

Governance

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

In this section:

- 48 Chairman's Statement
- 50 Leadership
- 56 Relations with shareholders
- 57 Effectiveness
- 60 Accountability
- 64 Remuneration Report
- 86 Directors' Report
- 89 Directors' responsibilities

CHAIRMAN'S STATEMENT



Alan Thomson
Chairman

“
Operating within a robust governance framework makes us a stronger business
”

Dear Shareholder

I am pleased to present to you the Governance section of our 2016 Annual Report. The solid corporate governance framework which underpins the way your Board operates is well established, but remains dynamic and adaptable to the ever changing corporate and social landscape we face globally. I am fortunate that I get to visit many of our business locations around the world; within the last financial year as a Board we have visited Japan and Australia, in addition to a number of UK sites, and what is clear from speaking with senior management and leaders across the business is that the same factors are embedded into their modus operandi wherever they are in the world. I and my Board colleagues live by the principles of good governance in the way we operate and endeavour to cascade that in all our dealings with and, on behalf of, the Company, so it is rewarding to see that this culture exists throughout the business.

Operating within a robust governance framework, I believe, makes us a stronger business, where we have integrity and

respect at the heart of what we do. I am proud that, during the year, the Board have taken decisions that, when considered against broad criteria, have had ethical considerations very much at the forefront, and as such were ones that were felt to be the right fit for our business.

2016 was notable for us as a Board as we undertook an external evaluation of our own performance. What you get out of these exercises is often only a product of what you put in and I was most grateful, as the principal Board 'sponsor' of this activity, for the commitment shown by my colleagues to the process and what it was designed to achieve. Further information on the evaluation can be found within the following pages.

Richard Smelt retired from the Board at our AGM last year. In December 2015 we were very pleased to welcome MT Rainey as a valuable addition to the Board. MT is an experienced media and marketing professional, who 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. MT has considerable digital and marketing knowledge and understanding and a strong customer focus and her skill set is a complementary fit to our Board.

November 2016 will mark nine years since Paul Harrison was first elected to the Board. During the year we have considered Paul's independence and regard him not only as independent of character and judgment, but also free of any connections that may lead to conflicts of interest. Paul will therefore stand for re-election at this year's AGM.

As we continue to assess the skills and attributes required to ensure the Board membership has the right mix of skills and knowledge required for the evolving business landscape we're faced with, we will continue our policy of appointing the most appropriate candidate based on their skills and experience.

I look forward to meeting any shareholders who can join us at our AGM in November, and extend my thanks to you all for your continued support as we look forward to the year ahead.

Alan Thomson
Chairman
1 September 2016

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), which was published in September 2014. As a listed company, Hays is required to report on how it has applied the principles of the Code and this is set out in the following pages. The Board is pleased to report that Hays has complied with all of the provisions of the Code throughout the year ended 30 June 2016 and to the date of this document.

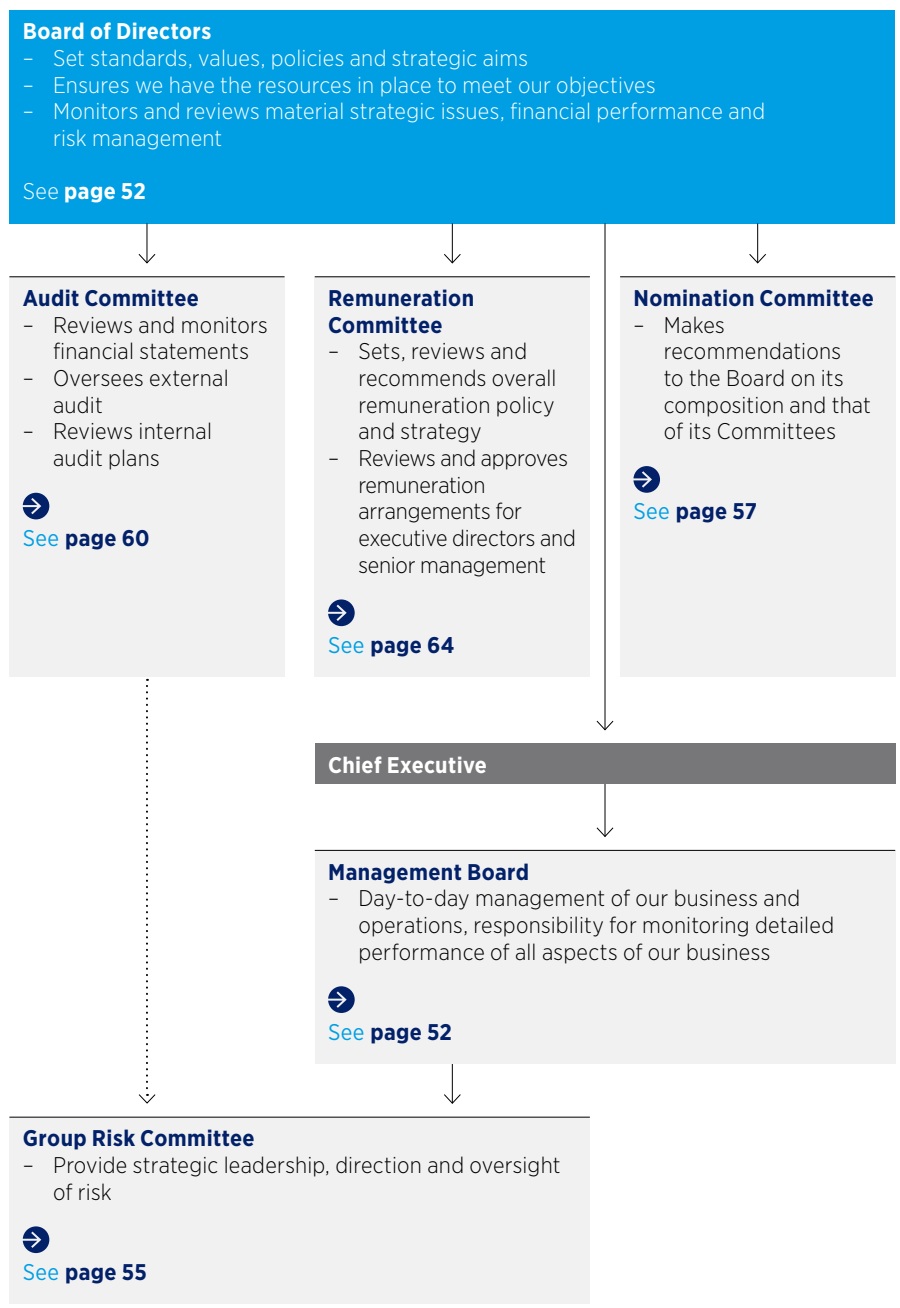
Our governance framework

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.

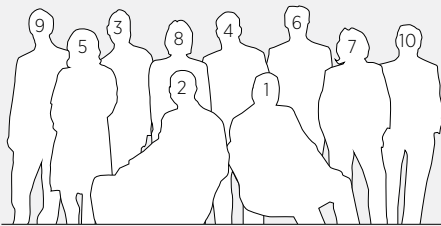
The Board retains certain matters for its own preserve; other specific responsibilities are delegated to its principal Committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of these Committees operates within defined terms of reference, which are available 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; such matters require a meeting of three directors, with an appropriate mix of executives and non-executives. Such matters are reported to the full Board.

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



LEADERSHIP BOARD OF DIRECTORS



“
A strong team
with a broad and
complementary mix
of skills and
experience
”

- Executive Board member
- Senior Independent Non-Executive Director
- Non-Executive Director

1. Alan Thomson (69) ●
 Non-Executive Chairman
Appointed: 1 October 2010 (and as Chairman on 10 November 2010)
Committees: Nomination (Chairman)
Skills and experience: A post-graduate of Glasgow University and a Chartered Accountant, Alan’s early career was with Arthur Andersen and Price Waterhouse. This was followed by senior management roles with Rockwell International plc, Raychem Ltd and Courtaulds plc, after which he became Finance Director of Rugby Group plc and then Smiths Group plc. Alan is a former Non-Executive Director of Johnson Matthey plc, former Chairman of Polypipe Group plc and a past President of the Institute of Chartered Accountants of Scotland.
Principal external appointments: Chairman of Bodycote plc; Non-Executive Director of Alstom SA; Non-Executive Director and Chairman designate of Oxford Instruments plc.

2. Alistair Cox (55) ●
 Chief Executive
Appointed: 1 September 2007
Skills and experience: A Chartered Engineer with an MBA from Stanford University, Alistair’s early career was in various field engineering, management and research science roles with British Aerospace and then Schlumberger. Following his MBA, Alistair worked for McKinsey & Company before joining Blue Circle Industries, where he was the Group Strategy Director and then the Regional Director for Asia. Prior to joining Hays, Alistair was Chief Executive of Xansa plc. Alistair was, until November 2015, a Non-Executive Director of 3i Group plc.

3. Paul Venables (54) ●
 Group Finance Director
Appointed: 2 May 2006
Skills and experience: A Chartered Accountant and also US-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 was, until July 2015, Senior Independent Non-Executive Director of Wincanton plc.

4. Paul Harrison (52) ●
 Senior Independent Non-Executive Director
Appointed: 8 May 2007 (and Senior Independent Director on 9 November 2011)
Committees: Remuneration (Chairman), Audit and Nomination
Skills and experience: Paul trained as a Chartered Accountant with Price Waterhouse. He joined The Sage Group plc as Financial Controller in 1997 and was Group Finance Director from 2000 to 2013. In September 2013, Paul joined WANdisco plc as Chief Financial Officer.
Principal external appointments: Paul is also a Non-Executive Director of Ascential plc.

5. Victoria Jarman (44) ●

Independent Non-Executive Director

Appointed: 1 October 2011

Committees: Audit (Chairman), Nomination and Remuneration

Skills and experience: An engineering graduate of the University of Leicester and a Chartered Accountant, Victoria started her career with KPMG before moving to Lazard Corporate Finance, where she was Chief Operating Officer of Lazard’s London and Middle East operations and a member of its European Management Committee. Victoria was, until July 2016, a Non-Executive Director of De La Rue plc.

Principal external appointments: Victoria is a Non-Executive Director of Equiniti Group plc where she is the Chairman of the Audit Committee and a member of the Risk Committee, and a non-executive adviser to Knight Frank’s group executive board.

6. Torsten Kreindl (53) ●

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 and was, until April 2016, a member of the Swisscom AG board.

Principal external appointments: He is a partner in Grazia Equity, a Munich-based capital firm.

7. MT Rainey (60) ●

Independent Non-Executive Director

Appointed: 14 December 2015

Committees: Audit, Nomination and Remuneration

Skills and experience: An experienced media and marketing professional, MT Rainey has worked extensively in the UK and the 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 and STV Group plc. MT has Masters degrees from Aston University and Glasgow University.

Principal external appointments: MT is a Non-Executive Director of Pinewood Group plc and Channel 4 Television.

8. Pippa Wicks (52) ●

Independent Non-Executive Director

Appointed: 1 January 2012

Committees: Audit, Nomination and Remuneration

Skills and experience: A post-graduate of Oxford University with a diploma in corporate finance from the London Business School, Pippa started her career with Bain & Company. She subsequently became Chief Financial Officer of Courtauld Textiles plc and then Chief Executive Officer of FT Knowledge, the corporate training division of Pearson plc. Her previous non-executive directorships have been with Ladbrokes plc, Hilton International plc and Arcadia plc.

Principal external appointments: Pippa is presently the Chief Operating Officer of the Co-op Group and Chairman of AlixPartners UK Turnaround and Restructuring.

9. Peter Williams (63) ●

Independent Non-Executive Director

Appointed: 24 February 2015

Committees: Audit, Nomination and Remuneration

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

Principal external appointments: Since 2011 Peter has been a Non-Executive Director of Perform Group, a leading digital sports media company; he is also a Trustee of the Royal Academy and a member of the Industrial Advisory Board of GVQ Asset Management, a UK equity management company.

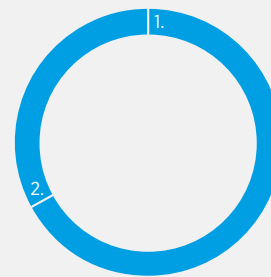
10. Doug Evans (53)

Company Secretary and General Counsel

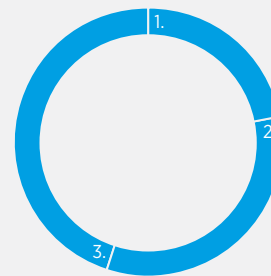
Appointed: 4 February 2013

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.

