total equity
At 1 July 2020	16.8	369.6	193.8	2.7	388.3	17.4	988.6
Remeasurement of defined benefit pension schemes	-	-	-	-	(24.2)	-	(24.2)
Tax relating to components of other comprehensive income	-	-	-	-	6.2	-	6.2
Net expense recognised in other comprehensive income	-	-	-	-	(18.0)	-	(18.0)
Loss for the year	-	-	-	-	(7.0)	-	(7.0)
Total comprehensive expense for the year	-	-	-	-	(25.0)	-	(25.0)
Share-based payments	-	-	-	-	7.3	0.5	7.8
Purchase of own shares	-	-	-	-	(6.4)	-	(6.4)
At 30 June 2021	16.8	369.6	193.8	2.7	364.2	17.9	965.0

FOR THE YEAR ENDED 30 JUNE 2020

(In £s million)	Called up share capital	Share premium	Merger reserve	Capital redemption reserve	Retained earnings	Equity reserve	Total equity
At 1 July 2019	14.7	369.6	-	2.7	402.6	21.4	811.0
Remeasurement of defined benefit pension schemes	-	-	-	-	21.3	-	21.3
Tax relating to components of other comprehensive income	-	-	-	-	(4.6)	-	(4.6)
Net income recognised in other comprehensive income	-	-	-	-	16.7	-	16.7
Profit for the year	-	-	-	-	79.0	-	79.0
Total comprehensive income for the year	-	-	-	-	95.7	-	95.7
New shares issued	2.1	-	193.8	-	-	-	195.9
Dividends paid	-	-	-	-	(121.6)	-	(121.6)
Share-based payments	-	-	-	-	11.4	(4.0)	7.4
Tax on share-based payment transactions	-	-	-	-	0.2	-	0.2
At 30 June 2020	16.8	369.6	193.8	2.7	388.3	17.4	988.6

NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS

1. Accounting policies

Basis of accounting

The Company Financial Statements have been prepared under the historical cost convention, in accordance with Financial Reporting Standard 101 (FRS 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by Section 408 of the Companies Act 2006, the Company's Income Statement has not been presented. The Company, as permitted by FRS 101, has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, certain disclosures regarding the Company's capital, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, certain related party transactions and the effect of future accounting standards not yet adopted. Where required, equivalent disclosures are provided in the Consolidated Financial Statements of Hays plc.

New and amended accounting standards effective during the year

There have been no new or amended accounting standards or interpretations adopted during the year that have had a significant impact on the Company Financial Statements.

The significant accounting policies and significant judgments and key estimates relevant to the Company are the same as those set out in note 2 and note 3 to the Consolidated Financial Statements with the addition of the following accounting policies.

Investment in subsidiary undertakings

Investments in subsidiary undertakings are held at cost less any provision for impairment. The subsidiary undertakings which the Company held at 30 June 2021 are described in note 4 to the Company Financial Statements.

Financial guarantee arrangements

Where the Company enters into financial guarantee arrangements to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Intercompany and other receivables

Intercompany and other receivables are initially measured at fair value. Subsequent to initial recognition these assets are measured at amortised cost less any provision for impairment losses. The Company measures impairment losses using the expected credit loss model in accordance with IFRS 9.

2. Employee information

There are no staff employed by the Company (2020: none), therefore no remuneration has been disclosed. Details of Directors' emoluments and interests are included in the Remuneration Report on pages 83 to 111 of the Annual Report.

3. Profit for the year

Hays plc has not presented its own Income Statement and related notes as permitted by Section 408 of the Companies Act 2006. The loss for the financial year in the Hays plc Company Financial Statements is £7.0 million (2020: profit £79.0 million).

4. Investment in subsidiaries

(In £s million)	2021	2020
Cost		
At 1 July	743.9	743.9
Provision for impairment		
Charge during the year	-	-
Total		
At 30 June	743.9	743.9

Investments in subsidiaries are stated at cost less any impairment in recoverable value.

The principal subsidiary undertakings of the Company are listed in note 13 to the Company Financial Statements.

NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS

CONTINUED

5. Trade and other receivables: amounts falling due after more than one year

(In £s million)	2021	2020
Prepayments	1.0	1.1
Amounts owed by subsidiary undertakings	60.3	36.9
Trade and other receivables: amounts falling due after more than one year	61.3	38.0

The Company charges interest on amounts owed by subsidiary undertakings at a rate of three-month LIBOR plus 1%. The amounts owed by subsidiary undertakings are unsecured.

