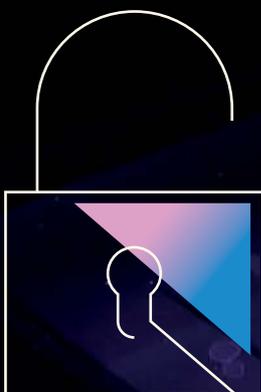


s|three<sup>00</sup>

*Unlocking our*

**unique  
potential**





## Strategic Report

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**SThree is the global talent partner which specialises in connecting highly sought-after STEM specialists with dynamic organisations across the world. Whilst supporting our clients in finding this STEM talent, and helping our candidates achieve their career goals, we remain committed to taking meaningful action to build a sustainable future for everyone.**

### More information

SThree's Annual Report and Accounts 2023 is our primary report to shareholders. It provides an overview of the performance of the Group for the year ended 30 November 2023, disclosures relating to our financial, operational, environmental and social performance, and detail on our strategy. Supplementary information and disclosures are provided in the following documents and referenced in this report.

### ESG Impact Report

[sthree-impact-report-2023.pdf](#)

### Climate Change Report

[sthree-climate-change-2023.pdf](#)

### Summary of notices and policies

[sthree-ar23-notices-and-policies.pdf](#)

### Online quick read

A concise summary of the SThree Annual Report, highlighting strategy, performance, sustainability information as well as examples of how we have engaged with our stakeholders can be found at: [sthree.com/annual-report-2023](#)

### Online investor centre

All SThree corporate reports, including investor briefings, trading updates, share price information and analyst coverage can be found at: [sthree.com/investor-centre](#)

The Strategic Report from page 2 to page 85 was approved by the Board on 29 January 2024 and is signed on its behalf by:

**Timo Lehne**  
Chief Executive Officer

**Andrew Beach**  
Chief Financial Officer



Unlocking our purpose by

# bringing skilled people together to build the future

Our purpose is focused on making the most of favourable market megatrends and investing in our platform for future operational excellence, to allow us to provide a quality service and deliver sustainable value to our stakeholders.

Our purpose is grounded in our ESG commitments, which are focused on encouraging diversity in STEM (Sciences, Technology, Engineering and Mathematics), reducing our own environmental impact and contributing to a net zero future by facilitating green careers<sup>1</sup>.

Our vision is to be the #1 STEM talent provider in the best STEM markets.

## Highlights

A resilient performance against a record prior year and challenging global macro-economic backdrop.

### Group financial highlights in FY23<sup>2</sup>

**Net fees**  
**£419m**  
FY22: £431m

**Basic earnings per share**  
**42.4p**  
FY22: 41.0p

**Operating profit**  
**£76m**  
FY22: £78m

**Net cash**  
**£83m**  
FY22: £65m

→ **Chief Financial Officer's statement**  
Pages 34-37

### Group operational highlights in FY23

**eNPS** Engaging, developing and empowering our people.  
**43**  
FY22: 51

→ **Our People**  
Pages 28-31

**NPS** Delivering high-quality customer service supported by investment in the right technology.  
**48**  
FY22: 52

→ **Our Position**  
Pages 32-33

**Taking action on climate**  
**8% reduction in CO<sub>2</sub>\***  
(FY22: 44% reduction\*)

Science-based GHG reduction targets approved for scopes 1, 2 & 3, aligned to a 1.5°C scenario.

**Doubled the share of renewable business\***  
(FY22: 88% growth\*)

Through delivering STEM skills required in the transition to a low-carbon economy.

\* Since FY19

→ **Our commitment to being a responsible business (including TCFD)** Pages 52-75

**Lives positively impacted**  
**25,725**  
(FY22: 32,970)

Through delivering recruitment solutions and community programmes in FY23.

1. Read more about how we apply our purpose in day-to-day activities and what progress we are making towards achieving SThree's ESG commitments in the case studies that feature throughout this Annual Report. You can identify these by looking for this QR code icon.

2. The Group also uses alternative performance measures (APMs) to help explain its business performance. Further information on APMs, including a reconciliation to the financial statements (where appropriate), can be found on pages 193 to 195.

3. Peer group reflects top two to four listed peers in each region.  
4. See 'Alternative performance measures' note for details on applied methodology, pages 193 to 195.

## We deliver our purpose through four strategic pillars

We have led our industry for nearly 40 years, specialising in STEM before anyone else – we are proud pioneers. We accelerate careers, enrich lives and enable people to make a difference to the world around them – that goes for our own colleagues as well as our candidates.

### Our Places

To be a leader in markets we choose to serve

We focus our decision making on disciplined investments into target regions and STEM skill verticals. Our global house of well-respected brands provides us with deep STEM expertise and broad networks of clients and candidates.

**Our FY24 goal**  
To grow Group market share faster than our peer group<sup>3</sup> (on a net fee basis compared to FY19).

→ **Further reading**  
Strategy overview, pages 18 to 19

### Our Platform

Create a world-class operational platform through data, technology and infrastructure

We accelerate digital transformation to drive greater operational excellence, productivity and customer experience. Using innovative technology and insightful data, we enable knowledge-fuelled consultants to perform at their best.

**Our FY24 goal**  
In the short term, progression of our conversion ratio<sup>4</sup> is expected to be affected by current macro-economic headwinds.

In the mid to long term, we aim to build a business that can achieve its conversion ratio at 21% or higher.

### Our People

Find, develop and retain great people

We create a high-performance, inclusive culture. We invest in talent acquisition strategy, best training and development initiatives, and offer competitive reward and incentives to attract the best talent in the best markets.

**Our FY24 goal**  
Achieve and maintain an upper quartile eNPS in the professional services sector/industry.

### Our Position

Leverage our position in STEM to deliver sustainable value to our candidates and clients

Define what we want each of our brands to be famous for and drive our reputation as the undeniable first choice for clients and candidates within STEM.

**Our FY24 goal**  
To positively impact 150,000 lives since FY19.



## Global labour market landscape<sup>5</sup>

The past few years have completely altered the shape of the labour market. From the large volume of job losses in 2020 to sharp rebounds in most economies leading to elevated wage growth, shortages of workers, high numbers of job openings and shifted working habits.

Through 2023, in the face of ongoing macro-economic and geopolitical uncertainties which accelerated a series of cascading and interconnected global crises in food, fuel and energy, major economies such as the US narrowly avoided a recession and mild contractions in economic activity were recorded in the UK and some EU economies. Nevertheless, labour demand remained robust, mostly driven by the technological advances, widening digitalisation and the 'green transition'. Also, throughout the year a series of critical reviews led by the United Nations took place to assess international agreements on sustainable development, climate change, gender equity, financing, natural disasters and universal health coverage. It helped to build political momentum, articulate new commitments and inclusive coalitions to accelerate progress of green investments and businesses' decarbonisation. These developments contributed to the growth in demand for highly skilled talent and underpin our confidence in the resilience of our business model and strategy with strong focus on STEM jobs and skills.

### We differentiate between five global megatrends which gained traction and draw in sought-after specialists in life sciences, technology and engineering.

Today, the global STEM talent market is valued at circa £112 billion in annual revenue<sup>6</sup>, of which the key driver is the net job-creation in roles related to technology, digitalisation and sustainability. Roles within AI and Machine Learning Specialists are top of the list, followed by Sustainability Specialists, Business Intelligence Analysts, Information Security Analysts, Renewable Energy Engineers, and Solar Energy Installation and System Engineers.

These roles are typical for STEM markets, within which we operate, and provide enormous opportunity for SThree.

#### Digitalisation

Digitalisation is transforming business models around the world, helping companies to make huge leaps forward, enabling them to become more sustainable and resilient. Businesses are adopting leaner ways of working, with software-driven production, allowing more capacity for innovation and cost efficiencies.

Global direct investment in digital transformation is expected to reach \$3.4 trillion by 2026 and this rate of investment is accelerating.

Changing customer demands, increased technological complexity and innovative digital technologies, including Artificial Intelligence (AI) and machine learning, are driving an explosion in demand for specialist technology skills. It is forecast that 69 million new digital jobs will be needed by 2027.

Global investment in digital transformation, by 2026

**\$3.4tr**

Source: Statista

New digital jobs required globally by 2027

**69m**

Source: WEF Future of Jobs Report 2023

Global annual venture capital investment in quantum computing in 2021

**\$1bn**

Source: HSBC Global Research, Nine key themes to guide your outlook

Growth in SThree technology-related net fees since FY19

**+36%\***

#### Decarbonisation

A large scale global action towards a green energy transition is ongoing and is expected to accelerate over the next decade, partially thanks to the development and widespread adoption and deployment of innovative technologies and engineering skills.

According to the International Energy Agency, by 2030 14 million new jobs will be created in global energy supply, and a further 16 million in clean energy end-uses, such as more efficient appliances, electric and fuel cell vehicles, building retrofits and energy-efficient construction. In the next five years, this job growth will be driven through both public and private investments, driving an exponential growth in demand for engineering and 'green' tech talent.

Global investment in the energy transition in 2022

**>\$1tr**

Source: HSBC Global Research, Nine key themes to guide your outlook

New 'green' energy jobs required globally by 2030

**+14m**

Source: IEA Net Zero – clean energy jobs by 2030

Growth in SThree net fees in renewables since FY19

**+142%\***

#### Research-led healthcare

The pandemic has led to profound changes and developments that have significantly accelerated the pace at which the life sciences sector is evolving.

Ensuring that solutions and knowledge, including AI and reliable data, are developed in good time to address future healthcare priorities is the foundation of this megatrend. Research and development, technology, regulation, remote care and efficient manufacturing will be essential for the life sciences sector to reach its full potential in the coming years.

Companies at the forefront of these exciting areas will create ongoing demand for highly skilled specialists within quality assurance, clinical operations, regulatory affairs and other medical specialists.

Growth in global pharma R&D spend, 2019–2026

**+24%**

Source: Statista

Growth in SThree Life Sciences-related net fees since FY19

**+10%\***

Share of health and healthcare firms expect to be using AI by 2025

**89%**

Source: HSBC Global Research, Nine key themes to guide your outlook

#### Generational shifts

The world is facing fast-ageing populations, lower birth rates and smaller households. By 2030, 1.4 billion<sup>7</sup>, or one in six people, in the world will be aged 60 years or over and this is expected to reach more than two billion people by 2050.

The proportion of people of working age globally is therefore shrinking, while the relative number of those retiring is expanding, driving acute labour shortages across every sector.

Changing demographics, including labour shortages post-pandemic, are one of the driving forces behind the research and development and encourage the adoption of automation technologies to boost productivity. This leads to a rise in demand for a highly skilled workforce, as well as increased rates of pay, especially in STEM fields.

Global shortage of skilled workers by 2030, with the largest gap in technology and engineering

**85m**

Source: German Economic Institute

US growth of STEM occupations between 2017–2029

**8.8%**

Source: Id Tech Ageing and health (who.int)

Growth in SThree STEM contractor order book since FY19

**+51%\***

#### New working models

The pandemic has changed the way the world thinks about wellbeing, mobility, infrastructure and therefore work practices.

Driven by recent technological advances, many people are no longer constrained by traditional 9-5 working models. Furthermore, a shift towards remote working has seen businesses adapting existing infrastructure or making 'smart' urban developments, which in turn call for significant investment and highly skilled STEM professionals.

Greater work flexibility gives candidates the confidence to go from contract to contract, developing their career within their given sphere of expertise. This contributes to ongoing growth in the number of freelancers and independent contractors, which according to 62% of global executives polled by Ceridian will substantially replace full-time employees within the next four years.

Share of global candidates stating flexible working as a factor that will affect their career

**63%**

Source: SThree research 'How the STEM world evolves' 2023

Share of executives believe freelancers likely to replace full-time employees in next four years

**62%**

Source: SIA/Ceridian 2021 survey

Growth in SThree contract net fees since FY19

**+36%\***

\* In constant currency.

5. Based on [https://www3.weforum.org/docs/WEF\\_Future\\_of\\_Jobs\\_2023.pdf](https://www3.weforum.org/docs/WEF_Future_of_Jobs_2023.pdf)

6. Based on our top five markets which together represent 74% of global STEM market by revenue. Source: SThree analysis, SIA data.

7. Source: Ageing and health (who.int/news-room/fact-sheets/detail/ageing-and-health).

## Unlocking our unique potential by

# delivering in line with our strategy

**2023 has been another challenging year for many people around the globe. Heightened levels of geopolitical and macro-economic instability have impacted individuals, businesses, and governments creating an increasingly complex commercial environment. Meanwhile, issues that were prevalent last year, including high inflation and interest rates, the rising cost of living and a global energy crisis have continued to have an impact on our lives.**

Our teams, customers and key markets of operation have all been impacted differently by these issues, yet I am proud that STthree has still delivered a resilient performance this year, thanks to our strategic focus on sourcing and placing the best STEM talent. Our robust performance in Contract, supported by our unique Employed Contractor Model (ECM), underpins our confidence in the megatrend that is the demand for flexible workers in STEM. In the year we placed 15,292 skilled people and maintained a strong order book throughout. I would like to thank our clients and candidates for the trust they have placed in the Group this year. I would also like to thank every member of the STthree team for their efforts to support our customers. It is thanks to their skill and dedication that STthree finds itself in this position of strength today, with many exciting opportunities to be pursued in the near future.

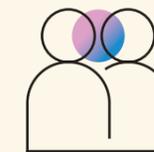
Since Timo's appointment as Chief Executive Officer in April 2022 his energy and vision has spread across the business, with the whole team coming together to execute an exciting growth strategy. Our Technology Improvement Programme underpins a large part of this strategy and I am delighted to report that it continues to roll out at pace, providing a market-leading platform for future growth and productivity that has been designed to provide us with the best opportunity to continue to seize market share in our target markets.

Following the resilient trading performance in the year, coupled with a healthy balance sheet position, the Board is proposing a final dividend at 11.6 pence per share, which taken together with the interim dividend of 5.0 pence per share, gives the total dividend for the year of 16.6 pence per share, an increase of 4% over the prior year. This is in line with the Board's policy to offer shareholders long-term ordinary dividend growth within a targeted cover range of 2.5x to 3.0x and forms part of our wider capital allocation policy.

Maximising shareholder value through a disciplined approach to investment to deliver growth in net fees and margin, whilst maintaining a strong balance sheet and sustainable through-the-cycle dividend, remains a priority for the Board. Following a periodic review, the Group's capital allocation policy has been refreshed to reflect investments in business improvement alongside organic and inorganic growth as a key aspect of our strategy.

Across the Group, we are clear on our ambitions and delivering our strategy. With the addition of Margot van Soest (Managing Director, Netherlands & Spain), Sarah Mason (Chief People Officer) and Matt McManus (Managing Director, US) to the Executive Committee, coupled with the appointment of Imogen Joss as Non-Executive Director early in the financial year, we have an enhanced, experienced executive leadership team and Board in place to drive the Group forward. I would like to thank both the executive team and Board for all their hard work this year, alongside those inside and working together with our business who have helped us achieve a resilient set of results. I am especially proud of our promotion to the FTSE 250, after too many years of absence. This is a clear reflection of the progress we have made, and is another key milestone in STthree's ongoing journey.

We remain committed to reducing our impact on the planet, providing great opportunities for our people and ensuring we have the governance processes in place to protect each and every STthree stakeholder. We are proud to support the transition to a green economy by connecting engineering talent to the green energy projects where they are most needed, and we



are dedicated to making STthree an employer of choice for staff. I am delighted that, for the first time, through targeted ownership opportunities, over 50% of our employees are now shareholders in the business, something we see as the ultimate vote of confidence in our direction of travel, providing strong alignment with our wider shareholder base.

Looking ahead, while we remain conscious of the wider economic environment, I am confident that the Group will continue to deliver against our strategy. We have continued to invest across the business, enhancing and innovating how we operate so that as customer confidence strengthens and the market returns to growth, we are in the best position possible to seize the opportunity. With a market-leading technology suite underpinning our future operations and a talented and experienced team in place, we are confident in the Group's long-term prospect.

**James Bilefield**  
Chair

29 January 2024



**STthree finds itself in the position of strength today, with many exciting opportunities to be pursued in the near future.”**

**James Bilefield**  
Chair



Unlocking our unique potential through



# the power of talent



**Our unique model and strategic focus on STEM and flexible talent provide us with a strong platform both now and over the long term.”**

**Timo Lehne**  
Chief Executive Officer



**I am proud of the work we have achieved over the past year. The Group has performed well against a challenging economic backdrop, demonstrating the resilience of our business model and strength of our strategy, with the megatrend of demand for flexible STEM workers persisting across our core markets. Through this, we have invested in our people, infrastructure product offering and made excellent progress in the positioning of SThree for sustainable long-term growth.**

The strength of the Group derives from our clear purpose: bringing skilled people together to build the future. We firmly believe that the future is flexible STEM talent. Underpinned by long-term megatrends, the two growth drivers of STEM and flexible talent have proven resilient through cycles, providing a unique business model that delivers quality of earnings and good visibility.

Whilst this core purpose remains consistent, we must also evolve. As a business consciously aligned to megatrends, we are acutely aware of how these structural forces, such as digital transformation, changing patterns of work, and the opportunities presented by artificial intelligence are affecting every industry. We have established a position as a leading specialist talent partner, built over decades through unrivalled STEM networks, long-term client relationships and deep expertise, all of which work together to create significant competitive differentiation. From this, we are progressing to the next stage of our growth journey as a digital-first organisation, with an integrated end-to-end platform that will redefine our potential and support us in unleashing our vision.

At the same time, we continue to be guided by our disciplined and focused approach to our investment decisions, supported by a robust business model. For FY23, the Group delivered net fees of £419 million, 4% down on the record prior year performance. With ongoing exceptional levels of productivity combined with tight cost control, whilst also benefitting from spend recognition timing on the Technology Improvement Programme (TIP) (without impacting delivery) we delivered operating profit of £76 million. This was delivered alongside a material increase in net cash balance to £83 million and a contractor order book of £184 million. This provides us with the financial strength and flexibility to pursue our market opportunity and to deliver value to shareholders.

**Our approach: a platform of STEM resourcing solutions supporting our customers' business ambitions**

The Group provides solutions to customers predominately through the placement of specialist STEM Contract skills, representing 82% of total net fees, as this model is particularly well aligned to employee and employer preferences in STEM roles. Within this, we have also established a specific expertise in delivering ECM, whereby contractors are directly employed by SThree and which is increasingly a source of growth for the business, now comprising nearly 50% of the contractor order book. We also provide our clients with high-value Permanent skills in select, strategic markets. The Group's STEM proficiency across all three employment models, whether it be Contractors, ECM or Permanent roles, allows us to offer the best solution to meet our customers' bespoke requirements.

We wrap this in a customer-centric service delivery approach, working collaboratively with our clients to source the scarce skills on which they depend, building enduring relationships with our contractors who view SThree as a partner in their career development. We are a people business, and we are super-charging our teams through the implementation of a sophisticated and integrated IT infrastructure. This is bringing our organisation closer together to drive scale, efficiencies and productivity, particularly in our growing ECM business which is complex and compliance heavy. We believe this will be a game-changer in the industry.

**The market: our model performing in a challenging environment**

Global macro-economic factors through the year, such as high inflation, market uncertainty and high interest rates weighing on investment decisions, have created a challenging labour market. Many organisations took stock of their previous expansive hiring initiatives to reassess their footprint in light of a weakening outlook.

The priority for organisations shifted to business-critical requirements, which for many is represented by STEM Contract skills. Whether it be engineers, cyber security specialists or medical scientists, organisations across sectors are dependent to function effectively. We saw these market dynamics play out during the year with robust extensions as clients sought to retain critical STEM skills helping to somewhat offset weaker new placement activity across the market.

**Progressing our ESG commitments**

As we navigate through periods of transient market conditions, we do not lose sight of our ESG commitments. We know that a successful business is a responsible one, seeking to deliver a positive outcome for all stakeholders. As such, we are pleased to have not only made continued progress against the clear ESG targets we have set ourselves, but to have also strengthened our environmental ambitions during the year with a new science-based target (SBTi-verified) of net zero before FY50. This complements the work we do every day promoting jobs that will build a sustainable future, and we are delighted to have achieved our target of doubling the share of our global renewables business ahead of the target date of FY24.

We continue to strive for social mobility and equity in STEM by encouraging diversity in our talent pipeline. We do this through our Elevate Careers programme and our partnership with Women Who Code where we have funded scholarships for 3,700 women. In FY23, we welcomed 47 women to our internal talent programme, Identify. We can see how the programme is improving retention and progression of our female employees, but we recognise we need to do more to make progress towards our ambition to have 50/50 women in leadership roles and this will continue to be a priority in FY24.



**We have a talented team and are building a market-leading technology suite, to help us drive future growth for the Group.”**

**Timo Lehne**  
Chief Executive Officer



**Strategic execution**

***Our places – knowing where to play, play where we can win***

Our analytical and data-driven approach informs the regional and vertical mix we choose to operate in. Over the year we forensically analysed and validated our footprint, reconfirming our confidence in our active market coverage of 11 countries strategically focused in the biggest STEM markets. With an average share of under 3%, we believe there is substantial scope to scale, both organically and, given the highly fragmented and niche landscape, through select acquisitions that align with the Board's strict criteria, and in doing so, realise the increasing benefits of economies of scale.

This analysis also brought greater clarity and insight into the strategic direction for our regions – understanding where our core opportunities lie to drive margin and higher value, versus those regions ripe for steady growth or fast scaling opportunities. Within this context we continue to refine to how we go to market. Within the US, we reinforced our presence by moving away from a brand-led management structure, to having strong fully integrated regional teams serving all of our brands, and across the organisation we introduced new tools and dashboards to bring greater performance insight.

***Our platform – digital first***

We have bold ambitions to be a digital-first innovator in a traditionally analogue industry, and we see huge scope to drive higher margin growth by leveraging the power of modern technology. The systematic roll out of our TIP continues to progress on track and on budget, with our first deployment successfully completed in the US. Whilst we continue to work on data quality testing, it is evident that the end-to-end platform is working. We have already onboarded over 2,000 contractors, using it to submit timesheets, while to date we have issued over 15,000 invoices reflecting around \$70 million of revenue.

We are seeing the early benefits from our first deployment, including the systemising of best practice and process efficiencies, helping to improve both employee and client experiences. Our disputed invoice volume has fallen considerably as a result of improved data collection, and our Contractor payment process, which previously required a high proportion of manual intervention due to its complexity, has been streamlined significantly, freeing teams up to be more productive. As we have said before, the wider benefits around efficiencies and scaling will become evident with time as the TIP progresses, and the platform develops richer functionality.

We look ahead to our next regional deployment in Germany, commencing in the first half of FY24. We have a great team in place and are confident in our approach as proven by deployment in the US.

***Our people – best employer, best people***

The engine of our business is our brilliant people, and as such, we are focused on making our business a destination employer, attracting and retaining the best talent, in order to support our collective push as one team to achieve our growth ambition. The key metric we monitor to assess our standing is our employee net promoter score, and we were pleased to have comfortably retained our position this year in the top quartile of professional services companies. We continue to see high engagement across our employee surveys, there is growing uptake across the organisation of our DE&I learnings initiative launched in the previous year, and the soft launch of our newly redefined values in H2 to our sales leadership team is helping shape our culture as we grow.

With relation to the TIP, whilst a great deal of focus is on IT migration and data management, key to our programme is our training and change management initiatives working to ensure our teams understand our new capabilities and have the skills to adopt new ways of working. We have also started some bigger programmatic work, taking the global best practices and looking to standardise excellence.

Building on this, we will look to embed our new values across the Group. Other priorities are centred on ensuring we have the right incentives and infrastructure to allow our people to thrive, including the continued optimisation of our office footprint in line with current working model expectations, new talent management programmes to retain key talent and drive shorter time-to-productivity, and ongoing efforts to ensure an inclusive working environment that promotes best practice and ambition.

***Our position – a winning brand with competitive and differentiated value propositions***

We are committed to providing best-in-class STEM staffing services to our clients and candidates by leveraging our global network of specialised brands. Our approach ensures that every client receives tailored solutions, unparalleled expertise, and a pathway to reach their goals amid an ever-changing landscape whilst helping candidates realise their career ambitions. During the year, we reinforced our go-to-market brand position in specific vertical skills, elevated our thought-leadership through new research 'How the STEM world evolves', and established a Group Commercial function under a new Chief Commercial Officer position to coordinate our commercial strategy.

**Outlook**

As we look forward, Contract extensions remain strong and provide an ongoing source of resilience, although as we await an easing of the macro-economic backdrop, new business activity continues to be subdued for longer than expected. Our conversion ratio, whilst anticipated to temper from the exceptional FY23 levels as our staged investment programme progresses, is expected to remain sector leading. We have been consciously positioning the business for the future and whilst we continue to operate in a challenging market environment, this does not change our focus. We have a resilient business, a talented team, great client and candidate partnerships, and we are building a market-leading technology suite. With our investments and innovations, we are confident that when the market returns to growth, we will be in a position of strength to source the best STEM talent the world needs.

**Timo Lehne**  
Chief Executive Officer

29 January 2024

Basic earnings per share

**42.4p**

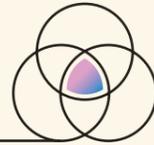
FY22: 41.0p

Total dividend per share

**16.6p**

FY22: 16.0p

Unlocking our unique potential by



# giving customers access to a global network

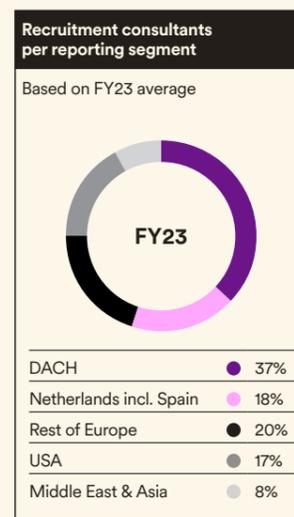
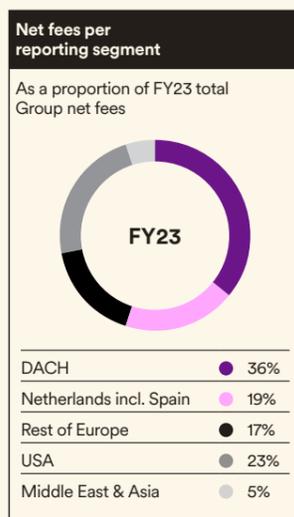
SThree is a multi-brand organisation, giving our customers access to a global network of dedicated STEM specialists. SThree employs circa 2,700 people across 33 offices in 11<sup>8</sup> countries, with key operations located in Europe, the USA, the Middle East and Japan.

## Where we operate

### Financial reporting segments

Since FY23, the Group's reportable segments are as follows:

Reportable segment name	Countries included
● DACH	Austria, Germany, Switzerland
● Netherlands including Spain	Netherlands, Spain
● Rest of Europe	Belgium, France, the UK
● USA	USA
● Middle East & Asia	Dubai, Japan



8. Excluding Ireland, Luxembourg and Singapore, which as of 30 November 2023 were no longer a going concern.

## A global network



### Europe offices (Head office: London)

Amsterdam  
Antwerp  
Barcelona  
Berlin  
Birmingham  
Bristol  
Brussels  
Düsseldorf  
Eindhoven

Frankfurt  
Glasgow  
Hamburg  
Hannover  
Leeds  
London  
Madrid  
Manchester

München  
Nürnberg  
Paris  
Rotterdam  
Stuttgart  
Utrecht  
Vienna  
Zurich

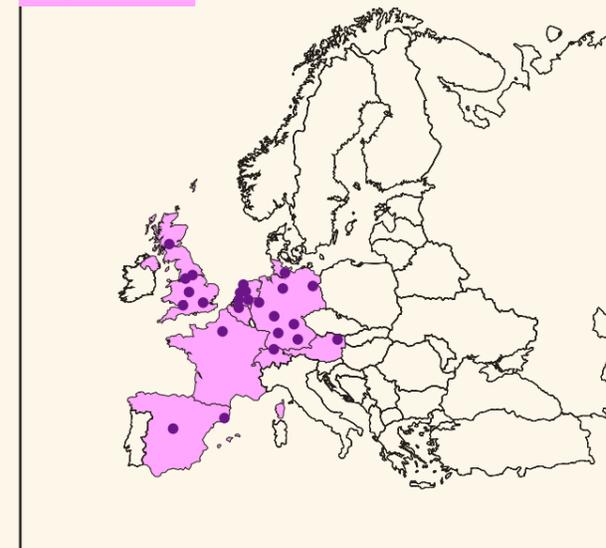
### USA offices

Austin  
Boston  
Chicago  
Houston  
New York  
San Diego

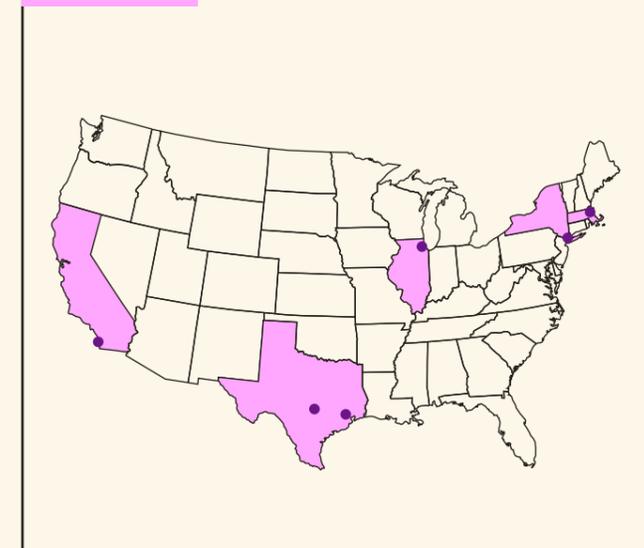
### ME & Asia offices

Dubai  
Tokyo

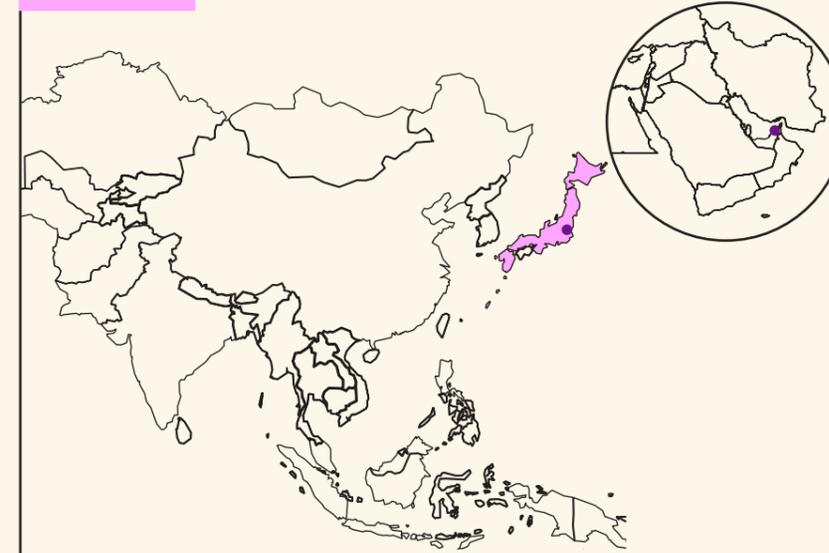
### Europe



### USA



### ME & Asia



## Our key value drivers

We have long-standing relationships and strong internal resources which we use to do business and create and preserve value for our stakeholders and for wider society.

### Our relationships

#### Our people

with a broad range of skills, experience and values, are crucial to deliver our purpose and strategy.

#### Candidates

who depend on us to connect them with the right opportunities and dynamic organisations in need of highly specialist STEM talent.

#### Clients

for whom we adapt our business and strategy by investing in the right vertical niches, improving and developing our service proposition so it continues to be relevant to evolving client needs. And for whom we have become the go-to partner to find niche STEM skills.

#### Local communities

where we established long-standing partnerships with local authorities, non-governmental organisations and other institutions. Together we contribute to development of a more diverse and innovative STEM talent pipeline.

#### Investors

with whom we engage to share our strategic priorities and performance.

### Group resources

#### SThree's culture

is open, cooperative and performance focused. It is underpinned by policies and business practices and a well-established corporate governance framework, all of which are designed to guide our behaviours and ways of working across SThree. Our culture demonstrates a commitment to treating all employees, candidates, clients and local communities with respect as critical partners in our business.

#### Financial position

we fund our business through a strong operating cash flow, supplemented by debt and equity when needed. An appropriate mix between the three provides us with strategic flexibility to pursue value-enhancing opportunities when they arise.

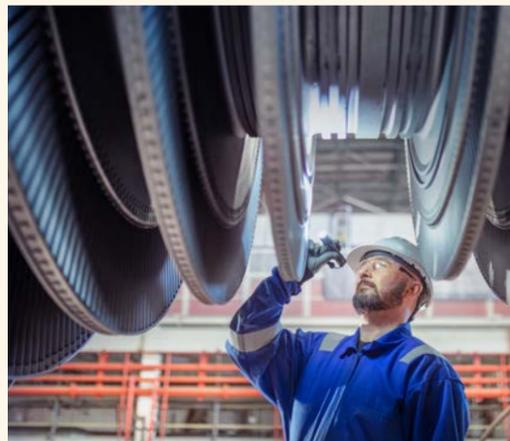
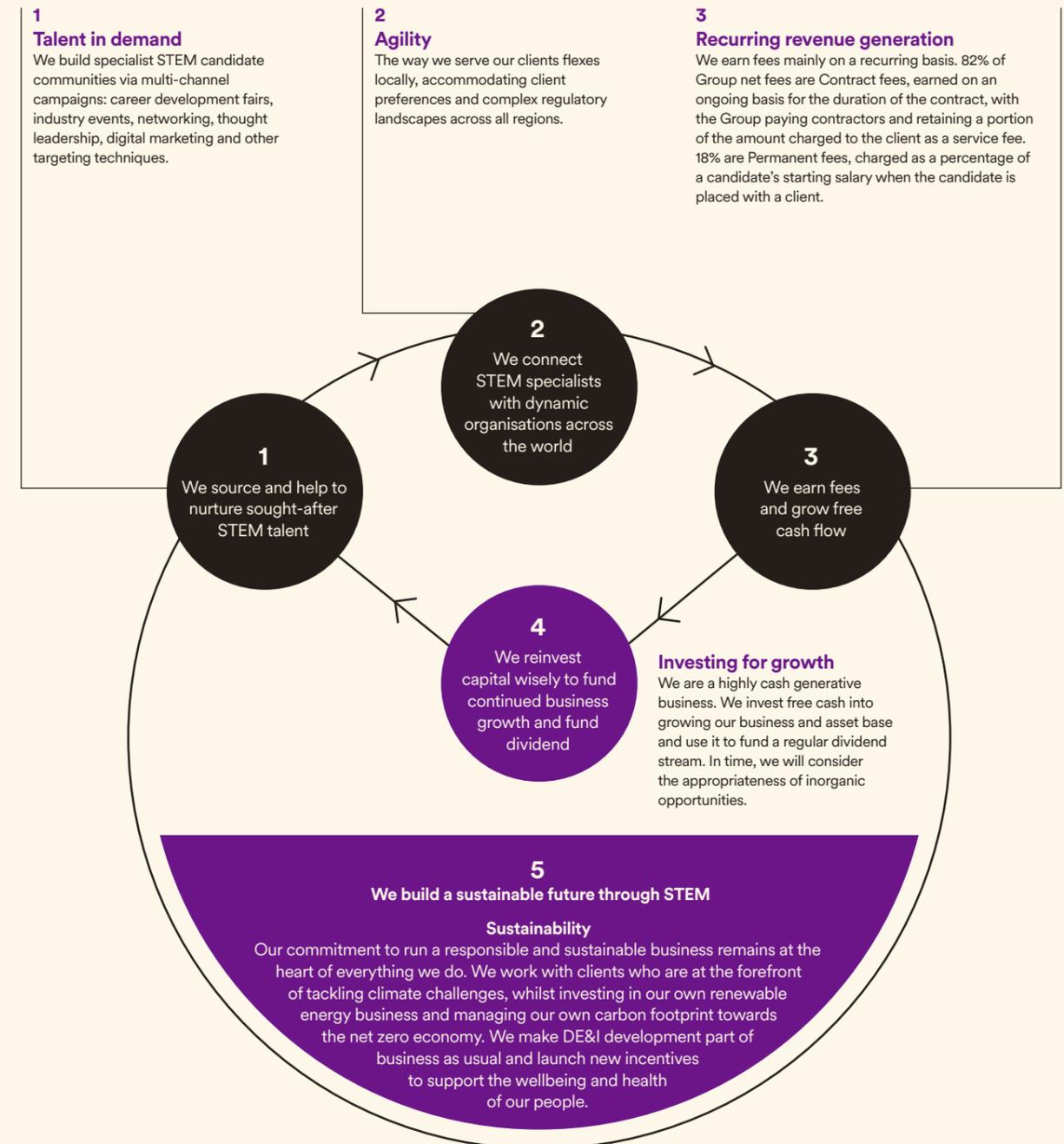
#### Geographic footprint

with a strong leading presence in key STEM markets where technological change is at full speed and demand for contract roles outstrips supply.

## What we do

As the global STEM specialist talent partner we connect sought-after specialists in life sciences, technology, engineering and mathematics with dynamic organisations across the world.

## How we do it



## What value we create for stakeholders

Our natural ability to bring people together sets us apart. By nurturing closer relationships with our employees, candidates and clients, we earn loyalty and inspire collaboration. By combining it with responsible resource management, and close relationships with local communities, we create value for all our stakeholders.

### Examples of our value creation in FY23

#### Our people

**7.1%**

of operating profit invested in learning and professional development programmes

**41,264**

employee training hours

For our 2,654 people worldwide, we provide a great place to work and invest in ongoing learning and development, wellbeing and DE&I programmes, all in support of creating an inclusive culture, winning our employees' engagement and empowering them to meet their goals.

#### Shareholders

(our institutional and retail investors)

**11.6p**

recommended final dividend per share

**£27.4m**

total dividends distributed to shareholders in FY23

We aim to pay a dividend that is sustainable through the cycle, and which will be driven by long-term earnings growth. In FY23, the Board recommended a final dividend for the year of 11.6 pence per share.

#### Environment

**8%**

reduction in CO<sub>2</sub> emissions since FY19 base year

We source the talent needed to build a sustainable future, partnering with clients to support the transition to a low-carbon economy. Our ambition is to be a net zero company by FY50, with a near-term target of reducing scope 1 and 2 GHG emissions by 77%, and scope 3 GHG emissions by 50%, by FY30 versus the base year FY19.

→ Full details of our transition to net zero can be found on page 71

#### Candidates and clients

**15,292**

candidates placed in FY23

**>7,200**

clients we worked with around the world in FY23

We use our deep knowledge and global network to understand the needs and career aspirations of the best STEM professionals and match them with the organisations that need them, in both permanent and contract roles. Their work helps our clients make new discoveries, increase the accuracy and availability of technologies and to realise the long-term potential of technology to address the world's challenges.

#### Local communities

**431**

people accessed career support programmes

**3,094**

hours volunteered in local communities

We use our knowledge and experience to support local communities and initiatives to help eliminate barriers to employment and create more pathways into STEM careers.

## Our key competitive advantages

We are where the world comes for scarce STEM talent. This is where we operate. By successfully focusing on STEM and developing a deep knowledge of our candidate specialisms and our clients' needs, we are able to bring clients and candidate talent together. The ability to achieve a perfect fit is highly valued by both parties. That enables us to maintain our pricing, invest in enhancing our service, continue to take market share in a growing market and generate sustainable returns.

### Focus on STEM

#### Significant market potential

SThree operates in the world's largest STEM markets: the USA, Germany, the Netherlands, the UK and Japan. Despite our strong market positions we have a relatively small market share (circa 2% of the potential STEM market in the top five markets). This offers us a significant opportunity for growth.

**c.2%**

Our share of STEM market in our top five countries

#### Global house of STEM specialist recruitment brands

Each of our brands brings expertise in specific sought-after skills within science, technology, engineering and mathematics. We understand them and know how to achieve the goals of STEM professionals and the organisations that need them across many sectors – for both permanent and contract work.

**1,833**

Recruitment consultants

→ See Strategic progress: Our Places, Our Platform for more information on page 24

### Driving sustainable value

#### Clear capital allocation policy

Our investment policy reflects a disciplined strategy of value creation. Funds are allocated across the business according to strategic value-enhancing priorities, sustainability-related matters and principal risks.

**£30–35m**

Current investment plan to increase our productivity

#### Well-considered ESG strategy

Long-term commitments to the environment and society aim to deliver positive outcomes for all our stakeholders and contribute towards the UN Sustainable Development Goals (SDGs).

**114,466**

Number of lives positively impacted since FY19

→ See Our commitment to being a responsible business for more information on page 52

### Cash generative business

#### Strong financial position

Recurring revenue dynamics of our Contract business drive sustainable free cash flows. Plus, we maintain a £50 million Revolving Credit Facility (RCF).

**£83m**

Net cash

#### Regular dividend

We offer shareholders long-term dividend growth in line with our dividend cover policy, which is currently within the range of 2.5x to 3.0x of our annual earnings.

**16.6p**

Total dividend per share

→ See Chief Financial Officer's statement for more information on page 34

# Unlocking our strategy

\* Integral to our purpose and strategy is a strong emphasis on our ESG commitments. We bring skilled people together to build a sustainable future for everyone.

## Our Places

To be a leader in markets we choose to serve

Key performance indicators we track for these pillars

- Net fees.
- Net fees through renewable business.
- Basic earnings per share.
- Total shareholder return.

Progress on FY23 priorities

- Built a performance dashboard so managers can understand the status and client focus of their team.
- Tracked key STEM skill verticals and matched headcount investment in core growth markets.
- Continued to deliver commercial pricing discipline and grew average bill rates.

Initiatives and immediate priorities for FY24

- Improve the use of data-driven insights to focus our efforts on the highest-demand STEM skill verticals, and scale teams supporting those sectors.
- Enhance customer-orientated behaviours through best practice training and a more globalised sector approach.
- Implement a more efficient set of processes for placing candidates into international locations.

Our approach to ESG\*

- Positively impacting over 150,000 lives by FY24 through providing access to decent work and our community programmes.
- Help the world move to net zero by finding clients the renewables talent they need to make the transition.

## Our Platform

Create a world-class operational platform through data, technology and infrastructure

Key performance indicators we track for these pillars

- Operating profit conversion ratio.
- Profit before tax.
- Carbon reduction.

Progress on FY23 priorities

- Began the roll out of our new Customer Relationship Management (CRM) system and Enterprise Resource Planning system as part of a unified technology platform.
- Used an agile approach to enhance consultant productivity through the new tools.
- Creation of new role of Chief Operating Officer to represent operations on Executive Committee (ExCo).

Initiatives and immediate priorities for FY24

- Continue the CRM roll out to other major markets with a focus on the change management approach to adopt new ways of working.
- Continue refinements to processes to improve the employee experience, share best practice and shorten the pathway to productivity for new hires.

Our approach to ESG\*

- Deliver efficiencies so we can transition to net zero.
- Build the systems that will provide our clients with access to the very best talent to deliver their low-carbon transition plans.

## Our People

Find, develop and retain great people

Key performance indicators we track for these pillars

- Representation of women in leadership roles.
- Employee net promoter score (eNPS).

Progress on FY23 priorities

- Redefinition and internal launch of our new values.
- Conducted employee engagement surveys with 81% participation.
- Began adaptation of the office estate to hybrid working.
- Continued to develop our talent pool through a 'Leading with Purpose' programme, rolled out to our leadership cohorts, for improved succession management, and introduced a new cohort of future women leaders into Identify programme.
- Compensation framework review.
- Enhanced our operating model with a clearer matrix structure for core function support to our markets.

Initiatives and immediate priorities for FY24

- Embed new values across the Group and evolve our Employee Value Proposition (EVP).
- Build a programme to enhance our People model, focusing on retaining key talent and driving a shorter time-to-productivity.
- Embed the Leadership with Purpose behaviours and extend our leadership development programme.
- Continue DE&I initiatives.
- For internal recruitment purposes, launch a data-driven competency testing framework.
- Continue to optimise our office footprint in line with current working model expectations.
- Extend L&D offering to equip our people with the enhanced platform skills.

Our approach to ESG\*

- Create a culture where everyone is welcome at SThree so we empower our people to thrive.
- Improve diversity across our client portfolio and the STEM sectors in which we operate.

## Our Position

Leverage our position in STEM to deliver sustainable value to our candidates and clients

Key performance indicators we track for these pillars

- Customer net promoter score (NPS).
- Number of lives positively impacted.

Progress on FY23 priorities

- Promotion of new research, 'How the STEM world evolves', to support thought-leadership positioning.
- Reinforced positioning of our go-to-market brands as specialists in specific vertical skills.
- Finalised the formal planning for the establishment of a dedicated Customer Marketing function, to support our increasing client and candidate-focus, for implementation in FY24.
- Creation of new role of Chief Commercial Officer to represent the customer on ExCo.
- Launched Elevate Careers programmes for diversifying STEM talent pipeline.

Initiatives and immediate priorities for FY24

- Further refine specialist positioning of our House of Brands portfolio.
- Drive more customer-centricity into the organisation and embed our Sales Excellence programme across the organisation.
- Expand the remit of our commercial function to improve marketing effectiveness, pricing approach and client development approaches.
- Implement/launch a newly created Customer Marketing function.

Our approach to ESG\*

- Build diverse STEM talent communities that enable our clients to meet their business objectives and make STEM careers more accessible to everyone.
- Run or partner on events that build diverse STEM talent career pathways.

SThree's Board and ExCo review the Group performance across a wide range of measures and indicators that are consistent with our strategic priorities and investor proposition.

Our key performance indicators (KPIs) provide a balanced set of metrics that give emphasis to both financial and non-financial measures, in line with interests of various groups of our stakeholders.

**Remuneration**

To help our Board and Executive Committee align their focus with the interests of our stakeholders, all of the KPIs are reflected in the executive remuneration targets, as per the policy approved by shareholders at the 2023 Annual General Meeting.

## Our Places

Be a leader in markets we choose to serve

Net fees	Net fees through global clean energy business	Basic earnings per share (EPS)	Total shareholder return (TSR)
This KPI is calculated as revenue less cost of sales, and represents the mark-up we charge to our clients on top of candidate salaries. It is one of our fundamental financial measures as it indicates how our business is performing over time. Our FY27 medium-term target is to grow our net fees faster than our peer group across the aggregate of our top five markets compared to FY19.	This KPI represents growth in the Group's net fees generated from placements of candidates in the renewable energy sector since FY19. A transition to a low-carbon future will drive an increase in STEM job opportunities. Our target is to double the size of our global clean energy business by FY24 versus the base year FY19.	EPS helps to assess the Group's profitability per share. Internally, it is also used for the vesting assessment of the Group Long-Term Incentive Plans. Our ongoing target is to achieve earnings growth for shareholders while balancing reinvestment to secure future growth opportunities.	The growth in value of a shareholding over a three-year period, assuming that dividends are reinvested at the closing price on the ex-dividend date. This KPI helps to assess the Group's performance in the delivery and maximisation of long-term value for shareholders. Our ongoing target is to generate good returns on the investments we make and create long-term value for shareholders.

**£419m**

-4% on FY22

FY23	£419m
FY22	£431m
FY21	£356m
FY20	£309m

**142%**

growth on FY19

FY23	142%
FY22	88%
FY21	46%
FY20	20%

**42.4p**

+4% on FY22

FY23	42.4p
FY22	41.0p
FY21	31.8p**
FY20	13.9p**

**51.7%**

+16.3% pts on FY22

FY23	51.7%
FY22	35.4%
FY21	85.6%
FY20	-15.8%

Result (% growth on base year 2019)

**FY23 performance**

Net fees declined 4%\* YoY; this was a resilient performance underpinned by our strategic focus on STEM and flexible talent. Contract remained stable, up 1%\* YoY, while Permanent was down 22%\* amidst challenging market conditions.

Based on the market data available to us as at the end of Q3 FY23, we have outperformed our peer group (on a net fee basis versus FY19) in four out of five top markets (Germany, the Netherlands, the UK and Japan).

**R**

SThree's commitment to double the size of clean energy business has already been achieved. In FY23, net fees from renewable business grew by 142%\* on FY19. STEM talent continued to be in high demand among businesses with strong plans to mitigate climate change. Our internal Global Renewable Energy Network continued to promote best practices and guidance on how to drive future growth within the renewable energy sector on a global scale.

**R**

Basic EPS increased by 4% over the prior year; this was attributable to the lower operating profit offset by net interest earned on cash balances, lower Group ETR and a decrease of 0.1 million in the weighted average number of shares.

**R**

During the assessed three-year period (FY20 to FY23), SThree plc's share price remained strong, outperforming the basket of comparator companies. Despite volatile geopolitical and macro-economic conditions persisting in the post-pandemic period, the Group benefitted from favourable STEM-related megatrends and a resilient business model, delivering a good trading performance.

**R**

\* In constant currency.  
\*\* Adjusted.

## Our Platform

Create a world-class operational platform through data, technology and infrastructure

Operating profit conversion ratio	Profit before tax (PBT)	Carbon reduction
This measure represents operating profit stated as a percentage of net fees. It measures the Group's effectiveness in controlling costs and managing its investments for future growth. Our aim is to operate our business efficiently and cost effectively with stable margins and to deliver a mid-term sustainable operating profit conversion ratio in excess of 21%.	The KPI represents net fees less administrative expenses, less interest before adjusting items. It is a measure of our underlying profitability, our efficiency and how we manage our cost base. Delivering a healthy and consistently profitable growth is important as we aim to create value for all our stakeholders over the long term.	In FY23, we announced our ambitious commitment to reduce scope 1 and 2 carbon emissions by 77%, and scope 3 carbon emissions by 50% by FY30, from a FY19 base. Our medium-term ambition is to reduce scope 1, 2 and 3 carbon emissions by 25% between FY19 and FY24. Progress against carbon reduction is also used as a factor in determining vesting of Long-Term Incentive Plans granted to executives.

**18%**

flat in % pts on FY22

FY23	18%
FY22	18%
FY21	17%**
FY20	10%**

**£78m**

-2%\* on FY22

FY23	£78m
FY22	£77m
FY21	£60m**
FY20	£30m**

**8%**

reduction from base year FY19

FY23	-8% YoY
FY22	-44% YoY
FY21	-71% YoY
FY20	-56% YoY

**FY23 performance**

The ratio has remained stable YoY, reflecting the ongoing exceptional levels of productivity, that despite the challenging macro environment dropped just 2% in the year, combined with tight cost control, whilst also benefitting from spend recognition timing on the Technology Improvement Programme (TIP) (without impacting delivery). When excluding the TIP expense of £3.8 million incurred in FY23, the ratio would be 19.2%.

**R**

PBT increased by 1% on a reported basis (down 2% in constant currency basis) as compared to FY22, due to lower trading performance, investments made in technology, but with stronger YoY productivity per head and favourable currency movements.

In FY23, we continued to make improvements to the energy efficiency of our business. We invested nearly £3.0 million to fund energy-efficient facilities and equipment in our new office in Glasgow, UK, and transitioning some of our technology to the cloud-based arrangements.

**R**

\* In constant currency.  
\*\* Adjusted.

# Our People

Find, develop and retain great people

## Representation of women in leadership roles

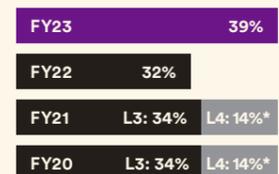
This KPI is a measure of gender balance within the Group and an indicator of our strategic growth plans leading to a diverse leadership team. In FY23, we reviewed the definition of women in leadership to align with the FTSE Women in Leadership requirements. This KPI is therefore calculated by taking the number of women in ExCo and ExCo -1 (excluding administrative roles) as a percentage of the total of our workforce who are ExCo and ExCo -1 (excluding administrative roles).

Our short-term target is to achieve 40% of women in leadership, with a longer-term ambition to achieve 50/50.

\* The comparators for years prior to FY23 are using a definition which resulted in a larger population being included and restating has not been possible due to a lack of data.

**39%**

of women in leadership



### FY23 performance

At the end of FY23, women represented 39% of all roles within the leadership cohort. In FY23, we identified that 53% of our core function leadership are women compared to 24% of our sales leadership. We therefore held two focus groups with women in sales management to better understand their experience in addition to conducting a full assessment of the employee life cycle of women in sales. This has informed an action plan for FY24.

R

## Employee net promoter score (eNPS)

The score is the result of the annual employee survey that captures regular feedback from our people about their experience of working at SThree. Our success is reliant on having a motivated and engaged workforce, so our aim is to never stop listening to, and acting upon, our people's feedback. eNPS helps us identify areas for ongoing improvement so that we can ensure SThree is a great place to work, and we attract and retain the best people.

**43 pts**

-8 pts on FY22



### FY23 performance

Our average global eNPS declined to 43 points. This is still a strong result which allows SThree to remain within the top quartile of professional services. 78% of all staff who completed the survey believe that SThree builds a great performance culture through recognition, clear performance objectives and constructive feedback, and supports its people in setting and pursuing challenging career goals. Key themes that we need to develop and invest in include hybrid working environment and organisational structure, providing our people with more autonomy and flexibility.

R



**We delivered a resilient performance against record prior year and challenging macro-economic environment.”**

Andrew Beach  
Chief Financial Officer

# Our Position

Leverage our position in STEM to deliver sustainable value to our candidates and clients

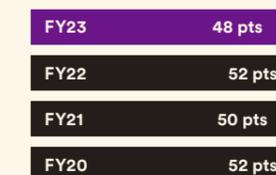
## Customer net promoter score (NPS)

NPS is a metric that measures the candidate's and client's (both referred to as customer) experience when working with SThree and is the key indicator of customer loyalty to the Group. The score is the percentage of promoters minus the percentage of detractors.

NPS helps us measure and improve the customer experience and draw meaningful insights into how our candidates and clients view their relationships and engagement with our business.

**48 pts**

-4 pts on FY22



### FY23 performance

Our global NPS score remained strong at 48 points given growing complexity in the world of work and higher customer expectations. This score reflects our commitment to building deeper partnerships with our customers, innovating our systems (we successfully launched the first tranche of the TIP in our US business), and optimising our processes to ensure superior service delivery for all our clients and candidates.

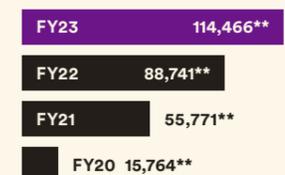
R

## Number of lives positively impacted

The metric represents the number of people whose lives since 2019 have been positively impacted through inclusive recruitment solutions and community programmes that SThree delivers. We use our skills and unique position to help communities find decent, sustainable work that can deliver real social change. Our short-term target is to positively impact 150,000 lives between FY19 and FY24.

**114k lives**

+29% on FY22



### FY23 performance

Since December 2019 we have positively impacted 114,466 lives. This year, we remained focused on addressing the STEM skills gap for our clients through diversifying the talent pipeline and contributing to social mobility and equity in the STEM industries we partner with. Our new Elevate Careers programme provided development, coaching and mentoring support to 2,754 existing and aspiring STEM professionals in FY23. Through our placements in FY23 alone, we helped 15,292 candidates access decent work in STEM-related industries.

R

\*\* Number of lives.

Unlocking our unique potential through



# data-driven decision making

**We continue to focus on the biggest STEM markets where we are strongest and where we can offer the most value for our clients.**

Our presence in five of our regions alone gives us access to approximately 73% of the total global STEM market. We continue to outperform our competitors in most skill verticals across our markets. Each of our regional operations enjoys strong autonomy, enabling them to tailor services to the specific needs of their region, but we also standardise processes across the Group to leverage our proven sales and client development practices.

#### Our geographical footprint

In line with our strategy of choosing to operate where we see the biggest opportunity to win, we continued to apply a diligent approach to making investments in technology and our people across our core markets.

We are happy with our global footprint and can serve the most important global STEM markets from our current office footprint and client coverage.

Where we feel we need to expand our presence, we will do so in a considered way, evaluating different expansion options for serving other markets, including from our existing points of strength.

Deciding where we operate is a dynamic process and we will move swiftly to open in a new territory, or expand our market presence, when we see opportunities for growth. Even in times of economic uncertainty, we continue to invest in the major markets for STEM talent.

At the beginning of the year, we unveiled a new structure to simplify our reporting on regional performance and align our leadership to our geographical operational clusters. Our regional segments are DACH, Netherlands including Spain, USA, Rest of Europe and Middle East & Asia.

#### Utilise opportunities of enhanced platform

Improvements in our technology platform are giving us greater quality market insights, allowing us to enhance the service we offer our clients. We have introduced new training to help our people add value for clients.

#### Plans for FY24

FY23 was all about ensuring we have the right structures, operating models, skills verticals, specialisms and global company network to support our 'Leader in STEM talent' positioning. Next year, with the frameworks in place, our aims will be to:

- apply data driven insights to focus market discipline, pricing and skills vertical investments; and
- enhance customer-orientated behaviour through best practice training.



**Wherever they are in the world, we want our clients and candidates to recognise that when they work with an SThree brand, they can rely on a high level of excellence."**

**Jelte Hacquebord**  
Chief Commercial Officer



Unlocking our unique potential with

# major platform improvements



**We began the implementation of our Technology Improvement Programme (TIP) this year following a successful pilot in FY22. It will enable sustainable, scalable growth and capability that future-proofs the business.**

We presented full details of our TIP in an investor briefing in January. Roll out began this year following a pilot in our Houston offices in FY22.

#### The opportunity

We are good at what we do and have a strong business, but we identified two specific performance improvements that greater digitisation could bring. First, like all talent businesses, even though we provide new hires with thorough training and support, there is usually a period of up to 18 months before their productivity starts to reach the levels of more experienced colleagues. The latest digital technology enables us to prompt best practice at every stage of the sales process, presenting consultants with reminders of the action most likely to achieve an optimal outcome. Also, managers can see real-time visibility of their team members' activity allowing them to make supportive interventions earlier, before the outcome of a sale is decided.

The other opportunity offered by greater digitisation is simplifying complex, administrative processes such as those required for compliance. The industry's fastest growing employment segment is the Employed Contractor Model (ECM) where we employ the candidate on behalf of the client. It has grown as a share of our business and now constitutes 37% of our net fees. Providing ECM requires considerable administrative support in order to comply with regulations in different territories. Digitisation can reduce the costs and time involved and improve accuracy.



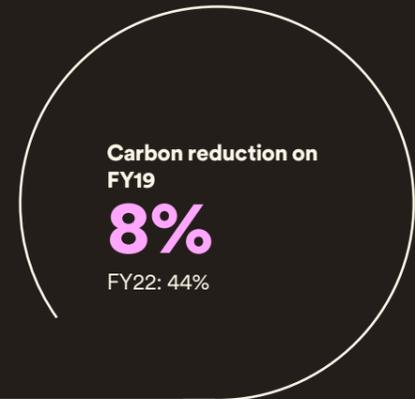
**Nicholas Folkes**  
Chief Operating Officer (COO)

Nicholas Folkes leads the Technology Improvement Programme. Before joining us in 2021 as Chief Technology Officer, Nicholas had successfully run digital transformation initiatives at major companies including G4S, Tesco and MSCI. His appointment as COO this year allows him to represent technology at C-suite level and demonstrates its centrality to all our operations planning.



**We're taking the art of recruitment and turning it into a science."**

**Matt McManus**  
Managing Director US



Together, the multiple productivity improvements that result from digital systematisation offer the potential to scale at speed, without a correlating increase in headcount. So there is the real prospect of a step change in our operating profit conversion ratio and profit before tax. At the same time, we can improve the experience and service we deliver to both candidates and clients, giving us a strong competitive advantage.

An improved platform also offers many benefits for employees. Our people's experience at work will become more rewarding as they adopt more effective practices more quickly. They will have access to data-driven insights, and more-timely, focused, management guidance to direct their sales tactics. People will be freed of much routine administration that was holding them back from being more productive. Put these improvements together and the positive impact on day-to-day work should be significant. Job satisfaction amongst new-hires and experienced hands alike is likely to benefit, enhancing retention rates.

**Development and implementation**

SThree has a distinct way of working that has proved successful in the talent marketplace. We captured these behaviours and processes in a blueprint, ready for digitisation, then consulted extensively within the business, explaining the rationale of the platform enhancement and discovering from managers what they needed the platform to do. As a result, we identified over 300 steps or 'enablers' in the blueprint that have the potential to enhance real-time interactions with clients, candidates and colleagues. As our next step, we will select the enablers with the biggest expected impact and return on investment, to digitalise within sales processes.

Although each individual enabler is not revolutionary, bringing them together to serve as a best practice copilot for all colleagues, seamlessly integrating with their work, is a step change. The data generated and analytical tools will also give us greater insight into the customers and markets we serve.

So far this year we have rolled out the enhanced CRM across the US whilst continuing to invite feedback and identify further potential improvement at each stage. Next year, as we continue the implementation across our global network, there will be further configuration enhancement in response to the experiences of our people using it day to day. From FY25, we anticipate our platform will be fully deployed and we will be unlocking further potential for our business.

**Reducing our CO<sub>2</sub> impact and helping clients reduce theirs**

Our main contribution to reducing global warming emissions is providing the renewable energy engineering specialists needed by companies wanting to decarbonise their operations. Our clean energy business increased by 28% this year which resulted in us achieving our target to double the size of our clean energy business by FY24 (from a FY19 baseline year). Nevertheless, we take our own emissions seriously and seek to aim to become a net zero operation by FY50 – see 'Our commitment to being a responsible business (including TCFD)' section for more details.

Our platform is broader than our technology system – it embraces all our operations. So we continue to look at our own carbon emissions on our journey to becoming a net zero business whilst also focusing on how we can better support our clients with their transition plans.

We have predominantly moved to the cloud through the digital enhancement of our platform, reducing the carbon footprint of running our own servers. Microsoft, our major platform supplier partner, has similarly ambitious net zero targets to ours which will help us decarbonise our scope 3 emissions.

One of the trends we have seen this year is clients seeking support with achieving their scope 3 emissions reduction targets. We have responded by starting to upskill our consultants on how to talk to clients about these topics. We will continue to look at how we can best reduce our energy consumption in order to meet client expectations faster.



**Case study**

For more information on our approach to deliver a recruitment service that adapts to our clients' evolving needs, please see our case study on Real Staffing on our website: [sthree.com/annual-report-2023](https://sthree.com/annual-report-2023)

Unlocking our unique potential by

# making SThree a great place to work



**SThree is a talent business. Attracting and keeping the best talent is critical to our becoming recognised as the leader in STEM talent and achieving our growth ambitions.**

Before taking action, we listen. Across the year, we ran three Employee Engagement surveys which achieved an average participation rate of 79%. They showed us what our people felt SThree's strengths are and where we most needed to improve: see table below. The global actions we subsequently took were guided by the insights these surveys revealed.

**eNPS score and benchmarking**

We want to make SThree the employer of choice and so our employee net promoter score is a key metric in measuring progress. External factors, such as economic and political uncertainty, can cause scores to drop across all companies and sectors, so the measure we study most closely is our ranking against comparable professional services companies. There are thousands of other professional services companies in the Peakon employee voice tool index we use. Our aim is to retain our position in the top quartile, which we comfortably did this year.

