

GOVERNANCE

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

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CHAIRMAN'S STATEMENT

SOLID CORPORATE GOVERNANCE IS THE FOUNDATION ON WHICH THE BUSINESS IS MANAGED

"Maintaining a high degree of integrity and transparency in the business is extremely important."

Alan Thomson
Chairman, Hays plc



Dear Shareholder

I am pleased to present to you the Governance section of our 2017 Annual Report and, further, confirm that Hays plc has complied in full with the principles of the UK Corporate Governance Code (April 2016 edition).

Solid corporate governance continues to be the foundation on which the Board ensures the business is managed appropriately and successfully. We take into consideration the many stakeholders that will be affected by what we do, not simply the candidates and clients with whom we work on a daily basis. Maintaining a high degree of integrity and transparency in the business is extremely important and will continue to be so; it is no surprise to me as one fortunate enough to Chair a company such as Hays that there is increased scrutiny of the way businesses operate in the private sector, both publicly and privately owned, and I want to assure you that your Board of Directors take their responsibilities extremely seriously.

During the year the Board visited our US business, in particular the headquarters of the Veredus business we acquired in December 2014. This was the first time collectively as a Board we have visited them since the acquisition (I and other members have visited independently on previous occasions) and it was valuable to spend time with the senior management team there and learn first-hand about the challenges and opportunities of that market. We are building our presence within the US, across many sectors, not simply a roll out of the IT contracting business acquired with Veredus, and I look forward to talking more in the coming years about our progress there.

Two of our current complement of non-executive directors are not standing for re-election at this year's AGM, as announced when their replacements were appointed in July 2017, namely Paul Harrison and Pippa Wicks. During their 10 and six years respectively, they have made an immense contribution to the Company. Paul has been an excellent Chair of our Remuneration Committee and is serving it well to the very end, having undertaken our Remuneration Policy consultation during this, his final year, in addition to his role as Senior Independent Director. Pippa joined us at a time when the UK economy, and consequently Hays UK business – which was a much greater proportion of the Group then – had been adversely impacted by the global financial crisis; her experience and wise counsel proved immensely valuable.

They both leave with our sincere thanks and best wishes for the future. As one chapter ends, so another begins, and it was with great pleasure that we welcomed Paul and Pippa's replacements to the Board in July. Andrew Martin will take over as Senior Independent Director and Susan Murray will take over as Chair of our Remuneration Committee at the conclusion of our AGM in November and I can assure you we are in good hands with both of them based on their experience.

Finally, I would like to acknowledge the sterling efforts of the Hays Management Team in achieving what they have over the financial year in many areas, not least of which

is the building of a surplus cash position to enable us to propose to shareholders the distribution of some of this by way of a special dividend. I trust this is a decision taken by your Board with which you are happy as investors, as we are aware there are other uses for 'surplus' cash; we felt this was the right thing to do at this time.

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

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 April 2016. As a listed company, Hays is required to report on how it has applied the principles of the Code and this is set out in the following pages. The Board is pleased to report that Hays has complied with all of the provisions of the Code throughout the year ended 30 June 2017 and to the date of this document.

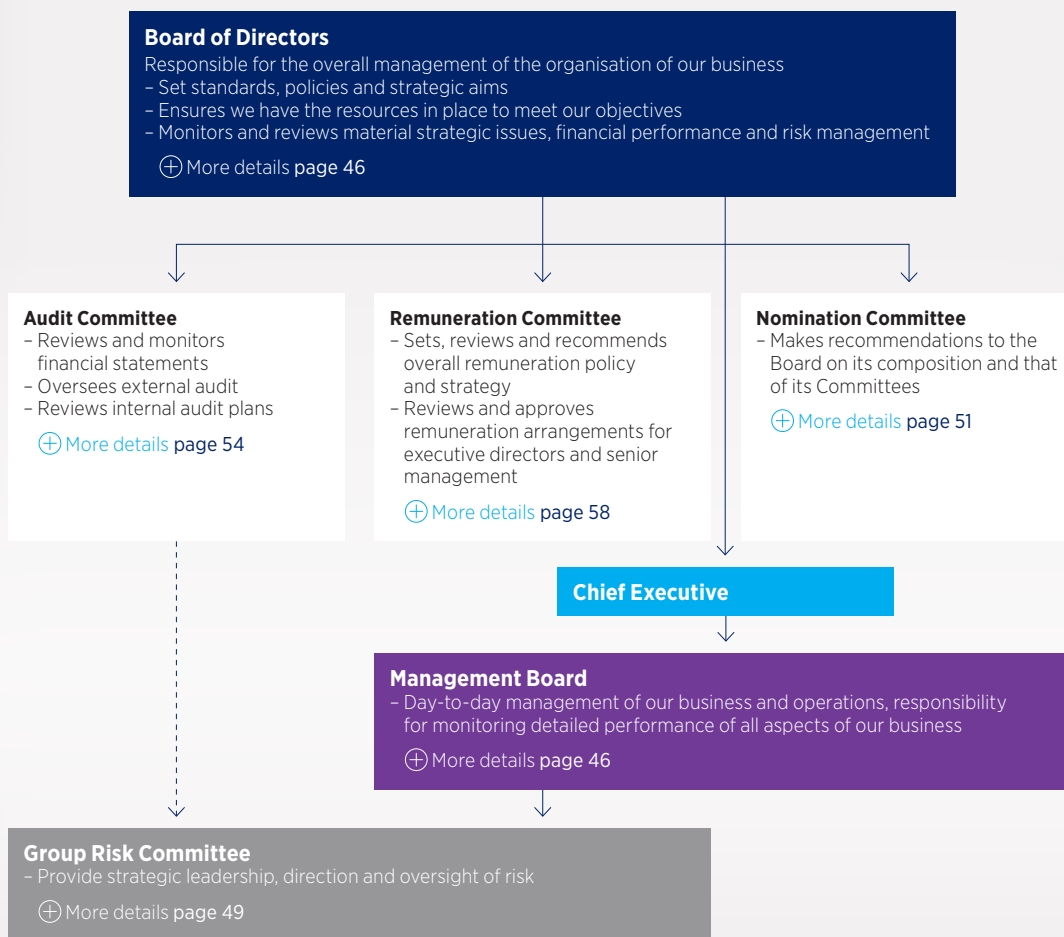
Our governance framework

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.



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 (70) ●
Non-Executive Chairman

Appointed: 1 October 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 and Alstom SA, 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 and Oxford Instruments plc.



2. Alistair Cox (56) ●
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.

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



3. Paul Venables (55) ●
Group Finance Director

Appointed: 2 May 2006

Skills and experience: A Chartered Accountant and also USA qualified, Paul started his career at Deloitte & Touche where he was a Senior Manager in its USA practice. This was followed by a 13-year career at Exel plc where he held a number of senior finance and operational roles including Deputy Group Finance Director and was a member of the Executive Board of Exel plc and Chairman of their Acquisitions and Project Review Board. Following the acquisition of Exel plc by Deutsche Post, Paul worked in its DHL Logistics division before joining Hays. Paul was, until July 2015, Senior Independent Non-Executive Director of Wincanton plc.



4. Paul Harrison (53) ●
Senior Independent Non-Executive Director

Appointed: 8 May 2007
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. From September 2013 to September 2016, Paul was Chief Financial Officer of WANdisco plc.

Principal external appointments: Paul is Chief Financial Officer of Just Eat plc and also a Non-Executive Director of Ascential plc where he is the Chairman of the Audit Committee and is also a member of the Remuneration Committee.



5. Victoria Jarman (45) ●
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 and Remuneration Committees.

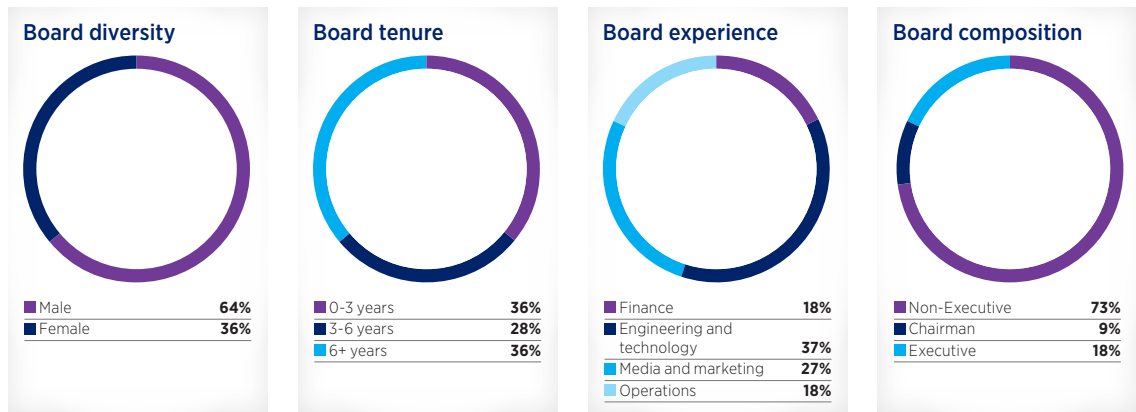


6. Torsten Kreindl (54) ●
Independent Non-Executive Director

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: Torsten is a partner in Grazia Equity, a Munich-based capital firm.



7. Andrew Martin (57) ●

Independent Non-Executive Director

Appointed: 12 July 2017

Committees: Audit, Nomination and Remuneration

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

Principal external appointments: Andrew is a Non-Executive Director of easyJet plc, Chairing their IT Governance and Oversight Committee and Finance Committee, and a Non-Executive Director at Intertek Group plc, Chairing their Audit Committee.



8. Susan Murray (60) ●

Independent Non-Executive Director

Appointed: 12 July 2017

Committees: Audit, Nomination and Remuneration

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

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



10. Pippa Wicks (54) ●

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 Deputy Chief Executive of the Co-op Group and Chair of AlixPartners UK turnaround and restructuring business.



11. Peter Williams (64) ●

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.



12. Doug Evans (54)

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.



9. MT Rainey (62) ●

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, Pinewood Group 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 Channel 4 Television.

LEADERSHIP

The Hays Board

Composition of the Board

The Board is currently made up of two executive directors and nine non-executive directors, including the Chairman. Their biographies, including prior experience, are set out on pages 44 and 45.

Board changes during the year

There were no changes to the Board during the Financial Year being reported on. However, on 12 July 2017 Andrew Martin and Susan Murray joined the Board.

Election and re-election of directors at the 2017 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 2017 AGM with the exception of Paul Harrison and Pippa Wicks. Having received advice from the Nomination Committee, the Board is satisfied that each director standing for election/re-election 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, the Group Head of People and Culture and the Managing Directors of the Group's operating divisions. Each Management Board member has a clearly defined remit, business objectives and financial budget within which they operate. Our organisational structure is built around 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 plc 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 brand values, which it 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 represented 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 continued 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.

Our governance framework

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

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.

When Paul steps down from the Board at the 2017 AGM, the role of Senior Independent Director will be taken over by Andrew Martin.

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

Matters reserved for the Board

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

- Approving financial results and other financial, corporate and governance matters;
- Approving Group strategy;
- Approving appointments to the Board;
- Approving and recommending dividends as appropriate and deciding dividend policy;
- Reviewing material litigation;
- Approving major capital projects, acquisitions and disposals;
- Approving material contracts;

- Reviewing annually the effectiveness of internal control and the nature and extent of significant risks identified by management and associated mitigation strategies; and
- Approving the annual budget.

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

Board commitment

The Board has established a policy permitting its executive directors to hold only one external non-executive directorship, subject to any possible conflict of interest. This ensures that executive directors retain sufficient time for and focus on the Company's business, whilst allowing them to gain external Board exposure as part of their leadership development. Executive directors are permitted to retain any fees paid for such services. Details of the annual rate of fees payable are shown below:

Director	Fee	External appointment
Alistair Cox ⁽¹⁾	£60,000	Just Eat plc

(1) Became a non-executive director of Just Eat plc on 2 May 2017. Fee shown is annual fee.

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 44 and 45.

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 values and 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; and
- Hiring, induction, training and promotion criteria.

Board focus during 2017 – What the Board has done in the year

Percentage of time spent by the Board



1. Developing a successful strategy

- Attended a Group strategy day, with members of the Management Board and other senior executives, to consider key strategic priorities and challenges faced across the business
- Approved the Group strategy and reviewed associated performance
- Visited operations in the USA 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 the status of the Company's closed defined benefit pension scheme
- 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 further updates 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 Tampa, Florida, USA.

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	–	3 of 3	–
Alistair Cox	7 of 7	–	–	–
Paul Venables	7 of 7	–	–	–
Paul Harrison ⁽¹⁾	6 of 7	3 of 4	2 of 3	5 of 5
Victoria Jarman ⁽²⁾	7 of 7	4 of 4	3 of 3	4 of 5
Torsten Kreindl ⁽³⁾	7 of 7	4 of 4	2 of 3	5 of 5
MT Rainey	7 of 7	4 of 4	3 of 3	5 of 5
Pippa Wicks ⁽²⁾	7 of 7	4 of 4	3 of 3	4 of 5
Peter Williams	7 of 7	4 of 4	3 of 3	5 of 5

(1) Unable to attend one Board meeting, one Audit Committee meeting and one Nomination Committee meeting due to a prior commitment.

(2) Unable to attend one Remuneration Committee meeting due to a prior commitment.

(3) Unable to attend one Nomination Committee meeting due to a prior commitment.