6. Deferred tax

(In £s million)	2021	2020
Deferred tax assets	2.3	2.3
Deferred tax liabilities	(5.2)	(10.5)
Net deferred tax	(2.9)	(8.2)

7. Trade and other receivables: amounts falling due within one year

(In £s million)	2021	2020
Corporation tax debtor	6.1	4.2
Prepayments	3.5	2.0
Trade and other receivables: amounts falling due within one year	9.6	6.2

8. Trade and other payables

(In £s million)	2021	2020
Accruals	27.0	20.1
Amounts owed to subsidiary undertakings	83.8	92.6
Trade and other payables	110.8	112.7

Amounts owed to subsidiary undertakings are repayable on demand. The Company is charged interest on amounts owed to subsidiary undertakings at a rate of three-month LIBOR less 1%.

9. Retirement benefit surplus

(In £s million)	2021	2020
Net asset arising from defined benefit obligations	46.6	55.2

The details of these UK schemes, for which Hays plc is the sponsoring employer, are set out in note 23 to the Consolidated Financial Statements.

10. Provisions

(In £s million)	
At 1 July 2020	9.4
Utilised during the year	(0.1)
At 30 June 2021	9.3

Provisions comprise of potential exposures arising as a result of business operations. It is not possible to estimate the timing of payments against the provisions.

11. Called up share capital

Called up, allotted and fully paid Ordinary shares of 1 pence each

	Share capital number (thousand)	Share capital (£s million)
At 1 July 2020	1,682,117	16.8
At 30 June 2021	1,682,117	16.8

In accordance with the Companies Act 2006, the Company no longer has an authorised share capital. The Company is allowed to hold 10% of issued share capital in treasury.

During the year ended 30 June 2020, new ordinary shares were issued in the capital of the Company. On 9 September 2019, 7.5 million Ordinary shares were issued through a block listing in order to satisfy employee share awards that had vested. On 2 April 2020, 210.5 million shares were issued through a non-pre-emptive placing and subscription of Ordinary shares at a placing price of 95 pence per share.

As at 30 June 2021, the Company held 5.7 million (2020: 4.4 million) Hays plc shares in treasury. The shares held in treasury are used to satisfy the exercises in relation to equity-settled share-based payment awards.

12. Merger reserve

(In £s million)	Total
At 1 July 2020	193.8
At 30 June 2021	193.8

In accordance with Section 612 of the Companies Act 2006, the Merger reserve was generated as a result of the cash box structure used in the non-pre-emptive equity placing and subscription of Ordinary shares arising from the issue of 210.5 million shares on 2 April 2020 at a placing price of 95 pence per share. The placing gave rise to net proceeds received of £195.9 million after broker and legal costs of £4.1 million.

NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS

CONTINUED

13. Subsidiaries

	Registered Address and Country of Incorporation
Hays Specialist Recruitment (Australia) Pty Limited	Level 13, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000, Australia
Hays Österreich GmbH	Europaplatz 3/5, 1150 Wien, Austria
Hays Professional Solutions Österreich GmbH	Europaplatz 3/5, 1150 Wien, Austria
Hays NV	B – 8500 Kortrijk, Brugsesteenweg 255 box 2, Belgium
Hays Services NV	B – 8500 Kortrijk, Brugsesteenweg 255 box 2, Belgium
Hays Alocação Profissional Ltda	Rua Pequetita, No.215, 13th Floor, São Paulo, Brazil
Hays Recruitment and Selection Ltda	Rua Pequetita, No.215, 13th Floor, São Paulo, Brazil
Hays Trabalho Temporário Ltda	Rua Pequetita, No.215, 13th Floor, São Paulo, Brazil
Hays Specialist Recruitment (Canada) Inc.	1500 Don Mills Road, Suite 402, North York, Ontario, M3B 3K4, Canada
Hays Especialistas En Reclutamiento Limitada	Cerro El Plomo 5630, Of. 1701, Las Condes, P.O. 7560742, Santiago, Chile
Hays Specialist Recruitment (Shanghai) Co. Limited* (90% owned)	Unit 0304, 19/F Shui On Plaza, 333 Huaihai Road, Lot No.7 Luwan District, Shanghai 200020, CN, O, China
Hays Colombia SAS	AK 45 No. 108-27 Torre 2 Oficina 1105, Bogotá, Colombia
Hays Czech Republic s.r.o	Olivova 4/2096, 110 00 Praha 1, Czech Republic
Hays Information Technology s.r.o	Olivova 4/2096, 110 00 Praha 1, Czech Republic
Hays Specialist Recruitment (Denmark) A/S	Kongens Nytorv 8, 1050 København K, Denmark
H101 Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Commercial Services Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, UK
Hays Group Holdings Limited†	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Healthcare Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Holdings Ltd†	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays International Holdings Limited†	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Life Sciences Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Nominees Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Overseas Holdings Limited†	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Pension Trustee Limited†	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Recruitment Services Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Social Care Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Specialist Recruitment (Holdings) Limited†	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Specialist Recruitment Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Stakeholder Life Assurance Trustee Limited†	4th Floor, 20 Triton Street, London, NW1 3BF, UK
James Harvard Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Krooter Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Oval (1620) Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Paperstream Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Recruitment Solutions Group Limited (IOM)	First Names House, Victoria Road, Douglas, IM2 4DF, Isle of Man
Hays Clinical Research SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Consulting SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Corporate SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Executive SASU	147 boulevard Haussmann, 75008 Paris, France
Hays France SAS	147 boulevard Haussmann, 75008 Paris, France
Hays Life Sciences Consulting SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Media SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma SASU	147 boulevard Haussmann, 75008 Paris, France
Hays SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Services SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Talent Solutions SASU	23 rue Lafayette, 31000 Toulouse, France
Hays AG	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany

	Registered Address and Country of Incorporation
Hays Talent Solutions GmbH	Völklinger Straße 4, 40219 Düsseldorf, Germany
Hays Holding GmbH	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Technology Solutions GmbH	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Professional Solutions GmbH	Völklinger Straße 4, 40219 Düsseldorf, Germany
Hays Verwaltungs GmbH	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Beteiligungs GmbH & Co. KG	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Hong Kong Limited	Unit 6604-06, 66/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Hays Specialist Recruitment Hong Kong Limited	Unit 6604-06, 66/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Hays Hungary Kft.	1054 Budapest, Szabadság tér 7, Bank Center, Hungary
Hays Professional Services Kft.	1054 Budapest, Szabadság tér 7, Bank Center, Hungary
Hays Business Solutions Private Limited (Gurgaon)	Buildings 9B, 11th Floor, DLF Cyber City, Gurgaon, Haryana-HR, 122002, India
Hays Specialist Recruitment Private Limited	Office No. 2102, Space Inspire Hub, Adani Western Height, J.P. Road, Four Bungalows, Andheri West, Mumbai 400053, Maharashtra, India
Hays Business Services Ireland Limited	26/27a Grafton St, Dublin 2, Ireland
Hays Specialist Recruitment (Ireland) Limited	26/27a Grafton St, Dublin 2, Ireland
James Harvard (Ireland) Limited	26/27a Grafton St, Dublin 2, Ireland
Hays Professional Services S.r.l	Corso Italia 13, CAP 20122, Milano, Italy
Hays Solutions S.r.l	Corso Italia 13, CAP 20122, Milano, Italy
Hays S.r.l	Corso Italia 13, CAP 20122, Milano, Italy
Hays Resource Management Japan K.K.	Izumi Garden Tower 28F 1-6-1 Roppongi, Minato-ku, Tokyo 106-6028, Japan
Hays Specialist Recruitment Japan K.K.	Izumi Garden Tower 28F 1-6-1 Roppongi, Minato-ku, Tokyo 106-6028, Japan
Hays Finance (Jersey) Limited	44 Esplanade, St Helier, Jersey JE4 9WG
Hays S.a.r.l	65 Avenue de la Gare – L 1611, Luxembourg
Hays Travail Temporaire Luxembourg	65 Avenue de la Gare – L 1611, Luxembourg
Agensi Pekerjaan Hays (Malaysia) Sdn. Bhd. *(49% owned)	B4-3A-6, Solaris Dutamas, No 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia
Hays Solution Sdn. Bhd.	B4-3A-6, Solaris Dutamas, No 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia
Hays Specialist Recruitment Holdings Sdn. Bhd.	B4-3A-6, Solaris Dutamas, No 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia
Hays Flex. S.A. de C.V.	Avenida Paseo de las Palmas No. 405, 1003, Colonia Lomas de Chapultepec VII Seccion, C.P. 11000, México,CD.MX.
Hays Servicios S.A. de C.V.	Avenida Paseo de las Palmas No. 405, 1003, Colonia Lomas de Chapultepec VII Seccion, C.P. 11000, México,CD.MX.
Hays, S.A. de C.V.	Avenida Paseo de las Palmas No. 405, 1003, Colonia Lomas de Chapultepec VII Seccion, C.P. 11000, México,CD.MX.
Hays B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Holdings B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Services B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Temp B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Specialist Recruitment (NZ) Limited	Level 12, PwC Tower, 188 Quay Street, Auckland, 1010, New Zealand
Hays Document Management (Private) Limited (in liquidation)	6th Floor, AWT Plaza, I.I Chundrigar Road, Karachi, Pakistan
Hays Outsourcing Sp. z.o.o.	ul. Marszałkowska 126/134, 00-008 Warszawa, Poland
Hays Poland Sp. z.o.o.	ul. Marszałkowska 126/134, 00-008 Warszawa, Poland
Hays Poland Centre of Excellence sp. z.o.o.	ul. Marszałkowska 126/134, 00-008 Warszawa, Poland
HaysP Recrutamento Seleção e Empresa de Trabalho Temporário Unipessoal LDA	Avenida da Republica, no 90 – 1º andar, fração 4, 1600-206 – Lisbon, Portugal
Hays Specialist Recruitment Romania SRL	Premium Plaza 63-69 Dr. Iacob Felix Street, 7th floor, Bucharest, 011033, Romania
Hays Professional Services SRL	Premium Plaza 63-69 Dr. Iacob Felix Street, 7th floor, Bucharest, 011033, Romania

NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS

CONTINUED

13. Subsidiaries continued

	Registered Address and Country of Incorporation
Hays Business Solutions Limited Liability Company	Room 35, premises 1, 3 floor, bld. 2,2, Paveletskaya Square, Moscow, 115054, Russia
Hays IT Solutions Limited Liability Company	Room 35, premises 1, 3 floor, bld. 2,2, Paveletskaya Square, Moscow, 115054, Russia
Hays Specialist Recruitment Limited Liability Company	Room 35, premises 1, 3 floor, bld. 2,2, Paveletskaya Square, Moscow, 115054, Russia
Hays Talent Solutions Limited Liability Company	Room 35, premises 1, 3 floor, bld. 2,2, Paveletskaya Square, Moscow, 115054, Russia
Hays Specialist Recruitment P.T.E Limited	80 Raffles Place, #27-20 UOB Plaza 2, Singapore
Hays Business Services S.L.	Paseo de la Castellana 81, 28046 Madrid, Spain
Hays Personnel Espana Empresa de Trabajo Temporal SA	Paseo de la Castellana 81, 28046 Madrid, Spain
Hays Personnel Services España SA	Paseo de la Castellana 81, 28046 Madrid, Spain
Hays Talent Solutions Espana SL	Madrid, C / Zurbano nº 23, 1º Dcha (C.P. 28010)
Hays Specialist Recruitment AB	Stureplan 4 C, 114 35, Stockholm, Sweden
Hays (Schweiz) AG	Nüscherstrasse 32, CH-8001 Zurich, Switzerland
Hays Talent Solutions (Schweiz) GmbH	Nüscherstrasse 32, CH-8001 Zurich, Switzerland
Hays FZ-LLC	Block 19, 1st Floor, Office F-02, Knowledge Village, Dubai 500340, United Arab Emirates
3 Story Software LLC	63 Bridge Street New Milford, CT, 06776 USA
Hays Holding Corporation	160 Greentree Dr. Suite 101 Dover DE 19904 USA
Hays Specialist Recruitment LLC	4350 W Cypress Street Suite 1000 Tampa FL 33607 USA
Hays Talent Solutions LLC	4350 W Cypress Street Suite 1000 Tampa FL 33607 USA
Hays U.S. Corporation	4350 W Cypress Street Suite 1000 Tampa FL 33607 USA
Hays Holdings U.S. Inc.	4350 W Cypress Street Suite 1000 Tampa FL 33607 USA

As at 30 June 2021, Hays plc and/or a subsidiary or subsidiaries in aggregate owned 100% of each class of the issued shares of each of these companies with the exception of companies marked with an asterisk (*) in which case each class of issued shares held was as stated.

