# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

This statement contains the Group's TCFD disclosure in accordance with FCA requirements of Equity Listed UK corporates. The Company has provided responses across the four TCFD pillars, and 11 recommended disclosures, achieving consistency with Listing Rules, and aims to advance the maturity of its climate-related actions and disclosures on an annual basis. We have considered the TCFD Annex and applied it where relevant. This statement is also provided in respect of the Companies Act 2006 and the requirements of section 414CB (as amended by the Companies Climate-related Financial Disclosures) Regulations 2022.

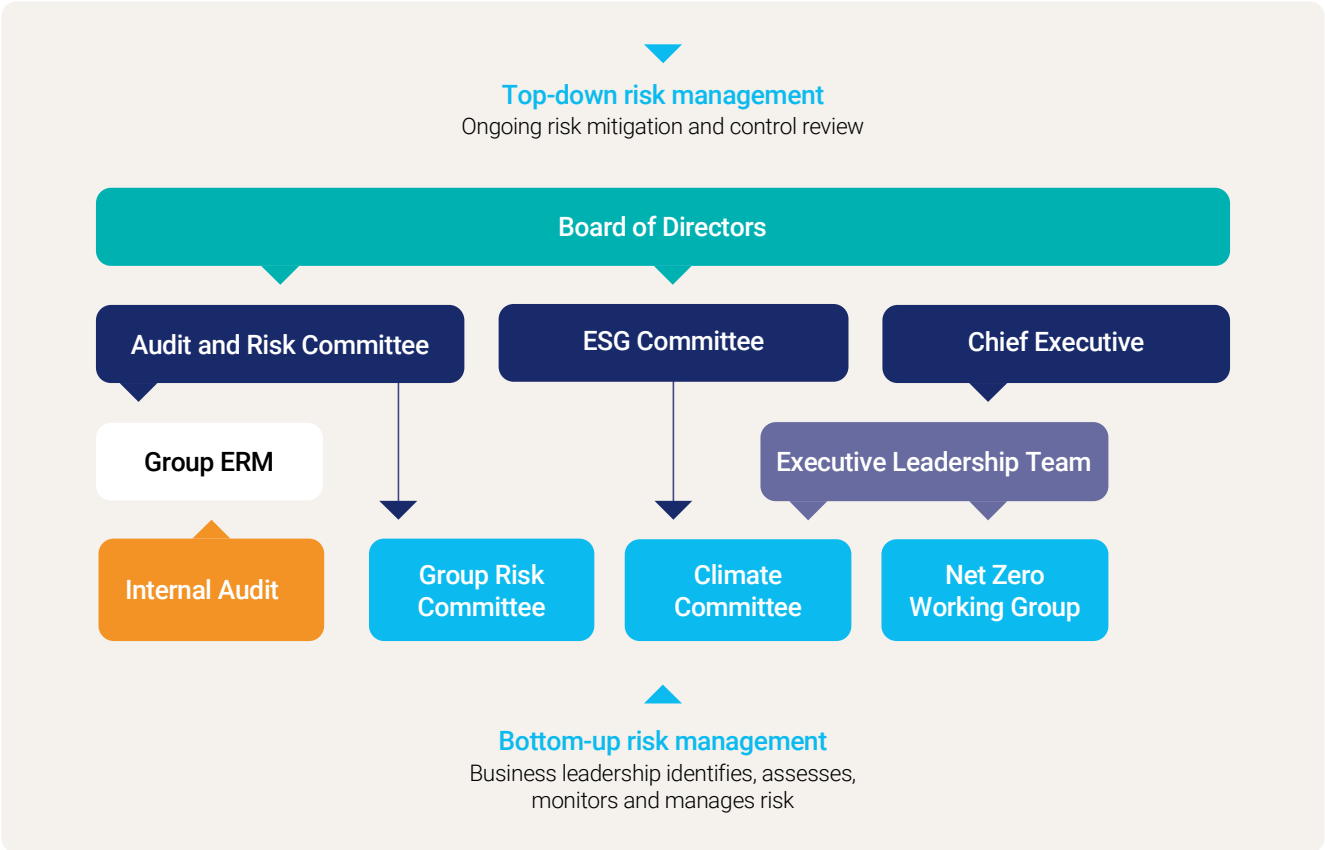
## Pillar 1: Governance

### Recommendation 1: Oversight

The plc Board is responsible for our overall risk management strategy, which includes climate-related risks and opportunities, and responsibility is delegated to the Executive Leadership Team (ELT). The Board-level ESG Committee has further oversight in relation to climate-related strategy. All receive climate-focused updates with primary responsibility for addressing climate-related matters being a matter for the ELT. The CEO, who sits on the plc Board and runs the ELT, has overall accountability for climate-related matters and risk appetite.

