

**HAYS** Recruiting experts  
worldwide

# THE ULTIMATE PEOPLE BUSINESS

Hays plc Annual Report & Financial Statements 2017



# WE ARE LEADING GLOBAL RECRUITING EXPERTS IN THE WORLD OF QUALIFIED, PROFESSIONAL AND SKILLED WORK

## The ultimate people business

Hays is powered by our people around the world. We focus on hiring, training and developing the best people in our industry.

### Employees

10,000

2016: 9,214

### Consultants

6,884

2016: 6,268

As the ultimate people business, everything we do is focused on placing the right people into the right roles, assisting our candidates as they build careers, whilst also helping our clients to find the skilled talent they need.

### Permanent jobs filled last year

70,000

2016: 67,000

### Temporary and Contractor roles filled last year

240,000

2016: 220,000

[+ More information page 25](#)

## Financial summary

Another year of good financial progress with net fees and profits up, strong cash conversion, a material increase in core dividend and our first special dividend.

### Net fee income

£954.6m

2016: £810.3m

### Operating profit

£211.5m

2016: £181.0m

### Conversion rate

22.2%

2016: 22.3%

### Profit before tax

£204.6m

2016: £173.0m

### Basic EPS

9.66p

2016: 8.48p

### Core dividend per share

3.22p

2016: 2.90p

### Special dividend per share

4.25p

2016: NIL

[+ More information page 32](#)



### More information online:

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

[See haysplc.com/investors](#)

Read our views and advice on the world of work.

[See haysplc.com/viewpoint](#)

### Follow us on social media:

[in](https://www.linkedin.com/company/hays) linkedin.com/company/hays

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[y](https://www.youtube.com/user/HaysTV) youtube.com/user/HaysTV

Every day across our business, 10,000 people work with clients and candidates in 33 countries to power the world of work.

The balance, scale and diversity of our platform provides unrivalled breadth of expertise. It means we can respond quickly to the needs of our clients, enabling businesses, their people and the communities in which they operate to flourish.

We are Hays.  
The ultimate people business.

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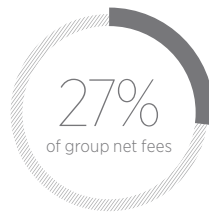
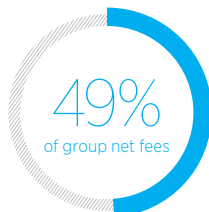


# OUR BUSINESS IS STRUCTURED ACROSS THREE DIVISIONS, MADE UP OF 33 COUNTRIES AND 250 OFFICES



## A long-established and diversified worldwide network

Asia Pacific	Continental Europe & Rest of World	UK & Ireland
<b>Offices</b> 50	<b>Offices</b> 102	<b>Offices</b> 98
<b>Total employees</b> 1,805	<b>Total employees</b> 4,737	<b>Total employees</b> 3,458
<b>Consultants</b> 1,336	<b>Consultants</b> 3,600	<b>Consultants</b> 1,948
<b>Net fees</b> £230.9m	<b>Net fees</b> £470.8m	<b>Net fees</b> £252.9m



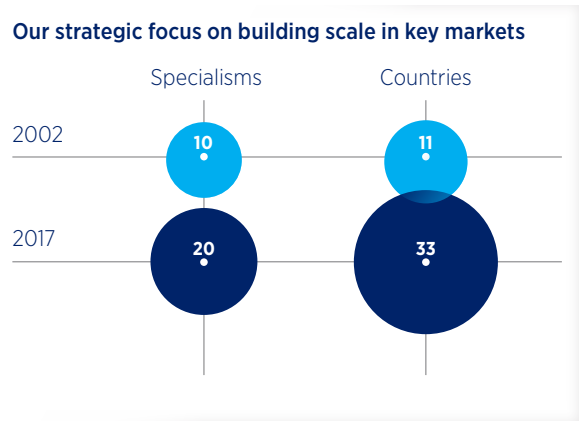
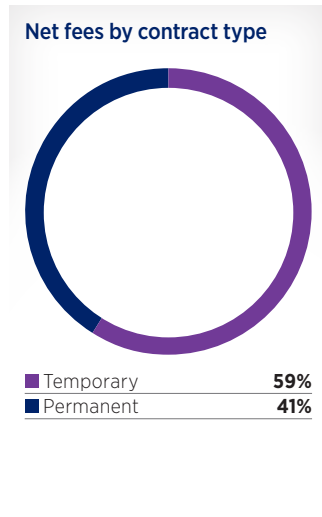
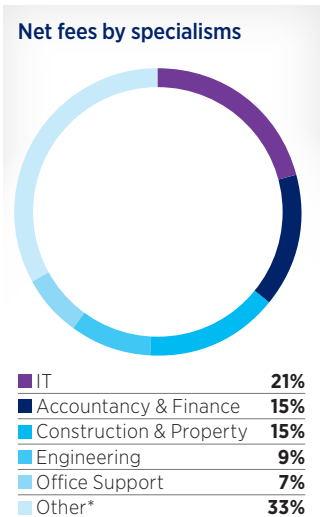
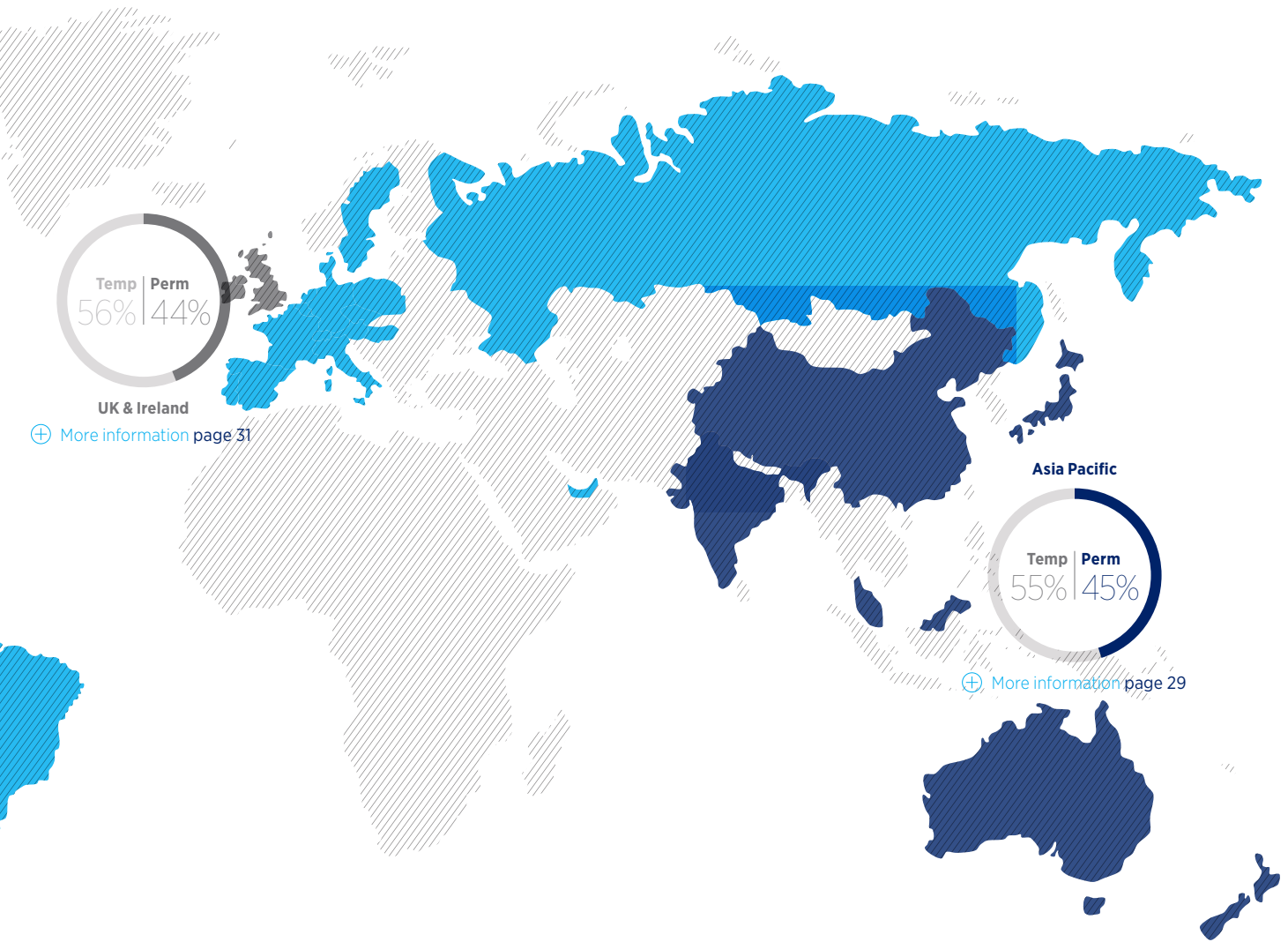
**33**  
countries

- Australia
- China
- Hong Kong
- India
- Japan
- Malaysia
- New Zealand
- Singapore
- Austria
- Belgium
- Brazil
- Canada
- Chile
- Colombia
- Czech Republic
- Denmark
- France
- Germany
- Hungary
- Italy
- Luxembourg
- Mexico
- The Netherlands
- Poland
- Portugal
- Russia
- Sweden
- Switzerland
- Spain
- UAE
- USA
- United Kingdom
- Ireland

## Market-leading breadth and depth of platform

**20**  
specialisms

- Accountancy & Finance
- Construction & Property
- Information Technology
- Life Sciences
- Sales & Marketing
- Banking & Capitals Markets
- Contact Centres
- Education
- Energy, Oil & Gas
- Engineering & Manufacturing
- Executive
- Financial Services
- Health & Social Care
- Human Resources
- Legal
- Office Professionals
- Purchasing
- Retail
- Resources & Mining
- Telecoms



\* Major specialisms within Other include: Banking Related (7%), Life Sciences (5%), Sales & Marketing (4%) and Education (3%).

# STRATEGIC REPORT

A description of our business model, markets and strategy.

- 03** Our four-point investment case
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# HELPING INDUSTRY AND PEOPLE TO FLOW



## OUR FOUR-POINT INVESTMENT CASE

### OUR BUSINESS PHILOSOPHY CENTRES ON THE NEED TO INVEST TO SUPPORT LONG-TERM GROWTH WHILST DRIVING SHORT-TERM FINANCIAL PERFORMANCE

In practical terms, this means we continually focus on: consultant and business productivity; strategic investment where we see clear opportunities for growth while maximising profitability; cash generation and returns to shareholders.

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

# 1.

The breadth of our business model across sector and contract type

- We have built a global platform with unrivalled scale, balance and diversity.
- We have exposure across Permanent, Temporary and Contractor recruitment markets at a scale which is unique amongst our peers.
- We focus on execution in each of our local markets delivered by the best people, sector-leading technology, recruitment tools and a world-class single brand.
- We have strong and experienced operational and senior regional management teams across the Group.
- We focus on developing and delivering the best services and products for clients and candidates, meeting their evolving needs.

Sectors

20

Countries

33

# 2.

Our balanced exposure to both mature and structural growth markets

- Many of the 33 countries across our global platform represent clear structural growth opportunities, where the use of agencies such as Hays to source skilled employees is a relatively new practice.
- 43% of our Group net fees are generated in these structural growth markets which include places such as Germany, Latin America and Japan, where the first-time outsourcing of the recruitment of skilled staff is a key long-term opportunity.
- The remaining 57% of net fees come from more mature markets, such as the UK, the US and Australia, where the use of agencies is a long established practice in the skilled jobs market. In these markets, activity levels are more driven by the stage of the economic cycle.

Group net fees

57%

Mature markets

43%

Structural growth markets

# 3.

Our ability to deliver superior financial performance through the cycle

- The scale and balance adds relative resilience to our earnings throughout the economic cycle and contributes to the outperformance of our business versus the peer group.
- We aim for a mix of exposures across different countries, job types and contract forms. Despite this existing balance we remain focused on further diversifying our earnings and building scale across our existing global platform.
- Having exceeded £200 million of operating profit in FY17, we believe we are well positioned to continue to drive further material profit growth.

FY17 operating profit

£211.5m

Earnings per share

9.66p

# 4.

Our potential to generate significant cashflow and dividends

- As well as our ability to drive material profitable growth, we are a highly cash-generative business, with a clear set of free cash flow priorities.
- These include ongoing investment in the development of the business, maintaining a strong balance sheet and delivering a sustainable and progressive dividend policy.
- Having achieved the targeted core dividend cover of 3.0x earnings, our core dividend will now grow in line with EPS.
- We ended the year with a net cash position of £112 million. As previously disclosed, it is our intention to distribute to shareholders any free cash flow generated over and above £50 million, assuming a positive outlook.
- Therefore, in addition to a material increase in core dividend, we also propose a special dividend of 4.25 pence per share, subject to shareholders' approval.

Net cash

£111.6m

Core dividend per share

3.22p

# BALANCE, SCALE AND DIVERSIFICATION ARE WHAT SETS HAYS APART AND DRIVES PERFORMANCE

1

## Balance

Unrivalled scale, balance and diversity...

2

## Scale

...the best people, sector-leading technology and a world-class brand...

3

## Geographic diversification

...delivers the best solutions for clients and candidates...

4

## Sectorial diversification

...a relatively resilient financial performance in tougher economic times...

5

## Contract form diversification

...and positions the Group for future growth.



## THE GLOBAL JOBS MARKET

**People building their careers, companies finding the talent to grow and develop – that's what Hays is at the centre of.**

**In 2017 globally we helped over 300,000 people find their next Permanent job or Contract assignment, and worked with over 30,000 clients to grow their own businesses by finding the skilled talent they need.**

This is the core of our business. The ways in which we do it may be changing, as the way people choose to work or the technologies they use to access the job market or seek to interact with us naturally evolve.

What remains constant though is the art of matching the right person to the right job.



### Mega trends

We identify four mega trends which are likely to influence the future shape and direction of the world of work and therefore how we manage our business and develop our strategy.

More, and varied ways of building a career

[⊕ More on page 8](#)

Skills shortages and businesses' demands for flexibility

[⊕ More on page 10](#)

Structural market growth and evolving client demands

[⊕ More on page 12](#)

Emergence of new, and evolving, technologies

[⊕ More on page 14](#)

## OUR MARKET

# SENTIMENT AND CONFIDENCE LEVELS OF CANDIDATES AND BUSINESSES ARE OFTEN INFLUENCED BY THE ECONOMIC OUTLOOK

The stage of the macroeconomic cycle and outlook, and prevailing sentiment in each of our markets, have a direct and often significant impact on activity levels within our business. This can be both positive and negative, particularly with respect to the confidence levels of businesses to invest in hiring, and candidates to move jobs. We call this 'job churn', and it is the primary driver of activity in the short term.

### Continental Europe & Rest of World

In brief:

- Improving economic conditions in Europe, no impact from Brexit. Cleared political hurdles including French elections
- The US also enjoyed a strong economic performance

Conditions in Europe were supportive during the year and, despite much speculation, sentiment was not impacted by the UK's decision to leave the European Union. Economic growth across Europe was broad-based, benefiting from stronger labour markets, rising incomes, looser fiscal policy and accommodative monetary policy measures from the European Central Bank. This helped strengthen consumer and business confidence in a year during which the Eurozone had to clear a number of political hurdles, including the Dutch and French general elections. In the US, the election of President Trump in November 2016 did not have a major impact on sentiment in our markets and the strength of the US economy led the US Federal Reserve to raise interest rates three times over the year.

[+ More information page 30](#)

### Asia Pacific

In brief:

- Overall business confidence levels improved in Australia and the economy benefited from a ramp up in investment in the private sector
- China saw further good economic growth as the country continues its transition towards a domestic consumption-led economy
- Economic conditions in the rest of Asia remained broadly resilient

The macroeconomic picture in Australia improved as the year progressed. This was initially supported by government spending on public projects and infrastructure and then followed by a ramp up in private sector investment, including marginal improvements in the resources-driven parts of the economy. This led to a general improvement in business confidence. Consumer confidence remained stable, despite concerns over an overheated residential property market, along with moderate wage inflation and rising cost of living. Business sentiment in Asia was broadly resilient with good growth in China and mixed conditions in other markets. This was despite the fact that the banking sector continued to be subdued.

[+ More information page 29](#)

### UK & Ireland

In brief:

- UK market sentiment was significantly impacted by the outcome of the UK Referendum on EU membership
- Relatively high inflation and low wage growth persisted across the year
- A snap General Election resulting in a hung parliament created further uncertainties

Our financial year began just after the UK voted to leave the European Union. This was an unexpected outcome and dominated the economic and market backdrop for a large part of the year. The value of sterling dropped significantly on the news and the Bank of England quickly moved to cut interest rates to a record-low 0.25%. However, resilient economic indicators and high levels of consumer confidence contributed to a better than expected overall economic backdrop in the first half of the year. During the second half of the year, weakness in Sterling started to translate into higher inflation which, coupled with low levels of wage growth, impacted on consumer spending. In the latter part of the year a snap General Election was called which resulted in a hung parliament and political instability, as the UK started negotiating the terms of its departure from the European Union.

[+ More information page 31](#)

### The competitive environment

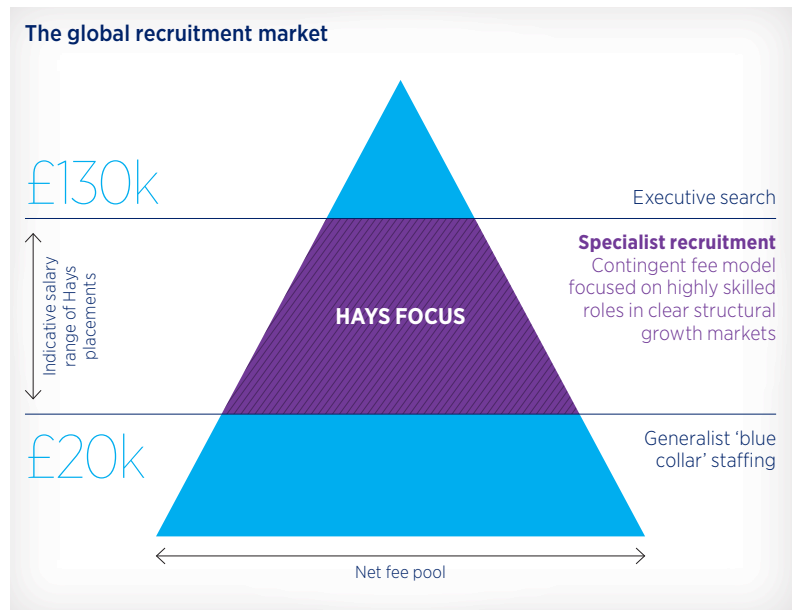
We are leading global recruiting experts focusing on the segment of the recruitment market referred to as professional, 'white collar' skilled or specialist recruitment. The salary of the candidates we place ranges from circa £20,000 to £130,000 p.a. and we operate across 20 different areas of specialism, including white collar professions such as Accountancy & Finance and IT, and more technical disciplines such as Engineering, and Construction & Property.

The competitive landscape across most of our markets is extremely fragmented and characterised by a large number of companies, which are often very small and focus on local, niche markets, and with a few large global players.

Despite the fragmented nature of the industry, in the majority of our markets the main competition we face is from in-house recruiting teams within the HR function of corporates. While we estimate that in more mature markets like the UK or the US around 80% of addressable skilled jobs are filled via recruitment agencies, in less mature markets like Germany that figure is only around 20% according to our analysis. The first-time outsourcing of the recruitment of professional staff is therefore a key driver of growth in many of our businesses.

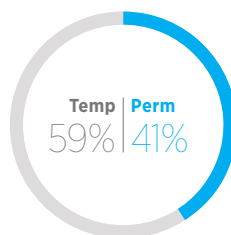
The main UK-listed specialist recruitment businesses we identify are PageGroup, Robert Walters and SThree, all of which have varying exposures and business mix, but do have a presence in many of the markets in which we operate. Despite this, they do not have the scale of Hays' operations especially in some of the more technical recruitment markets such as Construction & Property or in some of the structural-growth markets like Germany. We also identify many other competitors across each of our local markets. These include larger, so called 'generalist' recruiters such as Adecco, Randstad and Manpower, who also have operations in the specialist recruitment space, but are predominantly focused on the lower-salary 'blue collar' segment of the market. There are also several other sector or region-specific businesses such as KForce in the US or Amadeus FiRe in Germany.

We have deliberately built a business that is well-balanced and exposed to both mature, cyclical markets and emerging structural markets. In FY17 57% of our net fees were generated in mature markets and 43% in more immature markets compared to 83% and 17% respectively 10 years ago. Immature markets have significant structural growth opportunities and are less impacted by the economic cycle. We believe this balance, as well as our mix of Temporary, Contractor and Permanent recruitment combined with genuine scale across a range of 20 specialist areas and 33 countries, is unique to the specialist recruitment space, adds relative resilience to our business model through the economic cycle and acts as a genuine differentiator in our industry.

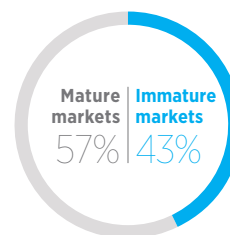


In FY17 59% of our fees came from the Temp and Contracting market, although this is weighted towards three countries where Hays has a market-leading position: Germany, Australia and the UK. In most of the other countries in the Group we have historically been predominantly Perm focused, however where market conditions and local legislation have allowed it, we have successfully been pursuing a strategy to build a meaningful Temp and Contractor business, which today represents one-third of our business outside of the three core markets.

Contract type 2017



Market exposure 2017



**"Despite the fragmented nature of the industry, in the majority of our markets the main competition we face is from in-house recruiting teams."**

MEGA TREND 1

# MORE, AND VARIED WAYS OF BUILDING A CAREER

For many skilled candidates, the ‘job for life’ has largely come to an end. There is an increasing appetite to embrace a more flexible, contract style of working or project roles, with candidates seeking interesting, often highly paid non-Permanent roles enabling them to build their career flexibly, as opposed to working their way up a single corporate ladder. The non-Perm businesses are becoming an increasingly important part in many more of our markets.