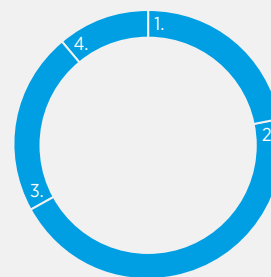
Board diversity



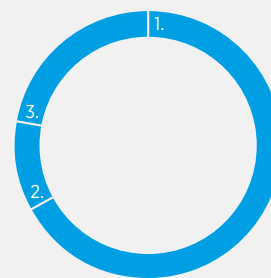
Board tenure



Board experience



Board composition



LEADERSHIP CONTINUED

The Hays Board

Composition of the Board

The Board is currently made up of two executive directors and seven non-executive directors, including the Chairman. Their biographies, including prior experience, are set out on pages 50 and 51.

Board changes during the year

Richard Smelt retired from the Board at the conclusion of our 2015 Annual General Meeting (AGM); MT Rainey was appointed to the Board in December 2015.

Election and re-election of directors at the 2016 AGM

In accordance with the Company's Articles of Association and the principles of the Code, all Directors of the Company will offer themselves for election or re-election at the 2016 AGM. Having received advice from the Nomination Committee, the Board is satisfied that each director is qualified for election or re-election by virtue of their skills, experience and commitment to the Board.

Operational governance

The Management Board

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

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

The role of the Hays plc Board

The Board is collectively responsible to the Company's shareholders for the long-term success of the Company. It sets the Company'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 Company 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 that aim, our employees across the globe work towards achieving our Strategic Priorities, set out on page 20. 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 adheres to and promotes throughout the Group. These values, which underpin our skills, behaviours and way of doing business, are being ambitious, being passionate about people, being expert at what we do and being inquisitive about the world of work. These values serve to engender an entrepreneurial culture within Hays, which is critical to our continued success without promoting excessive risk-taking.

Role of the Non-Executive Directors

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

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

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

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. In making the assessment, the Board recognised that 15 November 2016 will represent nine years since Paul Harrison was first elected by shareholders; notwithstanding the length of his tenure, the Board believe Paul Harrison continues to demonstrate independence of thought and judgment and as such the Board will continue to deem him independent for the purposes of the Code. All of Hays' directors are expected to act in the best interests of the Company.

Chairman and Chief Executive

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

As Chairman, Alan Thomson presides over the Board and is responsible for its leadership and overall effectiveness. In doing so, he fosters and helps to maintain an effective working relationship between the executive and non-executive directors.

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

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

Senior Independent Director

The Board appointed Paul Harrison to the position of Senior Independent Director on 9 November 2011. In performing this role Paul provides shareholders with someone to whom they can turn if ever they have concerns which they cannot address through the normal channels, for example with the Chairman or executive directors. Similarly, as Senior Independent Director Paul is available as an intermediary between his fellow directors and the Chairman. While there were no requests from directors or shareholders for access to the Senior Independent Director during the year, the role serves as an important check and balance in Hays' governance process. In the fulfilment of his role Paul ensures he maintains a thorough understanding of the views of the Company's shareholders.

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

Matters reserved for the Board

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

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

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

Key roles and responsibilities

Alan Thomson

Non-Executive 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
- 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
- Effective communications with shareholders

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

Paul Harrison

Senior Independent Director

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

Doug Evans

Company Secretary and General Counsel

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

Board commitment

The Board has established a policy permitting its executive directors to hold only one external non-executive directorship, subject to any possible conflict of interest. This ensures that executive directors retain sufficient time for and focus on the Company's business, whilst allowing them to gain external Board exposure as part of their leadership development.

Executive directors are permitted to retain any fees paid for such services. Details of the annual rate of fees payable to each of the executive directors for their tenure during the year ended 31 March 2016 (the year-end date of the relevant companies) are shown below:

Director	Fee	External appointment
Alistair Cox*	£80,000	3i Group plc
Paul Venables**	£53,000	Wincanton plc

* Stepped down as a non-executive director on 10 November 2015.

** Stepped down as a non-executive director on 16 July 2015.

While the Company does not have a similar policy for non-executive directors, their key external commitments are reviewed each year to ensure that they too have sufficient time commitment for the fulfilment of their Board responsibilities. Key external commitments of the Board are included within their biographies on pages 50 and 51.

The Board considered the commitments of the Chairman and is satisfied that he has sufficient time to devote to his Board responsibilities with Hays.

LEADERSHIP CONTINUED

Information and support

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

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

Our culture

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

- Expert
- Ambitious
- Passionate about People; and
- Inquisitive

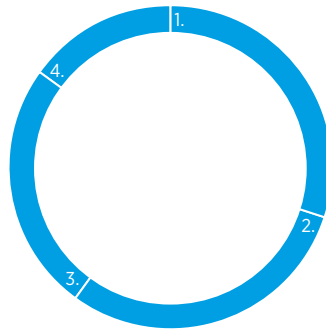
To support this culture we maintain an open style of communication, which is designed to both identify issues early, and also to recognise potential opportunities, so that in both cases appropriate action can be taken in terms of reducing any negative impact on the business whilst ensuring opportunities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

These characteristics and brand 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
- Hiring, induction, training and promotion criteria

Board focus during 2016 – What the Board has done in the year

Percentage of time spent by the Board



1. Developing a successful strategy **30%**
2. Ensuring appropriate financial management **30%**
3. Implementing governance and ethics and monitoring risk **25%**
4. Stakeholder engagement **15%**

1. Developing a successful strategy

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

2. Ensuring appropriate financial management

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

3. Implementing governance and ethics and monitoring risk

- Performed the annual review of the effectiveness of internal control and the nature and extent of risks identified together with mitigation plans
- Reviewed regular reports on legal and compliance matters from the Company Secretary
- Received formal training updates on corporate reporting, legal and regulatory matters
- Reviewed Board and Committee effectiveness
- Reviewed and approved minor changes to the terms of reference of the Board Committees
- Reviewed the Directors' Conflicts of Interest procedures
- Reviewed the Company's compliance with the Code
- Received updates and reviewed procedures in connection with the implementation of the Market Abuse Regulation

4. Stakeholder engagement

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

Board attendance

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

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

Board and Committee attendance	Board	Audit Committee	Nomination Committee	Remuneration Committee
Alan Thomson	7 of 7	-	4 of 4	-
Alistair Cox	7 of 7	-	-	-
Paul Venables ⁽¹⁾	6 of 7	-	-	-
Paul Harrison	7 of 7	4 of 4	4 of 4	4 of 4
Victoria Jarman	7 of 7	4 of 4	4 of 4	4 of 4
Torsten Kreindl	7 of 7	4 of 4	4 of 4	4 of 4
MT Rainey ⁽²⁾	3 of 3	2 of 2	1 of 1	2 of 2
Richard Smelt ⁽³⁾	3 of 4	2 of 2	1 of 2	2 of 2
Pippa Wicks ⁽⁴⁾	7 of 7	4 of 4	2 of 4	4 of 4
Peter Williams	7 of 7	4 of 4	4 of 4	4 of 4

(1) Unable to attend one Board meeting due to a prior commitment.

(2) Appointed 14 December 2015.

(3) Retired from the Board on 11 November 2015. Unable to attend one Board and Nomination Committee meeting due to a prior commitment.

(4) Unable to attend two Nomination Committee meetings due to prior commitments.

Risk management and internal control

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

The Management Board oversees an enterprise risk management system which allows for a holistic, top-down and bottom-up view of key risks facing the business. These are recorded in a Group risk register, which is reviewed at least annually by the Management Board and submitted to the Board thereafter to enable it to carry out its risk oversight responsibility. This exercise involves a current and forward look at various risks affecting the business and prioritising them according to risk magnitude and likelihood. Risks covered include operational, business and compliance risks as well as financial risks. Each risk is assigned an owner with current and future risk mitigation procedures detailed, with the continuing monitoring of these undertaken on an ongoing basis. The principal risks currently facing the business are detailed in the Strategic Report.

The Group Risk Committee assists the Management Board in providing strategic leadership, direction, reporting and oversight of the Group's risk framework. The Committee is chaired by the Group Finance

Director and membership includes representation across the global network and comprises operational, IT and finance functions. Meetings are held three times a year, with activities and recommendations reported to the Management Board. The Hays plc Board also has oversight of the Committee and its activities.

The Board reviews the Group strategy and approves a budget for the organisation each year, to ensure that the performance of the business is in line with the plan and financial and operating reporting procedures are in place. Comprehensive annual budgets and 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 control process.

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

The Group's internal control procedures are subject to regular review and provide an ongoing process for identifying, evaluating and managing significant risks. This is in accordance with the Guidance on Risk Management and Internal Control and Related Financial and Business Reporting (September 2014). The Board recognises that such a system has its limitations in that risk management requires independent

judgment on the part of directors and executive management. Internal controls are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

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

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.

RELATIONS WITH SHAREHOLDERS

Engagement with investors

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

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

As a part of a comprehensive investor relations programme, formal meetings are scheduled with investors and analysts to discuss the Group's interim and final 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 almost two hundred institutions around the world, interacting with shareholders and potential shareholders. Presentations to analysts are posted on the Company's website at haysplc.com and if you would like to know more about our relations with shareholders please contact ir@hays.com.

As a reflection of the success of Hays' investor relations efforts, Hays was ranked No. 3 in the 2016 Extel Survey for best investor relations by a listed company in the European Support & Business Services category. Within the survey, Alistair Cox, Paul Venables and David Walker were also ranked in the top three of their respective categories of best Chief Executive Officer, best Chief Financial Officer and best IR Professional. Additionally, the Hays investor relations team ranked No. 3 in the equivalent 2016 Institutional Investor Survey, within which Alistair Cox, Paul Venables and David Walker ranked in the top two spots of their respective categories.

Investor meetings held in FY16

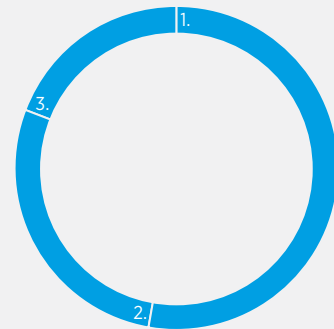
	United Kingdom	Continental Europe	North America	Total
Alistair Cox	34	18	18	70
Paul Venables	78	43	23	144
Investor Relations team	127	68	47	242
Other senior management	17	4	5	26

Annual General Meeting

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

Geographic breakdown of investor meetings



1. United Kingdom **53%**
2. Continental Europe **28%**
3. North America **19%**

EFFECTIVENESS

NOMINATION COMMITTEE REPORT



Alan Thomson
Chairman of the Nomination Committee

Dear Shareholder

The Nomination Committee has continued to support the Board during the year in ensuring its composition has the right balance of skills, experience, independence and knowledge to best serve the business and fulfil the Board’s responsibility to shareholders in the ever-changing environment in which the Company operates.

An ongoing area of focus for the Committee is succession planning. As Chairman of both the Committee and the Company, I am acutely aware of the need to ensure there are no gaps in skills or experience as Board members reach the end of their relevant terms, whether three years, six years, or longer. Paul Harrison will reach the ninth anniversary of his election by shareholders to our Board shortly after this year’s Annual General Meeting in November. The Committee have considered carefully whether there are any factors, circumstances or relationships, that could be considered to compromise Paul’s independence and it concluded that he remains independent in character and judgment. I am therefore delighted that Paul has agreed to remain as a non-executive director at Hays plc for a further year. Planning for his succession, and that in future years of fellow directors, continues.

With Richard Smelt having retired during the year, the Nomination Committee worked on the profile of the individual required to be

“
Ongoing succession planning remains an area of focus for the Committee
”

recruited to fill that vacancy and also to ensure the Board has the right skills and experience to fulfil the Board’s aim for Hays to be the world’s pre-eminent specialist recruitment business.

The Zygos Partnership was appointed to facilitate the appointment of MT Rainey, who was appointed by the Board on 14 December 2015, and we will continue to work with them as we consider further opportunities as vacancies arise.

Board appointments will continue to be made on merit, and the Committee recognises the benefits of diversity and, provided we remain true to our key principles, we will aim to build on our existing diverse composition in the future.

Alan Thomson
Nomination Committee Chairman
1 September 2016

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 Corporate 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 50 and 51.

The Committee meets as required and did so on four occasions during the year and all members were in attendance except Pippa Wicks who could not attend two meetings and Richard Smelt who could not attend one meeting, due to prior commitments. Other regular attendees at Committee meetings include the Company Secretary and, on invitation, the Chief Executive and Group Finance Director.

	August 2015	October 2015	November 2015	May 2016
Number of scheduled meetings in FY16	●	●	●	●
Committee member	Meeting attendance FY16			
Alan Thomson (Chairman)	●	●	●	●
Paul Harrison	●	●	●	●
Victoria Jarman	●	●	●	●
Torsten Kreindl	●	●	●	●
MT Rainey ⁽¹⁾	○	○	○	●
Richard Smelt ⁽²⁾	●	○	○	○
Pippa Wicks	●	○	○	●
Peter Williams	●	●	●	●

(1) MT Rainey was appointed to the Board on 14 December 2015.

(2) Richard Smelt retired from the Board on 11 November 2015.