The Audit and Risk Committee assists in risk oversight (as described within the Risk Management section of the Annual Report and Accounts). The Executive Risk Committee reviews the effectiveness of the risk management systems and process, including internal assurance of key controls to mitigate identified climate-related risks.

The Group Risk Committee is responsible for assisting the ELT in providing strategic leadership, direction, reporting and oversight of the Group's risk framework. The remit and responsibility of the Committee covers the whole of the Group's business.



TCFD continued

### Recommendation 2: Assessment and management

The Climate Committee is responsible for identifying, reviewing, and assessing climate-related matters and acting as a conduit into risk management, business planning, the ELT and ESG Committee. The Climate Committee meets bi-annually and comprises members of the ELT, the Chief Risk Officer, the Group Head of Sustainability, the Group Financial Controller and the Deputy Company Secretary. Initially responsible for coordinating with third-party support to deliver climate-related scenario analysis and for ensuring integration of climate-related risks and opportunities into strategic and financial planning, this Group has evolved and matured to not only review risk and opportunities connected with the future climate scenarios but to also considers the present manifestation of climate-related impacts in relation to the risks and opportunities they present.

Internal Audit ensures that processes and controls to mitigate climate-related risks are monitored and any weaknesses addressed.

The Net Zero Working Group, comprising global senior managers and department heads, meets at least bi-annually with the remit of supporting and driving our GHG reporting and, importantly, the projects and activities to progress our climate ambitions and GHG emission reductions as well as to address localised climate-related risk and pursue climate-related opportunities.

'Green Labs' is our global network of senior operators that are focused on client and recruitment opportunities in relation to ESG and Green Economy roles – specifically those which arise from climate change and a transition to a low-carbon economy.

## Pillar 2: Strategy

### Recommendation 3: Risks and opportunities

The key climate-related risks and opportunities (R&Os) identified were those considered to be significant to the development, financial performance, and financial position and/or prospects of Hays.

For short-term risks (0-5 years) we focused on energy supply costs, as this would have the most immediate impact on operations. Future carbon pricing and investment in renewable energy sources could lead to higher utility bills, travel costs and rental prices.

Medium-term risks (5-10 years) include those arising from a transition to a low-carbon economy. Specifically, we looked at risk of unrealised fees from missed opportunities in new and emerging markets, loss of potential candidates and clients (who prefer to work with recruiters focused on the Green Economy and which have strong sustainability credentials), and reductions in market supply for sectors and geographies with high levels of transition risk, including the fossil fuel sector (<1% of Group fees, see scenario comparison).

In the medium term, we also considered physical risks to our key assets. Specifically, those resulting from an increase in frequency and intensity of extreme weather events such as cyclones and floods. We focused on risks to our data centres, as they are a vital asset with significant impact to business continuity.

No long-term risks (10+ years) were considered to be material to our current business strategy and operations. There is significant uncertainty in assessing the risk impacts in this timeframe, though management will continue to monitor country or regional economic disruption brought on by climate events and respond accordingly.

In addition to risks, we identified several key business opportunities. In the short-term, we can develop and scale our service offerings in low-carbon markets, including jobs in construction retrofit and infrastructure. Also, we can recruit talent to meet job growth in ESG and sustainability professions. We also identified short-term opportunities to reduce energy-related operating costs by focusing on strategies to reduce office energy use and business travel.

In the short-and-medium term, we identified an opportunity to attract and retain talent (and to mitigate future carbon pricing) by committing to SBTi GHG reduction targets, and setting an ultimate ambition to achieve Net Zero.