The rise of the digital economy has not only driven the creation of new job types in niche areas but it has also enabled greater mobility of experienced workers who can provide their skills as independent contractors on a more flexible basis.

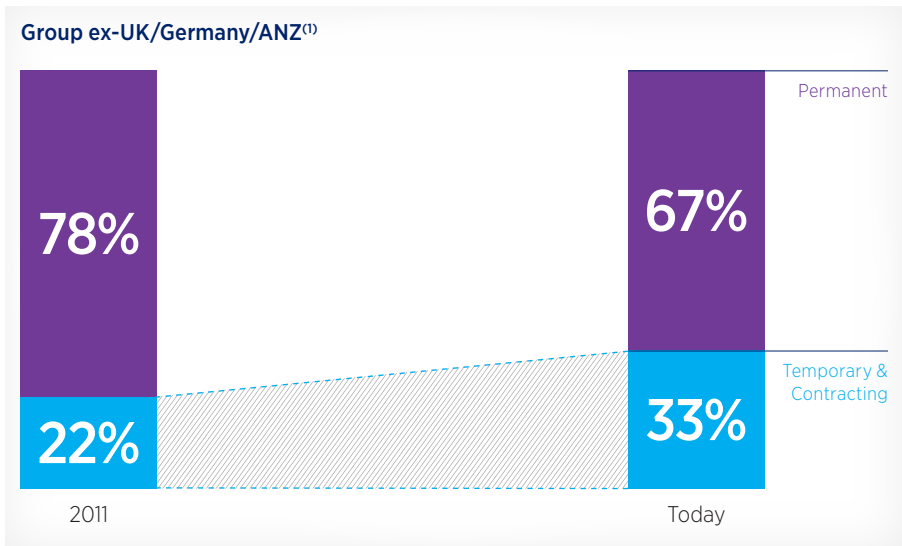
This, combined with less restrictive legislation in many countries and the secular shift away from a ‘job for life’ towards building a successful ‘portfolio career’, is why we believe Contracting is a key structural growth market and has become one of our fastest-growing business sectors.

**What this means for us**

We have made further strategic progress rolling out our market-leading IT Contracting business from Germany into other markets where we believe the model can be successful, including Canada, France and Japan. This, coupled with the established IT Contracting business we have in the US, means we are at the forefront of this evolving market trend.

We now have more than 60,000 Temps and Contractors on assignment all around the world. Despite this, the vast majority of skilled roles in the countries we operate in consist of traditional Perm positions, with non-Perm penetration rates still in the single digits. We believe this segment of the specialist recruitment market will become an increasingly important part of the make-up of modern workforces. Our aim is therefore to build further scale to be able to offer a truly globally integrated service by capitalising on increased candidate global mobility, increased non-Perm market penetration rates and by leveraging cross border client relationships.

**Bernhard Ott**  
**Location:** Germany  
**Profession:** Senior Clinical Professional



(1) Percentage of net fees.  
 (2) LFL (like-for-like) growth represents organic growth of continuing operations at constant currency.



January 2014



September 2014



November 2016



July 2015



**"The projects Hays offered were a good match for my profile, experience and lifestyle."**

**Bernhard Ott**  
Senior Clinical Professional

**+6%**<sup>(2)</sup>

Group Life Sciences  
growth in 2017

## CONTRACTING IN LIFE SCIENCES: A CANDIDATE'S JOURNEY

In 2017 Life Sciences has been one of the fastest growing specialisms in our market-leading German business. Part of this success was due to the roll out of our German IT Contracting model into other specialisms, including Life Sciences, capitalising on the trend for more flexible project-based work emerging in these markets. Key to helping our candidates structuring their careers as a series of projects is a deep understanding of their goals and an ongoing supportive relationship.

Bernhard Ott is a senior clinical professional specialising in pharmaceutical quality management and quality assurance. We have worked with Bernhard since 2012, placing him across some of the largest global pharmaceutical companies, from Merck to Novartis,

where he provided GCP and GMP quality assurance services. As the end of each project approached, we would meet Bernhard to discuss his future plans, ambitions and availability and match these with suitable assignments, helping him structure the next leg of his career. "The projects Hays offered were a good match for my profile, experience and lifestyle. I can always count on professional preparation ahead of interviews and, if required, a close assistance during ongoing projects. Some of the projects Hays placed me on were extended beyond their initial period and my consultant handled that in a structured and professional manner. To sum up five years of cooperation, I would recommend Hays as a trusted partner and I look forward to continuing working with them."

MEGA TREND 2

# SKILLS SHORTAGES AND BUSINESSES' DEMANDS FOR FLEXIBILITY

A key challenge that many of our clients across the world are increasingly facing, is adding flexibility to their skilled workforce to enable them to respond to fast-changing market conditions and access the skilled labour they need, when they need it. Employing skilled people on a contract or project basis injects more flexibility in their cost base and enables them to benefit from a workforce with a wide portfolio of relevant experience as and when they need it.

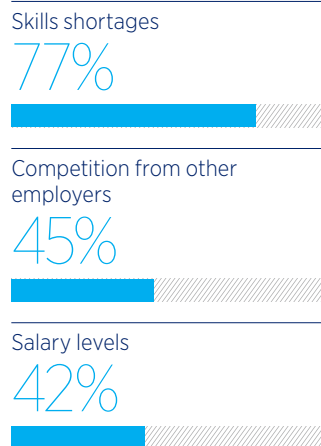
For an increasing number of businesses therefore, Contract and Temporary workers make up an increasingly important part of their skilled workforce.

**What this means for us**

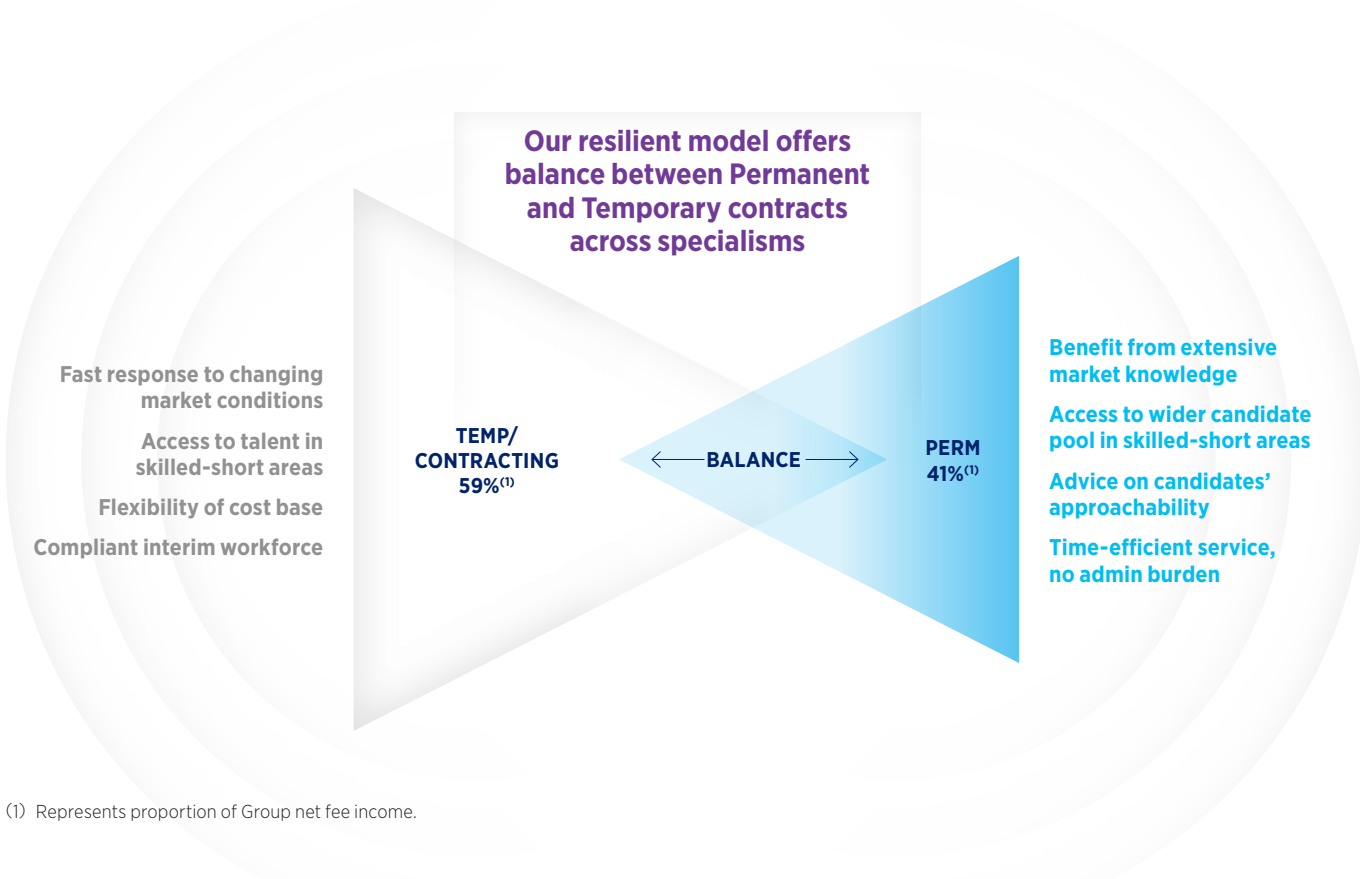
The challenge of sourcing highly skilled, compliant contractors willing to take up a new role remains, and in a world where these types of workers are often in short supply, our role is becoming increasingly important. We act as intermediary for highly skilled professionals searching for shorter-term vacancies, enabling our clients to tap into scarce talent pools of flexible workers and helping them to manage and shape their skilled Temp and Contractor workforces.

We see our non-Perm business as a higher-value source of earnings, more resilient to the cycle and our clients increasingly see us as the go-to experts who help them interpret and manage the risks and obligations that are required with managing a contingent workforce. This means that we are continually growing market share in places like Germany as well as establishing new client relationships across Europe, Asia and the Americas. We bring the expertise of our existing Temp and Contractor businesses and offer our clients clarity in what is a difficult and a complex area by helping them navigate the intricate Temp and Contractor regulations as they evolve.

**What employers said were their challenges for 2017**



Source: Hays UK Salary & Recruiting Trends 2017 Guide



(1) Represents proportion of Group net fee income.



**"Hays has been a company that I have depended on for many years to source talent."**

**Laurence Halabut**

Chief HR Officer, Toyota Financial Services

## DELIVERING FLEXIBLE WORKFORCE SOLUTIONS IN AUSTRALIA

The strong, long-lasting relationships we build with our clients across the world enable us to better understand their needs and to offer them tailored workforce solutions to match their evolving requirements. Over the past five years, in Australia, we have been a key recruitment partner to Toyota Financial Services (TFS), the financial services arm of Toyota Motor Corporation, which operates worldwide across over 30 countries. One of their biggest workforce challenges we have helped them with over these years has been finding and recruiting skilled employees and contractors across various divisions, from contact centre roles to niche technology and project management positions.

More recently Hays was appointed TFS's Managed Service Provider (MSP), looking after their contingent

workforce and also Recruitment Process Outsourcing (RPO) provider, helping TFS finding the skilled employees they needed for their Permanent hiring. We deployed a dedicated onsite management team and implemented a suite of technologies which immediately provided tangible benefits, including more flexibility in their labour cost base, increased compliance, better visibility of contingent workforce and improved quality and speed of hire.

Laurence Halabut, Chief HR Officer at TFS, noted: "Hays has been a company that I have depended on for many years to source talent. Their knowledge of the business along with the successful partnership we have, continues to create a positive impact on the delivery of various projects at Toyota Financial Services."

MEGA TREND 3

# STRUCTURAL MARKET GROWTH AND EVOLVING CLIENT DEMANDS

Most professional recruitment around the world is still done by in-house HR teams, with many immature markets, as well as some more mature economies, increasingly opening up to the concept of outsourcing specialist recruitment. Amongst certain client groups we continue to observe a shift towards increased levels of centralised procurement, mostly seen in large corporates. Our services must be tailored to these different client needs, whether it is first-time outsourcing or providing different specialist recruitment delivery models.

**What this means for us**

We have existing scale in both mature, cyclical and less mature structural-growth markets. We have been building a strong presence in markets like Germany which, despite being a developed economy, has a low penetration rate when it comes to the outsourcing of recruitment services for skilled, professional roles. Therefore, notwithstanding our market-leading position, we still see many growth opportunities as more businesses start to outsource their recruitment of skilled labour. Aside from Germany, many international specialist recruitment markets represent clear structural growth

opportunities and our aim is to continue to open up these markets where the majority of recruitment is still performed by in-house HR teams. We see this as a key factor contributing to driving our growth over-and-above the economic cycle by capitalising on first-time outsourcing.

As well as investing to capitalise on these structural-growth opportunities, we work with our clients, whether SMEs or large corporates, to tailor our services to meet their different needs.

The way we provide these services has to adapt to new business practices and evolving client demands. Examples include increased levels of centralised procurement mainly in large corporates. In response, we have developed suitable hub-like delivery models that match our clients' needs for efficient recruitment processes at scale, in the most effective and appropriate way. For instance we offer Managed Service Provider (MSP) services, where we manage Temp and Contract workforces on an outsourced basis, as well as Recruitment Process Outsourcing (RPO) services, where we manage all Permanent recruitment processes on behalf of clients. Together, these MSP and RPO services sit under our Hays Talent Solutions business, and represent c.15% of our net fees. We also continue to invest in developing new tools and resources to provide first-class large-scale HR services.

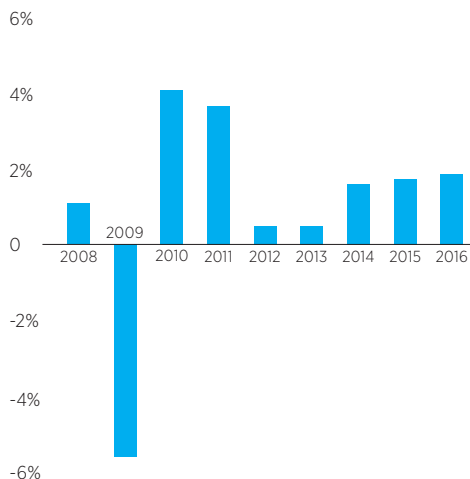
For example, to help clients of any size tracking all aspects of their contingent workforce we offer technology-enabled solutions like our 3 Story Software, a cloud-based vendor management and workforce management software.

**Investing to build a market-leading business**

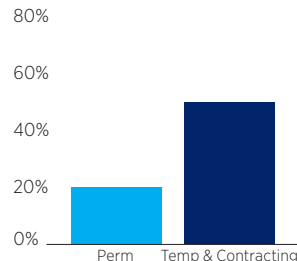
**The German Market**

Despite being a developed economy, Germany has a low penetration rate when it comes to the outsourcing of specialist recruitment services. This structural-growth opportunity, means that in the past five years alone we increased our Germany operating profits organically by c.35%, even though over the same period German GDP grew at an average of just over 1%.

German GDP growth rate<sup>(1)</sup>



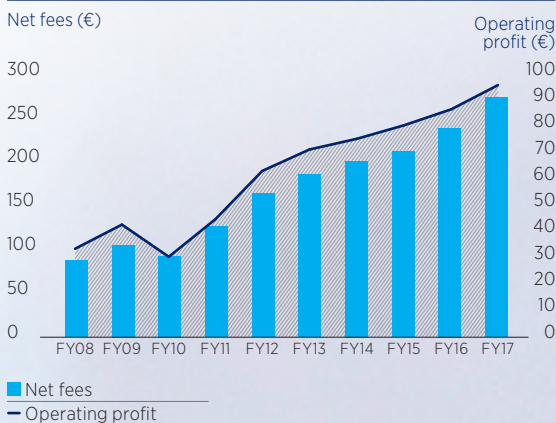
Outsourcing levels of skilled recruitment in Germany<sup>(2)</sup>



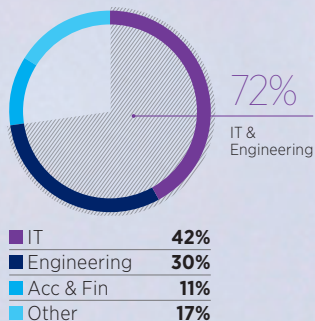
(1) Source: World Bank.  
 (2) Hays Management estimate.



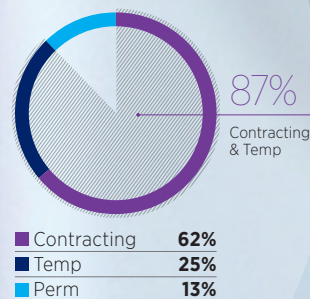
### Historic profile of Hays Germany



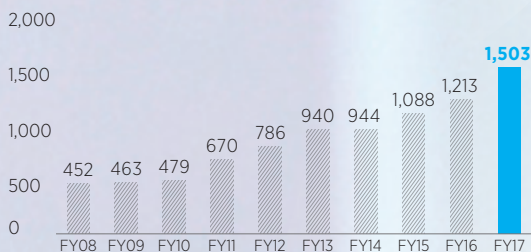
#### Net fees by Specialism



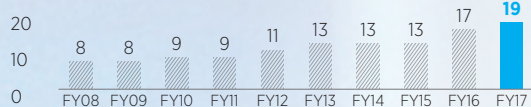
#### Net fees by contract type



#### Number of consultants



#### Number of offices



## BUILDING A MARKET-LEADING BUSINESS IN GERMANY

Hays entered the German market in 2003 by acquiring a small IT Contracting business, Ascena, which at the time was making €3 million operating profit. Despite Germany being a developed economy, many of the skilled, professional roles are still filled by in-house HR departments, with a relatively low proportion being outsourced to specialist recruitment firms. Over the past 15 years we have witnessed a structural shift towards more outsourcing of skilled labour and we have invested aggressively ahead of the curve, building a business with over 1,500 consultants. We have also diversified

our service offering across contract types and specialisms, whilst still expanding our core, world-class IT Contracting business. This means that we now have a truly market-leading business which in 2017 generated €94 million in operating profit, a CAGR of 27.5% since the acquisition of Ascena. Germany still represents a unique structural opportunity for us and our focus remains on cementing and enhancing the breadth and scale of our operations as the market continues to open up to first-time outsourcing of skilled roles.

**Operating Profit**  
**CAGR 2003–2017**  
**27.5%**  
**Operating profit**  
**€94m**

MEGA TREND 4

# EMERGENCE OF NEW, AND EVOLVING, TECHNOLOGIES

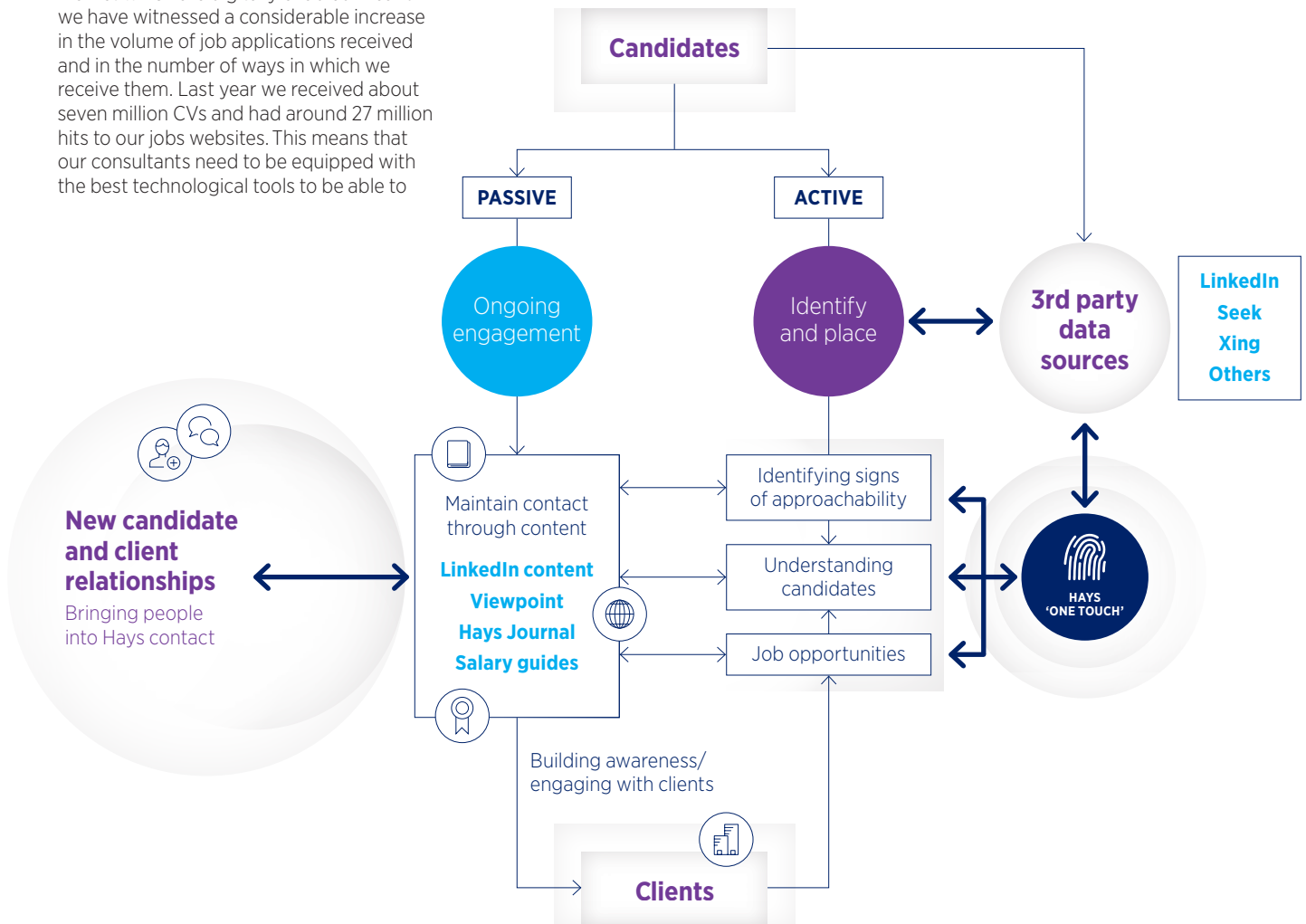
Technology is in many ways transforming how people work, enabling remote working and impacting on how clients and candidates engage and interact with the jobs market and with Hays. Also, almost every area of the jobs market is becoming increasingly digitally enabled and the digitalisation of both supply and demand creates vast quantities of data to be analysed and put to use.