**Diversity, Equity & Inclusion (DE&I) progress**

Only by continuing to make progress in building a diverse, equitable and inclusive organisation will we harness the full range of skills and experience required to meet the needs of our candidates and clients. Our DE&I initiatives continued apace this year with the aim of creating an inclusive, high performing culture, with a focus on representation of women in leadership.

Theme	
Performance culture	being able to see a path to advance career within SThree
Hybrid working	flexibility and autonomy
Purpose	being able to link Group purpose to organisational strategies and increase teams' relevance

Feedback and action taken
We continue to build on our strengths through recognition, setting clear performance objectives, and providing feedback enabling career advancement and progression.
As office leases end, we redesign spaces to drive collaboration and autonomy, and to support flexible working practices. Through various communication channels we help everyone understand local policies on hybrid working to ensure the transition to hybrid working environment is safe, efficient and fast. Having autonomy to deliver agreed results is important to our people and is an ongoing focus for us.
Our Group Marketing team has worked hard to collate stories and case studies from across our business, to showcase our purpose and how we bring it to life. We have also been updating our values, which will enable our purpose and shape our future culture.

eNPS score FY23

**43pts**

**Gender pay analysis**

Since April 2017, we have been reporting our UK gender pay data on an annual basis. This is the second year reporting our gender pay gap on a global basis.

**Our methodology**

All active employees on 30 November 2022 have been included in the analysis. Employees from Ireland, Singapore and Hong Kong have been excluded following the closure of these markets.

Metrics we have used to measure our global gender pay gap are: median (the middle value of a list ordered from highest to lowest), mean (adding up all the numbers and dividing the result by the total data points), and the proportion of employees who identify as women and men in each quarter of the Group from highest to lowest paid.

This reduction in the median bonus pay gap has been driven by a combination of more women in more senior roles, therefore higher bonuses, and the cost-of-living payment we awarded at the end of FY22. Nearly 60% of employees receiving this award were women.

The remaining gap is driven by having more men than women in senior roles (despite improvements), increasing the value of their bonuses, and by having a higher number of women in junior roles which decreases the value of their bonuses.

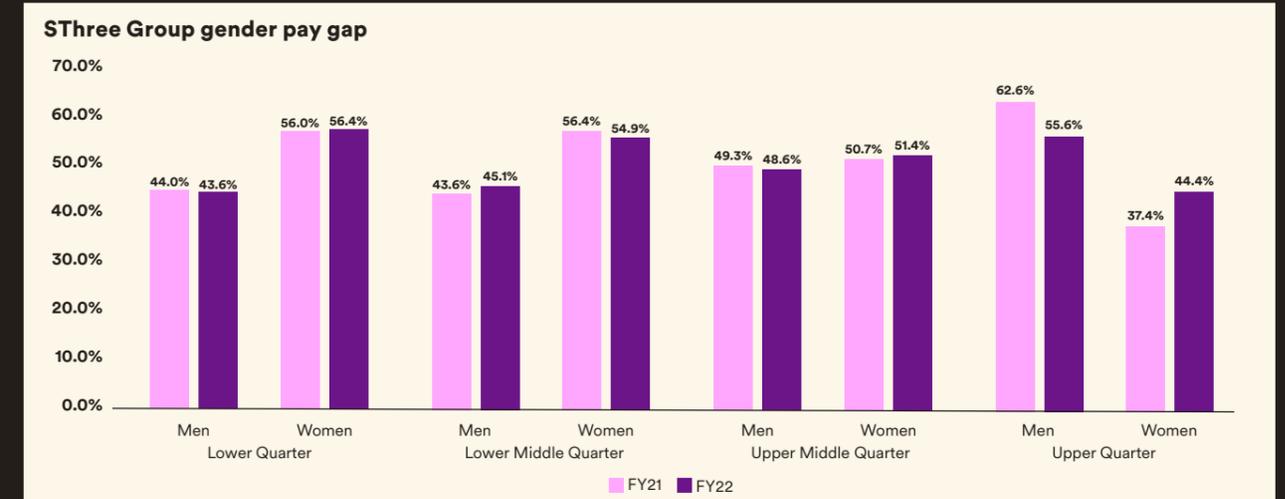
**Findings**

This year we saw a significant reduction of the SThree global gender pay gap. The median gap moved from 16.4% to 7.3% and the mean from 21.2% to 12.6%. This means women earn £0.93 for every £1 that men earn when comparing median hourly pay, and £0.87 for every £1 that men earn when comparing mean hourly pay.

This reduction in the global gender pay gap has been driven by a higher number of women holding more-mid-to-senior and senior roles. In the upper quarter, the representation of women increased from 37.4% to 44.4% as shown in the graph below. At a global level, women represent 52% of our workforce, an increase from 51% last year.

The remaining gap is primarily a result of having more men than women in more senior and therefore more highly paid leadership roles, and more women than men in the less senior, lower paid roles (see the below graph).

We also saw a reduction of the SThree global bonus pay gap. The median bonus gap moved from 61.0% to 52.9%. The mean bonus gap has remained the same as last year. This means that women earn £0.47 for every £1 that men earn when comparing median bonus pay and £0.54 for every £1 that men earn when comparing mean bonus pay.



Axis X shows the mix of women and men at the four different levels of pay, with 'lower quarter' being the lowest paid and 'upper quarter' being the highest paid. Axis Y shows the proportion of women and men at the four different levels of pay, showing movements in distributions between FY21 and FY22.

## Identify women's talent programme

**274** hours of mentoring provided

**618** hours of learning completed by Identify participants

**10** development opportunities

The global proportion of men and women receiving bonuses increased this year, moving from 79.7% to 90.8%. The cost-of-living payment we awarded at the end of FY22 increased the proportion of employees receiving at least one bonus award within the financial year.

### Leading with Purpose roll out

We launched our new Leadership with Purpose principles which set out the four essential roles a leader must master. All our most senior people managers have now completed a training programme in these principles and should be applying them in their day-to-day management. This will drive our business forward and provide a consistent experience for our people. We will continue to embed the behaviours across the organisation to support the right culture in FY24 when we will provide a dedicated programme for the next level of management.

Next year will also see the launch of our Sales Excellence programme. The initial focus will be on training new staff during their onboarding process as part of the Speed to Competence programme, but the longer-term plan is to involve all members of the sales team so that best practice is spread across the Group.

### Identify – our women leadership programme

Now in its iteration year, a fresh cohort of 47 women joined our Identify programme which seeks to find and develop our future leaders, giving them all the support they need to fulfil their potential. Participants come from across our global business with representation from every market in which we operate.

All the women have access to an external mentor through our social enterprise partners, Femme Palette, and benefit from a speaker series and plenty of networking opportunities. Our Women in STEM networks in the UK, the Netherlands and the US provide additional support for women.

### Values and evolving our EVP

The focus in the second half of the year was on a review of our values with a soft launch of newly refined value definitions to the sales leadership in October. Alongside leadership development and a newly defined vision, our values will be key in shaping our culture as we grow. They set out the behaviours and way of business that define SThree's culture and its distinctive appeal for both candidates and clients, as well as being essential to making SThree a great place to work. Our values drive all our decision making and determine our culture. They guide everything we do: leadership behaviour, communications, workspace design, our employee career pathways and more. It is therefore important they are clear so that everyone at SThree understands them and the importance of being true to our values in everything we do.

#### Our new internal values are:

- We are all in
- We do the right thing
- We build partnerships
- We think big

### Refinement of compensation framework for sales roles

Rewards for our sales staff are an important component of our Employee Value Proposition (EVP), which for internal purposes we refer to as our People Promise. So we continue to take measures to ensure compensation and incentives are competitive. A review of reward schemes to ensure they are driving the right performance and behaviours is still in process. It will be followed by a comprehensive review of our benefits offering across all regions.

In addition to continuing to invest in base salaries on a targeted basis, we improved reward communications, testing the introduction of total reward statements in the Netherlands. To give managers clarity and achieve consistency, we further embedded the global grading framework by providing a detailed toolkit for HR business partners and managers to direct their people's compensation.

Our all-employee share incentive plan continues to be successful with nearly four in ten employees participating each month.



Gender diversity profile as of 30 November 2023	Total	Men		Women	
		Number	%	Number	%
Board of Directors including Non-Executive Directors	7	4	57%	3	43%
Executive Committee	11	8	73%	3	27%
Executive Committee less 1	75	46	61%	29	39%
Other employees	2,561	1,266	49%	1,295	51%
Total	2,654	1,324	50%	1,330	50%

For more information on the composition of our Board of Directors, see pages 86 to 87.

### Talent management

To further build the appeal of our People Promise we introduced a new talent management process for all staff across all core sales and non-sales functions. It will ensure we have the right career offering for all roles.

### Retention and succession planning

Next year we plan to introduce a productivity and retention programme to identify and address key factors that impact our productivity and retention. Early features include new approaches to talent acquisition and evolving our People Promise. In FY24, we also plan to identify and codify the success criteria for the top 30 most vital roles within the business so we can invest in succession planning and the talent management of those individuals.

### Future Office programme and hybrid working

Our Employee Survey revealed strong demand for hybrid working across the Group and a desire for access to hybrid working options to be clearer and more equitable between offices. We have opted for a flexible, regional-first approach to working practices that empowers local leaders to reflect the needs of the culture and region. We will keep this approach under review due to ongoing changing expectations and standards around working practices. We will continue to benchmark and assess our hybrid practices against local norms, along with internal data on engagement and productivity, and respond accordingly. Our future office programme provides for hybrid working: as office leases end, we are redesigning spaces so they support collaboration between teams.

### Preparing people for platform enhancements

Our TIP is offering multiple opportunities to spread best practice and to work in new ways that take advantage of data. Where appropriate, there will be automation of manual processes. We are working alongside the platform team to understand the new capabilities and are developing initiatives to support behavioural change and ensure people have the skills to adopt new ways of working.



### New Chief People Officer appointment

Sarah Mason was appointed to the new role of Chief People Officer in April having previously worked for the Group between 1998 and 2008, in sales and then senior HR roles.



### Case study

For more information on how we support our people development, please see our case study on Lawrence Doe on our website: [sthree.com/annual-report-2023](https://sthree.com/annual-report-2023)

Unlocking our unique potential by

# making the most of our powerful brands



**SThree's specialist brands are known amongst candidates and clients for talent provision in the key STEM skills verticals while the SThree Group provides standardisation across our businesses, spreading efficiencies and best practice, and coordinating major account development.**

We have been most successful when we have had company brands known for a particular specialism. So this year we have been taking steps to sharpen the specialist positioning of all our brands.

Both candidates and clients value expertise in their specialism – be it Technology, Life Sciences, Renewable Energy or Engineering. For candidates, it offers a real partnership, an organisation who can guide them throughout their career. For clients, it promises a talent provider who understands their particular needs and can supply hard-to-find talent with the skill set they require.

The overarching SThree Group brand presents significant additional benefits that complement the specialist recruitment brands, providing the resources, scale and global reach to serve major clients who need talent in a variety of STEM disciplines, often across different regions. Although we flex to a country's culture and respect local nuances, we also take best practice and apply it everywhere so all customers experience a marketing-leading service.

## New structure and appointments

To raise customer awareness of the benefits of our house of brands proposition we have been finalising plans for the establishment of a dedicated Customer Marketing function for implementation in FY24. This function will support our increasing client and candidate-focus. It will coordinate sales and marketing teams, encouraging the sharing of insights and developing a complete service for major account clients by bringing our global range of STEM expertise and candidate relationships to play. The appointment of Jelte Hacquebord as Chief Commercial Officer to drive this initiative, and represent the customer at ExCo level, is evidence of our determination to fully realise the potential of these major global clients.

## Thought leadership

The main thrust of our marketing effort continues to be establishing true thought leader status in the STEM talent sector. Last year, the 'How STEM World Works' research we commissioned attracted extensive coverage and this year we followed it with a new study, 'How the STEM World Evolves'. It was similarly well received, with 314 instances of media coverage across press titles including Business Insider, Associated Press and Asia One, and other numerous trade, STEM-centric and regional publications.



## Case study

For more information on how we support our clients in talent sourcing, please see our case study on Computer Futures, 'Helping Optimal maintain their market position through new hires' on our website: [sthree.com/annual-report-2023](https://sthree.com/annual-report-2023)

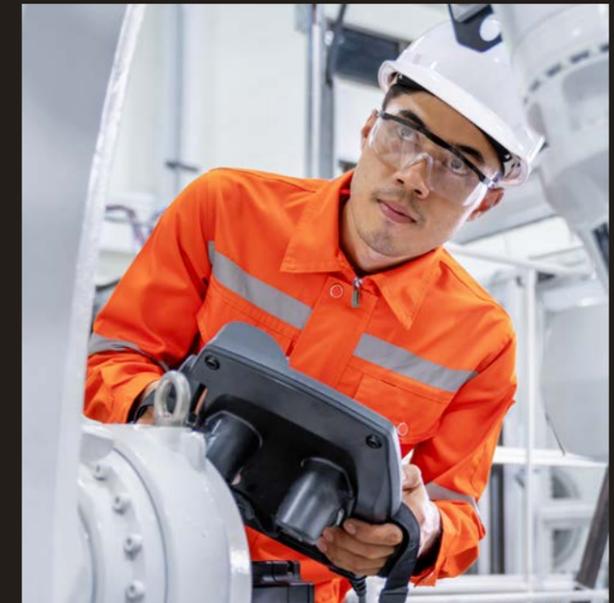
## Encouraging people into STEM

We rationalised several programmes designed to widen and diversify the STEM talent pipeline for our clients under the new banner of 'Elevate Careers'. This outreach plays a crucial role in positioning SThree as the leader in STEM talent recruitment. It also meets a client need. Our clients are increasingly coming to us for advice on how to deal with the challenge of attracting diverse talent. Unlike other industries, which often attract diverse candidates but face equity challenges around promotion and development, STEM industries have an attraction problem they need to overcome first.

Elevate Careers is a range of activities that bring communities together to help people access and advance along clear STEM career pathways. We co-create events with partners and bring our expertise to other events, as well as funding scholarships for women to access development opportunities.

## Volunteering

We continued to encourage all our people to take volunteering leave and participate in local initiatives. Not only is volunteering consistent with our values and vision to make a positive impact and support lives, it is also something our people are keen to do and is an important part of our Employee Value Proposition.



**Our multi-brand strategy – our 'House of brands' – really differentiates us. All of our listed competitors are single brand."**

Jelte Hacquebord  
Chief Commercial Officer



Unlocking our unique potential through



# focused investments across markets and skill verticals



**We delivered a resilient performance underpinned by our strategic focus on Contract in STEM markets, while the wider macro-economic environment remained challenging.**

### Income statement

On a reported basis revenue for the year was up 1%<sup>9</sup> and amounted to £1.7 billion (FY22: £1.6 billion) while net fees declined by 3% to £418.8 million (FY22: £430.6 million). The strengthening of our two main trading currencies, the US Dollar and the Euro, against Sterling during the year, increased the total net fees by £5.6 million. Therefore, when presented on a constant currency basis, the net fees decreased by 4% YoY.

Net fee growth in our Contract business was driven by robust contract extensions from clients with demand for candidates with STEM skills across most of regions, with net fees growth of 1%. This was led by the Netherlands region, which was up 7%, Rest of Europe, up 3%, and Middle East & Asia, up 29%, while DACH and USA were down by 1% and 4% respectively. This performance was driven by strong growth in Engineering, which was up 18% YoY, and Technology, up 1%, with Life Sciences down 14% reflecting global sector conditions. Our ECM proposition also continued to deliver encouraging performance and was up by 3% YoY. Group Contract net fees as a percentage of Contract revenue<sup>10</sup> remained consistent YoY at 21.7% (FY22: 21.7%), and at the end of the year Contract represented 82% of the Group net fees in the year (FY22: 78%).

The contractor order book<sup>11</sup> closed at £183.5 million, down 3% YoY against a record prior year comparative, and accounts for approximately four months' worth of net fees, providing us with sector-leading visibility into FY24.

9. Unless specifically stated, all growth rates in revenue and net fees are expressed in constant currency.



**Our focus as a specialist staffing partner in STEM and flexible talent means we are uniquely positioned to service the structural demand of a changing world."**

**Andrew Beach**  
Chief Financial Officer

Permanent net fees were down 22% reflecting challenging market conditions across all regions, and our planned transition from Permanent to Contract in several markets, particularly in the USA and UK. Our largest Permanent market, DACH, reported a decline of 8%. Netherlands region was down 1%, and Japan was up 5%. Permanent average fee increased by 6% YoY in the year, with average permanent fee margin (net fees as a percentage of salary) now at 27.1% (FY22: 25.3%).

Operating expenses decreased by 3% YoY on a reported basis, amounting to £342.4 million (FY22: £353.1 million). This decline resulted from lower personnel costs as average headcount declined by 2% compared to FY22.

The reported operating profit was £76.4 million (FY22: £77.6 million), down 5% YoY in constant currency while the Group operating profit conversion ratio<sup>10</sup> increased to 18.2% (FY22: 18.0%). Operating profit conversion ratio reflects the ongoing exceptional levels of productivity, that despite the challenging macro environment dropped just 2% in the year, combined with tight cost control whilst also benefitting from spend recognition timing on the Technology Improvement Programme (TIP) (without impacting delivery). Excluding the TIP, for which £3.8 million was expensed in FY23, an operating profit conversion ratio of 19.2% was achieved. The net currency movements versus Sterling were favourable to the operating profit, providing a £2.3 million benefit. Fluctuations in foreign currency exchange rates are expected to remain a material sensitivity to the Group's reported results. By way of illustration, each 1% movement in annual exchange rates of the Euro and US Dollar against Sterling impacts the Group's operating profit by £0.9 million and £0.3 million respectively per annum.

10. The Group has identified and defined certain alternative performance measures (APMs). These are the key measures the Directors use to assess the SThree's underlying operational and financial performance. The APMs are fully explained and reconciled to IFRS line items in note 26 to the Group Consolidated Financial Statements.

11. The contractor order book represents value of net fees until contractual end dates, assuming all contractual hours are worked.

### Net finance income

The Group received net finance income of £1.6 million as compared to net finance costs of £0.5 million in the previous year. This was driven by significantly higher interest rates applied to the Group's bank deposits.

### Income tax

The total tax charge for the year on the Group's profit before tax was £21.9 million (FY22: £22.8 million), representing a full-year effective tax rate (ETR) of 28.1% (FY22: 29.6%). The Group's ETR also varies depending on the mix of taxable profits by territory, non-deductibility of the accounting charge for LTIPs and other one-off tax items. The FY23 ETR is lower than in the prior year due to a change in the profit mix and FY22 being impacted by unrecognised losses arising from the restructure of Singapore and Ireland, and the closure of Hong Kong.

Overall, the reported profit before tax was £77.9 million, down 2% YoY in constant currency and up 1% on a reported basis (FY22: £77.0 million).

The reported profit after tax was £56.1 million, flat YoY in constant currency and up 3% on a reported basis (FY22: £54.2 million).

### Earnings per share (EPS)

The EPS was 42.4 pence (FY22: 41.0 pence). The YoY movement is attributable to the lower operating profit offset by net interest earned on cash balances, lower Group ETR and a decrease of 0.1 million in the weighted average number of shares.

The diluted EPS was 41.5 pence (FY22: 39.9 pence). Share dilution mainly results from various share options in place and expected future settlement of vested tracker shares. The dilutive effect on EPS from tracker shares will vary in future periods, depending on the profitability of the underlying tracker businesses and the settlement of vested arrangements.

### Operating profit

**£76m**

FY22: £78m

### Net fees

**£419m**

FY22: £431m

**FY23 Group performance highlights:**

Continuing operations	FY23	FY22	Variance	
			Reported	Like-for-like <sup>12</sup>
Revenue (£ million)	<b>1,663.2</b>	1,639.4	+1%	flat
Net fees (£ million)	<b>418.8</b>	430.6	-3%	-4%
Operating profit (£ million)	<b>76.4</b>	77.6	-2%	-5%
Operating profit conversion ratio	<b>18.2%</b>	18.0%	+0.2% pts	-0.1% pts
Profit before tax (£ million)	<b>77.9</b>	77.0	+1%	-2%
Basic earnings per share (pence)	<b>42.4</b>	41.0	+4%	+1%
Proposed final dividend per share (pence)	<b>11.6</b>	11.0	+5%	+5%
Total dividend (interim and final) per share (pence)	<b>16.6</b>	16.0	+4%	+4%
Net cash (£ million) <sup>13</sup>	<b>83.2</b>	65.4	+27%	+27%

12. Variance compares reported results on a constant currency basis, whereby the prior year foreign exchange rates are applied to current and prior financial year results to remove the impact of exchange rate fluctuations.

13. Net cash represents cash and cash equivalents less bank borrowings and bank overdrafts and excluding leases.

**Dividends and distributable reserves**

The Board monitors the appropriate level of dividend, considering achieved and expected trading of the Group, together with its balance sheet position. The Board aims to offer shareholders long-term ordinary dividend growth within a targeted dividend cover<sup>10</sup> range of 2.5x to 3.0x through the cycle.

The Board has proposed to pay a final dividend at 11.6 pence (FY22: 11.0 pence) per share, which together with the interim dividend of 5.0 pence (FY22: 5.0 pence) per share, will give the total dividend of 16.6 pence (FY22: 16.0 pence) per share for FY23.

The final dividend, which amounts to approximately £15.3 million, will be subject to shareholder approval at the 2024 Annual General Meeting. It will be paid on 7 June 2024 to shareholders on the register on 10 May 2024.

**Balance sheet**

Total Group net assets increased to £222.9 million (FY22: £200.4 million), driven by the excess of net profit over the dividend payments, £6.2 million increase in intangible assets attributable to development costs capitalised under the TIP and favourable foreign currency movements, partially offset by cost of shares purchased by the Employee Benefit Trust (EBT). Net working capital, including contract assets, decreased by £2.1 million on the prior year, driven mainly by the slowdown in trading, including reduced contractor order book. Our days sales outstanding remained largely unchanged at 45.7 days (FY22: 45.2 days); a slight YoY increase was mainly due to a change of '>60 days' debt profile which went from 7% to 8% of the book. To reflect the more challenging macro-economic backdrop, we have increased the provision for impairment of trade receivables by £4.9 million.

Our business model remains highly cash generative, and we have no undue concentration of repayment obligations in respect of trade payables or borrowings.

**Investments in subsidiaries**

The subsidiary undertakings principally affecting the profits and net assets of the Group are listed in note 25 to the Consolidated Financial Statements. The recoverable amounts of the Company's key trading subsidiaries remained strong in the current year. However, due to a continued underperformance in trading in Luxembourg and Canada, a small impairment charge of £0.1 million was recorded in the Company's separate books for FY23. This impairment charge did not impact the Group consolidated results.

An impairment loss of £0.9 million recognised by the Company in the prior year was in relation to three businesses, which were either restructured or closed down.

**Tracker shares**

The Group settled certain vested and unvested tracker shares during the year for a total consideration of £4.5 million which was determined using a formula set out in the Articles of Association underpinning the tracker share businesses. The consideration was settled in SThree plc shares; 320,457 new shares were issued and 928,483 of shares held by the EBT were utilised. The arrangement is deemed to be an equity-settled share-based payment arrangement under IFRS 2 *Share-based payments*. There was no charge to the income statement as initially the tracker shareholders subscribed to the tracker shares at their fair value.

All current tracker share businesses remaining in existence will continue to be reviewed for settlement based on the pre-agreed criteria each year, until the full closure of the scheme in the next few years. As at the year end, the valuation of the outstanding shareholdings was approximately £7.9 million. These settlements may either dilute the earnings of SThree plc's existing ordinary shareholders if funded by a new issue of shares or result in a cash outflow if funded via treasury shares or shares held in the EBT<sup>14</sup>.

**Liquidity management**

In FY23, cash generated from operations was £93.3 million (FY22: £64.4 million). The increase was primarily driven by a release in working capital as the rate of new placement activity slowed down, partially offset by robust Contract extensions. Income tax paid increased to £19.5 million (FY22: £18.9 million).

Capital expenditure increased to £8.2 million (FY22: £3.7 million), due to the Group-wide TIP and related IT hardware costs. The capital expenditure also included costs of leasehold improvements and fitting out certain parts of our office portfolio.

The Group paid £14.9 million in rent (principal and interest portion) (FY22: £14.3 million). The Group spent £10.0 million (FY22: £9.9 million) for the purchase of its own shares to satisfy employee share incentive schemes. Cash inflows of £0.3 million (FY22: £0.5 million) were generated from Save-As-You-Earn employee scheme.

Dividend payments were £27.4 million (FY22: £14.7 million, being the final dividend paid in June 2022) and there was a small cash outflow of £0.1 million (FY22: £0.1 million) representing distributions to tracker shareholders.

Foreign exchange had a significant positive impact of £2.1 million (FY22: positive impact £4.5 million).

Overall, the underlying cash performance in FY23 was strong, reflecting primarily improved working capital partially offset by the acquisition cost of own shares purchased by the Employee Benefit Trust. We started the year with net cash of £65.4 million and closed the year with net cash of £83.2 million.

**Capital allocation and accessible funding**

SThree remains disciplined in its approach to allocating capital, with the core objective at all times being to maximise shareholder value. The Group's capital allocation policy is reviewed periodically by the Board and was refreshed at the start of FY24:

- Balance sheet – our intention is to maintain a strong balance sheet at all times to provide operational flexibility throughout the business cycle.
- Dividend – we aim to pay a sustainable dividend, with a commitment to a through the cycle dividend cover range of 2.5x to 3.0x of EPS.
- Deployment of capital prioritised in the order of:
  1. Organic growth: investing in our people and ensuring sufficient working capital on hand to fund growth in the contractor order book while developing new business opportunities.
  2. Business improvement: digitalising our business, putting in place the technology and tools that are key to driving both scale and higher margins.

3. Acquisitions: strict inorganic growth discipline, with a focus on complementary and value enhancing acquisitions.
4. Capital return to shareholders: after all organic and inorganic opportunities within an appropriate time horizon have been assessed, further cash returns to shareholders may be considered.

The Group's capital allocation priorities are financed mainly by retained earnings, cash generated from operations, and a £50.0 million RCF. This has remained undrawn during the year, but any funds borrowed under the RCF would bear a minimum annual interest rate of 1.2% above the benchmark Sterling Overnight Index Average. The Group also maintains a £30.0 million accordion facility as well as a substantial working capital position reflecting net cash due to SThree for placements already undertaken.

At the end of the current financial year, the Group did not draw down any of the above credit facilities (FY22: £nil).

On 30 November 2023, the Group had total accessible liquidity of £138.2 million, made up of £83.2 million in net cash (FY22: £65.4 million), the £50.0 million RCF and a £5.0 million overdraft facility (undrawn at the year end).

**Andrew Beach**  
Chief Financial Officer

29 January 2024

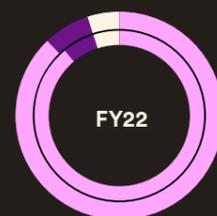
14. Note 19 to the financial statements provides further details about all Group-wide discretionary share plans, including the tracker share arrangements.

# DACH

Group net fees

36%

Net fees mix  
By country



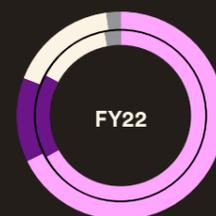
	FY23	FY22
Germany	88%	89%
Switzerland	7%	6%
Austria	5%	5%

By service



	FY23	FY22
Independent contractors	51%	51%
ECM	21%	20%
Permanent	28%	29%

By skills



	FY23	FY22
Technology	68%	67%
Life Sciences	13%	16%
Engineering	17%	14%
Other <sup>15</sup>	2%	3%



**Our successful application for a permanent ECM licence will allow us to further invest in ECM and use ECM as a growth engine for our business in Germany.”**

**Christophe Zwaenepoel**  
Managing Director DACH



### Impact of megatrends

We have seen the five megatrends continue to drive STEM demand, with only a slight downturn in our Life Science business, reflecting the global market challenge in this skills vertical.

There is still a war for talent in the DACH territories as employers struggle with a shortage of STEM talent. Retirement of the baby boomer generation and insufficient replacements from younger cohorts is intensifying STEM skill shortages. That, combined with still high inflation rates, is likely to lower GDP growth in DACH countries.

### FY23 performance highlights

DACH region saw net fees decline by 3% YoY, with Contract down 1% and Permanent down 8%. This was primarily driven by our greater exposure to small- to medium-sized enterprise clients, which are more inclined to reduce investment in the face of greater macro-economic challenges than our enterprise clients. Germany, our largest country in the region (88% of net fees), saw Contract down 1% with overall net fees down 4%, driven by Engineering up 13%, offset by Technology and Life Sciences, down 4% and 16% respectively. Switzerland saw net fees grow 2% YoY driven by Engineering and Technology, with Austria net fees flat YoY.

Performance highlights	FY23	FY22	Variance	
			Reported	Like-for-like <sup>16</sup>
Revenue (£ million)	525	539	-3%	-6%
Net fees (£ million)	149	149	-	-3%
Average total headcount (FTE)	877	874	-	n/a



### Case study

For more information on how we grow ECM service proposition in DACH, please see our case study on 'Providing ECM as a service combined with the local STEM knowledge' on our website: [sthree.com/annual-report-2023](https://sthree.com/annual-report-2023)

### Our people

Like most firms, we continually review our Employee Value Proposition to ensure we attract and retain talent. It includes our hybrid working policy, developing the office into an appealing place where people can connect, collaborate and receive coaching. We aim to encourage more staff into the office environment by enhancing our spaces as leases come up for renewal.

The Technology Improvement Programme (TIP), due to roll out in Germany at the beginning of FY24, will enable us to increase the productivity of our employees by giving them state-of-the-art tools to be more effective in their day-to-day work.

We invested in the development of our leadership through the Leading with Purpose programme. We will also be reviewing training delivery at all staff levels as it has become rather too online centred in response to the Covid-19 pandemic. Our aim is to introduce a more balanced mix of online and classroom training.

### Reasons for confidence

We remain well positioned in flexible working with our strong ECM offering, whilst our Permanent business has increasingly moved up the salary/seniority range. Together, that enables us to be a full solution provider to our customers and grow the value of each of our clients.

In FY23, we continued to invest in growing our strategic accounts relationships and public sector business. The fact that we succeeded in our application for a permanent ECM licence will allow us to further invest in ECM and truly use ECM as a growth engine for our business in Germany.

In the short term, we will continue to operate under volatile market conditions. However, we remain confident that we can achieve our ambition of doubling our business by FY28, by being a partner of choice to our customers, employer of choice for our people and creating a high performance culture in which we all operate to the highest standards, proud to pursue our purpose.

15. Other includes the results of Banking & Finance sector, which was previously presented separately, and Procurement & Supply Chain and Sales & Marketing.

16. Variance compares FY23 against FY22 on a constant currency basis, whereby the prior year foreign exchange rates are applied to current and prior financial year results to remove the impact of exchange rate fluctuations.

# USA

Group net fees

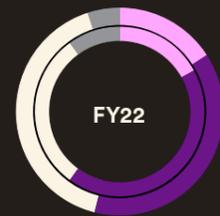
**23%**

Net fees mix  
By service



	FY23	FY22
Independent contractors	13%	15%
ECM	75%	64%
Permanent	12%	21%

By skills

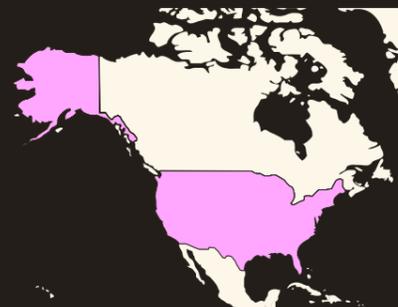


	FY23	FY22
Technology	16%	17%
Life Sciences	38%	43%
Engineering	41%	30%
Other <sup>17</sup>	5%	10%



**Transformation, collaboration, putting clients at the heart of what we do – this is what underpins our strategy of knowing where to play and where we can win. It’s how we are enabling growth and taking advantage in the largest STEM market in the world.”**

**Matt McManus**  
Managing Director US



### Impact of megatrends

Significant investment into clean energy projects has been announced in the USA since federal clean energy incentives were signed into law. 83 new or expanded clean energy manufacturing facilities are creating demand for nearly 30,000 new jobs while the total number of renewable energy jobs in the USA is up 50% on 2019. Pharmaceutical companies have also been ramping up their AI operations in recent months with multi-billion dollar investments.

Looking at demographic change, the US has a relatively favourable profile compared to most large economies, but this is set to change with the share of the population over the age of 65 more than doubling by the end of this century. The shift will drive healthcare demand, exacerbating current staff shortages. By the 2030s, the country could be faced with a shortage of nearly 200,000 nurses and 124,000 physicians.

### FY23 performance highlights

Despite the overall US recruitment market declining YoY, we saw a 10% growth in our top ten clients while the next ten grew by 26%. STEM is demonstrating its resilience against general economic headwinds. New job activity has been substantially impacted by a market-wide drop in hiring demand, underpinned by inflationary and interest rate pressures.

Overall, we saw a net fee decline of 14% YoY due to very strong prior year comparatives in Life Sciences. Engineering saw strong growth and we outperformed the market, but we did see market-driven declines in Life Sciences as job vacancies declined significantly due to the macro-economic environment.

Contract, supported by improved finisher rates, showed stronger resilience than Permanent, with a decline of 4% and 51% respectively. Engineering was up 16%, driven by demand for roles within Electrical Engineering, Project Management and Construction. Life Sciences was down 24% YoY, in line with the market conditions within this sector.

Performance highlights	FY23	FY22	Variance	
			Reported	Like-for-like <sup>18</sup>
Revenue (£ million)	328	338	-3%	-3%
Net fees (£ million)	96	112	-14%	-14%
Average total headcount (FTE)	473	539	-12%	n/a

### Our people

This year we have introduced a new operating model with the goal of simplifying and standardising ways of working, increasing cross selling and collaboration between industries. We also upgraded our hybrid working policy to provide our people with more opportunities for coaching, collaboration and community participation.

### Reasons for confidence

Worth over \$50 billion, the USA has the largest STEM staffing market in the world. It exhibited resilience in FY23 after two consecutive years of high double-digit growth. It is projected to grow 5% in FY24.

We see immense opportunity in the US market, as we still only capture a relatively small share of wallet of our key clients. The US is the first region to benefit from TIP, equipping our consultants with best-in-class tools and processes ahead of the rest of the Group. This builds a solid foundation for scaling our business profitably and winning market share.

The Engineering skills vertical offers particular potential. SThree is the ninth largest engineering staffing agency in the world and is the eleventh largest in the USA<sup>\*</sup>.

Our focus in FY24 will be to capture market share through growth within our core vertical markets of Technology (Software Development and Salesforce), Engineering and Life Sciences (Clinical Research and Quality Assurance).

### Awards / Rankings

1	SSG ranked #82 –	Largest Staffing Firms in the US*
2	Real ranked #5 (up from #6 last year) –	Largest Life Sciences Staffing firm in the US**
3	2023 Oncon Icon Award –	L&D Team
4	Computer Futures –	Industry Partner of the Year***
5	Nine people win	WISA (Women in Sales Awards)

\* Source: SIA data.  
\*\* SIA.  
\*\*\* WICT Network.

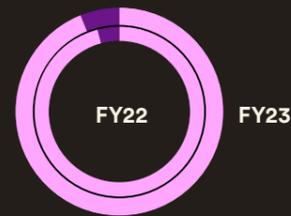
17. Other includes the results of Banking & Finance sector, which was previously presented separately, and Procurement & Supply Chain and Sales & Marketing.  
18. Variance compares FY23 against FY22 on a constant currency basis, whereby the prior year foreign exchange rates are applied to current and prior financial year results to remove the impact of exchange rate fluctuations.

# Netherlands including Spain

Group net fees

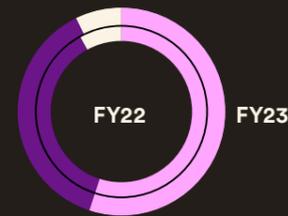
19%

Net fees mix  
By country



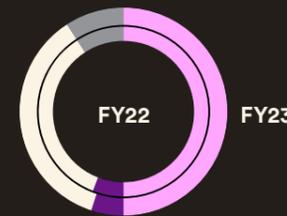
	FY23	FY22
● Netherlands	94%	96%
● Spain	6%	4%

By service



	FY23	FY22
● Independent contractors	55%	55%
● ECM	38%	37%
● Permanent	7%	8%

By skills



	FY23	FY22
● Technology	50%	50%
● Life Sciences	5%	6%
● Engineering	36%	35%
● Other <sup>19</sup>	9%	9%



**The Netherlands is a leading digital frontrunner in Europe and digitisation remains a top priority for many clients.”**

**Margot van Soest**  
Managing Director Netherlands & Spain



## Impact of megatrends

The region is responding to client demand for digitisation by investing in AI and cloud infrastructure. It is also seeing significant spend on decarbonisation. Although hydrogen is still in its infancy, we anticipate client demand in this sector to increase in coming years; therefore, we have been building our capability to secure a significant part of this market opportunity.

There is a shifting attitude to work. Remote and hybrid working expanded dramatically during the pandemic but the legal framework regulating them lagged behind and employers are realising they may need to fill the gap with their own policies. SThree, with its state-of-the-art systems for managing contract employment, is well placed to provide this support.

## FY23 performance highlights

Like-for-like, this region saw net fees grow by 6% YoY, with strong growth in Contract, up 7%, partially offset by Permanent which was down 2%. The Netherlands, which represents 94% of the region, saw a net fees growth of 3%, with Engineering up 8% and Technology up 3% YoY driven by demand for skills within Enterprise Resource Planning (ERP), data and digitalisation projects. Spain had an impressive year, with net fee growth of 82% driven primarily by Technology.

	FY23	FY22	Variance	
			Reported	Like-for-like <sup>20</sup>
Revenue (£ million)	368	324	+14%	+11%
Net fees (£ million)	82	76	+8%	+6%
Average total headcount (FTE)	422	389	+8%	n/a



## Case study

or more information on how we support our clients within the renewables sector, please see our case study on 'Sourcing talent for offshore wind farm projects' on our website: [sthree.com/annual-report-2023](https://sthree.com/annual-report-2023)

## Our people

Our focus this year has been on retention programmes. We built on our partnership with Nyenrode University to provide leadership training for our business managers and tested improved reward communications with the introduction of total reward statements.

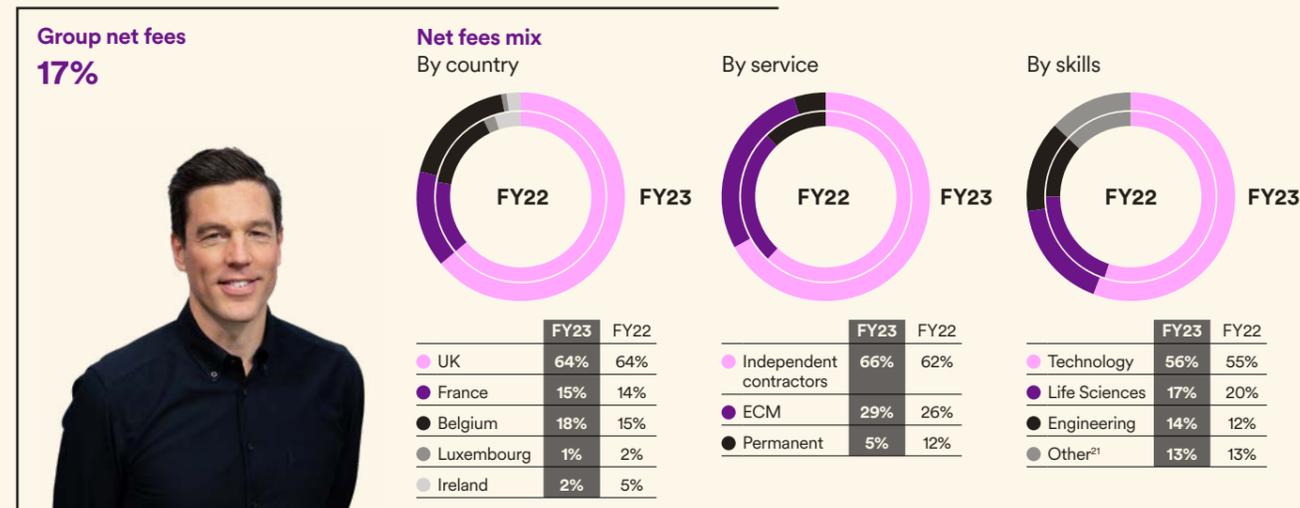
## Reasons for confidence

Two megatrends continue to drive up demand in the Netherlands STEM labour market: the increasing requirement for specialist STEM skills linked to future technologies within Technology and Engineering skill verticals, particularly in relation to renewable energy, and the reduction in the talent pool that is resulting from the demographical changes, in particular a growing proportion of an ageing workforce retiring faster than ever.

In Spain we see a demand for contingent labour continuing to grow, particularly within the Retail, Banking and Financial, and Energy sectors.

19. Other includes the results of Banking & Finance sector, which was previously presented separately, and Procurement & Supply Chain and Sales & Marketing.  
20. Variance compares FY23 against FY22 on a constant currency basis, whereby the prior year foreign exchange rates are applied to current and prior financial year results to remove the impact of exchange rate fluctuations.

# Rest of Europe



## Impact of megatrends

Our Rest of Europe region is made up of businesses in the UK, Belgium and France. In these markets, as globally, there is a shift from Permanent hires to Contract, in large part due to project-specific hiring. With strong extensions and increased contract lengths, we saw a 3% increase YoY in Contract net fees.

AI is a hot topic amongst customers. Our report, How the STEM World Evolves, revealed the rise of AI and automation caused concerns among STEM professionals, with 34% worried about consequent job losses. However, the impact of these two technologies on recruitment is yet to be seen and the prevailing view is that they will become another skill verticals, creating more job opportunities in STEM with a positive impact on the number of STEM specialists that companies employ.

The UK market is experiencing a green jobs boom as businesses seek to decarbonise and reach challenging net zero targets. Demand for talent in the clean energy sector is expected to grow YoY; reskilling and upskilling STEM specialists will be essential to bridge the skills gap in this area.

## FY23 performance highlights

Net fees saw a decline of 4% YoY. Contract, which represents 95% of net fees for the region, grew 3%, with Permanent declining 59%, driven by both market conditions and the transition towards Contract.

The UK, the largest country market in the region (64% of net fees), saw net fees decline by 3% YoY, driven by Engineering, up 10%, as demand increased for roles within Project and Construction Management, Electrical and Mechanical Engineering, offset by decline in both Technology, down 5%, and Life Sciences, down 27%. Belgium saw net fees up 13% and France was down 3%. Average headcount for the region was down 9% YoY, with year-end headcount down 24%.

Performance highlights	FY23	FY22	Variance	
			Reported	Like-for-like <sup>22</sup>
Revenue (£ million)	400	394	+1%	-
Net fees (£ million)	71	73	-3%	-4%
Average total headcount (FTE) <sup>23</sup>	499	547	-9%	n/a

## Our people

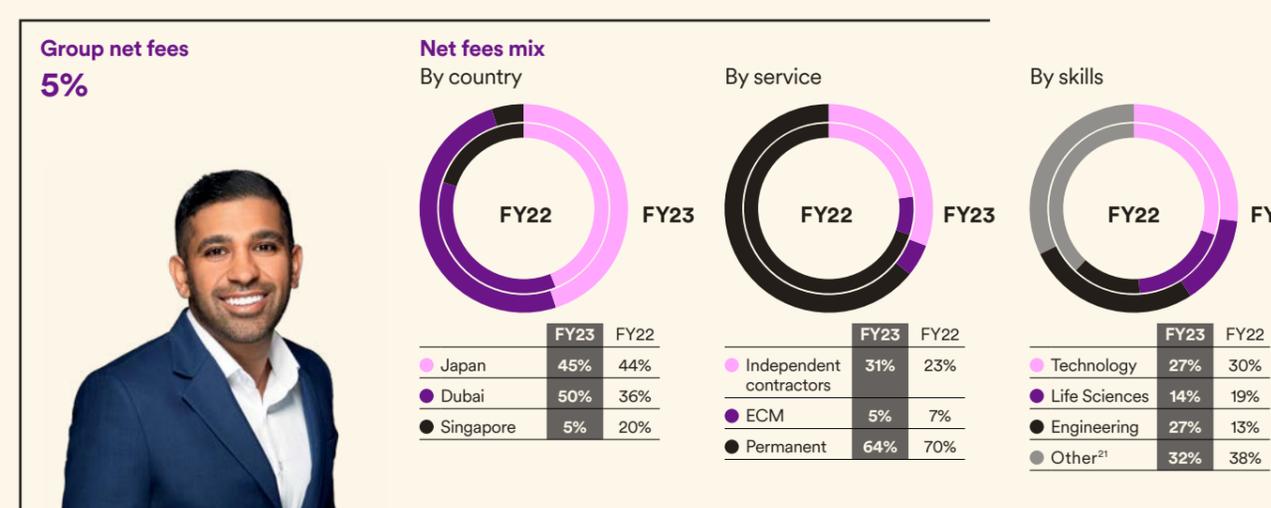
We built our Employee Value Proposition through several initiatives this year. All our most senior people managers completed the Leading with Purpose programme which gave them training in the four essential roles of leadership. This will enhance their, and their teams' performance, as they build a supportive culture. New compensation frameworks were adopted for all levels as we invested in base salaries on a targeted basis and reviewed reward schemes to ensure they are driving the right performance behaviours.

## Reasons for confidence

Despite geopolitical and economic uncertainties, we remain confident about the region's growth prospects. The implementation of the TIP alongside our focus on STEM will be strong differentiators, and we remain confident this will enable the business to capture more market share across this region.

By implementing dynamic and responsive strategies, the region is actively adapting to meet the evolving needs of its customers. Besides flexible working offering, it involves a deep understanding of STEM market, knowing the right skills that are vital for clients' long-term success, and wider shifts in the recruitment environment. The region's overarching goal is to maintain focus and clarity, meticulously track leads and pipelines, and strategically invest in its people to help them succeed.

# Middle East & Asia



## Impact of megatrends

Life Sciences and Research-led Healthcare were the key drivers behind demand for STEM talent in the region. Clients continued to appoint talent with skills to keep up with increasing technological complexity. Digitalisation was also a significant demand driver as clients sought to harness the potential it offers for business transformation.

## FY23 performance highlights

The region saw net fees increase by 3% YoY. Excluding the restructured businesses in Singapore and Hong Kong, net fees were up 20% YoY. Japan, which represents 45% of the region, was up 6% YoY, driven by Engineering and Life Sciences. Japan's Contract net fees were up 32% and Permanent up 5%. Strong performance was also reported in UAE with net fees up 41% driven by Engineering.

Performance highlights	FY23	FY22	Variance	
			Reported	Like-for-like <sup>22</sup>
Revenue (£ million)	43	44	-3%	+1%
Net fees (£ million)	21	21	-	+3%
Average total headcount (FTE)	185	208	-11%	n/a



**To keep up with increasing technological complexity as life sciences and healthcare make rapid advances, our customers are constantly looking to appoint talent from our Digitisation and Research-led Healthcare segments."**

**Hashim Kapadia**  
Regional Sales Director SThree ME&A

## Our people

More than 60% of our regional leadership team have been with SThree since joining through our graduate programme. Such strong retention of some of our best talent demonstrates we have a compelling Employee Value Proposition and are a preferred employer in the sector. This was confirmed independently this year when we were recognised as a Great Place to Work-Certified™ company by the Great Place to Work® organisation, a global authority on workplace culture.

One of the attractions for graduates is the opportunities we offer for both mentors and mentees. Beyond their core job role, all our people have the opportunity to participate in community initiatives that promote DE&I and ESG goals.

## Reasons for confidence

Our specialism in major STEM disciplines, combined with our global reach, gives us a significant edge over competitors in the region. Our office footprint and consultants immersed in the prevailing culture, provide the region with insights into clients' key challenges. We are well placed to build candidate relationships and source talent.

In line with our global strategy, we will continue to increase our investment into the Middle East & Asia region, with a focus on growing our business in Japan and Dubai.

21. Other includes the results of Banking & Finance sector, which was previously presented separately, and Procurement & Supply Chain and Sales & Marketing.  
22. Variance compares FY23 against FY22 on a constant currency basis, whereby the prior year foreign exchange rates are applied to current and prior financial year results to remove the impact of exchange rate fluctuations.  
23. Excludes central headcount located in the UK.

## Section 172 statement

In accordance with the requirements of Section 172 of the Companies Act 2006 (the Act), the Directors confirm that during the financial year ended 30 November 2023 they have acted in a way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its shareholders as a whole, having regard to the likely consequences of any decision in the long term and the broader interests of other stakeholders as required by the Act.

Supported by a well-established corporate governance framework, the Board's decisions take the long-term interests of key stakeholders into account, including its employees, clients and candidates, shareholders and local communities, along with the impact of our business upon them and the likely consequences of any planned actions required to deliver sustainable growth.

→ The examples of the Board's principal decisions made over the past year, and how we created value for our stakeholders, are provided on pages 50 to 51

## Our people

### Why we engage

Our people's hard work and commitment to deliver standout customer experiences are at the heart of SThree's ongoing success.

Engaging with our employees and understanding what is important to them, what challenges and risks they face, are therefore essential to the Board's decision making. It helps to inform Group-wide people strategies, develop better policy interventions, reward schemes, local training plans and share best practice in finding, developing and retaining talent.

### How we engage

- Regular employee surveys.
- Employee resource groups provide moments of belonging, awareness and allyship whilst influencing policy and people experience.
- Our internal community of ambassadors deliver internal events, volunteering and moments of connection that align colleagues to our purpose.
- Employee focus groups led by Denise Collis, the Senior Independent Non-Executive Director, a dedicated Board advocate for employee engagement.
- Meetings between the CEO, Chief People Officer and members of the ExCo on people strategy and initiatives.
- Other ongoing interactions via Group intranet, leadership and employee-led forums, CEO Town Halls, webinars, social media channels and global newsletters on client- and sales-related matters.

→ The employee engagement section on pages 96 to 99 in the Governance Report provides more detail on Group-wide actions taken in response to employee feedback

The Board maintains close business relationships and partnerships with these groups, to keep itself informed of the material issues relevant to stakeholders. In addition to the regular feedback that it receives from customers and employees, the Board maintains an open two-way dialogue with investors to effectively engage with and communicate our actions to them. This is integral to the Board's strategic decision-making framework focused on those business priorities which will position SThree to deliver shared and sustainable value for all stakeholders.

The information set out below, together with the information on pages 94 to 99 of our Governance Report, explains how the Board considers and engages with key stakeholder groups identified as critical to our future success: our people, our clients and candidates (which we referred to as customers), our shareholders and our local communities.

### Key interests and concerns in FY23 and our response

As part of Our People pillar we continued to keep investing time and resources into our people.

In light of the ongoing Group-wide Technology Improvement Programme (TIP), we were very selective about what initiatives to focus on, ensuring we spread them over the year and across the Group so that people can still have the opportunity to get involved but without any impact on their day job or work-life balance. We have made several improvements to Group-wide communication processes, training programmes, remuneration and infrastructure to support employees.

We have rolled out a 'Leading with Purpose' training and 'Strategic Narrative' (a six-chapter story), to help our global workforce gain clarity on SThree's strategy and values, and thus gain their commitment towards the accomplishment of the Group's 2027 ambitions.

Our Group-wide TIP, an essential enabler to increase efficiency and resilience in the way we work internally and with our customers, made significant progress this year. We successfully delivered the first cohorts of the programme in our key location, US, which contributed to step-changes to processes that our employees follow in their day-to-day jobs.

Within L&D, we developed and rolled out the professional study policy and worked with the professional bodies to achieve accreditation for finance team members. We also developed change management plans and a related training offer to drive successful adoption of outputs built and delivered under the TIP.

## Our clients and candidates

### Why we engage

Regular engagement with all our clients and candidates (customers) helps us to adapt our business and strategy by investing in the right vertical niches and improving and developing a service proposition that is more relevant to evolving customer needs. Ultimately, it helps us remain the STEM talent provider of choice in our markets and a sustainable value creator.

### How we engage

- Key Client Directors appointed among our senior recruiting consultants to engage with clients at a strategic level.
- Customer satisfaction surveys.
- Net promoter score surveys.
- Digital customer interfaces, videos, webinars, social media channels and other virtual events.
- Thought Leadership articles.
- Elevate Careers – a community programme delivered in collaboration with clients, candidates and industry bodies to help diversify the STEM talent pipeline. The programme provides an opportunity to collaborate on hosting events and actions that empower people from diverse backgrounds to access career paths into STEM roles.
- #STEMSeries virtual events to share industry experts' advice and tips on multiple topics relevant to the current work and market environment.

### Key interests and concerns in FY23 and our response

Through the engagement activities undertaken, we identified that acceleration of digital transformation and increased stakeholder pressure to reduce business carbon footprint are our clients' key areas of focus. This contributed to the ongoing demand for STEM professionals with expertise in data analytics, AI, developing cutting-edge technologies and green systems architecture, creating new digital products and process optimisation. This in turn resulted in a significant rise in average rates for most sought-after IT contractors.

In parallel, our candidates requested to work on innovative projects and with the latest tech to help maintain their value in the labour market. Flexible and remote working also continued to be an ask of our candidates, putting additional pressure on our clients to meet these needs to attract the best talent.

In response, we continued to innovate our systems and processes to maximise service delivery for all our clients and candidates.

After an intense period of testing, we rolled out the first cohorts of the new integrated platform in the US, to drive greater operational excellence, productivity and customer experience.

For clients who experience regional talent shortages we utilised our global talent hotspots and regional specialisms to identify suitable candidates.

We formed a global core team to work on a new Global Client Strategy focused on creating a consistent and standardised approach of growing our key strategic accounts and the way we partner with them. We aim to enhance our market reputation for the best client experience.



# Our shareholders

## Why we engage

We aim to instil confidence in our investors and win their long-term support of our business by providing them with complete, accurate and transparent information about our strategy including sustainability commitments and the key drivers behind our operational and financial performance.

## How we engage

- Annual General Meetings.
- Quarterly results presentations and trading statements.
- Investor roadshows with one-to-one consultations and group meetings with large international institutions, sections of the UK private wealth and retail investor community.
- Virtual investor briefings and capital markets days.
- Shareholder perception studies received via the Company's stockbrokers and financial advisers.
- Investor community engagement with the Chair and Non-Executive Directors, to address environmental, social and governance issues and our performance.

## Key interests and concerns in FY23 and our response

This year when engaging with our investors we focused on demonstrating our robust financial performance while transforming our ways of working, resilience of our business model further supported by favourable megatrends driving ongoing demand for STEM skills, governance and remuneration, strategy, capital allocation, and progress on our strategic priorities including our transition plan towards net zero.

In June 2023, we received an extension of our main £50 million credit facility, that was due to mature in May 2023. The Group's new credit maturity profile which now extends to FY26, with one remaining extension option to FY27, has reinforced our ongoing strong financial position.

The Board recommended a final FY23 dividend of 11.6 pence per share. This final dividend, together with the interim dividend of 5.0 pence per share, amounts to a total dividend for the year of 16.6 pence per share, an increase of 4% over the FY22 total dividend.

In January 2023, our CEO and CFO held SThree's Technology Briefing with the investor community. Our investors were given an update on the Group-wide TIP, highlighting how this differentiated solution unique to SThree will bring operational efficiency and enable SThree's long-term growth.

# Our local communities and environment

## Why we engage

Local communities are the source of the STEM talent our clients need to solve complex world challenges and drive economic growth. We provide decent work opportunities within our local communities and access to sustainable livelihoods.

We also address the increasing risk of climate change through providing the STEM talent at the forefront of climate innovation whilst also actively reducing our own carbon emissions.

## How we engage

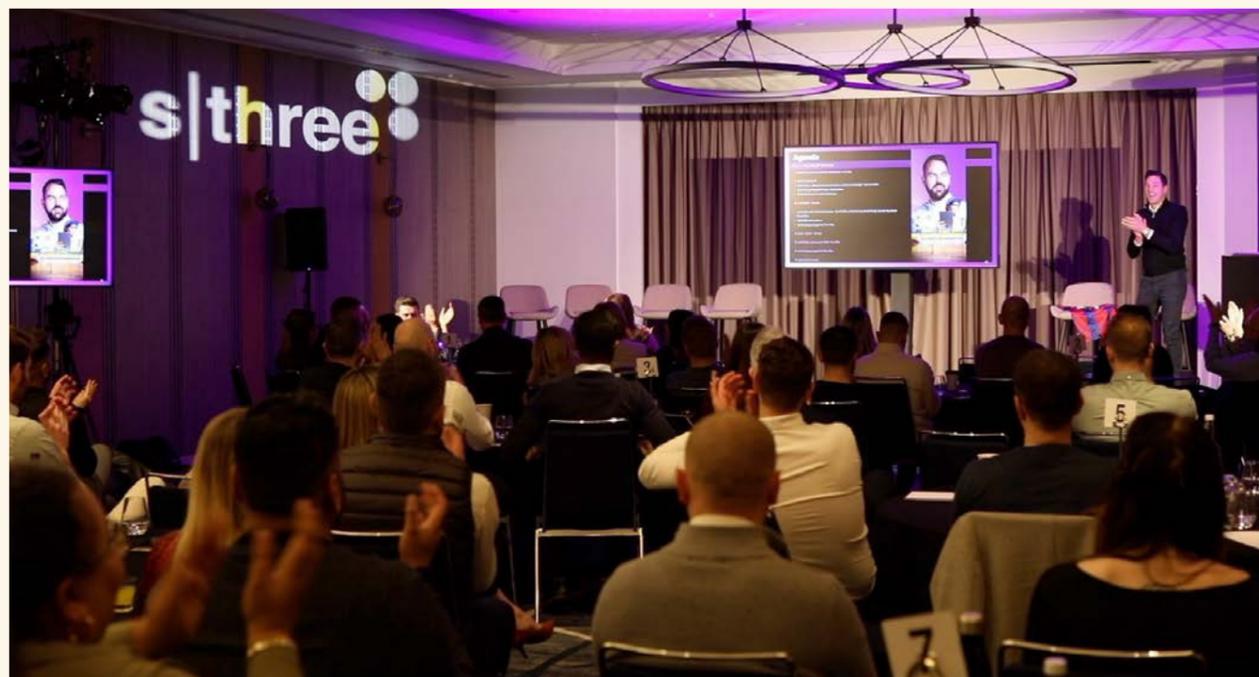
Community outreach programmes to grow and diversify the STEM talent pipeline:

- **Career support** initiatives where we utilise our intellectual capital in recruitment to provide employability support to people facing barriers to employment.
- **Elevate Careers** in partnerships with education, non-profit organisations, candidates and clients to empower community members underrepresented in STEM to access career pathways, helping to diversify the STEM talent pipeline and provide access to sustainable income.
- **Partnerships with our clients** providing the skills needed to deliver projects that contribute towards the United Nations SDGs.

## Key interests and concerns in FY23 and our response

In FY23, we evolved our work in building diverse STEM talent communities and launched Elevate Careers, designed to make STEM industries more diverse and inclusive.

Elevate Careers replaced all our previous regional community programmes and shares one global vision and purpose. Thanks to a standardised approach and share of resources, it enables us to work more efficiently, making it easier to scale and translate across the business to maximise our impact.



## Illustration of key decisions made by the Board in FY23

The table below shows some of the key decisions of the Board in FY23. The Directors confirm that the deliberations of the Board incorporated appropriate consideration of the matters detailed in Section 172 of the Companies Act 2006. As stewards of the Company, the Board recognises that having regard to the needs and expectations of stakeholders is crucial, as it ensures that SThree is well positioned to deliver long-term sustainable growth for the benefit of all its stakeholders.

### Launch of the Leading with Purpose Launch of the Strategic Narrative (a ‘Six-Chapter’ narrative)

Enhance the employee experience and knowledge of SThree strategy (service proposition) to help them become more successful, more quickly in their day-to-day jobs.

#### Background and considerations made by the Board in its decision making

The Board approved the development and launch of a strategic narrative – ‘A Six-Chapter story’ which articulates SThree’s strategy internally, including our destination, current reality, unique opportunity, and the journey we need to take to reach our goals. The Board recognises that Group-wide communication of SThree’s purpose, vision and strategic ambitions is key to our ongoing success. In later months of FY22, multiple interviews took place with the ExCo and focus groups with representation from across the business to reflect on who we are and where we want to get; it culminated at the leadership event in Barcelona in October FY22 when the strategic ‘Six-Chapter’ narrative was unveiled.

In FY23, a team of SThree’s senior leaders issued the narrative across all business units, describing key initiatives and strategic drivers and how they shape the purpose of each and every function within the SThree Group.

#### The likely consequences of the decision in the long term and stakeholder groups affected

Besides enhancing our employees’ understanding of the Group vision, the strategic narrative builds on skills of our leadership team who, by giving the right strategic direction, helps to unleash our people’s potential to deliver SThree’s vision of becoming the number one STEM talent provider. The launch of the Strategic Narrative was accompanied by the creation of a new SharePoint site giving access to many resources and information about SThree’s four strategic pillars.

This initiative is expected to help our employees to better execute our strategy and, in the longer term, generate more lifetime value to our business and other stakeholders.

### Launch of the Global Client Strategy

Build a reputation in the market for best customer experience.

#### Background and considerations made by the Board in its decision making

The Board understands that SThree’s clients value consistency and dependability in their partnerships. Our current processes and standards of growing key strategic accounts were viewed as good but not ideal, with large potential for improvement at both global and regional level. The Board approved the initiative to develop a global client strategy, a much needed coordinated approach to target, grow and partner with SThree’s strategic customers.

#### The likely consequences of the decision in the long term and stakeholder groups affected

Our new client strategy will define the distinctive value and experiences that SThree provides to its targeted clients; it will comprise well-defined processes, tactics and tools to support the selection and development of our long-term partnerships with key clients. A standardised approach across all regions will facilitate more global cooperation on key accounts and will bring alignment with the new CRM system developed as part of the TIP. In the long term, the global client strategy is expected to increase SThree’s credibility, reputation, competitiveness and lead to significant repeat high-value business from our clients; ultimately increasing our market share within STEM sectors.

### Committed to net zero target by 2050

Strengthening our environmental ambitions with a new science-based target of net zero.

#### Background and considerations made by the Board in its decision making

After a number of Board discussions with the Executive Team that began in December 2022, the Board approved the strategic update announced externally on 12 April 2023. We have updated the market about our Science Based Targets initiative (SBTi)-verified target of reaching net zero GHG emissions across the value chain by FY50, and how we expect to achieve our near-term pathway to deliver on this ambitious commitment. We target a 77% reduction in scope 1 and 2 carbon emissions and a 50% reduction in scope 3 GHG emissions by FY30 from a FY19 baseline.

→ See net zero transition plan on page 71

#### The likely consequences of the decision in the long term and stakeholder groups affected

SThree’s Board remains committed to tackling SThree’s environmental impact, aligned to stakeholder expectations. The Board also considered that SThree’s roadmap towards net zero would encompass the Group’s targeted action on behavioural change, operational adaptations and influencing its end-to-end value chain. This will also coincide with our growing investment in the clean energy business and strengthening supply-chain management through our TIP.