Main Committee activities during the financial year

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

EFFECTIVENESS

CONTINUED

Non-executive director appointment process

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

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

During the year the Committee retained The Zygos Partnership in respect of MT Rainey's appointment and they remain engaged as further non-executive director appointments are considered. The Zygos Partnership 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 (gender and experience) and geographic representation and continue to use independent consultants as appropriate to ensure a broad search for suitable candidates.

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

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

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

Succession planning

A key task of the Committee is to keep under review the Company's succession plans for members of the Board over the short, medium and longer term, to ensure the Board remains appropriately balanced between new and innovative thinking and longer-term stability. The focus during the 2016 financial year has been on identifying a suitable replacement for Richard Smelt, as well as planning for the succession of other Board members.

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.

At present, the Board has not set any specific aspirations in respect of gender diversity though it believes that refreshment of the Board should take into account the need to consider diversity in all forms.

Tenure of non-executive directors

Appointments to the Board are made for initial terms not exceeding three years and are ordinarily limited to three such terms in office.

Director performance

Having reviewed the independence and contribution of directors, the Committee confirms that the performance of each of the directors standing for election or re-election at the 2016 AGM continues to be effective and demonstrates commitment to their roles, including independence of judgment, commitment of time for Board and Committee meetings and any other duties.

Accordingly, the Committee has recommended to the Board that all current directors of the Company be proposed for election or 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 Company'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 Company'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 Company 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 Company'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 Company'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 the 2016 financial year in accordance with Code Provision B.6.2, the effectiveness of the Board was assessed through an external Board evaluation process, conducted by ICSA Board Evaluation (ICSA). ICSA has no other connection with the Company (the Company uses ICSA Software Limited for entity management and Board portal solutions). One-to-one meetings were held between the ICSA evaluator and the directors and the Company Secretary. During the meetings, seven broad topics were considered and the evaluator ensured that pre-defined constituent elements of each topic were covered to ensure consistency in the evaluation. The topic areas were Board responsibilities, oversight, meetings, Board support, Board composition, working together and outcome and achievements. Committee effectiveness was also assessed separately. Results were presented to the Board by the external evaluator and areas for improved operation identified and agreed.

The outcome of the evaluation, with few recommendations being made and which are discussed below, indicated that the Board is performing well.

The report noted that the Board has a clear understanding of its role and responsibilities and fulfils its oversight role effectively. The interaction by the Board with management is effective and within the Board itself the executive and non-executive members engage well. The division of responsibilities between the Chairman and Chief Executive are well understood and matters that are reserved to the Board are considered appropriate and regularly and properly reviewed.

Board composition was considered to be well balanced in terms of both numbers and the executive to non-executive ratio. Whilst Board membership has evolved with the Company, the need to remain dynamic in addressing the needs of the business moving forward was acknowledged. In terms of working together, the Board is considered cohesive, with an open style and no one individual or group dominating and displays good chemistry.

Support for the Board is considered to be a strength and the relationship between the Company Secretary and the Board is good. Access to professional advice is readily available and Board members receive regular updates on legal and regulatory matters, with the Chairman taking a close interest in Board education and Board development generally.

Whilst the Board calendar had undergone some change in recent years, it was considered that further refinements could be made to improve performance generally. The Board continues to refine its approach to risk, as identified in prior evaluations, and the executive's steps in this area had brought matters more into focus for the Board. One area of recommendation for the Board as part of the evaluation was to consider what measures could be taken to enhance its reviews of the effectiveness of the risk management process. Consideration was given to the further review of risk either within the Board or Audit Committee calendar or, as suggested, through the establishment of a separate Board risk committee. The Board did not consider that this would be necessary or appropriate at this time.

In addition to the Board and Committee evaluation, 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.

ACCOUNTABILITY

AUDIT COMMITTEE REPORT



Victoria Jarman
Chairman of the Audit Committee

The Audit Committee has supported the Board in ensuring the Annual Report is fair, balanced and understandable; in ensuring the integrity of the Group's financial statements and the effectiveness of internal control, shareholders are in turn able to assess the Company's performance, business model and strategy.

Dear Shareholder

I am pleased to present to you the Audit Committee report prepared in accordance with the 2014 edition of the Code.

We have revised the Committee's Terms of Reference to bring them in line with the 2016 edition of the Code, under which it is operating for future financial years.

You will be aware from prior years' Reports that we committed to undertake a full tender of the Company's external audit contract this year, which commenced in early 2016. Following a comprehensive process the Committee recommended to the Board that PwC be put forward to shareholders for appointment at the Company's 2016 AGM. I would like to record my thanks to all those involved in the process, including the unsuccessful tenderers, as the time and effort invested by all was significant. On behalf of the Company my thanks also go to Deloitte for their role as the Company's auditor over many years.

In some way a reflection of the world in which we live, the Committee has spent time during the year assessing the potential for, and impact of, the various forms of cybercrime that may befall us. As a company, technology is very important to us and the way we operate, but technology also represents a significant risk and it is important we keep on top of such risks and the Committee, along with the Board, keep this very much in focus. On the subject of risk, I am pleased with the progress being made by the Group Risk Committee.

The Committee provides oversight of the Company's enterprise risk management framework and continues to be satisfied that the Board maintains sound risk management and internal controls.

Another aspect of the Committee's work this year, also touching on the risk landscape, has been in supporting the directors in their assessment of the long term viability of the Company for the purposes of the Code. The work built on the existing robust process we have in place around risk assessment and mitigation and will hopefully provide shareholders with further comfort in the way the Company is managed and operated.



In addition to discharging its financial reporting, internal control and risk management responsibilities, including supporting the Board in ensuring the Annual Report, as a whole, is fair, balanced and understandable, during the course of the year the Committee also considered, amongst other matters, audit effectiveness (both internal and external), non-audit services policy and the Group's whistleblowing policy and procedures. Further detail on the Committee's activities during the year under review is provided below, which I hope will provide shareholders with the necessary information for them to assess the Company's performance, business model and strategy.

Victoria Jarman
Audit Committee Chairman
1 September 2016

Role of the Audit Committee

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

The key responsibilities of the Committee are to:

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

Membership and meetings

The Committee is appointed by the Board from its independent non-executive directors. Biographies of the Committee's current members are set out on pages 50 and 51.

	August 2015	November 2015	February 2016	May 2016
Number of scheduled meetings in FY16	●	●	●	●
Committee member	Meeting attendance FY16			
Victoria Jarman (Chairman)	●	●	●	●
Paul Harrison	●	●	●	●
Torsten Kreindl	●	●	●	●
MT Rainey ⁽¹⁾	○	○	●	●
Richard Smelt ⁽²⁾	●	●	○	○
Pippa Wicks	●	●	●	●
Peter Williams	●	●	●	●

(1) MT Rainey was appointed to the Board on 14 December 2015.

(2) Richard Smelt retired from the Board on 11 November 2015.

The Chairman of the Committee and its financial expert, Victoria Jarman, is a Chartered Accountant, who also chairs the Audit Committee of Equiniti Group plc. 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 all members were in attendance at all meetings during their tenure.

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 and the Group Financial Controller attend 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 Chairman, in the absence of Group management. The Chairman of the Board and the Chief Executive are also invited to, and regularly attend, Committee meetings.

Main Committee activities during the financial year

- Approved the annual Committee programme
- Reviewed financial results for publication
- Considered the external audit plan and reviewed the results of the audit
- Approved the internal audit plan and reviewed its findings
- Reviewed the new requirements relating to external auditor appointments and audit partner rotation
- Undertook a tender process for the selection of the external audit
- 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 including cyber
- Reviewed the performance and effectiveness of the external auditor
- Reviewed the performance and effectiveness of the internal audit function
- Reviewed the Group's whistleblowing arrangements
- Carried out a review of the Committee's effectiveness and reviewed progress on matters arising from previous assessments
- Considered the Code requirements concerning fair, balanced and understandable reporting
- Considered the Company's long-term viability
- Recommended the Audit Committee Report for approval by the Board
- Reviewed senior finance personnel across the Group
- Held discussions with the external auditor and the Head of Internal Audit without management being present

Annual Report review

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.

Fair, balanced and understandable

In making its recommendation to the Board that the Annual Report, taken as a whole, is fair, balanced and understandable, 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 Chairman of the draft Annual Report in advance of the final sign-off in the context of the revised Code provision.

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

Significant issues considered during the year

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

Debtor and accrued income recoverability

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

ACCOUNTABILITY

CONTINUED

Revenue recognition

The main areas of judgment in revenue recognition relate to (i) cut-off as we recognise permanent placement income on the day a candidate starts work, and temporary placement income over the duration of the placement; and (ii) the recognition of temporary contractual arrangements where we act as principal on a gross basis rather than net basis. The Committee discussed and reviewed these areas with both management and the Auditor and remains satisfied that Group accounting policies with regard to revenue recognition have been adhered to and that judgments made remain appropriate.

Goodwill

The Committee assessed the carrying value of goodwill by reviewing a report by management which set out the values attributable to each cash-generating unit (CGU), compiled using projected cash flows based on assumptions related to discount rates and future growth rates. The Committee also considered the work undertaken by Deloitte and management's sensitivity analysis on key assumptions. In the case of Veredus the Committee considered the disclosure in respect of this CGU. After discussion, the Committee was satisfied that the assumptions used were appropriate.

Pension accounting

Pension accounting is complex and contains areas of significant judgment, most notably those in respect of the discount and inflation rates used in the valuation of the net deficit disclosed in note 22. The Committee reviewed the pension items, including those relating to the adoption of IAS 19 Employee Benefits (Revised), by discussing a report prepared by management based on work performed by the Company's actuary which set the key assumptions used in the calculation of the deficit and related income statement items. The Committee also considered the work performed by Deloitte's specialist pension team in testing 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 in regard to its reporting to shareholders. Deloitte LLP has been the external Auditor of the Group since listing in October 1989. Professional rules require that the Company's audit partner at Deloitte be rotated every five years; the current lead partner, Stephen Griggs, was appointed following the 2011 year-end results.

As reported previously, the Committee has undertaken a full tender of the Company's external audit contract. The Committee is pleased to report that the Board has approved the proposed appointment of PricewaterhouseCoopers LLP as the Company's auditor for the coming financial year. This appointment remains subject to approval by shareholders at the next Annual General Meeting. The Competition and Markets Authority Statutory Audit Services Order 2014 sets out certain regulations in respect of audit tendering and appointments and related audit committee responsibilities which came into effect for financial years commencing on or after 1 January 2015. The Company has complied with the provisions of the Order for the financial year ended 30 June 2016.

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 Deloitte 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 £150,000
Audit Committee	Above £150,000

Deloitte's fee in respect of its 2016 financial year audit of Hays was £0.9 million. Accordingly, the maximum value of non-audit services that Deloitte could have been engaged by Hays to provide during the financial year 2016 was £0.7 million. The total audit fee for non-audit services provided by Deloitte during the 2016 financial year was £0.7 million (2015: £0.4 million). The main components of the £0.7 million non-audit services were as follows:

- Half year review: £0.1 million;
- Taxation compliance: £0.1 million; and
- Tax advice and other services: £0.5 million, of which £0.3 million related to a transfer pricing project.

Tax advice and other services include the completion of a comprehensive review of our transfer pricing framework to enhance existing arrangements such that the Group will continue to conform to best practice under OECD guidelines. The Group's existing arrangements are well known to Deloitte both in the UK and globally. This, together with the expertise within the firm, meant that they were best placed to partner us in this piece of work.

No single non-audit project undertaken by Deloitte during the 2016 financial year exceeded £302,000. The Company did not pay any non-audit fees to Deloitte on a contingent basis. A summary of the fees paid to the external Auditor is set out in note 6 to the Consolidated Financial Statements.

Having reviewed Hays' non-audit services policy this year, 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 was conducted under the guidance of the Committee Chairman, 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 Deloitte's independence and objectivity. Overall feedback was positive with resulting improvements, which were largely country-specific, discussed and implemented. On the basis of this review, the Committee was satisfied with the performance of Deloitte in the fulfilment of its obligations as external Auditor and of the effectiveness of the audit process.

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, primarily IT and treasury, 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 Chairman 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 2016 financial year, which was focused on addressing both financial and overall risk management objectives across the Group. During the year, 39 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 significant 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 companies across the globe to further develop and embed the framework methodology at a local level. The formation of a Group Risk Committee chaired by the Group Finance Director and comprising senior operators from each region will assist in the management of risk in the Group.

Raising concerns at work

The whistleblowing procedure in place across the Group ensures that employees are able to raise any concerns about any possible improprieties in business practices, or other matters, in confidence; this is managed and reported through an external third party.

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

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

Anti-bribery and corruption

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

Audit Committee effectiveness

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

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

REMUNERATION REPORT

CHAIRMAN'S ANNUAL STATEMENT AND SUMMARY



Paul Harrison
Chairman of the Remuneration Committee

The main objective of the Remuneration Committee is:

To promote the long-term success of the Company by attracting, motivating and retaining highly skilled executives, while strongly advocating and ensuring a culture of high performance and sound values linked to appropriate reward.