Shares in companies marked with a (*) were owned directly by Hays plc. All other companies were owned by a subsidiary or subsidiaries of Hays plc.

14. Other related party transactions

Hays plc has taken advantage of the exemption granted under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries. Transactions entered into and trading balances outstanding that were owed to Hays plc at 30 June 2021 with other related parties were £2.1 million (2020: £1.7 million).

SHAREHOLDER INFORMATION

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R THE E WORK AYS

SHAREHOLDER INFORMATION

Registrar

The Company's registrar is:
Equiniti Limited
Aspect House, Spencer Road, Lancing,
West Sussex BN99 6DA
www.shareview.co.uk
Telephone: 0371 384 2843⁽¹⁾
International: +44 (0) 121 415 7047
Textphone: 0371 384 2255

ID fraud and unsolicited mail

Share-related fraud and identity theft affects shareholders of many companies and we urge you to be vigilant. If you receive any unsolicited mail offering advice, you should inform EQ (Equiniti), the Company's registrar, immediately.

As the Company's share register is, by law, open to public inspection, shareholders may receive unsolicited mail from organisations that use it as a mailing list. To reduce the amount of unsolicited mail you receive, contact the Mailing Preference Service, FREEPOST 29 LON20771, London W1E 0ZT. Telephone: 0345 0700 705
Website: www.mpsonline.org.uk

ShareGift

ShareGift is a charity share donation scheme for shareholders and is administered by the Orr Mackintosh Foundation. It is especially useful for those shareholders who wish to dispose of a small number of shares whose value makes it uneconomical to sell on a normal commission basis. Further information can be obtained from www.sharegift.org or from EQ.

Website

The Company has a corporate website at haysplc.com, which holds, amongst other information, a copy of our latest Annual Report & Financial Statements and copies of all announcements made over the last 12 months.

Registered office

4th Floor
20 Triton Street
London
NW1 3BF
Registered in England & Wales no. 2150950
Telephone: +44 (0)203 978 2520

Company Secretary

Doug Evans
Email: cossec@hays.com

Investor Relations contact

David Phillips, Head of Investor Relations
Email: ir@hays.com

EQ provides a range of services for shareholders:

Service	What it offers	How to participate
Shareholder service	You can access details of your shareholding and a range of other shareholder services.	You can register at www.shareview.co.uk
Enquiries relating to your shareholding	You can inform EQ of lost share certificates, dividend warrants or tax vouchers, change of address or if you would like to transfer shares to another person.	Please contact EQ.
Dividend payments	Dividends may be paid directly into your bank or building society account. Tax vouchers will continue to be sent to the shareholder's registered address.	Complete a dividend bank mandate instruction form which can be downloaded from www.shareview.co.uk or by telephoning EQ.
Dividend payment direct to bank account for overseas shareholders	Equiniti can convert your dividend in over 83 currencies to over 90 countries worldwide and send it directly to your bank account.	For more details please visit www.shareview.co.uk or contact EQ.
Dividend Reinvestment Plan (DRIP)	The Company has a DRIP to allow shareholders to reinvest the cash dividend that they receive in Hays plc shares on competitive dealing terms.	Further information is available from the Share Dividend helpline on 0371 384 2268 or visit www.shareview.co.uk
Amalgamation of accounts	If you receive more than one copy of the Annual Report & Financial Statements, it could be because you have more than one record on the register. EQ can amalgamate your accounts into one record.	Please contact EQ.
Share dealing service ⁽²⁾	EQ offers Shareview Dealing, a service which allows you to sell your Hays plc shares or add to your holding if you are a UK resident. If you wish to deal, you will need your account/shareholder reference number which appears on your share certificate. Alternatively, if you hold a share certificate, you can also use any bank, building society or stockbroker offering share dealing facilities to buy or sell shares. ⁽²⁾	You can deal in your shares on the internet or by phone. For more information about this service and for details of the rates, log on to www.shareview.co.uk/dealing or telephone EQ on 0345 603 7037 between 8.00am and 4.30pm, Monday to Friday.
Individual Savings Accounts (ISAs) ⁽²⁾	Investors in Hays plc Ordinary shares may take advantage of a low-cost individual savings account (ISA) and/or an investment account where they can hold their Hays plc shares electronically. The ISA and investment account are operated by Equiniti Financial Services Limited and are subject to standard dealing commission rates.	For further information or to apply for an ISA or investment account, visit EQ's website at www.shareview.co.uk/dealing or telephone them on 0345 300 0430.