We stress-tested the resilience of our R&Os strategy under two different climate scenarios, including a '1.5°C scenario with a disorderly transition' and a '3+°C scenario and with a failure to transition'. Our scenario analysis was based on the Network for Greening the Financial System's (NGFS) climate framework.

We used the NGFS Climate Scenarios to stress-test key climate-related risks and opportunities. These are developed to show a range of higher and low risk outcomes, using integrated assessment modelling, given the interrelationships between physical and transition risks.

We chose a 1.5°C climate scenario (Divergent Net Zero) to stress-test our transition R&Os. Indications are that key drivers such as high carbon pricing and strong policy reaction (towards a low-carbon economy) will most likely result in strong job growth in low-carbon and ESG and sustainability professions.

For physical risks, we selected a 3+°C climate scenario (Current Policies). The projected financial impact from increased cyclonic weather events is low (4.5% average for all locations). In addition, the impact on Hays' infrastructure of an increased risk from inland flooding is low.

### Recommendation 4: Impact of climate-related risks on our business and strategy

Our governance structure as detailed in Pillar 1 ensures that climate-related risks are implicit in our business planning, forecasts and risk reviews, along with the associated financial implications.

In preparing the Consolidated Financial Statements, the Directors have considered the impact of climate change on the Group and have concluded that there is no material impact on financial reporting judgements and estimates (as discussed in note 3 to the Financial Statements). This follows assessment by the Climate Committee of climate impacts evident during the year, the climate-related risks and their mitigation, and the oversight provided by the ESG committee. With the current assessments, climate-related risks are not expected to have a material impact on the long-term viability of the Group. The Directors do not consider there to be a material impact on the carrying value of goodwill or other intangibles or on property, plant and equipment.

Materiality is defined in relation to the realised or anticipated financial impact, in both percentage terms and actual threshold values, as per our risk management practices.

Within our risk management process, climate risk has been considered and monitored. It features in our Group risk register but has not been deemed material and is therefore not considered to be a principal risk.

## The major strategic implications for our business can be summarised by reference to the major scenarios described as follows:

### Current Policies (3+°C)

#### Highest physical risks, low transition risks

This scenario, Current Policies, assumes only currently implemented policies are preserved, leading to the highest physical risks of all NGFS scenarios. Emissions grow until 2080, leading to about 3°C of warming and severe physical impacts from climate and weather-related events. This includes irreversible changes like sea level rise.

- The need to plan for extreme weather events (cyclones and flooding) that disrupt data centres, impacting business operations, including fee generation.
- Global or regional economic disruption arising from the impact on sectors with supply chains that are heavily concentrated in locations of high risk.

### Both scenarios

#### General risks and opportunities

Risks and opportunities that are independent of climate scenarios. This includes those resulting from energy supply costs, technology innovations and environmental policies. In addition, voluntary business-led climate action (despite weak policies) and ongoing global warming (despite strong policies) can result in both transition and physical climate-related risks.

- Increased extraction and production costs for non-renewable energy sources continue to increase, resulting in exposure to increased utility and rental costs.
- Increased extraction and production costs for non-renewable energy sources results in less job growth in the fossil fuel sector, resulting in portfolio revenue exposures in these industries.
- The need to adapt core services to grow market share in emerging low-carbon and sustainability markets in response to non-climate-related drivers such as technology innovation, environmental regulations, resource scarcity and behavioural changes.
- The development and scaling of new and emerging services to support clients.
- Ability to attract and retain talent.

### Divergent Net Zero (1.5°C)

#### Highest transition risks, lowest physical risks

Divergent Net Zero reaches Net Zero by 2050, but with high transition risks due to divergent policies introduced across sectors and a quicker phase out of fossil fuels. Emissions are in line with a climate goal giving at least a 50% chance of limiting global warming to below 1.5°C by the end of the century.

- Disruption in sectors and geographies with high levels of transition risk (e.g. fossil fuels), leading to higher portfolio revenue exposure and job losses.
- Increased competition for market share of new, emerging low-carbon and sustainability markets with implications for client numbers and/or increased costs associated with bidding.
- Increased costs associated with carbon pricing for GHG inventory, e.g. costs for purchasing of certified carbon offsets.