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

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

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

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

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 half- and full-year results. In the intervening periods, Hays continues its dialogue with the investor community by meeting key investor representatives, holding investor roadshows and participating in conferences. Meetings with debt providers, principally the Company's banks, also take place on a regular basis. During the year, the executive directors and senior management met with some 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.

Investor meetings held in FY17

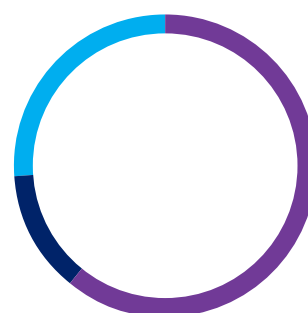
	United Kingdom	Continental Europe	North America	Total
Executive Management	147	21	43	211
Investor Relations team	157	40	76	273
Other senior management	10	3	14	27

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



United Kingdom	61%
Continental Europe	13%
North America	26%

EFFECTIVENESS

NOMINATION COMMITTEE REPORT



"Senior leadership profile is key to the Company's agility in the current business landscape."

Alan Thomson
Chairman of the
Nomination Committee

Dear Shareholder

Planning for Paul Harrison's and Pippa Wicks' succession has been a focus for the Committee over the last year. Paul holds two key roles within the Company, as Senior Independent Director and Chair of our Remuneration Committee and it is essential that the Nomination Committee ensures these roles are filled by the right person, or people. To this end, we announced the appointment of two new Non-Executive Directors on 12 July 2017, Andrew Martin and Susan Murray.

The Nomination Committee supported the Board during the year in ensuring the right balance of skills, experience, independence and knowledge were maintained to best serve the business and fulfil the Board's responsibility to stakeholders and I am delighted Andrew and Susan agreed to join the Board.

The Zygus Partnership was appointed to facilitate the recruitment of Andrew Martin and Susan Murray.

Succession planning remains an area of focus for the Committee across the executive and non-executive spectrum. The landscape in which the Company operates is continually changing; for companies to succeed they need to remain agile, able not only to respond to, but to anticipate and facilitate, change to remain competitive. The profile of the senior leadership of the Company, and therefore the membership of the plc Board of Directors and the Company's senior executive team, is a key element to that agility and your Nomination Committee has this front of mind in its deliberations.

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 and note the changes within the Disclosure Guidance and Transparency Rules applying to future financial years which build on the existing Code provisions.

Alan Thomson

Nomination Committee Chairman
30 August 2017

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 44 and 45.

The Committee meets as required and did so on three occasions during the year and all members were in attendance at each meeting, with the exception of Torsten Kreindl and Paul Harrison who each missed 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.

Committee member	January 2017	February 2017	May 2017
Alan Thomson (Chairman)	●	●	●
Paul Harrison	●	○	●
Victoria Jarman	●	●	●
Torsten Kreindl	○	●	●
MT Rainey	●	●	●
Pippa Wicks	●	●	●
Peter Williams	●	●	●

Main Committee activities during the financial year

- Considered Board succession plans
- Reviewed the composition of the Board and its Committees
- Reviewed the Committee's terms of reference
- Considered, and recommended to the Board, the appointment of two non-executive directors
- 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 Andrew Martin and Susan Murray's appointments. 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 (including, but not limited to, gender and experience) and geographic representation and continue to use independent consultants as appropriate to ensure a broad search for suitable candidates.

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 2017 financial year was in identifying a suitable replacement for Paul Harrison and Pippa Wicks, 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. Each director stands for re-election annually.

Director performance

Having reviewed the independence and contribution of directors, the Committee confirms that the performance of each of the directors standing for election or re-election at the 2017 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, with the exception of Paul Harrison and Pippa Wicks, 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 2017 financial year the Board assessed its own effectiveness through an internal Board evaluation process. The 2017 evaluation was facilitated by the Chairman. Directors completed an evaluation questionnaire, followed up with one-to-one meetings with the Chairman as appropriate.

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

Results were presented to the Board and minor areas for improved operation identified and agreed, including dissemination of information and issues around succession planning. There was general agreement that, overall, the Board and its Committees continued to operate effectively throughout the period and that its operation had improved over the course of the year.

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.

Good progress against the action points identified in the 2016 (external) Board evaluation has been made during the year. These included an increased focus on risk, Board scheduling and contact between the Chairman and other members of the Board between formal meetings.

ACCOUNTABILITY

AUDIT COMMITTEE REPORT



"The Audit Committee keeps the Company's enterprise risk management framework under close scrutiny."

Victoria Jarman
Chairman of the
Audit Committee

Dear Shareholder

I am pleased to present to you the Audit Committee report prepared in accordance with the 2016 edition of the Code.

This is our first year of working with our new external auditor, PricewaterhouseCoopers. The move from one auditor to another can be a difficult process but I would like to express my thanks to both audit firms and the internal finance team for a smooth and successful transition. Notwithstanding that Deloitte were not being put forward to shareholders for re-election, the Committee undertook a review of their performance as there was value in this for all concerned and it can inform our planning for the forthcoming year regardless. I am also pleased to say that feedback from the exercise continued to be positive.

The Committee has again supported the directors in their assessment of the long-term viability of the Company for the purposes of the Code. I am mindful that our chosen 'viability period', of three years, is common to the majority of companies; however, I would like to reassure you that we have not simply chosen this time frame as a default option, but have taken into account a great number of factors, not least of which include the limited forward visibility in our sector and the diversity of our business, both sectorally and geographically. The strength of our risk assessment process provides further support underpinning our rationale for this time frame being chosen again.

The Group Risk Committee becomes further embedded in the way risk is managed within the Company's enterprise risk management framework with each passing year. The Audit Committee keeps this framework under close scrutiny and the Audit Committee continues to be satisfied that the Board maintains sound risk management and internal controls.

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

During the year the Financial Reporting Council's Corporate Reporting Review Team ('CRRT') carried out a review of the Company's Annual Report for the year ended 30 June 2016. The response by the Company to the request for information was discussed with me in my capacity as Chairman of the Audit Committee prior to responding to the CRRT. Details of the enquiry raised by the CRRT and the Company's response thereto were also considered by the Committee. The CRRT have closed their enquiries with no requirements to restate any disclosures. Undertakings of a limited nature were given to enhance certain disclosures in the future in response to the CRRT review. The Committee is satisfied that the enhancements proposed and agreed with the CRRT have been appropriately incorporated in the 2017 Annual Report.

Victoria Jarman
Audit Committee Chairman
30 August 2017

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 44 and 45.

Committee member	August 2016	November 2016	February 2017	May 2017
Victoria Jarman (Chairman)	●	●	●	●
Paul Harrison	●	●	○	●
Torsten Kreindl	●	●	●	●
MT Rainey	●	●	●	●
Pippa Wicks	●	●	●	●
Peter Williams	●	●	●	●

The Chairman of the Committee, Victoria Jarman, is a Chartered Accountant and its financial expert, 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, with the exception of Paul Harrison who missed one meeting due to a prior commitment.

The Committee commissions reports, either from external advisers, the Head of Internal Audit or Group management, as required, to enable it to discharge its duties. The Group Finance Director attends its meetings, as do the external Auditor and the Head of Internal Audit, both of whom have the opportunity to meet privately with the Committee 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
- Reviewed the non-audit services provided by the external auditor
- Reviewed the risk management and controls framework and its effectiveness, together with the Group's principal risks
- Considered all aspects of IT operations and risks
- Considered the growing threat of cyber-related attacks and associated responses across the business
- Considered the FRC CRRT review
- 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
- Held discussions with the external auditor and the Head of Internal Audit without management being present

Fair, balanced and understandable

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

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

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

ACCOUNTABILITY CONTINUED

- 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.

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 across the cash-generating units (CGU), compiled using projected cash flows based on assumptions related to discount rates and future growth rates. The Committee also considered the work undertaken by PwC and management's sensitivity analysis on key assumptions. In the case of the Veredus goodwill 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 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 PwC in testing the assumptions and was satisfied that the assumptions used and the disclosures in the financial statements are appropriate.

External Auditor

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

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 2017.

Auditor Independence and Non-Audit Services Policy

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

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

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

Authoriser	Value of services per non-audit project
Group Financial Controller	Up to £25,000
Group Finance Director	Up to £150,000
Audit Committee	Above £150,000

PwC's fee in respect of its 2017 financial year audit of Hays was £1.1 million. Accordingly, the maximum value of non-audit services that PwC could have been engaged by Hays to provide during the financial year 2017 was £0.7 million (noting that PwC have only been engaged this year). The total fee for non-audit services provided by PwC during the 2017 financial year was £0.6 million (2016: £0.6 million), excluding the FY17 half-year review fee of £0.1 million (2016: £0.1 million). The main component of the non-audit services was a change management programme in Germany which was underway prior to the external audit tender, where PwC are providing

project management and communication support for the project. PwC's involvement in the project will cease by September 2017.

The Company did not pay any non-audit fees to PwC on a contingent basis. A summary of the fees paid to the external Auditor is set out in note 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 in respect of financial year 2016 was conducted under the guidance of the Committee Chairman, on behalf of the Committee, notwithstanding that Deloitte were not being proposed for re-election as external Auditor. It covered amongst other things a review of the audit partners, audit resource, planning and execution, Committee support and communications. Overall feedback was positive. 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 in FY16.

Risk management and internal control

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

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

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

Internal Audit

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

The Group Head of Internal Audit has direct access to the Committee and meets regularly with both the Committee and its 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 2017 financial year, which was focused on addressing both financial and overall risk management objectives across the Group. During the year, 30 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 Group Risk Committee, chaired by the Group Finance Director and comprising senior operators from each region, together with representation from IT and finance, assists in the management of risk in the Group.

Raising concerns at work

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

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

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

Anti-bribery and corruption

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

Audit Committee effectiveness

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

The 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



"Reward aligned with performance and reflecting a cyclical business."

Paul Harrison
Chairman of the
Remuneration
Committee

Dear Shareholder

I am pleased to introduce our Directors' Remuneration Report for 2017.

Backdrop to the FY17 targets and FY17 Business Review Annual Bonus targets for FY17

As we set out in last year's remuneration report, when the Committee met to finalise the targets for FY17, it was in the context of a more uncertain economic outlook, especially in the UK, where activity levels had materially decreased in the immediate aftermath of the EU referendum decision in June 2016.

The Committee carefully considered the targets it should apply to incentive awards (both annual bonus and PSP awards) for FY17. Specifically, we decided to significantly 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 above the then consensus external forecast and that achieved in FY16. Additionally, the mid-point of the target range was consistent with external forecasts at that time.

Against a mixed market backdrop our business continues to outperform the market

Against this market backdrop, 2017 has been a good year for Hays. The financial performance delivered was significantly in excess of both the Board's expectations at the start of the year and that of the market and this helped lead to two profit upgrades during the year, which contributed to a strong share price performance.

With our markets outside of the UK broadly supportive, management invested to deliver overall good like-for-like net fee growth of 6% and delivered a solid profit performance up 1%. The international business delivered record headline and like-for-like fees and profits. This growth more than offset the declines in the UK business, where trading was tough. Finally, cash performance was strong and this, allied to the strong growth in EPS, led to a material increase in dividends to shareholders.

This is the third year in a row that Hays has delivered market-leading results and this 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 2017 reflects these results and links pay to performance Annual Bonus

Annual Bonus awards reflected the 2017 performance and were 92.53% of the maximum award (115.67% of base salary out of a maximum of 125% of base salary) for the CEO and CFO. 40% of each award will be deferred for three-years.

2014 Performance Share Plan (PSP)

The 2014 PSP vested at 59.76% of the maximum award (104.57% of salary out of a maximum of 175%) reflecting the three-year performance period that ended on 30 June 2017.

Full details of the executive directors' remuneration for 2017 can be found in the Single Figure on page 72 and the full Annual Report on Remuneration on pages 72 to 90.

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 FY17.

Remuneration for FY18

The executive directors received base salary increases of 2.0% effective from 1 July 2017. This was in line with the average pay increase for other UK relevant employees.

The FY18 Bonus and PSP structures for the executive directors are subject to the outcome of the shareholders' binding vote on the Remuneration Policy (the Policy) at the November 2017 AGM. It is proposed that executive directors will receive an FY18 PSP grant of 150% of base salary (reduced from 175%) which will vest in 2020 dependent on the performance criteria being met. The Annual Bonus potential will also be 150% of base salary (increased from 125%). Although the short- and long-term incentive plans have been slightly rebalanced for FY18, there is no increase to overall quantum.

The approach to setting our new Policy is explained below and the proposed modest changes are outlined in the At A Glance section on page 61. Further details are given on page 62 as well as in the Policy subject to the binding vote which can be found on pages 64 to 71.

Executive Remuneration Policy Review

During 2017, the Committee concluded its 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 strategy over the coming years and the continuing cyclical nature of our business.

While we have a diversified portfolio designed to try and mitigate 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. As we move forward and encounter the outcomes of economic changes such as the effect of the 'Brexit' referendum in the UK, the Committee wants to ensure that our reward structure and remuneration policy complement our future strategy and incentivise our executives to drive long-term shareholder value.

In such challenging environments, where it is extremely difficult to give an accurate, robust long-term prediction of the economy, the Committee believes it is important that the executives' reward is consistent with the need to be agile in managing the business. It is for this reason that the Committee is proposing some modest adjustments to the focus of its incentive plans.

What we are proposing

A modest rebalance of the incentive plans:

Annual Bonus will be increased from 125% of salary to 150% of salary to place increased importance on the shorter-term profit targets of the company during a potentially volatile economic period during which agility and fast response in managing the business will be required.