We want to be an attractive employer for our existing and potential employees, who want to work for companies which have clear plans and commitments to help shape the future and tackle climate change.

Expected outcome for shareholders: we understand the investment communities need to decarbonise their investment portfolio and, as such, our net zero target and roadmap will ensure our investors have the data and efficiencies needed to meet their reporting and targets.

### Executive appointments

Changes to SThree’s organisational structure and leadership.

#### Background and considerations made by the Board in its decision making

In April 2023, following close consultations with the People Leadership Team, the Board approved the appointment of Sarah Mason as a new Executive Committee member and Chief People Officer. Sarah brings with her highly relevant experience, having spent time within sales and staffing organisations, including SThree for ten years, between 1998 and 2008.

In addition, in August 2023 we announced the appointment of Jelte Hacquebord as Chief Commercial Officer (CCO), who has been pivotal to the success of one of our biggest sales regions and brings an enormous amount of experience in building excellent client relationships and overall sales businesses. In his role, Jelte will be responsible for all revenue channels, sales function and marketing across all regions, while steering the direction of business growth and overseeing the market investment strategy.

Effective from 1 September 2023, Nicholas Folkes, previously Chief Technology & Information Officer, became Chief Operating Officer (COO) to ensure consistent leadership and strategy delivery in technology, transformation and business operations.

#### The likely consequences of the decision in the long term and stakeholder groups affected

The above leadership changes are expected to put us in the best possible position to capitalise on the opportunities in front of us.

The appointment of Sarah Mason, who takes a practical, outcome focused, collaborative approach to change, will further support the Board’s efforts to create high-performing, inclusive, learning culture within SThree. We want our people to be able to see how we aim at developing their potential, accelerating their careers and helping them to perform at their best.

With the appointment of Jelte Hacquebord as CCO we aim to bring all key commercial activities (sales, marketing, blueprint and other sales projects) under one global function, to improve our focus on driving and accelerating growth through a clear, consistent and measurable customer strategy, as well as an optimal go-to-market and customer delivery approach.

The appointment of Nicholas Folkes as COO will maximise our opportunities to become more efficient and effective in how we operate, as we navigate our transformation journey.

# Our commitment to being a responsible business

## ESG targets and progress

Since FY20 we have monitored our ESG performance against key targets that align to the areas most material to our business, reflecting our business model and stakeholder priorities. Our ESG targets contribute to the success of our business, aligned with our strategic pillars.

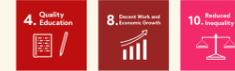
In addition, we undertook analysis to understand the UN SDGs that we can impact, and aligned our strategy to deliver relevant outcomes to the targets and indicators established within the SDG framework.

	To positively impact 150,000 lives by FY24	Doubling the share of our global renewables business by FY24	Reduce scope 1 & 2 emissions by 77% and absolute scope 3 emissions by 50% by FY30	We aspire to increase representation of women in leadership to 50/50
<b>Progress</b>	<b>114,466</b> lives positively impacted by SThree since 1 December 2019.	<b>142%</b> growth in our clean energy business net fees since FY19 (baseline year).	<b>31%</b> increase in scope 1 and 2 and <b>12%</b> reduction in scope 3 in FY23 from FY19 (baseline year).	<b>39%</b> women in leadership positions*.
<b>FY23 activities</b>	<b>15,292</b> accessed decent work through SThree placements. <b>431</b> accessed our career support programme. <b>2,754</b> existing and aspiring STEM professionals accessed Elevate Careers programme with coaching and mentoring support provided by SThree. <b>3,094</b> hours of volunteering supported people in our local community.	<b>28%</b> growth in our clean energy business net fees YoY in FY23.	<b>26%</b> increase in absolute emissions in FY23 in comparison to FY22 due to a return to pre-pandemic operations.	<b>47</b> women participated in our leadership talent development programme Identify.
<b>Alignment to strategic pillars</b>	Our Position Our People	Our Places	Our Platform	Our People
<b>Sustainable Development Goals</b>	  	  		

\* In FY23, we reviewed our definition of women in leadership and aligned it to the FTSE Women on Boards Leadership index/recommendation which defines leadership as Executive Committee and Executive Committee minus one (excluding administrative roles). As of FY23, SThree adopts this definition, and our data is reflective of this within this Annual Report.



**Case study**  
For more information on our Responsible Business practice, please see a case study on our partnership with Earthly on our website: [sthree.com/annual-report-2023](https://sthree.com/annual-report-2023)



# Building an inclusive future for everyone



**Our purpose of bringing skilled people together to build the future is focused on empowering people to reach their full potential whilst using their skills to drive innovation and progress across the world. Our social impact goes beyond our colleagues and candidates, delivering outcomes for all stakeholders and contributing to the UN Sustainable Development Goals.”**

**Gemma Branney**  
Global Director of Purpose and Inclusion

## Elevating our people

In FY23, we continued to build a high performing, inclusive culture. People remain a fundamental part of our core strategy, enabling our performance and heightening the impact we have on all of our stakeholders. In FY23, we continued to make progress in the following areas:

- We understand that company culture is ever evolving and we continue to prioritise the development of our own culture across the global business. Over 150 colleagues delivered internal networks and activities to enhance our culture. This includes activities surrounding International Women’s Day, Black History Month, World Environment Day, as well as touch points throughout the year. In addition, in the US and UK we launched a new data capture process to enable colleagues to share their race and ethnicity data with the business, improving our insights surrounding diversity, informing future priorities for the business. In FY24 we will continue to embed DE&I data collection across our global business to ensure we can align to the Parker Review requirements.
- Colleague engagement continues to be a KPI for the business, a metric which provides important insights in relation to development, retention and productivity. In FY23, we conducted regular town halls to inform our people, delivered eight focus groups with our ExCo members, four focus groups with Non-Executive Directors, delivered culture co-creation workshops with 15% of our people and delivered our Engage survey achieving an eNPS of 43 (FY22: 51 points). Active listening has been a key part of our People Strategy in FY23, ensuring colleagues’ voices contribute to the evolution of our culture.
- Our SThree Academy continues to be a significant resource for colleague development alongside in-person training and regular performance reviews which include personal development planning. In FY23, our colleagues accessed 41,264 hours of learning.
- Our ambition is to achieve 50/50 representation of women in leadership. In FY23, we launched the third cohort of our talent accelerator programme with 47 women participating. The programme increases engagement, retention and likelihood of promotion of women.

**“I’ve found my journey with the Identify programme to be immensely enriching. This initiative has not only granted me access to a diverse array of specialised training and webinars hosted by inspiring external speakers but also facilitated connections with remarkable women from around the globe who share similar values and goals. I truly enjoyed the external mentorship, where I delved into topics that were important to me on a professional level.”**

**Esther Wilz**  
Commercial Manager, SThree Berlin

## Elevating careers

In FY23, we brought together the numerous community programmes we deliver into one high impact upskilling programme aimed at diversifying the STEM talent pipeline, Elevate Careers. Working in partnership with 39 partners, including community organisations, industry bodies and clients, we delivered activities to elevate the STEM careers of 2,754 people from diverse communities. Our programmes included CV reviews, job search advice, skills development sessions and industry panel events.

**“As a neurodivergent person, I always appreciate people sharing how they advocate for themselves. It’s something that can be challenging to navigate.”**

**Elevate Careers UK Workshop participant**  
June 2023

**“This is the most helpful, transparent webinar for career transition I’ve heard.”**

**Elevate Careers USA Workshop participant**  
October 2023

In FY23, we developed a global partnership with Women Who Code, a charity whose mission is to empower diverse women to excel in tech careers. SThree contributed £86,000 to fund 3,700 scholarships for women on their programme and ran workshops for 1,239 women within the Women Who Code community. Together we are supporting more women from diverse backgrounds into tech careers, SThree’s largest STEM market.

## Elevating our community

Contributing to our local communities is a long-standing part of our corporate identity which is demonstrated by the 40 hours of paid volunteering leave every colleague can utilise each year. In FY23, 85 ESG Ambassadors arranged activities to support their local community. This included raising £119,025, contributing over 980 items as gifts in kind and volunteering 3,094 hours. Full details of the organisations we support and the impact we have had can be found on pages 10 to 18 in our ESG Impact Report.

**“Our colleagues have a strong ethos of doing good. Their passion and energy to give back to their local communities through fundraising, donating items, skills sharing and using their 40 hours of paid volunteer leave transforms communities and creates a better future for everyone.”**

**Francesca Greaves**  
Global Purpose and Inclusion Manager



### Case study

For more information on how we support local communities, please see a case study on our partnership with Aletto Foundation on our website:  
[sthree.com/annual-report-2023](https://sthree.com/annual-report-2023)

# STEM skills fuelling a low-carbon future



Through our materiality assessment it is clear that climate change is a critical topic to all of our stakeholders. As a STEM staffing specialist, we are committed to being led by climate science and our net zero targets reflect this. We are committed to not only reducing our impact but to providing the STEM talent the world needs to decarbonise.”

**Andrew Beach**  
CFO and Executive Sponsor of climate risk

970

placements in clean energy

28%

YoY growth in our clean energy business

8%

reduction in carbon emissions since FY19

## The green skills that will build the future

Through climate-related scenario analysis we have identified the growing opportunity related to the role STEM skills will play in the low-carbon transition. This is materialising as we have seen our clean energy business grow by 142% since FY19, when we set a target to double the size of our clean energy business to maximise the opportunity identified.

McKinsey estimates 202 million new jobs may be needed to deliver net zero by FY50 and the LinkedIn Green Skills Report 2023 estimates the need for green skills is double the pace of green talent entering the job market. Decarbonisation is one of the most material megatrends impacting SThree.

➔ [For further details, see page 4](#)

We continue to strengthen our position as a talent partner to net zero, growing our sustainability credentials and through partnering with clients to address their green skills gap. In FY23, we placed 970 candidates into clean energy roles.

In FY23, we continued to deliver green skills development opportunities as part of our Elevate Careers programmes. Throughout this year, 308 women attended workshops delivered in partnership with Women in Renewable Industries and Sustainable Energies (WRRISE) and New England Women in Energy and Environment.

## Taking meaningful climate action

For over a decade SThree has shown a commitment to climate action. In FY23, we strengthened our commitment through setting SBTi-verified targets.

➔ [For further details, see page 71](#)

We demonstrate transparent reporting on our carbon emissions, progress towards our targets and our net zero roadmap which is detailed within the following TCFD disclosures.

## TCFD report

### Task Force on Climate-related Financial Disclosures statement

SThree has supported the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) since FY20. We confirm that we are reporting consistent with all the TCFD Recommendations and Recommended Disclosures in the Annual Report and Accounts 2023.

By this we mean the four TCFD recommendations and the 11 recommended disclosures set out in Figure 4 of Section C of the report entitled 'Recommendations of the Task Force on Climate-related Financial Disclosures' published in June 2017 by the TCFD. We have also considered the TCFD additional guidance

(2021 TCFD Annex), specifically the 'All Sectors Guidance' in preparing the disclosures. We are therefore compliant with the requirements of the UK Listing Rule 9.8.6(8)<sup>24</sup>.

This section contains the relevant disclosures or otherwise provides cross-references where the disclosures are located elsewhere in the report. In preparing them we have had to make several assumptions, and while we are satisfied that they are consistent with the TCFD recommendations, we will continue to monitor TCFD guidance as it evolves and will consider opportunities to enhance our future disclosures.

### Governance pillar

#### Board oversight

**TCFD recommendation:** Describe the Board's oversight of climate-related risks and opportunities.

The Board engages with stakeholders on matters of business strategy, performance and environment, social and governance (ESG), including climate change. Continuing to integrate ESG impacts into the business and providing clear, transparent reporting on ESG matters remains a priority for the Board. The Board's experience includes a range of skills and knowledge in relation to risk management and risk-informed strategic and financial planning which supports the implementation of the TCFD recommendations across the Group. Full details of the Board's experience can be found on pages 86 to 87. The level of Board oversight is considered appropriate for the ESG risks identified by the Group.

The Board appointed the Chief Financial Officer (CFO) as the Executive Board member who acts as senior sponsor for all climate-related matters including climate risk, metrics and targets. The CFO reports progress to the Board on a regular basis. With over 15 years' experience as a listed company CFO, extensive risk management knowledge, an active member of the Group ESG Committee and Chair of the TCFD Steering Committee, the CFO is best placed to ensure the business assesses and monitors the impact of climate risks and opportunities, informing business strategy and growth ambitions.

In addition, the Chief Executive Officer has appointed an Executive Committee (ExCo) which includes the senior leaders within the business. The purpose of the ExCo is to direct the Group strategy including the achievement of performance targets and mitigation of risks. The ExCo conducts regular business reviews related to strategy, risk management (including climate-related risks) and performance including progress towards ESG targets.

The ExCo reports to the Board and escalates both risk and ESG matters as appropriate. The Board reviews strategy at least twice a year.

In addition, the ESG Committee, which includes members of the ExCo, with Non-Executive Directors' attending on a rotation basis, meets quarterly to discuss and report ESG specific topics. These topics are then discussed at the Group Risk Committee, ExCo, Group Remuneration Committee and the Board.

During the reporting period, the Board agenda included:

- an update on ESG priorities and progress towards agreed KPIs. The Board questioned business engagement and support, offering sponsorship of key ESG topics as required;
- risk review, including discussing climate risk statements, risk appetite, tolerance and Key Risk Indicators (KRIs);
- TCFD progress updates were provided by the CFO to give assurance to the Board that we would meet all compliance requirements. This provided an opportunity for the Board to question actions and progress, and influence the direction of the TCFD Steering Committee as required;
- discussed and agreed new science-based net zero targets aligned to SBTi; and
- the Board discussed the role of the ESG Committee and in order to increase the Board's oversight of ESG-related topics, including climate risks and opportunities, the Board agreed that a Non-Executive Director seat will be held on the committee in FY24.

#### Management oversight

**TCFD recommendation:** Describe management's role in assessing and managing climate-related risks and opportunities.

To oversee the governance of risk management, including climate-related risks, the ExCo has formed a Group Risk Committee. In addition, to support the management of climate-related matters and wider ESG ambitions, the ExCo established an ESG Committee.

#### ESG Committee

SThree's ESG Committee has representatives from the ExCo, including the Chief Executive Officer, Chief Financial Officer, Chief People Officer and Chief Legal Officer, as well as individuals from key strategic markets and departments.

The ESG Committee meets quarterly to direct the Group ESG strategy, policies and implementation of key changes across the business. This includes identifying climate risks and providing oversight of the assessment and mitigation of these risks. The review of climate-related risks occurred each quarter during FY23.

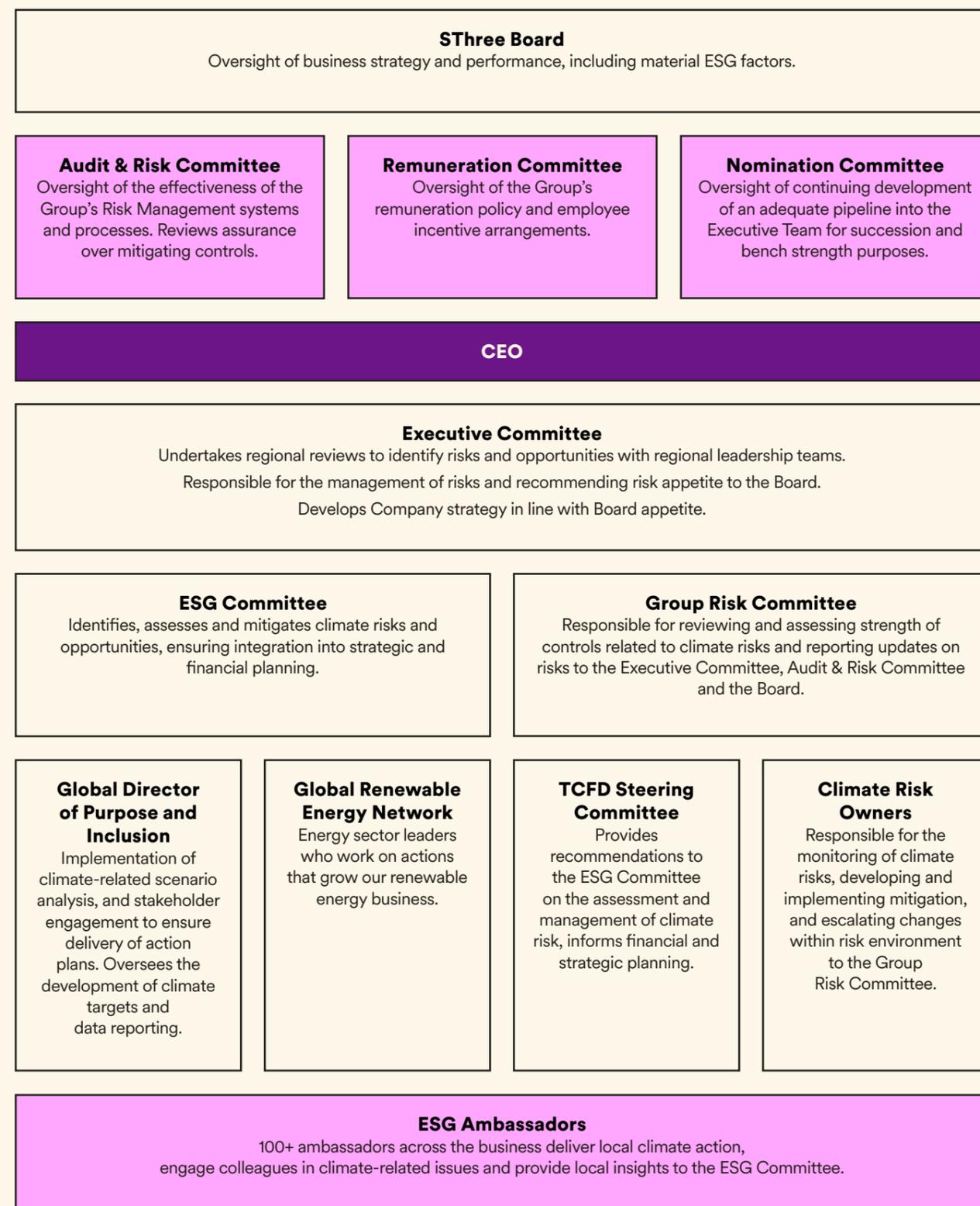
In order to provide the right level of oversight to both climate risk and opportunities, the ESG Committee has formed two sub-groups which include:

- TCFD Steering Committee, formed in FY22, which includes leaders from across the business with expertise in risk management, financial planning, strategy, ESG and reporting. The TCFD Steering Committee provides recommendations to the ESG Committee on the assessment and management of climate risk, processes to ensure climate risk informs financial and strategic planning, and the governance of climate risk. During the current year, the TCFD Steering Committee implemented 12 actions to improve controls and processes of collating information on how the climate-related risks and opportunities impact SThree.
- Global Renewable Energy Network (GREN) includes energy sector leaders from across the business who come together to learn, share and collaborate on actions that improve the performance of our renewable energy business, maximising the opportunities identified through scenario analysis and supporting the achievement of performance targets. During the reporting year, GREN continued to develop its reach across SThree's regions, promoting uniformed processes and best practices in support of future growth of our renewable energy business. GREN's key initiatives completed in FY23 include global implementation of the new blueprint to guide a coordinated approach to grow our strategic clients; roll out of a job intensity dashboard and monthly newsletters providing our leadership with critical insights.

24. In considering the consistency of our disclosures with the TCFD Recommendations and Recommended Disclosures we have had regard to, among other things, the documents referred to in LR 9.8.6B and 6C, as applicable to the financial year 2023.



### Climate change governance framework



### Risks pillar

#### Identifying and managing climate-related risks

**TCFD recommendation:** Describe the organisation's processes for identifying, assessing and managing climate-related risks.

Our existing Group Risk Framework is designed to identify, assess, score and monitor all risks. In addition, risk mitigation plans and timelines are determined by the appetite and tolerance for risks as set by the Board and directed by ExCo.

A responsibility for identifying, assessing, and where appropriate mitigating climate-related risks and opportunities is delegated to the ESG Committee. The Committee's approach to identifying climate-related risks includes utilising market research data, external partner insights and internal business reviews. Our strategic review process asks senior leaders from across the business to identify any current or emerging risks within their markets, with key questions around climate-related market changes and policy. These are then discussed at local management meetings and escalated to the ESG Committee, who in turn, ensures the right mitigation measures and controls are in place. In addition to our strategic review process in FY23, we also renewed our materiality assessment, conducting interviews, stakeholder surveys and desk research to further identify risks and opportunities. Additional risks and opportunities were then reported to the ESG Committee, informing risk management and mitigation priorities.

We utilise climate-related scenarios to assess the potential magnitude and likelihood of specific climate-related risks and opportunities under the varied parameters and assumptions of each scenario, quantifying the financial impact on net fees, the same financial metric used across the Group's Risk Framework. Once assessed, climate-related risks are assigned a risk owner who is responsible for building and implementing the mitigation controls related to that risk. The overarching mitigation control involves tracking progress against targets using measurement indicators, horizon scanning to identify changes that could trigger additional transition risks and implementing procedures and solutions to overcome them. This is reported on a quarterly basis to the ESG Committee.

To date climate-related scenario analysis has demonstrated that there are no immediate risks and therefore, climate change continues to be an emerging risk to the business. However, some of the Group principal risks are, to an extent, impacted by climate change, and therefore since FY22, where applicable, our principal risks reflect elements of the climate-related risks identified through scenario analysis. These risks are regularly reviewed by the Group Risk Committee and twice a year by the Board. Further details of these risks can be found in our Risks section on pages 76 to 82 and more details around risk management governance can be found on page 76.

#### Integration with Group's Risk Framework

**TCFD recommendation:** Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

Climate change is an emerging risk to SThree and has the potential, to varying degrees, to impact our business in the short, medium and long term. We face potential physical environmental risks from the effects of climate change, including extreme weather events, alongside potential regulatory and transition market risks associated with the shift to a low-carbon economy. However, these also present opportunities.

The process for assessing and identifying climate-related risks is the same as for all Group's principal risks and is described on pages 76 to 77. The risks are reviewed and assessed on an ongoing basis, and formally at least twice a year, by the Group Risk Committee. For each of our principal and emerging risks, the Group Risk Framework details the controls we have in place, who is responsible for managing both the overall risk and the individual controls mitigating it. We monitor risks throughout the year to identify changes in the risk profile.

In summary, the Group Risk Committee is responsible for:

- evaluating, monitoring and reviewing principal and emerging risks including climate-related risks;
- ensuring climate risk is integrated into the Group Risk Framework;
- maintaining oversight of climate risks where they impact Group principal risks; and
- reviewing and assessing the strength of controls in place for climate risk. This assessment is reported to the Board on a bi-annual basis.

Any material changes relating to ESG matters, climate risk and targets are also included within the Chief Financial Officer's statement (executive sponsor of climate risk) which is delivered at each Board meeting.

[Read about the Group's Risk Framework on pages 76 to 77](#)

### Strategy pillar

#### The impact of climate change on SThree

**TCFD recommendation:** Describe the impact of climate-related risks and opportunities on the organisation’s business, strategy and financial planning.

We have the right strategy (see diagram 1), which is informed by climate risks and opportunities and includes our climate transition plan to net zero.

Through climate-related scenario analysis we have identified no immediate climate risks to our business, its strategy, performance or liquidity. However, we understand the importance of climate change on our stakeholders and therefore the Group’s exposure to climate-related risks and opportunities is regularly considered in our strategic and financial planning, our capital allocation decisions and in operational management. It was also considered when preparing the Consolidated Financial Statements, in particular as part of assessment of the Group’s long-term viability and its flexibility to adapt operations to climate-related risks and opportunities. For further details see note 1 to the financial statements.

We also understand that climate change and its associated impacts are causing systemic and exponential disruption to wider society. One of the global megatrends is decarbonisation which requires extensive innovation and change. Climate change will have a unique impact on our clients and the STEM skills they require to redesign and innovate business models that align with a net zero future.

Our role in supplying the STEM skills, which are needed to facilitate this change, is a key opportunity identified through scenario analysis which has influenced our strategic priorities. We are well positioned to respond to the growing demand for green skills and can quickly respond to growing demand for highly skilled talent as the global economy reconfigures towards decarbonisation.

In addition, the decarbonisation of our own business plays an important role in ensuring we meet the requirements of our clients and can access new business opportunities. As a result, we have set carbon reduction targets and have been on our journey to net zero since FY18. We have also embedded sustainability criteria into our technology investments and, as we implement new procurement processes, select new office facilities and reimagine ways of working post the Covid-19 pandemic, we are integrating sustainable methods. This year we have invested £3.0 million in these initiatives, primarily to fund energy-efficient facilities and equipment in our new office in Glasgow, UK, and transitioning some of our technology to the cloud-based arrangements.

### Risk and opportunity identification and assessment

**TCFD recommendation:** Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

Guided by our climate-related scenario analysis, and risk management articulated on pages 61 to 63, the climate-related risks and opportunities that could have a potential impact on SThree Group are detailed below, along with mitigating actions.

To assess the materiality of climate-related risks and opportunities, we used the following timeframes:

- short term: up to five years to 2028;
- medium term: five to 15 years from 2028 to 2038; and
- long term: beyond 15 years from 2038 to 2050.

Our likelihood assessment is an estimated probability of potential impacts:

- low: very unlikely to unlikely;
- moderate: likely to occur; and
- high: likely to very likely to occur.

These risks and opportunities are global in nature and there are only modest variations in their relative significance for each of our business segments. Where appropriate, we refer to specific geographies. Based on potential financial or strategic impact, at present we identify no risks which will significantly impact our long-term strategy or business model, though management will continue to monitor our regional businesses’ performance and their response to climate events.

Refer to the subsequent section, Metrics & Targets on pages 72 to 74, for further information on measurement indicators, including our performance against them.

Diagram 1. Here is how our strategic pillars shape our journey towards low-carbon economy



Table 1. Our key climate-related risks and opportunities

Risk/opportunity	Measurement indicators	Potential impact and SThree’s response												
<b>1. Transition Risk</b>														
<p><b>Market</b></p> <p><b>Fossil fuel sector exposure</b></p> <p>Less than 4% of net fees globally are derived from oil and gas clients. Under a low-carbon transition, potential net fees from these clients could be lost due to divestment and reduction in client demand. The risk to SThree would be two-fold on revenue and operating expenses – a potential material loss of revenue, in addition to still maintaining the consultant expenditure to recruit into this area of the market when there are limited opportunities available.</p> <p><b>Business segments potentially affected:</b></p> <p>The US and the Netherlands</p> <p><b>Timeframe (term):</b></p> <table border="1"> <tr> <td>Short</td> <td>Medium</td> <td>Long</td> </tr> <tr> <td></td> <td style="background-color: #e91e63;"></td> <td style="background-color: #e91e63;"></td> </tr> </table> <p><b>Likelihood:</b></p> <table border="1"> <tr> <td>Low</td> <td>Moderate</td> <td>High</td> </tr> <tr> <td></td> <td></td> <td style="background-color: #e91e63;"></td> </tr> </table>	Short	Medium	Long				Low	Moderate	High				% net fees generated from oil and gas sector	<p>In FY22, the ExCo agreed to an Energy Sector Position Statement for the business which outlined the key energy sector focus areas of the business. This enables leaders to grow our energy business informed by risk.</p> <p>Analysis by the International Energy Agency shows that the majority of energy employment is already driven by investment in clean energy sectors. With a strong renewable energy proposition, we believe we have already pivoted our activities towards finding talent in these skill sets and therefore see limited risk in the decline of hydrocarbon-based energy investment.</p> <p>In FY24, we will continue to build our renewable energy proposition through developing case studies and proof points to demonstrate our expertise and commitment.</p> <p>Over the coming years we will also continue to build the sustainability literacy levels of our client relationship teams to ensure they can fully understand clients’ sustainability requirements and can also explain SThree’s net zero commitments.</p>
Short	Medium	Long												
Low	Moderate	High												

→ Further information on risk and materiality assessment can be found in the Risk management section on page 76

Our key climate-related risks and opportunities continued

Risk/opportunity	Measurement indicators	Potential impact and SThree's response						
<b>2. Transition Risk</b>								
<p><b>Market</b></p> <p><b>Maintaining market share in rapidly expanding markets</b></p> <p>Decarbonisation continues to be a key megatrend in our business (see page 4). Through scenario analysis we have identified opportunities for significant growth which could materialise at pace, particularly under a renewable-led growth future (our scenario analysis of 1.5°C). There is a potential risk that we do not respond quickly enough to maximise these opportunities and as a result lose market share.</p> <p>Growing headcount will ensure we can meet the demand for STEM skills in decarbonisation projects.</p> <p><b>Business segments potentially affected:</b> Group-wide</p> <p><b>Timeframe (term):</b></p> <table border="1"> <tr> <td>Short</td> <td>Medium</td> <td>Long</td> </tr> </table> <p><b>Likelihood:</b></p> <table border="1"> <tr> <td>Low</td> <td>Moderate</td> <td>High</td> </tr> </table>	Short	Medium	Long	Low	Moderate	High	% net fees generated from clean energy sector	<p>For details on potential impact and SThree's response, see Transition risk 1 (Market/Fossil fuel sector exposure) on page 63.</p>
Short	Medium	Long						
Low	Moderate	High						
<b>3. Transition Risk</b>								
<p><b>Market</b></p> <p><b>Addressing the multiple skills requirements of clients</b></p> <p>As part of the low-carbon transition, clients require multiple STEM skills within their business. The risk is that SThree could miss opportunities to deliver across multiple skills within one client due to our brand structure and how our delivery teams operate.</p> <p>For example, demand for IT candidates to solve big data challenges continues to rise rapidly across all industries, particularly during the transition to a low-carbon future. Energy clients require both engineering and tech skills which are two specialisms separated into two different SThree brands rather than one service supplier.</p> <p><b>Business segments potentially affected:</b> Group-wide</p> <p><b>Timeframe (term):</b></p> <table border="1"> <tr> <td>Short</td> <td>Medium</td> <td>Long</td> </tr> </table> <p><b>Likelihood:</b></p> <table border="1"> <tr> <td>Low</td> <td>Moderate</td> <td>High</td> </tr> </table>	Short	Medium	Long	Low	Moderate	High	Number of placements made within clean energy	<p>Following a brand refresh we have improved the interlink between our house of brands and continue to evolve our marketing to strengthen our position as a holistic STEM talent pipeline. In FY23, we continued to strengthen our position through launching a tool to capture case studies which enables our sales teams to highlight our credentials across sectors and skills.</p> <p>In addition, we began the introduction of our new CRM system which will improve our data across both clients and candidates. We also mobilised a new client strategy following the appointment of our new Chief Commercial Officer. Our strengthened approach to clients alongside the new system will ensure opportunities are identified and maximised, enabling our ability to service clients across multiple skills and roles. These projects will be ongoing throughout FY24 and FY25.</p>
Short	Medium	Long						
Low	Moderate	High						

Risk/opportunity	Measurement indicators	Potential impact and SThree's response						
<b>4. Transition Risk</b>								
<p><b>Reputation</b></p> <p><b>Changing candidate and client preferences</b></p> <p>Environmental concerns are becoming increasingly front of mind when candidates consider employers. There is a risk candidates opt to work with staffing providers who can demonstrate strong green credentials and SThree loses competitive advantage if we do not align to candidate expectations.</p> <p><b>Business segments potentially affected:</b> Group-wide</p> <p><b>Timeframe (term):</b></p> <table border="1"> <tr> <td>Short</td> <td>Medium</td> <td>Long</td> </tr> </table> <p><b>Likelihood:</b></p> <table border="1"> <tr> <td>Low</td> <td>Moderate</td> <td>High</td> </tr> </table>	Short	Medium	Long	Low	Moderate	High	% reduction in carbon emissions % energy procured from clean sources % clean fleet within the Company	<p>The role we play in bringing skilled people together to build a sustainable future is core to our business and is demonstrated throughout our market proposition.</p> <p>In FY23, we launched Elevate Careers which is a social impact programme designed to diversify the STEM talent pipeline. Through collaborating with clients, industry bodies, education and charitable organisations we deliver programmes to attract more talent into STEM roles, including green skills. Through this work we grow our candidate pipeline but also highlight our commitment to talent development. In FY24, we will be continuing to grow our collaboration network surrounding green skills.</p> <p>We demonstrate a leadership position in relation to our climate action which has been demonstrated since setting our first carbon reduction target in FY18. In FY23, we announced SBTi-verified short-term and long-term net zero targets. In addition, we maintained our CDP B score, published our ESG Impact Report and continued to be listed in the FTSE4Good and in the Financial Times Climate Leaders listing.</p> <p>In FY24, mobilising regional carbon reduction actions will be a key priority with annual milestones and targets being implemented until we achieve net zero.</p>
Short	Medium	Long						
Low	Moderate	High						
<b>5. Transition Risk</b>								
<p><b>Reputation</b></p> <p><b>Operating within high-carbon industries</b></p> <p>High-carbon emitting clients are increasingly facing divestment and stranded asset risk as a result of changing consumer preferences and government policies. The risk to SThree is two-fold, loss of net fees from these clients and the reputational damage of operating within high-carbon emitting sectors.</p> <p><b>Business segments potentially affected:</b> Group-wide</p> <p><b>Timeframe (term):</b></p> <table border="1"> <tr> <td>Short</td> <td>Medium</td> <td>Long</td> </tr> </table> <p><b>Likelihood:</b></p> <table border="1"> <tr> <td>Low</td> <td>Moderate</td> <td>High</td> </tr> </table>	Short	Medium	Long	Low	Moderate	High	% net fees generated from oil and gas placements	<p>The Energy Sector Position Statement approved by ExCo in FY22 defines how we operate within high-carbon industries and the monitoring we have in place to mitigate any potential risks derived from this work. We monitor our work within high-emitting industries and report biannually to the ESG Committee. Any change which may heighten the impact of risk is escalated to ExCo.</p>
Short	Medium	Long						
Low	Moderate	High						

Our key climate-related risks and opportunities continued

Risk/opportunity	Measurement indicators	Potential impact and SThree's response						
<b>6. Transition Risk</b>								
<p><b>Policy and legal</b></p> <p><b>Exposure to changing government</b></p> <p>Some large energy and infrastructure projects are influenced by government. To respond successfully to these tenders and win contracts, SThree requires investment in consultants, and sometimes additional certifications.</p> <p>The risk, which is outside of SThree's control, is that the level of preparation work for large renewables projects is an investment we must make as a potential vendor, however tender outcomes may change. Often the timeline and budgets for these projects are delayed and reduced. These changes are often in response to changing government policies and priorities. This could result in SThree having areas of operational costs which face delayed or reduced revenue opportunities.</p>	% net fees generated from clean energy sector	<p>Large infrastructure projects which are subject to regional and national government approval, have very long timeframes, from initial investment through to final installation and ongoing operation.</p> <p>There are opportunities for SThree throughout this timeframe, which often last for upwards of five years. SThree can evaluate over this time the internal resources required to assist clients, without committing to long-term costs which have a larger payback period.</p> <p>By understanding the timeline for these projects, utilising external project data tools and mapping clients' requirements at each stage throughout the timeline, we ensure we resource correctly at each stage of the project.</p> <p>Through the GREN we will continue to build resources and tools opportunities. This will continue to be a key priority in FY24 and beyond to support the identification and realisation of new as we see engineering and green skills demand grow.</p>						
<p><b>Business segments potentially affected:</b></p> <p>Group-wide</p>								
<p><b>Timeframe (term):</b></p> <table border="1"> <tr> <td>Short</td> <td>Medium</td> <td>Long</td> </tr> <tr> <td style="background-color: #e91e63;"></td> <td style="background-color: #e91e63;"></td> <td style="background-color: #e91e63;"></td> </tr> </table>			Short	Medium	Long			
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Low	Moderate	High						

Risk/opportunity	Measurement indicators	Potential impact and SThree's response						
<b>7. Physical Risk</b>								
<p><b>Impact of extreme weather on operational performance</b></p> <p>Extreme weather events occasionally impact the markets in which SThree operates and can, at times, have an impact on access to offices and technology as well as access to sites for our contractors. The risk is that this could lead to a reduction in productivity due to lack of access to offices or colleagues' inability to work due to power outages. In addition, our contractors may have reduced access to sites to deliver their contracted hours.</p> <p>The current risk is relatively small, and during the reporting period we experienced no financial losses due to severe weather events. Across our 33 locations only six locations have been identified as at risk. Global warming could cause significantly more extreme weather events in the longer term, increasing the number of business locations affected (Fossil fuelled future scenario).</p>	Number of days' work lost from severe weather events	<p>As part of the Group's business continuity planning, the offices identified as at risk have plans in place to ensure operations can continue if they are impacted by the weather. The Covid-19 pandemic and the need to implement remote working at pace tested the effectiveness of our business continuity planning. Where gaps in the plans have been identified these are being proactively addressed. Each country has incident management teams to manage any severe weather events ensuring disruption is minimised while colleague safety is paramount.</p> <p>Our office footprint is in mature markets where planning and building controls are robust which supports the mitigation of this risk. In addition, our office selection criteria consider physical climate risk. This will impact our long-term decision making on future new markets and business growth opportunities.</p>						
<p><b>Business segments potentially affected:</b></p> <p>USA, Rest of Europe (the UK), DACH (Germany), and ME&amp;A</p>								
<p><b>Timeframe (term):</b></p> <table border="1"> <tr> <td>Short</td> <td>Medium</td> <td>Long</td> </tr> <tr> <td style="background-color: #e91e63;"></td> <td style="background-color: #e91e63;"></td> <td style="background-color: #e91e63;"></td> </tr> </table>			Short	Medium	Long			
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Low	Moderate	High						

Risk/opportunity	Measurement indicators	Potential impact and SThree's response						
<b>8. Physical Risk</b>								
<p><b>Increased carbon emissions</b></p> <p>As global temperatures rise, our reliance on cooling will increase. It is predicted that cooling requirements could triple by 2050 (Fossil fuelled future scenario).</p> <p>The risks to SThree are:</p> <ol style="list-style-type: none"> <li>The increased operating costs to cool office spaces.</li> <li>Access to renewable energy as demand increases across all markets.</li> <li>The increased carbon offsetting costs to purchase carbon credits whilst we transition to net zero.</li> <li>The reputational damage of increasing our carbon footprint rather than limiting emissions/achieving carbon reduction targets.</li> </ol>	% reduction in carbon emissions % energy procured from clean energy sources	<p>In FY23, we announced SBTi-verified net zero targets which includes transitioning to 100% clean energy by FY30. In addition, our office selection criteria prioritise low-carbon offices which includes offices with self-generating energy opportunities.</p> <p>We continue to invest in carbon offsetting; however, our priority is decarbonisation. We will continue to work with our partner Earthly who provides verified offsetting solutions. We currently offset scope 1, 2 and limited scope 3 emissions to ensure we support innovative offsetting solutions whilst we transition to net zero. The cost of offsetting was £47,684 in FY23. More details on offsetting can be found on page 71.</p>						
<p><b>Business segments potentially affected:</b></p> <p>Group-wide</p>								
<p><b>Timeframe (term):</b></p> <table border="1"> <tr> <td>Short</td> <td>Medium</td> <td>Long</td> </tr> <tr> <td style="background-color: #e91e63;"></td> <td style="background-color: #e91e63;"></td> <td style="background-color: #e91e63;"></td> </tr> </table>			Short	Medium	Long			
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Low	Moderate	High						

Risk/opportunity	Measurement indicators	Potential impact and SThree's response						
<b>9. Transition Opportunity</b>								
<p><b>Market</b></p> <p><b>Responding to the changing demands of the market</b></p> <p>We are dynamic and flexible in our approach and can adapt to new market requirements with agility and pace.</p> <p>Our flexible approach alongside offering full staffing compliance expertise and at times additional 'value-add' offerings such as trucks, IT equipment and adjacencies for wind projects. Our expertise and proven track record in delivering compliant staffing solutions provide competitive advantage to clients and potential clients who are sourcing STEM talent to deliver their low-carbon transition plan.</p>	% net fees generated from clean energy sector	<p>We have a strategic review process which is overseen by our ExCo. This process regularly reviews our markets and new opportunities to ensure we are investing in the right way.</p> <p>We have a proven track record in pivoting our consultants to respond to changing market opportunities. Most recently, we demonstrated this through the changing market needs during Covid-19.</p> <p>Continuous market reviews ensure we understand large tenders coming to market, and can map out recruitment requirements at each stage, enabling us to build relationships with appropriate clients throughout the value chain. Our Global Renewable Energy Network shares best practice approaches to project mapping and planning which helps our teams to maximise opportunities.</p>						
<p><b>Business segments potentially affected:</b></p> <p>Group-wide</p>								
<p><b>Timeframe (term):</b></p> <table border="1"> <tr> <td>Short</td> <td>Medium</td> <td>Long</td> </tr> <tr> <td style="background-color: #e91e63;"></td> <td style="background-color: #e91e63;"></td> <td style="background-color: #e91e63;"></td> </tr> </table>			Short	Medium	Long			
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Low	Moderate	High						

Our key climate-related risks and opportunities continued

Risk/opportunity	Measurement indicators	Potential impact and SThree's response
<b>10. Transition Opportunity</b>		
<p><b>Market</b></p> <p><b>Growth of clean energy generation and associated technologies</b></p> <p>Materially increased net fees from large infrastructure projects (e.g. offshore wind) and local changing energy generation mix, will lead to investment into technologies and available government grants for clients, which will be invested into talent requirements to deliver projects.</p> <p>Additionally, the growth of green innovation will create new STEM job opportunities. LinkedIn research highlights growing demand for green skills. In 2023 green skills demand increased by 12% alone. Predictions from IRENA and other industry bodies highlight unprecedented growth in green skills in the coming seven years.</p> <p>SThree is well positioned to meet the growing demand for STEM talent which will support our growth ambitions.</p>	% net fees generated from clean energy sector	<p>For details on potential impact and SThree's response, see Transition opportunity 9 (Market/ Responding to the changing demands of the market) on page 67.</p>
<b>Business segments potentially affected:</b> Group-wide		
<b>Timeframe (term):</b>		
Short	Medium	Long
<b>Likelihood:</b>		
Low	Moderate	High

Risk/opportunity	Measurement indicators	Potential impact and SThree's response
<b>11. Transition Opportunity</b>		
<p><b>Reputation</b></p> <p><b>Alignment to low-carbon clients</b></p> <p>As the market moves towards a low-carbon future, companies are reviewing their own transition plans. Increasingly they are questioning the environmental impact of all suppliers. SThree has been working on carbon footprint management and carbon offsetting for over a decade. Our long-term environmental strategy, targets and transparent reporting provides a competitive advantage.</p> <p>We experience an increased demand to clearly evidence our climate ambition and carbon reduction plans as a supply partner. Given minimal differential economic incentives, candidates often choose to work for a more socially conscious company – this could extend to SThree itself as a recruiter who aligns themselves to a low-carbon solution, providing opportunities to grow net fees.</p>	<p>Maintain our CDP Score</p> <p>% reduction in carbon emissions</p>	<p>We continue to be market leaders in our environmental action with clear targets and metrics. In the reporting period we announce SBTi-verified targets and maintained our CDP score.</p> <p>Doubling the share of our clean energy business by FY24, and intentionally growing our green business highlights our alignment to a low-carbon future whilst reducing the reputational risks of working with high emitting clients.</p> <p>We continue to build our position as a thought leader in regard to the green skills gaps which is demonstrated through us co-hosting programmes with clients, women in renewable industries and sustainable energy as well as other key partners.</p> <p>Through a strategic, embedded approach to our role in climate action we are not only positioning ourselves, but we are driving outcomes aligned to sustainable development.</p>
<b>Business segments potentially affected:</b> Group-wide		
<b>Timeframe (term):</b>		
Short	Medium	Long
<b>Likelihood:</b>		
Low	Moderate	High

Risk/opportunity	Measurement indicators	Potential impact and SThree's response
<b>12. Transition Opportunity</b>		
<p><b>Reputation</b></p> <p><b>Emergence of the 'green recruiter'</b></p> <p>Increasingly, clients are asking for SThree's ESG targets and strategy, as such there is an opportunity to stand out from our competitors by highlighting SThree's green credentials and commitment to delivering both environmental and social impact.</p> <p>In European markets there is an emergence of small, sustainable recruitment agencies who solely work with low-carbon clients. SThree has the potential to also compete in this niche market and obtain competitive advantage given the climate leadership position, experience and compliance benefits already in place.</p>	<p>Maintain CDP Score</p> <p>% reduction in carbon emissions</p>	<p>For details on potential impact and SThree's response, see Transition opportunity 11 (Reputation/Alignment to low-carbon clients) on page 68.</p>
<b>Business segments potentially affected:</b> Group's European markets		
<b>Timeframe (term):</b>		
Short	Medium	Long
<b>Likelihood:</b>		
Low	Moderate	High

### Climate-related scenario analysis

**TCFD recommendation:** Describe the potential impact of different scenarios, including a 2°C scenario, on the organisation’s businesses, strategy and financial planning.

SThree has been utilising climate-related scenario analysis since FY20. We assessed the financial implications of climate change-related risks and opportunities under three scenarios aligned with the NGFS climate scenario framework. The first scenario (‘Green revolution’) is prepared considering orderly transition led by growth in renewables where an average global temperature increases by 1.5°C or less; this scenario is most aligned with our net zero commitment. The second scenario (‘Disruptive change’) considered disruptive climate change with an average global temperature reaching 2°C. The third one (‘Fossil fuelled’) is a scenario where global temperatures increase by more than 3°C.

We utilise these three scenarios to ensure all potential risks and opportunities are identified, and that we are testing our resilience under each scenario as political landscapes shift and the likelihood of each scenario materialising shifts. Our net zero commitment is aligned to a renewables-led scenario (global warming limited to 1.5°C) which aligns to the Paris Agreement, our commitment to doing the right thing and also to maximise the opportunities we have identified within this scenario. Each risk and opportunity are analysed based on an estimated impact on net fees, aligned to our risk management framework. Using net fees as a measure of impact allows for a consistent comparison of risks and opportunities and their impact across different scenarios.

SThree uses the NGFS climate scenario framework to stress test key climate-related risks and opportunities. The key outcomes from the climate-related scenario analysis inform SThree’s targets and growth opportunities, and wider business strategy, e.g. how we grow our value proposition as a green recruitment partner to mitigate reputational risk and realise opportunities with both clients and candidates as outlined above.

#### Green revolution (orderly 1.5°C)

This orderly scenario assumes that climate policies are immediately implemented, with an increasing carbon price levelled that ensures the world does not exceed 1.5°C warming.

The economy is strong, driven by new industries providing green solutions and technologies such as AI, robotics and battery technology. The development of circular economy business models disrupts legacy industries, removing incumbents. Global opportunities expand in all markets as consumer technologies are democratised.

Under this scenario, the energy sector mix shifts rapidly, as the world transitions away from fossil fuels and towards low-carbon power, heat and mobility solutions. Consumer concern over the environmental sustainability of products and services is high, and candidates actively disassociate with companies not following the renewable revolution.

#### Disruptive change (disorderly 2°C)

This disorderly scenario assumes that significant climate policy is not implemented until 2030. In order to reach the 2°C mitigation goal, the transition from this point happens at a far quicker pace than in the orderly transition.

Engineering and finance sectors benefit from the rapid development of a carbon dioxide removal industry – funding for which comes in the form of increased energy prices for businesses and consumers.

Under this scenario, the energy sector mix does not change noticeably until after 2030, at which point actions taken are relatively late and limited by available technologies, to enable a sharp reduction in emissions. The pace of change claims many victims within high-carbon industries who are left with significant levels of stranded assets.

#### Fossil fuelled (hot house 3°C+)

This scenario incorporates the policies and measures that governments around the world have already put in place and assumes that no further policy action will be taken. The scenario assumes only cautious implementation of current commitments and plans. Emissions grow until 2080 leading to 3°C+ of global warming and increased physical risks.

New technology solutions are not developed quickly or cost-effectively enough to disrupt legacy industries. Energy prices are kept suppressed by the lack of any meaningful carbon price and the lack of progress in carbon removal technologies.

Significant disruption on sectors with offices, manufacturing sites located in regions and areas of high physical risk.

The financial impact assessments for the above presented scenarios are based on the same method of calculations as those used for principal risks evaluated under the SThree Group-wide risk framework.

Within all three scenarios we identified no climate change-related risks that would have a material impact on SThree, our performance and strategy. This is consistent with the assertion that risks associated with climate change are not expected to have a material impact on the longer-term viability of the Group.

However, some growth opportunities may arise from the role STEM skills play in decarbonisation (see details on this megatrend on page 4) and our proposition as a green supplier (see further details on pages 18 to 19 related to our strategic pillars). It has resulted in SThree setting a target and strategy to maximise this side of our business. In addition, the scenario analysis continues to inform wider business strategy, e.g. how we grow our value proposition as a green recruitment partner to mitigate reputational risk and realise opportunities with both clients and candidates as outlined above.

### Our transition to net zero

SThree has had climate science aligned targets since FY18 and this year we announced SBTi-verified near-term and long-term net zero targets. We are committed to transitioning to a net zero business, aligned to a 1.5°C future in order to mitigate the risks and maximise the opportunities outlined in this report.

→ Full details of our net zero targets can be found on page 72

Over 87% of our carbon emissions derive from scope 3, with our supply chain being the most significant element of our carbon footprint. Due to the size of SThree and our relatively modest spend with multi-national tech and insurance companies decarbonising our supply chain is a challenging priority which will take time. As a result, we have developed a transition roadmap which reflects both near-term and long-term actions across our most material carbon emissions.

	2024	2030	2050
<b>Scope 1 &amp; 2 targets</b>			
 <b>100% clean energy</b>	Utilising our new property criteria to open SThree’s first net zero operating office in Glasgow.	Agreements in place with all landlords to procure 100% clean energy and utilise self-generating technologies where possible.	By FY50, the megatrends accelerating the demand for STEM talent will be reflected in how we operate. The speed of change, our STEM placements facilitate, will build a future where: <ul style="list-style-type: none"> <li>the energy sector will be transformed, utilising low-carbon technology to power our offices;</li> <li>the travel sector will be decarbonised and clean vehicles will dominate how we travel;</li> <li>metaverse technology will influence how people work, come together and collaborate, impacting offices, commuting and travel; and</li> <li>the world is changing and SThree is providing the STEM talent that will create a net zero world for our business.</li> </ul>
 <b>100% clean car fleet</b>	30% car fleet hybrid or electric.	100% car fleet clean fuelled.	
 <b>Clean office portfolio</b>	At least seven offices will be reviewed utilising our clean property selection criteria.	All offices will be reviewed utilising our clean energy criteria.	
<b>Scope 3 targets</b>			
 <b>Low-carbon travel</b>	Introduce and embed a travel platform that helps influence behaviour change.	Reduce emissions from travel by 50% through low-carbon travel options and remote collaboration technology.	
 <b>Colleague commuting and working from home</b>	Commence an audit of green commuter benefits to identify new opportunities.	Office portfolio to reflect clean commuting with active travel facilities and transport connections. All offices will be reviewed using our clean office selection criteria.	
 <b>Decarbonise our supply chain</b>	Engage top 20 high emitting suppliers in carbon reduction targets.  Commence the implementation of supply chain data management within digital transformation.	Achieve 50% reduction in supply chain emissions through influencing strategic suppliers and reducing consumption.	

The transition to net zero will take time. Our commitment is to take action today, implementing carbon reduction activities and offsetting our carbon emission. We have developed a multi-year partnership with Earthly, a non-profit focused on empowering companies to invest in nature. Through our partnership we offset carbon by investing in nature-based solutions that combat climate change whilst delivering social outcomes. Our approach to offsetting is focused on scope 1, 2 and limited scope 3 emissions. It is a short-term mitigation strategy whilst we reduce our carbon emissions and move to net zero. More information on Earthly and the project we fund can be found on page 8 of the ESG Impact Report 2023.

Metrics & Targets pillar

Metrics

**TCFD recommendation:** Disclose the metrics and targets used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

In order to manage risks and opportunities the Group’s ESG Committee have set metrics and targets which are reviewed quarterly with any material changes escalated to ExCo for review and further escalation to the Board.

As indicated in the table 2 below, certain metrics and targets are disclosed at other most appropriate locations of the Strategic Report.

Our overall climate commitment is to be net zero across absolute scope 1, 2 and 3 emissions by FY50. As recommended by the SBTi, we have set both near-term and long-term targets which were verified by SBTi and align to a 1.5°C future. Our targets are:

**Long-term targets**

SThree commits to reaching net zero GHG emissions across the value chain by FY50. Aligned to the SBTi net zero standard, this commitment is a long-term target to reduce absolute scope 1, 2, and 3 GHG emissions by 90% by FY50 from a FY19 base year.

**Near-term targets**

- Reduce absolute scope 1 and 2 GHG emissions by 77% by FY30 from a FY19 base year.
- SThree commits to increasing annual sourcing to 100% of electricity from renewables by FY30 from 28% in FY19.
- Reduce absolute scope 3 GHG emissions by 50% by FY30 from a FY19 base year.

In addition to climate reduction targets, in FY19 we set a target to double the size of our clean energy business by FY24 in response to the opportunities identified through climate-related scenario analysis. In FY23, our clean energy business grew by 28% resulting in SThree achieving this target.

Table 2. TCFD recommended disclosures – metrics and associated targets

Metrics	Targets
<b>Climate-related risks (Transition risks)</b>	
Description	Key initiatives and progress FY23
<b>% reduction in scope 1 and scope 2 carbon emissions</b>	In FY23, our scope 1 and 2 emissions increased by 368% YoY, and 31% since our baseline year which was due to an increase in car fleet emissions and in certain premises related emissions. This is two-fold; business returning to pre-pandemic operating models and an improvement in carbon data. We have however experienced our premises emissions overall decrease by 61% since FY19.
<b>% reduction in scope 3 carbon emissions</b>	In FY23, scope 3 emissions increased by 13% YoY but decreased by 12% since our baseline year. We have remained committed to reducing emissions from our supply chain which equates to 69% of our carbon emissions. Our supply chain emissions have decreased by 5% since FY19.
<b>% energy procured from clean energy sources</b>	The total energy consumption used to calculate emissions (kWh) reduced by 2% YoY and 79% since our baseline year.
<b>CDP score</b>	We continued to evolve our approach to climate risk management in FY23, ensuring climate risks and opportunities inform strategy as outlined in this report. In the prior year, our CDP score was B. At the time of approval of this Annual Report, management was still awaiting the release of FY23 score.

Metrics	Targets
<b>Climate-related opportunities</b>	
Description	Key initiatives and progress FY23
<b>Net fees generated through renewable business</b>	28% (FY22: 29%) YoY growth. 142% (FY22: 88%) growth from FY19 baseline. Expanded the reach of our Global Renewable Energy Network to ensure wider collaboration and sharing of best practice. Introduced new client management tools as well as communication channels to share relevant news and opportunities. Evolved our tools to accelerate our response to client tenders and due diligence queries. <a href="#">→ For more information see KPI section on page 20</a>
	Double the size of our clean energy business by FY24 (from FY19 baseline). <a href="#">→ For more information see Strategy overview, Our Places on page 18</a>
<b>Remuneration</b>	
Description	Key initiatives and progress FY23
<b>Directors’ remuneration report metrics – 10% weighting of LTIP award performance measures (carbon emission reduction)</b>	In FY23, we made progress towards our scope 3 target and understand more focus is required to achieve our scope 1 and 2 near-term target.
	ESG targets, including climate targets, as outlined in the KPI section of this Annual Report.

**Carbon reduction**

**Streamline Energy and Carbon Reporting (SECR) FY23**

SThree is committed to providing transparent carbon reporting to our stakeholders and to help facilitate this in FY23 we adopted a new carbon data management platform. This provides us with stronger oversight and the ability to report more widely across scope 1, 2 and 3 emissions. We have therefore expanded the scope of our data and restated FY22 and FY19 (the baseline year for our targets) to ensure our methodology is consistent.

In FY23, our scope 1 and 2 emissions equated to 3,072 tCO<sub>2</sub>e (market based) and scope 3 equated to 20,662 tCO<sub>2</sub>e, an average impact of 8.94 tCO<sub>2</sub>e per FTE. This represents a YoY increase in carbon emissions of 26% and an intensity increase of 48%. A contributing factor to the increase in emissions is the availability of improved data accuracy and reporting, which accelerated in FY23 with access to a new reporting system and better supplier data. The enhanced data collection provides a more precise view of our emissions profile, which has influenced our scope 1 and 2 emissions. Another factor has been the ongoing adjustments to work behaviours and practices in a post covid environment. Through improved data and insights, we have an even better understanding of the actions we must take to achieve our net zero targets and this will be a priority in FY24 and beyond.

**Energy efficiency initiatives**

Although we have seen YoY increases, we have made progress since our baseline year which is our closest to ‘business-as-usual’ year pre-pandemic. The energy efficiency initiatives which have taken place include:

- Our carbon emissions from premises (natural gas, purchased electricity, waste and water) reduced by 61% since FY19 (baseline year). This followed the introduction of sustainable property criteria for new offices.
- Although business travel has increased YoY due to an increase of in-person meetings post pandemic, we have not increased emissions to pre-pandemic levels and maintained a carbon reduction of 10% since FY19, which is the result of our sustainable travel policy.

Metrics & Targets pillar continued

**Table 3. GHG emissions (tCO<sub>2</sub>e) and associated energy consumption (kWh) for FY23**  
(Energy and carbon disclosures for financial year, 1 December 2022–30 November 2023)

Emissions source (tCO <sub>2</sub> e) <sup>25</sup>	FY19 baseline Year		FY22		FY23		% change in total emissions (FY23 vs FY22)	% change in total emissions (FY23 vs FY19)
	UK and offshore	Global (excluding UK and offshore)	UK and offshore	Global (excluding UK and offshore)	UK and offshore	Global (excluding UK and offshore)		
Natural gas	346	2	15	–	22	86	620%	-69%
<b>Scope 1</b> Leased transport	42	990	11	87	–	2,455	2,405%	138%
Refrigerant	–	–	–	–	41	–	100%	100%
<b>Scope 2</b> Purchased electricity (market/location based)	157	802	109/61	414/319	94/53	320/215	-21%	-57%
Other fuels (heat and steam, EV)	–	9	1	21	–	54	145%	500%
Purchased goods and services	–	17,339	–	14,048	704	15,746	17%	-5%
Capital goods	–	213	26	13	3	183	377%	-13%
T&D and WTT (fuel and energy-related activities)	14	–	27	138	7	273	70%	1,900%
Upstream transportation and distribution	56	89	–	211	10	163	-18%	19%
Water (purchased goods and services)	13	98	–	1	1	2	200%	-97%
<b>Scope 3</b> Paper (purchased goods and services)	–	4	2	–	4	4	400%	100%
Waste generated in operations	15	33	1	5	1	3	-33%	-92%
Business travel	261	1,223	256	848	398	940	21%	-10%
Employee commuting incl. working from home	–	3,637	417	1,570	382	1,166	-22%	-57%
Upstream leased assets (market/location based)	2	188	–	319/253	–	661	107%	248%
Downstream leased assets	–	184	–	345	–	11	-97%	-94%
<b>Total tonnes of CO<sub>2</sub>e (market based)</b>	<b>906</b>	<b>24,811</b>	<b>865</b>	<b>18,020</b>	<b>1,666</b>	<b>22,068</b>	<b>26%</b>	<b>-8%</b>
<b>Total tonnes of CO<sub>2</sub>e (location based)<sup>26</sup></b>	<b>906</b>	<b>24,811</b>	<b>817</b>	<b>17,859</b>	<b>1,626</b>	<b>21,963</b>	<b>27%</b>	<b>-8%</b>
Number of employees	860	2,504	756	2,364	655	1,998	–	–
<b>Tonnes of CO<sub>2</sub>e per employee</b>	<b>1.05</b>	<b>9.91</b>	<b>1.14</b>	<b>7.62</b>	<b>2.54</b>	<b>11.05</b>	<b>48%</b>	<b>17%</b>
Total energy consumption used to calculate emissions (kWh)		8,910,915		4,373,483		11,789,326	170%	32%

Methodology

The method used to calculate GHG emissions is the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), together with the latest emission factors from recognised public sources including, but not limited to, BEIS, the US Energy Information Administration, the US Environmental Protection Agency and the Intergovernmental panel on Climate Change.

In FY23, we introduced a new carbon data management platform to continue to improve our disclosures. Prior to calculating scope 3 emissions, a materiality assessment was conducted to assess relevance using the GHG protocol. As a result, categories 9-12 and 14-15 were considered to have no contribution to the businesses' scope 3 emissions and have therefore been omitted from the SECR table published above.

As a result of changing platforms, we have recalculated historic carbon data, aligned with emission factors now being used and improved data awareness, which has resulted in some changes in relation to previously reported emissions. In addition, increased emissions across leased transportation in FY23 is the consequence of improved data collection from our car fleet suppliers.

Following an operational control approach to defining our organisational boundary, our calculated GHG emissions from business activities fall into the reporting period of 1 December 2022 to 30 November 2023, and using the reporting period 1 December 2021 to 30 November 2022 for comparison.

Governance targets

Integrating ESG impacts into the strategic and financial planning of the business continues to be a priority of the Board, including providing transparent reporting on ESG matters. The Chief Executive Officer has appointed the ExCo to direct Group strategy. To oversee the governance of risk management the ExCo appointed a Group Risk Committee and to oversee the governance of ESG matters a Group ESG Committee. Both committees include members of ExCo alongside subject matter experts and other senior leaders from across the global business. For full details on the Group governance structure see page 93 in this Annual Report.

To reflect shifting trends and stakeholder priorities, SThree conducts an ongoing materiality assessment to ensure we identify where we impact people, planet and society, and in turn how they impact our business. In FY23, we delivered 15 interviews, analysed engage survey data and conducted external research across our stakeholder groups and markets to ensure we continue to identify the most material ESG matters to our business.

The FY23 materiality assessment reaffirmed the critical material matters with no new issues materialising. The most critical matters arising continue to be: climate change and decarbonisation; DE&I, employee engagement and productivity; diversity of our candidates; data and cyber security; HSE. These alongside all other material topics are detailed in our ESG Impact Report 2023.

Delivering training to strengthen ethical practices

In order to ensure ethical practices are embedded into our operations we are building a culture of 'doing the right thing' which is being integrated into every element of our employee life cycle, from how we recruit people, to their onboarding, personal development and performance management. In FY23, we continued to deliver mandatory training for all colleagues in our SThree Academy.

These trainings include:

- Anti-bribery and corruption;
- Data Protection;
- Cyber Security;
- Health and Safety; and
- Modern Slavery.

In addition, our award-winning onboarding programme, Elements, includes training on conduct, operating principles, performance management, as well as specific training related to roles. Within our SThree Academy we also provide training on fraud, our Speak Up policy, DE&I, wellbeing and our wider policies which every colleague has access to.