TCFD continued

## R&O scenario summary

| Risk (Timeframe) | Current Policies (3+°C) | Divergent Net Zero (1.5°C) |
|---|---|---|
| **R1. Energy supply costs (0-5 years)** | | |
| Increase in utility costs and rental prices as a result of higher energy prices. | **MINIMAL IMPACT** Carbon pricing remains low and investment costs in renewable sources is minimised, resulting in lower rises in energy costs. Energy costs may increase due to non-climate-related drivers like increased energy production costs. | **LOW IMPACT** (£1.0 million annual profit) Energy prices increase due to carbon pricing and rapid renewable energy investment but are mitigated to some degree by energy and GHG reduction targets and strategies. |
| **R2. Changes in market supply (5-10 years)** | | |
| Portfolio revenue exposure and job losses to sectors and geographies with high levels of transition risk (e.g. fossil fuel sector). | **MINIMAL IMPACT** Policy reaction remains low, resulting in minimal negative impact to jobs associated with fossil fuels or other high-carbon industries. Non-climate-related drivers (resource scarcity, technology advancements, etc.) may still drive change in market supply. | **LOW IMPACT** (<1% of annual net fees) High policy reaction results in a shift in market supply away from jobs supporting carbon intensive industries such as those related to fossil fuel extraction and production, or other high-carbon industries. |
| **R3. Changes in market demand (5-10 years)** | | |
| Loss of market share of new, emerging low-carbon and sustainability markets results in a reduction in client numbers and/or increased costs associated with bidding. | **MINIMAL IMPACT** Policy reaction remains low, resulting in minimal shift in market towards a low-carbon economy. Non-climate-related drivers (resource scarcity, technology advancements, etc.) may still drive change in market demand. | **MEDIUM IMPACT** (1% of annual net fees) High policy reaction (carbon pricing and related regulations) results in a shift in market demand towards jobs supporting a transition to a low-carbon economy. |
| **R4. Changes in behaviour (5-10 years)** | | |
| Loss of market share/earnings and ability to attract and retain employees (talent). | **MINIMAL IMPACT** Policy ambition remains low, resulting in less influence on customer and workforce preferences for companies with greener credentials. | **LOW IMPACT** (0.5% of annual net fees) Some shift in employee and customer preferences to companies with greener credentials. |
| **R5. Corporate GHG emissions (5-10 years)** | | |
| Carbon fee for GHG inventory, including costs for additional purchasing of certified carbon offsets. | **MINIMAL IMPACT** Policy reaction remains low, resulting in no carbon pricing or additional regulations with respect to regulating GHG emissions. Some cost savings are still achieved through GHG reduction measures. | **LOW IMPACT** (<£2.5 million annual profit) High policy reaction results in rapid increases in carbon pricing and related policy regulations on GHG emissions. |
| **R6. Extreme weather events (5-10 years)** | | |
| Extreme weather events (cyclones and flooding) disrupt data centres, impacting business operations, including fee generation. | **LOW IMPACT** Increased damage (represented by decrease in national GDP) from cyclonic events and flooding is marginal, 4.5% (average for all locations) for cyclonic events and 26% for flooding (Germany) within the 5-10-year timeframe. | **MINIMAL IMPACT** Increased damage from cyclonic events and flooding is minimal, 2.7% (average for all locations) for cyclonic events and 16% for flooding (Germany) within the 5-10-year timeframe. |

### Key

### Agreed impact ranges

**Minimal:** no significant financial impact
**Low:** <1% annual net fees (<£10 million) | <£2.5 Million annual profit
**Med:** 1%-4% annual net fees (£10-20 million) | £2.5-10 Million annual profit
**High:** +4% annual net fees (+£40 million) | >£10 million annual profit