The Performance Share Plan (PSP) will be decreased from 175% to 150% of salary. Metric weightings will be rebalanced to place increased emphasis on operational cash generation. This focuses on long-term business efficiency and return to shareholders through dividend payments which is in line with our strategic priority to generate and distribute meaningful cash returns to investors.

The TSR weighting will be reduced to recognise the reduction in a meaningful comparator group of similar size and business mix.

Overall quantum (Annual Bonus and PSP) remains the same.

Bonus deferral has been increased from 40% to 50% to ensure the cash element stays at the same level and so that the time horizon for delivery of awards is not shortened.

In addition, we have introduced a two-year Holding Period following PSP vesting and increased the CFO's shareholding requirement from 100% to 200% of base salary to align him with the CEO. As shown on page 82, the CEO's and CFO's current shareholdings significantly exceed these levels.

For new executive appointments we have lowered our pension contribution to 'up to 15%' of base salary.

The proposed changes to our Policy are set out in more detail on page 62.

Shareholder consultation

The Committee is committed to open and honest dialogue with its shareholders and engaged with, and sought feedback from, 27 of its shareholders and from investor advisory bodies with respect to the proposed changes to the Policy. The Committee is very appreciative of the time, constructive dialogue and engagement received.

Overall, feedback from shareholders has indicated positive support for the proposed Policy changes and, subject to the outcome of the binding vote, it is the Committee's expectation that it will operate the Policy for the next three years.

Other Committee activities in FY17

Appointment of a new Independent Adviser to the Committee

Following the appointment of PwC as the Company's new Auditor, from 1 July 2016, PwC no longer acted as the independent adviser to the Committee.

The Committee appointed FIT Remuneration Consultants as an interim adviser while a full formal tender was conducted, following which Deloitte was appointed as Independent Adviser from November 2016. Further details can be found on page 90.

Regular agenda items

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, including 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.

The Committee also reviewed the Chairman's fee which was increased by 2%. NED fees were also increased as outlined on page 88.

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.

To help with understanding the FY17 remuneration outcomes in relation to our current Policy, we have included a Remuneration At A Glance page.

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
30 August 2017

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

CHAIRMAN'S ANNUAL STATEMENT AND SUMMARY CONTINUED

Membership and meetings

Five formal meetings were held during FY17 in July 2016, August 2016, January 2017, March 2017 and May 2017. Attendance is shown below. In addition, members attended telephone briefings or discussions as required.

Membership and meetings

Name	Position	July 2016	August 2016	January 2017	March 2017	May 2017
Paul Harrison	Chairman of Remuneration Committee and Senior dependent Director	●	●	●	●	●
Torsten Kreindl	Independent non-executive director	●	●	●	●	●
Victoria Jarman	Independent non-executive director	●	●	●	–	●
Pippa Wicks	Independent non-executive director	●	●	●	–	●
Peter Williams	Independent non-executive director	●	●	●	●	●
MT Rainey	Independent non-executive director	●	●	●	●	●

Note: Susan Murray and Andrew Martin joined the Committee on 12 July 2017 and are therefore not listed above.

This report is structured as follows:

Section	What it includes
Letter from the Remuneration Committee Chairman ⊕ page 58	
Remuneration At A Glance ⊕ page 61	
Summary of our proposed Remuneration Policy changes ⊕ page 62	
Remuneration Policy submitted for a binding vote ⊕ pages 64 to 71	
Annual Report on Remuneration ⊕ pages 72 to 90	<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 current Remuneration Policy	Our full current Remuneration Policy as applicable to FY17 can be found on our website at haysplc.com

REMUNERATION REPORT

REMUNERATION AT A GLANCE

How have we performed?

[+ More details page 74](#)

Bonus - maximum potential 125% of base salary

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

Metric	Target	Actual	% of max achieved
EPS	7.13p	9.275p	100%
Cash Conversion	86%	92.62%	77.66%
Personal CEO/CFO		85%	

As explained in the backdrop section earlier in the report, we set the maximum payout at EPS of 8.51p

September 2014 PSP award – grant 175% of base salary

Metrics measure success of managing the long-term sustainability of the business.

Metric	Threshold	Maximum	Actual	% of max achieved
EPS	21.51p	25.17p	25.70p	100%
Cash Conversion	71%	101%	93.23%	79.27%
Relative TSR	Median of comparator group	Upper quartile of comparator group	19.61% (6th)	0%

Total % of award vesting: 59.76%

% of Salary: 104.57%

Key general business highlights

- Like-for-like net fee growth of 6%
- Record international net fees and profits
- Profit performance materially ahead of Board and market expectations
- Strong cash performance

Summary of our current Remuneration Policy and Structure for FY17

Key Reward component	Key features
Base Salary and Core benefits	– Competitive salary and benefits to attract right calibre of executive
Annual Bonus – 60% EPS – 20% Cash Conversion – 20% Personal	– Max potential 125% of salary – Key financial KPIs and personal objectives
Performance Share Plan – 1/3 EPS – 1/3 Cash Conversion – 1/3 TSR	– Max potential 175% of salary – KPIs focused on long-term sustainability and shareholder returns
Shareholding Requirements	– CEO: 200% of salary – CFO: 100% of salary – Ensure material personal stake in the business

- Strong link of performance with reward
- Take into account risk management and incorporate malus and clawback

Reward linked to performance – what did we do?

[+ More details page 72](#)

Reward Component What we have done

Base salary	– Increased salaries for CEO and CFO by 2.0% – Increase in line with budget set for UK employees of 2.0%
Bonus	– CEO: 92.53% of maximum, i.e. 115.67% of salary equating to £836,813 – CFO: 92.53% of maximum, i.e. 115.67% of salary equating to £603,341 – 40% of the above awards deferred into shares for three years
PSP	– 150% of salary to be awarded subject to shareholder approval of Policy
Shareholdings Beneficial ownership	– CEO: 957% of base salary – CFO: 668% of base salary

The Single Figure can be found on page 72

What changes have we proposed to the Remuneration Policy for FY18?

[+ More details page 62](#)

This Policy is subject to shareholder approval at the November 2017 AGM

Annual Bonus

- Moved from 125% to 150% of base salary
- Deferral increased from 40% to 50% of bonus – therefore there is no change to the level of the cash element which remains at 75% of salary and the time frame for delivery remains the same
- No change to performance metric weightings

PSP

- Moved from 175% to 150% of base salary
- Performance Metrics remain the same but are reweighted:

Metric	From	To
EPS	One-third	30%
Cash Conversion	One-third	50%
Relative TSR	One-third	20%

- Introduced a two-year Holding Period post vesting
- Overall variable incentive quantum remains unchanged

Shareholding requirements

- Increased shareholding requirement for CFO from 100% to 200% of base salary in line with CEO

Pension

- Pension for new executive director recruitment will be up to 15% of base salary to align with the Management Board (reduction from past Policy of 30%)

Rationale for Changes

- The modest rebalance of incentives helps to align with the need to proactively manage the business during a potentially challenging economic period, recognising that Hays is a highly cyclical business
- It therefore places increasing importance on shorter-term profit through EPS in the annual bonus and long-term business efficiency through the increased weighting on the cash element of the PSP, and extends the long-term focus through the introduction of the Holding Period without any increase to overall quantum

REMUNERATION REPORT CONTINUED

BACKGROUND TO OUR PROPOSED REMUNERATION POLICY (THE POLICY) CHANGES

The Committee conducted an in-depth review of the Policy with a view to ensuring it is still fit for purpose in light of both our strategy and the continuing cyclical nature of our business. We have also taken into consideration the views and guidelines issued by investor bodies and market practice developments.

As a result of this review, the Committee determined that the current Policy remained broadly fit for purpose. The main challenge we face is the cyclicity of our business which we feel can be best addressed by increasing the short-term focus on profit and the long-term focus on cash generation, which can be achieved without changing the overall levels of reward. In the light of this, we have proposed some modest changes to the Policy that are outlined below.

Business context

Our strategic priorities remain the same: to deliver relative superior financial performance through the cycle.

Our current strategy is built around four strategic priorities and we see these priorities continuing over the next three years. These are to:

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

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

- Balancing the business between permanent (42%), and temporary/contractor candidate placements (58%);
- Having a wide range of business specialisms covering 20 professional sectors; and
- Having a global geographic footprint in 33 countries.

Nevertheless, the Company is subject to the volatility and vagaries of the economic markets which can create sudden changes within the recruitment market and industry.

As we stated in the 2016 Directors' Remuneration Report, over the last year this has manifested itself through the general uncertainty triggered by the 'Brexit' referendum in the UK.

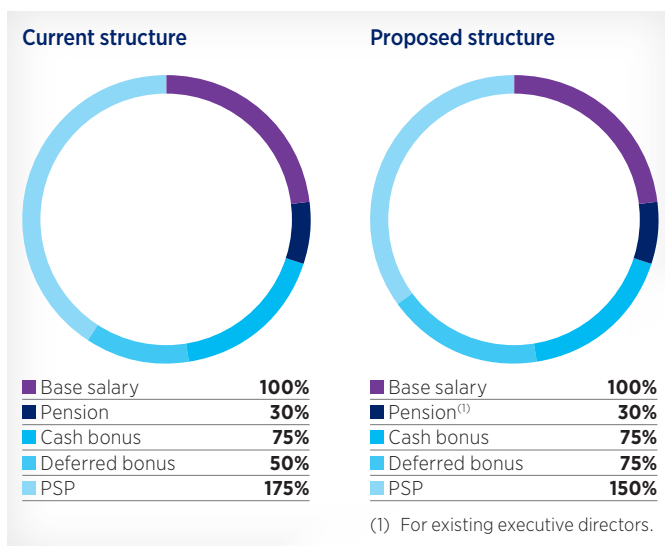
Proposed changes

Rebalancing

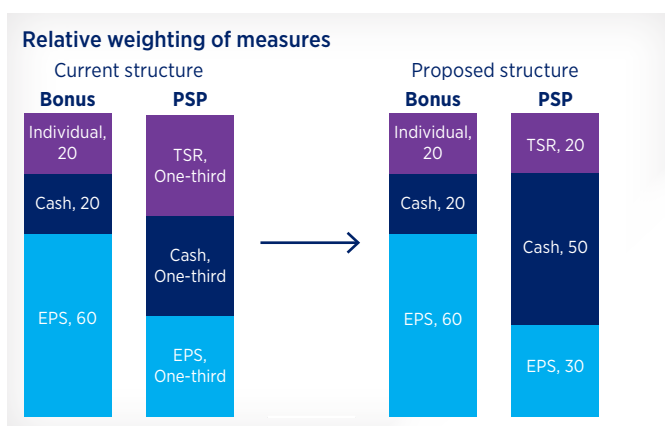
In this environment, where it is extremely difficult to give an accurate, robust long-term prediction of the economy, the Committee believes it is important that the executives' reward is consistent with the need to be agile in managing the business. It is for this reason that the Committee has proposed some modest adjustments to the focus of its incentive plans.

Proposed Changes	Comments
Incentive mix Rebalance the short- and long-term variable incentives from 125% and 175% of base salary to 150% and 150% respectively.	The overall quantum remains the same.
Performance metrics The metrics and weightings remain the same in the Annual Bonus: <ul style="list-style-type: none"> - EPS: 60% - Cash Conversion: 20% - Personal objectives: 20% The metrics in the PSP remain the same but the weightings move from equal thirds to: <ul style="list-style-type: none"> - EPS: 30% - Cash Conversion: 50% - Relative TSR: 20% 	<p>The weighting on the relative TSR metric in the PSP has been reduced, recognising that the comparator group of companies of similar size and business mix has reduced over time and therefore represents a less meaningful comparison and incentive tool.</p> <p>The weighting has been rebalanced towards the cash element of the PSP. This focuses on long-term business efficiency and return to shareholders through dividend payments which is in line with our strategic priority aim to generate and distribute meaningful cash returns to investors.</p> <p>Historically, Cash Conversion is defined as the operating cash flow of the Company after deducting net Capital Expenditure stated as a percentage of Operating Profit before exceptional items. Going forward, the Committee wants to place particular focus on Operating Cash Flow pre Capital Expenditure. This adjustment is designed to increase the focus on ongoing operational cash efficiency, whatever the trading circumstances of the business.</p> <p>As in the current Policy, the Committee will continue to take into account the following factors when setting EPS targets for the PSP in the proposed Policy:</p> <ul style="list-style-type: none"> - Budget (the setting of which is a robust and transparent process); - Strategic direction of the business over the period covered by the PSP award; - Market conditions and visibility of future trading; and - Analyst forecasts. <p>Historically, targets have been based off an RPI level. However, as RPI is a UK only index and the UK now represents only c.25% of the Group, combined with the fact that over the last five years RPI and wage inflation in our markets have been <i>de minimis</i>, it is no longer appropriate or relevant for RPI to be used in setting the growth targets.</p>

Proposed Changes	Comments
Bonus deferral The split of cash and deferral in the Annual Bonus increases from 60%:40% to 50%:50% respectively.	This maintains the same actual level of cash payment equating to 75% of base salary. It also ensures that long-term focus through deferral is maintained.
Introduction of a holding period The PSP will have an additional two-year Holding Period post vesting.	This creates further long-term alignment with shareholders.
Alignment of shareholding requirements The CFO's shareholding requirement will be increased to 200% of base salary to align with that of the CEO.	This ensures both the CEO and CFO have a material personal stake in the business and align to shareholders.
Future pension provisions For the new recruitment Policy it is proposed to have a pension contribution/allowance of up to 15% of base salary (currently 30%).	This aligns more closely to the senior management employees.