Launching Speak Up

In FY23, we refreshed our Speak Up policy and delivered a campaign to explain what the policy was and how colleagues, suppliers, contractors and clients can use the policy to raise concerns. The policy and process are designed to create a safe space for concerns and complaints to be addressed in a trusting and transparent manner. Through communications, endorsements from ExCo members and testimonials from colleagues who have spoken up in their career, we are building a culture of trust, honesty and safety across our value chain.

Ethical staffing solutions is the foundation of our operating model and can be demonstrated throughout our Annual Report. Summary of our policies, implementation and monitoring details can be viewed online by scanning the following QR code.



**Legal notices and policies | SThree**  
See the summary of notices and policies on SThree corporate website.  
[sthree-ar23-notices-and-policies.pdf](#)

Risk management is a key part of our business, values and culture. Effective risk management enables us as a business to protect value and proactively manage threats to the delivery of strategic and operational objectives, while enhancing the realisation of opportunities.

**Our principal risks**

1. Macro-economic environment/cyclicality
2. Future growth
3. Commercial relationships and customer risk
4. Contractual liability
5. People, talent acquisition and retention
6. Cyber security
7. Data privacy
8. Regulatory compliance
9. Strategic change management
10. Health and safety

**Connecting risk, opportunity and strategy**

Risk mitigation helps SThree manage specific areas of the business. However, when brought into our day-to-day activities, successful risk management helps us to maximise our competitive advantage and successfully deliver on our strategy. Whilst the ultimate responsibility for risk management rests with the Board, the effective day-to-day management of risk is delegated to our leaders across the business, seeking at all times to maintain a prudent balance between mitigating risks and taking advantage of opportunities.

**Risk management approach**

Our Enterprise Risk Management (ERM) framework and processes help us to describe, analyse, report and monitor risks and controls at all levels in the Group. We believe that the effective management of risk is based on a 'top-down' and 'bottom-up' approach, which includes:

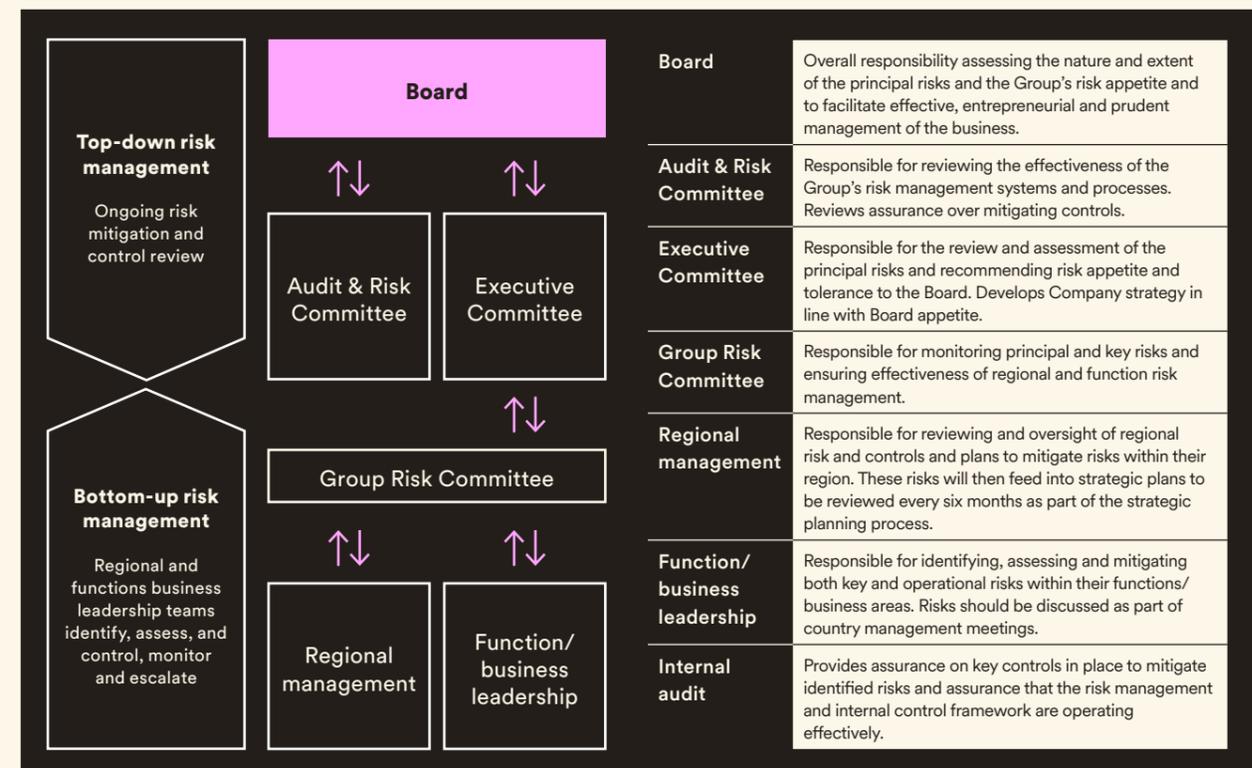
- our strategy setting process;
- the quality of our people and culture;
- established internal controls with assurance via self-verification on the strength of controls;
- processes for reviewing, escalating and controlling risks;
- independent assurance by internal audit and external audit;
- regular oversight by the relevant Committees; and
- reacting quickly to market conditions and the cycle.

Principal and key operational risks are considered and discussed as part of the strategic planning process. Our principal risk statements include key risk indicators and risk tolerance measures, as well as assessments of key controls and risk appetite.

**What we review when assessing our principal and key risks:**

- Risk ownership: each risk has a named owner. In addition, each principal risk is sponsored by a member of the ExCo, who drives progress.
- Likelihood and impact: globally applied five-by-five scoring matrix.
- Gross risk: before mitigating controls.
- Net risk: after mitigating controls are applied.
- Risk appetite: defined at principal risk level and categorised into five levels.
- Risk tolerance: in data format, showing the amount of deviation from the risk appetite.
- Key risk indicators: quantitative measures that provide early signals of a change in the risk.
- Actions: key controls in place and activities required for further mitigation if required.
- Impact on the Group's strategic pillars and interdependencies between principal risks.
- Any relevant emerging risks where the principal risk is impacted by or could impact the emerging risk.

All principal risks are detailed in a standardised statement. This ensures effective review, understanding and monitoring throughout the Group, together with consistency, both in terminology and the underlying assessment itself. As part of the top-down process, an updated assessment was completed for each principal risk by the relevant risk owner, working with the Executive Committee risk sponsor and the risk function. The statements are challenged and reviewed in detail by the Group Risk Committee, ExCo and by the Board twice a year. In addition, deep dive reviews are conducted by the Group Risk Committee throughout the year, the output of which is reviewed by the Audit & Risk Committee.



**Emerging risks**

As part of our ongoing risk management process, emerging risks are reviewed yearly. An emerging risk is defined as a risk that materialises over a period of time, rather than at once, meaning the likely impact of the risk is difficult to evaluate at the time of assessment of the risk.

Emerging risks are identified during:

- twice yearly principal risk reviews;
- the strategic review process with each region and function;
- horizon scanning undertaken by the Group Legal Function;
- bi-monthly financial reviews of country performance and macro-economic trends.

Climate change risk continues to be an emerging risk for the Group. Further assessment on the emerging risk is shown on page 61 as part of the TCFD report.

During FY23, Artificial Intelligence (AI) was added as an emerging risk. The risk will be monitored as part of the strategy reviews and through a newly formed working group. Where an emerging risk may impact or be impacted by a principal risk, this is detailed within the principal risk description.

**Principal risks**

Risks can develop and evolve over time and their potential impact or likelihood may vary in response to changes in internal and external circumstances. Risks and mitigation activities that are outlined below, whilst not exhaustive nor in any order of priority, are those which could have a material adverse effect on the implementation of our strategic priorities, our business, financial performance, cash flows, liquidity, shareholder value or reputation, or could affect other key stakeholders, including employees, clients and candidates.

**Changes during FY23**

Following review by the Board, the Board believes that the risks presented are the correct assessment and the right principal risks for the Group. As a result, the ten principal risks remain the same ones identified in FY22, with positive movement in net risk across many principal risks, other than the People principal risk which, following the appointment of the new Chief People Officer, has undergone a full review and reassessment of the risk.

**Strategic pillars**

- Our Places** To be a leader in markets we choose to serve.
- Our Platform** Create a world-class operational platform through data, technology, and infrastructure.
- Our People** Find, develop and retain great people.
- Our Position** Leverage our position at the centre of STEM to deliver sustainable value to our candidates and clients.

## 1. Macro-economic environment/cyclicality risk

### Risk description

Rapid changes in the macro-economic environment could result in SThree suffering financial exposure and/or loss. SThree operates in a sector that is highly cyclical and sensitive to the economy and business sentiment. Mixed economic signals can delay identification of changes in market conditions and business decisions to respond, both on the upside and downside. The growth in the ECM models globally and fixed central support costs impact on the flexible cost base so may exacerbate any time lag between financial performance impact and ability to cut costs and therefore impacts the ability to scale when economy recovers quicker than anticipated.

Link to climate change and sustainability: SThree may be affected, primarily through its work with the Energy sector, to changes in Government policy related to climate change, including in the renewable energy space, which may present positive business opportunities for the Company and fluctuations in the oil price. Geopolitical events, including energy price shocks and other energy security risks can have an impact on economies, and in turn SThree markets and profits.

### Mitigations

- The annual strategic planning and budgeting process incorporate reviews of the broader market conditions along with monthly business performance monitoring and twice-yearly reviews as part of the strategy cycle to help inform any changes that are required to react to changes in the economy.
- The Group is a strategically diversified business, geographically, by sector and by product, with a focus on STEM markets which are less sensitive to economic cycles.
- Strategic focus on Contract market which is more resilient in less certain economic conditions than Permanent and provides a counter cyclical cash hedge working capital release with each contract finisher.
- The Group has a flexible cost base that enables the business to quickly cut costs to react swiftly to changes in market activity.
- The Group has a strong balance sheet with low levels of net debt through the year and committed debt facilities to support the business.

### Change from FY22

No change in net risk due to effective controls through the Group's well diversified business and ability to respond quickly to changes in the market conditions.

### Executive Committee sponsor:

**Andrew Beach** – Chief Financial Officer

### Link to Strategic Pillar:

Our Places, Our Position

### Principal risk interdependency:

2 3 5 9

## 2. Future growth

### Risk description

If the Group ineffectively executes its strategic initiatives and investments, this could lead to a failure to deliver planned growth and value creation.

The Group has clear growth ambitions. To achieve these ambitions, the growth needs to be delivered through effective strategy and execution of strategic plans. SThree recognises that it is vital for the right strategy to be implemented and for this to be executed effectively.

Link to climate change and sustainability: our strategy to focus on STEM skills and a Contract business is designed to address the opportunities presented by a number of global megatrends, in business, society and the way that people work.

Link to AI: AI presents both risks and opportunities to SThree. For example, it could have an impact on the demand for employment and SThree's services, with AI replacing certain skillsets. It could also significantly increase the demand for some of the high-quality skills SThree places across all sectors and present opportunities for use in certain SThree business processes.

### Mitigations

- Clear strategy, with regular planning and review meetings as part of strategy setting cycle.
- Oversight of strategic workstreams and technology investments through the project governance and ExCo.
- Defined M&A processes in place to review any appropriate opportunities to complement organic growth opportunities.
- Geographies and sectors are aligned with our core strategy and any new business model proposed is reviewed to understand market opportunity and strategic synergies, prior to adoption and implementation.
- Enterprise client strategy to continue growth of key accounts focusing on delivery of services globally.

### Change from FY22

No change in net risk, strategy remains well articulated with key strategic projects not yet at a sufficiently advanced stage for the impact to net risk to be seen.

### Executive Committee sponsor:

**Jelte Hacquebord** – Chief Commercial Officer

### Link to Strategic Pillar:

Our Places, Our Platform, Our People, Our Position

### Principal risk interdependency:

1 3 4 5 6 7 8 9

## 3. Commercial relationships and customer risk

### Risk description

In circumstances where working capital impairment or bad debt write-off occur, SThree may suffer financial loss, due to customers or intermediaries being unable to fulfil their contractual payment obligations. The Group's growing ECM business has increased the need for sufficient working capital to ensure payments are made to candidates whilst waiting for clients to settle invoices. Bad debt can impact future cash flow for operations when uncollectable debt is written off.

Link to climate change and sustainability: SThree works with a number of clients who are helping to solve the most significant challenges of our time for both the environment and society.

Link to AI: technology advances have the potential to provide quicker trend and payment behaviour analysis, leading to earlier debt collection and thereby reducing uncollectable debt.

### Mitigations

- Overall credit risk profile client base of the Company is a low.
- Regular reviews and credit risk scoring model for higher-risk clients managed by credit risk analysts.
- Regional oversight of debt through credit risk dashboard and monthly key performance indicator reviews.
- Effective end-to-end process for review of payment terms out of policy with Chief Financial Officer approval required.
- Continued focus on aged debt.

### Change from FY22

No change to net risk due to controls remaining effective. The macro-economic environment continues to be challenging, resulting in an increased bad debt provision, however, enhanced controls remain effective through continuous monitoring, with a focus on high-risk clients and key enterprise clients which typically have longer payment terms. During the year, a detailed review and stress testing exercise was undertaken on the risk appetite for this risk to ensure there is the optimal balance between supporting our growth ambitions and managing the risk. The conclusion of this review was that risk appetite had been correctly assessed but will be re-examined if the macro-economic environment becomes more challenging or greater commercial opportunities arise.

### Executive Committee sponsor:

**Andrew Beach** – Chief Financial Officer

### Link to Strategic Pillar:

Our Places, Our Platform

### Principal risk interdependency:

1 2 4

## 4. Contractual liability risk

### Risk description

If SThree enters into unfavourable contractual terms with customers, it risks suffering significant financial loss. SThree operates in a highly competitive environment in which clients sometimes seek to assign significant contractual responsibilities and high financial liabilities to SThree. Where SThree acts as the employer of record (as with its ECM model), this expectation is generally heightened.

Link to AI: opportunity for advanced technology to improve efficiency of the contract review process.

### Mitigations

- SThree seeks to ensure that its contractual exposure to claims is effectively controlled through its contracts.
- Contract approval processes are in place with defined escalation procedures for the proposal of contractual terms that do not align with standard negotiation parameters.
- Well established in-house legal team, aligned to and working closely with the regional businesses, ensures a close understanding of business risks and associated contractual requirements.
- Risk Committee oversight of any changes in the external environment that should be incorporated into approach to contracting.
- The Company seeks to place the responsibility for supervision and control of contractors directly with the client, including the acceptance of liability for any acts, defaults or omissions.
- Global insurance coverage in place to cover exposure where appropriate.

### Change from FY22

Decreased. Following full risk assessment of each business model operated globally, the parameters for acceptable contractual liability were updated to reflect the assessed risk and exposure. Monitoring of updated contractual liability through key risk indicators will ensure risk versus reward remains balanced. A new contractual liability framework is designed to set appropriate contractual exposure for both clients and SThree whilst also providing clarity and a positive contracting experience for both client and consultants.

### Executive Committee sponsor:

**Kate Danson** – Chief Legal Officer

### Link to Strategic Pillar:

Our Places, Our Platform, Our People

### Principal risk interdependency:

2 3 7 8 10

## 5. People, talent acquisition and retention

### Risk description

SThree's profitability, long-term enterprise value, and ultimately our ability to deliver our strategy will be detrimentally impacted if we cannot attract and retain the right talent and drive the right levels of productivity to deliver against our growth ambitions.

The Group are reliant on attracting and retaining people that can deliver against its growth strategy. Sales consultants take time to reach their productivity peak, and this therefore needs to be taken into account when considering timelines. It is vital that SThree attracts and retains an engaged, productive, diverse workforce to ensure the future success of the Company.

Link to AI: a fear of job losses due to the use of AI could cause issues with engagement and retention along with the potential missed opportunity to use the technology in a way which encourages and enables people to achieve their potential.

### Mitigations

- Improved employee engagement through survey platform.
- Flexible hybrid working policy offered to all employees.
- Award-winning training platform to strengthen development of consultants throughout their career.
- Continuation of strengthening our wider focus on diversity and inclusion across gender, nationality, age and race.
- Continued focus on mental health and wellbeing.

### Change from FY22

Increased. Following appointment of new Chief People Officer a full review of attraction and retention risk was undertaken and the risk reassessed.

The external environment, such as cost-of-living crisis and macro-economic environment creating tougher markets for consultants has negatively impacted the risk.

It is acknowledged that the reason for attrition and low employee engagement is complicated and multi-faceted, requiring a strategic programme focusing on optimising a broad range of areas throughout the recruitment and talent management process.

### Executive Committee sponsor:

**Sarah Mason** – Chief People Officer

**Link to Strategic Pillar:** Our Places, Our People

**Principal risk interdependency:** 2 9 10

## 6. Cyber security

### Risk description

If SThree suffers a serious system or third-party disruption, this could cause loss of data or security breach that disrupts business-critical activities and its ability to meet its contractual and regulatory obligations.

The threat landscape continues to evolve, heightened by world events, with an increase in cybercrime and the evolution of ransomware attacks. Secure data is at the heart of creating a strong culture and trusted brand for our candidates and clients; failing to protect our data and manage security across our services will directly impact our reputation and our ability to sustain and grow our business.

Link to climate change and sustainability: expansion of services provided under the ECM business model could potentially increase carbon emissions and therefore requires investment into greener solutions to ensure both SThree and our clients make a positive impact.

Link to AI: being utilised to develop and evolve threats and attack methods to circumvent security controls, or human responses. However, AI can also be used, in its various forms, to support security, through machine learning and other techniques to help identify malicious activities and respond to active threats.

### Mitigations

- Global information security framework, designed to ensure that SThree identifies and meets requirements relating to cyber security.
- Vulnerability scanning to early identify weaknesses across the estate alongside information security team actively monitoring for security incidents and remediating where necessary.
- Mandatory cyber security training for all employees to build awareness and understanding of how individuals can help to protect the Company.
- Incident management plan with clear escalation in the event of a serious incident and linked to outsourced security event monitoring to assist.
- Ongoing improvements to authentication requirements.
- Insurance cover in place that provides access to expert helpline in the event of an incident.

### Change from FY22

Decreased. Whilst cyber risk continues to be seen as a significant risk globally the improvements in operating systems and ongoing staff awareness around the increasing sophistication and number of attempted phishing attacks has further decreased the net risk to SThree.

### Executive Committee sponsor:

**Nicholas Folkes** – Chief Operating Officer

### Link to Strategic Pillar:

Our Places, Our Platform, Our Position

### Principal risk interdependency:

2 4 7 9

## 7. Data privacy

### Risk description

Non-compliance with international data protection regulations and/or contractual obligations in relation to data protection could expose SThree to loss of revenue, reputational damage and regulatory sanctions. Having solid data foundations is required for SThree to fulfil our business strategy. Great customer experience starts with accurate, complete and timely data, and secure data is at the heart of creating a strong culture and trusted brand for our candidates and clients.

Link to AI: use of AI technology by sales consultants could result in personal data being added into an uncontrolled environment and shared with third parties without clear and embedded policy and procedures on AI use within the Group.

### Mitigations

- Data privacy landscape continues to be monitored by our cross-functional privacy team and international Data Protection Champion network to ensure compliance with GDPR and applicable data privacy legislation.
- A global data protection framework is in place to ensure that the Group can identify and meet regulatory requirements relating to data protection within each jurisdiction.
- Embedded processes to manage and respond to Data Subject Rights requests, such as Right to be Forgotten.
- Mandatory yearly data privacy training for all current employees and all new employees as part of the induction process.
- Continued investment in our IT systems and technology controls.

### Change from FY22

No change. Process improvements and staff awareness continue.

### Executive Committee sponsor:

**Kate Danson** – Chief Legal Officer

### Link to Strategic Pillar:

Our Places, Our Platform, Our Position

### Principal risk interdependency:

4 6 8

## 8. Regulatory compliance

### Risk description

A failure by the organisation to meet its regulatory obligations in respect of its business models could undermine our reputation, might result in legal exposure and regulatory sanctions and could negatively impact our ability to operate. The staffing and recruitment industry sits against the backdrop of an increasingly stringent and complex regulatory environment. These regulatory changes bring commercial opportunities for SThree, as companies seek staffing models which remove both the burden of administration and the risk of regulatory non-compliance through engaging with companies such as SThree. However, they also present risk to SThree in circumstances where we fail to manage those opportunities appropriately. Failure to comply leaves SThree open to a range of risks, including fines, penalties, litigation, personal Director liability and loss of licence to operate. Additionally, the reputational impact and loss of stakeholder confidence could undermine SThree's business in its entirety.

Link to AI: AI could improve identifying and tracking compliance processes in the system and highlight patterns of behaviour where controls may not be effective or escalate a point of non-compliance quicker than manual process to ensure prompt action. Potential to provide greater flexibility in adapting to changing regulatory compliance requirements. AI-powered tools can potentially be trained quickly on new regulations and then quickly incorporate updates and changes as they occur.

### Mitigations

- Regular horizon scanning by Legal function with reporting to regional management boards and Executive Committee.
- Regional Legal team involvement in the establishment of new products/services and entering new jurisdictions to ensure there is full understanding of regulatory compliance required and the processes to support the compliance.
- Local internal processes designed to ensure regulatory compliance for each placement.
- Oversight of regulatory compliance risks and controls at Group Risk Committee.
- Regional regulatory compliance training rolled out by legal department.
- Detailed regulatory risk assessments regularly reviewed for all business models in each country the Company has an entity incorporated within, to ensure full understanding and relevant appropriate controls are in place.

### Change from FY22

Decreased. Likelihood of risk materialising has reduced as a result of in-depth risk assessment of business model's risk and controls, alongside an ongoing programme of work on controls enhancement and staff training.

### Executive Committee sponsor:

**Kate Danson** – Chief Legal Officer

### Link to Strategic Pillar:

Our Places, Our Platform

### Principal risk interdependency:

2 4 7 10

## 9. Strategic change management

### Risk description

If the Company does not effectively manage and implement strategic change, this could result in poorly implemented projects, wasted resource and/or adverse financial impact and ability to execute strategy impacting future growth of the Group. Effective strategic change management is inherently tied into the achievement of our strategy; change management is required for the effective implementation of parts of the strategy that require us to operate differently. Attempting too many projects, incorrectly mobilising projects, lack of oversight causing the rejection by staff of change, would prevent SThree moving to the next level of revenue growth and profitability.

### Mitigations

- Prioritisation of investment decisions, approval of business cases and oversight of the investment portfolio, with strong linkage into the annual budget cycle.
- Formal governance structure in place for strategic projects, including independent assurance for key technology-related programmes.
- Full Board visibility of the portfolio status, including timelines, project spend and issues escalation.
- A formal digital demand process to coordinate requests that place demands on our technology change resources. The forum ensures correct resource allocation against the Company priorities.
- Monthly programme steering committees review programme status, risks and document decisions.
- Recruitment and secondment of skilled expertise to business transformation programme.

### Change from FY22

No change. The volume of transformational change has increased as part of key strategic project roll outs across the regions but mitigation strategies have increased to balance this out.

### Executive Committee sponsor:

**Nicholas Folkes** – Chief Operating Officer

### Link to Strategic Pillar:

Our Places, Our Platform, Our People, Our Position

### Principal risk interdependency:

2 5 6

## 10. Health and safety

### Risk description

If an employee suffers injury where SThree has failed to meet its regulatory obligations or duty of care, this could lead to an undermining of trust by our employees, candidates and clients, as well as reputational damage and financial loss. Health and safety (H&S) management regulations contain a general requirement for organisations to monitor and review preventive and protective measures to protect the health, safety and wellbeing of our employees. As a responsible employer we strive to ensure all our people are safe in their working environment. Our increasing volume and proportion of business in ECM means we have heightened regulatory obligations towards our candidates, many of whom operate in higher risk environments than our internal workforce.

Link to climate risk and sustainability: employees are potentially at risk of exposure to increased climatic natural disasters and to extremes of temperature, where working outdoors, making working conditions higher risk.

Link to AI: AI could improve identifying trends across accident and incident reporting globally to ensure quicker responses to reduce likelihood of reoccurrence.

### Mitigations

- Monthly H&S administration and communication meetings to discuss risks and any change in processes.
- Annual review and roll out of global H&S policy.
- Processes and reporting in place for any accidents or incidents involving internal employees and ECM candidates.
- Regular horizon scanning of H&S regulations by both Group Legal and H&S Manager to ensure policies and processes are updated accordingly.
- Communication with clients to ensure safety of a candidate on a client site and obligations are understood by both the client and candidate towards H&S.
- The review of H&S obligations are a key part of the contract review process, to ensure any required processes are followed and are proportionate to the product being offered to the client.
- Dashboard to capture leading and lagging indicators to highlight any incident risks and introduce continual improvement processes.
- Group-wide mandatory H&S training.
- Insurance policies where required covering the Company and ECM contractors in the event of an accident.

### Change from FY22

Decreased in likelihood due to a better understanding of current processes and controls in place for ECM business H&S and continued improvement in controls for office-based employees.

### Executive Committee sponsor:

**Kate Danson** – Chief Legal Officer

### Link to Strategic Pillar:

Our Platform, Our People, Our Position

### Principal risk interdependency:

4 5 8

### Going concern statement

The Directors have reviewed the Group's cash flow forecasts, including the assumptions contained in the budget, and considered associated principal risks which may impact the Group's performance in the 12 months from the date of approval of this year's financial statements and in the period immediately thereafter.

At 30 November 2023, the Group had no debt except for IFRS 16 lease liabilities of £29.0 million. Credit facilities relevant to the review period comprise a committed £50.0 million RCF (with the expiry date of June 2026 and an extension option to 2027) and an uncommitted £30.0 million accordion facility, both jointly provided by HSBC and Citibank. These facilities remained undrawn on 30 November 2023. A further uncommitted £5.0 million bank overdraft facility is also held with HSBC.

In addition, the Group has £83.2 million of net cash and cash equivalents available to fund its short-term needs, as well as a substantial working capital position, reflecting net cash due to SThree for placements already undertaken.

The RCF is subject to covenants that are measured biannually in May and November, on a trailing 12-month basis, being (i) net debt to EBITDA of a maximum of 3.0x and (ii) interest cover of a minimum of 4.0x. The ratio of net debt to EBITDA at 30 November 2023 was nil, as no debt was drawn at the year end, and hence the going concern assessment was primarily focused on liquidity available during the assessment period.

Despite the ongoing volatile markets, the Group's net fee performance remained resilient in FY23, supported by our strategic focus on STEM and Contract/flexible working offerings. In addition, the Group's targeted investment in talent and digital infrastructure is progressing as planned, driving both scale and higher margins over the mid to long term, and delivering our differentiated and higher value proposition within the market. In the assessment of the Group's prospects in the short term, the Directors also considered expected cash outflows attributable to investments in people, talent acquisition and infrastructure in response to identified market opportunities or emerging risks.

The base case forecasts were sensitised to reflect a severe but plausible downside scenario on Group performance. The key assumptions subject to the sensitivity analysis were a decline in net fees (10% decline in FY24 and 5% decline in FY25), with cost base flexed only for variable costs, such as commissions and bonuses, with no other cost mitigating actions assumed, with the overall result of reduced margins and operating profit.

In the severe but plausible downside scenario, the Group is expected to have sufficient liquidity headroom through the whole period covered. This stress test also did not incorporate potential mitigating actions at the Board's disposal to improve the position identified by the analysis, such as deferrals of capital expenditure, suspension of dividends payment and/or share buyback programme, cash preservation initiatives, and a number of further reductions in operating expenditure across the Group primarily related to workforce cost reductions.

Following this assessment, the Directors have formed a judgement, at the time of approving the SThree Group Annual Report and Accounts 2023, that there are no material uncertainties that cast doubt on the Group's going concern status and that it is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the next 12 months from the date of approval of this Annual Report. For this reason, the Group continues to adopt the going concern basis in preparing the Consolidated Financial Statements for the year ended 30 November 2023.

### Viability statement

In accordance with provision 31 of the UK Corporate Governance Code 2018, the Directors have assessed the prospects of the Group over the five-year period, based on management's reasonable expectations of the financial position and performance of the Group, internal budgets, planning timeframes, medium-term targets and the potential impact of the principal risks as documented on pages 78 to 82 of the Annual Report.

### Assessment of prospects

The Group's strategy is to deliver a sustainable and profitable growth by focusing on four strategic pillars and building on the favourable megatrends that influence all markets and sectors we operate in. The Group has a clear framework for investments in selective strategic initiatives and operational decisions made to continue strengthening the Group's market position into the future. Our performance against our strategic objectives is discussed in more detail on pages 18 to 19.

The review period covers five years from FY24 to FY28, which comprise the next financial year plan used in the going concern assessment and projections for the subsequent four financial years. The Directors believe that the five years to November FY28 is an appropriate period over which a reasonable evaluation of the potential impact of future risk events on the Group can be made. In coming to this view, the Directors have considered sustainability and resilience of the Group's business model over the long term (including strategic factors detailed in our key competitive advantages on page 17, as well as longer-term market trends in areas such as digitalisation and climate change). Furthermore, the viability period aligns to:

- the impairment review process, where investments in subsidiaries are tested based on five-year forecasts;
- the period over which the capital investment decisions are appraised; and
- the period over which the Group's major strategic priorities and plans have historically been considered (in line with the long-term ambitions announced at the Capital Markets Day in 2019).

Given our principal risks, the Directors believe that the ability to assess the Group's longer-term viability beyond this period becomes increasingly reduced.

The Directors have reviewed the Group's current financial position, progress against the Group's strategic targets and plans for the next five years, alongside an evaluation of the long-term opportunities and risks in the market in which the Group operates. The financial projections were based on the following key assumptions:

- Key macro-economic data that could impact recruitment activity and demand for our services and consequently our revenues and net fees.
- Expected headcount retention rates and our ability to dynamically change hiring decisions and other operational spend in the light of trading conditions.
- Expected increase in productivity of sales teams (placements per consultant) following a full roll out of outputs delivered under the Technology Improvement Programme.

- Changes in the Group's working capital levels.
- Movements in foreign currency rates, tax rates and interest rates.
- Impact of climate change risk and opportunities.
- Dividend per share.

The viability assessment focused mainly on the expected future solvency of the Group in the face of the macro-economic environment cyclical in which the Group operates, being a key principal risk. However, also considered were the potential impact of other key principal risks, especially those related to customer risk and strategic change management.

Subsequently, the key assumptions in the Group's five-year FY24–FY28 plan were stress-tested against severe but plausible downside scenarios linked to certain principal risks as well as an emerging risk of climate change, as summarised in the table below.

	Assumptions, level of severity considered	Link to risks
<b>Scenario 1</b>	<b>Decline in demand for recruitment services (a 4% decline in net fees)</b> Reduction in demand impacting both Contract and Permanent businesses, with cost base flexed only for variable costs, such as commissions and bonuses, with no other cost mitigating actions assumed. Headcount growth of 3% remained as per the base case.	Macro-economic environment/cyclical risk Future growth Commercial relationships and customer risk
<b>Scenario 2</b>	<b>Deteriorating/severe macro-economic conditions (cost inflation and margin compression, with a 10% decline in net fees in FY24, a 5% decline in net fees in FY25, followed by return to growth in subsequent years)</b> Key areas considered: reduction in contractor order book compounded by the lower volume of Permanent opportunities. Flat headcount and higher labour costs, reducing operating profit conversion ratio. Negative impact on the Group's sales volume resulting in reduced net fees and profits. No mitigating levers activated, except for variable staff costs.	Macro-economic environment/cyclical risk Future growth Commercial relationships and customer risk Strategic change management
<b>Scenario 3</b>	<b>Climate change negatively affecting delivery of our services</b> Key areas considered: negative impact to the Group net fees due to the closure of two locations with high physical risk. With no cost mitigating actions taken, the closure of SThree's offices would affect our operational ability to place candidates in roles and service the existing contracts.	Emerging risk – climate change

Based on the results of these scenarios individually and as a cluster of events for Scenarios 1 and 2, the Directors are satisfied that the Group would be able to respond to such circumstances through various means which could include a reduction and deferral of capital expenditure and further rationalisation and/or restructuring of operations, to ensure that the Group continues to meet its ongoing obligations. In addition, the Directors have considered the fact that the Group operates in stable markets and has the robust financial position of the Group, including the ability to sell assets, raise capital and suspend or reduce the payment of dividends.

**Viability statement**

Following this assessment, the Board can confirm that it has a reasonable expectation that the Group will continue in operation and meet its liabilities, as they fall due, over a viability horizon of five years for the period ending 30 November 2028. In making this statement, it is recognised that not all future events or conditions can be predicted, and future assessments are subject to a level of uncertainty that increases with time.

**SThree non-financial and sustainability information statement**

The Group has complied with the requirements of Sections 414CA and 414CB of the Companies Act 2006 by integrating the required non-financial and sustainability information disclosures throughout the Strategic and Governance Reports. The table below is intended to provide our stakeholders with references where the key content on our development, performance, position and the impact of our activities with regards to specified non-financial matters can be found.

Non-financial matter	Relevant policies, standards and section of the Annual Report <sup>25</sup>	Annual Report page reference
<b>A. Environmental matters</b>	<ul style="list-style-type: none"> <li>• TCFD (governance and risk management)</li> <li>• Our road to net zero carbon emissions</li> <li>• Sustainability policies</li> </ul>	<ul style="list-style-type: none"> <li>• Climate-related financial disclosures, pages 58-75</li> <li>• Emerging risks – climate change, page 61 and 77</li> <li>• ESG Impact Report 2023 (online)</li> <li>• The role of the Board and its key decisions, pages 92-95</li> </ul>
<b>B. Employees</b>	<ul style="list-style-type: none"> <li>• Our operating principles</li> <li>• Global DE&amp;I policy</li> <li>• Health and safety policy</li> <li>• Whistleblowing policy</li> <li>• Data protection policy</li> <li>• Bullying and sexual harassment policy</li> </ul>	<ul style="list-style-type: none"> <li>• Governance targets, page 75 (plus Summary of notices and policies available online)</li> <li>• Strategic overview, Our People, pages 28-31</li> <li>• Employee engagement (how the Board engaged with SThree employees), pages 96-99</li> <li>• Gender Pay Gap Report 2022–2023 (online)</li> </ul>
<b>C. Social matters</b>	<ul style="list-style-type: none"> <li>• Our community programmes aimed at building and educating future generations of diverse STEM talent</li> <li>• Volunteering guidelines</li> <li>• Corporate giving and fundraising policy</li> <li>• Tax strategy for 2023 (online)</li> </ul>	<ul style="list-style-type: none"> <li>• Social targets, pages 54-55</li> <li>• ESG Impact Report 2023 (online)</li> <li>• Governance targets, page 75 (plus Summary of notices and policies available online)</li> </ul>
<b>D. Respect for human rights</b>	<ul style="list-style-type: none"> <li>• Our Code of Conduct</li> <li>• Procurement process</li> <li>• The Company's Modern Slavery and Human Trafficking Statement (online)</li> </ul>	<ul style="list-style-type: none"> <li>• Governance targets, page 75</li> </ul>
<b>E. Anti-corruption and anti-bribery matters</b>	<ul style="list-style-type: none"> <li>• Anti-bribery and corruption policy</li> <li>• Gifts, hospitality and charitable contributions policy</li> </ul>	<ul style="list-style-type: none"> <li>• Governance targets, page 75 (plus Summary of notices and policies available online)</li> </ul>
<b>Description of principal risks relating to matters A-E above</b>	<ul style="list-style-type: none"> <li>• Risk management approach, pages 76-77</li> <li>• Emerging risks – climate change, page 77</li> <li>• TCFD report, climate-related risks and opportunities, pages 58-75</li> </ul>	
	<b>Relevant information</b>	
<b>Business model description</b>	<ul style="list-style-type: none"> <li>• Our business model, pages 12-17</li> </ul>	
<b>Description of non-financial KPIs</b>	<ul style="list-style-type: none"> <li>• Key performance indicators, pages 20-23</li> <li>• Our non-financial KPIs include:                             <ul style="list-style-type: none"> <li>– Under strategic pillar Our Platform: Carbon reduction</li> <li>– Under strategic pillar Our People: Representation of women in leadership roles, Employee net promoter score (eNPS)</li> <li>– Under strategic pillar Our Position: Customer net promoter score (NPS), Number of lives positively impacted</li> </ul> </li> </ul>	

25. Please note that some of the policies are available on request from Company Secretary.

**Climate-related financial disclosures**

In accordance with Sections 414CB of the UK Companies Act 2006, the required climate-related financial information disclosures can be found integrated throughout the Strategic Report, primarily in the TCFD report on pages 58 to 74.

A summary of key areas of disclosure is set out below:

Reporting requirement	Further information
(a) Group's governance for assessing and managing climate-related risks and opportunities	Page 58-60
(b) How climate-related risks and opportunities are identified, assessed and managed	Page 61, 77
(c) How processes for identifying, assessing, and managing climate-related risks are integrated into the overall Group risk management framework	Page 61
(d) Description of climate-related risks and opportunities, and time periods over which they are assessed	Page 63-69
(e) Impact of the climate-related risks and opportunities on the Group's business model and strategy	Page 62, 77
(f) Analysis of the resilience of the Group's business model and strategy (climate-related scenarios)	Page 70
(g) Targets used by the Group to manage climate-related risks and to realise climate-related opportunities	Page 71-73
(h) Key performance indicators (including basis of calculating) used to assess progress against targets identified under (g)	Page 72-73

Committee membership

- A** Audit & Risk Committee
- R** Remuneration Committee
- N** Nomination Committee
- Chair



**James Bilefield**  
Non-Executive Chair

**N R**

Appointed: October 2017

Experience

James Bilefield was appointed to the SThree Board as Senior Independent Director and Chair Designate in October 2017, becoming Chair in April 2018. He is Chair of the Nomination Committee and a member of the Remuneration Committee.

James is a Trustee of the Science Museum Group, the world's leading group of science museums.

He managed the digital transformation of media group Condé Nast across 27 countries, scaled Skype's global operations as part of its founding management team and held senior management roles at Yahoo! during its major growth phase. Formerly CEO of global advertising technology company, OpenX, he also co-founded the UK local information business, UpMyStreet, following an investment banking career at JP Morgan Chase. James was previously a Non-Executive Director of MoneySupermarket.com, stepping down in May 2022, and Stagecoach Group plc., stepping down in June 2022 following its acquisition and subsequent delisting from the London Stock Exchange.



**Timo Lehne**  
CEO; Executive Director

Appointed: January 2022

Experience

Timo Lehne was appointed CEO in April 2022 having joined the Board as interim CEO and an Executive Director on 1 January 2022. Prior to this Timo was a Senior Managing Director with full responsibility for the day-to-day running of SThree's largest region, DACH, which comprises Germany, Austria and Switzerland.

Timo studied International Economics in the Netherlands before joining our Progressive Recruitment business in Germany as a sales consultant in 2006. He was appointed Senior Business Manager in Düsseldorf for SThree in 2009, quickly turning it into our fastest growing business and growing the city's share of net fees within the DACH region from 4% in 2009 to 27% in 2012. He was promoted to Senior Sales Director in 2013, taking joint responsibility for the running of the overall DACH business and in 2017 became Managing Director for the region, where he was responsible for the overall DACH business of SThree accounting for over 33% of the Group's revenue and more than 1,000 employees across 10 locations.



**Andrew Beach**  
CFO; Executive Director

Appointed: July 2021

Experience

Andrew Beach was appointed to the SThree Board in July 2021, joining from Hyve Group plc, a global exhibitions business. As CFO he holds full responsibility for the financial strategy and financial activities across the SThree Group. He is an accomplished CFO with considerable experience in listed companies. He has global experience of business transformation, funding and M&A in fast-paced and high-growth companies and has extensive experience of working alongside boards and senior leadership on company strategy and direction.

As CFO of Hyve, Andrew was instrumental in leading the company through a period of significant transformation and rapid international growth, which resulted in its promotion to the FTSE 250. Previously, he held a number of roles at Ebiquity plc, joining as Group Financial Controller in 2007 and quickly being appointed as CFO in 2008. In 2014 he was promoted to Chief Financial and Operating Officer. Andrew trained and qualified as a Chartered Accountant with PwC, working with them from 1998 until 2007.



**Denise Collis**  
Senior Independent  
Non-Executive Director and  
Employee Engagement NED

**R A N**

Appointed: July 2016

Experience

Denise Collis was appointed to the SThree Board, Nomination Committee and Remuneration Committee in July 2016. Denise was appointed as Chair of the Remuneration Committee in September 2016, and became a member of the Audit & Risk Committee in April 2018. In October 2018 Denise was appointed Senior Independent Director and, with effect from 1 December 2018, was appointed as Employee Engagement NED.

Denise is also a Non-Executive Director and Chair of the Remuneration Committee at Smiths News plc, the specialist distribution company. She was previously a Non-Executive Director of Emis Group plc, stepping down in October 2023 following its acquisition and subsequent delisting from the London Stock Exchange. Denise is a Chair of the Remuneration & People Committee and a member of the Nominations Committee at the British Heart Foundation. Prior to this, she was Group HR Director for 3i Group plc, and most recently Chief People Officer for Bupa. She has extensive international Human Resources and executive committee experience, and has also held senior roles at EY, Standard Chartered plc and HSBC. Denise is a Fellow of the Chartered Institute of Personnel and Development. Denise was previously a Non-Executive Director of Emis Group plc, stepping down in October 2023 following its acquisition and subsequent delisting from the London Stock Exchange.



**Elaine O'Donnell**  
Independent Non-Executive  
Director

**A N R**

Appointed: October 2022

Experience

Elaine O'Donnell was appointed to the SThree Board, the Remuneration and Nomination Committees and as Chair of the Audit & Risk Committee in October 2022.

Elaine is the Senior Independent Non-Executive Director and Chair of the Audit & Risk Committee of both On The Beach Group plc and The Gym Group plc.

Elaine qualified as a Chartered Accountant at PwC and then spent the majority of her executive career specialising in corporate finance, latterly serving as a partner in Transaction Advisory Services at EY. Throughout her career, she has worked extensively with global businesses across a range of market capitalisations and industry sectors.

Elaine was previously Chair of Games Workshop Group plc and a Non-Executive Director of Studio Retail Group plc.



**Barrie Brien**  
Independent Non-Executive  
Director

**A N R**

Appointed: September 2017

Experience

Barrie Brien was appointed to the SThree Board, the Audit & Risk, Nomination and Remuneration Committees in September 2017.

He is Group Chief Executive Officer of STRAT7, a data analytics and strategy consultancy, and was the former Chief Executive Officer of Creston plc, a media and marketing communications group, stepping down in 2017 following its sale and delisting. Barrie was extensively involved in the growth of Creston plc from 2004 with its buy-and-build strategy and had also been Chief Operating and Financial Officer.

In addition to extensive public company experience, including M&A fundraisings and Investor Relations, Barrie has spent 30 years in global media, digital, and marketing communication companies, advising a portfolio of boards and clients across multiple industries on their growth strategies.

Due to his other professional commitments Barrie will be retiring from the Board in April 2024 and will not be standing for re-election at the Annual General Meeting.



**Imogen Joss**  
Independent Non-Executive  
Director

**A N R**

Appointed: December 2022

Experience

Imogen Joss was appointed to the SThree Board, the Audit & Risk, Remuneration and Nomination Committees in December 2022.

Imogen is Non-Executive Director and Senior Independent Director of Fintel plc and Chair of its Remuneration Committee, and a Non-Executive Director of XPS Pensions Group PLC. Imogen is also Chair of Grant Thornton UK LLP, the accounting and consulting firm, and a Non-Executive Director of IPSX UK Ltd and Envetec Sustainable Technologies.

Imogen spent her executive career working in senior general management, sales and marketing roles for a range of information services and other companies, including the London Stock Exchange Group plc and S&P Global Inc.

Imogen was previously a Non-Executive Director and Chair of the Remuneration Committee of Euromoney Institutional Investor plc, stepping down in November 2022 on completion of the acquisition of Euromoney and its delisting from the London Stock Exchange.



**Kate Danson**  
Chief Legal Officer and  
Company Secretary

Appointed: May 2021

Experience

Kate Danson joined SThree in 2021. She is responsible for leading the provision of legal services, as well as holding responsibility for enterprise risk, health and safety and insurance across the SThree Group and is the PLC Company Secretary. Prior to joining, she was General Counsel, Group at Johnson Matthey plc, responsible for leading the provision of legal services across the global group functions. She had previously worked in a variety of senior global roles within Johnson Matthey.

Kate brings a wealth of knowledge and experience in complex global legal, ethics and compliance, business and risk management issues. She is a qualified solicitor and started her career in private practice at the international law firm Ince & Co.

Kate completed a degree at King's College London before studying at the College of Law between 2002 and 2004.



**Our purpose and culture demonstrate a commitment to driving performance for the Group's long-term success and to treating all clients, candidates, employees, suppliers and communities with respect as key stakeholders and partners in our business."**

**James Bilefield**  
Chair



**Key governance and oversight activities during the year:**

- Continued focus on strategic prioritisation, including monitoring the progress and roll out of our Technology Improvement Programme (TIP) including reports from independent third-party assurance company, and associated change management.
- Considering performance of different sales cohorts and plans to decrease time to productivity.
- Development of a global client strategy.
- Receiving updates from management of key markets, including DACH, the Netherlands, the US, the UK and Japan.
- Approving the appointment of new auditors.
- Review of Board's oversight of ESG, including enhancement of Non-Executive Director involvement.
- Review of the Investor Relations function and appointment of new joint Brokers.
- Receiving updates on the work to finalise and roll out new values and updates on culture.
- Continued monitoring of our talent acquisition strategy and DE&I metrics and activities.
- Direct engagement through investor calls and meetings and feedback following investor meetings.
- Considering and approving a new contractual risk policy, reflecting across our core business models and markets.
- Considering the Group's property portfolio, and approving new leases in several key cities.
- The adoption of a new Subsidiary Governance Framework.
- Progressing the actions from the 2022 Board effectiveness review and conducting an internal Board effectiveness review.
- Holding a number of Board engagement sessions with employees from across our business and providing the opportunity for certain of those employees to attend part of a Board meeting and give their feedback.
- Receiving refresher training on governance topics including the Market Abuse Regulations.
- Receiving reports from the designated Employee Engagement NED on employee engagement activity and outcomes.
- Reviewing our Health and Safety strategy and activities across the Group.
- Reviewing and approving the Group's Impact Report.

→ [Read my introduction to strategy on page 6](#)

**Compliance with the UK Corporate Governance Code 2018**

The Board considers that the Company has applied the principles and complied with the provisions of the Code throughout the year ended 30 November 2023.

**I am pleased to introduce SThree plc's Corporate Governance Report for the financial year ended 30 November 2023.**

**Dear Shareholder**

This report sets out our Governance Framework and outlines key activities undertaken during the year. The SThree Board aspires to adopt governance best practice wherever possible and our statement of compliance with the UK Corporate Governance Code published by the Financial Reporting Council (FRC) in July 2018 (the Code) can be found on page 88.

It is my responsibility as Chair to ensure that the Group has sound corporate governance and that the Board continues to be effective. This is managed by ensuring that the Group and the Board are acting in the best interests of our various stakeholders and making sure that the Board discharges its responsibilities appropriately. This includes creating the right Board dynamic and ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings.

There have not been any changes to the Board composition since my last report. However, as detailed in the Nomination Committee report, Barrie Brien will be retiring at our AGM in April 2024 to focus on his other professional commitments. Barrie has served on the SThree Board for more than six years and has provided good counsel to the Board and business as we have navigated the Covid-19 pandemic, TIP and entry into the FTSE 250 index. We thank him for his contribution and wish him every success for the future.

SThree has always been driven by core business principles, led by a desire to add value as a recruitment partner and play a positive role in society. Our purpose and culture demonstrate a commitment to driving performance for the Group's long-term success and to treating all clients, candidates, employees, suppliers and communities with respect as key stakeholders and partners in our business. Our approach to stakeholder engagement during the year is set out in this report.

During the year we gave further consideration on how the Board shapes and monitors our efforts in ESG. While the ESG Committee will continue to be a management committee, chaired by the Chief Executive, Non-Executive Directors will now attend meetings on a rolling basis. The enhanced focus on ESG matters includes a dedicated quarterly Board agenda slot.

As Chair I have had the pleasure of visiting a number of our offices this year. In March, the Board, together with our Executive Committee, visited our Glasgow office and held an all-employee townhall meeting as well as spending time with the local management team and senior leaders. In October of this year I, together with Imogen Joss, had the pleasure of attending our global sales leadership conference in Vienna where around 60 attendees focused on our client strategy as well as the areas the Company is seeking to optimise internally, in order to achieve its strategic ambitions. In November, I visited our New York, Houston and Chicago offices, spending time with our employees discussing our transformation programme, where our new systems have been deployed this year. I was keen to understand their experiences and perspectives on the changes they have seen as we continue to roll out the programme across our global footprint. This visit to the US also allowed me to attend part of the Company's global incentive trip in Miami, where top performers across our business came together to celebrate successes achieved and receive an update on SThree's strategy. In addition, I visited our Düsseldorf office, which is the largest of our German offices, spending time with both local management and the broader employee population.

The Board continues to shape and develop our culture with a focus on diversity and inclusion and we have maintained oversight of the Group's initiatives in this important area. Further information on diversity and gender pay can be found in the Strategic progress section.

Finally, I would like to take this opportunity to thank all of our stakeholders for their support during this year. I, along with the Board, am available to respond to any questions on this report or any of our activities both now and at the 2024 Annual General Meeting.

**James Bilefield**  
Chair

29 January 2024

# An effective Board, positioned for growth

## Board and Committee structure



## Skills Matrix

	James Bilefield	Timo Lehne	Andrew Beach	Denise Collis	Elaine O'Donnell	Barrie Brien	Imogen Joss	
<b>Skill Areas</b>	Strategy and Transformation	✓	✓	✓	✓	✓	✓	
	Finance			✓	✓	✓	✓	
	Risk Management	✓		✓	✓			
	People and Culture		✓		✓			
	Marketing		✓			✓	✓	
	Tech & Cyber Security	✓	✓					
	Data	✓	✓	✓		✓	✓	
	ESG/Responsible Business	✓		✓	✓	✓		
	Commercial		✓	✓			✓	
								✓
<b>Experience</b>	<b>Sector</b>	Technology, Publishing, Financial Services	Staffing	Events Services, Marketing Services, Accountancy	Healthcare, Professional Services, Financial Services	Retail and leisure, financial services, e-commerce, manufacturing	Media and Marketing Services	Business Information, Professional Services
	<b>International</b>	UK, US, Europe	UK, US, Europe, Asia	UK, US, Europe, Middle East, Asia	UK, Americas, Europe, Middle East, Asia, Australasia	UK, Europe, North America, Australasia	UK, Europe	UK, Europe, Middle East, North America, APAC

## Chair

The Chair is responsible for ensuring an effective Board. This requires a culture of mutual respect, openness, debate and constructive challenge. The Chair encourages open communication and constructive working relations between the Executive and Non-Executive Directors. He also seeks to ensure that the Executive Directors are responsive to constructive challenge on their proposals by the Non-Executive Directors.

The Chair ensures that SThree maintains effective communications with our shareholders, communicating the views of shareholders to the Board so that all Directors develop an understanding of the views of the major investors in the Group. In addition, he also ensures the Board listens to the views of the workforce, customers and other stakeholders, especially in the context of principal decisions.

With the assistance of the Company Secretary, the Chair sets the Board's agenda, ensuring adequate time is available to discuss all agenda items. To facilitate constructive Board discussion, the Chair ensures there is a timely flow of high-quality, accurate, clear information.

## Senior Independent Director

The Senior Independent Director's role is to provide a sounding board for the Chair, to act, if necessary, as a focal point and intermediary for the other Non-Executive Directors and to ensure that any key issues that are not being addressed by the Chair or the executive management are taken up. The Senior Independent Director and the Chair maintain a regular dialogue regarding current issues. The Board recognises that, should any significant issues arise which threaten the stability of SThree or its Board, the Senior Independent Director may be required to work with the Chair or others or to intervene to resolve them.

The Senior Independent Director is available to shareholders should they have concerns which have not been resolved from contact through the normal channels of the Chair, Chief Executive or other Executive Directors or if the normal channels may be inappropriate. The Senior Independent Director is also available to attend meetings with major shareholders to listen to their views in order to help develop a balanced understanding of their issues and concerns.

The Senior Independent Director is responsible for leading the annual appraisal of the Chair's performance and plays an important role by ensuring there is an orderly process for succession to the role of Chair of SThree.

## Chief Executive

Our Chief Executive has day-to-day management responsibility for running the Group's operations, for implementing the Group's strategy as approved by the Board, for applying Group policies and for promoting the Company's culture and standards, including those on governance. He has the broad authority from the Board to run the Company and he is accountable for, and reports to the Board on, how it is performing. Our Chief Executive also has a key role in the process for the setting and review of strategy. In addition, he ensures that the Executive Directors' views on business issues and views from the workforce on relevant issues are shared with the Board in a balanced way.

There is a clear division between the Chair's responsibilities for running the Board and the Chief Executive's role for the running of the business. This division of responsibilities is established in a written statement.

## Non-Executive Directors

The role of our Non-Executive Directors is to scrutinise management's performance in meeting agreed goals and objectives and to monitor how that performance is reported. They must also be satisfied with the integrity of the Group's financial information on the effectiveness of financial controls and risk management systems. As members of the Board, the Non-Executive Directors bring independent judgement and a range of experience to the Board and therefore have a key role in constructively challenging in all areas. This is vital to the independence and objectivity of the Board's deliberations and decision making and is particularly important in helping develop proposals on strategy. The Chief Executive and the other Executive Directors welcome, and are responsive to, constructive challenge by the Non-Executive Directors on their proposals. The Non-Executive Directors' role is to support the decisions that have been taken and to support the executive team in their delivery. Non-Executive Directors also play an important part in supporting the Chair and the Executive Directors in embracing and representing the Company's culture, values and standards within the Board and throughout SThree. The Non-Executive Directors are responsible for determining appropriate levels of remuneration for the Executive Directors and have a prime role in appointing and, where necessary, removing Executive Directors, and in succession planning.

## Chief Financial Officer

The CFO is responsible for the management of the Finance function. He leads the Group's finance activities, finance risks and controls, Group funding arrangements and the Investor Relations function. As a Director, the CFO's responsibilities extend beyond the Finance function to include the whole of the Group's operations and activities, supporting the CEO in the delivery of the corporate strategy.

## Company Secretary

The Company Secretary reports to our Chair on Board governance matters and together they keep the efficacy of the Company's and the Board's governance processes under review. The Company Secretary is responsible for advising and keeping the Board up to date on all legislative, regulatory and governance matters and developments. The Company Secretary's responsibilities also include ensuring good information flows within the Board and its committees and between senior management and Non-Executive Directors. The Company Secretary facilitates Board inductions and assists with professional development as required. The Company Secretary's advice, services and support are available to each Director.

# Our Board

## Board and Committee attendance

The Board has established various Committees, each with clearly defined Terms of Reference, procedures and powers. The Terms of Reference for the Audit & Risk, Remuneration and Nomination Committees are reviewed regularly and are aligned closely with the UK Corporate Governance Code. They are available at [www.sthree.com](http://www.sthree.com)

In addition to the scheduled Board meetings held during the year, the Board met for a dedicated strategy session. The number of scheduled Board meetings held, and attendance at each, is set out in the table below. All Directors attended the Annual General Meeting. Attendance at each of the Committee meetings can be found in the Audit & Risk, Remuneration and Nomination Committee reports.

Should Directors be unable to attend meetings due to unavoidable commitments, full Board packs are distributed and separate dialogue held with the Chair on all matters of relevance. Further details of each Committee are contained in the Remuneration, Audit & Risk and Nomination Committee sections of this Annual Report.

Director	Scheduled Board meetings attended
James Bilefield	8/8
Timo Lehne	8/8
Andrew Beach	8/8
Denise Collis	8/8
Barrie Brien*	7/8
Imogen Joss	8/8
Elaine O'Donnell	8/8

\* Barrie Brien did not attend a Board meeting due to a prior commitment.

## Composition of the Board

The Board comprises a balance of Executive and Non-Executive Directors who bring a wide range of skills, experience and knowledge to its deliberations. The Non-Executive Directors fulfil a vital role in corporate accountability and have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully discussed, constructively challenged and critically examined, not only in the best long-term interests of shareholders, but to also take account of the interests of customers, employees and other stakeholders. The Non-Executive Directors are all experienced and influential individuals and through their mix of skills and business experience, they contribute significantly to the effective functioning of the Board and its Committees. This ensures that matters are fully debated and that no one individual or small group dominates the decision-making process.

Directors have a wide range of experience of various industry sectors relevant to the Group's business and each member brings independent judgement to bear in the interests of the Company on issues of strategy, performance, resources and standards of conduct. The Board is of sufficient size to match business needs and members have an appropriate and varied range of skills, vital to the success of the Group.

The composition and performance of the Board and each Committee is evaluated at least annually to ensure the appropriate balance of skills, expected time commitment, knowledge and experience, and the Directors can therefore ensure that the balance reflects the changing needs of the Group's business and is refreshed if necessary. Board members feel a strong cultural affinity with the Group, engaging fully as a committed team and in a wide variety of activities with our employees around the globe, whether it be an office visit, or presentation by management. The Nomination Committee report gives further information on activity in this regard, including changes in Board composition, succession planning and diversity and inclusion activity.

Excluding the Chair, the other Non-Executive Directors have been determined by the Board throughout the year as being independent in character and judgement with no relationships or circumstances which are likely to affect, or could appear to affect, each Director's judgement.

The Board has a Non-Executive Chair, who is not classed as independent because of his position but who met the independence criteria set out in the Code on appointment. At least half the Board is comprised of Non-Executive Directors determined by the Board to be independent, as required by the Code.

## The role of the Board

Our Board's role is to provide leadership of the Company and direction for management. It is collectively responsible and accountable to our shareholders for the long-term sustainable success of the Group, for generating value for shareholders, contributing to wider society and for ensuring the Group is appropriately managed and operates responsibly, with effective controls, as it pursues its objectives.

The Board reviews the performance of management and the operating and financial performance of the Group as a whole. In particular, the Board is responsible for establishing the Company's purpose and values and setting strategy, determining risk appetite, ensuring appropriate risk management and internal controls are in place, ensuring good governance, decision making and promoting the desired culture. The Board also ensures that plans are in place for orderly succession for appointments to the Board and to senior management, so as to maintain an appropriate balance of skills and experience within the Company and on the Board.

In order to carry out its work, the Board, which usually meets formally eight times a year, agrees an annual agenda plan to ensure all necessary matters are covered and to allow sufficient time for debate and challenge. In particular, the Board has sought to ensure there is sufficient time to discuss strategy so that the Non-Executive Directors have a good opportunity to challenge and help develop strategy proposals. The Board also takes time to review past decisions where necessary.

At Board meetings, the Board receives and considers papers and presentations from management on relevant topics. Effective review and decision making are supported by providing the Board with high-quality, accurate, clear and timely information, including input from experts and independent advisers where necessary. The Board seeks to work in the best interest of SThree plc and its stakeholders.

Certain powers are delegated to the Remuneration Committee, Audit & Risk Committee and Nomination Committee, with details of the roles and responsibilities of these Committees being set out under the relevant sections.

### Division of responsibilities

In order to facilitate more efficient working practices there are agreed Terms of Reference for the Board's main Committees and for the Group's management committees, including an Executive Committee, a Disclosure Committee, a Group Risk Committee, an ESG Committee, and a Finance and Administration Committee, all of which provide a clear framework of delegated authorities.

The Board is responsible to shareholders for the proper management of the Group and has identified key financial and operational areas that require regular reporting and which enable the performance of senior management to be reviewed and monitored. These are set out in a schedule of matters reserved for the Board, which is reviewed on a regular basis.

The schedule outlines all matters requiring specific consent of the Board, which include the approval of Group strategy, operating plans, annual budget, the Annual Report, the Interim Report, trading updates, major divestments and capital expenditure, meaningful acquisitions and disposals, the recommendation of dividends and the approval of treasury, tax and risk management policies.

The schedule therefore facilitates structured delegation, subject to certain financial limits, and provides a practical framework for executive management and reporting, which seeks to achieve the objectives of maintaining effective financial and operational controls, whilst allowing appropriate flexibility to manage the business. The current schedule of matters reserved for the Board, which has been incorporated into a new Corporate Governance Framework, is available on the Company's website at [www.sthree.com](http://www.sthree.com).

### Information and support

Board and Committee meeting papers are circulated well in advance of the relevant meeting and where a Director is unable to attend he/she is provided with a copy of the papers and has the opportunity to comment on the matters under discussion.

The Company Secretary helps to ensure information flows between the Board and Committees, as well as senior individuals across the Group and Non-Executive Directors, and appropriately advises the Board on governance matters.

Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that its procedures are complied with and to assist in arranging any additional information as required. The appointment and removal of the Company Secretary is a matter reserved for the Board as a whole.

Directors are entitled to obtain independent professional advice at the Company's expense, on the performance of their duties as Directors. All Committees are serviced by the Company Secretary's team and are appropriately resourced.

### Section 172 duties, including link to purpose, values and culture

Directors must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the:

- likely consequences of any decision in the long term;
- interests of employees;
- need to foster business relationships with suppliers, customers and others;
- impact of operations on the community and the environment;
- desirability of maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members.

As a purpose-driven organisation, this also drives our approach to values and culture to help deliver on our strategy. Board and Committee meeting attendees are reminded of these duties at the start of each meeting, including considering the long-term impact of decisions, whilst aiming to uphold the highest standards of governance.

The issues, factors and stakeholders that the Board considers relevant to complying with Section 172 are set out in the Section 172 statement.

### Engagement with shareholders and constructive use of our AGM

As a listed plc, engagement with shareholders is given a high priority as part of a comprehensive Investor Relations programme. The Company produces Annual and Interim Reports for shareholders and the Company's website contains up-to-date information on the Group's activities, investor presentations and published financial results.

Shareholders can also subscribe for email alerts of important announcements made. There are regular meetings with institutional shareholders and analysts following key trading updates and throughout the year on an ad hoc basis, whilst ensuring that price sensitive information is released consistently and at the same time to all, in accordance with best practice market rules.

There is also dialogue on specific issues, which this year included audit tendering, the application of the remuneration policy and general governance matters. In between trading updates, there is continued dialogue with the investor community by meeting key investor representatives, holding investor roadshows and participating in conferences. Investor sentiment is regularly relayed to the Board, whilst meetings between management and debt providers, principally the Company's banks, also take place periodically.

The Chair, Senior Independent Director and other Non-Executive Directors are available to discuss governance, strategy or other issues, or should there be matters of concern that have not been, or cannot be, addressed through the Executive Directors. During the year, both the Chair and Senior Independent Director were available to shareholders, with the Chair and Company Secretary holding separate investor meetings, the results of which were fed back to the Board.

Views of analysts, brokers and institutional investors are sought on a non-attributed basis via periodic sentiment surveys and these, as well as regular analyst and broker publications, are circulated to all Directors to ensure that they develop a full understanding of the views of shareholders.

Any issues or concerns are raised and discussed by the Board, and Directors routinely receive regular reports on share price, trading activity and sector updates.