**What this means for us**

Clients and candidates interact with us in multiple and evolving ways using various channels, and it is part of our philosophy to recognise and quickly respond to these trends. The emergence of new routes to market which are digitally enabled means we have witnessed a considerable increase in the volume of job applications received and in the number of ways in which we receive them. Last year we received about seven million CVs and had around 27 million hits to our jobs websites. This means that our consultants need to be equipped with the best technological tools to be able to

cope efficiently with this substantial increase in velocity and complexity of data. However, successfully sifting through large amounts of data to find the right candidate for a job is not enough anymore, as it may not be easy to then persuade them to apply for that vacancy if they were not already planning a job move. This is why we use a variety of content engagement tools to build and curate ongoing relationships with current and potential candidates, providing them with insightful information relevant to their industry and their interests. At the same time, we have ongoing collaborations with third-party platforms like LinkedIn, SEEK and Xing. This allow us to examine large amounts of data generated by their users' activity on a regular basis, to gain a clear understanding of the individuals, their skills and experience.

Ultimately, our aim is to extrapolate meaningful data patterns and develop these into an 'approachability index', a measure to gauge how open to job opportunities a potential candidate is likely to be. By understanding these signals of candidate approachability, it becomes possible to find the right moment to suggest vacancies to people and because trust has already been built via our engagement marketing activities, they may be more open to an approach. Our sector-leading technology and collaborations ultimately help us drive growth by improving our consultants' productivity. We also have an Innovation team which is tasked with assessing the technology landscape, identifying new industry trends, opportunities and threats and building partnerships with key emerging players.





## TECHNOLOGY AND USE OF DATA

The amount and variety of data that is being generated in our industry has increased exponentially over recent years. Capturing, analysing and making sense of this wealth of data remains a strategic imperative as we continue to adapt and respond to a world where many of our candidates' profiles have moved onto various social media platforms. At the same time, we recognise that data must be managed in an integrated manner with our own proprietary database, OneTouch, to give us a competitive edge. This is why we ensured that OneTouch was built not only to be fully integrated internally within our business, but that it would also have the ability to interact and connect with external platforms, as they emerge and evolve.

Interpreting data from our own database, together with our ability to harness valuable insights from our relationships with external platforms, is increasingly becoming part of our value proposition to our clients.

With this in mind, the protection of candidate personal data and client confidential information remains at the heart of our business. We have systems and processes in operation to best ensure that this information is held and transferred, where appropriate, in a secure manner. We recognise the importance of complying with all relevant data protection and privacy laws in each of our local markets.

**CVs received  
in 2017**

7m

**Hits on Hays'  
websites**

27m

## CHIEF EXECUTIVE'S REVIEW

# OUR BUSINESS PHILOSOPHY CENTRES ON THE NEED TO INVEST TO SUPPORT LONG-TERM GROWTH

**"We ended the financial year with £112 million of net cash, our strongest balance sheet for many years."**

**Alistair Cox**  
Chief Executive, Hays plc



Our Chief Executive, Alistair Cox, discusses the Group's performance in 2017 and looks ahead to our areas of focus for 2018 and beyond.

**Q. How would you describe Hays' financial performance this year?**

**A.** I am very pleased at how we performed this year. We grew our global net fees by 6%<sup>(1)</sup>, and delivered £211.5 million of operating profit. That's at the top end of the market's range of expectations and well above the levels we might have expected as we started the year. We also converted those profits into £217 million of operating cash flow, representing a strong cash conversion rate of 103%. Consequently, we ended the financial year with £112 million of net cash, our strongest balance sheet for many years. That result, combined with the continuing supportive market outlook as we enter the new year, has enabled the Board to propose both an 11% increase in the core dividend, as well as a special dividend of £61.6 million in line with our distribution policy. This represents a key milestone in the development and progress of our business and is testament to the significant cash generation potential of the model we have built. My first priority for uses of that cash is always to reinvest in the business and there are many examples of that, some detailed below. Following on from our investment programme, our second priority has long been to eliminate our net debt and build a net cash position of around £50 million, and that has now been achieved. The final use of cash is to distribute to shareholders, via a long-term sustainably covered core dividend, supplemented when appropriate with a special dividend. The strong results we have delivered this year have now allowed us to put in place this final piece of our cash strategy.



Turning to our individual businesses, the backdrop was positive in the vast majority of our markets throughout the year. Three-quarters of our net fees are derived outside the UK and, at £170 million, our non-UK profits reached all-time record levels. This has stood us in good stead with the non-UK markets being supportive throughout the year. We saw further clear structural growth in the demand for our services in markets across Continental Europe and Latin America, and Europe in particular delivered an excellent performance from what is now our biggest region, with fees increasing 12%<sup>(1)</sup>. Asia was more mixed, particularly in those markets more exposed to Financial Services. However we ended the year with positive momentum across the region. The more mature markets including North America and Australia were encouraging and we saw a marked improvement in Australia over the course of the year, delivering our third-best-ever annual result from that business.

**Q. Within that overall Group performance, did you see an impact on your UK business following the outcome of the EU Referendum?**

**A.** In the UK, our financial year started immediately after the EU Referendum. That introduced a significant level of uncertainty into the market and we saw a marked step down in activity in the weeks following the Referendum, especially within our UK private sector Perm business. However, activity levels stabilised over the summer and autumn months and we saw modest improvement as the year progressed, exiting the year with the private sector back in modest year-on-year growth, albeit over the full year fees for the UK & Ireland were down 7%<sup>(1)</sup> and profits fell 21%<sup>(1)</sup>. As we enter our new year, the UK market remains subdued but the business is set up appropriately to meet current demand and we will be quick to react to any future market movements.

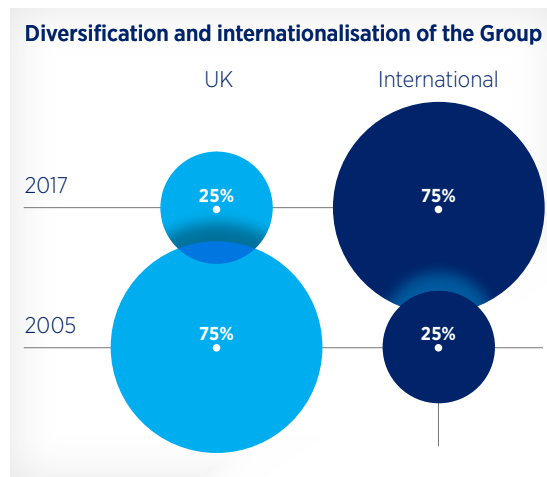
**Q. You are now four years into your five-year plan period. Where does this financial performance leave you against your objectives?**

**A.** Back in 2013 we outlined our five-year aspiration to broadly double our operating profits from what was then £125 million, towards £250 million. Clearly there were, and continue to be, many factors which could influence our ability to deliver this, including the economic backdrop, currency fluctuations and our own ability to execute on our plans. However, despite all of these factors, I am happy to say that four years into the plan period, we are broadly where I hoped we would be at this stage. Operating profit has increased from its base of £125 million to £211.5 million this year – representing a CAGR of 14% over the past four years. Indeed, our cumulative profit growth of c.£86 million over the plan period to date is significantly more than that of any of our UK listed peers. Understandably, in a business as globally diverse as ours, we have faced headwinds and tailwinds during the plan period. The UK business has faced challenging conditions recently, as discussed above. Offsetting this however, we've seen continued strong profit growth in our German business, where profits increased 9%<sup>(1)</sup> this year to £80.5 million, making Germany our biggest profit contributor at the Group level. Similarly, the Australian business has delivered

**"Three-quarters of our net fees are derived outside the UK and that has stood us in good stead with the non-UK markets being supportive throughout the year."**

**Alistair Cox**

Chief Executive, Hays plc



strong growth this year, rebounding after a difficult few years post the downturn in the mining industry. Elsewhere around the world, there are many examples of significant outperformance versus original expectations. Asia and Europe in particular have increased their profit contribution significantly versus 2013 levels. France is an excellent example of that, having more than doubled in the past four years and surpassing our 2018 aspiration of £10 million operating profit a year early.

Let's not lose sight though that our 2018 aspirations were never designed to represent any kind of 'peak' for the potential of our business. Far from it. In fact, I see significant further growth opportunities ahead in many businesses including Germany, France, the US and across Asia to name just a few. That's an exciting future and with this thought in mind, we will be hosting an investor event in November 2017 at which we will outline our financial and strategic aspirations for the next phase of growth and development in our business.

Finally, our strong performance has strengthened our balance sheet to the best position we have enjoyed for many years. Five years ago, we had a net debt position of £133 million. Today that debt has been eliminated and we have built a net cash position of £112 million. Our business is inevitably impacted by the cycle, so I believe our current debt-free balance sheet is the most appropriate structure to face this inherent cyclicity. We are able to distribute significant returns to shareholders after we have invested in the business, yet also retain strength and flexibility to react to whatever the economic cycle may throw at us.

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

## CHIEF EXECUTIVE'S REVIEW CONTINUED

**"In the past five years alone, we have grown German operating profits by £29 million, making this now our biggest business by profits in the world."**

**Alistair Cox**  
Chief Executive

**Q. What were your primary areas of strategic focus in the year and what progress was made?**

**A.** Alongside our financial aspirations, we also had the clear strategic objective to materially diversify where our profits are made, and to reinforce and enhance our business in a world which is constantly changing.

Over the years we have built a truly global business with operations in 33 countries, and geographic diversification is a key pillar of our strategy. With this network in place, we are now focused on building scale and critical mass across this platform as many of our countries offer significant potential to build sizeable businesses that in time will sit alongside Germany, Australia and the UK as major profit contributors. Germany itself was a modest-sized business a decade ago. In the past five years alone, we have grown German operating profits by £29 million, making this now our biggest business by profits in the world. In a similar vein we have made excellent progress in France where we just delivered over £10 million of operating profit, making France the fourth biggest country by profits in the Group.

We are also investing to diversify our income in other ways too. As Temporary and Contracting roles become increasingly prevalent in many parts of the world, we are building the proportion of our business which is generated from non-Perm jobs. This sector provides greater resilience against the economic cycle and greater visibility of earnings, as well as being a high growth market. Finally, the world of work continues to evolve at a rapid pace. For example, we have seen the recent emergence of whole new job categories, especially in the technology sector as data science, cyber security, digital marketing and mobile development have become important skills in the business landscape. Consequently we have invested in building our own services in these new sectors, ensuring that our services are as relevant for the future markets as they have been for the more traditional.

All of this is done with the clear aim of making our business as resilient as possible, and to ensure we have a core value proposition which can thrive for years to come. This has been our focus across the past four years, and once again underpinned our approach this year, and I'd identify three specific areas to discuss.

Firstly, we continued to organically invest in consultant headcount in order to support growth in supportive and improving markets, such as Australia, where headcount was up 15% year-on-year and France, where it was up 12%. At the same time, we continued to invest aggressively to support the long-term structural-growth opportunity that exists for the recruitment of skilled people in markets like Germany, where headcount was up 24% and Latin America where we have 7% more people than a year ago across our four country businesses.

Secondly, we made further good progress in rolling out our IT Contracting business, which has been so successful within Germany over many years, to other countries. Notable successes in this respect have been France, Canada, and Japan. These are countries that, five years ago, derived only 19% of their fees from non-Perm recruitment, and that was largely in the short-tenure Temp market. Fast forward to today however and they are 30% Temp and Contracting, a significant proportion of which comes from placing long-term, high skilled,

high salary contractors. It's undoubtedly been a key driver of recent success in each case – and will remain a key focus area of growth going forward.

Thirdly, we remain focused on building scale in our US business, following the acquisition we made there in late 2014. The business we acquired, Veredus, was 100% focused on the IT space, with a platform of 120 consultants across 10 offices. Today, we've launched a successful Construction & Property specialism, built out our pre-existing, but small, Life Sciences business and built scale in Perm recruitment. We now have 200 consultants across 12 Hays US offices and we continue to believe that this market represents a massive growth opportunity for our business. We will therefore continue to invest organically to build scale, complementing local hires with internal transfers from the rest of the Hays business globally. We will selectively open new offices where we see the opportunity to do so and we will invest in and support the growth of the core, legacy IT Contracting business.

Alongside these areas of focus in our core business, our brand awareness remains a priority. We continue to establish Hays as one of the most recognised, high profile brands in the recruitment industry. Through our role as the Official Recruitment Partner of Manchester City, the Hays brand and messaging receives extensive broadcast exposure in over 200 countries. Last season, viewings of Manchester City's home games, where Hays receives highly visible brand exposure, reached almost 150 million. Manchester City also share Hays' content across their digital channels and social platforms which, last season alone, provided us with close to 100 million impressions across the likes of Facebook, Twitter and China's Weibo. We continue to lead the industry on LinkedIn too, with over 1.8 million followers, placing us as one of the top 30 most followed companies in the world. The Hays Journal, a global, bi-annual publication for HR and recruitment professionals, is now into its seventh year and recognised as a leading authority of issues and trends impacting the global world of work. One of the most significant benefits of establishing a leading brand profile is evidenced by the fact that, over the past year, we have engaged through our marketing and consultant communications with over 290,000 client contacts and over 820,000 candidates with whom we had no prior contact or relationship.

**Q. Technology and technological change is something that is spoken about a lot in the context of the recruitment industry. What are your thoughts on this and how are you approaching this issue?**

**A.** I think it's hard to find an industry in the world that isn't going through some sort of transformation or seeing the impact of new technologies in how they operate, either for good or bad. The specialist recruitment industry is certainly no different. In our case, the emergence of new technologies, especially digital and web-based, is having an impact on the way we do business, as well as the way our clients and candidates are seeking to do business with us and interact with the jobs market.

Having said that, our core value creating processes and core function, placing great, skilled candidates into their next jobs and helping businesses secure the scarce talent they need to continue to grow, has not changed, even if the way we go about it, or the way our clients and candidates expect that service to be delivered, has evolved over time.

While there are many strands to this issue, and technologies evolve quickly, our philosophy has always been clear. We seek to innovate and build collaborations that will allow us to fully understand all of the changes taking place, ensuring we are at the forefront of our industry and meaning we can best mitigate any risks that may emerge and at the same time ensure we are positioned to capitalise on any new opportunities to develop, enhance or protect our own core business.

Central to this approach are the many relationships we've built with digital and technology companies which we believe are relevant to our operations and markets and where we see clear mutual benefit in working together. Examples include our long-established relationship with LinkedIn, which continues to yield significant benefit in terms of the productivity and efficiency of our people. In Australia, we collaborate with SEEK, the largest jobs board and recruitment data company in the market. Again, there is clear mutual benefit. Between each company's dataset, we cover around 90% of the professional people in Australia, meaning that we have unrivalled insight into the local candidate market. This insight allows us to ensure our interactions with those candidates are as effective and valuable to them as possible, improving their experience and improving our own efficiency in getting the best, most relevant list of candidates to our clients as quickly as possible.

Another area of change relates to data. Specifically, the amount and type of data we need to handle as a business which has increased dramatically over recent years. As a result, it is essential that we equip our people with the tools and skills they need to use and interpret this data in the most effective way possible. We have invested in search tools to enable real-time, targeted searches for the best shortlist of candidates for a specific role as and when they need to. We worked with Google to embed their search tools within our database to do just that. Equally, we are focused on what the power of data can do to make us better at what we do and provide a better service to both our clients and candidates. Knowing which candidates are most approachable for a particular role, or which candidates are currently active in the jobs market, can mean we have higher quality interactions with people, again generating better quality candidate shortlists and more efficient processes for ourselves and our clients. With this in mind we've invested in our own internal resource, hiring specialists in Data Marketing and Analytics, and we continue to invest to keep abreast of new and emerging business models, technologies and routes to market which are relevant to our industry. We have a dedicated Innovation team in place to monitor what is being developed so we can ensure we are positioned to respond accordingly in whatever way we believe makes most sense. This includes small investments into businesses or seed capital companies which we believe can be beneficial or additive to our core business, as well as building our own in-house test products and innovative services to respond to changes in certain parts of our market.

Our approach in all of these areas is driven by a central belief that the world of technology is changing and will continue to bring change to the way we need to do business. By building and nurturing relationships and collaborations and investing in our own capabilities, we can best understand these changes, fully capitalise on the many opportunities that arise and understand and mitigate any risks or threats that may emerge.

#### **Q. What do you see as your biggest opportunities looking ahead to 2018 and what risks are you concerned about?**

**A.** The vast majority of our markets around the world are supportive, and the outlook is positive. As such we will remain focused on investing in front-line recruitment consultant capacity to drive growth wherever we see opportunities to do so. At the same time, we will support the long-term growth opportunities that exist in many parts of the business. This will again be largely through organic investment in headcount, as well as selective office expansion in specific markets such as Germany and the US where we see the most significant long-term growth potential.

The biggest risk we see over the coming year is in the UK, where uncertainties regarding the macroeconomic and political outlook are likely to remain throughout the period in which the UK negotiates its exit from the EU. This could have a detrimental impact on candidate confidence to move jobs, or business confidence to invest and take on new staff. The impact on this could be reduced volumes of placements in our UK business and therefore reduced fees. That said, we are encouraged by the resilience we currently see in the UK, which continues to be broadly sequentially stable overall. Forward visibility remains limited and outlook uncertain, but as ever we will monitor activity levels closely.

Overall, our core business model remains robust and the outlook for specialist recruitment is positive. Last year, we helped over 300,000 people find their next job, and over 30,000 companies to hire talented people into their business. Helping businesses to grow and people's careers to flourish is a core function within society and this is something we're very proud to do. We continue to see the emergence of new job types and new ways of working in many markets around the world, which present opportunities for our business and the first time outsourcing of the recruitment process in places such as Germany continues to drive growth. We expect that we will see further change and evolution, for example in the form of technological change, increased compliance or changing regulatory environments. We will embrace these changes as they will continue to present us with opportunities to grow as well as create risks or threats. Where they do, we will continue with our approach of innovation and collaboration to ensure we preserve and enhance our business. We see significant long-term growth prospects for our business, and remain focused on positioning Hays to fully capitalise on them in the years ahead.

**Alistair Cox**  
Chief Executive

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

## OUR STRATEGY

# CLEAR, WELL-ESTABLISHED STRATEGIC PRIORITIES TO DELIVER OUR LONG-TERM AIMS

Our ultimate aim is to be the undisputed leader in global specialist recruitment. As we build towards this, we have a set of four, long-established strategic priorities which remain unchanged throughout the various stages of the economic cycle. As well as being interlinked with each other, they are informed and driven by our aims, as well as by the long-term mega trends we identify in our marketplace, described on page 5.



- ⊕ See our business model page 22
- ⊕ Read about our KPIs page 26
- ⊕ Read about our risks page 36
- ⊕ Read more on our remuneration page 58

### Strategic priority



Materially increase and diversify Group profits



Build critical mass and diversity across our global platform



Invest in people and technology, responding to change and build relationships



Generate, reinvest and distribute meaningful cash returns



### What we achieved in FY17

- Four years into the five-year plan to broadly double and diversify the Group's profits, we remain in line with where we expected to be at this stage, having increased operating profit by a further c.£30 million in FY17 to £211.5 million
  - Our profit growth this year has been driven by exchange rate gains and a record profit performance by our international business, which more than offset a decline in the UK, primarily caused by the negative impact that Brexit has had on clients' and candidates' confidence
  - In FY17 our non-UK business generated record levels of operating profit, accounting for 80% of the Group's profits, up from 35% 10 years ago
- 
- Further diversified our exposure across contract types, continuing to invest organically in our Temp/ Contracting business, which now represents 59% of Group net fee income
  - Increased non-UK headcount by 16% year-on-year, including Germany up 24%, USA up 20% and Australia up 15%
  - Material increase in the percentage of non-Perm net fees generated in the Group, excluding the UK, Germany and Australia (from 22% in 2011 to 33% in 2017)
  - Global office network stands at 250, of which 152 are non-UK
- 
- Continued to develop mutually beneficial relationships across a range of areas, including collaborations with SEEK in Australia, Xing in Germany, LinkedIn and Google, amongst others
  - Invested in further developing our own capabilities within our Data Analytics and Digital Marketing function, which has been working alongside our existing Innovation function and Corporate Development teams
  - Completed phase one of the project to automate our German back office, ensuring it is fit for purpose in a growing Contractor business, and could drive further profit efficiencies in our business
  - We have hired a net 786 people and internally promoted over 2,000 of our employees
- 
- Good profit growth and a strong underlying cash performance, ending the year with a net cash balance of £111.6 million
  - In line with our dividend policy, having reached our targeted core dividend cover of 3.0x EPS this year, we increased the core dividend by 11%, with a full year dividend of 3.22 pence per share. Additionally, in line with our excess cash returns policy, having built a net cash position above £50 million, we propose a special dividend of 4.25 pence per share to supplement the core dividend, subject to shareholder approval

### Focus FY18

- We will continue to focus on driving net fee and profit growth in our international businesses, where markets remain supportive overall. Amongst these, we see the biggest opportunity for profit growth coming from Germany, and we will continue to invest organically in this business
  - While the UK navigates the uncertainties created by the negotiations to leave the EU, we will continue to monitor underlying activity levels closely and manage our cost base throughout the business to best protect profitability
- 
- We will continue to focus on organic growth and further investment in headcount where conditions are supportive
  - Further expand the percentage of net fee income generated outside of our largest businesses (the UK, Germany and Australia)
  - Drive further growth in our Temp/ Contracting business in new/existing markets, including France, Japan, Canada and the US
- 
- We will continue to explore and develop relationships and partnerships with external organisations, to enable us to better understand, respond to and capitalise on new opportunities and/or threats
  - Further develop our internal capabilities and expertise in terms of Data Science and Data Analytics, to improve our business efficiency and service to clients and candidates
  - Continue to evolve and shape our offering to meet changing clients' needs by providing alternative and innovative delivery models, supported by the latest technologies and tools
- 
- We will maintain core dividend cover at 3.0x earnings, and intend to grow the core dividend in line with growth in earnings. Should future earnings fall, the core dividend will be protected and unchanged
  - We will maintain a net cash buffer of around £50 million and it is our intention that any free cash flow generated over and above this level will be distributed to shareholders, provided our market outlook is positive

### Link to relevant KPIs

- 1 Like-for-like net fee growth
  - 2 Proportion of Group net fees generated by our international business
  - 4 Basic continuing earnings per share growth
  - 6 Like-for-like net fees per consultant
  - 7 Conversion rate
- 
- 1 Like-for-like net fee growth
  - 2 Proportion of Group net fees generated by our international business
  - 3 Headline international net fee base
- 
- 5 Employee engagement
  - 6 Like-for-like net fees per consultant
- 
- 1 Like-for-like net fee growth
  - 4 Basic continuing earnings per share growth
  - 8 Cash conversion

[+](#) See pages 26 and 27

## OUR BUSINESS MODEL

# A GLOBALLY INTEGRATED PLATFORM WITH LOCAL EXPERTISE

We believe that having a balanced exposure within and between our markets is key to driving superior and resilient financial performance, and better results for our clients, throughout the economic cycle.