As illustrated below, the changes result in a clear focus on annual profit growth in the Annual Bonus Plan and, by changing the weighting of the metrics in the PSP, place emphasis on long-term cash generation.



REMUNERATION REPORT CONTINUED

REMUNERATION POLICY

Introduction

In accordance with the regulations, the Directors' Remuneration Policy (the Policy) as set out below will become formally effective at the Annual General Meeting on 15 November 2017 and is expected to apply for the period of three years from the date of approval.

Policy summary

The Committee determines the Policy for the Chairman, executive directors and other senior executives for current and future years and this is reviewed on an annual basis. The Policy is designed to support the strategic objectives of the Company and to allow the business to attract, retain and motivate the quality of individuals needed to shape and execute the strategy and deliver shareholder value.

The Policy is designed around the following key principles:

- Ensure a strong link between reward and individual and Company performance to align the interests of senior executives with those of shareholders;
- Provide a balanced package with a focus on variable pay;
- Take into account the associated risks of each aspect of remuneration;
- Encourage a material, personal stake in the business and a long-term focus on sustained growth through long-term shareholding;
- Maintain a competitive package against businesses of a comparable size in the FTSE and comparable peer group businesses in the recruitment sector with reference to the breadth of the role and experience the role holder brings to the Company; and
- Operate a consistent reward and performance philosophy throughout the business.

The Committee considers that a successful Policy needs to be sufficiently flexible to take account of future changes in the Company's business environment and in remuneration practice.

Discretion

The Committee has discretion in several areas of policy as set out in this Report. The Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders as set out in those rules. In addition, the Committee has the discretion to amend the Policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval.

Prior commitments

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including the exercise of any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy where the terms of the payment were (i) agreed before 12 November 2014 (when the Company's first shareholder-approved Directors' Remuneration Policy came into effect); (ii) before the Policy came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; and (iii) at a time when the individual to whom the payment is made was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of the Company. For these purposes, 'payments' include the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted.

Differences in policy from the wider employee population

The Group aims to provide a remuneration package for all employees that is market competitive and consistent. Employees receive base salary and benefits and may receive bonus, pension and share awards with levels varying depending on the individual's location, seniority and responsibilities. Salary increases for executive directors are generally in line with those for UK-based employees.

Remuneration structure (policy table)

Elements of executive director remuneration package

Element	Objective and link to the strategy	Operation	Maximum potential value	Performance conditions and assessment
Base salary	<p>Base salary recognises individual contribution, changes in responsibilities and competitive market rates.</p> <p>Provides a base level of remuneration to support recruitment and retention of directors with the necessary experience and expertise to deliver the Group's strategy.</p> <p>Key element of core fixed remuneration.</p>	<p>Base salary is normally set annually on 1 July.</p> <p>When determining the base salary of the executive directors the Committee takes into consideration:</p> <ul style="list-style-type: none"> – The levels of base salary for similar positions with comparable status, responsibility and skills in organisations of broadly similar size and complexity; – The comparator groups currently include the FTSE 250, the companies in the Company's Total Shareholder Return (TSR) comparator group used for PSP awards and UK companies of a similar size and complexity. The Committee intends to review the comparator groups each year and may add or remove companies from the group as it considers appropriate. Any changes made in future to the comparator group will be disclosed to shareholders in setting out the operation of the policy for the subsequent year in the section headed Implementation of Remuneration Policy in the Following Financial Year; 	<p>Whilst there is no prescribed maximum level of salary, increases will normally be in line with the market and the average base pay increase for other employees in the UK.</p> <p>Higher levels of increases may be made where there is a significant change to the individual's responsibilities or where there is significant difference to the market, for example in case of individuals who are recruited, or promoted to the Board who may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the average until the target positioning is achieved.</p> <p>The Company will normally set out in the section headed Implementation of Remuneration Policy in the Following Financial Year the salaries for that year for each of the executive directors (see page 87).</p>	N/A

Elements of executive director remuneration package (continued)

Element	Objective and link to the strategy	Operation	Maximum potential value	Performance conditions and assessment
		<ul style="list-style-type: none"> - The performance of the individual executive director; - The individual executive director's experience and responsibilities; and - Pay and conditions throughout the Company. The Committee has access to pay and conditions of other employees within the Group when determining remuneration for the executive directors and also considers the relationship between general changes to pay and conditions within the Group as a whole. 		
Annual bonus	<p>To align reward to key annual objectives relating to the Group's financial performance and operational strength.</p> <p>The three-year deferral into shares aligns the interests of executive directors with those of shareholders and also assists with their retention.</p>	<p>50% of bonus earned will be paid in cash and 50% deferred into shares for three years under the deferred annual bonus plan (the DAB).</p> <p>Malus and Clawback provisions may be applied in case of:</p> <ul style="list-style-type: none"> - Material misstatement resulting in an adjustment to the audited accounts; - Incorrect assessment of any performance conditions or award calculations due to an error or misleading information; and - Fraud and Gross misconduct. <p>Malus provisions allow the Committee to reduce or eliminate share awards granted under DAB.</p> <p>Discretion may also be exercised in cases where the Committee believes that the bonus outcome is not a fair and accurate reflection of business performance.</p> <p>The Committee has discretion to reduce the number of shares vesting if the underlying financial performance of the Company is not satisfactory over the three-year deferral period.</p> <p>The Company operates in a rapidly changing sector and therefore the Committee may change the balance of the measures, or use different measures for subsequent financial years, as appropriate, to reflect this provided that at least 80% are normally based on financial performance.</p> <p>The Company will disclose the nature of the targets and their weightings at the end of each year in the relevant Annual Report on Remuneration. The performance conditions, targets, weightings and their level of satisfaction for the year being reported on, are contained in the Annual Report on Remuneration on page 74.</p> <p>The Committee retains discretion in exceptional circumstances to change the performance measures and targets and their respective weightings part way through a performance year if there is a significant and material event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate. Discretion may also be exercised in cases where the Committee believes that the bonus outcome is not a fair and accurate reflection of business performance.</p> <p>Dividend equivalents may be provided on deferred shares.</p>	<p>Maximum 150% of base salary.</p> <p>Threshold level of performance earns 24% of salary based on achieving threshold EPS and cash conversion. Zero payment for below threshold performance.</p>	<p>The current bonus performance conditions are:</p> <ul style="list-style-type: none"> - Earnings per share; - Cash conversion; and - Personal objectives. <p>The Remuneration Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial targets used for the annual bonus, disclosing precise targets for the bonus plan in advance would not be in shareholder interests. This avoids the risk of the Company inadvertently providing a profit forecast, because profit targets are linked to budgets, and giving competitors an unfair advantage because they are not required to report to the same disclosure standard as a UK-listed company. Actual targets, performance achieved and awards made will be published at the end of the performance periods so shareholders can fully assess the basis for any payouts under the annual bonus.</p>

REMUNERATION REPORT CONTINUED

Elements of executive director remuneration package

Element	Objective and link to the strategy	Operation	Maximum potential value	Performance conditions and assessment
Performance Share Plan (PSP) award	To incentivise the delivery of sustained long-term performance and align with share price and dividend growth over the long-term.	<p>In accordance with plan rules, PSP awards are granted annually and vesting is dependent on the achievement of performance conditions.</p> <p>Awards are subject to a two-year Holding Period.</p> <p>Malus provisions may be applied during the Performance Period and Clawback provisions may be applied during the Holding Period in case of:</p> <ul style="list-style-type: none"> – Material misstatement resulting in an adjustment to the audited accounts; – Incorrect assessment of any performance conditions or award calculations due to an error or misleading information; and – Fraud and Gross misconduct. <p>Reviewed annually to ensure that grant levels, performance criteria and other features remain appropriate to the Company's current circumstances, and to ensure that there are no features of the plan that could inadvertently motivate irresponsible behaviour.</p> <p>Dividend equivalents may be provided on released shares.</p>	<p>Normal awards will be 150% of base salary for executive directors with absolute maximum of 200% of base salary in exceptional circumstances.</p> <p>Maximum and threshold vesting levels for performance conditions are 100% and 25% respectively.</p>	<p>Performance period of three financial years.</p> <p>The performance conditions will be:</p> <ul style="list-style-type: none"> – 30% based on cumulative earnings per share; – 50% based on cumulative cash conversion; and – 20% based on total shareholder return relative to the comparator group with vesting subject to satisfactory financial performance over the period, as determined by the Committee. <p>The Company operates in a rapidly changing sector and therefore the Committee may change the balance of the measures, or use different measures for subsequent awards, as appropriate. No material change will be made to the type of performance condition without prior shareholder consultation.</p> <p>Details of the performance conditions for grants made in the year will be set out in the Annual Report on Remuneration.</p>
Pension allowance	To provide a competitive retirement benefit.	<p>Company pension contribution or salary supplement in lieu of pension contributions.</p> <p>Salary supplements will not be included in calculating any benefit based on salary including the levels under the Company's incentive arrangements.</p>	Maximum 30% of base salary for current directors. As outlined in the recruitment section, new directors will receive up to 15% of base salary.	N/A
Other benefits	To provide competitive employment benefits.	<p>Benefits will generally include:</p> <ul style="list-style-type: none"> – Car benefit or equivalent; – Private medical insurance; – Permanent health insurance; and – Life assurance. <p>The level of benefits provided is reviewed every year to ensure it remains market competitive.</p> <p>Other benefits may be provided if considered reasonable and appropriate (e.g. in case of relocation).</p>	The maximum will be set at the cost of providing the listed benefits. For example, current car allowance is £18-20,000 p.a.	N/A
Shareholding policy	To ensure that executive directors' interests are aligned with those of shareholders over a longer time horizon.	<p>The Committee requires the Chief Executive and Chief Financial Officer to build and maintain a material shareholding in the Company of at least two-times base salary over a reasonable time frame, which would normally be five years.</p> <p>Only shares which are beneficially owned by the executives or subject to a holding period count towards this requirement.</p> <p>The Committee has discretion to increase the shareholding requirement.</p>	N/A	N/A
Sharesave Schemes	To encourage wide employee share ownership and thereby align employees' interests with shareholders.	<p>The Company operates Sharesave Schemes in which the executive directors are eligible to participate (which in the UK is HMRC approved and is open to all eligible staff in the UK).</p> <p>The Company retains the discretion to introduce additional plans, and to make directors eligible for these as appropriate.</p>	<p>UK scheme in line with HMRC limits as amended from time to time.</p> <p>Overseas schemes broadly in line with UK values.</p>	There are no performance conditions, in line with HMRC requirements, other than the inherent share price growth required to receive a benefit.

Non-executive director remuneration

Element	Objective and link to the strategy	Operation	Maximum potential value	Performance conditions and assessment
Non-executive director fees	Competitive fees for Chairman and non-executive directors with the necessary skills and experience to advise and assist with establishing and monitoring the Group's strategic objectives.	<p>The remuneration of the non-executive directors is determined by the Board annually.</p> <p>The responsibility of the role and international nature of the Group are fully considered when setting the fee levels, along with external benchmarking market data on the chairmanship of, and participation in, Board committees. The comparator groups used are consistent with those used for the executive directors.</p> <p>The non-executive directors' fees are non-pensionable and non-executive directors are not eligible to participate in any incentive plans.</p>	<p>The fees are set normally around the median compared to the Company's comparator groups and will be within the Articles of Association limits.</p> <p>Additional fees are paid to individuals chairing a committee and to the Senior Independent Director.</p> <p>The non-executive directors' fees are non-pensionable and non-executive directors are not eligible to participate in any incentive plans.</p> <p>The Chairman and non-executive directors will be reimbursed by the Company for all reasonable expenses incurred in performing their duties. This may include costs associated with travel where required and any tax liabilities payable.</p>	None

Notes to the policy table:

The Committee believes that incentive metrics should be simple and aligned with the delivery of the annual business plan and with long-term sustainable growth.

The three main measures currently used are EPS, Cash Conversion and relative TSR, with a clear focus on annual profit growth in the Annual Bonus Plan and main emphasis on long-term cash generation in the PSP.

- (1) EPS metric is a key performance measure aligned with shareholder interests.
- (2) Cash Conversion promotes sustained free cash flow and is a key indicator of ongoing operational cash efficiency.
- (3) The Annual Bonus includes an element of Personal Objectives linked to the delivery of key projects designed to enhance the Group's operational strength and competitiveness in line with future strategy.
- (4) Relative TSR is a measure favoured by a number of shareholders and provides for reward for outperformance of a number of comparators.

The current constituents of the Company's TSR comparator group are shown below:

- Adecco SA
- Kelly Services Inc
- Manpower Inc
- Page Group plc (previously Michael Page International plc)
- Randstad Holdings NV
- Robert Half International Inc
- Robert Walters plc
- SThree plc

The peer group has been chosen to reflect most closely the mix of the Company's business.

Awards under any of the Company's share plans referred to in this report may:

- (a) Be granted as conditional share awards or nil-cost options or in such other form that the Committee determines has the same economic effect;
- (b) Have any performance condition applicable to them amended by the Committee if the Committee determines that it has ceased to be a fair measure of performance provided that the amended condition is not, in the Committee's reasonable opinion, materially less difficult to satisfy;
- (c) Incorporate the right to receive an amount (in cash or additional shares) equal to the value of dividends which would have been paid on the shares under an award that vest until the award is satisfied. This amount may be calculated assuming that the dividends have been reinvested in the Company's shares on a cumulative basis;
- (d) Be settled in cash at the Committee's discretion; and
- (e) Be adjusted in the event of any variation of the Company's share capital or any demerger, capital distribution or other event that may materially impact the Company's share price.