| Opportunity (Timeframe) | Current Policies (3+°C) | Divergent Net Zero (1.5°C) |
|---|---|---|
| **O1. Develop and scale services into low-carbon markets (0-5 years)** | | |
| Secure talent to deliver projects via the growth of sustainability-related roles and focus, e.g. sustainability, expansion into new and emerging sectors, clean-tech, green finance, etc. | **MINIMAL IMPACT**<br>Policy ambition remains low. Growth in the clean-tech market is slow, resulting in less growth in low-carbon markets. However, non-climate-related drivers may still drive growth in clean-tech. | **HIGH IMPACT** (>4% of annual net fees)<br>High policy reaction and fast clean-tech growth drive new low-carbon markets. Significant potential for expansion in low-carbon markets. |
| **O2. Commitment to GHG reduction targets and a Net Zero ambition (5-10 years)** | | |
| 1. Improve competitive position to attract and retain a motivated workforce.<br>2. Reduced risk of energy and carbon pricing and future reporting mandates. | **MINIMAL IMPACT**<br>Policy reaction remains low, resulting in no carbon pricing or additional regulations with respect to regulating GHG emissions. Some benefit from general increase in energy costs due to non-climate-related drivers (e.g. supply, demand). | **MEDIUM IMPACT** (1-2% of annual net fees)<br>High policy reaction leads to high carbon pricing and related climate regulations, in addition to fast growth in the clean-tech sector. This in turn creates a high demand for recruiters who are committed to the transition towards a low-carbon economy. |
| **O3. Reduce business travel (0-5 years)** | | |
| Reduce GHG emissions and operating costs associated with Hays' business travel. | **MINIMAL IMPACT**<br>Minimal policy reaction results in no carbon tax on jet fuel. Reducing business travel still results in significant cost savings. | **LOW IMPACT** (<2.5% million profit)<br>High policy reaction results in carbon pricing on jet fuel and higher business travel costs. A 40% reduction in Hays' business travel reduces existing travel costs and protects Hays from cost increases due to carbon pricing. |
| **O4. Reduce energy use in office spaces (0-5 years)** | | |
| Reduce costs and emissions associated with office energy consumption. | **MINIMAL IMPACT**<br>Minimal policy reaction results in no carbon pricing or increase in energy efficiency standards. Reducing office energy use still results in significant operational cost savings. | **LOW IMPACT** (<2.5% million profit)<br>High policy reaction results in carbon pricing and stricter energy efficiency mandates. Reducing office footprint lowers existing energy costs and minimises any cost increases due to policy changes. |

### Recommendation 5: Resilience of our strategy

In response to the identified transition R&Os, the Group continues to grow recruitment practices focused on sustainability and ESG-type roles to support the talent needed for low-carbon and sustainability job growth.

In addition, we committed to SBTs and carbon reduction measures to reduce our exposure to future carbon pricing and energy costs. As part of our reduction planning, we have identified three main areas of focus: (i) engagement of landlords and suppliers, (ii) business travel and fleet, and (iii) electricity and heating.

To help mitigate physical risks to our data centres, we are transitioning to cloud-based hosting. This will increase geographical diversity of data storage and backup, reducing our reliance on any one specific data centre location (see R&O response summary).

The spread of our office footprint, whereby offices are rented, and the ability of our people to work remotely, also provides resilience within our operations.

## Pillar 3: Risk management

### Recommendation 6: Process for identifying risks

Specific climate R&O (existing and emerging) are updated, reviewed and assessed by the Climate Committee in an annual review process.

### Recommendation 7: Process for managing risks

The composition of the Climate Committee, the deployment of the Group-wide enterprise risk management framework, and other senior operational leaders as part of the Net Zero Working Group, allow for a holistic, top-down and bottom-up view on key R&Os facing Hays.

The materiality of the R&O is based on the likelihood (of the R/O occurring) and impact (should the R/O occur) on business strategy and operations. Priority is then given to R&Os with the highest potential financial impact.

TCFD continued

### Recommendation 8: Integrating climate-related risks

Top climate-related risks are integrated into relevant risk registers, which are reviewed by senior management and consolidated annually to inform the risk management process.

Outputs from the risk assessment are shared with the Audit and Risk Committee on an annual basis. The Executive Board, which is responsible for managing overall Group risks, then determines how the specific risks identified should be managed.

This process allows the Group to determine the relative significance of climate-related risks within the overall risk management process. Hays' risk governance and management processes are detailed within the Principal Risks section of the Annual Report and Accounts.