The Board views the AGM as an opportunity to communicate with private and institutional investors alike and welcomes active participation. The Company proposes a separate resolution on each substantially separate issue and the proxy appointment forms for each resolution provide shareholders with the option to direct their proxy to vote either for or against any resolution or to withhold their vote.

The Company's registrars ensure that all valid proxy appointments received for the AGM are properly recorded and counted and a schedule of proxy votes cast is made available to shareholders attending the meeting. There is also full disclosure of the voting outcome via the London Stock Exchange and on the Company's website as soon as practicable after the AGM.

All Board members attended the AGM and the Chairs of the Audit & Risk, Nomination and Remuneration Committees are available to answer questions. The Notice of AGM is posted at least 20 working days prior to the date of the meeting and the Company's website contains copies of all Notices issued.

### Engagement with employees and stakeholder influence in decision making

The Board is committed to engaging with employees to better understand the Company's culture, challenges and issues. On a rolling cycle, the Board engages with employees from one region ahead of a Board meeting, without Executive Directors present. These meetings are designed to coordinate with Board reviews for the relevant region, to enable a holistic understanding of the experience of our people in the workplace, in addition to the strategic and operational perspective of regional management. Across the year, the Board has therefore met collectively with employee groups from a number of our key markets, including Japan, Germany, the Netherlands, Spain and the US.

Denise Collis was appointed in December 2018 as the designated NED responsible for employee engagement, to gather views from employees and ensure that these are brought into the boardroom. In carrying out this role, Denise has met with a diverse range of employees, at all levels of seniority, whilst also engaging with Group and local HR teams. See the separate 'Employee engagement' section for details on Denise's engagement with employees across the SThree Group during the course of 2023.

To ensure the continuing success of the Group in setting strategy, making decisions and addressing principal risks, key stakeholders are considered as part of the business model and value chain. The Board's annual programme, reviewed each year, is designed to ensure the voice of each stakeholder group is heard, either directly, (e.g. by inviting customers to meet Board Directors) or indirectly, (e.g. through independent surveys or management reports). The Board oversees and challenges the executive on stakeholder engagement and its influence on strategy by including appropriate direct or independent assessments, (e.g. investor or client/customer survey feedback), it also ensures appropriate stakeholder management processes are in place (e.g. by facilitating escalation procedures and complaints/grievance mechanisms (such as whistleblowing) which are also appropriately reviewed or audited, as needed.

## What value we create for stakeholders

Our natural ability to bring people together sets us apart. By nurturing closer relationships with our employees, candidates and clients, we earn loyalty and inspire collaboration. By combining it with responsible resource management, and close relationships with local communities, we create value for all our stakeholders.



Four meetings were held over the course of the year, one in person in Amsterdam in April, and three by videoconference in June, October and November. A broad spectrum of participants took part, drawn from different levels of seniority across our Sales and Core Functions areas in the US, Continental Europe, the UK and Dubai.”

Denise Collis  
Senior Independent Non-Executive Director



Once again, I would like to emphasise the overwhelmingly positive tone of the exchanges I have had with our people, characterised by a spirit of openness, honesty and constructive participation. The refreshing manner in which they have embraced these forums is indicative of their appreciation that their voice is being heard by the Board and subsequently acted upon. A key measure of success is the large number of employees each year who are keen to participate.

Following the pattern of previous years, we sought to achieve a mixture of sessions, ranging from those that were more general in content to those that looked to hone in on a particular area of importance. Last year, I was keen to meet with those at the early stages of their career to try and develop a better understanding of what had attracted them to SThree, what the experience had been like and what action we could take to encourage them to build a longer-term career with us. This year, given the strategic importance of our Technology Improvement Programme (TIP), I was keen to hear from those who had been at the vanguard of the roll out of the enhanced Customer Relationship System. One focus group involved US Houston team representatives, with the other group being drawn from the central technology team responsible for the roll out across the whole of SThree. The insights from these two sessions proved to be very insightful, bringing rich learning from the pilot and already shaping the next phase of the programme.

This year we have again dedicated two Board sessions in July and November to discuss my findings, considering recommendations and determining next steps. At the same time we have reviewed either the Pulse or Annual Survey results, which has allowed for deeper analysis and more targeted actions. As in previous years, there has been a strong correlation between the two sources of input, which reinforces our view that our people feel free to express themselves, whether providing direct or anonymous feedback.



I personally feel it is important that the Board hear a first-hand account of how the roll out is going. We are moving at pace which can create some resourcing peaks and it is good to know that the Board wants to be kept up to speed and provide active support. For example, as a result of the feedback from the focus groups we have bolstered our resources around communications and change. I felt free to express my views, in my own way, in the Board meeting and it was very much a two-way conversation. I sensed that the Board seemed to have a very good relationship with one another and they were very respectful to myself and Taffan. No one was talking over another, and they were really listening. It struck me just how engaged they are as a Board. I also appreciated the words of encouragement and positivity around the current and planned programmes and how excited the Board are about what is happening and how it is the right thing for the business.”

Lindsay  
Central Transformation team

A new feature this year has been the decision to invite two focus group participants to observe the employee engagement session at the November Board meeting. The purpose has been to bring further openness and transparency as well as allowing them to see for themselves the seriousness with which the Board received the key messages. At the same time, it has provided a somewhat unique developmental experience.

Whilst I fulfil the role of designated Non-Executive Director, responsibility for employee engagement is not delegated. Indeed, I would describe each of my Board colleagues as demonstrating strong personal ownership. As an example, this year we introduced a new videoconference session before each main Board meeting, where the Non-Executive Directors were able to engage directly with representatives from the geographic location due to be discussed in depth at the meeting itself. It is a truism that the more lenses you look through, the better the understanding. In addition, two of my colleagues, Elaine O'Donnell and Imogen Joss, each joined one of my focus groups and made an excellent contribution.

The Action Plan set out in pages 98 and 99 demonstrates that good progress is being made in responding to employees' feedback, whether this feedback is expressed as aspiration, encouragement, endorsement, observation, critique or concern. I have seen the Board carefully consider this Action Plan and put resources behind its implementation. The year-on-year progress has been highly encouraging, but there is so much more that we want to achieve. This ongoing commitment makes me confident progress will continue through next year and I am enthusiastic about the prospect.



I felt listened to in our focus group session with Denise, but also 'heard'. The roll out of the new Customer Relationship Management system was specifically designed to be agile, with ongoing learning and issue resolution built into the process. This 'resolve as we go' approach was expected but we were also moving at a speed which felt intense and resulted in some pressure points. Following the focus group, additional resource from the central technology team was allocated in support, with senior leadership in both the US and UK being highly visible and owning what needed to be done. In a short space of time, we had accelerated ticking the issues off our list. Against this backdrop, I enjoyed the experience of being asked to contribute as well as observe the Board session. I was made to feel very welcome and was struck by the openness, honesty and balance of the discussion, which acknowledged the different perspectives that exist in a major programme. I love to be part of the voice of the sales people, and would be absolutely willing to be involved in future focus groups.”

Taffan  
Houston office

2022/2023 feedback	Action taken during 2023 or planned for 2024
<p>Further develop internal communications, with particular emphasis on audience segmentation, to ensure appropriate and timely connections across different parts of the organisation.</p> <p>Support Leaders with tools and materials to cascade communications in a timely, structured and consistent way.</p>	<p>An established cadence of communication focuses attention on performance and strategy and shares the experiences of our people, our clients and our candidates, as we bring skilled people together to build the future. There has been a focus on closer working between the Global and Regional Internal Communication teams to ensure consistency of messaging, tailored for regional relevance, and the sharing of examples of exceptional performance across the business. Work is under way to establish a communication rhythm for the new C-suite roles of Chief Commercial Officer and Chief Operating Officer, that complements the one already in place for our CEO and CFO. Investigation is also under way into a new digital communications platform which will enhance the way we communicate with colleagues.</p> <p>Leaders have received improved tools and materials to improve the cascade of major communications, for example following the October 2023 Sales Conference.</p>
<p>Enable a better understanding throughout the organisation of the digital enhancement programme and the impact of change on roles and behaviours.</p>	<p>The strategic investment in systems and processes through the TIP, that began in 2022, is delivering at pace. A key priority in 2023 has been to ensure that we engage across the whole organisation to ensure consistent awareness and understanding. We have then built effectively on this with specific training for individual teams as they are directly impacted.</p> <p>To ensure the success and effectiveness of the programme we established a dedicated Global Change Leadership Group which has invested significant time immersing our leaders in the solution through events such as the Transformation design week and a global Change Leadership Event. We are also providing regular updates at Top100 calls and All Colleague Townhalls. We set up a dedicated Transformation Hub accessible to all colleagues, via the intranet with all key updates and communications.</p> <p>The pilot of the new Customer Relationship Management System in Houston was the first opportunity to experience the programme ‘live’ as it impacted our employees, contractors and clients. Unfiltered feedback was actively sought and valuable key learnings have been gathered, acknowledged and acted upon.</p>
<p>Continue to invest in L&amp;D, particularly onboarding, manager effectiveness and leadership development.</p> <p>Support the development and understanding of the role of the sales manager to enable productivity and retention.</p>	<p>All leaders at Global Grade 15 and above are now upskilled in the four essential roles of leadership and undertake an associated leadership assessment. The results from the assessment are used to support individual development plans and will help inform 2024 benchmarks for the role of a leader. There is also a plan to create a leadership index to ensure biannual leadership benchmarks. This will enable us to establish regional, country and brand comparisons of how we are leading and developing our people. Phase 2 of the programme, ‘Multiplier leadership’, is fully under way and will carry on into 2024 with all senior leaders expected to complete by the end of 2024.</p> <p>The onboarding journey is being reviewed and the introduction of sales accreditation and graduation will be introduced in 2024 with a mix of online and face to face training. Ten live accreditations will be designed and aligned to our blueprint sales tactics. This will drive speed to competence and ultimately speed to productivity. Launch is scheduled for December 2023 with a full roll out in H1 2024.</p> <p>The Sales Excellence and Sales Best Practice teams are undertaking a Sales Manager role review. A blueprint role profile and embedding plan will then be introduced during the end of 2023 and into 2024 to enable achievement of the required standards to maximise sales performance and team retention.</p>
<p>Core Operations Functions career paths to be developed with opportunities for progression.</p>	<p>Following initial roll out, we have further embedded the Global Grade framework by providing a detailed toolkit for the HR team and managers. A similar approach for enhancing reward communications is planned with the aim of achieving greater consistency and transparency.</p> <p>The Core Operations Function has also benefitted from a new skills and competency based framework along with targeted learning. This was run as a pilot in 2023 with a view to extending across all core functions in 2024.</p>

2022/2023 feedback	Action taken during 2023 or planned for 2024
<p>Provide greater clarity around the employee proposition.</p>	<p>The People Promise – our name for the Employee Value Proposition – that was developed in 2022 has been embedded into the talent attraction and acquisition processes.</p> <p>Our Marketing team has been working to collate stories and case studies from across our business to showcase our purpose and how we bring it to life. We are also co-creating updated values. These will be aligned to our purpose and embedded across the organisation in 2024.</p>
<p>Continue to enhance support for mental health and address any signs of burnout due to the weight of the organisational change agenda.</p>	<p>H1 2023 was a busy period for Mental Wellbeing training with the focus on the following, relatively high touch, targeted initiatives:</p> <ul style="list-style-type: none"> <li>• At Ease with Mental Wellbeing: aimed at equipping people managers with the skills, techniques and tools to spot and support struggling team members.</li> <li>• Virtual Workshops: 18 workshops delivered by an external consultancy to over 120 people managers. The workshops provide scenario-based exercises further supported by 75 minutes of online learning. A 90-minute follow-up session is scheduled for each group three months after the workshop. Additional workshops were held in H2 for our 22/23 Identify+ cohorts.</li> <li>• Mind Strength: aimed at building personal resilience for all colleagues. A pilot for 16 colleagues commenced in June and ran for 14 weeks. Participants were provided with access to 60 minutes of online learning and a 45-minute group discussion session every two weeks.</li> </ul> <p>The focus of the second half of the year has been on consolidation and defining an approach which will give more colleagues access to on-demand support in this important area throughout 2024 and beyond.</p>
<p>Continue to focus on Diversity, Equity &amp; Inclusion, with visible declarations of intent.</p>	<p>Our approach continued to include both global and local actions, focused on building an inclusive culture underpinned by allyship and undertaking outcome led activities to improve representation in leadership.</p> <p>In 2023 we have:</p> <ul style="list-style-type: none"> <li>• launched a new process to start to collect diverse background data from our colleagues in order to better understand the impact of our DEI strategy and identify key priorities moving forward;</li> <li>• our women in leadership programme, Identify, has over 40 women actively participating in mentoring, learning and upskilling in 2023, to support their career path into leadership; and</li> <li>• throughout the year our Employee Resource Groups delivered actions and events in celebration of Black History Month, Pride and International Women’s Day alongside conducting training and allyship awareness moment.</li> </ul> <p>Our DEI Strategy continues to evolve, utilising data and active listening to inform our priorities. We have achieved this in 2023 through our Engage survey, running focus groups with women in the business and with our Employee Resource Groups and through improving our data.</p>
<p>Improve the office environment, enabling better collaboration and provide greater clarity on hybrid working.</p>	<p>Local leadership are empowered to set local hybrid working policies and patterns to meet local needs. Focus during 2023 has been on communicating these policies clearly and applying them consistently. Hybrid working will be supported through our future office property redesign programme for 2024 and beyond.</p>



**SThree’s purpose is to bring skilled people together to build the future. That future-focus and long-term thinking also applies to how our Nomination Committee keeps our Board’s composition under review and ensures we have robust succession plans in place.”**

**James Bilefield**  
Nomination Committee Chair

**Committee meetings held**

**2**

James Bilefield (Chair)	2/2
Barrie Brien	2/2
Denise Collis	2/2
Elaine O’Donnell	2/2
Imogen Joss	2/2

The Committee complies with the requirement to have a majority of independent Non-Executive Directors.

Full biographies are available on pages 86-87



**Dear Shareholder**

**I am pleased to present to you the Nomination Committee report. The report provides underlying detail on the Committee and its activities during the year, in compliance with the UK Corporate Governance Code (the Code).**

SThree’s purpose is to bring skilled people together to build the future. That future-focus and long-term thinking also applies to how our Nomination Committee keeps our Board’s composition under review and ensures we have robust succession plans in place, to safeguard the delivery of our strategy and ensure the long-term success of the Company.

Following the appointment of Elaine O’Donnell and Imogen Joss, who joined the Board in October 2022 and December 2022 respectively, the focus has been on their successful induction and Board stability. While it was not considered appropriate to add to the Board immediately following these appointments, the Committee has continued to consider succession plans for Non-Executive Directors.

As previously announced, Barrie Brien, who has served on the Board since September 2017, will stand down at the 2024 AGM, allowing him to focus on his other professional commitments. I would like to thank Barrie for his years of service and thoughtful contribution to the Board. As noted in my last report, the Board understands and fully supports the recommendations of the Parker Review, and I can confirm we have commenced the search for a new Non-Executive Director, preferably from a non-white minority ethnic background, in order to meet the Parker Review target by December 2024.

**Summary of Terms of Reference**

The Committee’s Terms of Reference are, broadly, to regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board, make recommendations with regard to any changes and to review and prepare relevant job descriptions for new appointees, as well as ensuring the continuing development of, and adequate pipeline into, the Executive Committee for succession and bench strength purposes.

**Summary of core Committee activities carried out during the year:**

- Oversaw the Board and senior management succession plans, and considered the refreshed approach to Executive Committee talent management.
- Oversaw the composition and effectiveness of the Board and Committees, with diversity a key criteria.

**Succession planning and diversity**

As noted earlier in this report, our focus for the year under review was the induction of our new Non-Executive Directors and Board stability.

The Committee also periodically reviews Board composition to ensure that the Code provisions regarding diversity, over-boarding, Chair tenure and Remuneration Committee Chair experience are all complied with. In November 2023 the Committee considered Board membership and the need to continually refresh the composition of the Board on a gradual basis, taking into account the length of service of current Board members.

In our 2021 Report, we confirmed that the Committee had agreed plans to achieve a Board, by 2024, with a minimum of 40% women representation and at least one individual from a non-white minority ethnic background.

While we meet the new Listing Rule targets for gender diversity on the Board, and have a minimum of 40% women representation, including Denise Collis, who is our Senior Independent Director, and is considered to hold a senior Board position, we do not currently meet the target of having at least one individual on our Board who is from a minority ethnic background (as defined by the Listing Rules). As described above, it remains the Committee’s intention to add a new Non-Executive Director, preferably from a non-white minority ethnic background, before December 2024. The Board acknowledges the importance of diversity in its broadest sense in the boardroom. The Board’s policy, which it applies to its Audit & Risk, Remuneration and Nomination Committees, is to promote a diverse and inclusive membership on the Board and in filling any vacancy, consideration will be given to the combination of demographics, experience, skills, race, age, gender, education and professional background and other personal objectives needed to support good decision making. The Board continues to monitor management’s efforts to achieve its short-term target of 40% of women in leadership, with a longer-term ambition to achieve 50/50. The Group has a global Diversity, Equity and Inclusion policy which applies to everyone who works at SThree, whether on a permanent or temporary basis, in any of our businesses worldwide. During 2024 the Board intends to develop and set out a tailored Diversity Policy applicable to the Board and Senior Management.

**Induction of Imogen Joss**

Upon appointment to the Board, each Director engages in a comprehensive induction programme which is tailored to their individual needs. Imogen Joss was recruited in 2022, joining the Board on 1 December 2022.

Imogen’s programme included:

- initial meetings with fellow Directors for discussion of key matters;
- meetings with Executive Committee members with responsibilities for key regions and countries;
- meetings with the Chief Legal Officer and Company Secretary covering an overview of legal framework applicable to directors of UK-listed companies, and an overview of Risks and processes around identification and reporting;
- attending a day on the sales floor, experiencing the work of our sales consultants; and
- attending our Vienna senior leadership conference. In addition, key strategic, financial and governance documents were provided to Imogen in an electronic reading room.

All Directors are subject to annual re-election, although Non-Executive Directors are typically expected to serve for an initial term of three years, which, in normal circumstances and subject to satisfactory performance/re-election at each AGM, is automatically extended annually. Non-Executive Directors will normally serve no longer than nine years, subject to review as part of the AGM re-election process and their agreement. The Company's Articles of Association also contain provisions regarding the removal, appointment and election/re-election of Directors.

**Board and executive management gender and ethnicity metrics**

The following metrics set out the range of gender and ethnicity as they relate to our Board and executive management as at 30 November 2023. Executive Management is considered to be our Executive Committee, which includes our Chief Executive and Chief Financial Officer. The process by which diversity data was collected was, where permitted by relevant laws, to contact relevant individuals and ask them how they identified using the categorisations set out in the Listing Rules. Where we already held gender or ethnicity data for executives, with consents in place to use it for reporting on an anonymous basis, we used that data.

The data is used for statistical reporting purposes and is provided with consent. The data in the tables below is as at 30 November 2023 and there have been no changes in the period between then and the date of this report.

Further information on gender balance of those in senior management and their direct reports can be found on page 31.

**Board and executive management gender**

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	4	57%	3	8	73%
Women	3	43%	1	3	27%
Not specified/prefer not to say	-	-	-	-	-

**Board and executive management ethnic background**

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	7	100%	4	11	100%
Mixed/Multiple Ethnic Groups	-	-	-	-	-
Asian/Asian British	-	-	-	-	-
Black/African/Caribbean/Black British	-	-	-	-	-
Other ethnic groups, including Arab	-	-	-	-	-
Not specified/prefer not to say	-	-	-	-	-

**Commitment**

For Board vacancies, the Nomination Committee approves a detailed job specification, which sets out the indicative time commitment expected. Potential Director candidates are required to disclose any significant outside commitments prior to appointment and must undertake that they have sufficient time to meet these, in addition to Company business.

Upon joining, each Director receives a formal appointment letter which identifies their responsibilities and expected minimum time commitment, which is typically two to three days a month. These letters are available for inspection at the Company's registered office, or by contacting cosec@sthree.com.

**Development**

At scheduled Board and Committee meetings, Directors receive detailed reports from management on the performance of the Group or specific areas of focus and responsibility. Non-Executive Directors may visit the Group's sales offices or other locations in order to join staff members and other stakeholders from different geographic areas to discuss current initiatives. Directors are aware of their responsibilities and are briefed on relevant regulatory, legal, governance or accounting matters periodically, as required. Directors also attend external seminars on areas of relevance to their role in order to facilitate their professional development, whilst Non-Executive Directors also use external insights from their own development networks to support the management team. These measures help to ensure that the Board continues to develop its knowledge of the Group's business and get to know senior management, as well as promoting awareness of responsibilities. Executive Directors are encouraged to accept external appointments in order to broaden their experience, although currently no such positions are held.

Induction arrangements are tailored for new appointments to ensure that these are appropriate to each role, dependent on previous experience. Details of the induction of Imogen Joss are set out below.

Directors and other Senior Executives are invited to attend analyst briefings and our Investor Briefing Series of presentations, and major shareholders are invited to meet any relevant new Non-Executive Directors.

As part of the annual Board evaluation process, the Chair assesses any training and development needs in respect of individual Directors.

**James Bilefield**  
Chair

29 January 2024

**Board evaluation**

Each year, the Board reviews performance and effectiveness, including that of its committees and individual Directors, to identify areas for improvement and ensure it is well placed to provide constructive challenge.

In 2021 the review was externally facilitated by Manchester Square Partners. In 2022 and 2023 the review was undertaken by the Chair and Company Secretary, and in relation to the Chair's performance, by the Senior Independent Director. It is the intention of the Board to carry out an externally facilitated review in 2024.

The 2023 review was a formal and rigorous evaluation of the performance and effectiveness of the Board and its principal committees, with Committee Chairs overseeing the review of their respective committees. The evaluation process involved each Director considering a tailored questionnaire which included specific consideration of Board structure, meetings, key responsibilities of the Board and/or committee, its relationship with management, its priorities and changes which the Directors believed would improve effectiveness. The review concluded that the Board operated effectively and that the Board Committees discharged effectively their duties under their respective terms of reference.

The key focus areas identified are set out below:

Action 2021/2022	2022/2023 progress and insight
Ongoing monitoring of the Company's Technology Improvement Programme (TIP) to ensure its success.	Progress of the programme, including its roll out, is monitored closely, with an update presented at each Board meeting. Additionally, and independent third-party assurance provider monitors progress and periodically reports to the Board.
Successful induction of the newly appointed Non-Executive Directors and continued focus on the Non-Executive Director succession plan.	Comprehensive induction programmes for both new appointees who demonstrate a thorough understanding of the business and contribute effectively. Non-Executive Director succession plan in place to ensure progressive renewal of the Board.
Post-implementation reviews of past project decisions.	Formal post-project reviews conducted and included for Board review where appropriate.
Consideration to be given to the mechanisms used to monitor culture throughout the Group.	New values have now been developed and launched. A plan has been created to communicate and embed these values within the Company.

**Actions arising from 2022/2023 review**

Continued monitoring of the Company's TIP as it is rolled out.

Enhanced focus on productivity and performance management to help deliver growth.

Reviewing and monitoring the approach to talent and succession planning.



**In fulfilling its duties, the Committee has reviewed the resilient financial performance of the Group in the year, challenging management and the auditors on the underlying significant accounting estimates and judgements. In addition to the normal meeting cycle and schedule of work, the Committee has led a robust audit tender process and has recommended the appointment of EY as our new external auditors.”**

**Elaine O’Donnell**  
Audit & Risk Committee Chair

**Committee meetings held**

**4**

Elaine O’Donnell (Chair)	4/4
Barrie Brien	4/4
Denise Collis	4/4
Imogen Joss	4/4

All Committee members attended an additional afternoon of presentations from parties tendering for the provision of auditing services to SThree.

Full biographies are available on pages 86-87



**Dear Shareholder**

**As Chair of the Audit & Risk Committee, I am pleased to present, on behalf of the Board, its Audit & Risk Committee report, prepared in accordance with the UK Corporate Governance Code (the Code). This Report explains the Committee’s responsibilities and how it has delivered on these.**

The Audit & Risk Committee assists the Board in carrying out its oversight responsibilities regarding the Company’s financial and corporate reporting, risk management and internal controls and in overseeing the relationship with the external independent auditor. This report sets out how the Committee has discharged its responsibilities during the year and, in relation to the financial statements, the significant issues it considered and how they were addressed.

During the course of the year, an important area of focus for the Committee was leading the external audit tender process for new auditors. This was a formal, rigorous and competitive tender for audit services for the 2024 year end onwards and led to the Committee making a recommendation to the Board to appoint EY as our new auditors. As detailed later in this report, all members of the Committee were involved in the selection process, which was carried out in accordance with FRC guidance.

PwC have now completed their final audit as the Group’s external independent auditor and I would like to thank them for their rigour and robust challenge throughout the year and their time as auditors to SThree.

Internal Audit (IA) continues to play an important role in the Group’s governance, providing regular updates to the Committee, with tracking of remedial action in the case of any control failures. In accordance with our succession plans, the previous Head of Internal Audit stepped down at the start of the year and the Committee considered and approved the recommendation to appoint the new Head of Internal Audit. At the start of each year, an annual IA plan is presented for the Committee to agree, after appropriate review and challenge.

Significant focus is placed on key accounting judgements and estimates, which underpin the financial statements, namely:

1. Revenue recognition.
2. Provision for impairment for trade accounts receivable and contract assets.
3. Impairment of investment in subsidiaries.

All of these were fully considered by the Committee in light of the latest FRC guidance.

Having reviewed the content of the Annual Report, the Committee considers that, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company’s and the Group’s performance, business model and strategy. In reaching this conclusion the Committee considered the processes and controls in place, including liaising as necessary with external advisors and Committee Chairs.

**Committee composition and experience**

The Committee consists of Elaine O’Donnell (Chair), Barrie Brien, Denise Collis and Imogen Joss. James Bilefield continues to attend meetings by invitation, as does the Chief Executive Officer, Chief Financial Officer, Chief Legal Officer & Company Secretary, the external auditors, Director of Group Risk, Insurance and Health & Safety, Head of Internal Audit and certain Finance function heads.

Elaine O’Donnell is a Chartered Accountant and has held senior roles, including as a Partner in Transaction Advisory Services at EY. Barrie Brien brings extensive financial experience, having held the role of Chief Operating and Financial Officer at Creston PLC between 2004 and 2014. Denise Collis is degree educated and has held senior management positions, which include financial responsibility. Imogen Joss has relevant sector experience given her position as Chair of Grant Thornton UK LLP, an accounting and consulting firm. The Committee, taken as a whole, is considered to have appropriate sector knowledge in addition to their broad Board experience.

**The Committee’s principal responsibilities**

- To monitor the integrity of the Consolidated Financial Statements of the Group and any announcements relating to financial performance.
- To review significant financial reporting issues and judgements.
- As requested by the Board, to advise whether, taken as a whole, the Annual Report is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Group’s performance, business model and strategy.
- To review the Group’s internal financial controls, internal control and risk management systems and reporting, including supporting the Board in overseeing risk management activity, advising on risk appetite and assessing material breaches of risk controls.
- To monitor and review the effectiveness of the Group’s IA function.
- To agree the external auditors’ engagement terms, scope, fees and non-audit services, to monitor and review the external auditors’ effectiveness and associated independence and recommend re-appointment to the Board and shareholders.
- To review arrangements by which the Group’s employees may raise concerns about possible improprieties in financial reporting or other such matters and ensuring appropriate follow-up.
- To monitor and review the activities and priorities of the Group’s Risk function and the Risk Committee.
- To assess procedures for detecting fraud and preventing bribery.
- Where requested by the Board, to advise on proposed strategic transactions, including conducting due diligence appraisals and focusing on risk aspects.

**Summary of core Committee activities carried out during the year:**

- Approved annual Committee programme/cycle of work.
- Reviewed and recommended to the Board the full and half-year financial results for publication.
- Approved the external audit plan and reviewed the audit results.
- Reviewed the performance, independence and effectiveness of the external auditors.
- Reviewed any non-audit services provided by the external auditors.
- Led the audit tender process and recommended the appointment of EY as external auditors.
- Reviewed the risk management and controls framework and its effectiveness through oversight and reporting from the Group Risk Committee and Director of Risk, including on control effectiveness of operational risks across global operations teams.
- Considered the Code requirements concerning fair, balanced and understandable reporting.
- Reviewed the Company’s going concern and long-term viability statements, including the impact of climate change on the business.
- Reviewed and discussed the Group’s position in relation to cyber-risk.
- Considered the risks of generative AI technologies.
- Reviewed the output of Group Risk Committee meetings.
- Conducted an annual review of progress against the business integrity areas forming part of SThree’s compliance programme and reporting on investigations conducted in the course of the year.
- Considered new legislation and governance developments relevant to the role of the Committee.
- Recommended the Audit & Risk Committee report for approval by the Board.
- Held discussions with the external auditors and Head of IA without management present.
- Approved the IA plan and reviewed all reports/findings.
- Reviewed the effectiveness of the IA function.

## Areas of key significance in the preparation of the financial statements

The Committee considered each of the following items of key significance in the preparation of the Consolidated Financial Statements in 2023 and based on discussions with management found the accounting treatment and presentation thereof complete and accurate. These items were also discussed with the external auditors during the planning stage and on completion of the audit.

The key considerations were:

**1. Revenue recognition** – significant estimation is required in determining a portion of the Group revenue recognised in exchange for provided service for which no timesheets have been received on or before the reporting date. The key estimation uncertainty arises from determining the historical shrinkage rate which is used to constrain the variable part of revenue. The Committee evaluated the key assumptions applied in the calculation methodology and the use of the shrinkage rate by comparing them with prior years and considering business performance, in particular the Group's growing strategic focus on Contract business, in FY23; and satisfied itself that the assumptions and the changes to those assumptions were appropriate.

**2. Provision for impairment for trade accounts receivable and contract assets** – the Group assesses impairment of accounts receivable individually and collectively. The general provision is calculated based on specific percentages applied to debtor ageing, consistent with the approach in prior years. The difference between this method and IFRS 9 ECL calculation is immaterial. This year the specific provision has been calculated using management's knowledge and assessment of customer risk of credit losses. In FY23, additional data sources were used to enhance this assessment. The Dunn & Bradstreet credit tool was used to identify clients with a 'severe' or 'high-risk' rating, and this was used in conjunction with our Credit team's knowledge of payment behaviours and operational challenges in collecting cash to determine a provision. Specific provisions of either 100%, 50% or 25% were applied to specific clients (c.20 in total) to provide for credit losses based on management's assessment of risk. The Committee has considered the judgements applied by management and the output of the subsequent audit work. In their evaluation, after robust discussions with management and the auditors, the Committee satisfied itself that the final assumptions and resulting level of year-end bad debt provisions are appropriate. The conclusion of this exercise was an overall increase in the ECL provision of £4.9 million.

**3. The impairment of investment in subsidiaries** – the Group has operations in several countries across the globe. These operations are subsidiaries of the parent company, SThree plc. As set out in the accounting policies, every year management performs an assessment of whether there are any indicators of impairment of SThree plc's investments in its subsidiaries. The Committee considered key areas of judgement applied by management in this assessment and compared them with the Group's budget, medium-term forecasts, and the current trends in the wider macro-economic environment in which subsidiaries operate. The Committee agreed with the management's conclusion that overall, there have been no impairment triggers for most

investments and for which no further detailed impairment review was required in FY23. Only two investments, held in Canada and Luxembourg, were viewed to have low prospects of recovery and were therefore written off in the SThree plc's books generating a small charge of less than £0.1 million.

**4. Adopting the going concern basis of preparation of the financial statements** – the Committee reviewed and, where relevant, challenged the assumptions applied by management in the forecast models which underpin the going concern and viability statements. In particular, the Committee reviewed the appropriateness and relevance of the severe but plausible stress tests to ensure that the Group has adequate liquidity and is compliant with the bank covenants throughout the relevant periods.

The Committee also reviewed the management's work in conducting a robust assessment of the risks facing the Group, their potential impact, how they were being managed, together with a discussion as to the appropriate period for the assessment. The Committee deemed appropriate that the Group continues to apply the going concern basis for the preparation of the financial statements and recommended to the Board to approve the viability statement.

The above key accounting judgements and estimates are also set out in the note Basis of preparation and consolidation on pages 153 to 156.

The Committee also considered and addressed key judgements applied by management in accounting for certain other transactions which occurred during the year. In the year under review this included:

- **Provisions** – SThree's most significant provisions relate to various ongoing legal and compliance-related disputes. Accounting for provisions involves making estimates about the timing and amounts of future uncertain cash outflows. The Committee received regular updates from management in relation to a number of open enquiries, and reviewed the key assumptions and controls put in place to determine the cost estimates and provisions in the financial statements. The Committee satisfied itself that management correctly applied the recognition criteria for the provision under the accounting standard IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.
- **Capitalisation of internally generated assets** – under the ongoing Technology Improvement Programme, management continued to reassess categories of programme costs against the capitalisation principles under IAS 38 *Intangible Assets*, and further IFRS guidance issued on accounting for cloud computing arrangements. The Committee reviewed and agreed with the management's interpretation of the accounting standards in relation to capitalisation and recognition criteria for internally generated assets. The Committee also reviewed the accounting guidance and assumptions made by management behind how and when to bring the programme outputs into business-as-usual processes. The Committee agreed with management's overarching conclusion to commence amortisation of programme outputs on a day when the implementation of a minimum viable product in two key regions, the US and Germany, is successfully completed and sufficient routine quality approvals are received.

## External auditors

### Responsibilities in relation to external auditors

During the year, the Committee carried out each of the following:

- Recommended the re-appointment of PwC as external auditors for the financial year ending 30 November 2023, for subsequent ratification of their remuneration and terms of engagement by shareholders.
- Reviewed and monitored the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements.
- Reviewed the policy on the engagement of the external auditors and supply of non-audit services. This policy sets out a 'whitelist' of permitted non-audit services, lists examples of prohibited services, sets out typical audit-related services, their award and approval, explains the cap on non-audit services which can be billed, and sets out reporting and independence provisions.
- Considered and noted the requirements of the FRC publication 'Audit Committees and the External Audit: Minimum Standard'.
- Led the audit tendering process and recommended to the Board that EY be appointed as external auditors for subsequent ratification by shareholders.

### Appointment, objectivity and Independence

The Committee and the external auditors have safeguards in place to ensure that objectivity and independence are maintained. The Committee also considers independence taking into consideration relevant UK professional and regulatory requirements. Non-audit services during the year under review relate to the half-year agreed upon procedures and PwC Viewpoint (regulatory updates) subscription, whilst net fees generated to the Group through recruitment services provided to PwC as a client are not material. The external auditors are required to rotate audit partners responsible for the Group audit every five years and the current lead audit partner, Kenneth Wilson, was appointed in 2019, following appropriate transition. This also reflected the focus of the audit team's activities moving to Glasgow.

## Performance and tendering

During the year, the Committee reviewed performance and fees and met with the external auditors, PwC without management present.

As detailed in our 2022 Annual Report, PwC were originally appointed as auditors of SThree in 1999 and became auditors of the public company in 2005. They were subsequently reappointed following a tender process in 2017. In light of PwC's tenure and following engagement with certain significant shareholders, we began an audit tender process during the 2023 financial year with a view to having new auditors in place for our 2024 interim results. Details of that process can be found on pages 108-109.

The Committee considers that the Company has complied with the Competition and Markets Authority's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year under review.

### Framework used by the Committee to assess effectiveness of the external audit process

The Committee has adopted a broad framework to review the effectiveness of the Group's external audit process and audit quality which includes: assessment of the audit partner and team with particular focus on the lead audit engagement partner; planning and scope of the audit, including a dedicated audit planning afternoon, with identification of particular areas of audit risk; the planned approach and execution of the audit; management of an effective audit process; communications by the auditors with the Committee; how the auditors support the work of the Committee; how the audit contributes insights and adds value; a review of independence and objectivity of the audit firm; and the quality of the formal audit report to shareholders.

Feedback is provided to both the external auditors and management by the Committee and its attendees, based on the above, with any actions reviewed by the Committee.

The effectiveness of management in the external audit process is assessed principally in relation to the timely identification and resolution of areas of accounting judgement, the quality and timeliness of papers, analysing those judgements, management's approach to the support of independent audit and the booking of any audit adjustments arising, as well as the timely provision of documents for review by the auditors and the Committee.

### Policy on non-audit work

The Committee sets clear guidelines on non-audit work, which is only permitted where it does not impair independence or objectivity and where the Committee believes that it is in the Group's best interests to make use of built-up knowledge or experience. Such work has included services required due to legislation and assurance work or other specialist services. The Committee continuously monitors the quality and volume of this work, fees incurred, as well as independent safeguards established, in order to consider whether to use other firms and continues to use such firms to provide general tax advice or for other projects.

The policy aligns with regulations to prohibit a number of non-audit services, whilst also meeting FRC Ethical Standards and FRC guidance, to clearly set out:

- which types of non-audit work are allowed/prohibited;
- the types of work for which external auditors can be engaged without Audit & Risk Committee referral, provided such services fall below £25,000 and are not specifically prohibited; and
- for which types of work Committee Chair referral is needed, i.e. which are above £25,000.

Under the policy the external auditors are required to seek approval in advance of starting work on any assignment within the Group.

### Fees paid to external auditors for non-audit work

Audit fees for the year were £1,128,000 (FY22: £925,000). The YoY increase in audit fees reflects the 5% inflation rate applied to the cost of audit services and one additional subsidiary falling under the audit scope due to growth in trading.

The Committee reviews all non-audit work against policy to ensure it is appropriate and the fees are justified. Non-audit fees increased in line with the 5% inflation rate to £14,000 in FY23 (FY22: £13,000).

### External audit: Tender

As noted earlier, in light of PwC's tenure and following engagement with certain significant shareholders, we began an audit tender process during the 2023 financial year with a view to having new auditors in place for our 2024 interim results.

A cross functional working group, comprising Finance, Procurement and Company Secretarial, determined the process, with due regard to the FRC's guidance, with the Audit & Risk Committee Chair and CFO giving approval to proceed on that basis.

Having reviewed the existing auditor relationship, current market regulations, best practice guidelines and completed fee benchmarking potential tender candidates were identified and a Request for Proposal (RFP) document developed.

The initial longlist of seven candidates, which excluded PwC in consequence of their tenure to date, included three challenger firms. Following agreement with the Chair of the Committee and CFO this was reduced to a shortlist of four candidates, including two challenger firms. The full Committee was kept apprised of the rationale for shortlisting the candidates. All shortlisted candidates were issued with an RFP, however the two challenger firms declined to tender during the RFP process having carefully considered their capacity to deliver on the requirements. The responses of the remaining candidates were evaluated and consideration was given to the most recent FRC inspection results of each firm. Both candidates then presented to the full Committee and cross functional working group, with Committee members scoring candidates against criteria set out in the section below, on a price-blind basis. The proposals from both remaining candidates were submitted to the Board. Following consideration, the Committee made a recommendation to the Board that EY be appointed as SThree's statutory auditors for the financial year commencing 1 December 2023, subject to shareholder approval. In light of her position as Chair of Grant Thornton UK LLP, Imogen Joss attended the presentations but recused herself from voting on the decision to recommend any auditing firm.

### Tender scorecard criteria

The objective was to appoint the audit firm that would provide the highest quality, most effective and efficient audit for the Company. To support this, the participating firms were scored utilising the following criteria. Presentations were scored on a price blind basis.

- Strength, experience, attitude and commitment of team: including team structure.
- Industry and business understanding: experience in the recruitment sector and working with listed clients with global footprints based in Scotland.
- Proactivity and innovation: including commitment to using technology to create a more efficient audit.
- Service approach.
- Transition plan: having a clear transition plan to set up a successful half-year agreed upon procedures and full-year audit.
- International and cross line of service team co-ordination: the strength in breadth of service and international network.
- Quality assurance; findings from most FRC Audit Quality Reviews.
- Understanding of listed company reporting requirements.
- Understanding of analysts and investor requirements and focus.
- Insights into business practices and recommendations for improvement.

### Overview of the tender process

February 2023	<ul style="list-style-type: none"> <li>• Cross functional working team established to assist Committee with the tender process, FRC Minimum standards reviewed and process determined adhering to guidelines, longlist of potential auditors drawn up</li> </ul>
March through to April 2023	<ul style="list-style-type: none"> <li>• Reviewed existing relationships with audit firms, potential conflicts identified, initial engagement sessions held and forms shortlisted</li> </ul>
April through to July 2023	<ul style="list-style-type: none"> <li>• RFP prepared, issued and management meetings held</li> </ul>
August and September 2023	<ul style="list-style-type: none"> <li>• RFP submissions and evaluations, supplier presentations held</li> </ul>
October and November 2023	<ul style="list-style-type: none"> <li>• Recommendation by working group to the Committee and from the Committee to the Board Supplier award and contract negotiations</li> </ul>
November onwards 2023	<ul style="list-style-type: none"> <li>• Auditor onboarding, planning and transition</li> </ul>

### Risk management, internal controls, key focus areas and viability

The Committee supports the Board in its overall responsibility for risk management activities and implementing policies to ensure that all risks are evaluated, measured and kept under review by way of appropriate KPIs, as part of the Group's ERM framework. Information on both risk management activities and associated controls assessments are reported to the Committee through the Group Risk Committee and escalated to the Board where appropriate.

Presentations from both functional and regional senior management across the business are provided to the Board to further develop information, understanding and debate on risks and the relevant controls in place. Specific consideration is also given by both the Committee and the Board to areas such as the Group's cyber-risk profile and the mitigations in place and the Group's data protection risk profile and the data protection programme activities and plans. Activities include monitoring of the effectiveness of the Group's risk management and internal control systems in order to safeguard shareholders' investments and the Group's assets and, at least annually, carrying out a robust assessment of risks and the effectiveness of associated controls. No significant failings or weaknesses were identified from this review.

Significant progress was made towards reaching a fully integrated system of SThree internal controls, risk management and policies. Areas were identified that could be strengthened to drive a future-proofed, appropriately resourced and fully compliant system of internal control and corporate governance policies. Management established a process for regular self-assessment style attestation by risk, relating to internal controls over financial reporting and their owners. The Committee works closely with the Chief Financial Officer, Chief Legal Officer & Company Secretary, Director of Risk, IA team and external auditors to ensure that any potential material misstatement of risks are identified and targeted in terms of the overall audit strategy and that audit resources and the efforts of the engagement team are correctly allocated. This helps to ensure the effective planning and performance of the external and IA teams, focused on risk, and has resulted in a continued improvement in processes and controls over recent years.

### Internal Audit (IA)

IA plays an integral role in the Group's governance and risk management processes and provides independent assurance to the Committee on compliance with its policies and procedures. The function carries out a wide variety of audits including operational as well as ad hoc and project-based reviews and fraud investigation.

The Committee oversees and monitors the work of IA, which carries out risk-based reviews of key controls and processes throughout the Group on a rolling cycle, including resources, scope and alignment with principal risks and effectiveness of the function. The Head of IA has direct access to the Committee and meets regularly with both the Committee and its Chair without management present to consider the IA work programme, which is approved in advance by the Committee.

For 2023, the programme was again focused on addressing both financial and overall risk management objectives across the Group, with reviews carried out, findings reported to the Committee, recommendations tracked and their closure monitored.

No significant weaknesses were identified from the risk management or internal control reviews undertaken by IA during the reporting period and throughout the financial year. The IA team, working with the Group's risk and compliance function, has continued to enhance the risk management framework and work with managers across the globe to further develop and embed the risk framework and methodology at a local level, whilst also ensuring that the IA plan is closely aligned to risk.

Senior management are invited to present to the Committee, from time to time, to report back on progress against agreed IA actions and other risks in their area of responsibility.

The Committee ensures that the Group's IA function remains at an appropriate size and skill mix for the business, and firmly believes that this function remains effective and continues to add significant value. The IA activity conforms with the International Standards for the Professional Practice of Internal Auditing as supported by the results of both an external evaluation of the IA function which was conducted during 2019 and that concluded the IA function was highly effective, and yearly internal assessments of the quality assurance and improvement programme.

### Group Risk Committee

The Group Risk Committee was created in 2018, with agreed Terms of Reference, and a regular reporting slot at each Audit & Risk Committee meeting. The Terms of Reference were updated in 2023. Under the new Governance Framework, Management incorporates discussions on risk in Country and Regional meetings and the half-yearly strategic reviews conducted for each country, so as to ensure that risks are fully incorporated into business activities and decisions and strategic planning. The output of these discussions is reported back to the Group Risk Committee. The Group Risk Committee meetings consider a range of risks identified, their materiality and the progress of mitigating actions/projects in terms of their successful implementation and their likely effectiveness in reducing risk in line with Group appetite, on a regular basis, and reports in to both the Executive Committee and the Audit & Risk Committee on these. The Chair of the Committee meets regularly with the Head of Risk without management present.

### Fraud and cyber risks

The Committee reviews the procedures for the prevention and detection of fraud in the Group and has also closely monitored improvements to cyber security protection in the light of increasing risks in this area, having particular regard to data breaches that the Group may face and the processes and controls in place to tackle any security threats. This information is flowed through to the Board so that it can consider this as part of its detailed review of the data protection programme and the activities in place to mitigate personal data risks.

Suspected cases of fraud must be reported to senior management and are investigated by IA, with the outcome of any investigation reported to the Committee.

### Anti-bribery and corruption, and business ethics

The Group maintains a zero-tolerance approach against corruption. A new anti-bribery and corruption policy and a gifts, hospitality and charitable contributions policy were introduced, following review and approval by the Committee in November 2021. Minor updates to this policy were made at the start of 2023 and bespoke mandatory training was rolled out for all employees in 2023, with a 96% completion rate. A gifts and hospitality register is maintained to ensure transparency and new reporting tools were introduced during 2023.

The Group also has a Code of Conduct which sets out the standards of behaviour by which all employees are bound. This is based on the Group's commitment to acting professionally, fairly and with integrity.

### Speak Up hotline

In 2023, the Group introduced a refreshed Speak Up policy, and ran an associated awareness campaign across the Company. The Group has in place a dedicated independent Speak Up (whistleblowing) hotline, which is well publicised across the Group, including via the intranet, with any notification initially reported to the Chief Legal Officer & Company Secretary and the Head of Business Integrity, before being reviewed by the Committee. Under this arrangement, employees are able to report any matters of concern, where this does not conflict with local laws or customs (see 'Company information and corporate advisers' section for details). This policy aligns with best practice. The Board reviewed the introduction of the new Policy and reporting process. The Audit & Risk Committee reviews complaints made under the Speak Up policy and escalate any matters requiring Board oversight.

### Committee evaluation

Following an external evaluation in 2021 the Committee conducted an internal evaluation process this year which included feedback from management attendees. The Committee concluded that it continues to operate effectively. One area that was identified for further consideration was the attribution of risk topics between the Board and the Committee. As a result, the Chair of the Committee and Director of Risk are developing the forward planner to ensure matters are appropriately captured in the correct forum.

**Elaine O'Donnell**  
Audit & Risk Committee Chair

29 January 2024



**The Committee has sought to make appropriate remuneration decisions in a year that delivered resilient business performance, and good progress on our strategic objectives, in challenging macro-economic conditions. Looking forward, the Committee has set appropriate incentive plans to focus management on delivering strong performance, to enhance shareholder value.”**

**Denise Collis**  
Chair of the Remuneration Committee

**Committee meetings held**

**4**

Denise Collis (Chair)	4/4
James Bilefield	4/4
Barrie Brien	4/4
Elaine O'Donnell	4/4
Imogen Joss	4/4



**Dear Shareholder**

**On behalf of the Board, I am pleased to present this Directors' remuneration report for the period ended 30 November 2023. At the 2023 AGM shareholders approved the revised remuneration policy with strong support, which reinforces our view that it reflects our business strategy, with remuneration payments that are strongly linked to performance.**

The Annual report on remuneration describes how this policy was implemented in 2023 and how we intend to operate in 2024.

Overall, fixed elements of the remuneration packages are set so that they reflect the calibre and experience of our people and the complexity of their roles. The annual bonus measures are based on specific areas that require immediate focus, whereas our Long-Term Incentive Plan (LTIP), looks to drive sustainable improvements at a more macro level over the longer term. Culturally, the setting of both financial and broader non-financial measures serves to focus scheme participants on a holistic view of business success and hence serves to drive performance on a broad, sustainable basis.

An important highlight of 2023 was continuing to invest in the reward, wellbeing and broader employer proposition of the wider workforce, ensuring that our reward systems are aligned with attracting, motivating, and retaining talent.

**Remuneration payable for performance in 2023**

The Group delivered a resilient performance, both overall and in comparison, with sector peers, in challenging macro-economic conditions.

Against a backdrop of stretching and ambitious targets set on the back of two years of strong growth the outcomes of the annual bonus plan this year are lower. Half of the bonus is determined by adjusted operating profit achievement and the outcome was below the threshold of the target range resulting in a 0% pay-out of this part of the award. Similarly, the performance against the target for net fees was below the threshold resulting in no pay-out. On the measure of days sales outstanding the team performed well and achieved just below half of the maximum award.

Our performance in the area of employee net promoter scores was just above the threshold of upper quartile against external comparators resulting in a partial pay-out. We did not reach the threshold of our customer net promoter score resulting in no pay-out for this element of the plan. We have made good progress in some parts of the business in relation to gender representation, however, we did not reach the threshold for the specific DE&I bonus target (promotion of women in sales leadership) and therefore there is no pay-out for this element of the plan.

Overall, this results in 3.45% of the 85% bonus opportunity linked to financial and short-term strategic targets being payable.

The personal objectives assessment, represents a further opportunity of up to 15.0% for each Executive Director. The past year has been characterised by a highly challenging business environment with a dual focus on short-term performance whilst investing in and positioning the business for future growth. The latter has been reflected in the personal objectives of the Executive Directors and the Committee has determined that the payout for the CEO and CFO should be 15% and 10% respectively, out of 15%, leading to an overall bonus of 18.45% and 13.45% of maximum.

The 2021 LTIP award, based on our performance over the three financial years to the end of FY2023, was subject to a mix of Earnings Per Share (EPS), Total Shareholder Return (TSR) and long-term operating profit conversion ratio, a key strategic performance measure.

For the 50% of the award based on the EPS performance condition, this required adjusted EPS for 2023 to be between 24.9p and 38.9p representing significant growth over the period. Actual adjusted EPS performance for 2023 was 42.4p, resulting in 100% vesting of the EPS part of the award.

For the 30% of the award based on our TSR performance, our TSR was required to be between median and upper quartile performance against a peer group. Actual TSR was +45% placing SThree at the 72nd percentile and resulting in 91.6% pay-out of this part of the award.

For the final 20% of the award subject to operating profit conversion ratio, we improved our performance materially over the period and reached 18.2% putting us between threshold and maximum and resulting in vesting of 69.1% of maximum of this element of the award.

The overall level of LTIP payout, across the three measures, was 91.3% of maximum. The Committee has considered whether the formula-driven pay-outs under the incentive plans and resultant total remuneration for Directors is appropriate, looking at the broader context within which the performance has been delivered. The Committee is comfortable that there has been a robust link between remuneration and performance, and the policy has operated as intended. We have not adjusted the performance measures for any of the plans and there has not been a need to use discretion to adjust the level of remuneration payable. The outcomes also reflect broader reward outcomes across other incentive plans within the Group.

Full details of the LTIP measures, performance against them and resultant payments are set out in the Annual report on remuneration.

**Policy implementation for 2024**

The Committee increased the salary of both the CEO and CFO by 2.0%, which is in line with the budgeted 2.0% increase for UK employees more broadly.

The annual bonus will remain unchanged with a 70%-30% overall mix of financial and non-financial measures, half of the total being dependent upon adjusted operating profit achievement.

The LTIP will continue to be based on performance over three years and subject to a two-year holding period post-vesting. The Committee has given very careful consideration to the LTIP opportunity for the Executive Directors for 2024, as set out within the existing Remuneration Policy. The next three years represent a pivotal period for the business as the Technology Improvement Programme accelerates and its benefits are realised. The importance of this programme to the future success of the business cannot be overstated. It is critical that management incentives are aligned with a dual focus on both this fundamentally major and ambitious change programme and stretching business performance targets. For 2024, the intention is that the grant level will be 175% of base salary, an increase from 150% of salary last year, and in line with the maximum permissible under the Remuneration Policy. The Committee consider the next three years as falling under the heading of 'exceptional circumstances' which allows for this increase.

The weighting of LTIP performance measures will remain unchanged at 50% EPS, 20% TSR, 20% operating profit conversion ratio and 10% ESG.

The Committee has again set stretching targets, recognising the need to build forward momentum towards our long-term ambitions.

The Committee retains discretion to ensure that annual bonus payments and vested awards under the LTIP can be adjusted if the formula-driven outcome does not reflect the broader overall performance of the business.

Full details of the annual bonus measures and the measures and targets for the 2024-2026 LTIP awards are set out in the Annual report on remuneration.

Below Board we have benchmarked reward across the business as part of a global grading exercise and reviewed the mix of share-based incentives. We have introduced a new long-term incentive plan targeting strong growth for executives in certain jurisdictions, alongside our Restricted Share plan which operates more widely.

**Chair and Non-Executive Directors (NEDs) fees**

Fees for the Chair and NEDs were last increased on 1 December 2022, in line with that awarded to the Executive Directors of 3.5%. The fees and approach were further reviewed this year and, again in line with the award to the Executive Directors, a 2% increase has been made.

**Shareholder and employee engagement, and specific focus on Executive remuneration in broader context**

During 2023 we have not needed to consult on remuneration-related matters, but we have responded to enquiries from our major shareholders and other key stakeholders and remain available to discuss relevant matters as they arise.

We have built upon the rolling programme of engagement with employees around reward, utilising a combination of in-person and virtual meetings. I have personally engaged with many employees across several of our offices around the world, as part of my role as designated NED responsible for employee engagement, during which reward continues to be an area of discussion. In addition, I recently held an interactive and productive session with a diverse group, drawn from across the business, to answer questions about our corporate governance and remuneration processes and how our reward policy cascades throughout the Company, accompanied by the Director of Reward.

At the July Committee meeting we continued to focus on the 'fair pay' agenda discussing progress on specific initiatives. I am pleased to confirm that during 2024 we will begin paying all UK colleagues at or above the Real Living Wage Foundation's recommended level, and we will for the first time be analysing our ethnicity pay data in the UK and USA to examine whether there are any pay 'gaps' and if so set out action plans to address these. More generally we are embracing the importance of 'pay transparency' across the business and implementing the necessary systems before this is required for our European businesses.

We intend to maintain the momentum in this area and will continue to discuss the 'fair pay' agenda.

**Conclusion**

The Committee appreciates the support received from shareholders to date on its executive remuneration and governance approach and looks forward to this continued support at the AGM in April 2024.

**Denise Collis**

Chair of the Remuneration Committee

29 January 2024

**How have we performed?**

Bonus-maximum potential 120% of base salary	Weighting	Threshold	Target	Max	Actual	Achievement %	Outcome (as % of maximum)
Group adjusted operating profit £m	50%	69.0	75.4	78.0	66.5	0.0%	0.0%
Group net fees £m	15%	402.7	429.8	442.7	387.1	0.0%	0.0%
Days Sales Outstanding (DSO) <sup>1</sup>	5%	47.0	46.0	45.0	46.2	44.0%	2.20%
Group Financial objectives	70%						2.20%
Employee engagement Peakon-based relative outcome (against external comparators) requiring upper quartile to upper decile performance	5%	42.0	48.0	54.0	43.0	25%	1.25%
Customer engagement	5%	52.0	54.0	56.0	48.0	0.0%	0.0%
DE&I: Promotion of women in sales leadership (number of promotions) <sup>2</sup>	5%	10.0	12.0	14.0	5.0	0.0%	0.0%
Strategic objectives	15%						1.25%
<b>Total pay-out (% of maximum)</b>							<b>3.45%</b>

1. DSO actual is based on the FY23 average.

2. The measure was based on the absolute number of women in senior sales roles by the year end, with targets set in relation to growth plans. From an overall total of senior promotions made in FY23, 38% were women.

Personal Objectives are individually determined and worth a up to a further 15%. Details are set out below.

2021-2023 LTIP award – grant 150% of base salary	Threshold	Max	Actual	Achievement %
EPS (adjusted) (for 50% of the award)	24.9p	38.9p	42.4p	100.0%
TSR (for 30% of the award)	50th percentile	75th percentile	72nd percentile	91.6%
OP conversion between 14.2% and 21.0% (for 20% of the award)	14.2%	21.0%	18.2%	69.1%
<b>Total vesting (% of maximum)</b>				<b>91.3%</b>

**Summary of total reward**

	Reward component	CEO <sup>1</sup>	CFO
<b>2023</b>	<b>Base pay £'000</b>	<b>£500.8</b>	<b>£365.2</b>
	<b>Total remuneration £'000</b>	<b>£907.6</b>	<b>£673.2</b>
2022	Base pay £'000	£416.7	£352.9
	Total remuneration £'000	£954.8	£735.7

1. 2022 CEO figure relates to Timo Lehne who was appointed Interim CEO on 1 January 2022.

**How we will apply the remuneration policy in 2024**

Key Reward Component	Key Features
<b>Base salary and core benefits</b>	CEO salary increased by 2.0% to £510,854. CFO salary increased by 2.0% to £372,528. Pension contribution: 5% of salary for CEO and CFO in line with the wider UK workforce.
<b>Annual bonus</b> 70% Group financial targets 15% Shared objectives 15% Personal objectives	Maximum of 120% of salary, with one third of any bonus award paid in shares and held for two years.
<b>LTIP award</b> 50% EPS 20% TSR 20% Strategic targets (operating profit conversion ratio %) 10% ESG (carbon emission reduction)	Maximum award of shares worth 175% of annual salary, performance tested, vesting after three years with a further two-year holding period.
<b>Shareholding requirements</b>	Requirement to build up and hold shares equivalent to 200% of salary whilst employed. Post-service requirement to hold the lower of 200% of salary or actual shareholding for two years after cessation of employment.

This section of the Directors' remuneration report sets out the Group's full remuneration policy for Directors. This was approved by shareholders at the AGM held on 19 April 2023 and will apply for a period of three years from this date.

The remuneration policy is designed to support the strategic business objectives of the Group so as to attract, motivate and retain high-calibre Directors and senior managers, in order to deliver sustainable long-term increases in shareholder value.

Remuneration payments and payments for loss of office to Directors can only be made if they are consistent with the approved Remuneration Policy or if an amendment to the Policy, authorising the Company to make the payment, has been approved by shareholders.

The full policy can be viewed on our website in the Investor Centre section included in our 2022 Annual Report.

### Decision-making process for determination, review and implementation of policy

The Committee reviews the Policy and its operation taking into account the UK Corporate Governance Code, institutional investor and proxy agency views and market practice and regulatory developments. The Committee also takes into account views from Management and advisers who provide the Committee with updates on corporate governance developments, market practice and technical assistance. In addition, the Committee also carefully considers the remuneration arrangements, policies and practices of the workforce and the cascade of remuneration throughout the business to ensure that Executive Director pay is considered in the round.

Where changes are being made to the remuneration policy or significant changes are proposed in the way we operate our policy, major shareholders will be consulted, and their views taken into account.

To manage any potential conflicts of interest, no individual is involved in discussions regarding their own remuneration arrangements and the Committee designs the Policy such that remuneration is fully aligned to, and supports, the strategy.

Implementation of the Policy is considered annually for the year ahead in light of the strategy and market outlook and incentive targets are appropriately stretching.

### Factors considered in reviewing and operating the policy

The table below describes how the factors of Provision 40 listed in the UK Corporate Governance Code are addressed in the Remuneration Policy and its application.

<b>Clarity</b>	The policy and its implementation is straightforward, in line with market norms and clearly disclosed in the Directors' remuneration report. The Remuneration Committee Chair consults with shareholders to explain any changes that are being made to the remuneration policy or where there is a significant change in operation of policy.
<b>Simplicity</b>	The policy is simple and clear and in line with market practice. The performance conditions chosen are aligned to the business strategy and the operation of our policy shows a strong and clear link to performance.
<b>Risk</b>	The design of our remuneration policy ensures that excessive risk taking will not be rewarded by the balance of incentive plans in favour of long-term performance and equity, significant shareholding requirements, discretion to override formula-driven incentive payments, and malus and clawback provisions.  To avoid conflict of interest no individual is present when their remuneration is being reviewed.
<b>Predictability</b>	The incentive plans are subject to maximum caps, and the scenario charts illustrate the potential rewards receivable, taking into consideration performance and share price growth, for the Executive Directors.
<b>Proportionality</b>	Overall, there is an appropriate balance between fixed and performance-based pay (weighted in favour of the latter) and short and long-term incentives (also weighted in favour of the latter). Performance targets are stretching, delivering incrementally higher performance pay at higher performance levels. This delivers a market competitive remuneration package which is strongly linked to both short and long-term performance.
<b>Alignment to culture</b>	The Remuneration Committee designs and operates the policy to support and drive behaviours in line with the Company culture. The Committee actively considers the pay reward structures across the Group in this process to ensure that a consistent approach to reward is adopted that is in line with our values.

The Remuneration Policy is set out in the table below, followed by supporting notes which, together, form the Policy.

### Executive Directors

Element	Purpose and link to strategy	Operation	Maximum	Performance metrics
<b>Base salary</b>	Sufficient to attract, retain and motivate high-calibre individuals.	Reviewed annually with any increases normally taking effect from 1 December.	Increases will normally be equivalent to the average salary increase for employees, other than in exceptional circumstances.	Not applicable
<b>Benefits</b>	Market competitive benefits package.	Including benefits allowance, private medical insurance, permanent health insurance, life assurance and housing allowance (if relocated).  Other benefits may be introduced to ensure benefits overall are competitive and appropriate for the circumstances.	Cost of insured benefits will vary in line with premiums. Other benefits will be at a level considered appropriate in the circumstances.	Not applicable
<b>Pension</b>	To provide a competitive pension provision.	Individuals may either participate in a pension plan into which the Group contributes or receive a salary supplement in lieu of pension.	Executive Directors are entitled to a Group contribution to a pension scheme or cash in lieu, of 5% of salary, aligned with the current UK workforce contribution.	Not applicable
<b>Annual bonus</b>	Incentivises high levels of personal and team performance, focused on the key business strategies and financial/operational measures which will promote the long-term success of the business.	Deferral into shares for one third of any bonus earned, which must be held for two years.  Dividends or dividend equivalent payments accrue on deferred shares, payable normally in shares.  Bonus may be subject to clawback or malus being applied, if appropriate, in the event of financial misstatement, error, misconduct, reputational damage or corporate failure, which has led to an over-payment.	Maximum bonus opportunity is 120% of annual salary.	Achievement of agreed strategic and financial/operational annual business targets, weighted in line with business priorities. A majority of the performance conditions will be based on financial metrics. Sliding scales are used for each metric wherever practicable with up to 20% payable for achieving threshold performance. Normally 50% of the maximum bonus is payable for target performance for any financial metric.  Within the maximum limit, the Committee may adjust bonus outcomes, based on the application of the bonus formula set at the start of the relevant year, if for instance it considers the quantum to be inconsistent with the Group's overall performance during the year.