REMUNERATION REPORT CONTINUED

Service contracts

The Committee's policy for setting notice periods is that a maximum 12-month period will apply for executive directors. The Committee may in exceptional circumstances arising on recruitment, allow a longer period, which would in any event reduce to 12 months following the first year of employment.

In the event of early termination of a director's service contract, the Company would be required to pay compensation reflecting the salary, pension allowance and benefits to which the director would have become entitled under the contract during the notice period. Alternatively, the Company may, at its discretion, pay a predetermined sum in lieu of notice. In the event of early termination, the Committee will give careful consideration to what compensation should be paid, taking into account the circumstances and the responsibility of the individual to mitigate loss.

The contract of the Chief Executive was agreed prior to 27 June 2012 and includes in his sum in lieu of notice an amount equal to his on-target bonus pro-rated for time. All future contracts will contain a 'PILON' clause based purely on salary, pension allowance and benefits with payments staged over the notice period and an obligation to mitigate loss.

	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. Susan Murray and Andrew Martin were appointed to the Board and Remuneration Committee on 12 July 2017.

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
Peter Williams	24 February 2015	24 February 2015	None
Paul Harrison	8 May 2007	31 August 2011	None
Victoria Jarman	1 October 2011	31 August 2011	None
Torsten Kreindl	1 June 2013	30 May 2013	None
MT Rainey	14 December 2015	14 December 2015	None
Pippa Wicks	1 January 2012	30 November 2011	None

Payments to departing directors

The Committee will honour executive directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its directors providing for compensation for loss of office or employment that occurs because of a takeover bid. The Committee reserves the right to make any other payments in connection with a director's cessation of office or employment where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an executive director's office or employment or for any fees or outplacement assistance and/or the director's legal and/or professional advice fees in connection with his cessation of office or employment.

When determining any payment for a departing individual the Committee will always seek to minimise cost to the Company while seeking to address the circumstances at the time.

The table below shows the approach the Committee will apply in respect of base salary, benefits and pension in respect of departing directors.

Component	Approach	Application of Remuneration Committee Discretion
Base salary, benefits and pension	In the event of termination by the Company, there will be no compensation for departure due to misconduct. In other circumstances, executive directors may be entitled to receive payment in lieu of notice. Payment in lieu of notice will be equivalent to the salary payments, benefit value and pension contributions that they would have received if still employed by the Company for a maximum of 12 months.	None
Other contractual obligations	There are no other contractual provisions other than those set out above agreed prior to 27 June 2012.	N/A

The rules of the Performance Share Plan and the Deferred Annual Bonus (DAB) set out the treatment of specific categories of leavers as set out in the table below. In other cases where an executive leaves employment during the DAB period or during the PSP Performance Period, the Committee will consider the specific details of each case before determining whether to award Good Leaver status. The Committee will provide a full explanation to shareholders when it is determined that an executive director is a Good Leaver. The Committee is unequivocally against rewards for failure.

Category	Cash Annual Bonus	DAB (Deferred Bonus Shares)	PSP
Injury/Ill-health/Disability	Bonus paid at normal time, subject to performance with pro-rating for time.	Awards vest in full at normal vesting date.	To the extent that performance conditions are met, awards are pro-rated for service during the performance period and released at the vesting date.
Death, or sale of employing entity out of the Group	Bonus paid immediately based on estimated performance with pro-rating for time.	Awards vest in full on cessation of employment.	To the extent that performance conditions are met, awards are pro-rated for service during the performance period but released early.
Change of control	Bonus payment subject to pro-rating for time and performance.	Immediate vesting of awards in full in accordance with plan rules.	In accordance with the plan rules, where no replacement award, there will be early vesting of awards pro-rated for service during the performance period and performance.

Notes:

- (1) It should be noted that shares vesting under the DAB rules are shares related to previously earned bonus and therefore the performance conditions for the relevant annual bonus had to be met before the shares were awarded.
- (2) Under the DAB rules the Committee has the discretion to allow the award to vest early in 'exceptional circumstances' following cessation of employment as a good leaver. It is anticipated that this would only apply in the case of death in service.
- (3) The Committee has discretion under the rules of the PSP to bring forward the date of vesting for a good leaver to the date of the cessation of employment subject to the award being pro-rated for time during the performance period and to the extent that performance is met. It is not the current intention of the Committee to use this discretion.
- (4) Any shares in the PSP Holding Period would be released upon an executive leaving Hays for reason other than Gross Misconduct and would be subject to any Clawback provisions prior to release. Clawback provisions would continue to apply after release until the end of the normal Holding Period timeframe.
- (5) In the event that the Committee determines Good Leaver status to be applicable, it may impose certain conditions for an executive receiving shares under DAB or PSP on cessation of employment.
- (6) Executives would be treated in accordance with the scheme rules in respect of the HMRC approved Hays Sharesave.

REMUNERATION REPORT CONTINUED

The Chairman and non-executive directors do not have service contracts but instead have letters of appointment. On termination, they are only entitled to accrued fees to the date of termination.

Setting payments for new appointments

The Company's principle is the remuneration of any new recruit will be assessed in line with the same principles for the executive directors, as set out in the remuneration policy table above. The Committee's approach to recruitment remuneration is to pay no more than is necessary to attract candidates of the appropriate calibre and experience needed for the role from the international market in which the Company competes.

The Remuneration Committee will not pay more than it considers necessary to secure the preferred candidate and will have regard to guidelines and shareholder sentiment regarding one-off or enhanced short-term or long-term incentive payments made on recruitment and the appropriateness of any performance measures associated with an award.

The table below summarises the Company's key policies with respect to recruitment remuneration for executive directors:

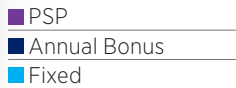
Component	Policy
Base salary, benefits and pension	<p>The salary level will be set taking into account a number of factors including market practice, the individual's experience and responsibilities and other pay structures within the Company and will be consistent with the salary policy for executive directors.</p> <p>The executive director shall be eligible to receive benefits in line with the Company's benefits policy as set out in the remuneration policy table.</p>
Pension	A pension allowance of up to 15% of base salary. The Company may choose to give part or all as a cash allowance rather than pay into a Group pension fund. Normal payroll deductions (for example income tax and National Insurance/social security) will be deducted from the gross cash allowance.
Annual Bonus (and Deferred Bonus)	<p>An executive director will be eligible to participate in the annual bonus arrangements as set out in the remuneration policy table.</p> <p>For the first year only, the Committee retains the discretion to set performance conditions in the context of the business priorities on joining and the time frame available to year end.</p> <p>Awards may be granted up to the maximum opportunity allowable in the remuneration policy table at the Committee's discretion.</p>
Performance Share Plan	An executive director will be eligible to participate in the PSP as set out in the remuneration policy table. Awards may be granted up to the maximum opportunity allowable under plan rules at the Committee's discretion.
Share buy-outs/ replacement awards	<p>The Committee's policy is not to provide buy-outs as a matter of course.</p> <p>However, should the Committee determine that the individual circumstances of recruitment justified the provision of a buy-out, the value of any incentives that will be forfeited on cessation of a director's previous employment will be calculated taking into account the following:</p> <ul style="list-style-type: none"> - The proportion of the performance period completed on the date of the director's cessation of employment; - The performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and - Any other terms and condition having a material effect on their value (lapsed value). <p>The Committee may then grant up to the equivalent value as the lapsed value, where possible, under the Company's incentive plans. To the extent that it was not possible or practical to provide the buy-out within the terms of the Company's existing incentive plans, a bespoke arrangement would be used.</p>
Relocation policies	<p>In instances where the new executive director is expected to relocate, the Company will provide one-off/ongoing payment(s) as part of the relocation benefits compensation.</p> <p>The level of relocation package will be assessed on a case by case basis but will take into consideration any differences in the cost of living/housing/schooling.</p>

Where an existing employee is promoted to the Board, the policy set out above would apply from the date of promotion but there would be no retrospective application of the policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the person concerned. These would be disclosed to shareholders in the Annual Remuneration Report for the relevant financial year.

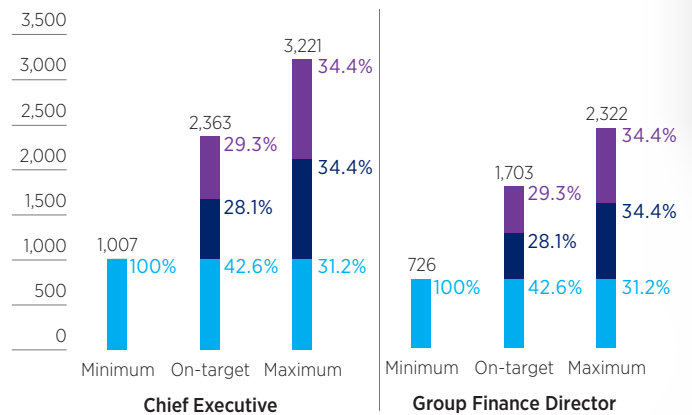
The annual fees payable to newly recruited non-executive directors will be in line with the fees payable to existing non-executive directors.

Remuneration scenario graphs for executive directors

The charts opposite illustrate the remuneration that would be paid to each of the executive directors, based on salaries at the start of financial year 2018, under three different performance scenarios: (i) Minimum; (ii) On-target; and (iii) Maximum. The elements of remuneration have been categorised into three components: (i) Fixed; (ii) Annual Bonus; and (iii) PSP.



Value of package (£'000)



Each element of remuneration is defined in the table below:

Element	Description
Fixed	Total amount of salary and pension in respect of the 2018 financial year and benefits as disclosed under the FY17 single figure.
Annual Bonus	Money or other assets received or receivable where performance measures relate to one financial year, i.e. annual bonus payments.
PSP	Money or other assets received or receivable where performance measures relate to more than one financial year, i.e. PSP payments.

Assumptions used in determining the level of payout under given scenarios are as follows:

- Minimum performance scenario assumes fixed pay only and no variable payments under the annual bonus and PSP;
- On-target performance scenario assumes performance in line with the Company's expectations, resulting in 93.8% base salary payout in respect of the PSP (62.5% of maximum award of 150% of base salary) and 90% base salary payout in respect of the annual bonus (60% of maximum bonus of 150%). There is no formal on-target figure for the PSP, 62.5% is midway between the 25% threshold and the maximum, based on an award of 150% of basic salary; and
- Maximum performance scenario assumes outstanding level of performance, resulting in 150% base salary payout in respect of the PSP and 150% base salary payout in respect of the annual bonus.

In accordance with the regulations share price growth has not been included. In addition, dividend equivalents have not been added to deferred share bonus and PSP share awards.

Statement of conditions elsewhere in the group

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 set out in this report, the Company does receive an update and feedback from the broader employee population on an annual basis using an engagement survey which includes a number of questions relating to remuneration.

The Company does not use remuneration comparison measurements.

Consideration of shareholder views

The Committee takes the views of the shareholders seriously and these views are taken into account in shaping and reviewing remuneration policy and practice. Shareholder views are considered when evaluating and setting remuneration strategy and the Committee commits to consulting with key shareholders prior to any significant changes to its remuneration policy.

In line with this commitment the Committee consulted this year with shareholders on the rebalancing of the Annual Bonus and PSP and the reweighting of the performance measures in the PSP. The Committee is grateful for the comments and feedback. At the end of this process the Remuneration Committee is pleased that a strong majority of shareholders consulted have indicated they are supportive of the changes to the Plans.

The reweighting of the financial measures more clearly differentiates the role of these measures in the annual bonus and PSP with now a clearer focus on profit in the bonus and sustainable cash generation in the PSP which mitigates some comments we had received in previous years regarding the use of the same measures in both plans. Our shareholders have mixed views on relative TSR. We have retained this measure although acknowledge the reduction in the peer group over time given consolidation in the industry and the challenge in determining a relevant peer group even in the same industry given the differences in business model and the countries that recruitment companies operate in. As a result, the Committee determined to reduce its weighting.

The reduction in pension provision for future directors was notably a result of us monitoring emerging views of shareholders on specific aspects of the Policy.

REMUNERATION REPORT CONTINUED

ANNUAL REPORT ON REMUNERATION

Section 1 – Total reward for FY17

In this section:

1.1 FY17 Single Figure for executive directors

1.1.1 Salary

1.1.2 Benefits

1.1.3 Pension

1.1.4 Other benefits

1.1.5 Annual bonus

1.1.6 PSP

1.2 FY17 fees for non-executive directors (NEDs)

Section 1 – Total Reward for FY17

Remuneration for FY17 reflects the Policy approved by Shareholders at the 2014 AGM

1.1 FY17 Single Figure for executive directors

Single Figure of remuneration (audited)

The following table shows the total single figure of remuneration for each executive director in respect of qualifying services for the 2017 financial year. Comparative figures for the 2016 financial year have also been provided. Details of non-executive directors' (NEDs) fees are set out in 1.2 on page 78.

£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⁾
2017								
Alistair Cox Chief Executive	723	48	217	3	837	1,828	1,038	2,866
Paul Venables Group Finance Director	522	34	156	2	603	1,317	749	2,066
2016								
Alistair Cox	709	44	213	0	583	1,549	1,247	2,796
Paul Venables	511	34	153	2	420	1,120	899	2,019

(1) 2016 PSP figures now reflect the actual vesting price on 12 September 2016 of £1.316259.

The column Total Remuneration excluding PSP includes Salary, Benefits, Pension, Other and Annual Bonus.