(1) Lines open 8.30am to 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales).

(2) The provision of share dealing services is not intended to be an invitation or inducement to engage in an investment activity. Advice on share dealing should be obtained from a professional independent financial adviser.

FINANCIAL CALENDAR

2021

14 October	Trading Update for quarter ending 30 September 2021
10 November	Annual General Meeting

2022

18 January	Trading Update for quarter ending 31 December 2021
24 February	Half Year Report for six months ending 31 December 2021
14 April	Trading Update for quarter ending 31 March 2022

HAYS ONLINE

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

 Visit: haysplc.com/investors

Our investor site includes:

- Investment case
- Results centre
- Investor video
- Downloadable historical financial data
- Events calendar
- Corporate governance
- Investor Day materials
- Regulatory news
- Share price information
- Shareholder services
- Analysts' consensus
- Annual Reports archive



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-  facebook.com/HaysWorldwide
-  youtube.com/user/HaysTV

GLOSSARY

Term	Definition
Carbon neutral company	A business which has measured its annual greenhouse gas emissions and purchased certified carbon credits to offset this level of emissions. Hays became a carbon neutral company in FY21 having calculated and offset all aspects of its Scope 1 and 2 and selected aspects of its Scope 3 greenhouse gas emissions
Contractor	Freelance worker who is paid to work on a specific project or task. Typically works on a project basis for a fixed period of time, usually around 6-12 months
Conversion rate	Proportion of our net fees which is converted into operating profit
'Find & Engage'	Our proprietary recruitment model, which combines the best practices and skills of traditional hiring, and then incorporates new technology and data science to locate candidates at scale
Flex/Flexible worker	Encompasses both Temp and Contractor workers
Free cash flow	Cash generated by operations less tax paid and net interest paid
Hays Talent Solutions	Our outsourced services business, which includes our MSP and RPO contracts, and represents c.15% of Group net fees
International	Relating to our non-UK&I business
Job churn	Confidence among businesses to hire skilled people, aligned to candidate confidence to move jobs
Like-for-like	Year-on-year organic growth of net fees or profits of Hays' continuing operations, at constant currency
Managed Service Programmes (MSP)	The transfer of all or part of the management of a client's Temp staffing hiring activities on an ongoing basis to a recruitment company
Megatrend	Powerful macro industry theme which we regard as shaping recruitment markets and driving net fee growth
Net fees	As defined in note 2e to the Consolidated Financial Statements
Perm	Candidate placed with a client in a permanent role
Perm gross margin	Our percentage placement fee, usually based on the Perm candidate's base salary
Profit drop-through	The additional like-for-like profit which flows to our bottom line from incremental like-for-like net fees in a particular period. Expressed as a percentage
Recruitment Process Outsourcing (RPO) contracts	The transfer of all or part of a client's Perm recruitment processes on an ongoing basis to a recruitment company
Reporting period	Our internal Group reporting cycle comprises some countries which report using 12 calendar months, and some which report using 13 four-weekly periods. The Group's annual cost base equates to c.12.5x our cost base per period. This is consistent with prior years
Specialism	20 broad areas, usually grouped by industry, in which we are experts, e.g. Technology, Construction & Property, Accountancy & Finance, and Life Sciences
Talent pools	Collective term for active candidate databases
Temp	Worker engaged on a short-term basis to fill a skills gap for a pre-agreed period of time
Turnover	As defined in note 2d to the Consolidated Financial Statements
Underlying Temp gross margin	Temp net fees divided by Temp gross revenue. Relates solely to Temp placements where we generate net fees, and specifically excludes: transactions where we act as agent for workers supplied by third-party agencies; and arrangements relating to major payrolling services. Usually expressed as a percentage

COUNTRY LIST

Australia	Italy	Brazil
New Zealand	Luxembourg	Canada
Germany	Netherlands	Chile
UK	Poland	Colombia
Ireland	Portugal	Mexico
Austria	Romania	USA
Belgium	Russia	China
Czech Republic	Spain	India
Denmark	Sweden	Japan
France	Switzerland	Malaysia
Hungary	UAE	Singapore

SPECIALISMS

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



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