During 2016 the Committee:

Began an in-depth review of the executive remuneration structure in order to determine whether the current policy will continue to complement our future strategy and recognises the challenges relating to the cyclical nature of our business.

The Committee's priorities and actions for FY17 are:

To continue the review of the executive remuneration structure in preparation for the next shareholder binding vote on the Executive Remuneration Policy at the FY17 AGM. The Committee will ensure adequate time for appropriate consultation and discussion with shareholders if any changes are felt to be required.

To conduct a full tender for an independent adviser to the Committee as a result of PwC stepping down with effect from 30 June 2016 due to their successful bid to be our independent external Auditor.

Dear Shareholder

I am pleased to introduce our Directors' Remuneration Report for 2016.

Our business continues to deliver strong results

2016 has been another strong year for Hays. With our markets outside of the UK broadly supportive, management invested to drive good growth of 7% in net fees and, through effective operational management and strong cost control especially in the UK, delivered strong operating profit leverage, with profits up 13% and good cash conversion.

This is the third year in a row that Hays has delivered strong profit performance. Such strong results, allied to outperformance in Hays' share price over the last three years relative to its competitors, has directly contributed towards the reward outcomes for the executive directors both in the annual and long-term incentives, as will be covered below.

Our executive reward for 2016 reflects these strong results and links pay to performance

Annual Bonus

Annual Bonus awards reflected the 2016 performance and were 65.76% of the maximum award (82.20% of base salary) for the CEO and the CFO. Maximum opportunity was 125% of base salary. 40% of each award will be deferred into shares for three years.

2013 Performance Share Plan ('PSP')

The 2013 PSP vested at 85.59% of the award (149.78% of salary out of a maximum of 175%) reflecting the three-year performance period that ended on 30 June 2016.

Full details of the executive directors' remuneration for 2016 can be found in the Single Figure on page 70 and the full Annual Report on Remuneration on pages 70 to 85.

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

No discretion on any element of remuneration was exercised during FY16.

Remuneration for FY17

The executive directors received base salary increases of 2.0% effective from 1 July 2016. This was in line with the average pay increase for other UK relevant employees.

Executive directors will receive an FY17 PSP grant of 175% of base salary which will vest in 2019 dependent on the performance criteria being met.

Our Chairman's fee and the base fee for the other non-executive directors (NEDs) were also increased by 2.0% from 1 July 2016.

Details of the Chairman's and NEDs' fees can be found on page 83.

Our Committee activities

During 2016, the Committee formally met four times as well as maintained ongoing dialogue via email or telephone discussion.

Our key regular agenda items include reviewing the basic pay, bonus and PSP awards for the executive directors and other senior executives. The Committee ensures that their targets and objectives are suitably stretching, include the principal Company financial

performance indicators together with longer-term strategic initiatives, and take into account Group risk. We also consider the relationship between executive reward and the reward structures in place for other Group employees. The Committee is always mindful to ensure the strength of the link of performance to reward and that it does not reward for failure.

A Remuneration Policy fit for the future and long-term sustainability of the business

In December 2015, the Committee began an in-depth review of the overall executive remuneration policy and structure with a view to ensuring that it is still fit for purpose in light of our future strategy over the coming years and the continuing cyclical nature of our business.

While we have a diversified portfolio designed to try and mitigate any substantial swings in business performance by embracing both temporary and permanent candidate placements, wide-ranging business specialisms and a global geographical footprint, we nevertheless are subject to the volatility and vagaries of the economic markets which can create sudden changes within the recruitment industry. In recent months, this has manifested itself through the general uncertainty triggered by the 'Brexit' referendum in the UK and wider global unrest underpinned by changes in countries' political leadership and general instability in certain geographical areas.

In looking to the future therefore, the Committee wants to ensure that our reward structure and remuneration policy complement our future strategy and incentivise our executives to ensure the long-term sustainability of our business in a challenging environment.

Shareholder consultation and support on any proposed changes are very important to us

This important review of the Remuneration Policy, which is mentioned above, will continue during FY17, with the Committee being mindful that the next shareholder binding vote on our Remuneration Policy is due at the November 2017 AGM.

We strongly value the support of our shareholders and are very aware of the views and guidelines issued by investor bodies on corporate governance, remuneration structures and good practice. The Committee will take into consideration the ongoing debate on executive pay, together with publications issued on these subjects, and will ensure that it allows the appropriate time to discuss and consult with our shareholders should the Committee decide to seek future changes to the Policy.

The Committee is committed to an open and honest dialogue in this respect.

Annual Bonus and PSP Targets for FY17

When the Committee met in August 2016 to finalise the targets for FY17, it was in the context of a more uncertain economic outlook, especially in the UK following the ‘Brexit’ referendum result. The Committee carefully considered the targets it should apply to incentive awards (i.e. both annual bonus and PSP awards) for FY17.

We decided to widen the range around the EPS targets for the FY17 annual bonus to reflect the increased uncertainty on FY17 earnings and to ensure that any maximum bonus target would require a level of profit achievement materially above the then consensus external forecast and that achieved in FY16. The annual bonus targets for FY17 will be disclosed in our FY17 annual report.

In setting the EPS target (which represents one-third of the PSP award) for the FY17 PSP award, noting that the mechanics for this are consistent with prior years, it is recognised that the EPS target range is lower in absolute terms than the target applied to the awards made in FY16. However the Committee is comfortable that these targets are no less challenging in relative terms than the targets applied to the FY16 PSP awards and are consistent with external forecasts at that time.

Renewal of the Deferred Annual Bonus (DAB) Plan

Our current approved Remuneration Policy requires executive directors to defer 40% of any annual bonus award into shares for a period of three years. During this period, the deferred awards are subject to Malus conditions. The deferral is made under the terms of the Deferred Annual Bonus Plan (DAB). This plan was adopted by shareholders in April 2007 and therefore expires in April 2017. In order for us to continue to operate the current policy in relation to any bonus award made in relation to FY17 (which would be considered at the August 2017 Remuneration Committee meeting), we need to renew the DAB plan. Therefore, it is proposed to put forward a Resolution to renew the DAB at the 2016 AGM. There will be no changes to the current policy operation.

Our independent remuneration adviser

During 2016, the Committee engaged the services of PwC as its independent adviser. Following the successful tender by PwC to become the Company’s new external Auditor, PwC ceased to advise the Committee from 30 June 2016. During FY17 a full, formal tender process will be conducted to appoint a new independent adviser.

Membership and meetings

	July 2015	August 2015	December 2015	May 2016
Number of scheduled meetings in FY16	●	●	●	●
Senior independent non-executive director	Attendance at scheduled meetings			
Paul Harrison (Chairman)	●	●	●	●
Independent non-executive directors				
Torsten Kreindl	●	●	●	●
Victoria Jarman	●	●	●	●
Pippa Wicks	●	●	●	●
Richard Smelt ⁽¹⁾	●	●	○	○
Peter Williams	●	●	●	●
MT Rainey ⁽²⁾	○	○	●	●

(1) Richard Smelt stood down from the Board at the 2015 AGM.
(2) MT Rainey joined the Remuneration Committee on 14 December 2015.



For more information on our Terms of Reference, Meetings held in 2016 and the Advisers to the Remuneration Committee go to [page 85](#)

This report is structured as follows:

Section	What it includes
Letter from the Remuneration Committee Chairman Page 64	Our key results, remuneration decisions, Committee activities for FY16 and plans for FY17.
Remuneration At A Glance Page 66	The key aspects of our Remuneration Structure, how we have performed and how we applied our policy during FY16.
How Remuneration links to strategy and risk Page 68	How our reward elements link to our strategic pillars and take account of risk.
Annual Report on Remuneration Page 70	<ol style="list-style-type: none"> 1. Single Figure of Remuneration 2. Long Term Value Creation 3. Remuneration in the Broader Context 4. Statement of Implementation of the Remuneration Policy in the Following Financial Year 5. Governance
Our full Remuneration Policy	This can be found on our website at haysplc.com . A summary of relevant aspects can be found throughout this report.

We aim to be clear, concise and straightforward in our reporting

We aim to make the Directors’ Remuneration Report clear, concise and easy to follow. As there is no change this year to our formal, approved Remuneration Policy, it can be found on our website haysplc.com. This complements our approach to becoming more digital.

To help with understanding the FY16 remuneration outcomes in relation to our Policy, we have summarised the key features of our reward components alongside the actions we have taken or awards made. We have also included a Remuneration At A Glance page and a table to show how our

reward links to our strategy and Group risk. 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 to shareholders.

Paul Harrison
Chairman of the Remuneration Committee
1 September 2016



See the Committee’s Terms of Reference online at haysplc.com

REMUNERATION REPORT

REMUNERATION AT A GLANCE

The key elements of our Remuneration Policy

- 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; and
- Operate a consistent reward and performance philosophy throughout the business.

Fixed elements

Definition

Set in relation to skills, expertise and experience.



+

Definition

Includes pension, health cover, life assurance and car allowance.



+

Variable elements

Definition

Maximum 125% of base salary. 40% of any award is deferred into shares for three years. The cash element is subject to clawback for three years from award. Malus applies to the deferred element.



+

Definition

Maximum 175% of base salary. Three-year performance period. Malus applies during the performance period and clawback for two years post vesting.



=



Shareholding requirements

Definition

200% of base salary for CEO and 100% of salary for CFO.

How we have performed

Annual Bonus

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

Metric	Target	Maximum	Actual	% of max achieved
EPS	8.12p	8.60p	8.19p*	66.50%
Cash conversion	86%	101%	80.11%	44.29%
Personal CEO			85%	
Personal CFO			85%	

* Both the target and actual performance were based on Budget exchange rates. Therefore the actual performance for bonus purposes is lower than the reported performance due to movements in exchange rates during the year.

September 2013 PSP award

Metrics measure the success of managing the long-term sustainability of the business and the outcome reflects the success in delivering strong results through the three-year cycle. 85.59% of the maximum award vested i.e. 149.78% of base salary (maximum is 175%).

Metric and weighting	Maximum Target	Actual	% of max achieved
Relative TSR against comparator group (50%)	Upper quartile (UQ)	46%	71.17%
EPS (50%)	20.09p ⁽¹⁾	22.05p	100%

Key general business highlights in FY16

- Like-for-like net fee growth of 7%⁽²⁾
- Operating profit up 13%⁽²⁾
- Good cash conversion

(1) Adjusted for actual RPI.

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

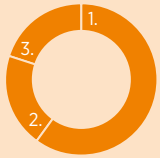
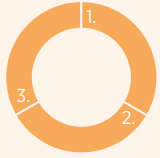
Reward linked closely to performance

	EPS – Above Target Cash conversion – Between Threshold and Target Personal objectives – 85% for both CEO and CFO
	EPS – Outperformed TSR – Close to Upper Quartile Note: 2013 PSP had no cash conversion metric.
	Dividend 2.90p



For more information go to **pages 72 and 73**

Our Remuneration Policy and structure and how this was applied

Key reward component	Key features	What we have done
Base salary and core benefits	Competitive salary and benefits to attract right calibre of executive.	Increased salaries for Chief Executive and Group Finance Director by 2.0% with effect from 1 July 2016. New salaries: Alistair Cox, Chief Executive: £723,480 Paul Venables, Group Finance Director: £521,628 Increase in line with budget set for relevant UK employees of 2.0%. There were no changes to benefits during the year.
Annual Bonus  <ul style="list-style-type: none"> 1. 60% EPS 2. 20% Cash conversion 3. 20% Personal 	<ul style="list-style-type: none"> - Max potential 125% of salary. - Key financial KPIs and personal objectives. - 60% paid in cash (Clawback applies for three years from payment). - 40% deferred in shares for three years (Malus applies for the three deferral years). 	Alistair Cox, Chief Executive: 65.76% of maximum, i.e. 82.20% of salary equating to £583,022. Paul Venables, Group Finance Director: 65.76% of maximum, i.e. 82.20% of salary equating to £420,358. 40% of the above awards deferred into shares for three years.
Performance Share Plan (PSP)  <ul style="list-style-type: none"> 1. 1/3 EPS 2. 1/3 Cash conversion 3. 1/3 TSR 	<ul style="list-style-type: none"> - Max potential 175% of salary. - KPIs focused on long-term sustainability and shareholder returns. - Three year performance period. - Malus applies during the performance period, Clawback applies for two years post vesting. 	175% of salary awarded.
Shareholding requirements	Ensure material personal stake in the business. Alistair Cox, Chief Executive: 200% of salary Paul Venables, Group Finance Director: 100% of salary	Shareholdings at 30 June 2016: Alistair Cox, Chief Executive: 481% of salary Paul Venables, Group Finance Director: 308% of salary

REMUNERATION REPORT

HOW REMUNERATION LINKS TO STRATEGY AND RISK

Our Remuneration Policy was approved by shareholders at the Company's AGM on 12 November 2014 and received strong support with a favourable vote of 92.62%.