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 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 2016. This increase was the same as the wider budget set for relevant UK employees.

Name	Salary for FY17	% increase over FY16	Salary for FY16
Alistair Cox	£723,480	2.0%	£709,294
Paul Venables	£521,628	2.0%	£511,400

1.1.2 Benefits – note 2 (audited)

Policy summary

- Core benefits align with those for other UK employees.

What has happened

There were no changes in FY17.

£000s Executive director	Private Medical Insurance (PMI)	Life assurance	Income protection	Travel and mileage	Car allowance	Total
2017						
Alistair Cox	3	9	12	4	20	48
Paul Venables	3	4	9	–	18	34
2016						
Alistair Cox	3	8	9	4	20	44
Paul Venables	3	4	9	–	18	34

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

1.1.3 Pension – note 3 (audited)

Policy summary

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

What has happened

There were no changes in FY17.

£000s

Executive director

Pension

2017

Alistair Cox	217
Paul Venables	156

2016

Alistair Cox	213
Paul Venables	153

1.1.4 Other benefits – note 4 (audited)

Policy summary

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

What has happened

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

Alistair Cox and Paul Venables participated in the March 2017 Hays Sharesave Scheme and have options which are due for exercise from 1 May 2020 to 31 October 2020. Details are shown on page 79.

£000s

Executive director

Other
£000

2017

Alistair Cox	3
Paul Venables	2

2016

Alistair Cox	0
Paul Venables	2

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% of any award 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 2017 and 2016 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 2017 is subject to Clawback for three years from award. The deferred element is subject to Malus for the three year holding period.

See pages 74 and 75 for detailed information on performance against targets.

REMUNERATION REPORT CONTINUED

1.1.5 Annual Bonus – note 5 (audited) continued

Summary

£000s Executive director	Annual Bonus	Of which cash – 60%	Of which deferred – 40%	% of salary achievement
2017				
Alistair Cox	837	502	335	115.67%
Paul Venables	603	362	241	115.67%
2016				
Alistair Cox	583	350	233	82.20%
Paul Venables	420	252	168	82.20%

Details of the FY17 Annual Bonus

The performance metrics and objectives	Assessment	Achievement and what happens now
<p>60% on earnings per share (EPS): focuses on shareholder returns;</p> <p>20% on cash conversion: ensures ongoing business efficiency; and</p> <p>20% on personal objectives: safeguard and plan for the Company's future.</p> <p>Personal objectives for FY17 included:</p> <p>Alistair Cox:</p> <ul style="list-style-type: none"> Further expansion of our Construction & Property and Life Sciences businesses in the US; Continue to develop the business in certain Digital Marketing and innovation projects; Satisfactorily complete a number of key operational people changes in certain named countries/regions; and Work closely with the business to best mitigate any impact from the Brexit vote on our UK business. <p>Paul Venables:</p> <ul style="list-style-type: none"> Completion of phase one of the German back-office transformation project; Further embedding strong risk management processes and mitigation into a number of additional countries in the group; Satisfactorily complete a number of key finance people changes in certain named countries/regions; and Work closely with the business to best mitigate any impact from the Brexit vote on our UK business. <p>Overall both executives achieved very high performance against these objectives.</p> <p>Due to the strategic nature of the personal objectives for the Chief Executive and Group Finance Director, the Company feels that disclosing any more detail would be commercially sensitive.</p>	<p>The Committee reviews both the Company's results and executive directors' performance against their personal objectives.</p> <p>The basic EPS targets and actual performance were measured at budget exchange rates.</p> <p>Cash conversion is the operating cash flow of the Company after deducting net capital expenditure items for the financial year, stated as a percentage of operating profit before exceptional items.</p> <p>In addition to assessment of the individual executives' overall performance against key objectives, the Committee also takes into account its view of the directors' regulatory compliance and approach to risk (including environmental, social or governance (ESG) risks).</p> <p>The Committee has not exercised any discretion in relation to bonus outcomes.</p>	<p>Alistair Cox</p> <p>Achieved 115.67% of salary (out of 125% maximum potential, i.e. 92.53% of maximum).</p> <p>This equates to a bonus of £836,813 (as stated in the Single Figure) of which:</p> <ul style="list-style-type: none"> 60% or £502,088 will be paid as cash; and 40% or £334,725 will be deferred into shares for three years. There are no further performance conditions. <p>Paul Venables</p> <p>Achieved 115.67% of salary (out of 125% maximum potential, i.e. 92.53% of maximum).</p> <p>This equates to a bonus of £603,341 (as stated in the Single Figure) of which:</p> <ul style="list-style-type: none"> 60% or £362,005 will be paid as cash; and 40% or £241,336 will be deferred into shares for three years. There are no further performance conditions. <p>Clawback and malus</p> <p>The cash element of the bonus is subject to clawback for three years from the date of award. The deferred element is subject to malus for the three-year deferral period.</p>

Calculation of actual results (audited)

Annual Bonus 2017 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%	5.74p	8.51p	9.275p	15 – 75	75%	543	75%	391
Cash									
Conversion	20%	71%	101%	92.62%	5 – 25	19.42%	140	19.42%	101
Personal	20%	–	100%	85%	0 – 25	21.25%	154	21.25%	111
Total 2017	100%	These totals are in the 2017 Single Figure				115.67%	837	115.67%	603
* Both the target and actual performance were based on budget exchange rates. Therefore actual performance is higher than the reported performance due to movements in exchange rates during the year.						Of which cash	502	Of which cash	362
						Of which deferred – 40%	335	Of which deferred – 40%	241
Both Alistair Cox and Paul Venables achieved 85% of their personal objectives.						Total bonus achieved in 2016			
						82.20%	583	82.20%	420
						Of which cash	350	Of which cash	252
						Of which deferred – 40%	233	Of which deferred – 40%	168

Both Alistair Cox and Paul Venables achieved 85% of their personal objectives which are outlined on page 74.

1.1.6 PSP – note 6

Policy summary

- 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

59.76% of the 2014 award vested in 2017, i.e. 104.57% of base salary (maximum 175%). No Malus was exercised.

PSP 2014 (granted in FY15) vesting in 2017

The value of the 2014 PSP (vesting in November 2017) is based on a share price of £1.6735, 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 124.6 pence. The award vested at 59.76% of the maximum i.e. 104.57% of base salary.

See pages 76 and 77 for detailed information on performance against targets.

Executive director	Value £000s in Single Figure based on share price of £1.6735	Restatement
2017		
Alistair Cox	1,038	Value will be restated in FY18 report when vesting share price is known.
Paul Venables	749	

REMUNERATION REPORT CONTINUED

Details of PSP 2014 (granted in FY15) vesting in 2017

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

The performance metrics and objectives	Assessment	Achievement and what happens now
<p>Three-year plan Performance period: 1 July 2014 to 30 June 2017.</p> <p>Granted: 14 November 2014 and will vest 14 November 2017.</p> <p>Performance Metrics One-third on cumulative earnings per share (EPS): focuses on longer-term shareholder returns.</p> <p>One-third on Cumulative Cash Conversion: focuses on ongoing business cash efficiency, whatever the trading circumstances of the company.</p> <p>One-third on relative total shareholder return (TSR):</p> <p>Ranks the performance of Hays against a sector group of comparator companies:</p> <p>Adecco SA CDI Corporation Kelly Services Inc Manpower Group Inc Page Group plc (previously Michael Page International plc) Randstad Holdings nv Robert Half International Inc Robert Walters plc SThree plc USG People nv ⁽¹⁾</p> <p>(1) During FY16 USG People nv 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>Cumulative Cash Conversion three-year Cash Conversion is the cumulative operating cash flow of the Company after deducting net capital expenditure items stated as a percentage of cumulative operating profit before exceptional items.</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 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 the three-month period to the start of the performance period. The TSR for Hays' shares is ranked against the respective TSR performance of the comparator group.</p> <p>Vesting will be subject to satisfactory financial performance over the performance period as determined by the Committee.</p> <p>The Committee has not exercised any discretion in relation to PSP outcomes.</p>	<p>Alistair Cox Awarded 976,666 shares in 2014. 59.76% of the award has vested. 620,457 shares will be released in November 2017 which includes accrued dividend equivalent shares, with the exception of those relating to the dividends to be approved at this year's AGM. This equates to a value of £1,038,335 using a preliminary share price of £1.6735 – see page 75. This value will be restated in 2018's Report once the final share price and number of dividends are known.</p> <p>Paul Venables Awarded 704,175 shares in 2014. 59.76% of the award has vested. 447,348 shares will be released in November 2017 which includes accrued dividend equivalent shares, with the exception of those relating to the dividends to be approved at this year's AGM. This equates to a value of £748,637 using a preliminary share price of £1.6735 – see page 75. This value will be restated in 2018's Report once the final share price and number of dividends are known.</p>

Actual results

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

The share price used to calculate the award was 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:			Actual Performance	PSP Value achieved as % of base salary
				Below threshold	Threshold	Maximum		
Relative TSR	1/3	Median of the comparator group	Upper quartile of the comparator group	0	14.583	58.33	19.61% (6th)	0%
EPS ⁽¹⁾	1/3	21.51p	25.17p	0	14.583	58.33	25.70p	58.33%
Cash conversion	1/3	71%	101%	0	14.583	58.33	93.23%	46.24%
Total	100%			0	43.75	175		104.57%
					25% of award	100% of award		

(1) The Committee took into account the following factors when setting the EPS targets:

- Budget (the setting of which is a robust and transparent process);
 - Company budget for FY15 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;
- Analysts' forecasts;
- Real growth around an assumed RPI of 3% per annum. The final Threshold and Maximum figures have been adjusted to reflect the actual RPI now known.

Name	% of FY15 salary awarded	Face value at award £000s	Share price at award £	Maximum number of shares excluding dividends	Maximum number of shares relating to the dividends to be approved at this year's AGM	Number of shares that vested including dividend equivalent shares, with the exception of those relating to the dividends to be approved at this year's AGM	Release date	Value (figure shown in Single Figure of Remuneration) £000s ⁽¹⁾	2013 award that vested in 2016 as stated in the 2016 Single Figure £000s	2013 award value restated using share price at release date £000s ⁽²⁾
Alistair Cox	175	1,217	1.246	976,666	1,038,249	620,457	14 November 2017	1,038	1,194	1,247
Paul Venables	175	877	1.246	704,175	748,576	447,348	14 November 2017	749	861	899

(1) The value of the 2014 PSP is based on a share price of £1.6735 which was calculated using an average for the final quarter of the 2017 financial year in accordance with the Regulations as the vesting will occur after the date of this report.

(2) The value of the 2013 PSP disclosed in the 2016 Single Figure was based on a share price of £1.261 which was calculated using an average for the final quarter of the 2016 financial year in accordance with the Regulations as the vesting occurred after the date of the Report. The share price on award was £1.139. The actual share price on the date of vesting on 12 September 2016 was £1.316259. This price has been used to restate the value of the 2013 PSP awards in the Single Figure for 2016 in the table above and the Single Figure table on page 72.

Performance Conditions

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

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

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

REMUNERATION REPORT CONTINUED

PSP 2013 (granted in FY14) vesting in 2016

The value of the 2013 PSP (which vested in 2016 and was disclosed in the 2016 Single Figure) was based on a share price of £1.261 which was calculated using an average for the final quarter of the 2016 financial year in accordance with the Regulations as the vesting occurred after the date of the Report. The share price on award was £1.139. The actual share price on the date of vesting on 12 September 2016 was £1.316259. This price has been used to restate the value of the 2013 PSP awards in the Single Figure for 2016 in the table above and the Single Figure table on page 72.

£000s Executive director	Value in 2016 Single Figure based on share price of £1.261	Value restated based on actual share price at vesting of £1.316259
2016		
Alistair Cox	1,194	1,247
Paul Venables	861	899

1.2 Non-executive directors FY17 fees (audited)

The table below shows the current fee structure and actual fees paid in 2017. There were no taxable benefits paid in 2017 or 2016.

£000s Non-executive director	Alan Thomson	Paul Harrison	MT Rainey	Victoria Jarman	Torsten Kreindl	Pippa Wicks	Peter Williams
	Chairman	SID					
		R	R	R	R	R	R
	N	N	N	N	N	N	N
		A	A	A	A	A	A
Base	250	55	55	55	55	55	55
Committee fee	–	–	–	–	–	–	–
Committee Chairman ⁽¹⁾	–	12	–	12	–	–	–
SID	–	10	–	–	–	–	–
Total fee 2017	250	77	55	67	55	55	55
Total fee 2016	245	76	27	66	54	54	54

Key

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

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

Section 2 – Long-term value creation

In this section:

- 2.1** Outstanding deferred annual bonus
- 2.2** Share options
- 2.3** Outstanding PSP awards

- 2.4** Statement of directors' shareholdings
- 2.5** TSR chart and table
- 2.6** Payments to past directors/payment for loss of office during FY17

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

The table below shows the shares held under the DAB and those that were awarded or vested during the FY17. The shares that vested related to deferred annual bonus from previous years. The shares awarded in the financial year 2017 relate to deferred annual bonus in relation to performance in the financial year 2016. 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 2016	Awards granted in FY17	Grant price (Market price at date of award) £	Face value of award granted in FY17 (at grant price) £	Awards vesting in FY17	Awards outstanding as at 30 June 2017
Alistair Cox	756,386	168,747	1.382	233,209	312,881	651,591
Paul Venables	543,802	121,666	1.382	168,143	225,586	468,210

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 2017.