Element	Purpose and link to strategy	Operation	Maximum	Performance metrics
<b>Long-Term Incentive Plan (LTIP)</b>	Incentivises and rewards Executives for the delivery of longer-term strategic objectives and to reward substantial relative and absolute increases in shareholder value.	<p>LTIP awards may be granted each year in the form of a conditional award of shares or a nil-cost option. LTIP awards normally vest after three years.</p> <p>Dividend equivalent payments accrue on vested LTIP awards, payable normally in shares. Vested LTIP awards must be held for a further two years before the shares may be sold (other than to pay tax).</p> <p>LTIP awards may be subject to clawback or malus being applied, if appropriate, in the event of financial misstatement, error, misconduct, reputational damage or corporate failure, which has led to an over-payment.</p>	The maximum award is 150% of annual salary in normal circumstances but may be increased to 175% of annual salary in exceptional circumstances.	<p>Targets are reviewed annually ahead of each grant to ensure they are aligned to the business strategy and performance outlook. A majority of the performance conditions are based on Group financial performance and shareholder value-based outcomes. No more than 25% of an award may vest for the threshold level of performance.</p> <p>Within the maximum limit, the Committee may adjust vesting outcomes, if it considers the quantum to be inconsistent with the Group's overall performance during the performance period or for other factors, at its discretion.</p>
<b>All-employee share plans</b>	Support and encourage share ownership by employees at all levels.	<p>Individuals may participate in share plans offered on an 'all-employee' basis on the same terms as other colleagues. HMRC approved SAYE and SIP participation is available to all UK employees, including Executive Directors, on similar terms.</p> <p>A global SIP is available to all employees, including Executive Directors, on similar terms. For UK participants this is an HMRC tax-advantaged SIP.</p> <p>Other plans may be introduced from time to time to ensure the all-employee share plans offering remains appropriate.</p>	In line with statutory limits or lower limits specified by the Group from time to time.	Not applicable

Element	Purpose and link to strategy	Operation	Maximum	Performance metrics
<b>Share ownership requirements</b>	Alignment of Executive Directors' interests with those of investors.	<p>Executive Directors are expected to build and maintain a shareholding equivalent in value to no less than 200% of base salary. Until this threshold is achieved Executive Directors are normally required to retain no less than 50% of the net of tax value from vested LTIP, deferred bonus or other share awards (after the expiry of any relevant holding period).</p> <p>After ceasing employment Executive Directors must normally retain a level of shareholding for two years equivalent to the lower of 200% of salary or the level of shareholding on ceasing employment with the Group. Self-purchased shares are excluded from this requirement.</p>	Not applicable	Not applicable

**Provisions under previous remuneration policies**

For the avoidance of doubt, the Committee has authority to honour any payments due under the terms of the previous policy or which have been disclosed to shareholders in previous remuneration reports. As part of this policy, awards or other arrangements which were made in compliance with the policy in force at the relevant time, may be settled in accordance with their terms.

**Operation of incentive plans**

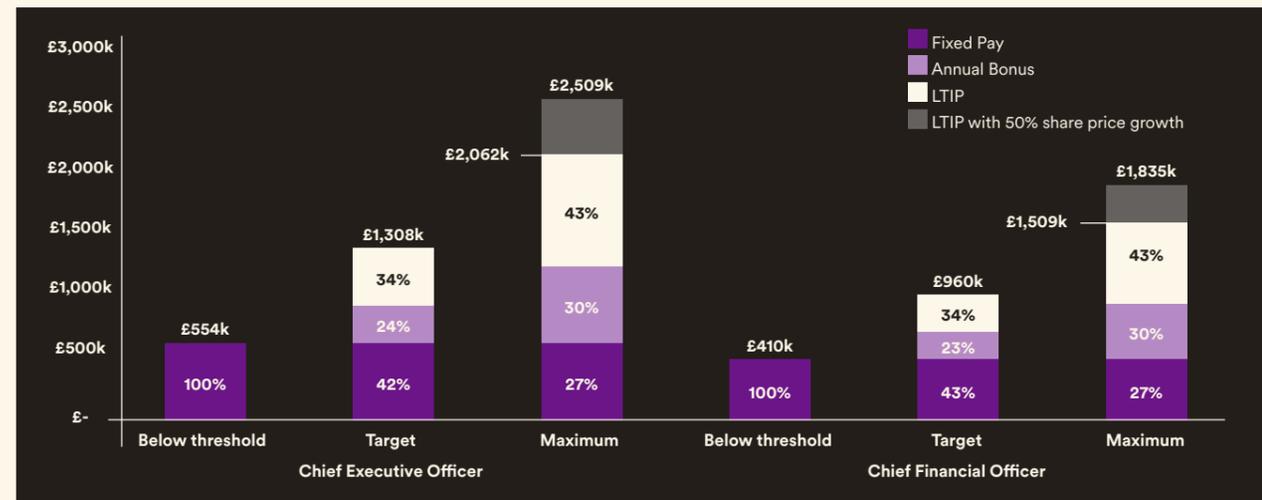
The Committee's policy is to review performance measures for the incentive schemes annually, so that they continually align with strategic objectives. The Committee considers that linking annual bonus and the vesting of LTIP awards to a combination of different measures, capturing share price, financial results and non-financial performance, will ensure that incentive plans provide a reward for rounded performance, while maintaining the alignment of Executive and shareholder interests. Targets for the incentive schemes are reviewed annually and consideration is given as to whether these remain appropriate or need to be recalibrated. The specific performance targets are set with the aim of setting stretching targets which incentivise and reward improved performance.

In designing incentive structures and approving incentive payments, the Committee pays due consideration to risk management and environmental, social and governance (ESG) issues.

The Committee may exercise discretion in assessing achievement against each stated target where it considers that it would be fair and reasonable to do so. The Committee may also exercise broader discretion in relation to the terms of all incentive plans, for instance (but not limited to) adjustments required for corporate restructuring and change of control.

**Illustration of potential 2024 Executive Directors' remuneration**

The charts below show the remuneration potentially payable to Executive Directors under different performance scenarios.



Assumptions for the charts above:

Fixed pay comprises base salary as at 1 December 2023, pension contribution of 5% salary and the value of benefits received in 2023. The on-target level of bonus is 50% of the maximum opportunity. The on-target level of the LTIP is taken to be 50% of the value of a single year's award.

The maximum level of bonus and LTIP is the maximum bonus and full vesting of the LTIP award at the 175% of base salary award level. No share price appreciation has been assumed for deferred bonus awards and the value of all-employee share plans has been excluded. The 'maximum' column includes an additional 50% value of the LTIP to illustrate 50% share price growth.

The CEO's benefits have been converted from EUR to GBP.

**Role of the Committee in overseeing broader employee pay and differences in remuneration policy for Executive Directors compared to other employees**

The Committee actively considers the pay structures across the wider Group when setting policy for Executive Directors to ensure that a consistent approach to reward is adopted that is in line with our values. There is a particular focus in relation to any base salary review.

Overall, compared to most employees, the remuneration policy for Executive Directors is weighted more to long-term share-based incentives and stringent deferral and shareholding requirements. This is to ensure that the relatively higher pay levels are justifiable internally and externally to shareholders as a clear link between the long-term value created for shareholders and the remuneration received by Executives.

**Consideration of employment conditions elsewhere in the Group**

When setting the Executive Directors' remuneration policy, the Committee takes into account the pay and conditions of employees more generally and, at least once a year, is given full details of the remuneration policy across the Group, with any changes highlighted. As mentioned earlier, the Committee Chair also has responsibility to engage on employee pay.

We have built upon the rolling programme of engagement with employees around reward, utilising a combination of in-person and virtual meetings. Denise Collis, Committee Chair, personally engaged with many employees across several of our offices around the world during which reward continues to be an area of discussion. In addition, Denise recently held an interactive and productive session with a diverse group, drawn from across the business, to answer questions about our corporate governance and remuneration processes and how our reward policy cascades throughout the Company, accompanied by the Director of Reward.

The focus on the 'fair pay' agenda continued this year, discussing progress on specific initiatives. From 2024 we will be paying all UK colleagues at or above the Real Living Wage Foundation's recommended level, and we will for the first time be analysing our ethnicity pay data in the UK and USA to examine whether there are any pay 'gaps' and if so set out action plans to address these. More generally we are embracing the importance of 'pay transparency' across the business and implementing the necessary systems before this is required for our European businesses.

**Consideration of shareholders' views in determining the remuneration policy**

The Committee actively consults with shareholders on executive remuneration policy changes. Feedback is taken on board and any proposals are adjusted, as appropriate, given the objective of ensuring that shareholders are supportive of the policy and its implementation. In addition, the Group follows shareholder sentiment on executive pay and takes it into account in considering the application of policy in the years between the development of a new policy.

**Remuneration policy for recruitment and promotion**

The remuneration package for a new Executive Director would take into account the skills and experience of the individual, the market rate for a candidate of that experience and the individual's remuneration package in their previous role if considered appropriate. The Committee will not pay more than necessary to facilitate the recruitment of an individual.

Base salary levels will be set in line with the policy taking account of their skills and experience and market data at comparable companies. Benefits and pension will be in line with the policy. Additionally, there is flexibility to make payments to cover relocation and other related expenses.

Annual bonus opportunity will be in line with the policy and there is flexibility to set different performance conditions measurable over a part-year for Executives in the first year of appointment.

LTIP award levels will be in line with the policy.

For internal promotions, outstanding incentive payments may continue and vest on their original terms. For external recruits there may be a need to buy out unvested incentive awards at a previous employer. The Committee confirms that any such buy-out arrangements would only be used if necessary, would take a similar form to that surrendered (e.g. cash or shares and timeframe), would take account of performance conditions, vesting periods and quantum, and would be no greater than that which the individual has forfeited on appointment.

**Policy on Directors' service contracts and payments for loss of office**

The Executive Directors have rolling service contracts subject to a maximum of 12 months' notice by the Group or Executive. For the avoidance of doubt, an individual's notice period will start on the date of the announcement of their departure. At the Group's discretion, on termination a payment may be made in lieu of notice equivalent to 12 months' salary, which may be paid in monthly instalments and offset against future earnings. For new hires the policy is to provide a 12-month notice period.

Service contracts are available for inspection by appointment at 75 King William Street, London EC4N 7BE.

Depending on the circumstances the Committee may consider payments in respect of statutory entitlements, outplacement support and legal fees. Mitigation would be applied to reduce any payments associated with loss of office.

'Good leavers' (e.g. redundancy or retirement) as determined by the Committee may generally retain any earned bonus (pro-rata if active employment ceases part way through the year and normally paid at the usual time) or share-based awards, with LTIP awards scaled back on a pro-rata basis for the portion of the vesting period elapsed on cessation of active employment, subject to still achieving any relevant performance criteria.

Awards would vest at the normal time and any deferral or holding periods would continue to apply for the normal duration. Only in exceptional circumstances would awards vest or shares be released early, such as serious ill-health.

'Bad leavers', such as a resignation, will lose any entitlement to participate in the current bonus scheme and any LTIP awards will normally lapse on cessation of employment.

Deferred bonus shares are beneficially owned, but must be held for a minimum of two years.

**External appointments**

Executive Directors are encouraged to undertake one external appointment, where they are able to combine this with their existing role. This helps to broaden experience and capability, which can benefit the Group. Currently, no external appointments are held by any Executive Directors.

**Terms of appointment and remuneration policy for Non-Executive Directors (NEDs)**

NEDs are appointed by letters of appointment providing for an initial three-year term, subject to satisfactory performance and re-election at each AGM, with an expectation that they would serve for at least six years, to provide a mix of independence, balance and continuity of experience. In practice NEDs may be requested to serve up to nine years, subject to rigorous review. The dates of appointment and current terms of the NEDs who served during the year are set out in the below table.

Non-Executive Director	Date of appointment	Expiry date of current term
James Bilefield	October 2017	30 September 2026
Denise Collis	July 2016	30 June 2025
Barrie Brien*	September 2017	10 September 2026
Elaine O'Donnell	October 2022	1 October 2025
Imogen Joss	December 2022	1 December 2025

\* Barrie Brien will stand down from the Board at the AGM in April 2024.

The appointment may be terminated by either the Group or the NED giving three months' notice. Upon termination or resignation, NEDs are not entitled to compensation and, except for the three-months' notice, no fee is payable in respect of any unexpired portion of the three-year term of appointment.

Service contracts are available for inspection by appointment at 75 King William Street, London EC4N 7BE.

The policy for the remuneration of NEDs is summarised below:

Element	Purpose and link to strategy	Operation	Maximum	Performance metrics
<b>Fees</b>	Attracts, retains and motivates high-calibre NEDs to provide experience, capability and governance in the interest of shareholders.	Fees are determined by the Board as a whole and set by reference to those fees paid in similar companies, related to allocated responsibilities and subject to the aggregate Directors' fee limits contained in the Group's Articles of Association. Fees may be payable in cash or in shares. Out of pocket expenses including travel may be reimbursed by the Group in accordance with the Group's expenses policy (and may settle any tax incurred in relation to these). NEDs are not entitled to compensation and no fee is payable in respect of the unexpired portion of the term of appointment.	There is no maximum individual fee limit. The overall fee comprises a basic fee plus payment for additional responsibilities such as chairing Committees and for interim additional duties. NEDs do not participate in the Group's incentive schemes.	Non-Executive Directors are not eligible for any performance-related remuneration.  Obligation to perform satisfactorily and attend and contribute to meetings, assessed via Board effectiveness reviews.

**Sourcing shares for share plans and minority interests**

Shares used to settle vested share awards may include new issue shares, treasury, Employee Benefit Trust (EBT) shares or market-purchased shares. The use of new issue or treasury shares is constrained by dilution limits which are reviewed by the Board annually. In order to comply with investor guidelines, the Board has agreed that certain LTIP awards will be satisfied using market-purchased shares via the EBT, if appropriate.

**Annual Report on Remuneration**

**Section 1 – Total reward for 2023**

- 1.1 Directors' total remuneration for 2023
- 1.2 Annual bonus for 2023
- 1.3 LTIP awards vested by reference to performance over the three years to 2023
- 1.4 LTIP awards granted during the year
- 1.5 Performance conditions for the 2023-2025 LTIP award
- 1.6 Payments for loss of office
- 1.7 Payments to past Directors

**1.1 Directors' total remuneration for 2023 (audited)**

Director		Salary and fees £'000	Benefits <sup>1</sup> £'000	Pension <sup>2</sup> £'000	Total fixed pay £'000	Annual bonus £'000	Long Term Incentive Plan <sup>3</sup> £'000	Total variable pay £'000	Total Annual Compensation £'000
Timo Lehne <sup>4</sup>	<b>2023</b>	<b>500.8</b>	<b>18.1</b>	<b>25.0</b>	<b>543.9</b>	<b>110.9</b>	<b>252.8</b>	<b>363.7</b>	<b>907.6</b>
	2022	416.7	13.2	20.8	450.7	411.3	92.8	504.1	954.8
Andrew Beach	<b>2023</b>	<b>365.2</b>	<b>19.1</b>	<b>18.3</b>	<b>402.6</b>	<b>58.9</b>	<b>211.7</b>	<b>270.6</b>	<b>673.2</b>
	2022	352.9	16.7	17.6	387.2	348.5	–	348.5	735.7
Elaine O'Donnell <sup>5</sup>	<b>2023</b>	<b>66.9</b>	<b>–</b>	<b>–</b>	<b>66.9</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>66.9</b>
	2022	10.8	–	–	10.8	–	–	–	10.8
Denise Collis	<b>2023</b>	<b>81.9</b>	<b>–</b>	<b>–</b>	<b>81.9</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>81.9</b>
	2022	80.0	–	–	80.0	–	–	–	80.0
James Bilefield	<b>2023</b>	<b>176.0</b>	<b>–</b>	<b>–</b>	<b>176.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>176.0</b>
	2022	170.0	–	–	170.0	–	–	–	170.0
Barrie Brien <sup>6</sup>	<b>2023</b>	<b>56.9</b>	<b>–</b>	<b>–</b>	<b>56.9</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>56.9</b>
	2022	59.4	–	–	59.4	–	–	–	59.4
Imogen Joss <sup>7</sup>	<b>2023</b>	<b>56.9</b>	<b>–</b>	<b>–</b>	<b>56.9</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>56.9</b>

- 1. Benefits comprise: benefits allowance, medical cover and life/income protection insurance.
- 2. Timo Lehne's pension is paid into a pension scheme. Andy Beach's pension is paid as cash in lieu.
- 3. 2023 LTIP awards relate to those granted in early 2021 and due to vest in February 2024 for Timo Lehne and July 2024 for Andrew Beach, based on performance assessed over 2021 to 2023 and including dividend equivalents. The value has been calculated using a share price of 368p, being the average closing price over Q4 of the financial year. 2022 LTIP awards relate to those granted in early 2020 and vested in February 2023 for Timo Lehne, based on performance assessed over 2020 to 2022, also including the value of any related dividends accrued during the vesting period on vested awards. The benefit included in the table last year as calculated using an average share price over the closing three months of the FY22 financial year of 372p. The actual share price on the date of vesting was 427p. The updated share price has been used for the LTIP values in the table above.
- 4. Timo Lehne was appointed Interim CEO on 1 January 2022; base pay, benefits, pension and bonus are shown from this date. The total value of the 2020-2022 LTIP vesting is included in the table.
- 5. Elaine O'Donnell was appointed as a Non-Executive Director and Chair of the Audit and Risk Committee on 1 October 2022.
- 6. Barrie Brien was appointed to the Board in 2017 and acted as interim Chair of the Audit Committee from April to October 2022.
- 7. Imogen Joss was appointed as a Non-Executive Director on 1 December 2022.

1.2 Annual bonus for 2023 (audited)

Bonus-maximum potential 120% of base salary	Weighting	Threshold (20% payable)	Target (50% payable)	Maximum (100% payable)	Actual Performance	Achievement %	Outcome (as a % of maximum)	
Group adjusted operating profit £m	50%	69.0	75.4	78.0	66.5	0.0%	0.0%	
Group net fees £m	15%	402.7	429.8	442.7	387.1	0.0%	0.0%	
Days Sales Outstanding (DSO) <sup>1</sup>	5%	47	46	45	46.2	44.0%	2.20%	
Group Financial objectives	70%						2.20%	
Employee engagement: Peakon-based relative outcome (against external comparators) requiring upper quartile to upper decile performance	5%	42.0	48.0	54.0	43.0	25.0%	1.25%	
Customer engagement	5%	52.0	54.0	56.0	48.0	0.0%	0.0%	
DE&I: Promotion of women in sales leadership (number of promotions) <sup>2</sup>	5%	10.0	12.0	14.0	5.0	0.0%	0.0%	
Strategic objectives	15%						1.25%	
Sub-total (% of maximum)							3.45%	
Personal objectives	15%	Individually determined, details are set out below						
Total (% of maximum)	100%							

1. DSO actual is based on the FY23 average.

2. The measure was based on the absolute number of women in senior sales roles by the year end, with targets set in relation to growth plans. From an overall total of senior promotions made in FY23, 38% were women.

Performance of the CEO and CFO against their personal objectives for 2023 is detailed below:

Director	Personal objective	Assessment of performance by Committee	Overall achievement (out of maximum 100%)
Timo Lehne	<b>Market development</b>	Sales organisational structures agreed and implemented in DACH and USA with appropriate operating models in place to drive productivity.	100%
		Ensuring the right operating model and productivity for the DACH and USA Sales organisations.	
		Define and implement coherent operational global sales methodologies incl. Performance Mgt., Enterprise customers etc.	
		Key Accounts strategy was defined, supported by a Blueprint module. A Global business performance process was launched based on the DACH region.	
Timo Lehne	<b>Business Transformation</b>	Milestones were delivered as per the roadmap agreed at Transformation Steering Committee.	100%
		Delivering the agreed roadmap for Sales Effectiveness deployment and ERP (US and most of DACH).	
		Change Management readiness plan activated across SThree, driving positive sentiment around the deployed/coming transformation.	
		Agreed off path for the appropriate CLM and Marketing technology build on top of our transformation. A Change Management plan was signed off by the Executive Committee and Regional Change Champions trained on technology to gather employee sentiment through quarterly surveys. Plan was built, agreed and included in the FY24 budget.	
Timo Lehne	<b>People</b>	Leadership employee NPS score established and quantified, with Leadership NPS on an upwards trajectory.	100%
		Further build and shape a truly high performing and collaborating ExCo and ExCo+1 Team.	
		Evolve the People Function to become a cohesive, top performing and locally well-integrated team.	
		Successful definition and implementation of a fit for purpose SThree culture. Goals, organisational design, operating model, roles and responsibilities and priorities have been agreed. Operating values were re-defined and refreshed. Culture definition and values integrated into communication plan, which included transformation rollout, business performance approach, year-end review process and ongoing property refresh plans.	
Timo Lehne	<b>Strategy &amp; structure</b>	Over 90% of employees are aware and recognise SThree's strategy and ambitions.	100%
		Bedding in new SThree narrative amongst the organisation.	
		Bedding in operational structure within the four new regional clusters successfully.	
		TOM Phase II – successful definition and agreement of the new operations operating model (incl. shift in roles and responsibilities). Helix reporting line model implemented and fully utilised for activities such as Objectives setting and End of Year reviews. Functional Directors aligned to their regional clusters. TOM Phase II defined and signed-off. Core function roles and responsibilities defined in line with our Global Grading framework.	

Director	Personal objective	Assessment of performance by Committee	Overall achievement (out of maximum 100%)
Andrew Beach	<b>Deliver the finance transformation</b> Deploy Microsoft Dynamics 365 solution for Finance in USA and Germany (integrated platform, not full deployment) to be signed off and received by Head of Finance Operations.	Integrated platforms signed off and received by Head of Finance Operations in the USA. Germany platform signed off and to be deployed in early 2024.	66.7%
	<b>Step change investor relations capabilities</b> Recommend appropriate investor relations team structure plan (internal resourcing and external support).  Complete all FY23 steps in the approved investor relations team structure plan.  Ongoing investor relationship engagement and strategy plan for FY24 onwards.	Investor relations team established with engagement plans in place for rollout in 2024. Plans approved by the Board.	
	<b>Conduct professional audit tender process</b> Complete audit tender approach plan.  Complete all FY23 steps in the approved tender approach plan.	Audit tender completed as per the agreed plan and was approved by Audit Committee Chair.	
	<b>Redefine Key Strategic Finance roles</b> Complete Finance Business Partners (FBP) to RFD gap analysis on all FBPs including assessment vs job description and forward-looking capability framework, in collaboration with all regional FBPs and Managing Director's.	Gap analysis completed with all appropriate stakeholders and approved by the Audit Committee Chair.	

The table below sets out the annual bonus outcome for the Executive Directors. In determining the final outcome, the Committee did not exercise any discretion. One third of the bonus payable will be paid in shares, which must be held for a period of two years.

	Financial element		Strategic element*		Personal element		Total bonus payable
	% achievement (out of 70%)	Payment under financial element £	% achievement (out of 15%)	Payment under Shared strategic element £	% achievement (out of 15%)	Payment under Personal element £	
Timo Lehne	2.20%	13,222	1.25%	7,513	15.0%	90,151	110,885
Andrew Beach	2.20%	9,642	1.25%	5,478	10.0%	43,827	58,947

\* Strategic element relates to Employee engagement, Customer engagement and DE&I measures.

**1.3 2021-2023 LTIP award vested by reference to performance over the three years to 2023 (audited)**

**Earnings Per Share (EPS) for 50% of the award:**

EPS Pay-out range	Pay-out range (threshold to maximum)	Actual performance	Vesting level	Vesting % of total LTIP award
Between 24.9p and 38.9 per share	25%–100%	42.4p	100%	50%

**Total Shareholder Return (TSR) for 30% of the award:**

TSR – Rank of the Company compared to the peer group Pay-out range	Pay-out range (threshold to maximum)	Actual performance	Vesting level	Vesting % of total LTIP award
TSR performance between the median (50th percentile and upper quartile 75th percentile)	25%–100%	72nd percentile	91.6%	27.5%

**Strategic objectives for 20% of the award**

Measure	Target	Actual performance	Vesting level	Vesting % of total LTIP award
Operating profit conversion ratio	Financial operating profit conversion ratio of between 14.2% and 21.0% in 2023	18.2%	69.1%	13.8%
<b>Total</b>				<b>91.3%</b>

**Number of shares granted vs vested vs lapsed based on assessment versus targets for 2021-2023 LTIP award granted in 2021 (audited)**

Executive Director	Number of shares granted	Number of shares vested	Number of shares lapsed	Dividend equivalent additional shares	Value of vested shares based on grant price £ <sup>1</sup>	Value of vested shares attributable to share price growth <sup>2</sup> £	Dividend equivalent additional shares £	Total £ <sup>2</sup>
Timo Lehne, CEO	68,508	62,547	5,961	6,135	226,420	3,753	22,577	252,750
Andrew Beach, CFO	57,377	52,385	4,992	5,139	247,519	n/a	18,912	211,689

1. Based on share price of 362p for Timo Lehne and 472.5p for Andrew Beach.

2. Based on Q4 average share price for 2023 of 368p.

**1.4 LTIP awards granted during 2023 (audited)**

2021-2023 LTIP award – grant 150% of base salary	Type	Date of grant	Number of shares	Face value of award <sup>1</sup>	% of award receivable at threshold	Performance period
Timo Lehne	Conditional share awards	09 Mar 23	159,164	£751,254	25%	1 December 2022 to 30 November 2025
Andrew Beach	Conditional share awards	09 Mar 23	116,066	£547,832	25%	1 December 2022 to 30 November 2025

1. Based on the closing share price on day before grant date of 472p.

**1.5 Performance conditions for the 2023-2025 LTIP award (audited)**

Awards vest on the third anniversary of grant, with a further two-year holding period on vested shares. Performance conditions are based on EPS, TSR, operating profit conversion ratio, and an ESG metric, each applied independently, and there will be a straight-line sliding scale between threshold and maximum.

LTIP Weighting	EPS	TSR	Strategic	ESG
<b>2023-2025</b>	50%	20%	20%	10% (5% for each measure)
<b>2023-2025</b>	Between 55.8p (25% vesting) and 69.0p (100% vesting)	Between median (25% vesting) and UQ (100% vesting)	Adjusted operating profit conversion ratio between 20.0% (25% vesting) and 23.5% (100% vesting)	Measuring carbon reduction across scope 1, 2 and 3 emissions.  Incremental progress against 2030 milestones.  1) Scope 1 and 2 reduction: Between threshold 35% (25% vesting) and 45% (100% vesting).  2) Scope 3 reduction: Between threshold 20% (25% vesting) and 25% (100% vesting).  Weighted equally as 5% of overall total.

Notes:

For the 2023-25 LTIP grant the TSR peer group comprises of the following 15 companies - Robert Half International, Randstad, Adecco Group, Asgn, Manpower Group, Korn Ferry, Hays, Page Group, Kforce, Amadeus Fire, Groupe Crit, Kelly Services 'A', Robert Walters, Brunel Intl., and Impellam Group. Previously the Group also included Staffline Group, Empersaria Group and Gattaca, however, they all had a 12-month average market cap below £100m and are no longer considered a relevant peer for TSR comparison purposes.

**1.6 Payments for Loss of Office (audited)**

**Mark Dorman, former CEO**

Mark stepped down from the Board on 31 December 2021, and remained actively employed to 31 March 2022, during which time he assisted in a handover and smooth transition. He was then placed on garden leave for the remainder of his notice period. The following arrangements apply to Mark’s remuneration from the date he stepped down from the Board until the end of his employment period.

He continued to receive his salary, pension allowance, and other contractual benefits until 12 December 2022, subject to him not taking up alternative employment (excluding a single NED role). From 1 December 2022 to 12 December 2022 this amounted to £14,667 in relation to base salary, £733 in relation to pension and £403 in relation to benefits.

**1.7 Payments to Past Directors**

No payments were made to past Directors in the year.

**Section 2 – How we will apply our remuneration policy in 2024**

- 2.1 Base salary
- 2.2 Benefits and pension
- 2.3 2024 annual bonus including financial, shared and personal measures
- 2.4 2024 Long-Term Incentive Plan awards
- 2.5 Non-Executive Directors (NEDs)

**2.1 Base salary**

The table below illustrates the most recent base salary review (effective for 2024). The average budgeted salary increase for employees is 2.0%.

Executive Director	Base salary 2023 £'000	Increase (from 1 Dec 2023)	Base salary 2024 £'000
Timo Lehne, CEO	500.8	2.0%	510.9
Andrew Beach, CFO	365.2	2.0%	372.5

**2.2 Benefits and pension**

There are no changes to benefits. The CEO and CFO receive a pension contribution of 5% of salary in line with the rate applying to the majority of the UK workforce.

**2.3 2024 annual bonus including financial, shared and personal measures**

The maximum annual bonus remains capped at 120% of base salary. One third of bonus is deferred in shares for two years. The bonus metrics and weightings for the 2024 annual bonus scheme are summarised in the table below. As the target ranges for each metric are considered to be commercially sensitive, they will be disclosed retrospectively in next year’s Directors’ remuneration report.

Metric	Weighting	Measure	Sub-weighting	Link to strategy/notes
<b>Group financial targets</b> These are considered by the Committee to be the three most relevant financial KPIs for bonus purposes.	70%	Adjusted operating profit	50%	Operating profit is the key underlying measure of profitability used within the business.
		Group net fees	15%	Revenue less cost of sales. A broad indicator of trading.
		Days Sales Outstanding (DSO)	5%	The number of days it takes us to receive payment following issuance of an invoice and supports effective working capital management.
<b>Shared objectives</b>	15.0%	Employee engagement: Peakon-based relative outcome (against external comparators) requiring median to upper decile performance	5%	To build on our Employee Engagement score from 2023 and to maintain our excellent relative performance.
		Client penetration	5%	To evolve the profile of our client base towards a greater proportion of higher value clients.
		DE&I: Improved representation of women	5%	Building towards our ambition of 50% representation of women in leadership roles.

Metric	Weighting	Measure	Sub-weighting	Link to strategy/notes
<b>Personal objectives</b>	15.0%	Personal objectives	15%	Delivery versus agreed objectives to produce value or efficiency gains.
<b>Total</b>	<b>100%</b>		<b>100%</b>	

**2.4 Long-Term Incentive Plan awards**

LTIP awards to be granted in early 2024 will be granted over shares worth 175% of salary. Awards will vest on the third anniversary of grant, with a further two-year holding period on vested shares. Performance conditions will be based on EPS, TSR, operating profit conversion ratio, and an ESG metric, each applied independently, and there will be a straight-line sliding scale between threshold and maximum.

These measures are considered to provide an effective link to the business KPIs and provide a strong long-term alignment of interest between executives and shareholders. The introduction of the ESG measure focused on long-term scope 1, 2 and 3 carbon emissions is linked to the science-based targets within our Board ESG strategy.

For comparison, LTIP targets are summarised in the following table, for awards made in 2022 and 2023:

LTIP Weighting	EPS	TSR	Strategic	ESG
<b>2022-2024</b>	50%	20%	20%	10% (3.3% for each measure)
<b>2023-2025</b>	50%	20%	20%	10% (5% for each measure)
<b>2024-2026</b>	50%	20%	20%	10% (5% for each measure)
<b>2022-2024</b>	Between 51.9p (25% vesting) and 63.0p (100% vesting)	Between median (25% vesting) and UQ (100% vesting)	Adjusted operating profit conversion ratio between 19.0% (25% vesting) and 23.0% (100% vesting)	<ol style="list-style-type: none"> <li>Positively impacting lives between 135,000 (25% vesting) and 165,000 (100% vesting)</li> <li>Increasing our renewables business between 8.5% (25% vesting) and 9.5% (100% vesting)</li> <li>Carbon reduction (absolute reduction of between threshold 20% (25% vesting) and 25% (100% vesting) from 2019 baseline)</li> </ol>
<b>2023-2025</b>	Between 55.8p (25% vesting) and 69.0p (100% vesting)	Between median (25% vesting) and UQ (100% vesting)	Adjusted operating profit conversion ratio between 20.0% (25% vesting) and 23.5% (100% vesting)	Measuring carbon reduction across scope 1, 2 and 3 emissions.  Incremental progress against 2030 milestones. <ol style="list-style-type: none"> <li>Scope 1 and 2 reduction: Between threshold 35% (25% vesting) and 45% (100% vesting).</li> <li>Scope 3 reduction: Between threshold 20% (25% vesting) and 25% (100% vesting).</li> </ol> Weighted equally as 5% of overall total.

LTIP Weighting	EPS	TSR	Strategic	ESG
<b>2024-2026</b>	Between 50.0p (25% vesting) and 61.0p (100% vesting)	Between median (25% vesting) and UQ (100% vesting)	Adjusted operating profit conversion ratio between 18.5% (25% vesting) and 22.0% (100% vesting)	<p>Measuring carbon reduction across scope 1, 2 and 3 emissions.</p> <p>Incremental progress against 2030 milestones.</p> <p>1. Scope 1 and 2 reduction: Between threshold 40% (25% vesting) and 50% (100% vesting).</p> <p>2. Scope 3 reduction: Between threshold 20% (25% vesting) and 25% (100% vesting).</p> <p>Weighted equally as 5% of overall total.</p>

Notes:

For the 2023-25 LTIP grant the TSR peer group comprises of the following 15 companies - Robert Half International, Randstad, Adecco Group, Asgn, Manpower Group, Korn Ferry, Hays, Page Group, Kforce, Amadeus Fire, Groupe Crit, Kelly Services 'A', Robert Walters, Brunel Intl., and Impellam Group. Previously the Group also included Staffline Group, Empersaria Group and Gattaca, however, they all had a 12-month average market cap below £100m and are no longer considered a relevant peer for TSR comparison purposes.

For the 2024-26 LTIP grant, due to their impending sale, we have elected to remove Impellam Group from the TSR peer group.

**2.5 Non-Executive Directors (NEDs)**

The Committee and Board reviewed the fee levels during the year taking into consideration market benchmarks, the responsibilities and time commitment required for the Chair and NED's to fulfil their role.

This year it was agreed to increase the Chair and NED base fee in line with any increase to the Executive Director's base salary. As such the Chair and NED base fees were increased by 2.0% effective 1 December 2023.

The fees for the Chairman and NEDs are as follows:

Role	2023 annual fee £'000	2024 annual fee £'000
Chair	176	179
NED base fee (x 4 in 2023 and 2024) <sup>1</sup>	57	58
Committee Chair (Audit and Remuneration)	10	10
SID	10	10
Employee engagement NED	5	5
<b>Total (Articles of Association limit is £500k per annum)</b>	<b>439</b>	<b>447</b>

1. Imogen Joss joined as a Non-Executive Director on 1 December 2022.

**Section 3 – Directors' interests in shares and broader context for Directors' pay**

- 3.1 Outstanding share awards held by Directors under LTIP, and SAYE
- 3.2 Statement of Directors' shareholdings
- 3.3 Total Shareholder Return (TSR) performance of SThree over the last ten-year period
- 3.4 Historical levels of CEO remuneration and incentive plan pay-outs
- 3.5 Year-on-year percentage change in CEO remuneration compared to employees
- 3.6 CEO pay ratio
- 3.7 Relative importance of spend on all employees' pay compared to dividend payments

**3.1 Outstanding share awards held by Directors under LTIP, and SAYE (audited)**

**Awards outstanding (including those granted in the year), comprising LTIP, and SAYE (audited)**

Executive Directors' awards outstanding under the LTIP are set out in the table below. Awards are currently structured as conditional awards of shares.

Executive Director	Type of award	Dates of LTIP grant/award	Market price at grant/award	Shares originally awarded	Face value £	Vesting date	Remaining unvested at 30/11/2023 <sup>1</sup>
Timo Lehne	LTIP	16/03/2021	362	68,508	£247,998.96	16/03/2024	68,682
	LTIP	23/02/2022	449	133,630	£599,998.70	23/02/2025	133,630
	LTIP	26/07/2022	395	18,945	£74,832.75	26/07/2025	18,945
	LTIP	09/03/2023	472	159,164	£751,254.00	09/03/2026	159,164
Andrew Beach	LTIP	19/07/2021	458	57,377	£262,786.66	19/07/2024	57,524
	LTIP	23/02/2022	449	117,886	£529,308.14	23/02/2025	117,886
	LTIP	09/03/2023	472	116,066	£547,832.00	09/03/2026	116,066
	SAYE <sup>2</sup>	09/03/2022	380	4,740	£18,012.00	01/05/2025	4,740

1. Rolled-up dividend shares are included in 2021 LTIP and they are adjusted for expected vesting based on performance.

2. SAYE exercise price was 379.72p which was at a 20% discount to the market value at grant.

**3.2 Statement of Directors' shareholdings (audited)**

Under the remuneration policy Executive Directors must build and maintain a level of shares equivalent to at least 200% of base salary. Directors' interests in the ordinary share capital of the Company as at the year end, are shown in the table below, including the interests of connected persons and any changes since the start of the year. There have been no changes since the year end and no Director had any other interest in the share capital of the Company or its subsidiaries, or exercised any option during the year, other than as disclosed.

Director	Ordinary shares held at 1 December 2022	Ordinary shares acquired	Ordinary shares disposed	Ordinary shares held at 30 November 2023 <sup>1</sup>	Indirect interest w/ perf con (i.e. LTIP) <sup>2</sup>	Indirect interest w/o perf con (i.e. SIP)	Share Options (SAYE)	Shareholding requirement (% of salary)	Shareholding (% of 2023 salary) <sup>3</sup>
Timo Lehne	121,706	65,417	–	187,123	380,247	55	–	200%	151.0%
Andrew Beach	33,956	14,616	–	48,572	291,329	709	4,740	200%	53.8%
James Bilefield	15,000	–	–	15,000	–	–	–	–	–
Elaine O'Donnell	–	–	–	–	–	–	–	–	–
Imogen Joss	–	–	–	–	–	–	–	–	–
Denise Collis	5,000	–	–	5,000	–	–	–	–	–
Barrie Brien	1,594	–	–	1,594	–	–	–	–	–

1. The value has been calculated using a share price of 404p, being the share price on the last day of the financial year.

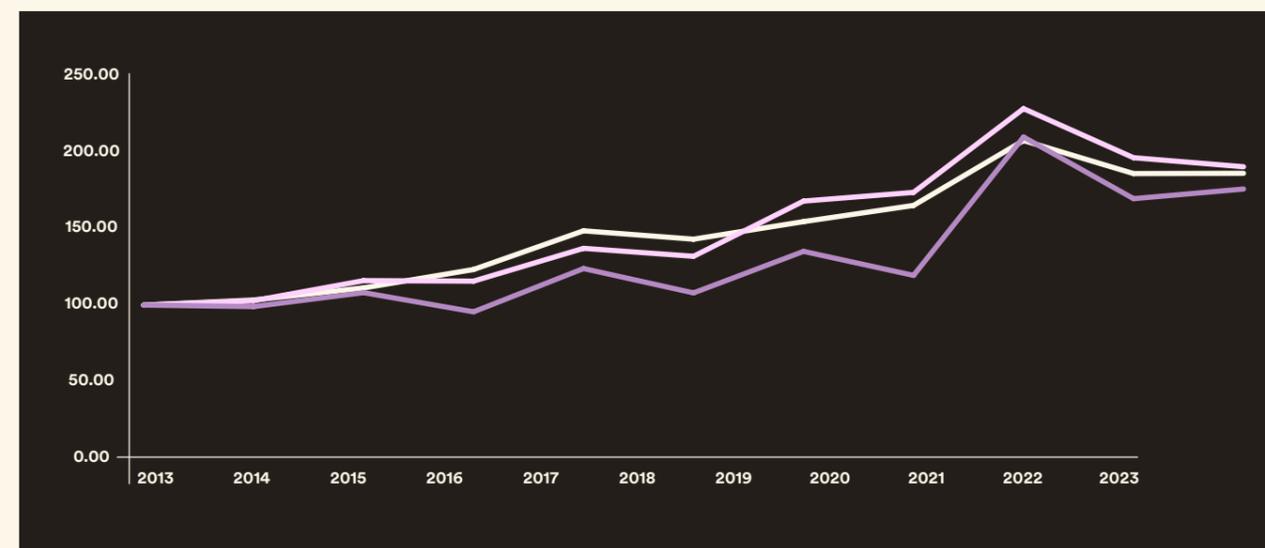
2. Includes deferred bonus shares.

3. By reference to original award numbers.

There have been no changes to the share interests of Directors between the end of FY23 and 29 January 2024, when this report was signed off.

### 3.3 Total Shareholder Return (TSR) performance of SThree over the last ten-year period

The following graph shows the TSR of the Company, compared to the FTSE 350 Support Services and FTSE Small Cap indices. These are considered the most illustrative comparators for investors as the Company is or has been a constituent in the past of these indices.



■ SThree ■ FTSE 350 Support Services □ FTSE Small Cap

### 3.4 Historical levels of CEO remuneration and incentive plan pay-outs

The table below shows historical levels of CEO total remuneration over a ten-year period, as well as annual bonus and LTIP vesting percentages over the same period.

Year	CEO	CEO total remuneration £'000	Annual bonus (% of maximum)	LTIP awards vesting (% of maximum)
2023	Timo Lehne	907.6	18.5%	91.3%
2022	Timo Lehne <sup>1</sup>	942.8	82.7%	50.8%
2022	Mark Dorman <sup>2</sup>	364.2	79.3%	50.8%
2021	Mark Dorman	1,533.1	83.3%	34.4%
2020	Mark Dorman	500.2	00.0%	n/a <sup>3</sup>
2019	Mark Dorman (appointed 18 March 2019)	629.1	55.7%	n/a <sup>4</sup>
2019	Gary Elden (stepped down 18 March 2019)	832.1	53.2%	63.5%
2018	Gary Elden	1,064.0	73.4%	18.8%
2017	Gary Elden	1,228.9	76.2%	41.0%
2016	Gary Elden	1,058.5	56.4%	50.0%
2015	Gary Elden	1,284.9	92.8%	50.0%
2014	Gary Elden	852.2	54.6%	18.5%

1. Timo Lehne was appointed as interim CEO on 1 January 2022 and permanent CEO from 28 April 2022.
2. Mark Dorman stepped down from the CEO role on 31 December 2021.
3. Mark Dorman was not eligible to receive the 2018-2020 LTIP award for which the performance period ended in 2020; the LTIP vested at 19.3% of maximum for participants.
4. Mark Dorman was not eligible to receive the 2017-2019 LTIP award for which the performance period ended in 2019; the LTIP vested at 71.8% of maximum for participants.

### 3.5 Year-on-year percentage change in Directors' remuneration compared to employees

The table below shows the percentage change for each element of remuneration between FY23 and FY20 for Directors who served during each year, compared with all Group employees.

	FY23 vs FY22			FY22 vs FY21			FY21 vs FY20			FY20 vs FY19		
	Salary/fees	Benefits	Annual bonus	Salary/fees	Benefits	Annual bonus	Salary/fees	Benefits	Annual bonus	Salary/fees	Benefits	Annual bonus
Timo Lehne	10.2%	16.2%	(75.3%)	n/a	n/a	n/a	-	-	-	-	-	-
Andrew Beach	3.5%	9.0%	(76.8%)	n/a	n/a	n/a	n/a	n/a	n/a	-	-	-
James Bilefield	3.5%	-	-	13.3%	-	-	7.1%	-	-	(6.7%)	-	-
Elaine O'Donnell	3.2%	-	-	n/a	-	-	-	-	-	-	-	-
Denise Collis	2.4%	-	-	13.5%	-	-	7.1%	-	-	(6.7%)	-	-
Barrie Brien	(4.2%)	-	-	23.8%	-	-	7.1%	-	-	(6.7%)	-	-
Imogen Joss	n/a	-	-	-	-	-	-	-	-	-	-	-
Average for all employees	(1.2%)	(0.3%)	(22.1%)	13.8%	20.4%	(15.5%)	8.8%	(5.0%)	77.3%	(1.5%)	(5.7%)	(3.0%)

Notes:  
 n/a: comparisons for the following executives cannot be provided if they joined or left in the year or were not on the Board in the prior year.  
 No employees other than Directors are in the listed parent company therefore we have chosen to use group employees.  
 2023 vs 2022: Timo Lehne's 2022 remuneration has been annualised for the basis of the year-on-year comparison.  
 Elaine O'Donnell's 2022 remuneration has been annualised for the basis of the year-on-year comparison.  
 Imogen Joss joined as a Non-Executive Director on 1 December 2022. Barrie Brien received an additional fee for his role as interim Chair of the Audit Committee from April to October 2022.  
 2022 vs 2021: Timo Lehne was appointed CEO in January 2022. Andrew Beach joined the Board on 15 July 2021. Alex Smith stepped down from the Board on 15 July 2021. Elaine O'Donnell joined as Non-Executive Director and Chair of the Audit and Risk Committee on 1 October 2022.

### 3.6 CEO pay ratio

The Committee has decided to use Option B in the relevant regulations to calculate the Chief Executive Officer pay ratio, using 2023 gender pay gap information to identify the three UK employees as the best equivalents of P25, P50 and P75. The Total Pay and Benefits for P25, P50 and P75 has been calculated based on full-time equivalent at 30 November 2023. This methodology was selected as the Committee believes this provides a more accurate and consistent calculation based on the information available at this time.

The following table sets out the CEO pay ratio at the median, 25th and 75th percentile.

Financial year	Method	25th percentile pay ratio	Median	75th percentile pay ratio
2023	Option B	32:1	20:1	12:1
2022	Option B	40:1	22:1	14:1
2021	Option B	59:1	35:1	23:1
2020	Option B	22:1	19:1	10:1
2019	Option B	34:1	26:1	16:1
2018	Option B	39:1	24:1	20:1

The three employees used for the 2023 ratio are shown below:

	Employees' salary (£)	Employees' total remuneration (£)
Q 25 pay	24,405	28,346
Q 50 pay	38,764	45,255
Q 75 pay	66,113	75,873

Ratios have varied each year primarily driven by varying CEO bonus awards and long-term incentive plan vesting.

The Committee is satisfied the median pay ratio is consistent with the pay, reward and progression policies for the company's employees. Workforce pay and reward policies across the Group are actively considered by the Committee when determining the Executive Director Remuneration Policy and its implementation each year to ensure that our approach to reward across the Group is aligned with our values.

**3.7 Relative importance of spend on all employees' pay compared to dividend payments**

The table below sets out the change to the total employee remuneration costs compared with the change in dividends for 2023 compared to 2022. All figures are taken from the relevant sections of the Annual Report.

Item	2023	2022	Change
Dividends	£27.4m	£14.7m	87.0%
Remuneration paid to employees (incl. Directors)	£255.0m	£266.0m	-4.1%

**Section 4 – Governance**

- 4.1 The Committee and its advisors
- 4.2 Statements of voting at most recent AGMs
- 4.3 Approval

**4.1 The Committee and its advisors**

The Committee's Terms of Reference (available at www.sthree.com) are reviewed periodically to align as closely as possible with the UK Corporate Governance Code (the Code) and CGI best practice guidelines. During the year, the Committee comprised only independent NEDs, being Denise Collis (Chair), James Bilefield, Barrie Brien, Imogen Joss and Elaine O'Donnell. The Committee therefore meets Code requirements to comprise at least three independent NEDs.

The Chief Executive Officer, Chief Financial Officer and the most senior HR representative attend meetings by invitation, excluding matters related to their own remuneration. The Committee met four times during the year for routine business, in addition to unscheduled meetings for specific items and no member of the Committee has any personal financial interest (other than as a shareholder) in the matters decided.

The Committee appointed Korn Ferry as its independent remuneration adviser in 2016, following a comprehensive review.

Fees paid to Korn Ferry for advice in relation to remuneration matters during the year were £44,591 (2022: £68,594.89) on a time spent basis, both excluding VAT. A representative from Korn Ferry attends each Remuneration Committee meeting and provides input into the papers. Korn Ferry are members of the Remuneration Consultants Group (RCG) and comply with the RCG Code of Conduct. Korn Ferry has no other relationship with the Company and the Committee is satisfied that their advice was and is objective and independent.

**4.2 Statements of voting at most recent AGMs**

At the AGM held in April 2023, the following votes were cast in relation to the binding vote on the remuneration policy and the advisory vote on the Directors' Remuneration Report.

Resolution	For	%	Against	%	Withheld
Directors' remuneration policy*	91,519,780	96.35	3,469,671	3.65	20,939
Directors' remuneration report*	92,029,557	96.88	2,960,719	3.12	4,646

\* Votes withheld are not counted in the % shown above.

**4.3 Approval**

This report was approved by the Board of Directors on the date shown below and signed on its behalf by:

**Denise Collis**  
 Chair of the Remuneration Committee  
 29 January 2024

**Directors' report**

The Directors present their Annual Report on the activities of the Company and the Group, together with the audited Consolidated Financial Statements for the year ended 30 November 2023.

The Board confirms that these, taken as a whole, are fair, balanced and understandable and that the narrative sections of the report are consistent with the financial statements and accurately reflect the Group's strategy, performance and financial position. Where reference is made to other sections of the Annual Report, these sections are incorporated into this report by reference. An overview of the principal risks and uncertainties faced by the Group is also provided in the Strategic Report on pages 2 to 85, along with the Company's Section 172 statement.

These sections, together with the Governance (pages 86-95), Employee engagement (pages 96-99), Nomination Committee (pages 100-103), Audit & Risk Committee (pages 104-111) and Directors' remuneration reports (pages 112-134), provide an overview of the Group, including on environmental and employee matters, and give an indication of future developments in the Group's business, providing a balanced assessment of the Group's position and prospects in accordance with the latest reporting requirements. The Group's subsidiary undertakings, including branches outside the UK, are disclosed in note 25 to the financial statements, found on page 191.

The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report and nothing in this Annual Report should be construed as a profit forecast.

The Directors confirm that they have carried out a robust assessment of the principal and emerging risks facing the Company and the Group, including those that would threaten the business model, future performance, solvency and liquidity, and explained how they are being managed or mitigated (see analysis of key risks, mitigation and impact on strategy within the Strategic Report). Information on the Company, including legal form, domicile and registered office address is included in note 1 to the financial statements, on page 153.

**Business operations and performance**

**Business model**

The Strategic Report provides information relating to the Group's activities, its business model, governance, strategy, future developments and the principal risks and uncertainties faced by the business, including analysis using both financial and non-financial KPIs where necessary.

**Results and dividends**

Results and other key financial information for the year ended 30 November 2023 are set out in the Financial Statements, beginning on page 147.

The Group paid an interim dividend of 5.0 pence per share in December 2023 (FY22: 5.0 pence). The Directors have also recommended a final dividend of 11.6 pence per share to be paid in June 2024 (FY22: 11.0 pence) to shareholders on the register at the close of business on 10 May 2024.

**Financial instruments**

Information and policy in respect of financial instruments and financial risk management is set out in note 23 to the financial statements, together with information on price, credit and liquidity risks, on pages 185-190.

**Research and development**

The only expenditure incurred in the area of research and development relates to software and system development, which is shown in the notes to the financial statements.

**Events occurring after the reporting period**

There have been no significant events affecting the Group since the end of the reporting period until the approval of this report.

**Essential contractors and implications following a change of control or takeover**

The Group has business relationships with a number of clients and contractors but is not reliant on any single one. There are no significant agreements which the Company is party to that take effect, alter or terminate upon a change of control of the Company following a takeover offer, with the exception of the Citibank and HSBC Revolving Credit Facility agreements. The Company does not have agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a takeover, except that in the event of a takeover, provisions of the Group's share plans and tracker share arrangements may cause options, awards or tracker shares to vest.

**Directors and their interests**

The Directors of the Company, including their biographies and Board Committee composition, are shown within the Board of Directors section of this Annual Report on pages 86-87.

All Directors served throughout the financial year.

In accordance with the UK Corporate Governance Code, all serving Directors will retire at the 2024 Annual General Meeting and submit themselves for re-election, except for Barrie Brien who will retire from the Board. Rules on the appointment and replacement of Directors are governed primarily by the Company's Articles, the UK Corporate Governance Code and the Companies Act 2006.

Other than employment contracts, none of the Directors had a material interest in any contract with the Company or its subsidiary undertakings. Key terms of the Directors' service contracts and interests in shares and options are disclosed in the Directors' remuneration report on pages 112-134. Details of the gender and ethnic diversity of the Board of Directors can be found on page 102.

**Directors' indemnities, and Directors' and Officers' insurance**

The Directors have the benefit of the indemnity provisions contained in the Company's Articles, and the Company has maintained throughout the year Directors' and Officers' liability insurance for the benefit of the Company, the Directors and its officers. The Company has entered into qualifying third-party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

**Conflicts of interest**

The Board also confirms that there are appropriate procedures in place to ensure that its powers to authorise the Directors' conflicts of interest are operated effectively. The Board maintains a register of all potential conflicts, which include external appointments, close family members and companies of which a Director maintains a significant shareholding.

**Shareholders and share capital**

**Share capital and share rights**

SThree plc has a premium listing on the London Stock Exchange, and trades under the STEM ticker. As at 30 November 2023, the issued share capital of the Company was 134,908,207 ordinary shares of 1 pence each, which includes 35,767 shares held in treasury. Details of the share capital of the Company, together with movements during the year are shown in the notes to the financial statements. The rights and obligations attached to the Company's ordinary shares are contained in the Articles. Shares acquired by employees under a Company share scheme rank equally with all other shares in issue.

Ordinary shares allow holders to receive dividends and to vote at general meetings of the Company. They also have the right to a return of capital on a winding-up.

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 relevant legislation. Under the Articles, the Directors have the power to suspend voting rights and the right to receive dividends in respect of ordinary shares, as well as to refuse to register a transfer 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.

**Authority to issue or make purchases of own shares including as treasury shares and dilution**

The Company is, until the date of the forthcoming AGM, generally and unconditionally authorised to issue and buy back a proportion of its own ordinary shares.

The Company's policy is to comply with investor guidelines on dilution limits for its share plans by using a mixture of market-purchased and new-issue shares.

Some 2,198,735 shares were purchased in the market during the year at a cost of £10 million. Purchases may be made for cancellation, to be held as treasury shares, or for the Employee Benefit Trust (EBT). The Company's EBT has waived its right to dividends on shares held in the Trust account. The Directors will seek to renew the authority to purchase up to 10% of the Company's issued share capital at the next AGM.

**Substantial shareholdings**

As at the date of this report, the Group has been notified, under the Financial Conduct Authority's (FCA) Disclosure and Transparency Rules (DTR 5), of the significant interests in the ordinary share capital of the Company, shown below.

Name of holder	Number of shares	Percentage shareholding	Date of notification
Kempen	13,454,803	9.98%	10 November 2023
JO Hambro Capital Management	13,265,368	9.98%	1 July 2020
JP Morgan Asset Management	9,725,746	7.23%	11 December 2022
Littlejohn & Co	6,739,588	5.01%	6 July 2023
Montanaro Asset Management	4,141,001	3.08%	14 August 2023
Allianz Global Investors	6,709,372	4.99%	21 November 2022
GLG Partners	6,463,097	Less than 5%	16 Feb 2023

The information provided above was correct at the date of notification. However, since notification of any change is not required until the next notifiable threshold is crossed, these holdings are likely to have changed. Between 30 November 2023 and the date of this report, the Company has not been notified of any changes. No Director held over 3% of the Company's share capital.

In addition, the Companies Act 2006, s992 (13c) requires disclosure of persons with significant direct or indirect holdings of securities as at the year end. At the year end we were aware of the following significant shareholdings.

Name of holder	Number of shares	Percentage shareholding	Nature of holding
Kempen Capital Management	15,424,047	11.44%	Indirect
JP Morgan Asset Management	8,377,662	6.21%	Indirect
JO Hambro Capital Management	8,164,164	6.05%	Indirect
Littlejohn & Co	6,855,180	5.08%	Indirect
BlackRock	6,594,071	4.89%	Indirect
Allianz Global Investors	6,577,726	4.88%	Indirect
Montanaro Asset Management	4,730,000	3.51%	Indirect
Harris Associates	4,556,028	3.38%	Indirect
GLG Partners	4,371,885	3.24%	Indirect

**Annual General Meeting (AGM)**

The AGM of the Company will be held on 25 April 2024, at 75 King William Street, London, EC4N 7BE. A separate Notice details all business to be transacted.

**Governance, policies and stakeholders Information to be disclosed under LR 9.8.4R**

Details of the disclosures to be made under Listing Rule 9.8.4R are listed below.

9.8.4R (4): Details of any long-term incentive schemes can be found in the Directors' remuneration report, on pages 112-134.

Aside from the above, the other required disclosures are not applicable.

**Related party transactions**

Details of any related party transactions undertaken during the year are shown in the notes to the financial statements.

**Corporate and social responsibility, including diversity, human rights and environmental matters**

The Board pays due regard to environmental, health and safety, and employment responsibilities and devotes appropriate resources to monitoring compliance with, and improving, standards. The Chief Executive Officer has responsibility for these areas at Board level, ensuring that the Group's policies are upheld and providing the necessary resources.

Further information on the Group's diversity, human rights and anti-bribery and corruption policies, plus detail on environmental matters, including carbon emissions data, is contained in the 'Strategic progress' and 'Responsible business' sections of this Annual Report, whilst information on employee share plans and share ownership is contained in the Directors' remuneration report and the notes to the financial statements.

**Section 172 and stakeholder engagement**

Information about our stakeholders, including employees, suppliers and customers, and how the Board has engaged and considered their views in regard to principal decisions

can be found in the Corporate Governance Report and within the Stakeholder engagement section on pages 46 to 51 and Employee engagement section on pages 96-99.

**Health and safety**

The Group is committed to providing for the health, safety and welfare of all current and potential employees. Every effort is made to ensure that all health and safety legislation, regulations or similar codes of practice, are complied with.

**Equal opportunities**

The Group is also committed to providing equal opportunities and employees are encouraged to train and develop their careers. Group policy is to offer the opportunity to benefit from fair employment, without regard to gender, sexual orientation, marital status, race, religion or belief, age or disability, and full and fair consideration is given to the employment of disabled persons for all suitable jobs.

In the event of any employee becoming disabled, every effort is made to ensure that employment continues within the existing or a similar role, and it is the Group's policy to support disabled employees in all aspects of their training, development and promotion where it benefits both the employee and the Group.

**Greenhouse gas emissions**

The Board is conscious of the role that the business plays in building a greener future and its impact on the environment and is committed to our ambitious environmental goals. Details of the business's carbon emissions can be found in the 'Our commitment to being a responsible business' section on pages 52 to 75.

**Political donations**

No donations for political purposes of any kind were made during the year (FY22: £nil).

**Modern Slavery Act 2015: slavery and human trafficking statement**

The Board of Directors has approved and published on its website its Modern Slavery Statement. This statement is made pursuant to Section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for 2023. The Company's Modern Slavery Act statement can be found on our website, www.sthree.com.

**Championing human rights**

Our Equal Opportunities Policy sets out clear expectations of how to conduct business in an ethical and transparent way, without compromising integrity and professionalism, and respecting the rights and dignity of all people.

Our focus is on ethical recruitment and working conditions at our sites, security, and community health and livelihoods.

Given that we also expect our business partners to respect these workplace values, our Code of Conduct promotes:

- ethical handling of actual or apparent conflicts of interest;
- compliance with applicable governmental laws, rules and regulations;
- complete, accurate, fair and balanced disclosure in reporting; and
- prompt internal reporting of violations.

Furthermore, ensuring candidates are placed within a fair and ethical workplace is a fundamental pillar in the recruitment process. We have a responsibility to all candidates we place to ensure that they are not subjected to bribery, corruption, exploitation, forced labour or modern slavery at the companies they join. Implementation of this is ensured through extensive training and the continuous education of our people. Employees, contractors or other third parties are required to immediately report any instances of unethical behaviour or suspicion of malpractice to a line manager or a member of the Group HR Team. Any breaches in human rights are reported to our Chief People Officer and where required to relevant authorities.

#### Independent auditors

As described in the Audit & Risk Committee report, during the year under review we undertook a competitive tender for our external audit. PwC did not tender due to the length of their tenure. A resolution to elect Ernst & Young LLP as the Company's auditors will be put to the forthcoming AGM.

Audit fees and non-audit services in respect of PwC's 2023 audit are disclosed in the Audit & Risk Committee report, on pages 104-111.

#### Statement of Directors' responsibilities in respect of financial statements

The Directors are responsible for preparing the Annual Report and Accounts 2023 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 UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 *Reduced Disclosure Framework* (FRS 101), and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards 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 judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

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

#### Directors' confirmations

The Directors consider that the Annual Report and Accounts 2023, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the 'Our Board' section of this Annual Report, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Directors' report, together with the Strategic Report, Chair and other Officers' sections of this Annual Report, includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

#### Kate Danson

Company Secretary

For and on behalf of SThree plc

29 January 2024

## Report on the audit of the financial statements

### Opinion

In our opinion:

- SThree plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 30 November 2023 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2023 (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 30 November 2023; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 3 to the financial statements, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

## Our audit approach

### Overview

#### Audit scope

- We conducted audit work on 9 components. 4 of these components were full scope components and the remaining 5 components were subject to specified scope. The remaining components of the group were subject to analytical review. Due to the centralised nature of the SThree support function teams, all audit work was performed by the group engagement team in the UK.
- We also performed a full scope audit of the parent company.

#### Key audit matters

- Contract assets shrinkage (group)
- Provision for impairment of trade accounts receivable and contract assets (group)
- Impairment of investments in subsidiaries (parent)

#### Materiality

- Overall group materiality: £3.89 million (2022: £3.85 million) based on 5% of profit before income tax.
- Overall company materiality: £1.52 million (2022: £1.90 million) based on 1% of net assets.
- Performance materiality: £2.91 million (2022: £2.89 million) (group) and £1.14 million (2022: £1.42 million) (company).

#### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

#### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Provision for impairment of trade accounts receivable and contract assets is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p><b>Contract assets shrinkage (group)</b></p> <p>The Group's accounting process means that there is a material amount of accrued rather than billed contractor revenue at each period end within Contract assets. The Group had £94.1million of Contract assets (2022: £91.7 million).</p> <p>We focused on this area due to the material quantum of Contract assets, the estimation uncertainty and the potential for variances arising from applying the historic 'shrinkage' percentage to the full potential value of unsubmitted timesheets.</p> <p>Refer to Trade and other receivables (note 12 of the financial statements), Operating Segments (note 2 of the financial statements) and 'Audit Committee report'.</p>	<p>Our procedures in respect of accrued contract income comprised the following:</p> <p>Tested the business process controls supporting the accuracy of rates and hours input into the system and recalculated a sample of accrued revenue transactions with inputs validated to underlying documentation including timesheets and contracts.</p> <p>We performed detailed testing over the 12 month rolling average historical shrinkage rate calculation and performed detailed testing over the inputs into the calculation. In addition, we have recalculated the 2023 shrinkage adjustment posted by management and performed sensitivities and look back procedures.</p> <p>We verified that Contract assets was not older than 3 months in age in accordance with Group policy and examined the ageing profile of the balance, concluding that management were following their accounting policies in this area. Based on our audit work, we found estimates related to Contract assets to be acceptable. We also consider the disclosures made in the financial statements to be appropriate.</p>
<p><b>Provision for impairment of trade accounts receivable and contract assets (group)</b></p> <p>The Group had Accounts Receivable assets of £245.5 million (2022: £254.4 million) and Contract assets of £94.1m (2022: £91.7m) with an expected credit loss provision of £8.6 million (2022: £3.7 million).</p> <p>Impairment losses represent management's best estimate of expected credit losses on accounts receivable assets and contract assets at the reporting date. We have focused on this area because the measurement of impairment losses requires judgement and estimates, and due to the significant increase in the level of provision compared to previous years.</p> <p>The Group assesses impairment of accounts receivables both individually and collectively at each reporting date.</p> <p>In estimating the amount of impairment losses, which is equal to the expected credit losses, management takes into account, among other things, the payment history of the receivables and the historical experience of credit losses, adjusted for factors specific to the customer, and an assessment of both the current and expected general economic conditions at the year end.</p> <p>The key areas of measurement uncertainty and judgement related to the recognition of impairment of accounts receivables and contract assets are as follows:</p> <ul style="list-style-type: none"> <li>the assumption used to estimate the credit risk of the related exposure and the customer's expected future cash flows;</li> <li>identification of exposures with significant credit risk or default.</li> </ul> <p>Refer to Trade and other receivables (note 12 of the financial statements).</p>	<p>We have challenged management's assessment and carried out the following procedures in this area:</p> <p>Assessed the appropriateness of the impairment methodology against the requirements of relevant financial reporting standards;</p> <p>Tested the accuracy and completeness of the expected credit loss provision as at 30 November 2023, including:</p> <ul style="list-style-type: none"> <li>individually assessed accounts receivables that have been selected as having a higher risk of default;</li> <li>reviewed the customers' historical payment data and external market information in order to understand any uncertainties related to payments, significant increases in credit risk or defaults;</li> <li>checked the supporting documentation for cash receipts from customers after the end of the reporting period; and</li> <li>tested the mathematical accuracy of management's impairment calculation and the correct application of ageing.</li> </ul> <p>Retrospectively assessed the accuracy of previous years provisions, including loss rates, compared to actual results.</p> <p>Based on our audit work, we found estimates related to the expected credit losses to be acceptable. We also consider the disclosures made in the financial statements to be appropriate.</p>

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment of investments in subsidiaries (parent)</b></p> <p>The Company holds investments in a number of UK and overseas subsidiaries with a total carrying amount of £223.63 million at 30 November 2023 (2022: £215.22 million).</p> <p>An assessment for impairment indicators is performed by management annually. Impairment triggers were identified due to under performance of trading in Luxembourg and Canada, and an impairment charge of £0.1 million recognised to fully impair the investment balances in respect of these operations. No other impairment indicators were identified.</p> <p>We focused on this area due to the material quantum of investments held by the Company, and the level of judgement required in determining whether impairment indicators exist which would then require an impairment test to be performed.</p> <p>Refer to 'Investments' (note 11 of the financial statements) and 'Chief Financial Officer's statement'.</p>	<p>We obtained management's assessment of impairment trigger indicators for all subsidiaries in the Group, including a summary of year on year performance and business outlook</p> <p>We considered the view of management and the performance of the group as a whole by reference to prior year and budgets (including individual subsidiaries) and concluded that management's trigger assessment was reasonable with no indication of impairment triggers other than in Canada and Luxembourg.</p> <p>We reviewed the market capitalisation of the group against the carrying value of investments.</p> <p>We consider the disclosure in the financial statements to be appropriate.</p>

**How we tailored the audit scope**

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group's components vary significantly in size and we identified four financially significant components that, in our view, required an audit of their complete financial information due to their relative size or risk characteristics. In addition, we performed an audit over the full financial information of the company and testing over specific material balances across a further five components. Together these full and specific scope component audits gave appropriate coverage of all material balances at a group level. We also audited consolidation adjustments to get sufficient coverage over final balances. The remaining components were subject to analytical review.

Although the Group has an international presence, all audit procedures have been performed by the group engagement team in the UK as this reflects the centralised shared service structure of the finance function across the group.

**The impact of climate risk on our audit**

As part of our audit we made enquiries of management to understand the process management adopted to assess the extent of potential climate risk on the Group's financial statements and support the disclosures made within the Annual Report.

We challenged the completeness of management's climate risk assessment by:

- Reading external reporting made by management including the Carbon Disclosure Project submissions; and
- Reading the Group's website and external communications for details of climate related impacts.

We also considered the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures (TCFD) section) within the Annual Report with the financial statements and our knowledge obtained from the audit.

Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or our key audit matters for the year ended 30 November 2023.

**Materiality**

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
<b>Overall materiality</b>	£3.89 million (2022: £3.85 million).	£1.52 million (2022: £1.90 million).
<b>How we determined it</b>	5% of profit before income tax	1% of net assets
<b>Rationale for benchmark applied</b>	We believe that profit before tax provides us with a consistent year-on-year basis for determining materiality and is a generally accepted auditing benchmark.	We believe that net assets is the primary measure used by shareholders in assessing the position of the non-trading holding company, and is an accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £0.7 million to £3.24 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £2.91 million (2022: £2.89 million) for the group financial statements and £1.14 million (2022: £1.42 million) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £0.38 million (group audit) (2022: £0.38 million) and £0.15 million (company audit) (2022: £0.19 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

**Conclusions relating to going concern**

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing management's going concern assessment (which includes a Base Case, a Downside Scenario and a Severe but Plausible Scenario) for reasonableness and consistency with our audit work;
- Obtaining an understanding and challenging the forecasted cash flows for the twelve month period from the date of authorisation of these financial statements and agreeing these to supporting documentation;
- Testing of management's cashflow forecast model which includes challenging the key assumptions within the model as well as the mathematical accuracy and its integrity;
- Assessing historic growth and management forecasting accuracy;
- Reviewing available banking facilities, including consideration of covenant requirements; and
- Reviewing management's going concern disclosures.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 November 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

### Directors' Remuneration

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

## Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Governance Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, Listing Rules, UK and overseas tax legislation and UK adopted IFRS, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to achieve desired financial results. Audit procedures performed by the engagement team included:

- enquiries with management, internal audit, the Audit and Risk committee and the Group's internal legal counsel, including consideration of known or suspected instances of fraud and non-compliance with laws and regulations;
- understanding and evaluating the design and implementation of management's controls designed to prevent and detect irregularities;
- identifying and testing journal entries, in particular journal entries posted with an unusual account combination impacting revenue; and
- challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to Contract assets, accounts receivable provisioning and the assessment of impairment triggers for investments in subsidiaries.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

## Independent auditors' report

to the members of SThree plc continued

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Other required reporting

#### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the members in 1999 to audit the financial statements for the year ended 30 November 1999 and subsequent financial periods. The period of total uninterrupted engagement is 25 years, covering the years ended 30 November 1999 to 30 November 2023.

### Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

#### Kenneth Wilson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors  
Glasgow

29 January 2024

## Consolidated Income Statement

for the year ended 30 November 2023

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£'000	Note	2023	2022
<b>Continuing operations</b>			
Revenue	2	1,663,167	1,639,446
Cost of sales		(1,244,392)	(1,208,830)
<b>Net fees</b>	2	418,775	430,616
Administrative expenses	3	(336,076)	(349,301)
Impairment losses on financial assets	12	(6,343)	(3,763)
<b>Operating profit</b>		76,356	77,552
Finance income	5	2,257	141
Finance costs	5	(698)	(667)
<b>Profit before income tax</b>		77,915	77,026
Income tax expense	6	(21,864)	(22,824)
<b>Profit for the year attributable to the owners of the Company</b>		56,051	54,202
<b>Earnings per share attributable to shareholders pence</b>			
<b>Total Group</b>			
Basic	7	42.4	41.0
Diluted	7	41.5	39.9

The accompanying notes form an integral part of this Consolidated Income Statement.

# Consolidated Statement of Comprehensive Income

for the year ended 30 November 2023

£'000	Note	2023	2022
<b>Profit for the year</b>		<b>56,051</b>	54,202
<b>Other comprehensive (loss)/income:</b>			
<b>Items that may be subsequently reclassified to profit or loss:</b>			
Exchange differences on retranslation of foreign continuing operations		(1,437)	7,096
<b>Items that will not be subsequently reclassified to profit or loss:</b>			
Net loss on equity instruments at FVOCI	11	-	(1)
Other comprehensive (loss)/income for the year (net of tax)		(1,437)	7,095
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<b>54,614</b>	61,297

The accompanying notes form an integral part of this Consolidated Statement of Comprehensive Income.

SThree plc (the Company) has elected to take the exemption under Section 408 of the Companies Act 2006 not to present an income statement and statement of comprehensive income for the parent Company.

# Statements of Financial Position

as at 30 November 2023

£'000	Note	Consolidated		Company	
		30 November 2023	30 November 2022	30 November 2023	30 November 2022
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	9	31,116	35,249	-	-
Intangible assets	10	7,066	846	-	-
Investments	11	-	-	223,625	215,218
Deferred tax assets	18	5,799	4,616	136	225
<b>Total non-current assets</b>		<b>43,981</b>	40,711	<b>223,761</b>	215,443
<b>Current assets</b>					
Trade and other receivables	12	345,120	363,884	819	15,446
Current tax assets		-	-	15,542	12,394
Cash and cash equivalents	13	83,202	65,809	12	121
<b>Total current assets</b>		<b>428,322</b>	429,693	<b>16,373</b>	27,961
<b>Total assets</b>		<b>472,303</b>	470,404	<b>240,134</b>	243,404
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	19	1,349	1,345	1,349	1,345
Share premium		39,700	38,239	39,700	38,239
Other reserves		(3,597)	(802)	(6,889)	(5,531)
Retained earnings		185,432	161,610	118,401	155,553
<b>Total equity</b>		<b>222,884</b>	200,392	<b>152,561</b>	189,606
<b>Current liabilities</b>					
Bank overdraft	13	-	423	-	-
Trade and other payables	14	200,132	216,842	87,573	53,772
Lease liabilities	15	11,297	11,102	-	-
Provisions	17	7,373	7,871	-	26
Current tax liabilities		10,746	7,391	-	-
<b>Total current liabilities</b>		<b>229,548</b>	243,629	<b>87,573</b>	53,798
<b>Non-current liabilities</b>					
Lease liabilities	15	17,720	22,600	-	-
Provisions	17	2,151	3,783	-	-
<b>Total non-current liabilities</b>		<b>19,871</b>	26,383	-	-
<b>Total liabilities</b>		<b>249,419</b>	270,012	<b>87,573</b>	53,798
<b>Total equity and liabilities</b>		<b>472,303</b>	470,404	<b>240,134</b>	243,404

The accompanying notes form an integral part of these Statements of Financial Position.

The Company's loss after tax for the year was £9.3 million (FY22: profit after tax of £91.3 million).

The financial statements on pages 147 to 152 were approved by the Board of Directors on 29 January 2024 and signed on its behalf by:

**Andrew Beach**  
Chief Financial Officer

Company registered number: 03805979

## Consolidated Statement of Changes in Equity

for the year ended 30 November 2023

£'000	Note	Share capital	Share premium	Capital redemption reserve	Capital reserve	Treasury reserve	Currency translation reserve	Fair value reserve of equity investments	Retained earnings	Total equity attributable to owners of the Company
<b>Balance at 1 December 2021</b>		<b>1,337</b>	<b>35,466</b>	<b>172</b>	<b>878</b>	<b>(3,367)</b>	<b>(2,354)</b>	<b>(12)</b>	<b>126,033</b>	<b>158,153</b>
Profit for the year		–	–	–	–	–	–	–	54,202	54,202
Other comprehensive income for the year		–	–	–	–	–	7,096	(1)	–	7,095
Total comprehensive income/(loss) for the year		–	–	–	–	–	7,096	(1)	54,202	61,297
Dividends paid to equity holders	8	–	–	–	–	–	–	–	(14,650)	(14,650)
Distributions to tracker shareholders		–	–	–	–	–	–	–	(116)	(116)
Settlement of vested and unvested tracker shares	19(a)	6	2,265	–	–	3,835	–	–	(5,629)	477
Settlement of share-based payments	19(a)	2	508	–	–	2,851	–	–	(2,851)	510
Purchase of shares by Employee Benefit Trust	19(a)	–	–	–	–	(9,900)	–	–	–	(9,900)
Credit to equity for equity-settled share-based payments	19(b)	–	–	–	–	–	–	–	4,999	4,999
Current and deferred tax on share-based payment transactions	6,18	–	–	–	–	–	–	–	(378)	(378)
<b>Total movements in equity</b>		<b>8</b>	<b>2,773</b>	<b>–</b>	<b>–</b>	<b>(3,214)</b>	<b>7,096</b>	<b>(1)</b>	<b>35,577</b>	<b>42,239</b>
<b>Balance at 30 November 2022 and at 1 December 2022</b>		<b>1,345</b>	<b>38,239</b>	<b>172</b>	<b>878</b>	<b>(6,581)</b>	<b>4,742</b>	<b>(13)</b>	<b>161,610</b>	<b>200,392</b>
Profit for the year		–	–	–	–	–	–	–	56,051	56,051
Other comprehensive loss for the year		–	–	–	–	–	(1,437)	–	–	(1,437)
Total comprehensive (loss)/income for the year		–	–	–	–	–	(1,437)	–	56,051	54,614
Dividends paid to equity holders	8	–	–	–	–	–	–	–	(27,373)	(27,373)
Distributions to tracker shareholders		–	–	–	–	–	–	–	(94)	(94)
Settlement of vested and unvested tracker shares	19(a)	3	1,198	–	–	3,987	–	–	(4,795)	393
Settlement of share-based payments	19(a)	1	263	–	–	4,655	–	–	(4,870)	49
Purchase of shares by Employee Benefit Trust	19(a)	–	–	–	–	(10,000)	–	–	–	(10,000)
Credit to equity for equity-settled share-based payments	19(b)	–	–	–	–	–	–	–	4,871	4,871
Current and deferred tax on share-based payment transactions	6,18	–	–	–	–	–	–	–	32	32
<b>Total movements in equity</b>		<b>4</b>	<b>1,461</b>	<b>–</b>	<b>–</b>	<b>(1,358)</b>	<b>(1,437)</b>	<b>–</b>	<b>23,822</b>	<b>22,492</b>
<b>Balance at 30 November 2023</b>		<b>1,349</b>	<b>39,700</b>	<b>172</b>	<b>878</b>	<b>(7,939)</b>	<b>3,305</b>	<b>(13)</b>	<b>185,432</b>	<b>222,884</b>

The accompanying notes form an integral part of this Consolidated Statement of Changes in Equity.

## Company Statement of Changes in Equity

for the year ended 30 November 2023

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£'000	Note	Share capital	Share premium	Capital redemption reserve	Capital reserve	Treasury reserve	Retained earnings	Total equity attributable to owners of the Company
<b>Balance at 1 December 2021</b>		<b>1,337</b>	<b>35,466</b>	<b>172</b>	<b>878</b>	<b>(3,367)</b>	<b>77,119</b>	<b>111,605</b>
Total comprehensive income for the year		–	–	–	–	–	91,257	91,257
Dividends paid to equity holders	8	–	–	–	–	–	(14,650)	(14,650)
Settlement of vested tracker shares	19(a)	6	2,265	–	–	3,835	(224)	5,882
Settlement of share-based payments	19(a)	2	508	–	–	2,851	(2,851)	510
Purchase of shares by Employee Benefit Trust	19(a)	–	–	–	–	(9,900)	–	(9,900)
Credit to equity for equity-settled share-based payments		–	–	–	–	–	4,999	4,999
Current and deferred tax on share-based payment transactions	18	–	–	–	–	–	(97)	(97)
<b>Total movements in equity</b>		<b>8</b>	<b>2,773</b>	<b>–</b>	<b>–</b>	<b>(3,214)</b>	<b>78,434</b>	<b>78,001</b>
<b>Balance at 30 November 2022 and at 1 December 2022</b>		<b>1,345</b>	<b>38,239</b>	<b>172</b>	<b>878</b>	<b>(6,581)</b>	<b>155,553</b>	<b>189,606</b>
Total comprehensive loss for the year		–	–	–	–	–	(9,264)	(9,264)
Dividends paid to equity holders	8	–	–	–	–	–	(27,373)	(27,373)
Settlement of vested tracker shares	19(a)	3	1,198	–	–	3,987	(511)	4,677
Settlement of share-based payments	19(a)	1	263	–	–	4,655	(4,870)	49
Purchase of shares by Employee Benefit Trust	19(a)	–	–	–	–	(10,000)	–	(10,000)
Credit to equity for equity-settled share-based payments		–	–	–	–	–	4,871	4,871
Current and deferred tax on share-based payment transactions	18	–	–	–	–	–	(5)	(5)
<b>Total movements in equity</b>		<b>4</b>	<b>1,461</b>	<b>–</b>	<b>–</b>	<b>(1,358)</b>	<b>(37,152)</b>	<b>(37,045)</b>
<b>Balance at 30 November 2023</b>		<b>1,349</b>	<b>39,700</b>	<b>172</b>	<b>878</b>	<b>(7,939)</b>	<b>118,401</b>	<b>152,561</b>

The accompanying notes form an integral part of this Company Statement of Changes in Equity.

# Consolidated Statement of Cash Flows

for the year ended 30 November 2023

£'000	Note	30 November 2023	30 November 2022
<b>Cash flows from operating activities</b>			
Profit before tax		<b>77,915</b>	77,026
<b>Adjustments for:</b>			
Depreciation and amortisation charge	9,10,15	<b>15,914</b>	18,902
Loss on disposal of property, plant and equipment other than right-of-use assets	9	<b>160</b>	122
Gain on lease modification	9	<b>-</b>	(266)
Impairment of intangible assets	10	<b>-</b>	499
Loss on disposal of intangible assets	10	<b>-</b>	1,176
Finance income	5	<b>(2,257)</b>	(141)
Finance costs	5	<b>698</b>	667
Non-cash charge for equity-settled share-based payments	19(b)	<b>4,871</b>	4,999
<b>Operating cash flows before changes in working capital and provisions</b>		<b>97,301</b>	102,984
Decrease/(increase) in receivables		<b>10,019</b>	(59,288)
(Decrease)/increase in payables		<b>(11,821)</b>	17,174
(Decrease)/increase in provisions		<b>(2,220)</b>	3,510
Cash generated from operations		<b>93,279</b>	64,380
Interest received	5	<b>2,257</b>	141
Income tax paid		<b>(19,495)</b>	(18,922)
Net cash generated from operating activities		<b>76,041</b>	45,599
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	<b>(1,975)</b>	(3,407)
Purchase of intangible assets	10	<b>(6,237)</b>	(265)
Net cash used in investing activities		<b>(8,212)</b>	(3,672)
<b>Cash flows from financing activities</b>			
Interest paid	15,16	<b>(698)</b>	(667)
Lease principal payments	15,16	<b>(14,250)</b>	(13,721)
Proceeds from exercise of share options		<b>264</b>	510
Purchase of shares by Employee Benefit Trust	19(a)	<b>(10,000)</b>	(9,900)
Dividends paid to equity holders	8	<b>(27,373)</b>	(14,650)
Distributions to tracker shareholders		<b>(94)</b>	(109)
Net cash used in financing activities		<b>(52,151)</b>	(38,537)
<b>Net increase in cash and cash equivalents</b>		<b>15,678</b>	3,390
Cash and cash equivalents at beginning of the year		<b>65,386</b>	57,502
Exchange gains relating to cash and cash equivalents		<b>2,138</b>	4,494
<b>Net cash and cash equivalents at end of the year</b>		<b>83,202</b>	65,386

The accompanying notes form an integral part of this Consolidated Statement of Cash Flows.

# Notes to the financial statements

for the year ended 30 November 2023

## 1 Basis of preparation and consolidation

### General information

SThree plc is a public limited company listed on the London Stock Exchange, incorporated in the United Kingdom and domiciled in the United Kingdom, and registered in England and Wales. Its registered office is 1st Floor, 75 King William Street, London, EC4N 7BE.

The business model, activities, locations of SThree plc (the Company) and its subsidiaries (together the Group) are set out further in the Strategic Report of this Annual Report.

### Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and in conformity with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards, including interpretations issued by the IFRS Interpretations Committee.

The Group's key accounting policies are set out across the following notes to the accounts and were applied consistently throughout the year and preceding year. The notes to the financial statements have been prepared on a continuing basis unless otherwise stated.

The Consolidated Financial Statements have been prepared under the historical cost basis of accounting, as modified by financial assets held at fair value through profit or loss or held at fair value through other comprehensive income.

The Consolidated Financial Statements are presented in Sterling, the functional currency of SThree plc.

The Company-only Financial Statements have been prepared under the historical cost convention, in accordance with Financial Reporting Standard 101 (FRS 101) *Reduced Disclosure Framework* as issued by the Financial Reporting Council. As permitted by Section 408 of the Companies Act 2006, the Company's income statement and statement of comprehensive income have not been presented. The Company, as permitted by FRS 101, has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, certain disclosures regarding the Company's capital, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, certain related party transactions and the effect of future accounting standards not yet adopted. Where required, equivalent disclosures are provided in the Consolidated Financial Statements of SThree plc.

The significant accounting policies and significant judgments and key estimates, including those applied in the individual going concern assessment relevant to the Company, are the same as those set out in this note 1 to the SThree Group consolidated financial statements.

### Going concern

The Consolidated and Company-only Financial Statements have been prepared on a going concern basis. The Directors have reviewed the Group's cash flow forecasts, considered the assumptions contained in the budget, and considered associated principal risks which may impact the Group's performance in the 12 months from the date of approval of this year's financial statements and in the period immediately thereafter.

At 30 November 2023, the Group had no debt except for lease liabilities of £29.0 million. Credit facilities relevant to the review period comprise a committed £50.0 million Revolving Credit Facility (RCF) (with the expiry date of June 2026, with an extension option to 2027) and an uncommitted £30.0 million accordion facility, both jointly provided by HSBC and Citibank. A further uncommitted £5.0 million bank overdraft facility is also held with HSBC. All these facilities remained undrawn on 30 November 2023.

In addition, the Group has £83.2 million of cash and cash equivalents available to fund its short-term needs, as well as a substantial working capital position, reflecting net cash due to SThree for placements already undertaken.

The assessment of going concern is further described in the Strategic Report as part of the Compliance information under the heading 'Going concern' on page 83 which is incorporated by reference into these financial statements. Based on this evaluation, the Directors have formed a judgement that the Group has adequate resources to continue in operational existence for at least the next 12 months from the date of approval of the Group's Consolidated Financial Statements, and considered it appropriate to prepare them on the going concern basis.

### Climate change consideration

Climate change is a significant issue for the world and the transition to a low-carbon economy will create both risks and opportunities for the Group. The management team has considered the impact of climate change in preparing the Consolidated Financial Statements, particularly in the context of the risks identified in the TCFD report on pages 58 to 75. These considerations, which are integral to the Group's strategy, are not viewed to be key areas of judgements or sources of estimation uncertainty in the current financial year.

## 1 Basis of preparation and consolidation continued

The management team considered the impact from climate change on the following areas:

- The going concern and viability of the Group over the next five years, including the potential impact of climate-related risks, such as SThree's offices impacted by heightened physical risks affecting our operational ability to place contractors and service the existing contracts, resulting in lower revenue and income. This is subject to the ongoing assessment by the management team performed using three climate-related scenarios for 2023-2040. The assessment helps to continually test SThree's strategic resilience and its flexibility to adapt operations to ever-changing risks and opportunities as a consequence of climate change to drive continued growth.
- Useful lives of fixed assets: the impact of climate change is not considered to be material on our existing asset base including on factors like residual values, useful lives and depreciation methods which determine the carrying value of non-current assets. Although the Group has plans to invest in low-carbon technology as part of its net zero commitment, there is no immediate risk of material adjustment to the carrying values of the existing assets in the next financial year's results. Over the course of our net zero path, the existing fixed assets are expected to be fully depreciated within the next five to seven years.
- Recoverability of trade receivables and contract assets: the impact of climate-related matters could have an impact on the Group's clients in the future, especially, clients whose businesses/operations could be negatively affected by the introduction of emission-reduction legislation, energy transition plans or by extreme weather and other physical conditions, which could lead to increase in manufacturing costs, dilapidation of their asset base and their ability to pay debts. No material climate-related issues have arisen during the current year that have impacted our assessment of the recoverability of receivables. The Group's ECL allowance uses credit ratings which inherently include the market's assessment of the climate change impact on credit risk of our clients. Given the short-term maturity of trade receivables including contract assets, climate change is unlikely to materially increase our credit risk.
- Share-based payments: some performance conditions of the Long-Term Incentive Plan (LTIP) for members of the Executive Committee are linked and measured against ESG metrics since the 2022 financial year. This could impact the future amount of the recognition of the share-based payment expense in the Group income statement. However, as the ESG-related performance condition constitutes 10% of each grant, the impact is low.
- Segmental reporting: in our response to climate change and transition to a net zero target, there has been yet no change to the management information provided to, and reviewed by, the chief operating decision maker each month.

Whilst there is currently no material medium-term impact expected from climate change, the management team is aware of the ever-changing risks and will continue to regularly monitor these risks against judgements and estimates made in preparation of the Group's financial statements.

### Accounting policies

The accounting policies used in the preparation of the Consolidated Financial Statements are consistent with those applied in the previous financial year, except for the adoption of new and amended standards effective as of 1 December 2022 as set out below.

#### New and amended standards effective in 2023 and adopted by the Group

The following amendments to the accounting standards, issued by the IASB and endorsed by the UK and EU, have been adopted by the Group and became applicable as of 1 December 2022. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

- Reference to the Conceptual Framework (amendments to IFRS 3 *Business Combinations*).
- Property, plant and equipment – proceeds before intended use (amendments to IAS 16 *Property, Plant and Equipment*).
- Onerous contracts – cost of fulfilling a contract (amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*).
- Annual improvements to IFRS 2018–2020 (amendments to the following standards: IFRS 1 *First-time Adoption of IFRS*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases* and IAS 41 *Agriculture*).

#### New and amended standards that are applicable to the Group but not yet effective

As at the date of authorisation of this Annual Report, the following amendments to existing standards were in issue but not yet effective. Subject to the endorsement by the UKEB, these changes are effective for the SThree's financial year beginning 1 December 2023. These amendments are not expected to have a material impact on the Group in the current or future financial years.

- Disclosure of Accounting Policies (Amendments to IAS 1 *Presentation of Financial Statements* (IAS 1) and IFRS *Practice Statement 2*).
- Definition of Accounting Estimates (Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors*).
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12 *Income Taxes*).
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12 *Income Taxes*).
- IFRS 17 *Insurance Contracts*, a standard that is ultimately intended to replace IFRS 4 *Insurance Contracts*.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Group's significant accounting policies relating to specific financial statement items are set out under the relevant notes. Accounting policies that affect the financial statements as a whole and a description of the accounting estimates and judgements are set out below.

### Basis of consolidation

The Consolidated Financial Statements of the Group include the financial statements of the Company and all its subsidiaries. Subsidiaries are fully consolidated from the date on which the Group obtains control. The Group has control when it has rights to variable returns from its involvement in the entity and has the ability to affect those returns through its power over the entity. The subsidiaries are deconsolidated from the date on which that control ceases.

When the Group disposes of a subsidiary, the gain or loss on disposal represents: (i) the aggregate of the fair value of the consideration received or receivable; (ii) the carrying amount of the subsidiary's net assets (including goodwill) at the date of disposal; and (iii) any directly attributable disposal costs. Amounts previously recognised in other comprehensive income in relation to the subsidiary are removed from equity and recognised in the Consolidated Income Statement as part of the gain or loss on disposal.

Uniform accounting policies are adopted across the Group. All intra-group balances and transactions, including unrealised profits and losses arising from intra-group transactions, are eliminated on consolidation.

### Foreign currencies and translation

#### Functional and presentation currency

Items included in the financial statements of each Group subsidiary are measured using the currency of the primary economic environment in which that subsidiary operates (its functional currency).

#### Transactions and balances

Foreign currency transactions are translated using exchange rates at the date of the transactions. Any exchange gain or loss from settlement of these transactions or translation at the period end are recognised in the income statement.

#### Consolidation

On consolidation, the subsidiaries' assets and liabilities denominated in foreign currencies are translated into Sterling at the rates ruling at the reporting date. The results of foreign subsidiaries are translated into Sterling at average rates of exchange for the period and the exchange differences arising on translation are recognised in Other Comprehensive Income. Any exchange differences which have arisen from an entity's investment in a foreign subsidiary, including long-term loans, are recognised as a separate component of equity and are included in the Group's currency translation reserve (CTR). When a foreign operation is sold, such exchange differences are reclassified from CTR to the Consolidated Income Statement to form part of the gain or loss on disposal.

### Critical accounting judgements and estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Critical accounting judgements

Details of critical accounting judgements which could have a significant impact upon the financial statements are set out in the related notes as follows:

- Tracker shares arrangements (refer to note 11 *Investments*).
- Indicators of impairment of investments in subsidiaries (Company only) (refer to note 11 *Investments*).

#### Critical accounting estimates

The assumptions and estimates at the end of the current reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out in the related note as follows:

- Revenue recognition (refer to note 2 *Operating segments*).

## 1 Basis of preparation and consolidation continued

### Other areas of judgement and accounting estimates

The consolidated financial statements include other area of judgement and accounting estimates. While this area does not meet the definition under IAS 1 of significant accounting estimates or critical accounting judgements, the recognition and measurement of certain material assets and liabilities are based on assumptions and/or are subject to longer-term uncertainties. The other area of judgement and accounting estimates is:

- (i) Provisions in respect of recoverability of trade receivables and contract assets, otherwise referred to as ‘allowance for expected credit losses’.

As described in note 12 *Trade and other receivables*, provisions for impairment of trade receivables and contract assets have been made. In reviewing the appropriateness of these provisions, consideration has been given to the ageing of the debt and the potential likelihood of default, taking into account current and future economic conditions.

## 2 Operating segments

### Accounting policy

#### Revenue

Revenue from contracts with customers is recognised when or as the Group satisfies a performance obligation by transferring service to a client. For Permanent placements, the Group principally satisfies its performance obligations at a point in time; for Contract placements, the Group satisfies its performance obligations over time. Revenue is shown net of value added tax and other sales-related taxes, credit notes, rebates and discounts and after elimination of sales within the Group.

Contract revenue for the supply of professional services, which is mainly based on the number of hours worked by a contractor, is recognised when the service has been provided. Revenue from Permanent placements is typically based on a fixed percentage of the candidate’s remuneration package and is recognised when the candidate commences employment. Revenue earned but not invoiced at year end is accrued and included in ‘Contract assets’ (it represents a variable part of revenue). The management team applies a constraint in the form of the historical shrinkage rate to Contract assets, aimed at preventing the over-recognition of revenue.

Revenue from retained assignments is recognised on completion of certain pre-agreed stages of the service. Fees received for the service are non-refundable.

A bad debt provision is established for non-fulfilment of Permanent placement and Contract revenue obligations, which is netted off against the gross trade receivables on the face of the statement of financial position.

#### Cost of sales

Cost of sales consists of the contractors’ (including employed contractors) cost of supplying services and any costs directly attributable to them.

#### Net fees

Net fees represent revenue less cost of sales and consist of the total placement fees of Permanent candidates and the margin earned on the placement of contractors.

### Critical accounting estimates

#### Revenue recognition (Contract assets)

Contract revenue is recognised when the supply of professional services has been rendered. This includes an assessment of professional services received by the client for services provided by contractors between the date of the last received timesheet and the year end.

Revenue is accrued (known as Contract assets) for contracts which are valid in the period, but where no timesheet has been received or approved, and therefore billing and payments to contractors have not taken place. The value of unsubmitted/unapproved timesheets for each individual contractor is system generated and the number of hours worked by each contractor is adjusted for expected holidays and the historical shrinkage rate.

The key estimation uncertainty arises from determining the historical shrinkage rate which is used to constrain the variable part of revenue, i.e. Contract assets, at the reporting date. The historical shrinkage rate represents a full-year (12-month rolling) average pattern in which revenue recognised for expected timesheets is reduced versus the actual timesheets received and approved each month.

In FY23, the average shrinkage rate was approximately 12.8% across the Group (FY22: 14.6%).

A 10% increase in this key assumption could have an impact of approximately £0.3 million on the amount of Contract net fees (£1.3 million on revenue less £1.0 million on costs of sales) in the Consolidated Income Statement in the next financial year.

The Group’s operating segments are established on the basis of those components of the Group that are regularly reviewed by the Group’s chief operating decision making body, in deciding how to allocate resources and in assessing performance. The Group’s business is considered primarily from a geographical perspective.

The Directors have determined the chief operating decision-making body to be the Executive Committee made up of the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Chief Commercial Officer and the Chief People Officer, with other senior management attending via invitation.

In the current financial year, the Group has changed its reporting structure and going forward it will segment the business into the following reportable regions: DACH, Netherlands including Spain (Spain is managed from the Netherlands), Rest of Europe, USA and Middle East & Asia. The comparative numbers have been restated in accordance with the new reporting structure. The reporting structure in the previous financial year was: EMEA excluding DACH, DACH, USA and Asia Pacific.

The Group will continue to present separately the net fees of its five key markets: Germany, the Netherlands, the USA, the UK and Japan. In addition, what it previously referred to as sectors, has now been renamed as ‘skills mix’. Finally, Contract and Permanent are from now on referred to as ‘service mix’.

DACH region comprises Austria, Germany and Switzerland. Rest of Europe comprises the UK, Belgium and France, and Middle East & Asia includes Japan and UAE.

Countries aggregated into DACH and separately into Rest of Europe have similar economic risks and prospects, i.e. they are expected to generate similar average gross margins over the long term, and are similar in each of the following areas:

- the nature of the services (recruitment/candidate placement);
- the methods used in which they provide services to clients (independent contractors, employed contractors, and permanent candidates); and
- the class of candidates (candidates, who we place with our clients, represent skillsets in Science, Technology and Engineering disciplines).

The Group’s management reporting and controlling systems use accounting policies that are the same as those described in these financial statements and the accompanying notes.

### Revenue and net fees by reportable segment

The Group assesses the performance of its operating segments through a measure of segment profit or loss which is referred to as ‘net fees’ in the management reporting and controlling systems. Net fees is the measure of segment profit comprising revenue less cost of sales.

£'000	Revenue		Net fees	
	2023	2022 (restated)	2023	2022 (restated)
DACH	524,732	539,014	148,925	148,922
Rest of Europe	399,862	394,351	70,439	73,093
Netherlands including Spain	367,643	323,963	82,149	75,661
USA	328,293	338,221	96,410	111,545
Middle East & Asia	42,637	43,897	20,852	21,395
	<b>1,663,167</b>	1,639,446	<b>418,775</b>	430,616

## 2 Operating segments continued

### Split of revenue from contracts with customers

The Group derives revenue from the transfer of services over time and at a point in time in the following geographical regions:

2023 £'000	DACH	Rest of Europe	Netherlands including Spain	USA	Middle East & Asia	Total
Timing of revenue recognition						
Over time	483,491	396,354	358,122	316,866	29,382	1,584,215
At a point in time	41,241	3,508	9,521	11,427	13,255	78,952
	<b>524,732</b>	<b>399,862</b>	<b>367,643</b>	<b>328,293</b>	<b>42,637</b>	<b>1,663,167</b>
2022 (restated) £'000	DACH	Rest of Europe	Netherlands including Spain	USA	Middle East & Asia	Total
Timing of revenue recognition						
Over time	495,268	385,772	315,371	315,134	28,778	1,540,323
At a point in time	43,746	8,579	8,592	23,087	15,119	99,123
	<b>539,014</b>	<b>394,351</b>	<b>323,963</b>	<b>338,221</b>	<b>43,897</b>	<b>1,639,446</b>

### Major customers

In FY23 and FY22, no single customer generated more than 10% of the Group's revenue.

### Other information

The Group's revenue from external customers, its net fees and information about its segment assets (non-current assets excluding deferred tax assets) by key location are detailed below:

£'000	Revenue		Net fees	
	2023	2022	2023	2022
Germany	453,537	468,352	130,875	131,880
Netherlands	350,295	314,156	77,073	72,931
USA	328,293	338,221	96,410	111,545
UK	263,461	262,999	44,953	46,689
Japan	10,813	10,793	9,317	9,410
RoW <sup>1</sup>	256,768	244,925	60,147	58,161
	<b>1,663,167</b>	<b>1,639,446</b>	<b>418,775</b>	<b>430,616</b>

£'000	30 November	30 November
	2023	2022
<b>Non-current assets</b>		
Germany	11,891	16,313
UK	11,458	5,374
Netherlands	5,678	2,149
Japan	2,730	4,144
USA	2,687	3,962
RoW <sup>1</sup>	3,738	4,153
	<b>38,182</b>	<b>36,095</b>

1. RoW (Rest of World) includes all countries other than listed.

Non-current assets do not include Deferred Tax Assets as they are not reviewed by the CODM.

The following segmental analysis by brands, recruitment classification and sectors (being the profession of candidates placed) has been included as additional disclosure to the requirements of IFRS 8 *Operating Segments*.

£'000	Revenue		Net fees	
	2023	2022	2023	2022
<b>Brands</b>				
Progressive	565,938	475,142	143,666	124,877
Computer Futures	538,710	564,844	137,591	143,932
Real Staffing Group	316,062	365,708	83,740	104,901
Huxley Associates	242,457	233,752	53,778	56,906
	<b>1,663,167</b>	<b>1,639,446</b>	<b>418,775</b>	<b>430,616</b>

Other brands, including Global Enterprise Partners, JP Gray, Madison Black, Newington International and Orgtel are rolled into the above brands.

£'000	Revenue		Net fees	
	2023	2022	2023	2022
<b>Service mix</b>				
Contract	1,584,215	1,540,323	343,502	334,215
Permanent	78,952	99,123	75,273	96,401
	<b>1,663,167</b>	<b>1,639,446</b>	<b>418,775</b>	<b>430,616</b>

£'000	Revenue		Net fees	
	2023	2022	2023	2022
<b>Skills mix</b>				
Technology	842,634	838,649	202,510	203,184
Engineering Life	415,357	341,850	108,820	92,083
Sciences	270,235	319,734	75,516	95,172
Other	134,941	139,213	31,929	40,177
	<b>1,663,167</b>	<b>1,639,446</b>	<b>418,775</b>	<b>430,616</b>

## 3 Administrative expenses

### (a) Operating profit is stated after charging/(crediting):

£'000	2023	2022
Staff costs (note 4)	255,007	266,010
Depreciation (note 9)	15,898	18,682
Amortisation (note 10)	16	220
Loss on disposal of property, plant and equipment (note 9)	160	122
Gain on lease modification (note 9)	-	(266)
Impairment of intangible assets (note 10)	-	499
Loss on disposal of intangible assets (note 10)	-	1,176
Service lease charges – Buildings	2,176	2,426
Service lease charges – Cars	1,890	1,391
Foreign exchange losses	1,882	1,164

### 3 Administrative expenses continued

#### (b) Auditors' remuneration

During the year, the Group (including its subsidiaries) obtained the following services from the Company's auditors and its associates.

£'000	2023	2022
Fees payable to the Company's auditors for the audit of the Company's annual financial statements:		
– recurring and non-recurring audit fees	699	523
Fees payable to the Company's auditors and their associates for other services to the Group:		
– audit of the Company's subsidiaries pursuant to legislation	429	402
– audit-related assurance services	13	12
– all other non-audit services including Viewpoint subscription	1	1
<b>Fees charged to operating profit</b>	<b>1,142</b>	<b>938</b>

### 4 Directors and employees

#### Accounting policy

##### Employee benefits

Wages, salaries, bonuses, social security contributions, paid annual leave or sick leave and any other employee benefits are accrued in the period in which the associated services are rendered by employees to the Group.

The Group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension costs charged to the income statement represent the contributions payable by the Group to the funds during each period.

##### Share-based payments

The Group operates a number of equity-settled share-based arrangements, under which it receives services from employees in return for equity instruments of the Group. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date when equity instruments are granted and is recognised as an expense over the vesting period, which ends on the date on which the employees become fully entitled to the award. Fair value is determined by using an appropriate valuation model.

No expense is recognised for awards that do not ultimately vest. For the awards with non-vesting conditions (awards that do not have an explicit or implicit service requirement), the full cost of the award is recognised on the grant date, i.e. they are treated as fully vested irrespective of whether or not the market condition is satisfied.

At the end of the reporting period, the cumulative expense is calculated, representing the extent to which the vesting period has expired and the best estimate of the achievement of non-market conditions and the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous year end is recognised in the income statement, with a corresponding credit recognised in equity.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid, up to the fair value of the award, at the cancellation or settlement date, is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

Aggregate remuneration of employees, including Directors, in continuing operations was:

£'000	Group		Company	
	2023	2022	2023	2022
Wages and salaries (including bonuses)	216,354	229,460	1,637	2,457
Social security costs	28,917	26,822	172	153
Other pension costs	3,090	3,161	37	13
Temporary staff costs	1,761	1,513	–	–
Share-based payments (see note 19(b))	4,885	5,054	226	525
	<b>255,007</b>	<b>266,010</b>	<b>2,072</b>	<b>3,148</b>

The staff costs capitalised during the year on internally developed assets (note 10) and not included in the above amounts were £2.7 million (FY22: £0.3 million).

The average monthly number of employees (including Executive Directors) during the year was:

	Rest of Europe	DACH	USA	Netherlands including Spain	Middle East & Asia	Group total	Company total
<b>2023</b>							
Sales	431	818	367	356	166	2,138	–
Non-sales	635	173	131	94	29	1,062	8
	<b>1,066</b>	<b>991</b>	<b>498</b>	<b>450</b>	<b>195</b>	<b>3,200</b>	<b>8</b>
<b>2022 (restated)</b>							
Sales	487	827	444	334	190	2,282	–
Non-sales	620	138	130	81	32	1,001	7
	<b>1,107</b>	<b>965</b>	<b>574</b>	<b>415</b>	<b>222</b>	<b>3,283</b>	<b>7</b>

The breakdown of group headcount for the prior year has been restated to reflect the new segmental reporting structure (see details in note 2 *Operating segments*).

The average number of employees is derived by dividing the sum of the number of employees employed under contracts of service in each month (whether throughout the month or not) by the number of months in the financial year, irrespective of whether they are full-time or part-time.

There were also 3,441 (FY22: 3,613) contractors engaged during the year under the Employed Contractor Model (ECM). They are not included in the numbers above as they are not considered to be full-time employees of the Group. The labour costs of employed contractors is treated as the direct costs attributable to the delivery of SThree's recruitment services to its clients. The entire ECM cost, which in the current year amounted to £349.6 million (FY22: £335.9 million), is therefore captured within cost of sales.

Details of the Directors' remuneration for the year, including the highest paid Director, which form part of these financial statements, are provided in the Directors' remuneration report (section 1.1).

Directors' compensation for loss of office was £0.4 million (FY22: £0.1 million).

## 5 Finance income and finance costs

### Accounting policy

Finance income is recognised as the interest accrues to the net carrying amount of the financial asset. Finance cost is recognised in the income statement in the period in which it is incurred.

£'000	2023	2022
<b>Finance income</b>		
Bank interest receivable	2,237	139
Other interest	20	2
	<b>2,257</b>	141
<b>Finance costs</b>		
Interest on lease liability	(605)	(530)
Bank loans and overdrafts	(93)	(137)
	<b>(698)</b>	(667)
<b>Net finance income/(costs)</b>	<b>1,559</b>	(526)

## 6 Income tax expense

### Accounting policy

The tax expense comprises both current and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before income tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

#### Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is calculated using tax rates that are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that sufficient future taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Where an entity has been loss-making, deferred tax assets are only recognised if there is convincing evidence supporting its future utilisation.

## (a) Analysis of tax charge for the year

£'000	2023	2022
<b>Current income tax</b>		
Corporation tax charged on profits for the year	23,679	23,409
Adjustments in respect of prior periods	(447)	(133)
Total current tax charge	<b>23,232</b>	23,276
<b>Deferred income tax</b>		
Origination and reversal of temporary differences	(1,117)	(395)
Adjustments in respect of prior periods (note 18)	(251)	(57)
Total deferred tax credit	<b>(1,368)</b>	(452)
<b>Total income tax charge in the Consolidated Income Statement</b>	<b>21,864</b>	22,824

## (b) Reconciliation of the effective tax rate

The Group's tax charge for the year exceeds (FY22: exceeds) the UK statutory rate and can be reconciled as follows:

£'000	2023	2022
Profit before income tax for the Group	77,915	77,026
Profit before income tax multiplied by the standard rate of corporation tax in the UK at 23.0% (FY22: 19.0%)	17,920	14,635
<b>Effects of:</b>		
Disallowable items	1,720	1,905
Differing tax rates on overseas earnings	2,524	5,590
Adjustments in respect of prior periods	(697)	(190)
Adjustments due to tax rate changes	(1)	(294)
Tax losses for which deferred tax asset was not recognised or derecognised	398	1,178
<b>Total tax charge for the year</b>	<b>21,864</b>	22,824
<b>At the effective tax rate</b>	<b>28.1%</b>	29.6%

## (c) Current and deferred tax movement recognised directly in equity

£'000	2023	2022
<b>Equity-settled share-based payments:</b>		
Current tax credit	69	196
Deferred tax charge	(37)	(574)
	<b>32</b>	(378)

The Group expects to receive additional tax deductions in respect of share options currently unexercised. Under IFRS, the Group is required to provide for deferred tax on all unexercised share options. Where the amount of the tax deduction (or estimated future tax deduction) exceeds the amount of the related cumulative remuneration expense, this indicates that the tax deduction relates not only to remuneration expense but also to an equity item. In this situation, the excess of the current or deferred tax should be recognised in equity. At 30 November 2023, a deferred tax asset of £1.4 million (FY22: £1.1 million) was recognised in respect of these options (note 18).

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK; the Act introduced a multinational top-up tax and domestic top-up tax as part of the UK's adoption of the OECD's Pillar Two Global Anti-Base Erosion rules. This will apply for accounting periods beginning on or after 31 December 2023. The Group has applied the exception under the Amendments to IAS 12 *Income Taxes* to not disclose information about deferred tax assets and liabilities related to the OECD Pillar Two Income Taxes.

## 7 Earnings per share

### Accounting policy

Basic earnings per share (EPS) is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period excluding shares held as treasury shares (note 19(a)) and those held in the Employee Benefit Trust (EBT), which for accounting purposes are treated in the same manner as shares held in the treasury reserve.

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares arising from exercising employee stock options and tracker shares.

For accounting policy regarding EBT, refer to note 19 *Equity*.

The following tables reflect the income and share data used in the basic and diluted EPS calculations.

£'000	2023	2022
<b>Earnings</b>		
Profit for the year attributable to owners of the Company	<b>56,051</b>	54,202
<b>Number of shares</b>		
Weighted average number of shares used for basic EPS	<b>132.1</b>	132.2
Dilutive effect of share plans	<b>2.9</b>	3.7
<b>Diluted weighted average number of shares used for diluted EPS</b>	<b>135.0</b>	135.9
<b>pence</b>		
Basic EPS	<b>42.4</b>	41.0
Diluted EPS	<b>41.5</b>	39.9

## 8 Dividends

### Accounting policy

Interim dividends are recognised in the financial statements at the earlier of the time they are paid or shareholders' approval. Final dividends declared to the Company's shareholders are recognised as a liability in the Company's and Group's financial statements in the period in which they are approved by the Company's shareholders.

The Company recognises dividends from subsidiaries at the time that they are declared.

£'000	2023	2022
<b>Amounts recognised as distributions to equity holders in the year</b>		
Interim dividend of 5.0 pence for FY22 (FY21: 3.0 pence) per share <sup>2</sup>	<b>6,605</b>	3,965
Final dividend of 11.0 pence for FY22 (FY21: 8.0 pence) per share <sup>3</sup>	<b>14,385</b>	10,685
Interim dividend of 5.0 pence for FY23 per share <sup>4</sup>	<b>6,383</b>	–
	<b>27,373</b>	14,650

£'000	2023	2022
<b>Amounts arising in respect of the financial year</b>		
Interim dividend of 5.0 pence for FY23 (FY22: 5.0 pence) per share <sup>4</sup>	<b>6,383</b>	6,632
Proposed final dividend of 11.6 pence for FY23 (FY22: 11.0 pence) per share <sup>5</sup>	<b>15,327</b>	14,547
	<b>21,710</b>	21,179

2. The FY22 interim dividend of 5.0 pence (FY21: 3.0 pence) per share was paid on 2 December 2022 to those shareholders on the register of SThree plc on 4 November 2022.

3. The FY22 final dividend of 11.0 pence (FY21: 8.0 pence) per share was paid on 9 June 2023 to shareholders on record on 12 May 2023.

4. The FY23 interim dividend of 5.0 pence (FY22: 5.0 pence) per share was paid on 8 December 2023 to shareholders on record at 10 November 2023. The £6.4 million in funds, required for settlement of the interim dividend, were first transferred to the share administrator before 30 November 2023.

5. The Board has proposed the FY23 final dividend of 11.6 pence (FY22: 11.0 pence) per share, to be paid on 7 June 2024 to shareholders on record at 10 May 2024. This proposed final dividend is subject to approval by shareholders at the Company's next Annual General Meeting on 25 April 2024, and therefore has not been included as a liability in these financial statements.

## 9 Property, plant and equipment

### Accounting policy

Property, plant and equipment is recorded at cost less accumulated depreciation and any impairment losses. Subsequent expenditure is added to the carrying value of the asset when it is probable that future economic benefits, in excess of the originally assessed performance of the existing asset, will flow to the Group and the costs can be measured reliably. All other subsequent expenditure is expensed in the period in which it is incurred.

Depreciation is provided on a straight-line basis and charged to the income statement over the expected useful working lives of the assets, after they have been brought into use, at the following rates:

Right-of-use assets	lower of the asset's useful life and the lease term
Computer equipment	three years
Leasehold improvements	lower of the lease term and five years
Fixtures and fittings	five years

Gains and losses on disposals are included in the income statement by comparing proceeds with carrying amount.

Residual values and useful lives are reviewed and adjusted if appropriate at the end of the reporting period. Any changes are accounted for prospectively.

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's fair value less cost to sell and its value in use.

For accounting policy regarding right-of-use assets, refer to note 15 *Leases*.



## 10 Intangible assets continued

The movements in intangible assets by asset class during the year were as follows:

£'000	Goodwill	Internally generated			Trademarks	Total
		Computer software	Assets under construction	Software and system development costs		
<b>Cost</b>						
At 1 December 2021	206,317	9,077	695	39,343	71	255,503
Additions	–	8	257	–	–	265
Disposals	–	(2)	(765)	(433)	–	(1,200)
Reclassification	–	–	(202)	202	–	–
Forex revaluation	–	1	15	–	–	16
At 30 November 2022	206,317	9,084	–	39,112	71	254,584
Additions	–	64	6,173	–	–	6,237
Disposals	–	(3,760)	–	–	–	(3,760)
Forex revaluation	–	(1)	–	–	–	(1)
<b>At 30 November 2023</b>	<b>206,317</b>	<b>5,387</b>	<b>6,173</b>	<b>39,112</b>	<b>71</b>	<b>257,060</b>
<b>Accumulated amortisation and impairment</b>						
At 1 December 2021	205,479	9,074	–	38,420	71	253,044
Amortisation charge for the year	–	4	–	216	–	220
Accelerated amortisation and impairment charge	–	–	–	499	–	499
Disposals	–	(2)	–	(22)	–	(24)
Reclassification	–	–	–	(1)	–	(1)
At 30 November 2022	205,479	9,076	–	39,112	71	253,738
Amortisation charge for the year	–	16	–	–	–	16
Disposals	–	(3,760)	–	–	–	(3,760)
<b>At 30 November 2023</b>	<b>205,479</b>	<b>5,332</b>	<b>–</b>	<b>39,112</b>	<b>71</b>	<b>249,994</b>
<b>Net book value</b>						
<b>At 30 November 2023</b>	<b>838</b>	<b>55</b>	<b>6,173</b>	<b>–</b>	<b>–</b>	<b>7,066</b>
At 30 November 2022	838	8	–	–	–	846

During the year, the Group made good progress in executing the Technology Improvement Programme. Nearly £6.2 million in development costs were capitalised in the statement of financial position. In addition, the Group incurred £3.8 million in costs spent on research-related and administrative costs which were expensed immediately to the income statement. At the reporting date, all the costs capitalised in the statement of financial position were classified as assets under construction due to the ongoing testing procedures. Management expects that these assets are likely to be brought into use in Q2 FY24 at the earliest. Accordingly, the asset amortisation is expected to start in the second half of the next financial year.

In the prior year, management expensed £1.7 million (including £0.5 million in accelerated amortisation) worth of the legacy development costs and assets no longer in use to the income statement.

An amortisation charge for FY23 was immaterial, less than of £0.1 million (FY22: £0.2 million), and was included in administrative expenses.

Disclosures required under IAS 36 *Impairment of Assets* for goodwill impairment have not been included on the basis that the goodwill value is not considered material.

The Company has no intangible assets.

## 11 Investments

### Accounting policy

#### Equity investments

The Group classifies its financial assets in the following measurement categories:

- those measured subsequently at fair value, either through other comprehensive income (FVOCI) or through profit or loss; and
- those measured at amortised cost.

Classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will be recorded in either profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

#### Subsidiaries

Investments in shares in subsidiary companies are stated at cost less impairment loss to the extent that the carrying value exceeds the recoverable amount; the investment is impaired to its recoverable amount with the impairment charged to the Company's income statement. An investment is deemed to be impaired when it has been determined that its carrying value will not be recovered either through actual cash flows or operating profit generation or selling it. If circumstances arise that indicate that investments might be impaired, the recoverable amount of the investment is estimated. The recoverable amount is the higher of the fair value less costs to sell or its value in use. To the extent that the carrying value exceeds the recoverable amount, the investment is impaired to its recoverable amount.

Where share-based payments are granted to the employees of subsidiary undertakings by the Company, they are treated as a capital contribution to the subsidiary and the Company's investment in the subsidiary is increased accordingly.

The investments in shares in the undertakings outside of the Group, in particular where the Group does not have significant influence or control, are classified as financial assets held at fair value through other comprehensive income. At initial recognition, such shareholdings are measured at cost and on subsequent measurement dates they are fair valued on the basis of current prices generated for similar transactions or using an enterprise value to sales multiple valuation method.

#### Tracker share arrangements

Over the past years, until 2020, the Group invited selected senior individuals to invest in the businesses they manage, sharing in both the risk and reward. These individuals were offered equity ('tracker shares') in those businesses in return for making an investment. The amount of equity offered varied in different circumstances but was never over 25% of the overall equity of the business in question. The equity stake tracks the performance of the underlying business and the individuals receive dividends (if declared) by the 'tracked' business.

If an individual remains a holder of the tracker shares for a pre-agreed period, typically three to five years depending on the vesting period applied to the tracker shares, they may then offer their vested tracker shares for sale to the Group, but there is no obligation on the Group to settle the arrangement. SThree will undertake a formal due diligence process to establish whether there is a sound business case for settling a tracker share and make an arm's length judgement. Should the Group decide to settle the tracker shares, it will do so at a price which is determined using a formula stipulated in the tracker share Articles of Association (Articles). SThree plc may settle in cash or in its shares, as it chooses. The Group policy is to settle in SThree plc shares. Consequently, the arrangements are deemed to be an equity-settled share-based payment scheme under IFRS 2 *Share-based Payments* (IFRS 2).

Individuals paid the fair value for the tracker shares at the time of the initial subscription, as determined by an independent third-party valuer in accordance with IFRS 2 and taking into account the particular rights attached to the shares as described in the relevant businesses' Articles. The initial valuation always took into consideration factors such as the size and trading record of the underlying business, expected dividends, future projections, as well as the external market, sector and country characteristics. The external valuer was supplied with detailed financial information, including net fees and EBITDA of the relevant businesses. Using this information, an independent calculation of the initial Equity Value (EV) was prepared. This EV was then discounted to arrive at a valuation to take into account the relevant characteristics of the shareholding in the tracked business, for example the absence of voting rights.

## 11 Investments continued

The methodology for calculating the EV was applied consistently, although the data used varied depending on the size and history of the business.

In FY21, the Directors decided to close the tracker share scheme for any new entrants/investments.

If an individual leaves the Group before the pre-agreed period, they are entitled to receive the lower of the initial subscription amount they contributed or the tracker share fair value on the date of departure as set out under the Articles. To reflect this, a provision in relation to tracker shares is recognised to reflect the consideration for tracker shares received from individuals (note 17 *Provisions*).

Up until FY14 certain individuals received loans from the Group to pay part of the initial subscription for their tracker shares, on which interest is charged at or above the HMRC beneficial loan rate. These loans are repayable by the individuals either at the time of settlement of their tracker shares, or via tracker share dividend, or when they leave the Group. These loans are included within other receivables (note 12 *Trade and other receivables*).

During the vesting period, no share-based payment charge is recognised in the income statement on the basis that the initial subscription by the individual at the grant date equated to the fair value at that date. Dividends declared by the tracked businesses, which were factored into the grant date fair value determination of the tracker shares, are recorded in equity as 'distributions to tracker shareholders'.

When the Company issues new shares to settle the tracker share arrangements, the nominal value of the shares is credited to share capital and the difference between the fair value of the tracker shares and the nominal value is credited to share premium. If the Company uses treasury shares to settle the arrangements, the difference between the fair value of the tracker shares and the weighted average value of the treasury shares is accounted for in the retained earnings.

### Critical accounting judgements

#### Tracker shares arrangements

The tracker shares arrangements give the Group the choice to settle tracker shares in either cash or SThree plc shares. There are significant accounting differences between an equity-settled and cash-settled scheme. Judgement is therefore required as to whether this is a cash or equity-settled share-based payment scheme. Based on the Directors' judgement, the tracker share arrangements are accounted for as an equity-settled share-based payment scheme under IFRS 2 as the Group's policy is to settle its obligations under the arrangements in SThree plc shares. The Company settles tracker shares through either treasury shares or the issue of new shares in SThree plc. The Companies Act 2006 does not specify whether the issue of treasury shares to settle share-based payments should be accounted for in share premium or elsewhere. The Company has taken legal advice which confirms this is judgemental and therefore the approach taken by the Company is to include differences between the fair value of the tracker shares settled and the weighted average cost of treasury shares in retained earnings.

Tracker shares can be repurchased from holders with either cash or SThree plc shares at the Company's discretion. Historically, the Company's policy and intention has been to settle tracker shares using SThree plc shares. Therefore, the judgement of the Directors is that this scheme is treated as equity-settled.

#### Indicators of impairment of investments in subsidiaries (Company only)

At each reporting date, the Company assesses whether there are indications of impairment of its investments in subsidiaries. The Company uses both external and internal sources of information to make this assessment, including significant adverse changes in the market or economic environment in which subsidiaries operate, the carrying amount of their net assets versus market value, or internal management that indicate that the financial performance of subsidiaries will be worse than budgeted.

Only when an indication of impairment is identified, the Company performs a detail impairment review including calculations of recoverable amounts of the investments.

### Group

The Group holds a minority shareholding (less than 1% of the total share capital issued) in RoboRecruiter, a company which invests in automated recruitment solutions. The investment is a financial asset classified as measured at fair value through other comprehensive income. Due to limited information about the current performance and prospects of this company, the investment was written off in full in the prior year.

### Company

Cost	£'000
At 1 December 2021	362,117
<b>Additions</b>	
– Settlement of vested tracker shares	3,862
– Settlement of unvested tracker shares	2,122
– Capital contribution relating to share-based payments	4,127
At 30 November 2022	372,228
<b>Additions</b>	
– Settlement of vested tracker shares	4,075
– Settlement of unvested tracker shares	461
– Capital contribution relating to share-based payments	3,919
<b>At 30 November 2023</b>	<b>380,683</b>
<b>Provision for impairment</b>	
At 1 December 2021	156,070
Provision made during the year	940
At 30 November 2022	157,010
Provision made during the year	48
<b>At 30 November 2023</b>	<b>157,058</b>
<b>Net carrying value</b>	
<b>At 30 November 2023</b>	<b>223,625</b>
At 30 November 2022	215,218

During the year, the Company settled a number of vested and unvested tracker shares by awarding SThree plc shares (note 19(b)). This resulted in an increase in the Company's investment of £4.5 million (FY22: £6.0 million) in relevant subsidiary businesses.

IFRS 2 requires that any options or awards granted to employees of subsidiary undertakings, without reimbursement by the subsidiary, increase the carrying value of the investment held in the subsidiaries. In FY23, the Company recognised a net increase in investments in its subsidiaries of £3.9 million (FY22: £4.1 million) relating to share options and awards including those under the Long-Term Incentive Plan, Save-As-You-Earn and Employee Share Purchase Plan schemes.

#### Assessment of investment impairment indications

The Company performed an assessment of impairment indications for its portfolio of investments in subsidiaries. Overall, owing to the Group's strategic focus on Contract and STEM, most of SThree businesses delivered a resilient trading performance in FY23, despite the persisting uncertainties in the wider macro-economic environment. Only two small investments, in Luxembourg and Canada, had to be written off in full due to limited growth potential. This resulted in the recognition of £0.1 million in impairment charge.

With all developments and lead indicators of the Group's performance monitored closely, the Group remains confident about its strong market position. All regions continue to operate and execute on the Group's strategy and on this basis, management concludes that the majority of the investments' carrying value will continue to be recovered through profit and cash generation.

In the prior year, following the Board's decision to significantly restructure our businesses in Ireland and Singapore, and to close the Hong Kong business, an impairment charge of £0.9 million was recognised in the Company's income statement in FY22. The net book values of these investments were written off in full.

A full list of the Company's subsidiaries that existed as at 30 November 2023 is provided in note 25.

## 12 Trade and other receivables

### Accounting policy

Trade receivables including contract assets are amounts due from customers for services performed in the ordinary course of business. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. The normal credit terms are between 14-30 days upon service provision, with 30 days becoming a more prevalent payment term.

The Group applies the IFRS 9 simplified approach for trade and other receivables and follows an expected credit losses (ECLs) approach for measuring the allowance of its trade receivables. ECL provision has been considered for Contract assets but it is viewed as immaterial. The Group recognises a loss allowance based on lifetime ECLs at each reporting date. For invoices reviewed on a portfolio basis (i.e. not individually reviewed), the loss allowance for ECLs is provided at differing percentages determined based on historical collection experience, adjusted for forward-looking market factors specific to the debtors and the economic environment. Certain exposures within trade receivables are individually assessed for which the Directors make judgement on a client-by-client basis as to their ability to collect outstanding receivables. When reviewing significant outstanding invoices, the Directors consider qualitative factors that are available without undue cost or effort, such as a decrease in the debtor's creditworthiness, changes in external or internal credit ratings, macro-economic conditions, actual or expected deterioration in business performance of any particular debtor, and other known issues.