We have a business with scale, breadth and diversity of exposure, which is built to take into account the mega trends driving change in our industry, the short-term market movements we experience and positions us to work towards our long-term aims and strategy.

### A balanced and diverse model

We have deliberately and strategically built a business which is balanced and diverse.

Within our network of 33 countries, we have exposure to both more cyclical, mature markets such as the UK and more immature, structural growth markets such as Germany. We are exposed to the Temporary, Contractor and Permanent recruitment markets and have long-established scale and expertise in 20 specialist areas of skilled employment.

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

The balance, breadth and scale of our business is unique in the world of specialist recruitment.

This is a key differentiator, and we believe it is important as it makes our business and its earnings relatively more resilient to today's ever-changing macroeconomic and political landscape.

### Exposure to mature and less-mature markets

Structural-growth markets are those where the use of agencies like Hays to source skilled candidates is a relatively new practice. Traditionally in these markets, this recruitment is undertaken by companies themselves, using hiring teams within their own HR functions. A key driver of our growth is therefore the first-time outsourcing of this recruitment to third parties. This means that these markets are relatively less cyclical by nature, and less driven by the prevailing economic backdrop, or short-term sentiment.

More mature markets are those where the use of agencies is a well-established, long-standing norm. Here, clients will use agencies to help them fill roles in the majority of cases. As such, these markets tend to be more cyclical in nature, with activity levels dependent far more on the amount of job churn occurring at any particular time. That is, the confidence of clients to replace leavers in their businesses, or hire extra people, and the confidence amongst candidates to move jobs.

## Balanced exposure across markets

Breadth of expertise

### Net fees by clients

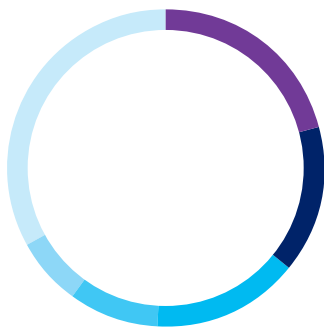
Top 40

c.15%

Other clients

c.85%

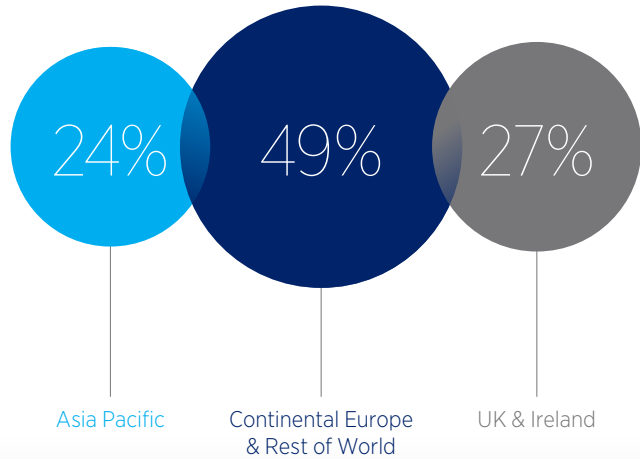
### Net fees by specialisms



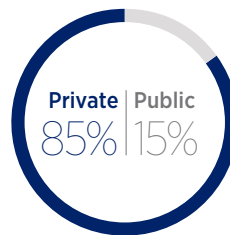
IT	21%
Accountancy & Finance	15%
Construction & Property	15%
Engineering	9%
Office Support	7%
Other*	33%

\* Major specialisms within Other include: Banking Related (7%), Life Sciences (5%), Sales & Marketing (4%) and Education (3%).

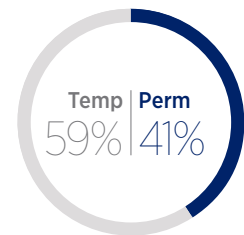
### Net fees by Geography



### Contract type



### Contract type



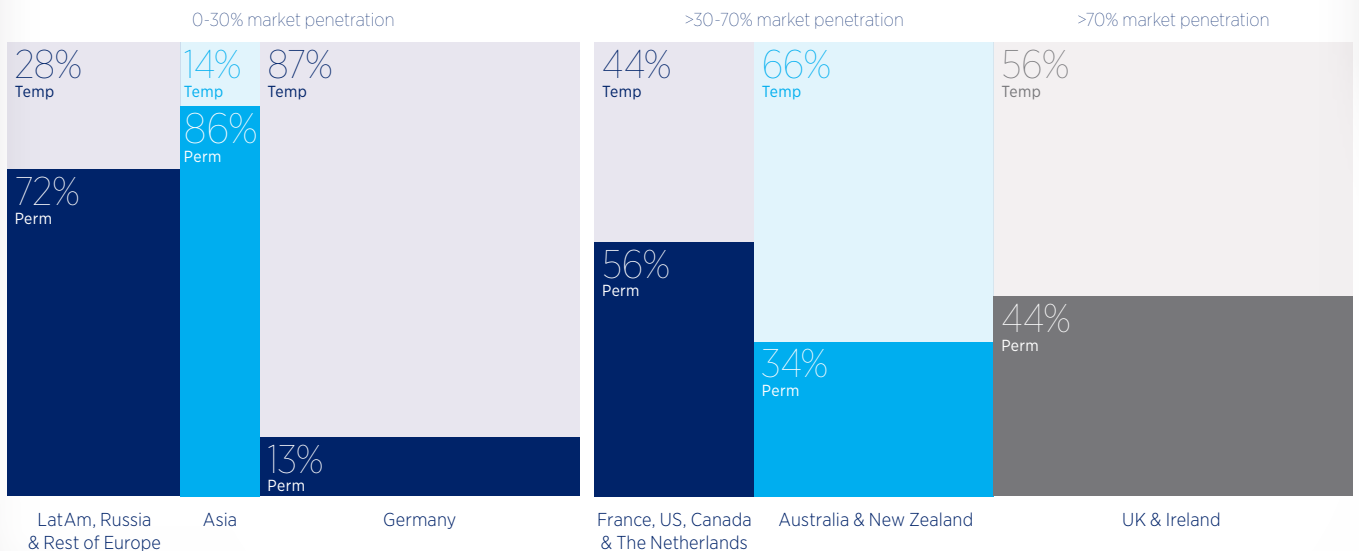
## Net fees by geography, type and market maturity

### Structural/immature

43%

### Cyclical/mature

57%



## OUR BUSINESS MODEL CONTINUED

# CREATING VALUE FOR ALL STAKEHOLDERS

We earn fees primarily on a contingent basis, when we successfully place a candidate in a role with a client. These fees, paid by the client, are derived as a percentage of the candidate's pay.

Our consultants develop long-term relationships with clients and candidates to understand their local markets and are equipped with the latest technology, tools and data to match candidates to roles.

We understand the needs and challenges of our clients and candidates locally and employ the power of our integrated global business to meet them quickly and effectively.

### A balanced and diverse model

What we need to make our business model work.

#### People and culture

##### Our people

Hays is the ultimate people business and as such the ability to attract, develop, enable and retain the very best consultants and managers in our industry is vital to our success. We aim to create an exciting and vibrant work environment and we work continuously to provide our people with attractive career paths that will make them experts in their fields.

##### Society

We believe that what we do makes a big difference to the world around us. We help hundreds of thousands of people every year to secure the next leg on their personal career journey, and companies source the skilled employees they need to grow. This all contributes to the wider growth and success of the economies and communities in which we operate.

#### Brand, technology and data

##### Brand

Our reputation as a world-leader in the specialist recruitment market is supported and reinforced by our world-class global brand, which is consistent in each of our markets around the world. We constantly focus on building wider recognition and awareness of Hays as a market leader both through partnerships with other organisations and by building a portfolio of high quality and respected publications that demonstrate the thought-leadership credential of Hays and our people.

##### Technology and data

We have built a sector-leading global technology platform that is able to interact with other applications and third-party technologies. This, together with our investment in data science and digital marketing capabilities, enables our consultants to make sense of the vast amount of data generated in today's world, source real-time, accurate information on their market and ultimately to get the best candidates to clients faster than anyone else.

#### Relationships

##### Partnerships and collaborations

Our philosophy is not just to invest in technology solutions, but also to build strong collaborations with leading innovators and influential organisations, creating mutually beneficial relationships which help us better understand and serve our clients and candidates. This philosophy extends beyond the technology sector and enhances our ability to better respond to fast-moving market developments.

##### Client and candidate relationships

Forming and maintaining strong relationships with our clients and candidates is at the heart of what we do. Our extensive engagement marketing programme offers them industry-leading content, with the aim of helping them succeed in their careers and source the right talent for their business. This also includes making connections with people who are not yet clients or candidates and building a relationship which would make them more likely to be open to future approaches.



## How we create value

As the ultimate people business, everything we do is focused on placing the right people into the right roles.

## Stakeholder benefits

The value we create not only generates returns for our shareholders, but also for our other stakeholders.

### Clients

We work closely with our clients to help them find the skilled people they need to drive growth in their businesses. We work with thousands of companies every year, with no single client representing more than 1% of Group net fees.

<b>Number of clients</b>	<b>Private/Public sector</b>
>30,000	85:15

### Candidates

We help candidates securing their next Perm job or Temp/Contracting assignment. We connect our candidates with the world of work through an array of events, debates, seminars and networking opportunities across our network of 33 countries.

<b>2017 Perm placements</b>	<b>2017 Temp/Contracting assignments</b>
70,000	240,000

### Employees

We invest a significant amount of time and effort to ensure Hays is a great place to work. We offer our consultants the best training to become experts in their market and develop their careers, along with the best technology and tools in the industry to enable them to be as productive and successful as possible.

<b>2017 Internal promotions</b>	<b>2017 Formal training days</b>
2,162	2,322

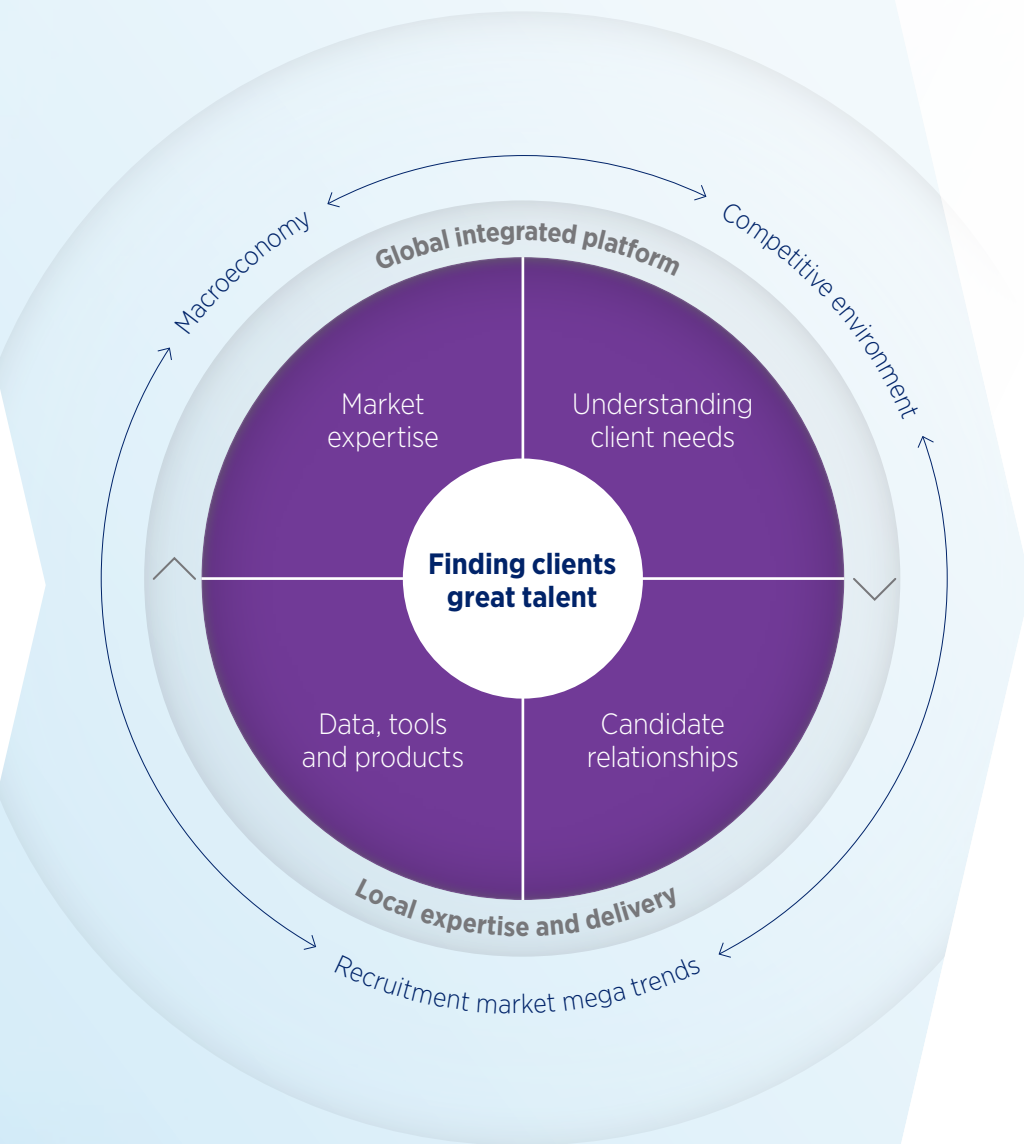
### Shareholders

We are working towards our objective of building the world's pre-eminent specialist recruitment business and in doing so we aim to create long-term sustainable value for our shareholders. The breadth, scale and balance of our business model, together with our industry-leading operating leverage, allow us to deliver superior financial performance through the cycle. This, combined with our focus on working capital management and the cash generative nature of our business, means we have the potential to generate meaningful shareholder returns as our business grows.

<b>2017 EPS growth</b>	<b>2017 total dividends pay-out</b>
14%	£108.3m

## Capital reinvestment

Our priority for free cash flow remains to fund the Group's investment and development.



## KEY PERFORMANCE INDICATORS

Our long-term aim is to be the undisputed leader in global specialist recruitment. Along the way, we are focused on delivering well-diversified, profitable and cash-generative net fee growth.

We measure our progress in this respect, as well as against our areas of operational focus, using a series of KPIs.

### Measured against our strategy

We clearly link each of our KPIs to our four strategic priorities:



Materially increase and diversify Group profits



Build critical mass and diversity across our global platform



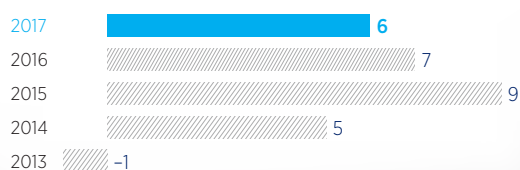
Invest in people and technology, responding to change and build relationships



Generate, reinvest and distribute meaningful cash returns

⊕ Strategic priorities page 20

### 1. Like-for-like<sup>(1)</sup> net fee growth (%)



#### Measure

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

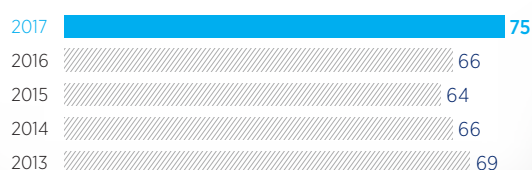
#### Progress made in 2016-17

Good net fee growth of 6%, primarily driven by our International businesses. The rate of growth slowed versus last year due mainly to slower growth in the UK.

[Link to relevant strategic priority](#)



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



#### Measure

The Group's relative exposure to markets which are typically more immature and underpenetrated than the UK, calculated as the percentage of non-UK net fees.

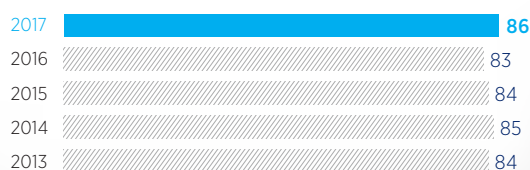
#### Progress made in 2016-17

75% of Group net fees were generated outside of the UK this year, led by a material increase in net fees coming from our Australian and German businesses and exchange.

[Link to relevant strategic priority](#)



### 5. Employee engagement (%)



#### Measure

Based on the results of our internal employee engagement survey which tracks their sense of belonging, discretionary effort, personal motivation and job satisfaction.

#### Progress made in 2016-17

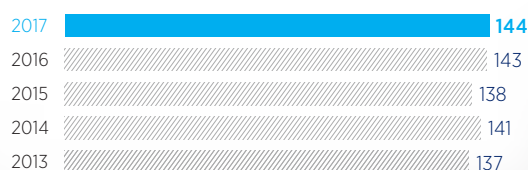
Over 80% of our employees again engaged in our annual TALKback survey this year, reflecting our continuous efforts to focus on employee training, retention and effectiveness.

[Link to relevant strategic priority](#)



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

### 6. Like-for-like net fees per consultant (£000s)



#### Measure

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

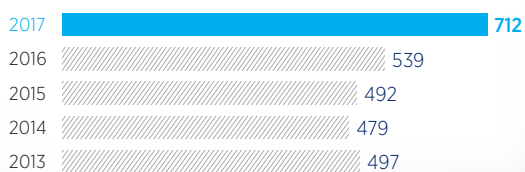
#### Progress made in 2016-17

Group like-for-like<sup>(1)</sup> net fees per consultant increased 1% in the year. In APAC consultant productivity increased by 2%, driven by operating leverage and strong profit growth in Australia.

[Link to relevant strategic priority](#)



### 3. Headline international net fee base (£m)



#### Measure

The absolute scale of the non-UK businesses in net fee terms (Asia Pacific and Continental Europe & RoW).

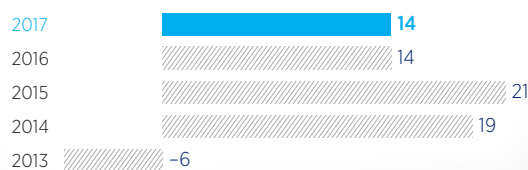
#### Progress made in 2016-17

The largest component of the growth in international fees was exchange; additionally, like-for-like<sup>(1)</sup> net fees in the international business grew by 11% in the year, where we saw an acceleration of growth in Australia and strong, broad-based growth across many European markets, including Germany and France.

[Link to relevant strategic priority](#)



### 4. Basic continuing earnings per share growth (%)



#### Measure

The underlying profitability of the Group, measured by the Earnings per share of the Group's continuing operations.

#### Progress made in 2016-17

Basic earnings per share increased by 14% to 9.66 pence, reflecting the Group's higher operating profit, partially offset by the higher effective tax rate.

[Link to relevant strategic priority](#)



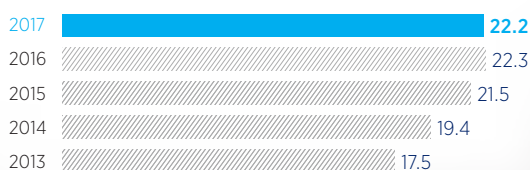
### Why we have chosen these KPIs

We have chosen a range of KPIs which are both financial and non-financial. They are focused on the overall Group financial performance, as well as changes we are making within the Group, such as the internationalisation of the business.

As well as growth, we measure KPIs which illustrate the efficiency of our operations, such as the Conversion Rate and Cash Conversion.

As we work towards our aims, and the shape and size of our business or our strategic priorities evolve, then our KPIs will evolve too.

### 7. Conversion rate (%)



#### Measure

Calculated as operating profit divided by net fees. Measures the Group's effectiveness in managing our level of investment for future growth and controlling costs.

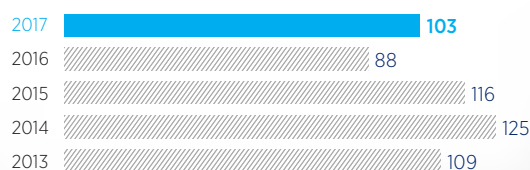
#### Progress made in 2016-17

Despite the material slowdown in our UK business, our conversion rate was broadly flat at 22.2% as a result of strong international net fee growth, exchange gains, the ongoing benefit of our largely automated back-office platform and our continued strong control of operating costs.