The Climate Committee provides a further forum and mechanism to help integrate climate-related risks, and to ensure time is dedicated to appraising them.

## Pillar 4: Metrics and targets.

### Recommendation 9: Metrics to assess risks and opportunities

Our internal metrics and targets help us measure and manage financial risk associated with potential future carbon-related risks and opportunities (R&Os). We publish scope 1, 2 and 3 emissions in the Sustainability section of our Annual Report and Accounts, giving comparative years (more information on page 68).

| Risk (Timeframe) | Response strategy and FY24 actions | Link to risks/ opportunities |
|---|---|---|
| **R1. Energy supply costs (0-5 years)** | | |
| Increase in utility costs and rental prices as a result of higher energy prices. | Having set our public commitments and science-based targets, we continue to target emission reductions as driven by our Net Zero Working Group, and working with our external consultants, ClimatePartner. We have a Carbon Reduction Plan which we update and publish annually on our corporate PLC website.<br><br>We have continued to address energy costs and GHG emissions through targeted efficiency programmes, including replacing conventional PCs with more energy-efficient laptops, engaging landlords and favouring energy-efficient buildings and equipment. Energy cost savings are also part of our focus on reducing office space with new ways of working. We are also transitioning to renewable energy sources which helps to protect us from fossil fuel price volatilities and increases in relation to both climate and security issues. | O2. Commitment to GHG reduction targets and a Net Zero ambition<br><br>O4. Reduce energy use in office spaces |
| **R2. Changes in market supply (5-10 years)** | | |
| Portfolio revenue exposure and job losses to sectors and geographies with high levels of transition risk (e.g. fossil fuel sector). | We are working to support the transition to a low-carbon economy and grow the related opportunities in new areas as demand for fossil fuel declines. Our specific focus on sustainability and ESG roles is primarily through our 'Green Labs' network, which continues to grow after being established in FY22. After an initial focus on sectors such as engineering and construction and property, we are seeing it expand in sectors such as finance and banking. | O1. Develop and scale services into low-carbon markets |
| **R3. Changes in market demand (5-10 years)** | | |
| Loss of market share of new, emerging low-carbon and sustainability markets results in a reduction in client numbers and/or increased costs associated with bidding. | Our recruitment focus on Sustainability-related roles and ESG-related roles launched in FY22. Demand for these roles has grown, with clients seeing increasing opportunities as well as having to respond to legislative requirements. We have also experienced more and more clients taking greater interest in our own climate strategy and performance, and were therefore pleased to have become ClimatePartner accredited this year for our good practice approach to climate. | O1. Develop and scale services into low-carbon markets<br><br>O2. Commitment to GHG reduction targets and a Net Zero ambition |

### Recommendation 10: Targets used to manage risks and opportunities

We have committed to:

- 50% reduction in absolute scope 1 and 2 emissions by 2026 against a 2020 baseline, as approved by the SBTi in line with a 1.5°C trajectory
- 50% reduction in absolute scope 3 emissions from purchased goods and services and capital goods by 2030 against a 2020 baseline, as approved by the SBTi in line with a 1.5°C trajectory
- 40% reduction in absolute scope 3 emissions from business travel by 2026 against a 2020 baseline, as approved by the SBTi in line with a 1.5°C trajectory
- transition to 100% renewable energy in all offices where there is a feasible market solution for electricity supply.

As our governance structure integrates climate into our business planning, forecasting, strategy and risk reviews, other internal objectives and targets exist, such as growing net fees in relation to our role in growing the Green Economy, and the reduction of our overall office footprint.

### Recommendation 11: Disclosure of GHG emissions

We are committed to GHG reporting, and disclose our footprint across scope 1, 2 and relevant scope 3 emissions. We continue to pursue good practice and have undertaken a readiness review ahead of our plan to move to subject our reporting to Limited Assurance.

Our GHG reporting enables us to understand the impact of our reduction initiatives and informs us where we should focus most to have the biggest impact.