Name	Scheme date of grant	Balance 1 July 2016	Granted during 2017 ⁽¹⁾	Exercised	Balance 30 June 2017	Option Price £	Exercise date	Market price on date of exercise £	Gain £000	Date from which exercisable	Expiry date
Alistair Cox	31 March 2014	6,870	–	6,870	–	1.31	2 May 2017	1.742	3	1 May 2017	31 October 2017
Alistair Cox	31 March 2017	–	6,293	–	6,293	1.43	–	–	–	1 May 2020	31 October 2020
Paul Venables	31 March 2014	4,122	–	4,122	–	1.31	2 May 2017	1.742	2	1 May 2017	31 October 2017
Paul Venables	31 March 2016	3,364	–	–	3,364	1.07	–	–	–	1 May 2019	31 October 2019
Paul Venables	31 March 2017	–	3,776	–	3,776	1.43	–	–	–	1 May 2020	31 October 2020

- (1) The share price at date of grant was £1.57.
The value of the options at date of grant was therefore:
Alistair Cox £9,880; and
Paul Venables £5,928.
The option price of £1.43 included a 10% discount.

REMUNERATION REPORT CONTINUED

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.

2015 PSP (granted in FY16) vesting 2018

The share price used to calculate the award is £1.622, 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

(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, SThree Plc and 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:

- Budget (the setting of which is a robust and transparent process):
 - Company budget for FY16 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;
- Analysts' forecasts;
- Real growth around an assumed RPI of 3% per annum. The final Threshold and Maximum figures will be adjusted once the actual RPI is known.

2016 PSP (granted in FY17) vesting 2019

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

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

Performance condition	Weighting	Threshold performance required	Maximum performance required	PSP value as % of salary for:		
				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

Name	% of FY17 salary awarded	Face value at award £000s	Share price at award £	Maximum number of shares	Threshold number of shares
Alistair Cox	175	1,266	1.373	922,134	230,533
Paul Venables	175	913	1.373	664,857	166,214

(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.

(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;
- Analysts' forecasts;
- An assumed RPI of 3% per annum. The final Threshold and Maximum figures will be adjusted once the actual RPI is known.

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

The Committee notes that the EPS target range is lower in absolute terms than the targets applied to the awards made in FY16. However, the Committee is entirely comfortable that these targets are no less challenging in relative terms than the targets applied to the FY16 award and reflect external forecasts.

REMUNERATION REPORT 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 directors had a beneficial interest and details of long-term incentive interests as at 30 June 2017 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 2017	Base salary as at 1 July 2016	Actual share ownership as % of base salary	Guidelines met
Alistair Cox	200%	4,170,235	£1.66	£723,480	957%	Yes
Paul Venables	100%	2,100,035	£1.66	£521,628	668%	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	4,170,235	6,922,590	651,591	1,081,641	4,821,826	8,004,231	1,106%	2,760,438
Paul Venables	2,100,035	3,486,058	468,210	777,229	2,568,245	4,263,287	817%	1,990,272

(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 2017 and used in the above table was £1.66

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

The table below shows the NEDs' shareholdings as at 30 June 2017 – this table has been audited.

Non-executive director	Shares held at 30 June 2017	Shares held at 30 June 2016
Alan Thomson	250,000	250,000
Paul Harrison	8,678	8,678
Victoria Jarman	14,000	14,000
Torsten Kreindl	–	–
Pippa Wicks	–	–
Peter Williams	15,000	6,946
MT Rainey	–	–

Note:

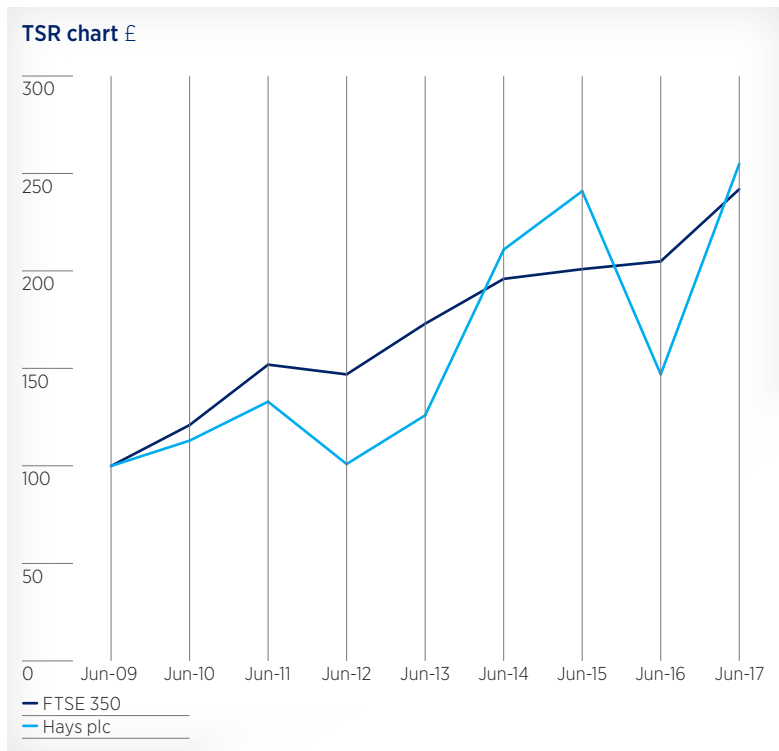
There have been no changes to the above holdings as at the date of this Report.

Andrew Martin and Susan Murray were appointed to the Board on 12 July 2017. They hold no shares as at the date of this Report.

2.5 Total Shareholder Return (TSR)

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

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



Chief Executive historical remuneration

The table below sets out the total remuneration delivered to the Chief Executive over the last eight years, valued using the methodology applied to the total single figure of remuneration. The 2016 figure has been restated to take into consideration the actual share price on date of PSP vesting, as previously explained on page 78.

Chief Executive	2010	2011	2012	2013	2014	2015	2016	2017
Total Single Figure (£000s)	1,634	2,157	1,328	2,012	2,826	3,996	2,796	2,866
Annual bonus payment level achieved (% of maximum opportunity)	89%	80%	37%	95%	98%	98%	65.76%	92.53%
PSP vesting level achieved (% of maximum opportunity)	0%	50%	0%	22%	50%	100%	85.59%	59.76%
DAB match vesting level achieved (% of maximum opportunity)	N/A	59%	60%	N/A	N/A	N/A	N/A	N/A

2.6 Payments to past directors/payment for loss of office during FY17

There were no payments made in relation to either of the above in the financial year 2017.

REMUNERATION REPORT CONTINUED

Section 3 – Remuneration in the broader context

In this section:

- 3.1** Remuneration for employees below Board
- 3.2** Change in Chief Executive's remuneration compared to other employees

- 3.3** External appointments
- 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 has an annual bonus scheme that is measured against Group and Regional 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 Performance Share Plan (PSP) with the same performance conditions as the executive directors.

Employees below the Management Board receive salary and benefits which are benchmarked to the local markets and countries in which they work. These are reviewed annually. There is a strong tie of 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 Performance Share Plan with performance conditions based on Group EPS results measured over one-year. Any shares that crystallise at the end of the performance period have a further two-year holding period prior to vesting. During this time there is also a personal performance underpin. In addition nine countries offer a Sharesave plan to employees. A Resolution was passed at the 2016 AGM to enable the future introduction of 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</p> <p>Based on skill and experience and benchmarked to local market.</p>	<p>Annual bonus</p> <p>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</p> <p>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.</p> <p>Below the Management Board, broadly 350 key employees each year participate in a PSP which has a one-year performance period and two-year holding period. Financial targets are based on Group EPS results. Nominations are reviewed and approved by the Remuneration Committee.</p> <p>Employees in nine countries can participate in a Sharesave scheme with the option to purchase shares after three years.</p>
	<p>Benefits</p> <p>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</p> <p>Client-facing employees have annual bonuses based on personal objectives and/or commission directly related to personal business performance.</p>	<p>Talkback Survey</p> <p>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>
Timeline			
Fixed			
Variable			
Long-term/Ongoing			

REMUNERATION REPORT CONTINUED

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

The following table sets out the change in the remuneration paid to the Chief Executive from 2016 to 2017 compared with the average percentage change for UK employees.

The Chief Executive's remuneration disclosed in the table below has been calculated to take into account base salary, taxable benefits, excluding his allowance in lieu of pension, and annual bonus (including any amount deferred). The UK employee pay (on which the average percentage change is based) is calculated using the increase in the earnings of UK-based, full-time employees who are eligible for increases in salary/benefits and who participate in the standard discretionary (i.e. not commission based) annual bonus plans (employees who receive bonuses on a monthly or other time-scale basis are excluded). It uses P11d data from tax years 2016 and 2017. Part-time employees have been excluded from the analysis as many will have experienced material changes in pay during the period due to their change of hours.

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

	% change in salary FY17 vs FY16	% change in taxable benefits FY17 vs FY16	% change in variable pay FY17 vs FY16
Chief Executive	2%	9%	44%
Other relevant employees	4%	4%	21%

3.3 External appointments

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

For the 12 months ended 30 June 2017, the fees earned and retained by the executive directors were as follows:

- Alistair Cox: Alistair was appointed as a non-executive director at Just Eat plc on 2 May 2017. His annual fee is £60,000 and was pro-rated in line with service during the period.
- Paul Venables: Paul holds no external appointments.

3.4 Relative importance of spend on pay

The table below sets out the relative importance of the spend on pay in the 2017 financial year and the 2016 financial year compared with other disbursements. All figures are taken from the relevant Hays Annual Report.

	Disbursements from profit in 2017 financial year £m	Disbursements from profit in 2016 financial year £m	% change
Profit distributed by way of dividend	108.3	41.7	160%
Overall spend on pay including directors	563.0 ⁽¹⁾	476.3	18%

(1) 60% of the overall increase in pay is due to the impact of movement in foreign exchange rates. The rest of the increase is primarily due to the increase in consultant headcount and rise in commission payments in line with increase in fees.

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

In this section:

4.1 Executive directors

4.3 Voting outcome

4.2 Non-executive directors

Below are the Remuneration Policy decisions for the financial year 2018. The change to the Annual Bonus and PSP structures for FY18 are subject to shareholder approval of the proposed Remuneration Policy at the November 2017 AGM.

There have been no changes to our Remuneration Policy during FY17.

4.1 Executive directors

Summary

Position	Name	Base salary from 1 July 2017	Maximum bonus potential as % of salary	Maximum PSP award as % of salary	Benefits and pension
CEO	Alistair Cox	£737,950	150% (previously 125%)	150% (previously 175%)	No change
CFO	Paul Venables	£532,061	150% (previously 125%)	150% (previously 175%)	No change
		The salaries for the CEO and CFO were increased by 2.0%, in line with the pay review budget for other employees in the UK.	Subject to shareholder approval at the November 2017 AGM. See below for performance conditions.	Subject to shareholder approval at the November 2017 AGM. See grant summary below	

Bonus performance conditions

The weighting of the performance conditions remain as follows for FY18:

Performance condition	Weighting	
EPS	60%	The operation of the Bonus Plan is as set out in the proposed Remuneration Policy on pages 64 to 71. 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%	

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

Any cash award is subject to Clawback conditions for three years from the date of award.

The Malus and Clawback provisions are:

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

REMUNERATION REPORT CONTINUED

2017 PSP (to be granted in FY18) vesting in 2020

Performance period	1 July 2017 to 30 June 2020
Grant date	21 November 2017
Release date	21 November 2020

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

(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 FY18 is: Adecco SA, Kelly Services Inc, Manpower Inc, Page Group (previously Michael Page International plc), Randstad Holdings nv, Robert Half International Inc, Robert Walters plc and SThree plc. During FY16 USG People nv was purchased by Recruit Holdings Co. Ltd and its shares delisted. CDI Corporation has also been removed because it is no longer considered a relevant comparator.

(2) The Committee took into account the following factors when setting the EPS targets for the award:

- Budget (the setting of which is a robust and transparent process):
 - Company budget for FY18 and the expectations for performance;
 - Strategic direction of the business over the period covered by the PSP award;
 - Market conditions and visibility of future trading;
- Analysts' forecasts;
- Threshold and maximum ongoing growth expectations for years two and three are set around a fixed range.

(3) There is a two-year holding period post vesting for any shares that vest as a result of performance conditions being met.

(4) The award is subject to malus for the three-year performance period and clawback during the two-year holding period.

The Malus and Clawback provisions are:

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

Shareholding requirements

For FY18 and going forwards, the shareholding requirement for the CFO will increase from 100% of base salary to 200% of base salary. This brings him in line with the shareholding requirement for the CEO. The CFO already holds above this level of shares – see page 82.

4.2 Non-executive directors

The Committee reviewed the Group Chairman's fee during FY17 and determined that it should increase by 2.0% for FY18. This is in line with other increases across the Company.

The Board reviewed the fees for the other non-executive directors (NEDs) during FY17. They determined that their base fee should increase by 2.0% for FY18 in line with other increases across the Company. In addition, it was determined that the SID fee and Committee Chairman fees should increase to reflect the increasing responsibilities and time commitment of these roles.

All increases were effective from 1 July 2017.

The table below shows the changes.

Position	Fee for FY18 £000s	Fee for FY17 £000s
Chairman	255	250
Base fee	56	55
Committee Chairman	13	12
SID	11	10

4.3 Voting outcome for the Annual Report on Remuneration FY16 at the 2016 AGM

Votes	Number of Votes	%
Votes for	1,121,184,706	96.72%
Votes against	38,040,863	3.28%
Votes withheld	81,710	–

Section 5 – Governance

In this section:

- 5.1** Remuneration Committee members and attendees
- 5.2** Terms of reference
- 5.3** Meetings in FY17

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

5.1 Remuneration Committee members and attendees

The table below shows the members and attendees of the Remuneration Committee during FY17.