[Link to relevant strategic priority](#)



### 8. Cash conversion (%)



#### Measure

The Group's ability to convert profit into cash. Calculated as cash generated by operations as a percentage of operating profit from continuing operations.

#### Progress made in 2016-17

103% cash conversion was a result of good working capital management throughout the year, especially considering the strong growth in our German and European Contracting business, which are relatively working-capital intensive.

[Link to relevant strategic priority](#)





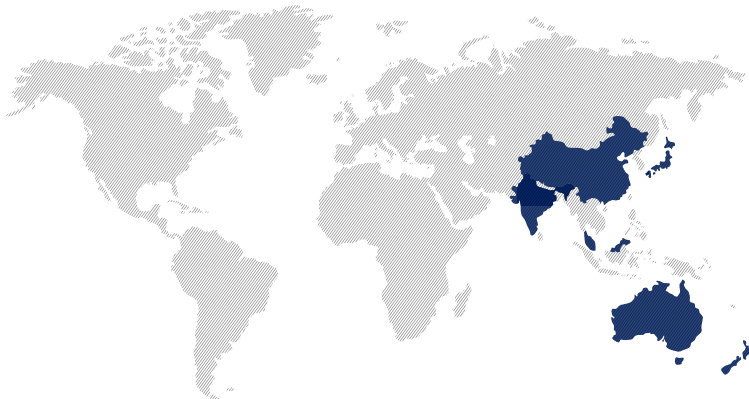
## DIVISIONAL OPERATING REVIEW

# OUR ORGANISATIONAL STRUCTURE IS SIMPLE AND IS BUILT AROUND THREE REGIONS GLOBALLY

Within this structure, our 6,884 consultants operate from 250 offices in 33 countries – an unrivalled footprint in specialist recruitment.



# ASIA PACIFIC



## Consultants

1,336

2016: 1,210

## Offices

50

2016: 49

## Net fees (m)

£230.9

2016: £176.1

## Operating profit (m)

£69.3

2016: £50.2

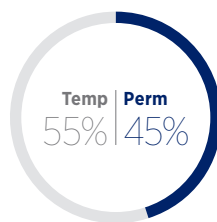
## Net fees by specialism

Construction & Property	22%
Accountancy & Finance	13%
IT	12%
Office Support	10%
Banking	10%
Sales & Marketing	6%
Other	27%

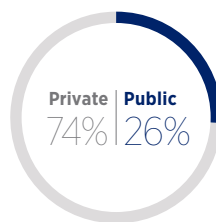
## Net fees by country/sub-group

Australia	72%
Japan	8%
New Zealand	6%
China	5%
Hong Kong	4%
Singapore	3%
Malaysia	2%

## Net fees by contract type



## Net fees by sector



In Australia & New Zealand net fees were up 11%<sup>(1)</sup> and operating profit was up 14%<sup>(1)</sup>. Our Perm business grew by 8%<sup>(1)</sup> and Temp, which represented 66% of net fees in the year, grew by 13%<sup>(1)</sup>. In Australia net fee growth accelerated to 13%<sup>(1)</sup>, driven by improved activity in the private sector, up 14%<sup>(1)</sup>. Growth was broad-based across all regions and most specialisms. New South Wales and Victoria, which together accounted for 57% of Australia net fees, were up 14%<sup>(1)</sup> and 16%<sup>(1)</sup> respectively, and ACT (Canberra) also delivered a strong performance, with net fees up 13%<sup>(1)</sup>, driven by the continued strength in our public sector business, up 11%<sup>(1)</sup>. Elsewhere, we saw Queensland and Western Australia returning to growth, up 15%<sup>(1)</sup> and 7%<sup>(1)</sup> respectively, while net fees in South Australia increased by 8%<sup>(1)</sup>. At the specialism level, we delivered strong 13%<sup>(1)</sup> growth in Construction & Property, our largest specialism in Australia and increased net fees by 23%<sup>(1)</sup> in IT and by 8%<sup>(1)</sup> in Accountancy & Finance. Net fees in New Zealand were down 4%<sup>(1)</sup>.



In Asia, which accounted for 22% of the division's net fees, trading conditions remained tough, although they stabilised in the second half of the year. As a result, net fees were flat<sup>(1)</sup> and operating profit down 18%<sup>(1)</sup> to £6.5 million. China, our second largest business in Asia, delivered excellent net fee growth of 15%<sup>(1)</sup> and Hong Kong also grew 15%<sup>(1)</sup>. Offsetting this, net fees in Japan decreased 7%<sup>(1)</sup> and Singapore declined by 24%<sup>(1)</sup>, in part due to continuing challenging conditions in the banking markets.

Consultant headcount in the Asia Pacific division increased by 10% year-on-year. Consultant headcount in Australia & New Zealand increased by 12% and in Asia it was up 7%.

## Acceleration of growth in Australia driven by the Temp & Contracting business; Asia tough but broadly stable

In Asia Pacific, net fees increased by 31% (9% on a like-for-like basis<sup>(1)</sup>) to £230.9 million and operating profit increased 38% (up 10% on a like-for-like basis<sup>(1)</sup>) to £69.3 million, representing a conversion rate<sup>(3)</sup> of 30.0% (2016: 28.5%). The difference between actual and like-for-like growth rates was primarily the result of the significant appreciation in the average rate of exchange between the Australian Dollar and Japanese Yen versus Sterling during the year, which increased net fees in the division by £36.5 million and operating profits by £13.0 million.

### Operating performance

Year ended 30 June	2017	2016	Actual growth	LFL growth <sup>(1)</sup>
Net fees (£m)	230.9	176.1	31%	9%
Operating profit	69.3	50.2	38%	10%
Conversion rate <sup>(2)</sup>	30.0%	28.5%		
Period-end consultant headcount <sup>(3)</sup>	1,336	1,210	10%	

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

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

(3) Closing consultant headcount as at 30 June.

## DIVISIONAL OPERATING REVIEW CONTINUED

# CONTINENTAL EUROPE & REST OF WORLD



### Consultants

3,600

2016: 3,034

### Offices

102

2016: 103

### Net fees (m)

£470.8

2016: £362.5

### Operating profit (m)

£100.7

2016: £78.7

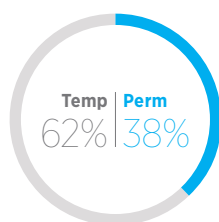
### Net fees by specialism

IT	32%
Engineering	19%
Accountancy & Finance	13%
Construction & Property	9%
Life Sciences	7%
Sales & Marketing	5%
Other	15%

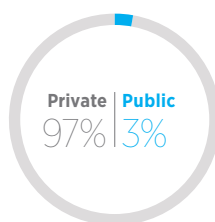
### Net fees by country/sub-group

Germany	49%
France	12%
Benelux	7%
USA	7%
Switzerland	4%
Canada	4%
Other	17%

### Net fees by contract type



### Net fees by sector



as we continued to significantly invest in new consultant headcount, notably across several continental European markets, including Germany and France, as well as in the US.

Germany, which represented 49% of the division's net fees, delivered strong growth of 14%<sup>(1)</sup> and a record net fee performance in the year. This was underpinned by strong growth across Contracting and Temp, which together grew by 13%<sup>(1)</sup>, while Perm net fees grew by an excellent 27%<sup>(1)</sup>.

Net fees in our market-leading IT & Engineering business, which represented 73% of German net fees, grew by 15%<sup>(1)</sup>. We also saw strong growth in our newer specialisms, particularly Accountancy & Finance, which grew 14%<sup>(1)</sup>, Life Science, up 23%<sup>(1)</sup> and Sales & Marketing, up 47%<sup>(1)</sup>. As we continue to work towards our strategic objective of building further material scale in Germany, we invested significantly in consultant headcount, which was up 24% year-on-year. Despite this level of investment, and the negative impact of three less working days in the year, our profit performance was good, up 9%<sup>(1)</sup> to £80.5 million.



Across the rest of the division, net fees were up 11%<sup>(1)</sup> and operating profit increased to £20.2 million. This was driven by a strong performance across Europe, including France, our second-largest business in Europe, which delivered a record performance with net fee growth of 16%<sup>(1)</sup> and operating profit in excess of £10 million. In addition, we delivered strong growth of over 10%<sup>(1)</sup> in 10 further European countries, including The Netherlands, up 12%<sup>(1)</sup>, Spain, up 12%<sup>(1)</sup> and Poland where net fees increased by 20%<sup>(1)</sup>.

In the Americas net fees grew by 7%<sup>(1)</sup>. Within this we delivered good growth in the USA, up 7%<sup>(1)</sup>, Canada, up 5%<sup>(1)</sup> and Brazil, where we grew 10%<sup>(1)</sup>, despite continued challenging market conditions. Elsewhere, Colombia grew 29%<sup>(1)</sup>, while net fees in Mexico were flat<sup>(1)</sup> among more mixed market conditions.

Consultant headcount in the division increased by 19% year-on-year, including increases of 12% in France and 24% in Germany, where our consultant headcount now exceeds 1,500.

## Record performances in Germany and France; strong, broad-based growth in rest of the division

In Continental Europe & RoW, we delivered strong net fee growth of 30% (12% on a like-for-like basis<sup>(1)</sup>) to £470.8 million, driving operating profit growth of 28% (7% on a like-for-like basis<sup>(1)</sup>) to £100.7 million. The difference between actual and like-for-like growth rates was primarily the result of the significant appreciation in the average rate of exchange between the Euro versus Sterling during the year, which increased net fees in the division by £56.1 million and operating profits by £15.4 million. The conversion rate<sup>(3)</sup> of the division stood at 21.4% (2016: 21.7%), marginally down on the prior year

### Operating performance

Year ended 30 June	2017	2016	Actual growth	LFL growth <sup>(1)</sup>
Net fees (£m)	470.8	362.5	30%	12%
Operating profit	100.7	78.7	28%	7%
Conversion rate <sup>(2)</sup>	21.4%	21.7%		
Period-end consultant headcount <sup>(3)</sup>	3,600	3,034	19%	

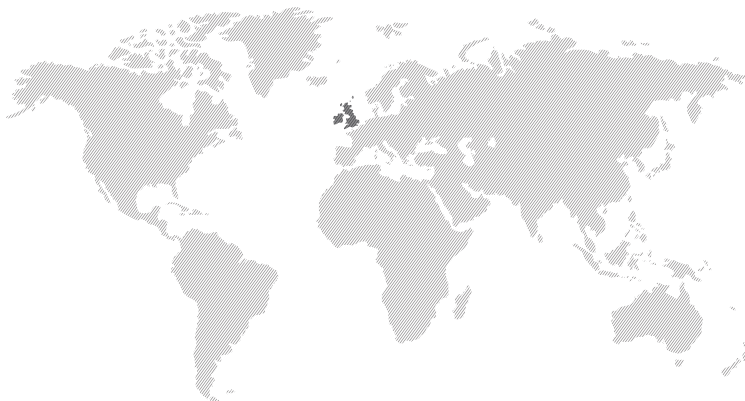
(1) LFL (like-for-like) growth represents organic growth of continuing operations at constant currency.

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

(3) Closing consultant headcount as at 30 June.



# UK & IRELAND



## Consultants

1,948  
2016: 2,024

## Offices

98  
2016: 100

## Net fees (m)

£252.9  
2016: £271.7

## Operating profit (m)

£41.5  
2016: £52.1

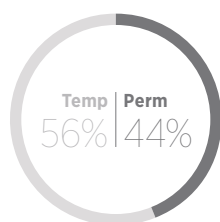
## Net fees by specialism

Accountancy & Finance	22%
Construction & Property	20%
Office Support	11%
Education	10%
IT	9%
Banking	8%
Other	20%

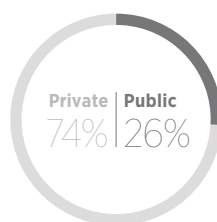
## Net fees by country/sub-group

London	34%
North & Scotland	27%
Midlands	17%
Home Counties	10%
South West & Wales	8%
Ireland	4%

## Net fees by contract type



## Net fees by sector



Conditions overall challenging but broadly sequentially stable, with continued signs of modest improvement in the private sector

In the United Kingdom & Ireland net fees decreased 7%<sup>(1)</sup> to £252.9 million. This reduction in net fees took place primarily in the first half of the financial year, following the outcome of the UK Referendum on EU membership. Having already taken early action in the last financial year to adjust the cost base of the business in response to changing market conditions, our consultant headcount

as of June 2017 was down a further 4% year-on-year, all by natural attrition. Operating profit was £41.5 million, down 21%<sup>(1)</sup>, representing a conversion rate<sup>(3)</sup> of 16.4% (2016: 19.2%).

Following a marked step-down in Perm activity levels immediately after the EU Referendum, the UK Perm business stabilised and ended the year down 6%<sup>(1)</sup>, as despite modest signs of improvement in the second half, client confidence remained subdued. Net fees in our private sector business, representing 74% of the division, were down 5%<sup>(1)</sup>, but we exited the year with moderate underlying growth. Our Temp business was down 8%<sup>(1)</sup> primarily as a result of continuing challenging conditions in the public sector, down 13%<sup>(1)</sup>, exacerbated by the uncertainties created by the implementation of the IR35 regulations during the year.



All regions traded broadly in line with the overall UK business, with the exception of London, which was down 10%, and Scotland & Northern Ireland, where net fees were down 1%. Ireland delivered strong net fee growth of 14%<sup>(1)</sup>.

At the specialism level, Accountancy & Finance, our largest business in the division, was down 3%<sup>(1)</sup>, while Construction & Property and Office Support were down 5%<sup>(1)</sup> and 3%<sup>(1)</sup> respectively. Net fees in IT and Education decreased 14%<sup>(1)</sup> and 11%<sup>(1)</sup>, as they both continued to be negatively impacted by the sharp decline in the public sector market.

## Operating performance

Year ended 30 June	2017	2016	Actual growth	LFL growth <sup>(1)</sup>
Net fees (£m)	252.9	271.7	(7)%	(7)%
Operating profit	41.5	52.1	(20)%	(21)%
Conversion rate <sup>(2)</sup>	16.4%	19.2%		
Period-end consultant headcount <sup>(3)</sup>	1,948	2,024	(4)%	

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

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

(3) Closing consultant headcount as at 30 June.

## FINANCIAL REVIEW

# RECORD LEVELS OF INTERNATIONAL PROFIT AND FIRST SPECIAL DIVIDEND

**"We have proposed the payment of the Group's first special dividend, of £61.6 million, to supplement a core dividend which has itself increased by 11%."**

**Paul Venables**

Group Finance Director, Hays plc

## Performance highlights

Operating profit up 17% to £211.5 million, driven by exchange rate gains and International profit growth

Sector-leading conversion rate<sup>(3)</sup>, the proportion of net fees converted into operating profit, broadly stable at 22.2%

Consultant headcount up 10%, with significant investment in markets such as Europe and Australia, partially offset by reductions in the UK, all through natural attrition

Strong underlying cash performance with 103% conversion of operating profit into operating cash flow. Year-end cash position of £111.6 million

Strong EPS growth of 14%, reflecting the Group's higher operating profit, partially offset by the higher effective tax rate

Proposed increase in full-year core dividend of 11% to 3.22p per share and special dividend of £61.6 million (4.25p per share), resulting in total dividend pay-out of £108.3 million (2016: £41.7 million)

### Increase in Group net fee income<sup>(1)</sup>

+6%

2016: +7%

### Increase in operating profit<sup>(1)</sup>

+1%

2016: +13%

### Conversion rate<sup>(3)</sup> of Group net fees into operating profit

+22.2%

2016: +22.3%

### Group consultant headcount up 10% year-on-year

6,884

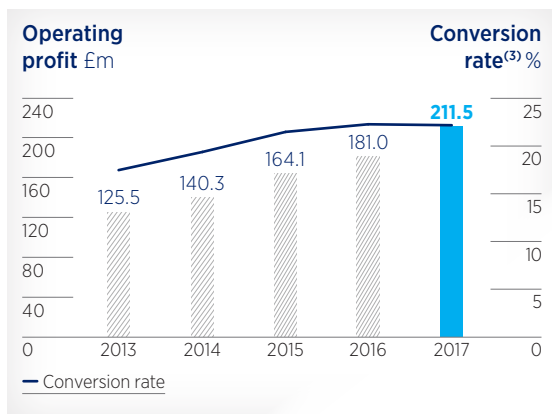
2016: 6,268

## Introduction

Turnover for the year to 30 June 2017 was up 20% (8% on a like-for-like basis<sup>(1)</sup>) and net fees increased by 18% (6% on a like-for-like basis<sup>(1)</sup>). The difference between the like-for-like growth in turnover and net fees is primarily due to the higher growth in our Temp business versus Perm.

Operating costs were 18% higher than prior year, primarily due to the impact of movements in foreign exchange rates. On a like-for-like basis<sup>(1)</sup> costs were 7% higher, primarily due to the 10% investment to increase Group consultant headcount and to a rise in commission payments in line with the increase in net fees.

Operating profit increased by 17% (1% on a like-for-like basis<sup>(1)</sup>). Exchange rate movements increased net fees and operating profit by £93.7 million and £28.9 million respectively, as a result of the significant appreciation in the average rate of exchange between the major currencies to which the Group has exposure versus Sterling, most notably the Australian Dollar and the Euro. Currency fluctuations remain significant sensitivities for the Group.



The Group's conversion rate<sup>(3)</sup> was broadly stable at 22.2% (2016: 22.3%) primarily as a result of favourable exchange rates and improvements in our international businesses, offset by a significant reduction in UK operating profit.

#### Foreign exchange

Currency movements versus Sterling provided a material benefit to our reported performance. Over the course of the year to June 2017, the total impact of exchange movements on net fees and operating profit was €93.7 million positive and £28.9 million positive respectively.

Fluctuations in the rates of the Group's key operating currencies versus Sterling continue to represent a significant sensitivity for the reported performance of our business. By way of illustration, each 1 cent movement in annual exchange rates of the Australian Dollar and Euro impacts net fees by £1.0 million and £3.2 million respectively per annum; and operating profits by £0.4 million and £1.1 million respectively per annum.

The rate of exchange between the Australian Dollar and Sterling over the year ended 30 June 2017 averaged AUD 1.6836 and closed at AUD 1.6952. As at 29 August 2017 the rate stood at AUD 1.6327. The rate of exchange between the Euro and Sterling over the year ended 30 June 2017 averaged €1.1642 and closed at €1.1406. As at 29 August 2017 the rate stood at €1.0764.

The impact of these material movements in foreign exchange rates means that if we retranslate the Group's full-year operating profit of £211.5 million at current

exchange rates, the actual reported result would increase by c.£12 million to c.£223 million.

#### Strong growth in International Temp and Perm, partially offset by UK decline

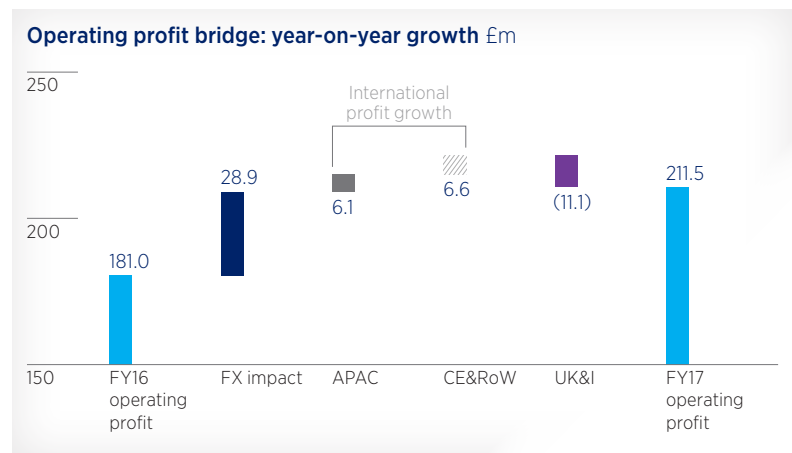
Net fees in Temp, which incorporates our Contracting business and represented 59% of Group net fees, increased by 7%<sup>(1)</sup>. This comprised a volume increase of 8% and an increase in mix/hours worked of 1%, partially offsetting this, underlying Temp margins<sup>(4)</sup> were down 30bps at 16.4% (2016: 16.7%), primarily due to mix and a reduction in Temp margin in our Australia and UK markets.

Net fees in Perm increased by 4%<sup>(1)</sup>, all driven by volume, with good, broad-based growth in International businesses, partially offset by declines in the UK.

#### Movements in consultant headcount

Consultant headcount ended June 2017 at 6,884, up 10% year-on-year. In Asia Pacific, consultant headcount was up 10% year-on-year, within which Australia was up 15% and Asia up 7%. In the UK & Ireland, following the early pre-emptive actions we took in 2016 to reduce our headcount in response to declining market conditions, the division's consultant headcount was down a further 4% in the year, all by natural attrition. In Continental Europe & Rest of World (CE&RoW) we increased consultant headcount by 19% year-on-year, including continued material investments in Germany and France, our two largest businesses in the division, where headcount was up 24% and 12% respectively. Over the past six months, Group consultant headcount was up 4% (versus December 2016).

**"Currency movements versus sterling represented a material benefit to our reported performance."**



#### Operating performance

Year ended 30 June	2017	2016	Actual growth	LFL growth <sup>(1)</sup>
Turnover <sup>(5)</sup>	<b>£5,081.0m</b>	£4,231.4m	20%	8%
Net fees <sup>(2)</sup>	<b>£954.6m</b>	£810.3m	18%	6%
Operating profit from continuing operations	<b>£211.5m</b>	£181.0m	17%	1%
Cash generated by operations	<b>£217.0m</b>	£159.3m	36%	
Profit before tax	<b>£204.6m</b>	£173.0m	18%	
Basic earnings per share	<b>9.66p</b>	8.48p	14%	
Dividend per share	<b>3.22p</b>	2.90p	11%	

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

(2) Net Fees comprise turnover less remuneration of Temporary workers and other recruitment agencies.