There is no change to the Remuneration Policy this year. Our full Remuneration Policy can be found on our website at haysplc.com and in our FY14 Annual Report. However, we have included a policy summary for each remuneration element alongside the detailed disclosure of the Single Figure of Remuneration and beside other tables throughout this report which we hope will help understanding.

As stated in our FY15 report, in line with the revised UK Corporate Governance Code (the Code) issued in September 2014, we included clawback provisions in our incentive plans during 2015. In accordance with the Code, these are effective in relation to all awards made in the financial year 2016 and thereafter. Clawback provisions therefore apply to the PSP awards granted in September 2015 for two years post any vesting, with malus provisions in place during the performance period. Clawback provisions also apply for a period of three years to the cash element of the bonus awarded in 2016 in relation to FY16 performance and malus provisions apply to the deferred element.

Our Annual Report on Remuneration for the financial year 2015 received a positive vote of 96.69% indicating support for our approach towards the application of our Remuneration Policy.

- Votes for - 962,720,176 (96.69%)
- Votes against - 32,968,188 (3.31%)
- Votes withheld - 10,632,042

The table adjacent shows how we link our Remuneration Policy to our strategy and take into account risk.

Links to strategy

Strategic priority 1

Materially increase and diversify Group profits.

Strategic priority 2

Build critical mass and diversity across our global platform.

Strategic priority 3

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

Strategic priority 4

Generate and distribute meaningful cash returns.



For more details on strategy please go to pages 20 and 21

Key remuneration component	Time horizon (years)			
	1	2	3	4
Fixed element				
Base salary and core benefits	○			
Variable elements				
Annual bonus: Cash element	○			
Annual bonus: Deferred element			○	
Performance Share Plan			○	
Shareholding requirements				→

How our Remuneration Policy links to our strategy

Base salary, associated benefits and variable pay elements combine to attract, retain and motivate the calibre of executives required to shape and execute strategy and generate superior shareholder returns.

Link to relevant strategic priority:

- 1
- 2
- 3

How our Remuneration Policy takes into account risk

A principal risk is the loss of specialised talent.

This is mitigated by offering a competitive package against businesses of a comparable size and comparable peer group as well as recognising the breadth of the role and individual experience the role-holder brings to the Company.

Financial and personal objectives are set with reference to our business strategy approved by the Board.

Current weighting and measures are:

- 60% Earnings per share*
- 20% Cash conversion*
- 20% Personal

* Key Performance Indicators (KPIs).

Link to relevant strategic priority:

- 1
- 2
- 3
- 4

In establishing the annual Group budget, the Board seeks to ensure that achievable, yet stretching, goals are properly balanced with risk. Financial targets for reward are then linked to budget.

The financial metrics chosen are KPIs of the business and therefore reflect how well management mitigates our principal financial and reputational business risks which include:

- Its cyclical nature, closely linked to the economy;
- Ensuring we have the right business model to deal with market changes;
- The importance of compliance and data governance when operating across 33 countries with multiple regulatory and legal frameworks; and
- Increased reliance on technology and the associated risk of data loss or system failure.

Deferred bonus is awarded in shares and therefore helps align future focus with that of shareholders and longer-term strategy.

Link to relevant strategic priority:

- 1
- 2
- 3
- 4

Personal objectives are linked to the delivery of key projects designed to enhance the Group's operational strength and competitiveness in line with future strategy. They include operating within our Group risk framework.

Bonus deferral into shares helps focus on long-term outcomes.

The annual bonus also has **malus provisions** during the three-year deferral period and **clawback provisions** (new for the cash element of the bonus made in relation to FY16 and going forward, and applicable for three years post award).

Key financial performance metrics are set in line with the Company's long-term strategy approved by the Board.

Current performance conditions are:

- One-third based on total shareholder return (TSR) relative to a comparator group, with vesting subject to satisfactory financial performance over the period, as determined by the Committee;
- One-third based on cumulative earnings per share (EPS); and
- One-third based on cash conversion

Link to relevant strategic priority:

- 1
- 2
- 3
- 4

The PSP metrics mitigate risk by providing a balanced approach of actual financial performance and business efficiency over a longer time period, together with relative performance against comparable businesses and longer-term alignment with shareholders.

The **TSR** metric measures the relative return from Hays shares against a basket of comparator companies and the result is underpinned by the Company's underlying financial performance.

The **EPS** metric targets are calculated taking into account the Company budget for Year 1 plus growth around an assumed rate of RPI.

The **cash conversion** metric indicates the continuous focus on ongoing business cash efficiency whatever the trading circumstances of the business.

The **award in shares** focuses on alignment with shareholders.

Malus provisions (during the three-year performance period) and **clawback provisions** (new for awards from FY16 and applicable for two years post vesting) are also in place to mitigate risk.

Shareholding requirements ensure that executive directors' interests are aligned with shareholders over a longer time horizon.

Link to relevant strategic priority:

- 1
- 2
- 3
- 4

Encouraging **a material, personal stake in the business** through substantial shareholding requirements helps to align executives with shareholders and focus on delivering long-term shareholder value which includes risk mitigation.

REMUNERATION REPORT

ANNUAL REPORT ON REMUNERATION

Section 1 – Total reward for FY16

In this section:

- | | |
|--|--|
| 1.1 FY16 Single Figure for executive directors | 1.1.4 Other benefits |
| 1.1.1 Salary | 1.1.5 Annual bonus |
| 1.1.2 Benefits | 1.1.6 PSP |
| 1.1.3 Pension | 1.2 FY16 fees for non-executive directors (NEDs) |

1.1 FY16 Single Figure for executive directors Single Figure of remuneration (audited)

The following table shows the single total figure of remuneration for each executive director in respect of qualifying services for the 2016 financial year. Comparative figures for the 2015 financial year have also been provided. Details of NEDs' fees are set out in 1.2 on page 75.

£000s Executive director	Salary Note 1	Benefits Note 2	Pension Note 3	Other Note 4	Annual Bonus Note 5	Total remuneration excluding PSP	PSP ⁽¹⁾ Note 6	Total remuneration ⁽¹⁾
2016								
Alistair Cox Chief Executive	709	44	213	0	583	1,549	1,194	2,743
Paul Venables Group Finance Director	511	34	153	2	420	1,120	861	1,981
2015								
Alistair Cox	695	43	208	0	852	1,798	2,168	3,966
Paul Venables	501	33	150	0	608	1,292	1,563	2,855

(1) 2015 PSP figures now reflect the actual vesting price and the value of the dividend equivalent shares relating to the dividend which was subject to approval at the 2015 AGM, and for which the awards qualified.

Components of the Single Figure and how the calculations are worked

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

1.1.1 Salary – note 1 (audited)

Policy summary

- Set in relation to skills, expertise and experience.
- Reviewed annually from 1 July.
- Broadly aligned with salary increases for relevant UK employees.

What has happened

Salaries were increased by 2.0% with effect from 1 July 2015. This increase was the same as the wider budget set for relevant UK employees.

Name	Salary for FY16	% increase over FY15	Salary for FY15
Alistair Cox	£709,294	2.0%	£695,386
Paul Venables	£511,400	2.0%	£501,373

1.1.2 Benefits – note 2 (audited)

Policy summary

- Core benefits align with those for other UK employees.

What has happened

There have been no changes to the benefits during FY16.

£000s Executive director	PMI	Life assurance	Income protection	Travel and mileage	Car allowance	Total
2016						
Alistair Cox	3	8	9	4	20	44
Paul Venables	3	4	9	-	18	34
2015						
Alistair Cox	2	8	9	4	20	43
Paul Venables	2	4	9	-	18	33

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

1.1.3 Pension – note 3 (audited)**Policy summary**

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

What has happened

There has been no change to the structure of pension provision during FY16.

£000s Executive director	Pension
2016	
Alistair Cox	213
Paul Venables	153
2015	
Alistair Cox	208
Paul Venables	150

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

Paul Venables had a 'theoretical' gain on date of exercise which is shown below. However, he did not sell the shares.

No options were due for exercise by Alistair Cox.

Paul Venables participated in the March 2016 Hays Sharesave Scheme and has options which are due for exercise from 1 May 2019 to 31 October 2019. Details are shown on page 76.

Neither Alistair Cox nor Paul Venables participated in the 2015 SAYE as they were already saving at the maximum limit permitted under the Scheme at that time.

£000s Executive director	Other
2016	
Alistair Cox	0
Paul Venables	2
2015	
Alistair Cox	0
Paul Venables	0

REMUNERATION REPORT

ANNUAL REPORT ON REMUNERATION

CONTINUED

1.1.5 Annual bonus – note 5 (audited)

Policy summary

- Maximum bonus potential is 125% of base salary, of which 60% is paid in cash and 40% is deferred into shares.
- Bonus is based on financial KPIs and personal objectives.

What has happened

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

For bonus awarded in relation to 2016 and 2015 performance, 40% of the figure shown is deferred into shares for three years. There are no further performance conditions but leaver terms apply.

The cash element of the bonus award in relation to performance in 2016 is subject to Clawback for three years from award. The deferred element is subject to Malus for the three-year holding period.



For detailed information on performance against targets see [page 73](#)

Summary

£000s	Annual Bonus	Of which cash – 60%	Of which deferred – 40%	% of salary achievement
Executive director				
2016				
Alistair Cox	583	350	233	82.20%
Paul Venables	420	252	168	82.20%
2015				
Alistair Cox	852	511	341	122.50%
Paul Venables	608	365	243	121.25%

Details of the FY16 annual bonus

The performance metrics and objectives	Assessment	Achievement and what happens now
60% on earnings per share (EPS): focuses on shareholder returns;	The Committee reviews both the Company's results and executive directors' performance against their personal objectives.	Alistair Cox Achieved 82.20% of salary (out of 125% maximum potential i.e. 65.76% of maximum). This equates to a bonus of £583,022 (as stated in the Single Figure) of which: – 60% or £349,813 will be paid as cash; and – 40% or £233,209 will be deferred into shares for three years. There are no further performance conditions.
20% on cash conversion: ensures ongoing business efficiency; and	The basic EPS targets and actual performance were measured at budget exchange rates.	
20% on personal objectives: safeguard and plan for the Company's future.	Cash conversion is the operating cash flow of the Company after deducting net capital expenditure items for the financial year, stated as a percentage of operating profit before exceptional items.	Paul Venables Achieved 82.20% of salary (out of 125% maximum potential, i.e. 65.76% of maximum). This equates to a bonus of £420,358 (as stated in the Single Figure) of which: – 60% or £252,215 will be paid as cash; and – 40% or £168,143 will be deferred into shares for three years. There are no further performance conditions.
Personal objectives for FY16 included:	In addition to assessment of the individual executives' overall performance against key objectives, the Committee also takes into account its view of the directors' regulatory compliance and approach to risk (including environmental, social or governance (ESG) risks).	
Alistair Cox:	The Committee has not exercised any discretion in relation to bonus outcomes.	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.
– Successful expansion of our US business following the acquisition of Veredus.		
– Driving the business through use of digital marketing.		
– Further embedding strong risk management processes and mitigation into the business.		
Paul Venables:		
– Further embedding the enterprise risk management process.		
– Implementation of the German back office transformation project.		
– Managing all aspects of the external Auditor retender process.		
Due to the strategic nature of the personal objectives for the Chief Executive and Group Finance Director, the Company feels that other objectives, which are ongoing in nature and about developing our business, are commercially sensitive and so will not be disclosed.		

Calculation of actual results (audited)

Annual Bonus 2016 outcome					Alistair Cox		Paul Venables			
Performance condition	Weighting	Threshold performance required	Maximum performance required	Actual performance	Annual bonus value for meeting threshold and maximum performance (% salary)	Achievement % salary	Bonus value £000s	Achievement % salary	Bonus value £000s	
EPS	60%	7.63p	8.60p	8.19p	15 – 75	49.88%	354	49.88%	255	
Cash conversion	20%	71%	101%	80.11%	5 – 25	11.07%	78	11.07%	56	
Personal	20%	–	100%	85%	0 – 25	21.25%	151	21.25%	109	
Total 2016	100%				These totals are in the 2016 Single Figure	82.20%	583	82.20%	420	
* Both the target and actual performance for bonus purposes were based on budget exchange rates. Therefore actual performance is lower than the reported performance due to movements in exchange rates during the year.						Of which cash	350	Of which cash	252	
Note both Alistair Cox and Paul Venables achieved 85% of their personal objectives.						Of which deferred – 40%	233	Of which deferred – 40%	168	
						Total bonus achieved in 2015	122.5%	852	121.25%	608
						Of which cash	511	Of which cash	365	
						Of which deferred – 40%	341	Of which deferred – 40%	243	

The personal objectives outlined on page 72 were primarily achieved.