### Derecognition of trade and other receivables

Trade and other receivables are derecognised when the rights to receive cash flows from these assets have expired or have been transferred. On derecognition, any difference between the carrying amount of an asset and the consideration received is recognised in the profit or loss. For critical accounting estimates regarding contract assets, refer to note 2 *Operating segments*.

£'000	Group		Company	
	30 November 2023	30 November 2022	30 November 2023	30 November 2022
Trade receivables	245,525	254,413	–	–
Contract assets	94,091	91,680	–	–
Other receivables	5,873	5,967	66	8
Less allowance for ECLs	(8,639)	(3,704)	–	–
Trade receivables, contract assets and other receivables – net off ECL	336,850	348,356	66	8
Prepayments	8,270	15,528	–	6,488
Other taxes and social security	–	–	753	8,950
	345,120	363,884	819	15,446

Trade receivables are non-interest-bearing current financial assets.

Contract assets represent the contract revenue earned but not invoiced at the year end. It is based on the value of the unbilled timesheets from the contractors for the services provided up to the year end. The corresponding costs are shown within trade payables (where the contractor has submitted an invoice) and within accruals (in respect of unsubmitted and unapproved timesheets) (note 14).

In FY23, other receivables include £0.1 million (FY22: £0.1 million) for loans given to certain former employees towards their subscription for tracker shares (note 23(b)(iv)). Tracker share loans are unsecured and charged interest at a rate of 2% (FY22: 2%). No such new tracker share loans were given to employees during the current year or previous year.

The Group establishes an allowance for doubtful accounts that represents an estimate of ECLs in respect of trade and other receivables. Movements in the impairment provision for trade receivables are shown in the table below.

£'000	30 November 2023	30 November 2022
<b>Provision for impairment of trade receivables</b>		
At the beginning of the year	3,704	4,308
Charge for the year	8,306	3,697
Bad debts written off	(1,617)	(4,323)
Reversed as amounts recovered	(1,728)	(67)
Exchange differences	(26)	89
<b>At the end of the year</b>	<b>8,639</b>	<b>3,704</b>

The ECLs increased significantly YoY, primarily due to the ongoing macro-economic challenges, which are forecast to persist in the short term. The Group's exposure to a credit risk has deteriorated across various countries in which it operates. In FY23, a certain number of SThree's clients underwent insolvency proceedings or fell into administration due to experienced financial difficulties.

The management team considers that the carrying value of the Group's and Company's trade and other receivables is approximately equal to their fair values and they are deemed to be current assets.

The Company's financial assets are classified as held at amortised cost and there is no significant exposure to market risks (interest rate and foreign exchange risks). For further information on the Group's financial assets refer to note 23.

## 13 Cash and cash equivalents

### Accounting policy

Cash and cash equivalents include cash-in-hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are classified as short-term borrowings unless they form part of a cash pooling arrangement where there is an intention to settle on a net basis, in which case they are reported net of related cash balances.

£'000	Group		Company	
	30 November 2023	30 November 2022	30 November 2023	30 November 2022
Cash at bank	83,202	65,809	12	12
Bank overdraft	–	(423)	–	–
<b>Net cash and cash equivalents</b>	<b>83,202</b>	<b>65,386</b>	<b>12</b>	<b>12</b>

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets approximate their fair values. Substantially all of these assets are categorised within level 1 of the fair value hierarchy.

The Group has four cash pooling arrangements in place at HSBC US (USD), HSBC UK (GBP), NatWest (GBP) and Citibank (EUR).

## 14 Trade and other payables

### Accounting policy

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

£'000	Group		Company	
	30 November 2023	30 November 2022	30 November 2023	30 November 2022
Trade payables	33,821	38,093	–	–
Accruals	133,775	141,178	627	1,611
Other taxes and social security	19,617	22,323	73	170
Other payables	12,919	15,248	1,112	1,210
Amounts due to subsidiaries (note 22)	–	–	85,761	50,781
	<b>200,132</b>	<b>216,842</b>	<b>87,573</b>	<b>53,772</b>

The carrying amounts of the Group's and Company's trade and other payables are considered to be the same as their fair values, due to their short-term nature. The Company's financial liabilities are classified as held at amortised cost and there is no significant exposure to market risks (interest rate and foreign exchange risks). For further information on the Group's financial liabilities refer to note 23.

Trade and other payables are predominantly interest-free, are unsecured and are usually paid within 15 days of recognition.

Accruals include amounts payable to contractors in respect of unsubmitted and unapproved timesheets (note 12).

Amounts due to subsidiaries are subject to annual interest at a rate of 15 basis points below the Group's external borrowing costs under its RCF.

## 15 Leases

### Accounting policy

Leases, from a lessee perspective, are recognised as a right-of-use asset and a corresponding lease liability at the date when the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a net present value basis and are recognised as part of 'Property, plant and equipment', 'Non-current lease liabilities' and 'Current lease liabilities' in the statement of financial position.

Lease liabilities include the net present value of the following lease payments:

- fixed payments less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees, if any;
- the exercise price of a purchase option if the Group is reasonably certain it will exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease (if that rate can be determined), or the incremental borrowing rate (IBR), being the rate the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. In determining the IBR to be used, the Group applies judgement to establish the suitable reference rate and credit spread.

Each lease payment is allocated between the liability and finance costs, within finance costs in the income statement. Lease payments are presented as follows in the Group statement of cash flows:

- payments for the interest element of recognised lease liabilities are included in 'interest paid' within cash flows from financing activities; and
- payments for the principal element of recognised lease liabilities are presented within cash flows from financing activities.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and
- any restoration costs.

The right-of-use assets are depreciated over the shorter of the assets' useful life and the lease term on a straight-line basis.

The Group does not apply the recognition exemption to short-term leases or leases of low-value assets, as permitted by the standard.

In determining the lease terms, the management team considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after a termination option) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The leases which are recognised in the Consolidated Statement of Financial Position are principally in respect of buildings and cars.

The Group's right-of-use assets and lease liabilities are presented below:

£'000	30 November 2023	30 November 2022
Buildings	24,772	27,862
Cars	1,934	1,932
<b>Total right-of-use assets</b> (refer to note 9)	<b>26,706</b>	<b>29,794</b>
Current lease liabilities	11,297	11,102
Non-current lease liabilities	17,720	22,600
<b>Total lease liabilities</b> (refer to note 23)	<b>29,017</b>	<b>33,702</b>

The Consolidated Income Statement includes the following amounts relating to depreciation of right-of-use assets:

£'000	30 November 2023	30 November 2022
Buildings	11,955	13,849
Cars	1,219	1,152
IT equipment	–	74
<b>Total depreciation charge of right-of-use assets</b>	<b>13,174</b>	<b>15,075</b>

In the current year, interest expense on leases amounted to £0.6 million (FY22: £0.5 million) and was recognised within finance costs in the Consolidated Income Statement (refer to note 5 *Finance income and costs*).

The total cash outflow for leases in FY23 was £14.9 million (FY22: £14.3 million) and comprised the principal and interest element of recognised lease liabilities.

## 16 Other financial liabilities

### Accounting policy

#### Financial liabilities

All non-derivative financial liabilities are classified as 'financial liabilities measured at amortised cost'. All financial liabilities are recognised initially at fair value and net of transaction costs. They are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The Group's financial liabilities include trade and other payables and other financial liabilities, including bank overdraft and lease liabilities.

The Group maintains a committed RCF of £50.0 million along with an uncommitted £30.0 million accordion facility, both jointly provided by HSBC and Citibank, giving the Group an option to increase its total borrowings under the facility to £80.0 million. During the current and previous year, the Group did not draw down under these facilities. The Group also has an uncommitted £5.0 million overdraft facility with HSBC, of which £nil was drawn at the year end (FY22: £0.4 million).

The RCF is subject to financial covenants and any funds borrowed under the facility bear a minimum annual interest rate of 1.2% above the benchmark Sterling Overnight Index Average (SONIA). As the Group and the Company did not draw down under these facilities, the finance costs of £0.7 million (FY22: £0.5 million) were mainly related to lease interest.

The covenants, which the RCF is subject to, require the Group to maintain financial ratios over interest cover, leverage and guarantor cover (note 23(b)(iii)). The Group has complied with these covenants throughout the year.

The Group's exposure to interest rates, liquidity, foreign currency and capital management risks is disclosed in note 23.

Reconciliation of financial liabilities to cash flows arising from financing activities:

£'000	
Balance at 1 December 2021	35,068
<b>Cash flows:</b>	
Interest paid to bank	(137)
Payments of principal and interest element of lease liabilities	(14,251)
<b>Total cash flows</b>	<b>(14,388)</b>
Lease increases	14,773
Lease termination	(2,294)
Other movements <sup>6</sup>	543
<b>Balance at 30 November 2022 and 1 December 2022</b>	<b>33,702</b>
<b>Cash flows:</b>	
Interest paid to bank	(93)
Payments of principal and interest element of lease liabilities	(14,855)
<b>Total cash flows</b>	<b>(14,948)</b>
Lease increases	11,479
Lease termination	(1,558)
Other movements <sup>6</sup>	342
<b>Balance at 30 November 2023</b>	<b>29,017</b>

6. Other movements in FY23 and FY22 primarily comprised unwind of the discount on lease liabilities and forex revaluation.

## 17 Provisions

### Accounting policy

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are recognised at the present value of the expenditures expected to be required to settle the obligation. No provision is recognised for future operating losses.

### (a) Movements in each class of provision during the financial year are set out below:

£'000	Dilapidations	Restructuring and termination payments	Tracker share liability	Legal	Onerous contracts	Total
At 1 December 2021	2,655	1,508	2,559	1,540	–	8,262
Additions	294	2,998	–	1,565	–	4,857
(Released)/charged to the income statement	(36)	(58)	(134)	(238)	984	518
Utilised during the year	(127)	(1,407)	(525)	(74)	–	(2,133)
Forex revaluation	33	–	–	117	–	150
At 30 November 2022	2,819	3,041	1,900	2,910	984	11,654
Additions	772	414	–	1,485	–	2,671
(Released)/charged to the income statement	(56)	(287)	(225)	–	–	(568)
Utilised during the year	(370)	(2,753)	(483)	(137)	(459)	(4,202)
Forex revaluation	24	–	–	(55)	–	(31)
<b>At 30 November 2023</b>	<b>3,189</b>	<b>415</b>	<b>1,192</b>	<b>4,203</b>	<b>525</b>	<b>9,524</b>

£'000	30 November 2023	30 November 2022
<b>Expected timing of provision utilisation</b>		
Current	7,373	7,871
Non-current	2,151	3,783
	<b>9,524</b>	11,654

Provisions are not discounted as the Directors believe that the effect of the time value of money is immaterial. The provisions are measured at cost, which approximates to the present value of the expenditure required to settle the obligation.

### (b) Information about individual provisions and significant estimates

#### Dilapidations

The Group is obliged to pay for dilapidations at the end of its tenancy of various properties. Provision was made based on independent professional estimates of the likely costs on vacating properties based on the current conditions of the properties. The provision is captured within the carrying value of the right-of-use assets and depreciated to profit or loss over the lease term.

#### Restructuring and termination payments

At 30 November 2023, the provision comprised primarily future termination payments related to staff in the following businesses: France, Belgium, the USA, the Netherlands and Spain, as well as a number of other employees who will exit the business in early FY24. Termination payments are provided for staff exiting SThree in the normal course of business and in the case of a restructuring.

## 17 Provisions continued

The liability in relation to dilapidation, restructuring and termination payments provisions is expected to crystallise as follows:

£'000	30 November 2023	30 November 2022
Within one year	1,942	4,037
One to five years	1,498	1,555
After five years	164	268
	<b>3,604</b>	<b>5,860</b>

### Tracker share liability

The provision relates to an obligation to repay amounts received or receivable in relation to subscriptions for tracker shares awarded to senior individuals under the terms of the tracker share arrangements (note 11). The timing of economic outflow is subject to the factors governing each tracker share and is considered to be within one year.

During the year, £0.5 million (FY22: £0.5 million) of the provision was utilised, principally in relation to settled tracker shares. There were no new subscriptions in the current year as the tracker share scheme was closed for new entrants/investments.

### Legal

The provision relates to various ongoing legal and other disputes including employee litigation, compliance with employment laws and regulations, and open enquiries with tax and pension authorities. The provision relates to separate claims in a number of different geographic regions and represents our most probable estimate of the likely outcome of each of the disputes. The timing of economic outflow is subject to the factors governing each case.

### Onerous contracts

The provision relates to partially underutilised leased offices in certain locations. The onerous contract provision was created for corresponding service charges (not capitalised within the initial recognition amount of right-of-use assets) which would be incurred for the remainder of the underlying lease terms.

## 18 Deferred tax

### Group

£'000	Accelerated tax depreciation	Share-based payments	Provisions	Total
<b>At 1 December 2021</b>	225	1,519	2,747	4,491
Credit/(charge) to income statement for the year	83	80	(62)	101
Prior year credit to income statement for the year	13	–	44	57
Adjustment due to tax rate changes	44	84	166	294
Charge directly to equity	–	(574)	–	(574)
Forex revaluation	(4)	32	219	247
<b>At 30 November 2022</b>	<b>361</b>	<b>1,141</b>	<b>3,114</b>	<b>4,616</b>
Credit to income statement for the year	37	83	997	1,117
Prior year credit to income statement for the year	1	218	32	251
Charge directly to equity	–	(37)	–	(37)
Forex revaluation	(1)	(16)	(131)	(148)
<b>At 30 November 2023</b>	<b>398</b>	<b>1,389</b>	<b>4,012</b>	<b>5,799</b>

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so and when the deferred income taxes relate to the same fiscal authority. The following is an analysis of the deferred tax balances for financial reporting purposes:

£'000	30 November 2023	30 November 2022
<b>Deferred tax assets:</b>		
Recovered within one year	2,553	2,016
Recovered after one year	3,259	2,638
<b>Deferred tax liabilities</b>		
Settled within one year	(3)	(8)
Settled after one year	(10)	(30)
<b>Net deferred tax assets</b>	<b>5,799</b>	<b>4,616</b>

Deferred tax assets that are expected to be recovered within one year are £2.6 million (FY22: £2.0 million) and deferred tax liabilities that are expected to be settled within one year are £0.01 million (FY22: £0.01 million).

Deferred tax assets are recognised for carry-forward tax losses to the extent that the realisation of the related tax benefit through future taxable profits from the respective jurisdictions is probable. In assessing whether to recognise deferred tax assets, the Group considered both current and the forecast trading performance in these territories and the expectations regarding the levels of profitability that can be achieved.

At the reporting date, the Group had unused tax losses of £27.3 million (FY22: £30.3 million) available for offset against future profits. No deferred tax asset was recognised in respect of the £27.3 million (FY22: £30.3 million) losses. The reduction in losses arises from expiration, recognition, exchange differences and utilisation.

Included in unrecognised tax losses are losses of £0.8 million (FY22: £0.8 million) which are subject to expiry. Of this amount, £nil expires over the course of the next five years; and the remaining balance of £0.8 million will expire by FY43. A regional summary of our unrecognised operating tax losses is shown below.

£'000	30 November 2023	30 November 2022
<b>Operating tax losses not recognised</b>		
Europe	13,854	15,532
Asia Pacific	12,637	13,977
Rest of World	764	809
	<b>27,255</b>	<b>30,318</b>

Recognised operating losses were £nil (FY22: £nil) during the year.

### The Group has the following uncertain tax positions:

On transfer pricing risks, the provision increased during the year by £0.2 million to £2.5 million (FY22: £2.3 million).

With regards to the European decision as of April 2019, that certain parts of the UK's controlled foreign company legislation gave rise to state aid, the management team concluded that the provision for this uncertain tax position should remain in place at £1.4 million (FY22: £1.4 million). On 8 June 2022, the General Court of the European Union dismissed the applications for annulment from both the UK Government and one of the British broadcast television network companies. Both parties have now appealed this decision. The outcome of these appeals will be closely monitored by the management team to determine any implications on the Group's tax position.

Nevertheless, the Group settled the £1.4 million requested by the HMRC and this amount is recorded as an asset held within current tax.

## 18 Deferred tax continued

### Company

The Company's deferred tax assets relate in full to the equity-settled share-based payments.

£'000	
<b>At 1 December 2021</b>	346
Credit to income statement for the year	41
Charge directly to equity	(162)
<b>At 30 November 2022</b>	225
Charge to income statement for the year	(77)
Charge directly to equity	(12)
<b>At 30 November 2023</b>	<b>136</b>

## 19 Equity

### Accounting policy

#### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The Group's holdings in its own equity instruments are classified as 'treasury reserve'. The consideration paid, including any directly attributable incremental costs, is deducted from the equity attributable to the owners of the Company until the shares are cancelled or reissued. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of own equity shares.

#### Employee Benefit Trust (EBT)

The EBT is funded entirely by the Company. The assets and liabilities of the EBT are recognised in the Group's Consolidated Financial Statements.

The shares in the EBT are held to satisfy awards and grants under certain employee share schemes. For accounting purposes, shares held in the EBT are treated in the same manner as treasury shares and are, therefore, included in the Consolidated Financial Statements as treasury reserve. Consideration, if any, received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to retained earnings. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares held by the EBT.

In the separate financial statements of the Company, the EBT is treated as an agent acting on behalf of the Company. Funding provided by the Company to the EBT is accounted for as the issue of treasury shares.

For accounting policy regarding tracker share awards in subsidiary companies, refer to note 11 *Investments*.

## Group and Company

### (a) Share capital

	Number of ordinary shares	Share capital £'000	Capital redemption reserve £'000	Treasury reserve £'000
<b>Issued and fully paid</b>				
At 1 December 2021	133,630,777	1,337	172	(3,367)
Issue of new shares	831,845	8	–	–
Purchase of shares by EBT	–	–	–	(9,900)
Utilisation of shares held by EBT	–	–	–	6,686
At 30 November 2022	134,462,622	1,345	172	(6,581)
Issue of new shares	409,818	4	–	–
Purchase of shares by EBT	–	–	–	(10,000)
Utilisation of shares held by EBT	–	–	–	8,642
<b>At 30 November 2023</b>	<b>134,872,440</b>	<b>1,349</b>	<b>172</b>	<b>(7,939)</b>

The nominal value per ordinary share is £0.01 (FY22: £0.01).

The Company does not have a limited amount of authorised share capital.

During the year 409,818 (FY22: 831,845) new ordinary shares were issued, resulting in a share premium of £1.5 million (FY22: £2.8 million). Of the shares issued, 320,457 (FY22: 623,219) were issued to tracker shareholders on settlement of vested and unvested tracker shares and 89,361 (FY22: 208,626) pursuant to the exercise of share awards under the Save-As-You-Earn (SAYE) scheme.

### Treasury reserve

Treasury shares represent SThree plc shares repurchased and available for specific and limited purposes.

No shares were utilised from the treasury reserve during the current and previous year.

At the year end, 35,767 (FY22: 35,767) shares were held in treasury reserve.

### EBT

During the year, the EBT purchased 2,198,735 (FY22: 2,519,652) of SThree plc shares. The average price paid per share was 455 pence (FY22: 393 pence). The total acquisition cost of the purchased shares was £10.0 million (FY22: £9.9 million), for which the treasury reserve was reduced. During the year, the EBT utilised 2,046,423 (FY22: 1,671,868) shares on settlement of vested and unvested tracker shares, LTIP awards and free shares. At the year end, the EBT held 1,923,458 (FY22: 1,771,146) shares.

### (b) Share-based payments

#### Tracker share awards in subsidiary companies

As described in note 11, until FY19 the Group made tracker share awards in respect of certain subsidiary businesses to senior individuals who participate in the development of those businesses.

During the year, the Group settled certain vested and unvested tracker shares for a total consideration of £4.5 million (FY22: £6.0 million) by issue of new shares or using treasury shares purchased from the market. This resulted in an increase in share capital and share premium for new issue, and reduction in capital reserves for utilised treasury reserve, with a corresponding reduction in the Group's retained earnings and provision for tracker share liability.

## 19 Equity continued

### LTIP, SAYE, Employee Share Purchase Plan and other share schemes

The Group has a number of share schemes to incentivise its Directors and employees. All schemes are treated as equity-settled (except a legacy Share Incentive Plan (SIP)) as the Group has no legal or constructive obligation to repurchase or settle the options in cash. The schemes are detailed below.

Scheme	30 November 2023		30 November 2022		Vesting period	Expiry date	Valuation method	Performance metrics
	Charge (£'000)	Number of share options/matching shares	Charge (£'000)	Number of share options				
LTIP	4,179	3,501,313	4,221	3,562,691	3 years	Immediate after vesting period	Monte Carlo and Binomial model	Incremental EPS growth/TSR ranking against comparator
Employee Share Purchase Plan (ShareMatch)	251	116,886	–	n/a	1 year	n/a	n/a	None
SAYE	250	545,804	148	538,070	3 years	6 months after 3-year vesting period	Binomial	None
Deferred Shares (executive short-term incentive scheme)	140	n/a	430	n/a	1 year	n/a	n/a	Group financial targets, shared objectives, personal objectives
Growth Incentive Plan	51	161,515	–	n/a	3 years	Immediate after vesting period	n/a	Regional financial targets
Free shares	–	n/a	200	n/a	None	n/a	n/a	None
SIP	14	n/a	55	n/a	1 year	n/a	n/a	None
<b>Total</b>	<b>4,885</b>	<b>4,325,518</b>	<b>5,054</b>	<b>4,100,761</b>				

The majority of the total annual share-based payment charge (86%) is attributed to the LTIP scheme which has a remaining contractual life of three years at any point in time.

#### LTIP

Further details on the conditions of the LTIP are provided in the Directors' remuneration report on page 115.

	Number of options
<b>At 1 December 2021</b>	<b>3,918,656</b>
Granted	1,633,560
Exercised	(586,063)
Lapsed	–
Forfeited	(1,403,462)
<b>At 30 November 2022</b>	<b>3,562,691</b>
Granted	1,736,137
Exercised	(1,002,678)
Lapsed	(17,192)
Forfeited	(777,645)
<b>At 30 November 2023</b>	<b>3,501,313</b>

Out of the 3,501,313 LTIP options outstanding (FY22: 3,562,691), 12,643 LTIP options were exercisable (FY22: 20,853). Options exercised during the year under the LTIP were satisfied by new issue or shares held in the EBT. The related weighted average share price at the time of exercise was £3.91 (FY22: £3.98). The related transaction costs were negligible. The share options had a weighted average exercise price of £nil (FY22: £nil).

The share options granted in FY23, and separately in FY22, under the Group LTIP scheme were valued as follows:

	2023	2022
Weighted average fair value (£)	4.52	4.08
Key assumptions used:		
Share price at grant date (£)	4.73	4.08
Expected volatility <sup>7</sup>	38.4%	36.8%
Annual risk-free interest rate	3.73%	1.27%
Expected life (years)	3	3

7. Expected volatility is determined by using the historic daily volatility of SThree plc's shares as measured over a period commensurate with the expected performance period of the share options, i.e. three years.

#### Employee Share Purchase Plan (ShareMatch)

The ShareMatch plan was approved by the Remuneration Committee on 13 September 2021 and was launched on 21 November 2022. The ShareMatch was implemented in order to promote share ownership amongst all employees across the entire Group, linking employee benefit to the performance of the Company, and to aid retention of staff.

Under the ShareMatch plan, employees are invited to make monthly contributions to buy SThree plc shares at the current market value. If an employee agrees to buy shares, the Company will match the number of shares bought with an award of shares (the so called matching shares), on a one-for-one basis up to the maximum value of £50.00 per month.

For the purpose of valuing matching shares and to arrive at the corresponding share-based payment charge, management uses the market price at which matching shares were purchased at the time of their allocation to an employee's account.

The matching shares are considered to be forfeited if the employee resigns or sells the purchased shares before the vesting date.

In the current year, the Company awarded/granted 116,886 (FY22: none, as the scheme started in February 2023) matching shares to eligible employees. No shares under the ShareMatch plan vested during the current year.

#### Other schemes

The SAYE, Growth Incentive Plan, Free Shares and SIP arrangements are not deemed material for further disclosure.

Further details behind the executive short-term incentive scheme, Deferred Shares, are provided in the Directors' remuneration report on page 117.

## 20 Contingencies

### Legal

The Group is involved in various disputes and claims which arise from time to time in the course of its business. These are reviewed on a regular basis and, where possible, an estimate is made of the potential financial impact on the Group. The Group has contingent liabilities in respect of these claims. In appropriate cases a provision is recognised based on advice, best estimates and management judgement.

The Directors currently believe the likelihood of any material liabilities to be low, and that such liabilities, if any, will not have a material adverse effect on its financial position.

## 21 Commitments

### Capital commitments

At the year end, the Group had capital commitments for property, plant and equipment and intangible assets amounting to £11.9 million (FY22: £16.6 million). Capital commitments include total future minimum lease payments under leases not yet commenced to which the Group was committed at the year end of £0.1 million (FY22: £0.5 million).

## 21 Commitments continued

### Other commitments

At the year end, the Group had also committed to future lease service costs of £3.9 million (FY22: £5.4 million).

### Guarantees

At the year end, the Group/SThree plc had bank guarantees in issue for commitments which amounted to £3.4 million (FY22: £3.2 million).

### Company

In FY23, selected UK subsidiaries (see note 25) were exempt from the requirements of the UK Companies Act 2006 (the Act) relating to the audit of individual accounts by virtue of Section 479A of the Act. The Company provides a guarantee concerning the outstanding liabilities of these subsidiaries under Section 479C of the Act.

## 22 Related party transactions

### Group

Balances and transactions with subsidiaries were eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its Directors and members of the Executive Committee, who are deemed to be key management personnel, are disclosed below.

### Remuneration of key management personnel (KMP)

The Group's KMP comprises members of the Executive Committee, other members of the Board of Directors and key managers who have authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Further details of Directors' remuneration are included in the Directors' remuneration report on pages 117 to 119.

The total number of KMP for the year was 15 (FY22: 14). Total remuneration for members of KMP, including three (FY22: seven) members who left the business during the current financial year, is detailed below:

£'000	2023	2022
Short-term employee benefits	5,795	6,452
Share-based payments	681	1,491
Post-employment benefits	136	204
Termination benefits	170	87
	<b>6,782</b>	<b>8,234</b>

### Company

The Company has related party relationships with its subsidiaries, with members of its Board and key managers. The Directors' remuneration which they receive from the Company is disclosed in the Directors' remuneration report. The Company did not have any transactions with the Directors during the financial year other than those disclosed in the Directors' remuneration report and below. Details of transactions between the Company and other related parties are disclosed below.

£'000	2023	2022
<b>Transactions with the related parties during the year</b>		
Dividend income received from subsidiaries	–	101,400
Investments in subsidiaries (note 11)	(8,455)	(10,111)
Impairment of investments in subsidiaries (note 11)	(48)	(940)
Settlement of tracker shares with KMP	(590)	(1,143)
Loans and advances received from/(repaid to) subsidiaries	34,980	(51,779)
Interest income received from subsidiaries	4	4
Interest paid by subsidiaries	(4,512)	(3,103)

### Settlement of tracker shares with KMP

During the year, 35,676 (FY22: 102,991) shares were issued to the Chief Executive Officer (CEO) as part of the annual tracker shares settlement. Of the 12 tracker share businesses in which the CEO held interests, five were recommended for a full or partial buyout, each having been assessed against the normally applied criteria. The overall buyout offer value for the CEO was £0.1 million (FY22: £0.5 million) of which £0.1 million (FY22: £0.4 million) was accepted and settled in SThree plc's shares.

Three (FY22: two) other members of KMP were also offered a full or partial buyout in FY23. Their total buyout offer was £0.7 million (FY22: £1.0 million) of which £0.6 million (FY22: £0.8 million) was accepted and settled in SThree plc's shares. No purchase or sales transactions were entered into between the Company and its subsidiaries.

£'000	30 November 2023	30 November 2022
<b>Year-end balances arising from transactions with related parties</b>		
Investments in subsidiaries	223,625	215,218
Amounts due to subsidiaries	(85,761)	(50,781)

## 23 Financial instruments and financial risk management

### (a) Financial instruments

The Group holds and uses financial instruments to finance its operations and to manage its interest rate and liquidity risks. The Group primarily finances its operations using share capital, revenue and borrowings.

The accounting classification of each category of financial instruments and their carrying amounts are set out below.

£'000	Note	Measured at amortised cost	Elected to be measured at FV through OCI	Total carrying amount
<b>At 30 November 2023</b>				
<b>Financial assets</b>				
Trade receivables and contract assets	12	330,977	–	330,977
Other receivables	12	5,011	–	5,011
Cash and cash equivalents	13	83,202	–	83,202
<b>Financial liabilities</b>				
Bank overdraft	13	–	–	–
Trade payables and accruals	14	(167,596)	–	(167,596)
Other payables	14	(9,155)	–	(9,155)
Lease liabilities	15,16	(29,017)	–	(29,017)

## 23 Financial instruments and financial risk management continued

£'000	Note	Measured at amortised cost	Elected to be measured at FV through OCI	Total carrying amount
<b>At 30 November 2022</b>				
<b>Financial assets</b>				
Trade receivables and contract assets	12	342,389	–	342,389
Other receivables <sup>8</sup>	12	5,380	–	5,380
Cash and cash equivalents	13	65,809	–	65,809
<b>Financial liabilities</b>				
Bank overdraft	13	(423)	–	(423)
Trade payables and accruals	14	(179,271)	–	(179,271)
Other payables <sup>8</sup>	14	(11,899)	–	(11,899)
Lease liabilities	15,16	(33,702)	–	(33,702)

8. Other receivables comprise mainly rental deposits and staff loans and exclude non-financial assets. Other payables comprise mainly cash in transit and other trade creditors and exclude non-financial liabilities. The prior year balances of other receivables and other payables were restated to correct two presentation errors. Firstly, in FY22, a balance of £2.6 million, which should have formed part of other receivables and separately of other payables, was shown net. After detailed review, management considered that presentation on a gross basis is more appropriate. Secondly, £0.6 million mainly in tax and social security-related items were incorrectly presented as part of other payables classified as held at amortised cost. Therefore, the prior year balances of other receivables, £2.8 million, and other payables, £9.9 million, were restated to £5.4 million and £11.9 million respectively. Other than note 23, there is no impact on any other primary financial statement or note.

### (b) Financial risk factors

The Group reports in Sterling and pays dividends out of Sterling profits. The role of the Group's corporate treasury function is to manage and monitor external and internal funding requirements and financial risks in support of corporate objectives. Treasury activities are governed by policies and procedures approved by the Board. A treasury management committee, chaired by the Chief Financial Officer, meets on a monthly basis to review treasury activities and its members receive management information relating to treasury activities. The Group's internal auditors periodically review the treasury internal control environment and compliance with policies and procedures.

Each year, the Board reviews the Group's currency hedging strategy to ensure it is appropriate. The Group does not hold or issue derivative financial instruments for speculative purposes and its treasury policies specifically prohibit such activity. All transactions in financial instruments are undertaken to manage the risks arising from underlying business activities, not for speculation.

The Group corporate treasury function enters into a limited number of derivative transactions, principally currency swaps and forward currency contracts, with the purpose of managing the currency risks arising from operations and financing of subsidiaries.

At the year end, the Group had net foreign exchange swaps of:

Currency	2023 LCCY'000	2023 £'000	2022 LCCY'000	2022 £'000
United Arab Emirates Dirham (AED)	22,031	4,752	2,218	501
Canadian Dollar (CAD)	(151)	(88)	(486)	(300)
Swiss Franc (CHF)	339	307	(759)	(666)
Euro (EUR)	9,263	7,990	(15,106)	(13,041)
Hong Kong Dollar (HKD)	6,958	706	5,559	590
Japanese Yen (JPY)	(982,198)	(5,245)	(606,417)	(3,645)
Singapore Dollar (SGD)	(7,029)	(4,163)	(8,142)	(4,961)
US Dollar (USD)	(34,538)	(27,359)	(30,569)	(25,355)
		(23,100)		(46,877)

The contracts were mainly taken out close to the year-end date for a period of 29 days (FY22: 30 to 32 days), and they had an immaterial fair value both at the current and prior year end.

The Group is exposed to a number of different financial risks including capital management, foreign currency rates, liquidity, credit and interest rates risks, which were not materially changed from the previous year. The Group's objective and strategy in responding to these risks are set out below and did not change materially from the previous year.

### (i) Capital risk management

The Group's objectives when managing capital are to safeguard the Group and its subsidiaries' ability to continue as going concerns to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimise the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, delay or reduce the settlement of vested tracker shares, sell assets to reduce debt, return capital to shareholders or issue new shares, subject to applicable rules. The Group's policy is to settle the vested tracker shares in the Company's shares. During the year, certain vested and unvested tracker shares were settled by issue of new shares or using treasury shares purchased from the market (note 19(a)).

The capital structure of the Group consists of equity attributable to owners of the parent of £222.9 million (FY22: £200.4 million), comprising share capital, share premium, other reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity and net cash of £83.2 million (FY22: £65.4 million), comprising cash and cash equivalents less bank overdraft (note 13).

Except for compliance with certain bank covenants (note 23(b)(iii)), the Group is not subject to any externally imposed capital requirements.

### (ii) Foreign currency exchange risk management

The Group uses Sterling as its presentation currency. It undertakes transactions in a number of foreign currencies. Consequently, exposures to exchange rate fluctuations do arise. Such exchange rate movements affect the Group's transactional revenues, cost of sales, the translation of earnings and the net assets/liabilities of its overseas operations.

The Group is also exposed to foreign currency risks from the value of net investments outside the United Kingdom. The intercompany loans which are treated as net investments in foreign operations are not planned to be settled in the foreseeable future as they are deemed to be a part of the investment. Therefore, exchange differences arising from the translation of the net investment loans are taken into equity.

The Group's businesses generally raise invoices and incur expenses in their local currencies. Local currency cash generated is remitted via intercompany transfers to the United Kingdom. The Group generally converts foreign currency balances into Sterling to manage its cash flows.

### Foreign currency sensitivity analysis

The Group is mainly exposed to the Euro and the US Dollar. If the Euro or the US Dollar strengthened against Sterling by a movement of 10%, the anticipated impact on the Group's results in terms of translational exposure would be an increase in profit before income tax of £8.7 million and £2.6 million (FY22: £6.9 million and £3.4 million) respectively, with a similar decrease if the Euro or the US Dollar weakened against Sterling by 10%.

### (iii) Liquidity risk management

The Group's treasury function centrally coordinates relationships with banks, manages borrowing requirements, foreign exchange needs and cash management. The Group has access to a committed RCF of £50.0 million along with an uncommitted £30.0 million accordion facility in place with HSBC and Citibank, giving the Group an option to increase its total borrowings under the facility to £80.0 million. All these facilities remained undrawn on 30 November 2023 and 30 November 2022. The Group also has an uncommitted £5.0 million overdraft facility with HSBC of which £nil (FY22: £0.4 million) was used at the year end.

The RCF is subject to certain covenants requiring the Group to maintain financial ratios over interest cover, leverage and guarantor cover. The Group complied with these covenants throughout the year.

- (1) Interest cover: the ratio of EBITDA to net finance charges shall not be less than the ratio of 4:1 at any time;
- (2) Leverage: the ratio of total net debt on the last day of a period to the adjusted EBITDA in respect of that period shall not exceed the ratio of 3:1; and
- (3) Guarantor cover: the aggregate adjusted EBITDA and gross assets of all the guarantor subsidiaries must at all times represent at least 80% of the adjusted EBITDA and gross assets of the Group as a whole.

## 23 Financial instruments and financial risk management continued

The table below shows the maturity profile of the financial liabilities which are held at amortised cost based on the contractual (undiscounted) amounts payable on the date of repayment:

£'000	Lease liabilities Group	Trade and other payables, including bank overdrafts	
		Group	Company
<b>At 30 November 2023</b>			
Within one year	13,430	176,751	87,500
More than one year	18,037	–	–
	<b>31,467</b>	<b>176,751</b>	<b>87,500</b>
<b>At 30 November 2022</b>			
Within one year (restated – see note 23(a) above)	11,023	191,593	53,602
More than one year	23,254	–	–
	<b>34,277</b>	<b>191,593</b>	<b>53,602</b>

### (iv) Credit risk management

#### Risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

In the normal course of business, the Group participates in cash pooling arrangements with its counterparty bank. The maximum exposure to a single banking group for deposits and funds held on account at the year end was £58.4 million (FY22: £40.6 million). The Group will not accept any counterparty bank for its deposits unless it has been awarded a minimum recognised credit rating of A3/Prime-2 (Moody's). Some local banks in emerging markets may have lower ratings but the funds at risk will be small. The Group will permit exposures with individual counterparty banks and exposure types up to pre-defined limits as part of the Group treasury policy. Exposure to all transaction limits is monitored daily.

The Group mitigates its credit risk from trade receivables by using a credit rating agency to assess new clients and payment history to consider further credit extensions to existing clients. In addition, the spread of the client base (over 7,200 clients) helps to mitigate the risk of individual client failure having a material impact on the Group.

The Group does not typically renegotiate the terms of trade receivables; hence the outstanding balance is included in the analysis based on the original payment terms. There were no significant renegotiated balances outstanding at the year end.

The Group's credit risk from loans given to certain tracker shareholders (note 12) is immaterial. In FY23, one loan was repaid in full, and two remain outstanding (FY22: three outstanding tracker share loans) for the total amount of £0.1 million. Exposure to loans from individuals is regularly monitored and the individuals are asked to settle all or a portion of their outstanding balances when their tracker shares are settled, when they receive dividends or if they leave the business.

#### Climate-related matters

In the current year, the management team continued to monitor and mitigate any potential deterioration in clients' credit risk, in particular for a small proportion of the Group's clients which are exposed to physical and transition risks associated with climate change. No material financial impact or deterioration in our clients' ability to settle their debt obligations was identified.

In line with the Group's climate change strategy, our ambition is to deliver an appropriate level of oversight of ESG-related matters across our global client-base. This will help us to assess how our clients address ESG matters within their organisations, and whether their policies meet our standards and risk appetite.

#### Credit rating

The Group uses the following categories of internal credit risk rating for financial assets which are subject to ECLs under the three-stage general approach. These categories reflect the respective credit risk and how the loss provision is determined for each of those categories.

Category of internal credit rating	Definition of category	Basis of recognition of ECLs
Performing	Clients have a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs
Underperforming/non-performing	Clients negotiating for new credit terms, default in repayment and other relevant indicators that showed customers' deteriorating financial condition	Lifetime ECLs
Non-performing	Interest and/or principal payment are 90 days past due	Lifetime ECLs
Write-off	Clients with no reasonable expectation of recovery	Asset is written off

#### Impairment of financial assets

The Group applies the simplified approach by using the provision matrix to measure the lifetime ECLs for trade receivables and contract assets.

At 30 November 2023, cash and cash equivalents, other receivables and refundable deposits are rated with a 'performing' internal credit rating. The credit risks on bank balances, other receivables and deposits are low as these balances are placed with reputable financial institutions or companies with good collection track records with the Group.

To measure the ECLs, the Group considers historical payment patterns and credit characteristics of each client and adjusts for forward-looking information such as future prospects of the clients' core operating industries, the political and economic environment in which the Group's clients operate, and other information and factors on the clients' financial condition.

Notwithstanding the above, the Group evaluates the ECLs on clients in financial difficulties and who have defaulted on payments separately. These receivables are not secured by any collateral or credit enhancements.

Trade and other receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Group's credit risk exposure in relation to trade receivables and contract assets as at 30 November 2023 and 30 November 2022 is set out in the provision matrix as follows:

£'000	Current	1-30 days past due	31-60 days past due	61-120 days past due	More than 120 days past due	Total
<b>30 November 2023</b>						
Expected loss rates	0.58%	2.47%	6.70%	8.72%	53.80%	
Gross trade receivables	187,718	27,279	13,215	8,650	8,663	245,525
Contract assets	94,091	–	–	–	–	94,091
Other assets	5,011	–	–	–	–	5,011
<b>Loss allowances</b>	<b>1,664</b>	<b>674</b>	<b>886</b>	<b>754</b>	<b>4,661</b>	<b>8,639</b>

£'000	Current	1-30 days past due	31-60 days past due	61-120 days past due	More than 120 days past due	Total
<b>30 November 2022</b>						
Expected loss rates	0.03%	0.45%	1.08%	1.62%	47.40%	
Gross trade receivables	196,628	29,960	11,741	9,323	6,761	254,413
Contract assets	91,680	–	–	–	–	91,680
Other assets (restated)	5,380	–	–	–	–	5,380
<b>Loss allowances</b>	<b>87</b>	<b>135</b>	<b>127</b>	<b>151</b>	<b>3,204</b>	<b>3,704</b>

### (v) Interest rate risk management

The Group is exposed to interest rate risk from the possibility that changes in interest rates will affect future cash flows or the fair values of its financial instruments, principally financial liabilities. The Group finances its operations through a mixture of retained profit and the RCF.

The Group does not hedge the exposure to variations in interest rates.

Taking into consideration all variable rate borrowings and bank balances at 30 November 2023, if the interest rate payable or receivable moved by 100 basis points in either direction, the effect to the Group would be minimal. 100 basis points was used on the assumption that applicable interest rates are not likely to move by more than this basis given the pattern of interest rate movements in recent years.

### (vi) Interest rate profile of financial assets and liabilities

At the reporting date, the Group and the Company did not have any significant financial liabilities exposed to interest rate risk. The only financial assets which accrued interest were cash and cash equivalents (note 13) with maturity of less than a year and were subject to floating interest income.

## 23 Financial instruments and financial risk management continued

### (vii) Currency profile of net cash and cash equivalents (including bank overdrafts)

£'000	Net cash and cash equivalents				Total
	Sterling	Euro	US Dollar	Other currencies	
<b>At 30 November 2023</b>					
<b>Functional currency of Group operations</b>					
Sterling	29,372	34,573	4,209	465	68,619
Euro	–	7,388	–	182	7,570
US Dollar	–	–	–	–	–
Other	–	–	399	6,614	7,013
	29,372	41,961	4,608	7,261	83,202

£'000	Net cash and cash equivalents				Total
	Sterling	Euro	US Dollar	Other currencies	
<b>At 30 November 2022</b>					
<b>Functional currency of Group operations</b>					
Sterling	17,610	14,396	9,437	195	41,638
Euro	70	14,712	–	190	14,972
US Dollar	–	–	167	–	167
Other	11	–	1,608	6,990	8,609
	17,691	29,108	11,212	7,375	65,386

Other foreign currencies held by the Group include Canadian Dollar, Hong Kong Dollar, Australian Dollar, Japanese Yen, Malaysian Ringgit, Qatari Riyal, Singapore Dollar, Saudi Arabia Riyal, Swiss Franc and United Arab Emirates Dirham. The Company does not have a material exposure to other currencies.

### (viii) Fair value

For all financial instruments, the carrying amount is either the fair value, or approximates the fair value.

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale, and excludes accrued interest.

Where relevant, market values were used to determine fair values. Where market values were not available, fair value was calculated by discounting expected cash flows at prevailing interest rates and by applying year-end exchange rates.

The Group holds a minority shareholding in RoboRecruiter (see note 11) which fair value was written off to other comprehensive income in the prior year. The investment valuation was categorised within level 1 of the fair value hierarchy. All other Group's financial assets or financial liabilities, which are not measured at fair value, have the carrying amounts which are a reasonable approximation of their fair values.

#### Summary of fair value methods and assumptions

Receivables and payables	Due to the short-term nature of the current receivables and payables, their carrying amount is considered to be the same as their fair value.
Cash and cash equivalents, including short-term deposits	Approximates the carrying amount because of the short maturity of these instruments.
Investments	Market valuation at the end of the reporting year.
Borrowings	The carrying amount of the Group's borrowings, primarily the RCF, approximates their fair value. The fair value of the RCF is estimated using discounted cash flow analysis based on the Group's current incremental borrowing rates for similar types and maturities of borrowing and is consequently categorised in level 2 of the fair value hierarchy.

## 24 Subsequent events

There were no subsequent events following 30 November 2023.

## 25 List of subsidiaries

The full list of SThree plc's subsidiaries at 30 November 2023 and 30 November 2022, and the Group percentage of ordinary share capital and voting rights is as follows:

Name of undertaking	%	Country of incorporation	Principal activities	Registered office
SThree Australia Pty*	100	Australia	Dormant	C/O DLA Piper Australia, 80 Collins Street, Melbourne VIC 3000, PO Box 4301, Australia
SThree Austria GmbH	100	Austria	Recruitment	Wiedner Gurtel 13, Turm 24, 10 OG. 1100 Vienna, Austria
SThree Temp Experts Austria GmbH	100	Austria	Recruitment	Wiedner Gurtel 13, Turm 24, 10 OG. 1100 Vienna, Austria
Computer Futures Solutions NV	100	Belgium	Recruitment	Kreupelenstraat 9, 5de en 6de verdieping, B-1000 Brussels, Belgium
Huxley Associates Belgium NV	100	Belgium	Recruitment	Kreupelenstraat 9, 5de en 6de verdieping, B-1000 Brussels, Belgium
SThree Services NV	100	Belgium	Recruitment	Kreupelenstraat 9, 5de en 6de verdieping, B-1000 Brussels, Belgium
SThree Belgium NV	100	Belgium	Recruitment	Kreupelenstraat 9, 5de en 6de verdieping, B-1000 Brussels, Belgium
SThree Canada Limited	100	Canada	Recruitment	Sun Life Plaza West Tower, 144-4 Avenue SW, Suite 1600, Calgary AB T2P 3N4, Canada
SThree SAS	100	France	Recruitment	170 Boulevard de la Villette, 75019, Paris, France
SThree Holdings GmbH	100	Germany	Holding company	Querstrasse 7, 60322, Frankfurt am Main, Germany
SThree GmbH	100	Germany	Recruitment	Querstrasse 7, 60322, Frankfurt am Main, Germany
SThree Temp Experts GmbH	100	Germany	Recruitment	Querstrasse 7, 60322, Frankfurt am Main, Germany
SThree Services GmbH	100	Germany	Recruitment	Querstrasse 7, 60322, Frankfurt am Main, Germany
SThree Limited	100	Hong Kong	Non-trading	10th Floor, YF Life Tower, 33 Lockhart Road, Wan Chai, Hong Kong
SThree India Private Limited	100	India	In voluntary liquidation	511 The Corporate Centre, Nirmal Lifestyle Mall, LBS Road, Mulund (West), Mumbai, Maharashtra-MH. 400080, India
SThree Staffing Ireland Limited	100	Ireland	Recruitment	Pembroke Hall, 38/39 Fitzwilliam Square West, Dublin 2, D02 NX53, Ireland
SThree K.K.	100	Japan	Recruitment	Kabukiza Tower, 12-15, Ginza 4-chome, Chuo-ku, Tokyo, Japan
SThree S.à r.l.	100	Luxembourg	Recruitment	55, rue de Luxembourg, L-8077 Bertrange, Grand Duchy of Luxembourg
Progressive Global Energy Sdn. Bhd.	49	Malaysia	Recruitment	10th Floor, Menara Hap Seng, No 1&3 Jalan P Ramlee, 50250 Kuala Lumpur, Malaysia
SThree Holdings BV	100	Netherlands	Recruitment	Gustav Mahlerlaan 38, Gebouw Som 1, 1082MC, Amsterdam, Netherlands
Huxley BV	100	Netherlands	Recruitment	Keizersgracht 281, 5e verdieping, 1016ED, Amsterdam, Netherlands
SThree Interim Services BV	100	Netherlands	Recruitment	Gustav Mahlerlaan 38, Gebouw Som 1, 1082MC, Amsterdam, Netherlands
SThree Middle East for Business Services Limited Liability	100	Saudi Arabia	HR Services	Astrolabs Riyadhhi, 3141 Anas Ibn Malik Rod, Al Malqa, Riyadh 13521, Saudi Arabia
SThree Pte. Ltd.	100	Singapore	Recruitment	80 Raffles Place, #25-01 UOB Plaza 1, Singapore 048624, Singapore
SThree Business Services Ibérica, S.L.	100	Spain	Recruitment	WeWork, Glories, Carrer Tànger 86, 08018 Barcelona, Spain
SThree Switzerland GmbH	100	Switzerland	Recruitment	3rd Floor, Claridenstrasse 34, 8002 Zürich, Switzerland
Cavendish Directors Limited**	100	UK	Dormant	1st Floor, 75 King William Street, London, EC4N 7BE, United Kingdom

## 25 List of subsidiaries continued

Name of undertaking	%	Country of incorporation	Principal activities	Registered office
SThree UK Holdings Limited**	100	UK	Holding company	1st Floor, 75 King William Street, London, EC4N 7BE, United Kingdom
SThree Overseas Holdings Limited**	100	UK	Holding company	1st Floor, 75 King William Street, London, EC4N 7BE, United Kingdom
SThree UK Management Limited**	100	UK	Holding company	1st Floor, 75 King William Street, London, EC4N 7BE, United Kingdom
SThree Overseas Management Limited**	100	UK	Holding company	1st Floor, 75 King William Street, London, EC4N 7BE, United Kingdom
SThree UK Operations Limited**	100	UK	Holding company	1st Floor, 75 King William Street, London, EC4N 7BE, United Kingdom
SThree Euro UK Limited	100	UK	Support services	1st Floor, 75 King William Street, London, EC4N 7BE, United Kingdom
SThree IP Limited**	100	UK	Support services	1st Floor, 75 King William Street, London, EC4N 7BE, United Kingdom
SThree Management Services Limited**	100	UK	Management services	1st Floor, 75 King William Street, London, EC4N 7BE, United Kingdom
SThree Partnership LLP	100	UK	Recruitment	1st Floor, 75 King William Street, London, EC4N 7BE, United Kingdom
Huxley Associates Global Limited	100	UK	Recruitment	1st Floor, 75 King William Street, London, EC4N 7BE, United Kingdom
Progressive Global Energy Limited	100	UK	Recruitment	1st Floor, 75 King William Street, London, EC4N 7BE, United Kingdom
Progressive Global Energy Kurdistan Limited	100	UK	Dormant	1st Floor, 75 King William Street, London, EC4N 7BE, United Kingdom
Elevize Limited	100	UK	Support services	1st Floor, 75 King William Street, London, EC4N 7BE, United Kingdom
HireFirst Limited	100	UK	Recruitment Technology	1st Floor, 75 King William Street, London, EC4N 7BE, United Kingdom
Talent Deck Limited*	100	UK	Dormant	1st Floor, 75 King William Street, London, EC4N 7BE, United Kingdom
Showcaser Limited*	100	UK	Dormant	1st Floor, 75 King William Street, London, EC4N 7BE, United Kingdom
SThree Ventures Limited	100	UK	Holding company	1st Floor, 75 King William Street, London, EC4N 7BE, United Kingdom
SThree Dollar UK Limited	100	UK	Support services	1st Floor, 75 King William Street, London, EC4N 7BE, United Kingdom
Specialist Staffing Holdings Inc	100	USA	Holding company	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States
Specialist Staffing Solutions Inc	100	USA	Recruitment	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States
Specialist Staffing Services Inc	100	USA	Recruitment	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States
Newington International Inc	100	USA	Recruitment	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States

\* The operations in this entity were discontinued. It will remain dormant until the liquidation process is completed.

\*\* Directly held subsidiaries. All other subsidiaries are indirectly held.

## Statutory guarantees and audit exemptions:

The following Group entities are exempt from audit by virtue of Section 479A of the Companies Act 2006. SThree plc has provided statutory guarantees to all these entities in accordance with the Companies Act:

Elevize Limited	Showcaser Limited	SThree UK Operations Limited
HireFirst Limited	SThree Dollar UK Limited	SThree Ventures Limited
Huxley Associates Global Limited	SThree Euro UK Limited	Talent Deck Limited
Progressive Global Energy Kurdistan Limited	SThree IP Limited	
Progressive Global Energy Limited	SThree Management Services Limited	

## 26 Alternative performance measures (APMs): definitions and reconciliations

In discussing the performance of the Group, comparable measures are used.

The Group discloses comparable performance measures to enable users to focus on the underlying performance of the business on a basis which is common to both periods for which these measures are presented. The reconciliation of comparable measures to the directly related measures calculated in accordance with IFRS is as follows.

### APMs in constant currency

As the Group operates in 11 countries, and with many different currencies, it is affected by foreign exchange movements, and the reported financial results reflect this. However, the Group business is managed against targets which are set to be comparable between years and within them, for otherwise foreign currency movements would undermine the management ability to drive the business forward and control it. Within this Annual Report, comparable results have been highlighted on a constant currency basis as well as the results on a reported basis which reflect the actual foreign currency effects experienced.

The Group evaluates its operating and financial performance on a constant currency basis (i.e. without giving effect to the impact of variation of foreign currency exchange rates from year to year). Constant currency APMs are calculated by applying the prior year foreign exchange rates to the current and prior financial year results to remove the impact of exchange rate.

Measures on a constant currency basis enable users to focus on the performance of the business on a basis which is not affected by changes in foreign currency exchange rates applicable to the Group's operating activities from period to period.

The calculations of the APMs on a constant currency basis and the reconciliation to the most directly related measures calculated in accordance with IFRS are as follows:

£'000, unless otherwise stated	2023					
	Revenue	Net fees	Operating profit	Operating profit conversion ratio*	Profit before tax	Basic EPS (pence)
Reported	1,663,167	418,775	76,356	18.2%	77,915	42.4
Currency impact	(24,489)	(5,602)	(2,280)	(0.3%)	(2,237)	(1.2)
<b>In constant currency</b>	<b>1,638,678</b>	<b>413,173</b>	<b>74,076</b>	<b>17.9%</b>	<b>75,678</b>	<b>41.2</b>

£'000, unless otherwise stated	2022					
	Revenue	Net fees	Operating profit	Operating profit conversion ratio*	Profit before tax	Basic EPS (pence)
Reported	1,639,446	430,616	77,552	18.0%	77,026	41.0

\* Operating profit conversion ratio represents operating profit over net fees.

To calculate the YoY variances in constant currency, management compared the FY23 results in constant currency versus the FY22 reported results.

## 26 Alternative performance measures (APMs): definitions and reconciliations continued

### Other APMs

#### Net cash excluding lease liabilities

Net cash is an APM used by the Directors to evaluate the Group's capital structure and leverage. Net cash is defined as cash and cash equivalents less current and non-current borrowings excluding lease liabilities, as illustrated below:

£'000	30 November 2023	30 November 2022
Cash and cash equivalents	83,202	65,809
Bank overdraft	–	(423)
<b>Net cash</b>	<b>83,202</b>	<b>65,386</b>

#### EBITDA

In addition to measuring financial performance of the Group based on operating profit, the Directors also measure performance based on EBITDA. It is calculated by adding back to the reported operating profit non-cash items such as the depreciation of property, plant and equipment (PPE), the amortisation and impairment of intangible assets, loss on disposal of PPE and intangible assets, gain on lease modification and the employee share options charge. Where relevant, the Group also uses EBITDA to measure the level of financial leverage of the Group by comparing EBITDA to net debt.

A reconciliation of reported operating profit for the year, the most directly comparable IFRS measure, to EBITDA is set out below.

£'000	2023	2022
Reported operating profit for the year	76,356	77,552
Depreciation of property, plant and equipment	15,898	18,682
Amortisation and impairment of intangible assets	16	719
Loss on disposal of PPE and intangible assets	160	1,298
Gain on lease modification	–	(266)
Employee share options charge	4,871	4,999
<b>EBITDA</b>	<b>97,301</b>	<b>102,984</b>

#### Dividend cover

The Group uses dividend cover as an APM to ensure that its dividend policy is sustainable and in line with the overall strategy for the use of cash. Dividend cover is defined as the number of times the Company is capable of paying dividends to shareholders from the profits earned during a financial year, and it is calculated as the Group's profit for the year attributable to owners of the Company over the total dividend paid to ordinary shareholders.

£'000		2023	2022
Profit for the year attributable to owners of the Company	A	56,051	54,202
Dividend proposed to be paid to shareholders (note 8)	B	21,710	21,179
<b>Dividend cover</b>	(A ÷ B)	<b>2.6</b>	<b>2.6</b>

#### Contract margin

The Group uses contract margin as an APM to evaluate contract business quality and the service offered to customers. Contract margin is defined as contract net fees as a percentage of contract revenue.

£'000, unless otherwise stated		2023	2022
Contract net fees	A	343,502	334,215
Contract revenue	B	1,584,215	1,540,323
<b>Contract margin</b>	(A ÷ B)	<b>21.7%</b>	<b>21.7%</b>

#### Total shareholder return (TSR)

The Group uses TSR as an APM to measure the growth in value of a shareholding over a specified period, assuming that dividends are reinvested to purchase additional shares at the closing price applicable on the ex-dividend date. The TSR is calculated by the external independent data-stream party.

pence, unless otherwise stated	2023	2022
SThree plc TSR return index value: three-month average to 30 Nov 2020 (FY22: 30 Nov 2019)	240.74	262.41
SThree plc TSR return index value: three-month average to 30 Nov 2023 (FY22: 30 Nov 2022)	365.25	355.43
<b>Total shareholder return</b>	<b>51.7%</b>	<b>35.4%</b>

## Five-year financial summary

	30 November 2023	30 November 2022	30 November 2021	30 November 2020	30 November 2019
<b>Financial metrics<sup>9</sup></b>					
Revenue (£'m)	<b>1,663.2</b>	1,639.4	1,330.7	1,202.6	1,324.7
Net fees (£'m)	<b>418.8</b>	430.6	355.7	308.6	338.0
Operating profit (£'m) <sup>10</sup>	<b>76.4</b>	77.6	60.8	31.3	60.0
Operating profit conversion ratio <sup>10</sup>	<b>18.2%</b>	18.0%	17.1%	10.1%	17.8%
Basic EPS (pence) <sup>10</sup>	<b>42.4</b>	41.0	31.8	13.9	33.2
<b>Other Group ratios</b>					
Total assets (£'m)	<b>472.3</b>	470.4	400.6	334.5	305.1
Total equity (£'m)	<b>222.9</b>	200.4	158.2	128.5	116.8
Net cash (£'m)	<b>83.2</b>	65.4	57.5	49.9	10.6
Cash from operations (£'m)	<b>93.3</b>	64.4	54.5	76.9	54.8
Dividends per share (pence)	<b>16.6</b>	16.0	11.0	5.0	15.3
<b>Group operational statistics</b>					
Average total headcount <sup>11</sup>	<b>2,819</b>	2,890	2,588	2,894	3,109
Average sales headcount <sup>11</sup>	<b>1,981</b>	2,114	1,911	2,219	2,423
Active contractors at year end	<b>11,606</b>	12,533	11,809	9,523	11,110

9. Financial metrics are presented for continuing operations only.

10. The results for the financial years 2019 to 2021 are presented on an adjusted basis, i.e. excluding the impact of exceptional items.

11. Based on full-time equivalents.

## Other Information

### Results announcement timetable

SThree plc confirms the following forthcoming dates in the Group financial calendar:

#### 2024

<b>19 March 2024</b>	FY24 Q1 Trading Update
<b>25 April 2024</b>	Annual General Meeting
<b>18 June 2024</b>	FY24 Half Year Trading Update
<b>23 July 2024</b>	FY24 Half Year Results
<b>24 September 2024</b>	FY24 Q3 Trading Update
<b>17 December 2024</b>	FY24 Trading Update

#### 2025

<b>28 January 2025</b>	FY24 Final Results
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## Shareholder information

Shareholders with enquiries relating to their shareholding should contact Computershare Investor Services.

Alternatively, you may access your account via [www.investorcentre.co.uk](http://www.investorcentre.co.uk), but will need to have your Shareholder Reference Number (SRN) available when you first log in. This can be found on your Welcome letter or other correspondence received from Computershare relating to your shareholding. The online facility also allows shareholders to view their holding details, update their address and dividend mandate instructions.

Shareholders who would prefer to view documentation electronically can also elect to receive automatic notification by email each time the Company distributes documents, instead of receiving a paper version of such documents. You can again choose your preferred communication method by using the shareholder portal at [www.investorcentre.co.uk](http://www.investorcentre.co.uk). Alternatively, you can register your request via the registrar by calling +44 (0)370 707 1412. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 08.30–17.30, Monday to Friday excluding public holidays in England and Wales. Should you wish to change your mind or request a paper version of any document in the future, you may do so by contacting the registrar.

### Potential targeting of shareholders

Companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas-based brokers who target UK shareholders offering to sell them what often turn out to be worthless or high-risk shares in US or UK investments. They can be very persistent and extremely persuasive. It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years.

Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. If you receive any unsolicited investment advice:

### Reject unexpected offers

Scammers usually cold call, but contact can also come by email, post, word of mouth or at a seminar. If you have been offered an investment out of the blue, chances are it is a high-risk investment or a scam.

### Check the Financial Conduct Authority (FCA) Warning List

Use the FCA Warning List to check the risks of a potential investment – you can also search to see if the firm is known to be operating without FCA authorisation.

### Get impartial advice

Get impartial advice before investing – do not use an adviser from the firm that contacted you.

You can report a firm or scam to the FCA on 0800 111 6768 or through [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart).

If you have lost money in a scam, contact Action Fraud on 0300 123 2040 or [www.actionfraud.police.uk](http://www.actionfraud.police.uk).

### Share price information

Information on the Company's share price can be found via: [www.sthree.com](http://www.sthree.com).

### ShareGift

ShareGift (reg charity no. 1052686) operates a charity share donation scheme for shareholders with small parcels of shares whose value may make it uneconomic to sell. Details of the scheme are available from [www.sharegift.org](http://www.sharegift.org) or by calling 0207 930 3737.

## Company information and corporate advisers

### Executive Directors

**Timo Lehne**  
Chief Executive Officer

**Andrew Beach**  
Chief Financial Officer

### Whistleblowing hotline

Tel: (UK) 0800 915 1571  
Website: [www.safecall.co.uk/report](http://www.safecall.co.uk/report)

### Financial advisers and stockbrokers

**Berenberg**  
60 Threadneedle Street  
London  
EC2R 8HP

**Investec Bank plc**  
30 Gresham Street  
London  
EC2V 7QP

### Financial PR

**Alma Strategic Communications**  
71-73 Carter Lane  
London  
EC4V 5EQ

### Auditors

**PricewaterhouseCoopers LLP**  
141 Bothwell Street  
Glasgow  
G2 7EQ

### Registrars (ordinary shares)

**Computershare**  
The Pavilions  
Bridgwater Road  
Bristol  
BS13 8AE  
Tel: (UK) +44 (0)370 707 1412\*  
Shareholder Portal: [www.investorcentre.co.uk](http://www.investorcentre.co.uk)

\* Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 08.30–17.30, Monday to Friday excluding public holidays in England and Wales.

### Group Company Secretary and registered office

**Kate Danson**  
Group Company Secretary  
1st Floor, 75 King William Street  
London  
EC4N 7BE  
Email: [cosec@sthree.com](mailto:cosec@sthree.com)

### Company number

03805979

### Contact details

Email: [enquiries@sthree.com](mailto:enquiries@sthree.com)  
Web: [www.sthree.com](http://www.sthree.com)



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SThree plc  
75 King William St  
London  
EC4N 7BE  
[sthree.com](http://sthree.com)