We keep pace with climate-related impacts, developments and external metrics which act as key drivers for climate-related R&Os. These include future possible carbon pricing mechanisms, changes in policy ambition for climate change mitigation, growth in sustainability-related jobs, and changes in the frequency and intensity of regional extreme weather events such as cyclonic storms and flooding.

| Risk (Timeframe) | Response strategy and FY24 actions | Link to risks/ opportunities |
|---|---|---|
| **R4. Changes in behaviour (5-10 years)** | | |
| Loss of market share/earnings and ability to attract and retain employees (talent). | We continue to communicate our climate strategy and progress to both external and internal stakeholders. This is with internal and external webinars which in FY24 we ran in conjunction with COP28 and, in April 2024, with Earth Day. We publish progress in our Annual Report and Accounts, our ESG Report and in our Carbon Reduction Plan which is available from the corporate PLC website. We continue to participate in CDP Climate and again achieved the 'B' Management ranking in FY24. | O1. Develop and scale services into low-carbon markets<br>O2. Commitment to GHG reduction targets and a Net Zero ambition |
| **R5. Corporate GHG emissions (5-10 years)** | | |
| Carbon fee for GHG inventory, including costs for additional purchasing of certified carbon offsets. | We continue to monitor our progress against our SBTs and seek to drive emission reductions as our primary focus. In 2021, we invested in a Beyond Value Chain Carbon Mitigation project. We have invested in relation to our scope 1, scope 2, scope 3 Business Travel and scope 3 T&D losses. | O2. Commitment to GHG reduction targets and a Net Zero ambition |
| **R6. Extreme weather events (5-10 years)** | | |
| Extreme weather events (cyclones and flooding) disrupt data centres, impacting business operations, including fee generation. | The risk to our operations is mitigated by the spread and rented nature of our office footprint and with the continuation of our people being able to work remotely. In relation to our data centres, we continue our transition to cloud-based hosting, with the increased geographical diversity of data storage and backup. Our IS transformation, now underway, is driving greater unity of our operating systems and will help further mitigate localised risks. | R4. Change in behaviour |

TCFD continued

| Opportunity (Timeframe) | Response strategy and FY24 actions | Link to risks/ opportunities |
|---|---|---|
| **O1. Develop and scale services into low-carbon markets (0-5 years)** | | |
| Secure talent to deliver projects via the growth of sustainability-related roles and focus, e.g. in sustainability, expansion into new and emerging sectors, clean-tech, green finance, etc. | Our specific focus on sustainability-related roles and ESG-related roles is primarily through our 'Green Labs' network, which continues to grow after being established in FY22. After an initial focus on sectors such as engineering and construction and property, we are seeing it expand in sectors such as finance and banking. | R2. Change in market supply<br>R3. Change in market demand<br>R4. Change in behaviour |
| **O2. Commitment to GHG reduction targets and a Net Zero ambition (5-10 years)** | | |
| 1. Improve competitive position to attract and retain a motivated workforce.<br>2. Reduced risk of energy and carbon pricing and future reporting mandates. | Having set our public commitments and science-based targets, we continue to target emission reductions as driven by our Net Zero Working Group and working with our external consultants ClimatePartner. We have a Carbon Reduction Plan which we update and publish annually on our corporate PLC website. We communicate progress to our people as part of our employee engagement activities. This year we ran an internal Group-wide webinar in conjunction with COP28 and an external webinar in conjunction with Earth Day in April 2024. | R1. Energy supply costs<br>R5. Corporate GHG emissions |
| **O3. Reduce business travel (0-5 years)** | | |
| Reduce GHG emissions and operating costs associated with Hays' business travel. | This year, we have continued to focus on reducing business travel with new sustainable travel principles as part of revisions prepared for our Group Environment Policy. We also continued to enable remote and virtual working. | R5. Corporate GHG emissions<br>R4. Change in behaviour |
| **O4. Reduce energy use in office spaces (0-5 years)** | | |
| Reduce costs and emissions associated with office energy consumption. | We have continued to address energy costs and GHG emissions through targeted efficiency programmes, including replacing conventional PCs with more energy-efficient laptops (with up to 65% energy savings), engaging landlords and favouring energy-efficient buildings and energy-efficient equipment for our offices. Energy cost savings are also part of our focus on reducing office space with new ways of working. | R1. Energy supply costs<br>R5. Corporate GHG emissions<br>R4. Change in behaviour |