1.1.6 PSP – note 6

Policy Summary

- Normal maximum potential for executive directors is 175% of base salary.
- Normally granted annually.
- KPIs are focused on long-term sustainability and shareholder returns.
- Performance period is three years.
- Threshold performance equates to 25% of the award, i.e. 43.75% of salary.
- Award is subject to Malus provisions prior to vesting.
- Awards made from FY16, are subject to clawback provisions for up to two years post vesting.

What has happened

85.59% of the 2013 award vested in 2016, i.e. 149.78% of base salary (maximum 175%). No malus was exercised.

PSP 2013 (granted in FY14) vesting in 2016

The value of the 2013 PSP (vesting in September 2016) is based on a share price of 126.1 pence, 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 113.9 pence. The award vested at 85.59% of the maximum, i.e. 149.78% of salary.

See page 74 for detailed information on performance against targets.

£000s Executive director	Value in 2016 Single Figure based on share price of 126.1p	Restatement
2016		Value will be restated in FY17 report when vesting share price is known.
Alistair Cox	1,194	
Paul Venables	861	

REMUNERATION REPORT

ANNUAL REPORT ON REMUNERATION

CONTINUED

Details of PSP 2013 (granted in FY14) vesting in 2016

Summary

The performance metrics (Legacy Plan prior to 2014 Policy)	Assessment	Achievement and what happens now
<p>Three-year plan Performance period: 1 July 2013 to 30 June 2016.</p> <p>Granted: 12 September 2013 and will vest 12 September 2016.</p> <p>Metrics 50% on cumulative earnings per share (EPS): focuses on longer-term shareholder returns.</p> <p>50% on relative total shareholder return (TSR):</p> <p>Ranks the performance of Hays against a sector group of comparator companies:</p> <ul style="list-style-type: none"> - Adecco SA - CDI Corporation - Kelly Services, Inc. - ManpowerGroup Inc. - Michael Page International plc (now Page Group plc) - Randstad Holdings nv - Robert Half International Inc - Robert Walters plc - STthree plc - USG People N.V.⁽¹⁾ <p>(1) During FY16, USG People N.V. was purchased by Recruit Holdings Co. Ltd and its shares delisted. The TSR calculation was conducted in line with the Plan rules under these circumstances.</p>	<p>Cumulative Earnings Per Share is the consolidated basic earnings per share of the Company calculated in accordance with IAS 33 for each financial year cumulative over the performance period. Goodwill impairments arising from acquisitions prior to 30 June 2006 are excluded from the earnings per share calculation.</p> <p>The Committee may make adjustments to the calculations of cumulative earnings per share, including taking into account unusual or non-recurring items that do not reflect underlying performance.</p> <p>TSR for each company is the difference between the average market values (in sterling terms) of a notional shareholding (including dividends) in that company on all dealing days for the three-month period prior to the start and the end of the performance period, divided by the average market values (in sterling terms) of a notional shareholding in that company on all dealing days for three-month period prior to the start of the performance period. The TSR for Hays shares is ranked against the respective TSR performances of the comparator group.</p> <p>Vesting will be subject to satisfactory financial performance over the performance period as determined by the Committee.</p> <p>The Committee has not exercised any discretion in relation to PSP outcomes.</p>	<p>Alistair Cox Awarded 1,042,356 shares in 2013.</p> <p>85.59% of the award has vested.</p> <p>947,182 shares will be released in September 2016 which includes accrued dividend equivalent shares.</p> <p>This equates to a value of £1.194 million using a preliminary share price of £1.261 – see opposite.</p> <p>This value will be restated in 2017's Report once the final share price and number of dividends are known.</p> <p>Paul Venables Awarded 751,538 shares in 2013.</p> <p>85.59% of the award has vested.</p> <p>682,918 shares will be released in September 2016 which includes accrued dividend equivalent shares.</p> <p>This equates to a value of £861,000 using a preliminary share price of £1.261 – see opposite.</p> <p>This value will be restated in 2017's Report once the final share price and number of dividends are known.</p>

Actual results (audited)

PSP 2013 (granted in FY14) vesting 2016

Performance period	1 July 2013 to 30 June 2016
Grant date	12 September 2013
Release date	12 September 2016

Performance condition	Weighting	Threshold performance required	Maximum performance required	PSP value as % of salary for:			Actual performance	PSP value achieved as % of salary
				Below threshold	Threshold	Maximum		
Relative TSR	50%	Median of the comparator group	Upper quartile of the comparator group	0	21.875	87.5	46%	62.28%
EPS ⁽¹⁾	50%	17.16p	20.09p	0	21.875	87.5	22.05p	87.50%
Total	100%			0	43.75	175	-	149.78%
					25% of award	100% of award		

(1) For the FY14 PSP award the three-year cumulative target was calculated such that Year 1 target growth was based on the Reuters consensus forecast for FY14 of 5.66 pence, established on the working day preceding the date of grant of the awards. FY14 threshold and maximum range around this target was +/- 4% respectively. Years 2 and 3 required further growth on FY14 of RPI + 4% to 12% per annum for threshold and maximum growth respectively. The initial targets assumed RPI was 3.0% per annum. The final threshold and maximum figures shown above reflect actual RPI.

Name	% of 2013 salary awarded	Face value at award £000s	Share price at award £	Maximum number of shares excluding dividends	Maximum number of shares including dividends	Number of shares that vested including dividend equivalent shares	Release date	Value (figure shown in Single Figure of remuneration) £000s ⁽¹⁾	2012 award value that vested in 2015 as stated in 2015 Single Figure £000s	2012 award value restated using share price at release date £000s ⁽²⁾
Alistair Cox	175%	1,187	1.139	1,042,356	1,106,652	947,182	12 September 2016	1,194	2,464	2,168
Paul Venables	175%	856	1.139	751,538	797,896	682,918	12 September 2016	861	1,777	1,563

(1) The value of the 2013 PSP is based on a share price of 126.1 pence which was calculated using an average for the final quarter of the 2016 financial year in accordance with the Regulations as the vesting will occur after the date of this Report.

(2) The value of the 2012 PSP disclosed in the 2015 Single Figure was based on a share price of 161.26 pence which was calculated using an average for the final quarter of the 2015 financial year in accordance with the Regulations as the vesting occurred after the date of the report. The share price on award was 81.55 pence. The actual share price on the date of vesting on 9 November 2015 was 141.849 pence. This price has been used to restate the value of the 2012 PSP awards in the Single Figure for 2015 in the table above. Additional Dividend Equivalent shares 'vested' on 11 November 2015 at a price of 141.55 pence.

Performance conditions

The Remuneration Committee believes that 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 cyclical nature 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 retesting of performance.

PSP 2012 (granted in FY13) vesting in 2015

The value of the 2012 PSP (which vested in 2015 and was disclosed in the 2015 Single Figure) was based on a share price of 161.26 pence which was calculated using an average for the final quarter of the 2015 financial year in accordance with the Regulations as the vesting occurred after the date of the Report. The share price on award was 81.55 pence. The actual share price on the date of vesting on 9 November 2015 was 141.849 pence. This price has been used to restate the value of the 2012 PSP awards in the Single Figure for 2015 in the table on page 70. Additional Dividend Equivalent shares 'vested' on 11 November 2015 at a price of 141.55 pence.

£000s	Value in 2015 Single Figure based on share price of 161.26p	Value restated based on actual share price at vesting of 141.849p
Executive director		
2015		
Alistair Cox	2,464	2,168
Paul Venables	1,777	1,563

1.2 Non-executive directors FY16 fees

The table below shows the current fee structure and actual fees paid in 2016. There were no taxable benefits paid in 2016 or 2015.

Non-executive directors (audited)

£000s	Alan Thomson	Paul Harrison	MT Rainey ⁽²⁾	Victoria Jarman	Torsten Kreindl	Richard Smelt ⁽³⁾	Pippa Wicks	Peter Williams
	Chairman	SID						
		R	R	R	R	R	R	R
	N	N	N	N	N	N	N	N
		A	A	A	A	A	A	A
Base	245	54	27	54	54	18	54	54
Committee fee	-	-	-	-	-	-	-	-
Committee Chairman ⁽¹⁾	-	12	-	12	-	-	-	-
SID	-	10	-	-	-	-	-	-
Total fee 2016	245	76	27	66	54	18	54	54
Total fee 2015	240	70	0	65	53	53	53	18

Key

- R Remuneration Committee member
A Audit Committee member
N Nomination Committee member
SID Senior Independent Director
RNA Chairman of relevant Committee

(1) There is no additional Committee Chair fee for the Nomination Committee.

(2) MT Rainey joined the Board on 14 December 2015 and her fee represents the period from that date to 30 June 2016.

(3) Richard Smelt stood down from the Board on 11 November 2015 and his fee represents the period from 1 July 2015 to that date.

REMUNERATION REPORT

ANNUAL REPORT ON REMUNERATION

CONTINUED

Section 2 – Long-term value creation

In this section:

- | | |
|---------------------------------------|---|
| 2.1 Outstanding deferred annual bonus | 2.4 Statement of directors' shareholdings |
| 2.2 Share options | 2.5 TSR chart and table |
| 2.3 Outstanding PSP awards | 2.6 Payments to past directors/payment for loss of office during FY16 |

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

The table below shows the shares held under the DAB and those that were awarded or vested during the financial year 2016. The shares that vested related to deferred annual bonus from previous years. The shares awarded in the financial year 2016 relate to deferred annual bonus in relation to performance in the financial year 2015. Dividend equivalent shares which accrue under the DAB have been ignored in the table below. There are no further performance conditions.

Name	Awards outstanding at 1 July 2015	Awards granted in FY16	Grant price (market price at date of award) £	Face value of award granted in FY16 (at grant price) £	Awards vesting in FY16	Awards outstanding as at 30 June 2016
Alistair Cox	709,737	210,983	1.615	340,738	164,334	756,386
Paul Venables	511,720	150,567	1.615	243,166	118,485	543,802

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 2016.

Name	Scheme date of grant	Balance 1 July 2015	Exercised	Balance 30 June 2016	Option Price £	Exercise date	Market price on date of exercise £	Gain ⁽¹⁾ £000	Date from which exercisable	Expiry date
Alistair Cox	31 March 2014	6,870	-	6,870	1.31	-	-	-	1 May 2017	31 October 2017
Paul Venables ⁽²⁾	31 March 2016	0	-	3,364	1.07	-	-	-	1 May 2019	31 October 2019
Paul Venables	31 March 2014	4,122	-	4,122	1.31	-	-	-	1 May 2017	31 October 2017
Paul Venables	28 March 2013	4,090	4,090	0	0.88	12 May 2016	1.259	2	1 May 2016	31 October 2016

(1) The gain shown is 'theoretical' as at the date of exercise. Paul Venables did not sell the shares.

(2) The face value of the option at grant is £3,599.

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. The awards were made in line with the PSP in the Remuneration Policy approved by shareholders at the 2014 AGM.

PSP 2014 (granted in FY15) vesting 2017 (audited)

The share price used to calculate the award is 124.6 pence, being the closing price on the day preceding the grant date.

Performance period	1 July 2014 to 30 June 2017
Grant date	14 November 2014
Release date	14 November 2017

Performance condition	Weighting	Threshold performance required	Maximum performance required	PSP value as % of salary for:		
				Below threshold	Threshold	Maximum
Relative TSR	1/3	Median of the comparator group	Upper quartile of the comparator group	0	14.583	58.33
EPS ⁽¹⁾	1/3	21.67p	25.35p	0	14.583	58.33
Cash conversion	1/3	71%	101%	0	14.583	58.33
Total	100%			0	43.75	175
					25% of award	100% of award

See notes below.

Name	% of FY15 salary awarded	Face value at award £000s	Share price at award £	Maximum number of shares	Threshold number of shares
Alistair Cox	175	1,217	1.246	976,666	244,166
Paul Venables	175	877	1.246	704,175	176,043

2015 PSP (granted in FY16) vesting 2018

The share price used to calculate the award is 1.622 pence, being the closing price on the day preceding the grant date.