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

(4) The underlying Temp gross margin is calculated as Temp net fees divided by Temp gross revenue and relates solely to Temp placements in which Hays generates net fees and specifically excludes transactions in which Hays acts as agent on behalf of workers supplied by third-party agencies and arrangements where the Company provides major payroll services.

(5) Net fees of £954.6 million (2016: £810.3 million) are reconciled to statutory turnover of £5,081.0 million (2016: £4,231.4 million) in note 5 to the Consolidated Financial Statements.



## FINANCIAL REVIEW CONTINUED

**"We continue to see good overall net fee growth across our International businesses. Conditions in the UK are overall broadly stable."**

### Current trading

We continue to see strong overall net fee growth across our International businesses. We will therefore continue to invest in a targeted way to capitalise on these opportunities. Conditions in the UK are overall broadly stable.

Movements in the rates of exchange of the Group's key currencies, notably the Australian Dollar and the Euro, remain a material sensitivity to our reported financial performance. If we retranslate the Group's full-year operating profit of £211.5 million at current exchange rates, the actual reported result would increase by c.£12 million to c.£223 million.

In FY18 our Germany business will have three fewer working days compared to FY17, all of which relate to H1. We estimate that this will have a negative impact on profit of c.£4 million.

### Asia Pacific

We continue to see strong activity levels in Australia across all states and most specialisms. Growth in Asia is good. After significant investment in FY17, we expect headcount to increase between 2%-4% in Q1 FY18.

### Continental Europe & ROW

In Continental Europe & RoW, growth remains strong overall, despite tough comparators. In Germany and across the rest of Europe we continue to see strong growth and in the Americas conditions remain mixed. Overall we expect headcount to continue to increase across the division in Q1 FY18, particularly in Germany, France and the USA, with additions on a more selective basis elsewhere.

### United Kingdom & Ireland

In the UK conditions remain subdued but broadly sequentially stable. We have seen a continuation of the early signs of modest improvement in the private sector market. The public sector market remains tough. We expect headcount to increase modestly in Q1 FY18, including our normal seasonal graduate intake.

### Net finance charge

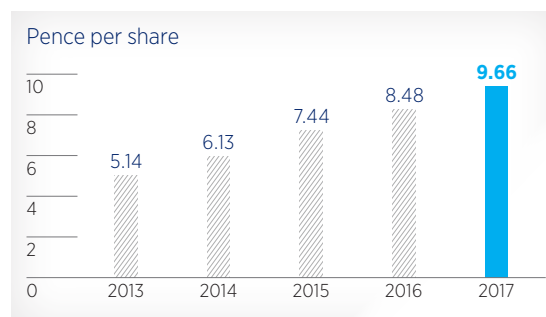
The net finance charge for the year was £6.9 million (2016: £8.0 million). The average interest rate on gross debt during the period was 2.2% (2016: 2.3%), generating net bank interest payable including amortisation of arrangement fees of £2.1 million (2016: £2.9 million). The net interest charge on defined benefit pension scheme obligations was £2.4 million (2016: £3.9 million). The Pension Protection Fund levy was £0.5 million (2016: £0.3 million) and the interest unwind on the deferred acquisition liability related to the Veredus transaction was £1.1 million (2016: £0.9 million). We expect the net finance charge for the year ending 30 June 2018 to be around £5.0 million.

### Taxation

Taxation for the year was £65.5 million (2016: £51.9 million), representing an effective tax rate of 32.0% (2016: 30.0%). The effective tax rate reflects the Group's geographical mix of profits, with the increase in the rate due to the significant decrease in profitability in the UK, coupled with increases in profitability in higher-tax jurisdictions such as Germany and Australia. The Group's effective tax rate for the year to June 2018 will be driven by the mix of profits generated during the year. We currently expect the rate to be 31.5%.

### Earnings per share

Basic earnings per share increased by 14% to 9.66 pence (2016: 8.48 pence), reflecting the Group's higher operating profit, partially offset by the higher effective tax rate.



### Cash flow and balance sheet

Strong underlying cash performance with 103% conversion of operating profit into operating cash flow (2016: 88%). This was a result of good working capital management throughout the year, especially considering the strong growth in our German and European Contracting businesses, which are relatively working capital-intensive. Trade debtor days were at 39 days (2016: 37 days).

Net capital expenditure was £21.4 million (2016: £14.9 million), with the increase primarily due to investments in IT capabilities, cyber security and automation of our German back-office. We expect capital expenditure to be around £20 million for the year to June 2018. Additionally, in FY18 there will be an USD18.5 million payment related to the acquisition of the remaining 20% equity in Veredus Corp.

Dividends paid in the year totalled £42.6 million and pension deficit contributions were £14.8 million. Net interest paid was £1.9 million and the cash tax payment was £68.2 million.

Having eliminated net debt in 2016, we ended the year with a net cash position of £111.6 million.

### Retirement benefits

The Group's pension liability under IAS19 at 30 June 2017 of £0.2 million decreased by £14.1 million compared to June 2016, primarily due to an increase in asset values together with company contributions offset by a change in financial assumptions (decrease in discount rate and increase in inflation rate).

During the year the Company contributed £14.8 million of cash to the defined benefit scheme (2016: £14.4 million), in line with the agreed deficit recovery plan. The 2015 triennial valuation quantified the actuarial deficit at c.£95 million and the recovery plan comprises an annual payment of £14.0 million from July 2015 with a fixed 3% uplift per year, over a period of just under 10 years. The scheme was closed to new entrants in 2001 and to future accrual in June 2012.

### Capital structure and dividend

The Board's priorities for free cash flow are to fund the Group's investment and development, maintain a strong balance sheet and deliver a sustainable core dividend at a level which is both affordable and appropriate.

We target a core dividend cover range of 2.0x to 3.0x full-year earnings and our strategy is to build and maintain cover towards the upper-end of that range.

Having reached this level, it is our intention that in future years, increases in core dividend will match increases in full-year earnings. Additionally, as a reminder, our policy regarding the uses of excess free cash flow is as follows. Assuming a positive outlook, it is our intention that any excess free cash flow generated over-and-above £50 million, that is not needed for the priorities outlined above, will then be distributed to shareholders via special dividends, or other appropriate methods, to supplement the core dividend at year end.

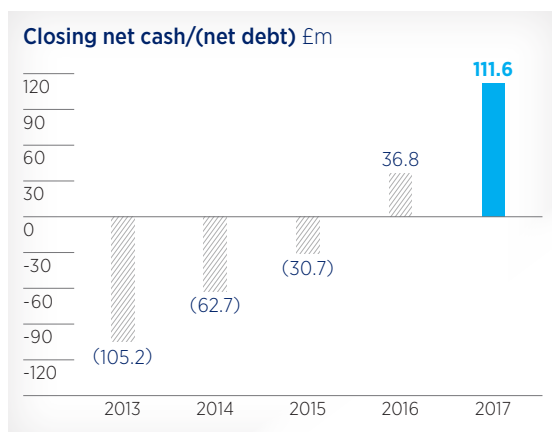
With reference to the above, and taking into account the good financial performance of the Group this year, the Board proposes to increase the final core dividend by 14% to 2.26 pence per share resulting in an increase to the full year dividend to 3.22 pence, up 11% on prior year. As such, the full-year dividend will be covered 3.0x by earnings. Additionally, in line with the above policy on uses of excess cash flow, the Board recommends the payment of a special dividend of £61.6 million, equivalent to 4.25 pence per share.

The final dividend and the special dividend will be paid, subject to shareholder approval, on 17 November 2017 to shareholders on the register on 6 October 2017.

#### Treasury management

The Group's operations are financed by retained earnings and bank borrowings. The Group has in place a £210 million revolving credit facility, maturing in April 2020, which provides considerable headroom versus current and future Group funding requirements. The covenants within the facility require the Group's interest cover ratio to be at least 4:1 (ratio as at June 2017: 65:1) and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1 (as at June 2017 the Group held a net cash position). The interest rate of the facility is on a ratchet mechanism with a margin payable over LIBOR in the range 0.90% to 1.55%.

The Group's UK-based treasury function manages the Group's treasury risks in accordance with policies and procedures set by the Board, and is responsible for day-to-day cash management; the arrangement of external borrowing facilities; the investment of surplus funds; and the management of the Group's interest rate and foreign exchange risks. The treasury function does not engage in speculative transactions and does not operate as a profit centre, and the Group does not hold or use derivative financial instruments for speculative purposes.



The Group's cash management policy is to minimise interest payments by closely managing Group cash balances and external borrowings. Euro-denominated cash positions are managed centrally using a cash concentration arrangement which provides visibility over participating country bank balances on a daily basis. Any Group surplus balance is used to repay any maturing loans under the Group's revolving credit facility or is invested in overnight money market funds. As the Group holds a Sterling-denominated debt facility and generates significant foreign currency cash flows, the Board considers it appropriate in certain cases to use derivative financial instruments as part of its day-to-day cash management. The Group does not use derivatives to hedge balance sheet and income statement translation exposure.

The Group is exposed to interest rate risk on floating rate bank loans and overdrafts. It is the Group's policy to limit its exposure to interest rates by selectively hedging interest rate risk using derivative financial instruments.

Counterparty credit risk arises primarily from the investment of surplus funds. Risks are closely monitored using credit ratings assigned to financial institutions by international credit rating agencies. The Group restricts transactions to banks and money market funds that have an acceptable credit profile and limits its exposure to each institution accordingly.

**Paul Venables**  
Group Finance Director  
30 August 2017

#### Earnings per share

9.66p

2016: 8.48p

#### Net cash

£111.6m

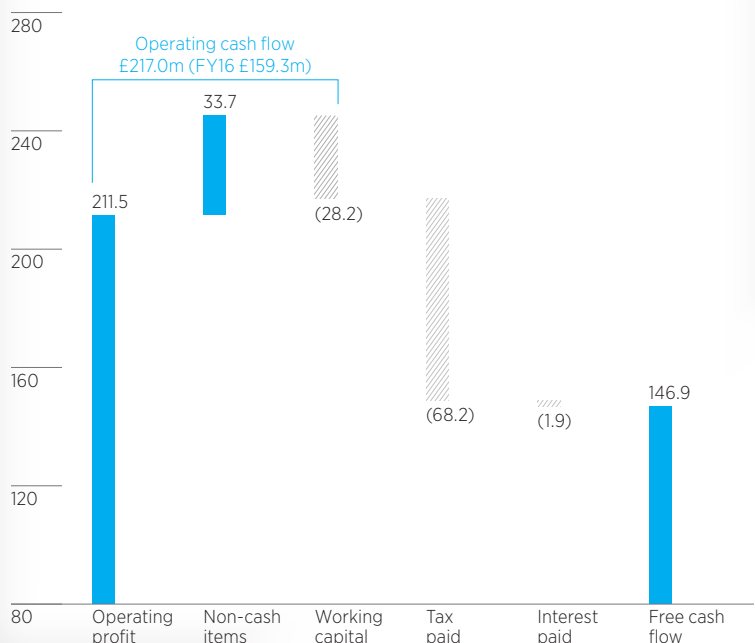
2016: £36.8m

#### Total dividends pay-out

£108.3m

2016: £41.7m

#### Operating profit to free cash flow conversion £m



## PRINCIPAL RISKS

# MANAGING RISKS SO WE ACHIEVE OUR STRATEGIC GROWTH TARGETS

We focus on key risks which could impact on the achievement of our strategic goals and therefore on the performance of our business.

### Our risk appetite

Hays has a proactive approach to measuring performance and considers risk as an integral part of decision-making, both about current and future performance throughout the global businesses. With the Board being responsible for the level of risk that the Group is willing to accept, the Board manages this by linking risk appetite to its strategic objectives, being mapped against defined impact and likelihood scales, in order to define where the level of risk sits.

The principal risks have all been mapped through the risk appetite process in order to identify both position and tolerance levels and to assess the mitigating actions.

Hays operates a measured risk appetite position due to the nature of the recruitment market, being a cyclical business and highly sensitive to macroeconomic conditions, which results in a lack of forward visibility of fees and increases the overall risk environment.

### Risk attributes

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

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

### Risk governance – identifying, evaluating and managing risk

The Board has overall responsibility for the Group's internal control systems and for reviewing their effectiveness. This has been designed to assist the Board in making better, more risk-informed, strategic decisions with a view to creating and protecting shareholder value. In practice, the Board delegates the task of implementing its policies on risk and control to management and needs to assure itself on an ongoing basis that management is responding appropriately to these risks and controls.

The Board delegates to management ownership and responsibility for operating risk management and controls, and management need to provide leadership and direction to the employees to ensure the organisation's overall risk-taking activity is managed in relation to the agreed level of risk appetite.

To manage the effectiveness of this the Board and management need to rely on adequate line functions, including monitoring and assurance functions, within the organisation. As such the organisation operates the 'Three Lines of Defence' model as a way of explaining the relationship between these functions and demonstrating how responsibilities are allocated:

- The first line of defence – responsibility to own and manage risk;
- The second line of defence – responsibility to monitor and oversee risk;
- The third line of defence – functions that provide independent assurance.

The Group Risk Committee, chaired by the Group Finance Director and comprising senior operational, IT, legal and finance representatives, assists in the strategic management of risk in the Group.

## How we monitor our progress – three lines of defence

**Chief Executive**

**Management Board**

### First line of defence:

- Management Controls
- Policies and Procedures
- Internal Control

Ownership & Management

### Second line of defence:

- Financial Control
- Security
- Risk Management
- KPIs
- Compliance
- Group Risk Committee

Monitor & Oversight

### Third line of defence:

- Internal Audit
- External Advisers

Independent Assurance



### **Risk identification and impact – Hays' principal risks are analysed on a gross (pre-mitigation) and net (post-mitigation) basis**

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

### **Viability statement**

In accordance with provision C.2.2 of the UK Corporate Governance Code 2016, the directors have assessed the prospects of the Group over a period longer than the 12 months from the approval of the financial statements.

The directors believe that a three-year period ending 30 June 2020 is the most relevant time period over which to provide the viability statement, being supported by the appraisal of the principal risks and mitigating internal controls. This allows the directors to assess and conclude that the Group will be able to operate within its existing bank covenants and maintain appropriate bank facilities to meet its funding requirements over a three-year period, being backed by the £210 million banking facility in place until April 2020, which the company anticipates no problem in renewing and fully intends to do so.

This three-year period also reflects the three-year planning cycle, which covers the same period, and considers the fast moving nature of the industry. As such, collectively these factors allow the directors a reasonable expectation, predicated on the basis that there are no unforeseen events outside of the Group's control that inhibit the Company's ability to continue trading, and that using a three-year period it is possible to form a reasonable expectation as to the Group's longer-term viability.

### **Process to assess the Group's prospects**

As in prior years, the Board undertook a strategic business review in the current year taking into account the Group's current position and the potential impact of the principal risks set out on pages 38 to 40 of the Annual Report.

In addition and in making this statement, the Board carried out a robust assessment of the principal risks facing the Group, including those that would threaten the Group's business model, future performance and liquidity. While the review has considered all the principal risks identified by the Group, the resilience of the Group to the occurrence of these risks in severe yet plausible scenarios has been evaluated.

### **Stress testing**

The Board approves an annual budget and reviews monthly management reports and quarterly forecasts. The output of the planning and budgeting processes has been used to perform a sensitivity analysis to the Group's cash flow to model the potential effects should principal risks actually occur either individually or in unison.

The sensitivity analysis included loss of business arising from a prolonged global downturn, material movements in foreign exchange rates, and a detailed assessment of a range of possible outcomes arising from the UK's vote to leave the European Union.

Set against these downside risks the Board considered key mitigating factors including the geographic diversity of the Group, its balanced business model across Temporary, Permanent and Contract recruitment services, and the significant working capital inflows which arise in periods of severe downturn, particularly in the Temporary recruitment business, thus protecting liquidity as was the case during the global financial crisis of 2008-09.

In addition, the Group's history of strong cash generation, tight cost control and flexible workforce management provide further protection. The Group also has in place a £210 million revolving credit facility with a suite of banks until 2020, and the latest actuarial valuation of its defined benefit pension scheme maintains cash outflows broadly at their existing level.

### **Confirmation of longer-term viability**

Based on the above assessment the directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 30 June 2020.

### **Going concern**

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review, with details of the Group's treasury activities, long-term funding arrangements and exposure to financial risk included in notes 18 to 20 to the Consolidated Financial Statements.

The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments and any proposed dividends. The Group is therefore well placed to manage its business risks. After making enquiries, the directors have formed the judgment at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

### **Risk trends**

The ongoing review of the Group's principal risks includes how these risks evolve. Changes in the trend/direction of our principal risks are noted against each risk on the following pages of this Report.

## PRINCIPAL RISKS CONTINUED

### 1. Macroeconomic/cyclical business exposure

Movement in year



#### Risk description

The performance of the Group is significantly impacted by changes to underlying economic activity, the levels of business confidence as businesses consider Permanent and Temporary hiring decisions and levels of candidate confidence, which impact their propensity to change jobs, particularly in the UK, Germany and Australia.

Brexit specific: The Brexit decision coupled with the political environment in the UK increased the level of uncertainty and therefore increases the risk of negatively impacting the trading performance in our UK business, as clients have become more cautious in headcount investment.

#### Risk impact

– Financial

#### Risk mitigation

Hays has continued to diversify its operations to include a balance of both Temporary and Permanent recruitment services to private and public sector markets, and operates across 33 countries and 20 sector specialisms. Progress is being made to further diversify the business to reduce the Group's reliance on the UK, Germany and Australia, which currently represent 70% of the Group's net fees.

Hays' cost base is highly variable and carefully managed to align with business activity, and can be focused and scaled accordingly to react to the individual markets, with Temporary recruitment being more resilient in times of economic uncertainty or downturn.

Hays is highly cash generative, requiring low levels of asset investment. Cash collection is a priority and the Group has made appropriate investment in its credit control and working capital management processes, resulting in the elimination of Group net debt and a year-end net cash positive position.

In the run up to and the immediate aftermath of the EU referendum, we saw a significant reduction in UK activity and thus fees and profits. While this had stabilised by November 2016, we clearly face significant potential uncertainty over the next few years.

[Link to relevant strategic priority](#)



### 2. Business model

Movement in year



#### Risk description

The Group faces competition from the increasing use of social media for recruitment purposes and a growing trend towards outsourced recruitment models with associated margin pressures, which may impact materially on the business should Hays not continue to take appropriate actions and respond effectively.

#### Risk impact

– Operational  
– Financial

#### Risk mitigation

Hays monitors industry trends and opportunities, including social media and insourcing, and continues to invest in our online presence to provide a high-quality customer experience.

Our key relationships (such as with SEEK in Australia) increase our exposure to online professional networking and recruitment portals and enhance our value proposition to clients and candidates.

Our expert and specialised consultants are trained in utilising social media to enhance their day-to-day activities in providing the best quality candidates to our clients.

We continue to leverage our broad geographical and sectoral footprint to win and maintain a significant number of multispecialism contracts with large corporate organisations, which has strengthened our relationship with these clients and increased our share of their recruitment spend.

Significant investment was made in FY16 and FY17 to enhance data analytics in order to significantly improve our approach to, and engagement with, candidates. The initiative is overseen by the Group Data Marketing Director.

[Link to relevant strategic priority](#)



### 3. Talent

Movement in year



#### Risk description

The Group is reliant on its ability to recruit, develop and retain staff to protect the business it has today and to deliver its future growth plans, especially internationally, both at a manager and consultant level. Its strategy is to grow and nurture talent internally into senior roles wherever possible.

#### Risk impact

– People  
– Financial

#### Risk mitigation

Hays provides a defined and sustainable career development path for new hires, starting with a structured induction programme and ongoing training as they advance their careers, supported by formalised performance and career tracking.

Development Centres focus on the progress of high-potential individuals, providing further development opportunities and also helping to identify any talent gaps and training needs. Leadership and development programmes are aligned with the Group's business strategy.

Overall remuneration packages are competitive, including an employee benefit programme, together with a long-term incentive scheme that is offered to broadly 350 senior managers, which encourages a performance-led culture and aids retention.

Succession plans identify future potential leaders of the business and produce individual development plans in which to harness and cultivate talent.

The Group's standard employment contracts include notice periods and non-solicitation provisions in the event of an employee leaving.

[Link to relevant strategic priority](#)



## 4. Compliance

Movement in year



### Risk description

The Group operates in 33 countries, with each operating its own legislative, regulative, compliance and tax rules, especially for Temporary workers, with any non-compliance increasing the Group's exposure to potential legal, financial and reputational risk.

### Risk impact

- Compliance
- Financial
- Reputational

### Risk mitigation

Compliance processes and monitoring are tailored to specific specialisms, ensuring additional focus is given to higher-risk specialisms such as Education and Healthcare in the UK, Construction & Property in Australia and specialised corporate contracts through Hays Talent Solutions.

Employees receive training in respect of the operating standards applicable to their role, with additional support provided by compliance functions, regional legal teams and, where necessary, external advisers.

All staff receive regular training to ensure that legal and compliance updates are understood and applied. In territories where legislation sets out additional compliance requirements, specialists are employed.

Dedicated compliance auditors conduct sample checks to ensure that the appropriate candidate vetting checks and due diligence obligations are carried out in line with legal and contractual requirements.

The Group holds all standard business insurance cover, including employers' liability, public liability and professional indemnity insurance.

[Link to relevant strategic priority](#)



## 5. Reliance on technology

Movement in year



### Risk description

Our dependence on technology in our day-to-day business means that systems failure due to technical issues or cyber attack may have a significant impact on our operations and ability to deliver our services if it continued for a number of days and, as such, could negatively impact our financial performance and reputation.

### Risk impact

- Operational
- Financial
- Reputational

### Risk mitigation

The Group's technology strategy is continually reviewed to ensure that the systems it operates across the Group support its strategic direction.

Ongoing asset life-cycle management programmes mitigate risks of hardware and software obsolescence.