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
Pippa Wicks	Member from 1 January 2012	Independent
Peter Williams	Member from 24 February 2015	Independent
MT Rainey	Member from 14 December 2015	Independent

Susan Murray and Andrew Martin were appointed to the Board on 12 July 2017. They will be members of the Remuneration Committee in FY18.

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 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.
FIT Remuneration Consultants and Deloitte	Committee's independent advisers during FY17	Attended by invitation.

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

5.2 Terms of reference

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

5.3 Meetings in FY17

The Committee normally meets at least four times per year. During FY17, it formally met five 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;
- The selection of a new Independent Adviser; and
- 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. This included consideration of any feedback received as a result of shareholder consultation.

REMUNERATION REPORT CONTINUED

5.4 Advisers to the Remuneration Committee

Following the successful tender by PwC to become the Company's new Audit partner, from 1 July 2016 PwC no longer acted as the independent adviser to the Remuneration Committee.

FIT Remuneration Consultants were appointed as interim advisers for the period July 2016 to November 2016 while a formal tender was conducted. During this period they principally assisted the Committee with compliance of the Directors' Remuneration Report. FIT adheres to the Remuneration Consultants' Code of Conduct. FIT provided no other advice or work to Hays during this period.

Following the results of the tender, Deloitte was appointed as the independent adviser to the Committee with effect from November 2016. Since their appointment, Deloitte has advised the Committee on all aspects of the current remuneration policy for executive directors and members of the Management Board. They have also assisted the Committee in its review of the Policy and the proposed changes being put forward to the binding vote at the November 2017 AGM.

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

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

The total fee for 2017 in relation to Committee work was £17,967 excluding VAT for FIT Remuneration Consultants and £91,450 excluding VAT for Deloitte. While fee estimates are generally required for each piece of work and set fees have been agreed for certain regular work, fees are generally calculated based on time, with hourly rates in line with the level of expertise and seniority of the adviser concerned.

5.5 Engagement with shareholders

The Committee seeks to maintain an active and productive dialogue with investors on developments in the remuneration aspects of corporate governance generally and any changes to the Company's executive pay arrangements in particular. During 2017 the Committee engaged with and sought feedback on its proposed Remuneration Policy from 27 of its shareholders as well as other investor bodies. The Committee would like to thank shareholders and the institutions for their time, engagement and constructive dialogue and feedback. The Committee is cognisant that views can differ between shareholders and in the market generally. It has sought to put forward a Policy that recognises the increased importance being placed on executives having a long-term personal stake in the business and has introduced a two-year holding period post vesting for the PSP and increased the shareholding requirement for the CFO to align with that of the CEO. In addition, it has sought to make modest adjustments to the structure of the incentive plans and rebalanced them while ensuring that overall quantum remains the same. Overall, feedback received from shareholders has indicated positive support for the proposed Policy changes. Subject to the results of the binding vote, it is the Committee's expectation to operate the Policy for the next three years.

5.6 Considering risk

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

5.7 General governance

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

By order of the Board

Paul Harrison

Chairman of the Remuneration Committee

30 August 2017

DIRECTORS' REPORT

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

Strategic Report

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

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

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

All of the matters above are incorporated by reference into this Directors' Report.

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

Related party transactions

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

Post balance sheet events

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

Dividends

An interim dividend of 0.96 pence (2016: 0.91 pence) per Ordinary share was paid to shareholders on 7 April 2017. The Board recommends the payment of a final dividend of 2.26 pence (2016: 1.99 pence) per Ordinary share. In addition, the Board is also recommending the payment of a special dividend of 4.25 pence per Ordinary share. These three dividend payments will represent a total dividend of 7.47 pence (2016: 2.90 pence) per Ordinary share for the financial year ended 30 June 2017. Subject to the shareholders of the Company approving these recommendations at the 2017 AGM, the final and special dividends will be paid, in aggregate, on 17 November 2017 to those shareholders appearing on the register of members as at 6 October 2017. The ex-dividend date is 5 October 2017.

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 35 of the Financial Review of this Report.

Directors

Biographies of the serving directors of Hays are provided on pages 44 and 45 of this Report. They all served on the Board throughout the 2017 financial year, with the exception of Andrew Martin and Susan Murray, who joined the Board on 12 July 2017.

General powers of the directors

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

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

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

DIRECTORS' REPORT CONTINUED

Directors' interests

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

Share capital

Hays has one class of Ordinary shares which carry no right to fixed income or control over the Company. These shares may be held in certificated or uncertificated form. On 30 June 2017, the Company had 1,464,096,566 fully paid Ordinary shares in issue, of which 21,079,129 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 2017, 1.44% 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 2017 financial year, Hays transferred 10,084,615 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 these recommended guidelines on dilution limits.

Major shareholders

As at 30 June 2017, 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	7.7%
Virtus Trust	7.1%
Marathon Asset Management	6.2%
Baillie Gifford & Co	6.1%
Columbia Threadneedle Investments	5.4%
BlackRock Inc	3.8%
Heronbridge Investment Management LLP	3.7%
Silchester International Investors	3.1%

Human rights

At Hays we are committed to our Code of Conduct and Ethics Policy, which reflects the way we operate including in relation to human rights. All staff within Hays are expected to act with integrity and honesty and behave in a way that is above reproach, as well as treat people fairly, with courtesy and respect, be responsible, respect diversity and communicate openly. Included in our Code of Conduct is an Equal Opportunity Policy. We make every effort to ensure that no discrimination arises during the recruitment, employment and period after employment of any employee for reasons of gender, sexual orientation, marital status, creed, colour, race, nationality, ethnic or national origin, religious or other belief, political opinion, spent convictions, disability or age, and all employees are expected to deal with all persons with the same attention, courtesy and consideration. This support of equal opportunities applies not only as a direct employer but also in our introduction of candidates to clients. The Company's Modern Slavery Act statement can be found on our website, haysplc.com.

Supplier Code of Conduct

We expect our suppliers to operate in an ethical, legally compliant and professional manner. The standards we expect are detailed in our Supplier Code of Conduct, a copy of which can be found on our website, haysplc.com.

Community support

As the ultimate people business, our employees are keen to support their local communities and charities in any way they can. This effort is operated on local and national levels to great effect through volunteering, fundraising activities and donations. Activities undertaken during the year include homework cafés in Denmark, established across the country for regular students and studying inmates, to provide them with, amongst other things, help for their education; house building in Colombia for people with really low or non-existent incomes; a Get Active for Summer charity campaign in Canada that raised around C\$15,000 for Jumpstart Canada, a charity that funds sports activities for children; and in Belgium we work with over 50 schools and universities to offer information on job searching and delivering workshops.

The end of the financial year marked the end of a two-year collaboration between Hays UK and the charity

Together for Short Lives, during which Hays UK reached the fundraising target of £250,000, raising vital funds and helping Together for Short Lives to provide 12,500 hours of care to seriously ill children in hospices across the UK. In Spain, Hays joined the Alianza FP Dual, a network made up of institutions and companies whose main goal is to promote and develop the quality and relevance of dual vocational training in Spain. In the Czech Republic, Hays continued their collaboration with SOS Children Villages, and provided support for Klokánek (a fund for children in danger) contributing food, toys and clothes for children.

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.

Diversity at Hays

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

Respect for people and becoming an 'Employer of Choice' are the core values in our approach. Our aim is to create an open, honest and unprejudiced working environment and to ensure that all our colleagues feel part of Hays and are respected as individuals.

We value and utilise the differences that our people bring to our business and in the competitive environment in which we operate it is essential that we attract and retain the best people and those that reflect the client and candidate groups we serve.

At Hays, our culture is meritocratic; we share a passion for creating opportunities for our people to flourish and succeed, whatever their background. We know

that diversity of perspective and an inclusive approach is great for business and careers with us. By reflecting our marketplace and embracing difference we can continue to drive an outstanding organisation culture that impacts business results and delivers world-class service to our customers. Fundamental to our leading expertise is a shared commitment to equality and to harnessing the dynamism that diversity and inclusion bring to our workplace.

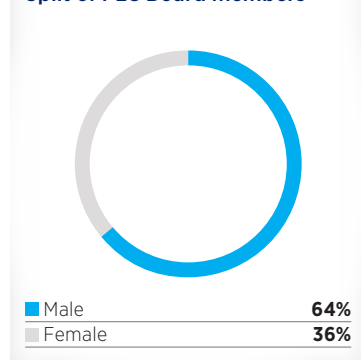
Hays have partnered with the Australian Indigenous Mentoring Experience (AIME) as part of our commitment to Diversity@Hays. AIME gives university students the opportunity to volunteer as a mentor to indigenous high-school children to improve their pathways to further education or employment. AIME started with just 25 children in their programme and since 2005, over 10,000 high-school students and 5,000 university students been through the programme. The programme works on a 'mentor the mentor' structure, ensuring that learnings are passed on to the people within AIME and as a flow-on effect, the indigenous schoolchildren.

Employee involvement

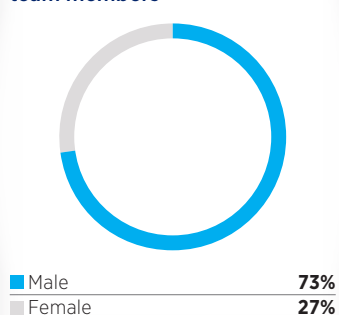
Ongoing communication forms the basis of the partnership between Hays' leadership and its employees. Employees receive business performance updates from Alistair Cox, the Chief Executive, and from their respective regional Managing Directors, by email on a four-weekly basis. These are posted on the Group's 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.

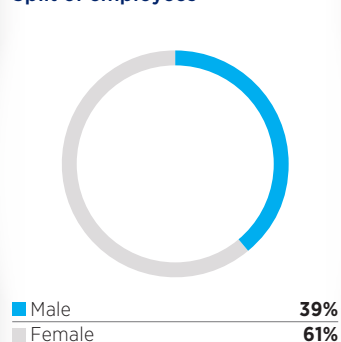
Split of PLC Board members



Split of Senior Management team members



Split of employees



DIRECTORS' REPORT CONTINUED



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.

In the 2017 Glassdoor Employees' Choice Award we were the highest ranked recruiter and fifth overall in the Best Places to Work in the UK. The Employees' Choice Awards programme relies solely on the input of employees, who provide feedback on their jobs, work environments and companies via Glassdoor's anonymous online company reviews survey.

Hays in Germany, Austria and Switzerland received the title 'Top Employer 2017' for outstanding and modern personnel management, which is a great honour for us.

Greenhouse gas emissions

Hays gathers data from every office around the world in order to calculate our greenhouse gas (GHG) emissions in accordance with the World Resources Institute (WRI) Greenhouse Gas Protocol. We measure our annual emissions in relation to employees (our 'intensity ratio'). As a people-based business, number of employees is a quantifiable factor associated with our activities. Our reporting year for GHG emissions is 1 April 2016 to 31 March 2017, and this year our employee intensity per tonne CO₂e was 1.58 (against 1.66 last year (restated)).

FTSE4Good Index

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

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.

2017 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 15 November 2017 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 15 and 16 at the forthcoming AGM will respectively propose the reappointment of PricewaterhouseCoopers LLP as Auditor of the Company and authorise the directors to determine its remuneration. These resolutions will be proposed as ordinary resolutions and shall have effect until the conclusion of the next general meeting of the Company at which accounts are laid.

			2017		2016	
Impact	Scope	Resource	Total GHGs (tonnes CO ₂ e) ⁽¹⁾	% contribution to total	Total GHGs (tonnes CO ₂ e) ⁽¹⁾	% contribution to total
Direct	Scope 1	Operational fuel	115	1	245	2
		Vehicle fuel	4,511	30	4,331	28
		Refrigerant	383	2	344	2
Indirect	Scope 2	Electricity ⁽²⁾	5,590	37	5,775	38
		District heating	396	3	396	2
	Scope 3	Air travel	3,292	21	3,219	21
		Rail travel	260	2	329	2
		Electricity T&D losses	540	3	570	4
		Private cars (business use)	192	1	153	1
		Total direct and indirect		15,279	100	15,362

(1) Greenhouse gas emissions are stated in tonnes of CO₂e (carbon dioxide equivalent, comprising carbon dioxide, methane and nitrous oxide) for the 12-month period ended 31 March 2017. Out of scope Indirect emissions, which were the biogenic part of vehicle fuels, totalled 167 tonnes of CO₂e (167 tonnes in FY16).

(2) All electricity totals are calculated using 2016 government location-based conversion factors.

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 2017 AGM to make limited donations or incur limited political expenditure, although it has no intention of using the authority.

Resolution 17 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 2018 AGM.

Authority to allot shares

At the 2016 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 2017 AGM.

Accordingly, Resolution 18 will be proposed as an ordinary resolution to renew this authority for a period expiring at the conclusion of the 2018 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 19 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 19 will be proposed as a special resolution to renew this authority for a period expiring at the conclusion of the 2018 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 20 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 20 will be proposed as a special resolution to renew this authority for a period expiring at the conclusion of the 2018 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 21 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 2018 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.

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
30 August 2017

DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

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

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

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

By order of the Board

Alistair Cox
Chief Executive

Paul Venables
Group Finance Director
30 August 2017