Performance period	1 July 2015 to 30 June 2018
Grant date	10 September 2015
Release date	10 September 2018

Performance condition	Weighting	Threshold performance required	Maximum performance required	PSP value as % of salary for:		
				Below threshold	Threshold	Maximum
Relative TSR ⁽¹⁾	1/3	Median of the comparator group	Upper quartile of the comparator group	0	14.583	58.33
EPS ⁽²⁾	1/3	25.06p	29.32p	0	14.583	58.33
Cash conversion	1/3	71%	101%	0	14.583	58.33
Total	100%			0	43.75	175
					25% of award	100% of award

Name	% of FY16 salary awarded	Face value at award £000s	Share price at award £	Maximum number of shares	Threshold number of shares
Alistair Cox	175	1,241	1.622	765,268	191,317
Paul Venables	175	895	1.622	551,757	137,939

Notes to both 2014 and 2015 awards

- (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 both awards is: Adecco SA, CDI Corporation, Kelly Services Inc., Manpower Inc., Michael Page International Plc (now Page Group), Randstad Holdings nv, Robert Half International Inc., Robert Walters Plc, SThree Plc, USG People NV (delisted during 2016 following purchase by Recruit Holdings Co. Ltd. The TSR calculation will take this into account in line with the plan rules).
- (2) The Committee took into account the following factors when setting the EPS targets for an award:
- Budget (the setting of which is a robust and transparent process).
 - Company budget for FY15 and FY16 respectively and the expectations for performance;
 - Strategic direction of the business over the period covered by the PSP award;
 - Market conditions and visibility of future trading.
 - Real growth around an assumed RPI of 3% p.a. The final threshold and maximum figures will be adjusted to reflect the actual RPI once known.
 - Analyst forecasts.

REMUNERATION REPORT

ANNUAL REPORT ON REMUNERATION

CONTINUED

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 the Chief Executive and 100% of base salary for the Group Finance Director. Both are required to build up their shareholdings over a reasonable amount of time which would normally be five years.

What has happened

The number of shares of the Company in which current executive directors had a beneficial interest and details of long-term incentive interests as at 30 June 2016 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 2016	Base salary as at 1 July 2015	Actual share ownership as % of base salary	Guidelines met
Alistair Cox	200%	3,496,719	97.65p	£709,294	481	Yes
Paul Venables	100%	1,615,262	97.65p	£511,400	308	Yes

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

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 excluding dividends subject to performance conditions
Alistair Cox	3,496,719	3,414,546	756,386	738,611	4,253,105	4,153,157	585%	2,784,290
Paul Venables	1,615,262	1,577,303	543,802	531,023	2,159,064	2,108,326	412%	2,007,470

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

(2) Share price as at 30 June 2016 and used in the above table was 97.65 pence.

The table below shows the NEDs' shareholdings as at 30 June 2016 – this table has been audited.

Non-executive director	Shares held at 30 June 2016	Shares held at 30 June 2015 or date of joining if later
Alan Thomson	250,000	200,000
Paul Harrison	8,678	8,678
Victoria Jarman	14,000	14,000
Torsten Kreindl	-	-
Pippa Wicks	-	-
Peter Williams	6,946	6,946
MT Rainey ⁽¹⁾	-	-

(1) MT Rainey joined the Board on 14 December 2015.

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.

(1) Following the UK Referendum to leave the EU, Hays' share price fell from 136.9 pence on 23 June 2016 to 97.65 pence on 30 June 2016.

- Hays plc
- FTSE 350

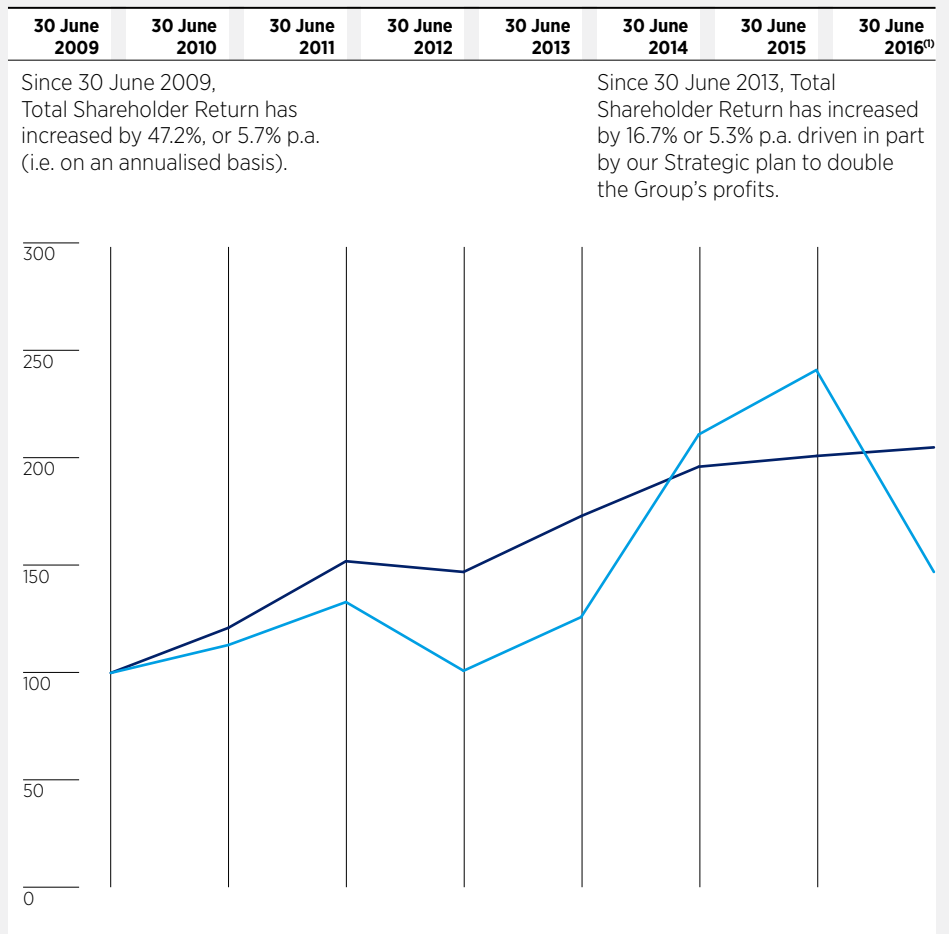
Chief Executive historic remuneration

The table below sets out the total remuneration delivered to the Chief Executive over the last seven years, valued using the methodology applied to the total single figure of remuneration. The 2015 figure has been restated to take into consideration the actual share price on date of PSP vesting, as previously explained on page 75.

Chief Executive	2010	2011	2012	2013	2014	2015	2016
Total Single Figure (£000s)	1,634	2,157	1,328	2,012	2,826	3,966	2,743
Annual bonus payment level achieved (% of maximum opportunity)	89%	80%	37%	95%	98%	98%	65.76%
PSP vesting level achieved (% of maximum opportunity)	0%	50%	0%	22%	50%	100%	85.59%
DAB match vesting level achieved (% of maximum opportunity)	N/A	59%	60%	N/A	N/A	N/A	N/A

2.6 Payments to past directors/payment for loss of office during FY16

There were no payments made in relation to either of the above in the financial year 2016.



Since 30 June 2009, Total Shareholder Return has increased by 47.2%, or 5.7% p.a. (i.e. on an annualised basis).

Since 30 June 2013, Total Shareholder Return has increased by 16.7% or 5.3% p.a. driven in part by our Strategic plan to double the Group's profits.

REMUNERATION REPORT

ANNUAL REPORT ON REMUNERATION

CONTINUED

Section 3 – Remuneration in the broader context

In this section:

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

3.1 Remuneration for employees below Board

Our remuneration philosophy is cascaded throughout the organisation. Our Management Board have an annual bonus scheme that is measured against Group and Regional (where relevant) financial targets and personal and strategic objectives. 40% of any award is deferred into shares for three years and subject to Malus provisions. Members of the Management Board also participate in the PSP with the same performance conditions as the executive directors. Members of the Management Board are encouraged to build up a Hays' shareholding equivalent to 100% of their base salary.

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 performance to reward 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 PSP with performance conditions based on Group EPS results measured over one year. Any shares that crystallise at the end of the performance period have a further two-year holding period prior to vesting. During this time there is also a personal performance underpin. In addition nine countries offer a Sharesave plan to employees. A Resolution will be put to Shareholders at the 2016 AGM to introduce a US Stock Purchase Plan for employees in the USA.

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 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.

The table below summarises the above.

Principles	Components		
<p>Operate a consistent reward and performance philosophy throughout the business.</p> <p>Provide a balanced package with a strong link between reward and individual and Group performance.</p> <p>Encourage a material, personal stake in the business to give a long-term focus on sustained growth.</p>	<p>Base salary Based on skill and experience and benchmarked to local market</p>	<p>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.</p> <p>For members of the Management Board, 40% of any bonus earned is deferred into shares for three years and is subject to Malus.</p>	<p>Performance Share Plan ('PSP') and Sharesave Members of the Management Board participate in the same PSP Plan as executive directors subject to Remuneration Committee approval. The PSP is subject to Malus provisions.</p> <p>Management Board members are encouraged to retain shares and build up a holding of 100% of Base Salary.</p> <p>Below the Management Board, broadly 300 key employees each year participate in a PSP which has a one-year performance period and two-year holding period. Financial targets are based on Group EPS results. Nominations are reviewed and approved by the Remuneration Committee.</p> <p>Employees in nine countries can participate in a Sharesave scheme with the ability to purchase options after three years.</p>
	<p>Benefits Benchmarked to local market and can include pension, life assurance, health cover and discounted voluntary benefits.</p> <p>In the UK the executive directors participate in the same plans as other UK employees.</p>	<p>Commission Client facing employees have annual bonuses based on personal objectives and/or commission directly related to personal business performance.</p>	<p>TALKback 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.</p>
<p>Timeline</p> <p>Fixed</p> <p>Variable</p> <p>Long-term/Ongoing</p>			

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

The following table sets out the change in the remuneration paid to the Chief Executive from 2015 to 2016 compared with the average percentage change for relevant UK employees.

The Chief Executive's remuneration disclosed in the table below has been calculated to take into account base salary, taxable benefits, excluding his allowance in lieu of pension, and annual bonus (including any amount deferred). The UK employee pay (on which the average percentage change is based) is calculated using the increase in the earnings of UK-based, full-time employees who are eligible for increases in salary/benefits and who participate in the standard discretionary (i.e. not commission based) annual bonus plans (employees who receive bonuses on a monthly or other time-scale basis are excluded). It uses P11d data from tax years 2015 and 2016. Part-time employees have been excluded from the analysis as many will have experienced material changes in pay during the period due to their change of hours.

REMUNERATION REPORT

ANNUAL REPORT ON REMUNERATION

CONTINUED

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

	% change salary FY16 vs FY15	% change taxable benefits FY16 vs FY15	% change variable pay FY16 vs FY15
Chief Executive	2%	2%	-32%
Other relevant employees	5%	13%	-14%

3.3 External appointments

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

For the 12 months ended 31 March 2016, the annual rate of fees earned and retained by the executive directors was as follows:

- Alistair Cox: £80,000 p.a. (3i Group plc) – he stepped down on 10 November 2015.
- Paul Venables: £53,000 p.a. (Wincanton plc) – he stepped down on 16 July 2015.

3.4 Relative importance of spend on pay

The table below sets out the relative importance of the spend on pay in the 2016 financial year and the 2015 financial year compared with other disbursements. All figures are taken from the relevant Hays Annual Report.

	Disbursements from profit in 2016 financial year £m	Disbursements from profit in 2015 financial year £m	% change
Profit distributed by way of dividend	41.7	39.3	6.1%
Overall spend on pay including directors	476.3	440.6	8.1%

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

Below are the Remuneration Policy decisions implemented for the financial year 2017.

There have been no changes to our Remuneration Policy during FY16.

4.1 Executive directors

Summary

Position	Name	Base salary from 1 July 2016	Maximum bonus potential as % of salary	Maximum PSP award as % of salary	Benefits and pension
CEO	Alistair Cox	£723,480	125%	175%	No change
CFO	Paul Venables	£521,628	125%	175%	No change
		The salaries for the CEO and CFO were increased by 2.0%, in line with the pay review budget for other relevant employees in the UK	See below for performance conditions	See grant summary below	

Bonus performance conditions

The weighting of the performance conditions remain as follows for FY17:

Performance condition	Weighting	
EPS	60%	The operation of the Bonus Plan is otherwise as set out on page 72. It should be noted that the Committee views the disclosure of the actual performance targets as commercially sensitive. The Committee will provide retrospective disclosure of the performance targets for the financial measures to allow shareholders to judge the bonus earned in the context of the performance delivered. The Committee believes that some of the personal objectives may continue to be commercially sensitive.
Cash conversion	20%	
Personal	20%	
Total	100%	

2016 PSP performance conditions (to be granted in FY17)

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

Performance condition	Weighting	Threshold performance required	Maximum performance required	PSP value as % of salary for:		
				Below threshold	Threshold	Maximum
Relative TSR ⁽¹⁾	1/3	Median of the comparator group	Upper quartile of the comparator group	0	14.583	58.33
EPS ⁽²⁾	1/3	22.01p	25.75p	0	14.583	58.33
Cash conversion	1/3	71%	101%	0	14.583	58.33
Total	100%			0	43.75	175
					25% of award	100% of award

(1) TSR is measured against a bespoke comparator group, with vesting subject to satisfactory financial performance as determined by the Committee. The comparator group is: Adecco SA, CDI Corporation, Kelly Services Inc., Manpower Inc., Michael Page International Plc (now Page Group), Randstad Holdings nv, Robert Half International Inc., Robert Walters Plc, and SThree Plc. During FY16 USG People NV was purchased by Recruit Holdings Co. Ltd and its shares delisted. It is therefore no longer in the comparator group.