Technology systems are housed in various data centres and the Group has capacity to cope with a data centre's loss through the establishment of disaster recovery sites, that are physically based in separate locations to the ongoing operations, intrinsically linked to the country business continuity plans.

Across the regions we have established dedicated security teams in order to ensure that the systems are best protected from unauthorised access, both externally and internally, and includes best ensuring that anti-virus software is in place and up-to-date, with regular testing of these environments by external providers.

We use external advisers to perform regular external and internal physical and logical penetration tests on all major systems and operations and implement any required improvements coming out of such tests as part of a continuous improvement process.

[Link to relevant strategic priority](#)



## 6. Data governance

Movement in year



### Risk description

The business works with personal data in all 33 countries on a daily basis under a variety of laws and regulations. A material data breach or data loss could expose the Group to potential legal, financial and reputational risks in the form of penalties and loss of business.

Hays is preparing for the introduction of the EU General Data Protection Regulation, which will necessitate certain changes to our data collection and processing activity by May 2018.

### Risk impact

- Compliance
- Financial
- Reputational

### Risk mitigation

Robust procedures for processing, retention and transfer of personal data are in place across the Group, on both a physical and logical information security basis.

Comprehensive data protection and information security policies and procedures are in place across the Group and, where data protection and privacy legislation allows, protective email monitoring programmes are undertaken to address potential areas of concern, to best protect our confidential information and candidates' personal data.

Attention has been focused in this area, with the increased threat of cyber crime globally, and security vulnerability is assessed as part of the ongoing IT strategy across the Group.

We use external advisers to perform regular external and internal physical and logical penetration tests on all major systems and operations and implement any required improvements coming out of such tests as part of a continuous improvement process.

A project team led by our General Counsel, consisting of our global legal team together with operational, marketing and technical leads, is in place to ensure GDPR compliance by May 2018.

[Link to relevant strategic priority](#)



## PRINCIPAL RISKS CONTINUED

### 7. Contracts

Movement in year



#### Risk description

The Group enters into contractual arrangements with clients, some of which can be on onerous terms and/or impacted by local regulatory requirements, especially in relation to Temp/Contracting markets.

#### Risk impact

- Operational
- Financial
- Reputational

#### Risk mitigation

During contract negotiations management seek to minimise risk and ensure that the nature of risks and their potential impact is understood.

Our global legal team has the depth of knowledge and experience to enable them to advise management on the level of risk presented in increasingly onerous contracts, with clear guidelines in operation.

The Group Finance Director reviews all commercial contracts with onerous non-standard terms in accordance with the Group's risk appetite. In addition the Group's Insurance Manager reviews onerous contracts and where necessary engages with insurance providers to ensure that risks are covered.

Reviews are performed on a risk basis across key contracts to identify compliance and agree improvements to the way in which we deliver services to clients.

Assurance work is undertaken in key countries by Internal Audit to ensure contractual obligations are appropriately managed.

[Link to relevant strategic priority](#)



By order of the Board

**Doug Evans**  
Company Secretary  
30 August 2017



# GOVERNANCE

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

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ACCOUNTANCY &  
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## CHAIRMAN'S STATEMENT

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

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

**Alan Thomson**  
Chairman, Hays plc



## Dear Shareholder

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

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

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

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

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

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

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

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

**Alan Thomson**  
Chairman

**Statement of Code Compliance**

Hays plc is subject to the UK Corporate Governance Code (the Code) issued by the Financial Reporting Council (available at [frc.org.uk](http://frc.org.uk)), which was published in April 2016. As a listed company, Hays is required to report on how it has applied the principles of the Code and this is set out in the following pages. The Board is pleased to report that Hays has complied with all of the provisions of the Code throughout the year ended 30 June 2017 and to the date of this document.

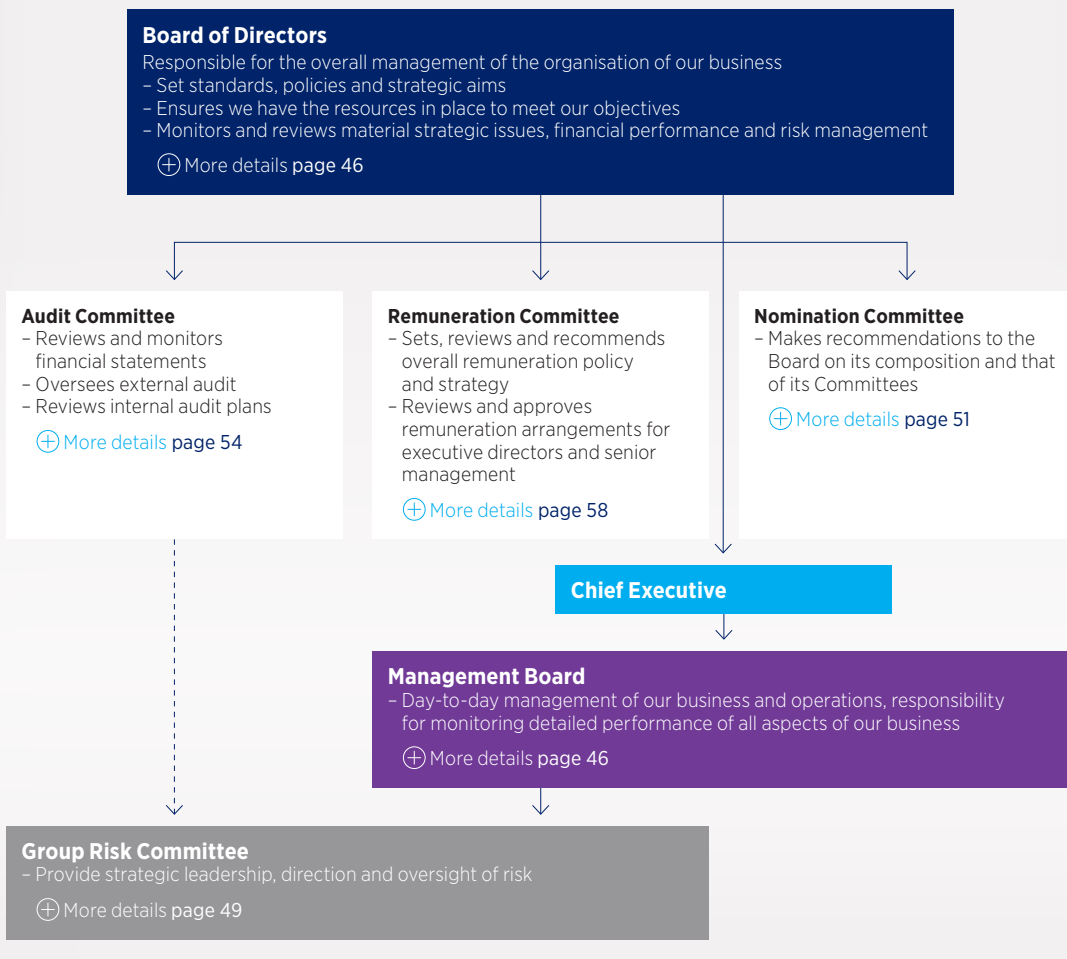
**Our governance framework**

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

The Board retains certain matters for its own preserve; other specific responsibilities are delegated to its principal Committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of these Committees operates within defined terms of reference, which are available

on the Company's website. The Board has also delegated to a sub-committee certain matters which are routine in nature, or which have been agreed in principle by the Board; such matters require a meeting of three directors, with an appropriate mix of executives and non-executives. Such matters are reported to the full Board.

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





## BOARD OF DIRECTORS

## A STRONG TEAM WITH A BROAD AND COMPLEMENTARY MIX OF SKILLS AND EXPERIENCE

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



**1. Alan Thomson (70)** ●  
Non-Executive Chairman

**Appointed:** 1 October 2010  
**Committees:** Nomination (Chairman)

**Skills and experience:** A post-graduate of Glasgow University and a Chartered Accountant, Alan's early career was with Arthur Andersen and Price Waterhouse. This was followed by senior management roles with Rockwell International plc, Raychem Ltd and Courtaulds plc, after which he became Finance Director of Rugby Group plc and then Smiths Group plc. Alan is a former Non-Executive Director of Johnson Matthey plc and Alstom SA, former Chairman of Polypipe Group plc and a past President of the Institute of Chartered Accountants of Scotland.

**Principal external appointments:** Chairman of Bodycote plc and Oxford Instruments plc.



**2. Alistair Cox (56)** ●  
Chief Executive

**Appointed:** 1 September 2007

**Skills and experience:** A Chartered Engineer with an MBA from Stanford University, Alistair's early career was in various field engineering, management and research science roles with British Aerospace and then Schlumberger. Following his MBA, Alistair worked for McKinsey & Company before joining Blue Circle Industries, where he was the Group Strategy Director and then the Regional Director for Asia. Prior to joining Hays, Alistair was Chief Executive of Xansa plc. Alistair was, until November 2015, a non-executive director of 3i Group plc.

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



**3. Paul Venables (55)** ●  
Group Finance Director

**Appointed:** 2 May 2006

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



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

**Appointed:** 8 May 2007  
**Committees:** Remuneration (Chairman), Audit and Nomination

**Skills and experience:** Paul trained as a Chartered Accountant with Price Waterhouse. He joined The Sage Group plc as Financial Controller in 1997 and was Group Finance Director from 2000 to 2013. From September 2013 to September 2016, Paul was Chief Financial Officer of WANdisco plc.

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



**5. Victoria Jarman (45)** ●  
Independent Non-Executive Director

**Appointed:** 1 October 2011  
**Committees:** Audit (Chairman), Nomination and Remuneration

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

**Principal external appointments:** Victoria is a Non-Executive Director of Equiniti Group plc where she is the Chairman of the Audit Committee and a member of the Risk and Remuneration Committees.



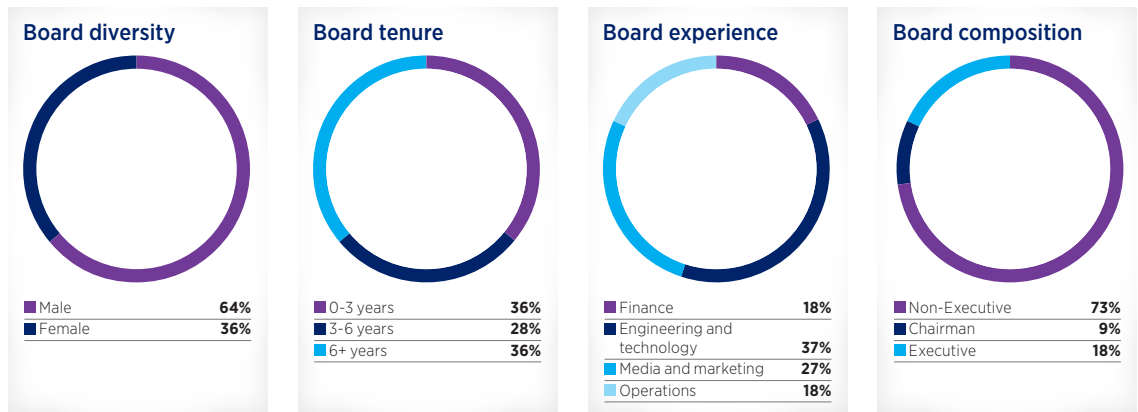
**6. Torsten Kreindl (54)** ●  
Independent Non-Executive Director

**Appointed:** 1 June 2013  
**Committees:** Audit, Nomination and Remuneration

**Skills and experience:** A graduate from Johannes Kepler University in Linz, Austria with a PhD in industrial engineering and technical chemistry. Torsten has held senior executive positions for Booz Allen Hamilton and Deutsche Telekom AG and was, until April 2016, a member of the Swisscom AG Board.

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





**7. Andrew Martin (57)** ●  
Independent Non-Executive Director

**Appointed:** 12 July 2017  
**Committees:** Audit, Nomination and Remuneration

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

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



**8. Susan Murray (60)** ●  
Independent Non-Executive Director

**Appointed:** 12 July 2017  
**Committees:** Audit, Nomination and Remuneration

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

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



**9. MT Rainey (62)** ●  
Independent Non-Executive Director

**Appointed:** 14 December 2015  
**Committees:** Audit, Nomination and Remuneration

**Skills and experience:** An experienced media and marketing professional, MT Rainey has worked extensively in the UK and the US. MT founded the advertising agency Rainey Kelly Campbell Roalfe, which she grew to a top 20 agency before it was sold to Y&R, a subsidiary of WPP plc, and where MT was CEO then Chair until 2005. In addition she was Chair of the leading digital strategy agency Th\_nk Ltd from 2008-2015.

Previous non-executive directorships held by MT include WH Smith plc, Pinewood Group plc and STV Group plc. MT has Masters' degrees from Aston University and Glasgow University.

**Principal external appointments:** MT is a Non-Executive Director of Channel 4 Television.



**10. Pippa Wicks (54)** ●  
Independent Non-Executive Director

**Appointed:** 1 January 2012  
**Committees:** Audit, Nomination and Remuneration

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

**Principal external appointments:** Pippa is presently Deputy Chief Executive of the Co-op Group and Chair of AlixPartners UK turnaround and restructuring business.



**11. Peter Williams (64)** ●  
Independent Non-Executive Director

**Appointed:** 24 February 2015  
**Committees:** Audit, Nomination and Remuneration

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

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



**12. Doug Evans (54)**  
Company Secretary and General Counsel

**Appointed:** 4 February 2013

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

## LEADERSHIP

### The Hays Board

#### Composition of the Board

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

#### Board changes during the year

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

#### Election and re-election of directors at the 2017 AGM

In accordance with the Company's Articles of Association and the principles of the Code, all Directors of the Company will offer themselves for election or re-election at the 2017 AGM with the exception of Paul Harrison and Pippa Wicks. Having received advice from the Nomination Committee, the Board is satisfied that each director standing for election/re-election is qualified for election or re-election by virtue of their skills, experience and commitment to the Board.

### Operational governance

#### The Management Board

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

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

#### The role of the Hays plc Board

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

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

Our aim is to be the world's pre-eminent specialist recruitment business. In pursuit of that aim, our employees across the globe work towards achieving our Strategic Priorities, set out on page 20. The Board closely monitors management and its delivery of a sustainable and profitable business, ensuring it continues to operate within the appropriate risk-reward culture. The Board has established a core set of brand values, which it promotes throughout the Group. These values, which underpin our skills, behaviours and way of doing business, are being ambitious, being passionate about people, being expert at what we do and being inquisitive about the world of work. These values serve to engender an entrepreneurial culture within Hays, which is critical to our continued success without promoting excessive risk-taking.

#### Role of the Non-Executive Directors

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

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

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

During the year, the Board considered the independence of each of the non-executive directors, save for the Chairman who was deemed independent by the Board at the date of his appointment. In doing so, it concluded that each non-executive director remained independent of management and free from any relationship that could interfere with the exercise of their independent judgment. In making the assessment, the Board recognised that 15 November 2016 represented nine years since Paul Harrison was first elected by shareholders; notwithstanding the length of his tenure, the Board believe Paul Harrison continues to demonstrate independence of thought and judgment and as such the Board continued to deem him independent for the purposes of the Code. All of Hays' directors are expected to act in the best interests of the Company.

#### Chairman and Chief Executive

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

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

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

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

## Our governance framework

### Alan Thomson Non-Executive Chairman

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

### Alistair Cox Chief Executive

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

### Paul Harrison Senior Independent Director

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

### Doug Evans Company Secretary and General Counsel

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

### Senior Independent Director

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

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

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

### Matters reserved for the Board

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

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

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

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

### Board commitment

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

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

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

While the Company does not have a similar policy for non-executive directors, their key external commitments are reviewed each year to ensure that they too have sufficient time commitment for the fulfilment of their Board responsibilities. Key external commitments of the Board are included within their biographies on pages 44 and 45.

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

## LEADERSHIP CONTINUED

### Information and support

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

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

### Our values and culture

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

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

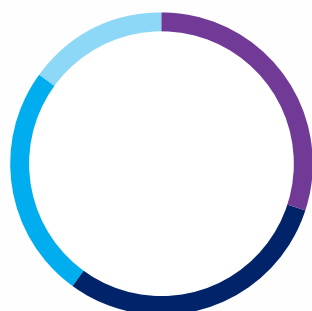
To support this culture we maintain an open style of communication, which is designed to both identify issues early, and also to recognise potential opportunities, so that in both cases appropriate action can be taken in terms of reducing any negative impact on the business whilst ensuring opportunities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

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

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

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

### Percentage of time spent by the Board



Developing a successful strategy	<b>30%</b>
Ensuring appropriate financial management	<b>30%</b>
Implementing governance and ethics and monitoring risk	<b>25%</b>
Stakeholder engagement	<b>15%</b>

#### 1. Developing a successful strategy

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

#### 2. Ensuring appropriate financial management

- Received and considered regular reports on the Group's financial performance
- Approved financial announcements for publication
- Approved the annual budget
- Approved dividend policy, payments and recommendations as appropriate, including consideration of a special dividend
- Reviewed the status of the Company's closed defined benefit pension scheme
- Met with the Company's financial adviser and corporate brokers
- Considered ad hoc property and finance-related transactions

#### 3. Implementing governance and ethics and monitoring risk

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

#### 4. Stakeholder engagement

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



## Board attendance

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

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

Board and Committee attendance	Board	Audit Committee	Nomination Committee	Remuneration Committee
Alan Thomson	7 of 7	–	3 of 3	–
Alistair Cox	7 of 7	–	–	–
Paul Venables	7 of 7	–	–	–
Paul Harrison <sup>(1)</sup>	6 of 7	3 of 4	2 of 3	5 of 5
Victoria Jarman <sup>(2)</sup>	7 of 7	4 of 4	3 of 3	4 of 5
Torsten Kreindl <sup>(3)</sup>	7 of 7	4 of 4	2 of 3	5 of 5
MT Rainey	7 of 7	4 of 4	3 of 3	5 of 5
Pippa Wicks <sup>(2)</sup>	7 of 7	4 of 4	3 of 3	4 of 5
Peter Williams	7 of 7	4 of 4	3 of 3	5 of 5

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

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

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

## Risk management and internal control

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

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

The Group Risk Committee assists the Management Board in providing strategic leadership, direction, reporting and oversight of the Group's risk framework. The Committee is chaired by the Group Finance Director and membership includes representation across the global network and comprises operational, IT and finance functions. Meetings are held at least three times a year, with activities and recommendations reported to the Management Board. The Hays plc Board also has oversight of the Committee and its activities.

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

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

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

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

## Conflicts of interest

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

In deciding whether to authorise a conflict or potential conflict of interest only those directors that have no interest in the matter under consideration will be able to take the relevant decision; in taking such a decision the directors must act in a way they consider, in good faith, will be most likely to promote the success of the Company and may impose such limits or conditions as they think fit. The Board has reviewed the procedures in place and considers that they continue to operate effectively. There were no actual or potential conflicts of interest which were required to be authorised by the Board during the year under review or to the date of this report.

## RELATIONS WITH SHAREHOLDERS

### Engagement with investors

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

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

As a part of a comprehensive investor relations programme, formal meetings are scheduled with investors and analysts to discuss the Group's half- and full-year results. In the intervening periods, Hays continues its dialogue with the investor community by meeting key investor representatives, holding investor roadshows and participating in conferences. Meetings with debt providers, principally the Company's banks, also take place on a regular basis. During the year, the executive directors and senior management met with some two hundred institutions around the world, interacting with shareholders and potential shareholders. Presentations to analysts are posted on the Company's website at [haysplc.com](http://haysplc.com) and if you would like to know more about our relations with shareholders please contact [ir@hays.com](mailto:ir@hays.com).

### Investor meetings held in FY17

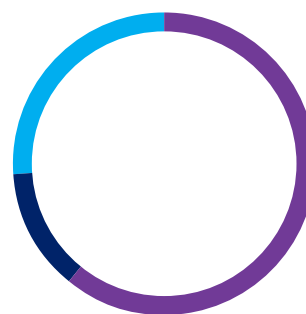
	United Kingdom	Continental Europe	North America	Total
Executive Management	147	21	43	211
Investor Relations team	157	40	76	273
Other senior management	10	3	14	27

### Annual General Meeting

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

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

### Geographic breakdown of investor meetings



United Kingdom	<b>61%</b>
Continental Europe	<b>13%</b>
North America	<b>26%</b>

## EFFECTIVENESS

### NOMINATION COMMITTEE REPORT



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

**Alan Thomson**  
Chairman of the  
Nomination Committee

#### Dear Shareholder

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

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

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

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

Board appointments will continue to be made on merit, and the Committee recognises the benefits of diversity and, provided we remain true to our key principles, we will aim to build on our existing diverse composition in the future and note the changes within the Disclosure Guidance and Transparency Rules applying to future financial years which build on the existing Code provisions.

#### Alan Thomson

Nomination Committee Chairman  
30 August 2017

### Role of the Nomination Committee

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

The main responsibilities of the Committee are to:

- Review the structure, size and composition (including skills, knowledge, experience, diversity and balance of executive and non-executive directors) of the Board

and its Committees and make recommendations to the Board with regard to any changes;

- Consider succession planning for directors and other senior executives;
- Identify and nominate for the approval of the Board, candidates to fill Board vacancies; and
- Keep under review the time commitment expected from the Chairman and the non-executive directors.

### Membership and meetings

The Committee is appointed by the Board. It is chaired by the Chairman of the Board and comprises the non-executive directors, all of whom are independent, save for the Chairman who was independent on appointment. The names and qualifications of the Committee's current members are set out in the directors' biographies on pages 44 and 45.

The Committee meets as required and did so on three occasions during the year and all members were in attendance at each meeting, with the exception of Torsten Kreindl and Paul Harrison who each missed one meeting due to prior commitments. Other regular attendees at Committee meetings include the Company Secretary and, on invitation, the Chief Executive and Group Finance Director.