(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 FY17 and the expectations for performance;
- Strategic direction of the business over the period covered by the PSP award;
- Market conditions and visibility of future trading.
- An assumed RPI of 3.0%.
- The final threshold and maximum targets will be adjusted to reflect the actual RPI once known.
- Analyst forecasts.

(3) The award is subject to Malus for the three-year performance period and Clawback for two years post vesting.

When the Committee met in August 2016 to finalise the targets for FY17, it was in the context of a more uncertain economic outlook, especially in the UK following the 'Brexit' referendum result. The Committee carefully considered the targets it should apply to incentive awards (i.e. both annual bonus and PSP awards) for FY17.

In setting the EPS target (which represents one-third of the PSP award) for the FY17 PSP award, noting that the mechanics for this are consistent with prior years, it is recognised that the EPS target range is lower in absolute terms than the target applied to the awards made in FY16. However the Committee is comfortable that these targets are no less challenging in relative terms than the targets applied to the FY16 PSP awards and are consistent with external forecasts at that time.

4.2 Non-executive directors

The Committee reviewed the Group Chairman's fee during FY16 and determined that it should increase by 2.0% for FY17. This is in line with the pay review for other employees in the Company.

The Board reviewed the fees for the other non-executive directors (NEDs) during FY16. They determined that their base fee should increase by 2.0% for FY17 in line with other increases across the Company. All increases are effective from 1 July 2016.

The table below shows the changes.

Position	Fee for FY17 £000s	Fee for FY16 £000s
Chairman	250	245
Base fee	55	54
Committee Chairman	12	12
SID	10	10

REMUNERATION REPORT

ANNUAL REPORT ON REMUNERATION

CONTINUED

Section 5 – Governance

In this section:

5.1 Service contracts	5.5 Advisers to the Remuneration Committee
5.2 Remuneration Committee members and attendees	5.6 Engagement with shareholders
5.3 Terms of reference	5.7 Considering risk
5.4 Meetings in FY16	5.8 General governance

5.1 Service contracts

A maximum 12-month notice period applies for executive directors.

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

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

Non-executive director	Date appointed to the Board	Date of current letter of appointment	Notice period
Alan Thomson	1 October 2010	14 July 2010 (Renewed)	Three months
Paul Harrison	8 May 2007	31 August 2011 (Renewed)	None
Victoria Jarman	1 October 2011	31 August 2011 (Renewed)	None
Torsten Kreindl	1 June 2013	30 May 2013 (Renewed)	None
Richard Smelt	15 November 2007	31 August 2011 (Renewed)	Stood down at 2015 AGM
Pippa Wicks	1 January 2012	30 November 2011 (Renewed)	None
Peter Williams	24 February 2015	24 February 2015	None
MT Rainey	14 December 2015	14 December 2015	None

5.2 Remuneration Committee members and attendees

The table below shows the members and attendees of the Remuneration Committee during 2016.

Remuneration Committee members	Position	Comments
Paul Harrison	Chairman of the Remuneration Committee	Independent
Victoria Jarman	Member from 1 October 2011	Independent
Torsten Kreindl	Member from 1 June 2013	Independent
Richard Smelt	Member from 15 November 2007 – stood down at 2015 AGM	Independent
Pippa Wicks	Member from 1 January 2012	Independent
Peter Williams	Member from 24 February 2015	Independent
MT Rainey	Member from 14 December 2015	Independent

Remuneration Committee attendees	Position	Comments
Alan Thomson	Group Chairman and standing attendee by invitation	Independent upon appointment on 1 October 2010.
Alistair Cox	Chief Executive	Attends by invitation but does not participate in any discussion directly about his own reward.
Other executives	The Group Head of Reward	Attends by invitation as the executive responsible for advising on the Remuneration Policy.
	The Company Secretary	Acts as Secretary to the Committee.
	The former Group HR Director	Attended until his departure from the Company in November 2015.
PwC	Committee's independent adviser until 30 June 2016.	Attended by invitation. Stood down as independent adviser on 30 June 2016 following their appointment as Group external Auditor.

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

5.3 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 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.

5.4 Meetings in 2016

The Committee normally meets at least four times per year. During 2016, it formally met four times as well as having ongoing dialogue via email or telephone discussion. The meetings principally discussed the following key issues and activities:

- A review of the basic pay, bonus and PSP awards of the executive directors and other senior executives;
- Consideration of the appropriateness of the existing arrangements for the 2017 financial year;
- A review of the reward strategy in the context of Group risk;
- Consideration of the relationship between executive reward and the reward structures in place for other Group employees;
- A review of the Committee's Terms of Reference; and
- Initial review of the future structure and appropriateness of the remuneration for executive directors in the light of being a cyclical business and in consideration of the new binding vote in 2017.

5.5 Advisers to the Remuneration Committee

The Committee has continued to engage the services of PricewaterhouseCoopers LLP (PwC) as its independent adviser, who were appointed in 2014 following a formal tender process. During the financial year, PwC advised the Committee on all aspects of remuneration policy for executive directors and members of the Management Board. PwC also provided advice to the Company in relation to corporate tax, indirect tax and legal services. This work is carried out by an entirely separate group within PwC and is not felt to be in conflict with the independence and objectivity of the work carried out for the Committee.

The Committee is satisfied that the advice received was objective and independent. PwC 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.

The total fee for 2016 in relation to Committee work was £198,700 excluding VAT. While fee estimates are generally required for each piece of work, fees are calculated based on time, with hourly rates in line with the level of expertise and seniority of the adviser concerned.

Following the successful tender by PwC to become the Company's new external Auditor, from 1 July 2016 PwC no longer act as the independent adviser to the Remuneration Committee. A new tender process will be conducted during FY17.

5.6 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. As the next binding vote on our executive Remuneration Policy approaches, the Committee is very mindful of the importance of having pro-active discussions with shareholders should there be any material changes to its remuneration structure or approach.

5.7 Considering risk

Each year, the Committee considers the executive remuneration structure in the light of its key areas of risk. The summary table on page 69 indicates how the Remuneration Policy takes into account these risks. 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.

5.8 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) (Amendment) Regulations 2013, the revised provisions of the Code and the Listing Rules.

By order of the Board

Doug Evans
Company Secretary
1 September 2016

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. Information on environmental, employee, social and community matters, including information on gender diversity within the Group, and an overview of the principal risks and uncertainties faced by the Group are also provided in the Strategic Report.

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

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

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 31 to the Consolidated Financial Statements.

Post balance sheet events

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

Dividends

An interim dividend of 0.91 pence (2015: 0.87 pence) per Ordinary share was paid to shareholders on 5 April 2016. The Board recommends the payment of a final dividend of 1.99 pence (2015: 1.89 pence) per Ordinary share, representing a total dividend of 2.90 pence (2015: 2.76 pence) for the financial year ended 30 June 2016. Subject to the shareholders of the Company approving this recommendation at the 2016 AGM, the final dividend will be paid on 11 November 2016 to those shareholders appearing on the register of members as at 14 October 2016. The ex-dividend date is 13 October 2016.

Financial instruments

Details of the financial instruments used by the Group are set out in notes 18 to 20 to the Consolidated Financial Statements. A general outline of Hays' use of financial instruments is set out in the treasury management section on page 41 of the Financial Review of this Report.

Directors

Biographies of the serving directors of Hays are provided on pages 50 and 51 of this Report. They all served on the Board throughout the 2016 financial year, with the exception of MT Rainey, who joined the Board on 14 December 2015. In addition, Richard Smelt served on the Board during the year until his retirement on 11 November 2015.

General powers of the directors

The powers of the directors are contained in the Company's Articles of Association. 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 of Association (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 sub-committees.

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' interests

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

Directors' 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.

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 2016, the Company had 1,464,096,566 fully paid Ordinary shares in issue, of which 31,163,744 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 2016, 2.13% 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 whilst 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 2016 financial year, Hays transferred 11,898,607 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 Association of British Insurers (ABI) guidance (responsibility for which now rests with the Investment Association) on dilution limits 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 ABI recommended guidelines on dilution limits.

Major shareholders

As at 30 June 2016, the following shareholders held an interest of 3% or more of the Company's issued share capital:

	% of total voting rights
Cedar Rock Capital Limited	7.8%
BlackRock Inc	7.2%
Virtus Trust	7.2%
Baillie Gifford & Co	6.5%
Marathon Asset Management	6.4%
Heronbridge Investment Management LLP	4.0%
Majedie Asset Management	3.8%
Columbia Threadneedle Investments	3.5%

Employees

Our goal is for our people to reach their full potential and to give of their best as individuals and in teams. In this context, we are committed to never discriminating on the grounds of race, colour, creed, disability, religion, ethnic origin, gender, sexual orientation or age. All Hays employees are required to abide by these principles which are set out in the Group's Equal Opportunities Policy and Code of Conduct.

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 whilst 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.

Employee involvement

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

Hays continues to provide tailored training to the people who are in the front line of delivering recruitment solutions as well as in management and leadership roles. These programmes take a number of different guises across the Group's regional businesses but all share the common goal of improving the service we provide to clients.

To ensure that employees remain engaged in our business, an annual employee engagement survey, known as TALKback, is carried out each year. This allows employees to voice their views and opinions on all aspects of their workplace environment, training and development, work culture, leadership and client relations. The results, which indicate employee engagement levels and highlight any areas of concern, are presented to the Management Board and to the Board.

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

Articles of Association

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

Disclosure of information to the Auditor

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

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

DIRECTORS' REPORT

CONTINUED

2016 Annual Report and Financial Statements

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

Annual General Meeting

The Company's AGM will be held at 12 noon on 9 November 2016 at the offices of UBS, 5 Broadgate, London EC2M 2QS.

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

Auditor

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

Political donations

The Company made no political donations during the year and intends to maintain its policy of not making such payments. It will however as a precautionary measure to avoid inadvertent breach of the law, seek shareholder authority at the 2016 AGM to make limited donations or incur limited political expenditure, although it has no intention of using the authority.

Resolution 15 will be proposed as an ordinary resolution to seek authority to make political donations, and if passed, such authority shall expire at the conclusion of the 2017 AGM.

Authority to allot shares

At the 2015 AGM, shareholders authorised the directors, subject to the Companies Act 2006, to allot Ordinary shares or grant rights to subscribe for or grant rights to subscribe for or convert any securities into shares without the prior consent of shareholders. This authority expires at the conclusion of the 2016 AGM.

Accordingly, Resolution 16 will be proposed as an ordinary resolution to renew this authority for a period expiring at the conclusion of the 2017 AGM. The directors have no present intention of exercising this authority.

Disapplication of pre-emption rights

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

Resolution 17 will be proposed as a special resolution to renew this authority for a period expiring at the conclusion of the 2017 AGM.

Authority to purchase own shares

A special resolution was also passed at last year's meeting enabling the Company to purchase its own shares in the market. Resolution 18 will seek to renew this authority. The directors intend only to exercise this authority if to do so would, in their opinion, enhance shareholder value. The Company will have the option of holding, as treasury shares, any of its own shares that it purchases pursuant to the authority conferred by this resolution. This would give the Company the ability to sell treasury shares, providing the Company with flexibility in the management of its employee shares schemes. No dividends will be paid on shares whilst held in treasury and no voting rights will attach to the treasury shares.

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

Resolution 18 will be proposed as a special resolution to renew this authority for a period expiring at the conclusion of the 2017 AGM.

Notice of general meetings

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

At last year's AGM, shareholders authorised the calling of general meetings other than an AGM on not less than 14 clear days' notice and Resolution 19 will be proposed as a special resolution and seeks to renew this authority. The authority granted by this resolution, if passed, will be for a period expiring at the conclusion of the 2017 AGM.

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

New share schemes

Resolutions 20 and 21 seek shareholders' approval to two share plans. One is replacement, on the same terms, of the Company's existing Deferred Annual Bonus Plan, awards under which will continue to be made in accordance with the policy approved by shareholders at the 2014 AGM; the existing plan expires before the next AGM in 2017. The second plan is a US S423 Stock Purchase Plan, which is an all-employee share plan similar to that offered to employees under our Sharesave Plans in the UK and certain other countries, approved by shareholders in 2009. Resolutions 20 and 21 will be proposed as ordinary resolutions.

Recommendation

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

By order of the Board

Doug Evans
Company Secretary
1 September 2016

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and they have elected to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Consolidated Financial Statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Responsibility statement

The Board confirms to the best of its knowledge that:

- the Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report, including any matters incorporated by reference in the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

Alistair Cox
Chief Executive

Paul Venables
Group Finance Director
1 September 2016