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

### Main Committee activities during the financial year

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

## EFFECTIVENESS CONTINUED

**Non-executive director appointment process**

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

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

During the year the Committee retained The Zygos Partnership in respect of Andrew Martin and Susan Murray's appointments. The Zygos Partnership is an independent executive search consultancy and it has no other connection with the Company.

In the year ahead, the Committee will continue to assess the Board's composition and how it may be enhanced and will consider diversity (including, but not limited to, gender and experience) and geographic representation and continue to use independent consultants as appropriate to ensure a broad search for suitable candidates.

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

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

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

**Succession planning**

A key task of the Committee is to keep under review the Company's succession plans for members of the Board over the short, medium and longer term, to ensure the Board remains appropriately balanced between new and innovative thinking and longer-term stability. The focus during the 2017 financial year was in identifying a suitable replacement for Paul Harrison and Pippa Wicks, as well as planning for the succession of other Board members.

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

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

**Tenure of non-executive directors**

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

**Director performance**

Having reviewed the independence and contribution of directors, the Committee confirms that the performance of each of the directors standing for election or re-election at the 2017 AGM continues to be effective and demonstrates commitment to their roles, including independence of judgment, commitment of time for Board and Committee meetings and any other duties.

Accordingly, the Committee has recommended to the Board that all current directors of the Company, with the exception of Paul Harrison and Pippa Wicks, be proposed for election or re-election, at the forthcoming AGM.

**Board induction and development**

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

Elements of the programme include:

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



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

### **Board evaluation**

During the 2017 financial year the Board assessed its own effectiveness through an internal Board evaluation process. The 2017 evaluation was facilitated by the Chairman. Directors completed an evaluation questionnaire, followed up with one-to-one meetings with the Chairman as appropriate.

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

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

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

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

## ACCOUNTABILITY

### AUDIT COMMITTEE REPORT



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

**Victoria Jarman**  
Chairman of the  
Audit Committee

#### Dear Shareholder

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

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

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

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

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

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

**Victoria Jarman**  
Audit Committee Chairman  
30 August 2017

#### Role of the Audit Committee

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

The key responsibilities of the Committee are to:

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

## Membership and meetings

The Committee is appointed by the Board from its independent non-executive directors. Biographies of the Committee's current members are set out on pages 44 and 45.

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

The Chairman of the Committee, Victoria Jarman, is a Chartered Accountant and its financial expert, who also chairs the Audit Committee of Equiniti Group plc. All Committee members are financially literate.

The Committee discharges its responsibilities through a series of scheduled meetings during the year, the agenda of which is linked to events in the financial calendar of the Company. The Committee met four times during the financial year and all members were in attendance at all meetings, with the exception of Paul Harrison who missed one meeting due to a prior commitment.

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

## Main Committee activities during the financial year

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

### Fair, balanced and understandable

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

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

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

## ACCOUNTABILITY CONTINUED

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

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

### Significant issues considered during the year

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

### Debtor and accrued income recoverability

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

### Revenue recognition

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

### Goodwill

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

### Pension accounting

Pension accounting is complex and contains areas of significant judgment, most notably those in respect of the discount and inflation rates used in the valuation of the net deficit disclosed in note 22. The Committee reviewed

the pension items by discussing a report prepared by management based on work performed by the Company's actuary which set the key assumptions used in the calculation of the deficit and related income statement items. The Committee also considered the work performed by PwC in testing the assumptions and was satisfied that the assumptions used and the disclosures in the financial statements are appropriate.

### External Auditor

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

The Competition and Markets Authority Statutory Audit Services Order 2014 sets out certain regulations in respect of audit tendering and appointments and related audit committee responsibilities, which came into effect for financial years commencing on or after 1 January 2015. The Company has complied with the provisions of the Order for the financial year ended 30 June 2017.

### Auditor Independence and Non-Audit Services Policy

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

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

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

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

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



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

The Company did not pay any non-audit fees to PwC on a contingent basis. A summary of the fees paid to the external Auditor is set out in note 6 to the Consolidated Financial Statements.

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

#### **Effectiveness of the external Auditor**

The annual effectiveness review in respect of financial year 2016 was conducted under the guidance of the Committee Chairman, on behalf of the Committee, notwithstanding that Deloitte were not being proposed for re-election as external Auditor. It covered amongst other things a review of the audit partners, audit resource, planning and execution, Committee support and communications. Overall feedback was positive. On the basis of this review, the Committee was satisfied with the performance of Deloitte in the fulfilment of its obligations as external Auditor and of the effectiveness of the audit process in FY16.

#### **Risk management and internal control**

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

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

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

#### **Internal Audit**

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

The Group Head of Internal Audit has direct access to the Committee and meets regularly with both the Committee and its Chairman, without the presence of management, to consider the work of Internal Audit.

The Committee approved the programme of work for the Internal Audit function in respect of the 2017 financial year, which was focused on addressing both financial and overall risk management objectives across the Group. During the year, 30 Internal Audit reviews were undertaken, with the findings reported to both the Management Board and the Committee, with recommendations tracked and progress subsequently reported back to the Committee.

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

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

#### **Raising concerns at work**

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

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

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

#### **Anti-bribery and corruption**

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

#### **Audit Committee effectiveness**

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

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

## REMUNERATION REPORT

### CHAIRMAN'S ANNUAL STATEMENT AND SUMMARY



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

**Paul Harrison**  
Chairman of the  
Remuneration  
Committee

#### Dear Shareholder

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

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

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

The Committee carefully considered the targets it should apply to incentive awards (both annual bonus and PSP awards) for FY17. Specifically, we decided to significantly widen the range around the EPS targets for the FY17 annual bonus to reflect the increased uncertainty on FY17 earnings and to ensure that any maximum bonus target would require a level of profit achievement above the then consensus external forecast and that achieved in FY16. Additionally, the mid-point of the target range was consistent with external forecasts at that time.

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

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

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

This is the third year in a row that Hays has delivered market-leading results and this has directly contributed towards the reward outcomes for the executive directors both in the annual and long-term incentives as will be covered below.

#### Our executive reward for 2017 reflects these results and links pay to performance Annual Bonus

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

#### 2014 Performance Share Plan (PSP)

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

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

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

No discretion on any element of remuneration was exercised during FY17.

#### Remuneration for FY18

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

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

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

#### Executive Remuneration Policy Review

During 2017, the Committee concluded its in-depth review of the overall executive remuneration policy and structure with a view to ensuring that it is still fit for purpose in light of our strategy over the coming years and the continuing cyclical nature of our business.

While we have a diversified portfolio designed to try and mitigate substantial swings in business performance by embracing both temporary and permanent candidate placements, wide-ranging business specialisms and a global geographical footprint, we nevertheless are subject to the volatility and vagaries of the economic markets which can create sudden changes within the recruitment industry. As we move forward and encounter the outcomes of economic changes such as the effect of the 'Brexit' referendum in the UK, the Committee wants to ensure that our reward structure and remuneration policy complement our future strategy and incentivise our executives to drive long-term shareholder value.

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

### What we are proposing

A modest rebalance of the incentive plans:

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

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

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

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

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

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

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

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

### Shareholder consultation

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

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

### Other Committee activities in FY17

#### Appointment of a new Independent Adviser to the Committee

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

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

#### Regular agenda items

Our key regular agenda items include reviewing the basic pay, bonus and PSP awards for the executive directors and other senior executives. The Committee ensures that their targets and objectives are suitably stretching, including the principal Company financial performance indicators together with longer-term strategic initiatives and take into account Group risk. We also consider the relationship between executive reward and the reward structures in place for other Group employees. The Committee is always mindful to ensure the strength of the link of performance to reward and that it does not reward for failure.

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

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

We aim to make the Directors' Remuneration Report clear, concise and easy to follow.

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

We hope that readers will find this helpful.

We trust that this report demonstrates how we balance performance, reward and underlying associated behaviours and that we place great importance on our duty to shareholders.

#### Paul Harrison

Chairman of the Remuneration Committee  
30 August 2017

See the Committee's Terms of Reference online at [haysplc.com](http://haysplc.com)

## CHAIRMAN'S ANNUAL STATEMENT AND SUMMARY CONTINUED

### Membership and meetings

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

### Membership and meetings

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

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

### This report is structured as follows:

Section	What it includes
<b>Letter from the Remuneration Committee Chairman</b> <a href="#">⊕ page 58</a>	
<b>Remuneration At A Glance</b> <a href="#">⊕ page 61</a>	
<b>Summary of our proposed Remuneration Policy changes</b> <a href="#">⊕ page 62</a>	
<b>Remuneration Policy submitted for a binding vote</b> <a href="#">⊕ pages 64 to 71</a>	
<b>Annual Report on Remuneration</b> <a href="#">⊕ pages 72 to 90</a>	<ol style="list-style-type: none"> <li>1. Single Figure of Remuneration</li> <li>2. Long-term value creation</li> <li>3. Remuneration in the broader context</li> <li>4. Statement of Implementation of the Remuneration Policy in the following financial year</li> <li>5. Governance</li> </ol>
<b>Our full current Remuneration Policy</b>	Our full current Remuneration Policy as applicable to FY17 can be found on our website at <a href="http://haysplc.com">haysplc.com</a>



## REMUNERATION REPORT

# REMUNERATION AT A GLANCE

### How have we performed?

[+ More details page 74](#)

#### Bonus - maximum potential 125% of base salary

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

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

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

#### September 2014 PSP award – grant 175% of base salary

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

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

Total % of award vesting: 59.76%

% of Salary: 104.57%

#### Key general business highlights

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

### Summary of our current Remuneration Policy and Structure for FY17

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

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

### Reward linked to performance – what did we do?

[+ More details page 72](#)

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

The Single Figure can be found on page 72

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

[+ More details page 62](#)

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

#### Annual Bonus

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

#### PSP

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

Metric	From	To
EPS	One-third	<b>30%</b>
Cash Conversion	One-third	<b>50%</b>
Relative TSR	One-third	<b>20%</b>

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

#### Shareholding requirements

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

#### Pension

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

#### Rationale for Changes

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

## REMUNERATION REPORT CONTINUED

# BACKGROUND TO OUR PROPOSED REMUNERATION POLICY (THE POLICY) CHANGES

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

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

### Business context

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

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

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

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

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

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

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

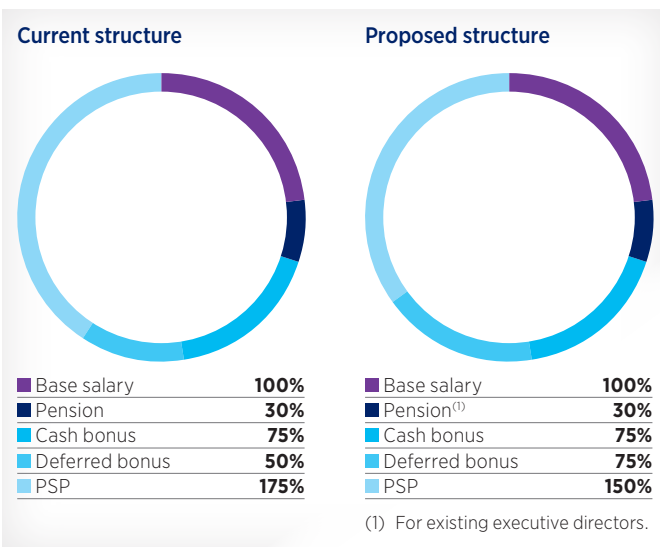
### Proposed changes

#### Rebalancing

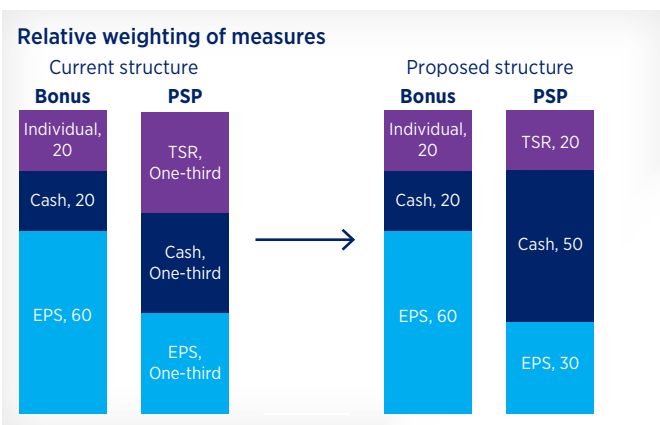
In this environment, where it is extremely difficult to give an accurate, robust long-term prediction of the economy, the Committee believes it is important that the executives' reward is consistent with the need to be agile in managing the business. It is for this reason that the Committee has proposed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

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

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



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



## REMUNERATION REPORT CONTINUED

# REMUNERATION POLICY

### Introduction

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

### Policy summary

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

The Policy is designed around the following key principles:

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

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

### Discretion

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

### Prior commitments

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

### Differences in policy from the wider employee population

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

## Remuneration structure (policy table)

### Elements of executive director remuneration package

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



### Elements of executive director remuneration package (continued)

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

## REMUNERATION REPORT CONTINUED

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

### Non-executive director remuneration

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

#### Notes to the policy table:

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

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

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

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

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

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

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

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

## REMUNERATION REPORT CONTINUED

### Service contracts

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

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

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

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

The non-executive directors do not have service contracts with the Company, but are appointed to the Board under letters of appointment for an initial three-year period. They have agreed to annual retirement and reappointment by shareholders at the Company's annual general meeting and, with the exception of the Chairman, appointments can be terminated immediately by the Company. Letters of appointment are available for review from the Company Secretary and a pro forma letter of appointment can be viewed on the Company's website [haysplc.com](http://haysplc.com). Susan Murray and Andrew Martin were appointed to the Board and Remuneration Committee on 12 July 2017.

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

### Payments to departing directors

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

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

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

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



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

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

**Notes:**

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

## REMUNERATION REPORT CONTINUED

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

### Setting payments for new appointments

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

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

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

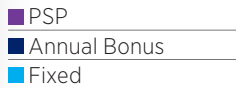
Component	Policy
Base salary, benefits and pension	<p>The salary level will be set taking into account a number of factors including market practice, the individual's experience and responsibilities and other pay structures within the Company and will be consistent with the salary policy for executive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

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

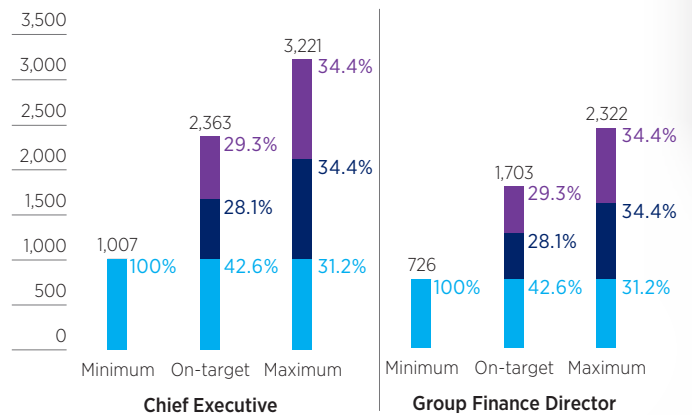
The annual fees payable to newly recruited non-executive directors will be in line with the fees payable to existing non-executive directors.

### Remuneration scenario graphs for executive directors

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



### Value of package (£'000)



Each element of remuneration is defined in the table below:

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

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

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

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

### Statement of conditions elsewhere in the group

Each year, prior to reviewing the remuneration of the executive directors and the members of the Management Board, the Committee considers a report prepared by the Group Head of Reward detailing remuneration practice across the Group. The report provides a regional overview of how employee pay compares to the market, any material changes during the year and includes detailed analysis of basic pay and variable pay changes within the UK where all of the executive directors and most of the Management Board are based. While the Company does not directly consult with employees as part of the process of reviewing executive pay and formulating the remuneration policy set out in this report, the Company does receive an update and feedback from the broader employee population on an annual basis using an engagement survey which includes a number of questions relating to remuneration.

The Company does not use remuneration comparison measurements.

### Consideration of shareholder views

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

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

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

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

# REMUNERATION REPORT CONTINUED

## ANNUAL REPORT ON REMUNERATION

### Section 1 – Total reward for FY17

<b>In this section:</b>	<b>1.1.4</b> Other benefits
<b>1.1</b> FY17 Single Figure for executive directors	<b>1.1.5</b> Annual bonus
<b>1.1.1</b> Salary	<b>1.1.6</b> PSP
<b>1.1.2</b> Benefits	<b>1.2</b> FY17 fees for non-executive directors (NEDs)
<b>1.1.3</b> Pension	

### Section 1 – Total Reward for FY17

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

#### 1.1 FY17 Single Figure for executive directors

##### Single Figure of remuneration (audited)

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

£000s Executive director	Salary Note 1	Benefits Note 2	Pension Note 3	Other Note 4	Annual Bonus Note 5	Total remuneration excluding PSP	PSP <sup>(1)</sup> Note 6	Total remuneration <sup>(1)</sup>
<b>2017</b>								
Alistair Cox <b>Chief Executive</b>	723	48	217	3	<b>837</b>	<b>1,828</b>	1,038	<b>2,866</b>
Paul Venables <b>Group Finance Director</b>	522	34	156	2	<b>603</b>	<b>1,317</b>	749	<b>2,066</b>
<b>2016</b>								
Alistair Cox	709	44	213	0	583	<b>1,549</b>	1,247	<b>2,796</b>
Paul Venables	511	34	153	2	420	<b>1,120</b>	899	<b>2,019</b>

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

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

#### Components of the Single Figure and how the calculations are worked

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

##### 1.1.1 Salary – note 1 (audited)

###### Policy summary

- Set annually from 1 July.
- Broadly aligned with salary increases for relevant UK employees.

###### What has happened

Salaries were increased by 2.0% with effect from 1 July 2016. This increase was the same as the wider budget set for relevant UK employees.

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

##### 1.1.2 Benefits – note 2 (audited)

###### Policy summary

- Core benefits align with those for other UK employees.

###### What has happened

There were no changes in FY17.

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

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



### 1.1.3 Pension – note 3 (audited)

#### Policy summary

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

#### What has happened

There were no changes in FY17.

£000s

Executive director

Pension

#### 2017

Alistair Cox	<b>217</b>
Paul Venables	<b>156</b>

#### 2016

Alistair Cox	213
Paul Venables	153

### 1.1.4 Other benefits – note 4 (audited)

#### Policy summary

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

#### What has happened

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

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

£000s

Executive director

Other

£000

#### 2017

Alistair Cox	<b>3</b>
Paul Venables	<b>2</b>

#### 2016

Alistair Cox	0
Paul Venables	2

### 1.1.5 Annual Bonus – note 5 (audited)

#### Policy summary

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

#### What has happened

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

For bonus awarded in relation to 2017 and 2016 performance, 40% of the figure shown is deferred into shares for three years. There are no further performance conditions but leaver terms apply.

The cash element of the bonus award in relation to performance in 2017 is subject to Clawback for three years from award. The deferred element is subject to Malus for the three year holding period.

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

## REMUNERATION REPORT CONTINUED

### 1.1.5 Annual Bonus – note 5 (audited) continued

#### Summary

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

#### Details of the FY17 Annual Bonus

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

### Calculation of actual results (audited)

Annual Bonus 2017 outcome					Alistair Cox		Paul Venables			
Performance condition	Weighting	Threshold performance required	Maximum performance required	Actual performance	Annual bonus value for meeting threshold and maximum performance (% Salary)	Achievement % salary	Bonus value £000s	Achievement % salary	Bonus value £000s	
EPS	60%	5.74p	8.51p	9.275p	15 – 75	75%	543	75%	391	
Cash										
Conversion	20%	71%	101%	92.62%	5 – 25	19.42%	140	19.42%	101	
Personal	20%	–	100%	85%	0 – 25	21.25%	154	21.25%	111	
<b>These totals are in the 2017 Single Figure</b>						<b>115.67%</b>	<b>837</b>	<b>115.67%</b>	<b>603</b>	
* Both the target and actual performance were based on budget exchange rates. Therefore actual performance is higher than the reported performance due to movements in exchange rates during the year.						Of which cash	502	Of which cash	362	
						Of which deferred – 40%	335	Of which deferred – 40%	241	
Both Alistair Cox and Paul Venables achieved 85% of their personal objectives.						Total bonus achieved in 2016	82.20%	583	82.20%	420
						Of which cash	350	Of which cash	252	
						Of which deferred – 40%	233	Of which deferred – 40%	168	

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

#### 1.1.6 PSP – note 6

##### Policy summary

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

##### What has happened

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

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

The value of the 2014 PSP (vesting in November 2017) is based on a share price of £1.6735, which was calculated using an average for the final quarter of the financial year in accordance with the Regulations as the vesting will occur after the date of this Report. The share price on award was 124.6 pence. The award vested at 59.76% of the maximum i.e. 104.57% of base salary.

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

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

## REMUNERATION REPORT CONTINUED

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

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

The performance metrics and objectives	Assessment	Achievement and what happens now
<p><b>Three-year plan</b> Performance period: 1 July 2014 to 30 June 2017.</p> <p>Granted: 14 November 2014 and will vest 14 November 2017.</p> <p><b>Performance Metrics</b> One-third on cumulative earnings per share (<b>EPS</b>): focuses on longer-term shareholder returns.</p> <p>One-third on <b>Cumulative Cash Conversion</b>: focuses on ongoing business cash efficiency, whatever the trading circumstances of the company.</p> <p>One-third on relative total shareholder return (<b>TSR</b>): Ranks the performance of Hays against a sector group of comparator companies: Adecco SA CDI Corporation Kelly Services Inc Manpower Group Inc Page Group plc (previously Michael Page International plc) Randstad Holdings nv Robert Half International Inc Robert Walters plc SThree plc USG People nv <sup>(1)</sup></p> <p>(1) During FY16 USG People nv was purchased by Recruit Holdings Co. Ltd and its shares delisted. The TSR calculation was conducted in line with the Plan rules under these circumstances.</p>	<p><b>Cumulative Earnings Per Share</b> is the consolidated basic earnings per share of the Company calculated in accordance with IAS 33 for each financial year cumulative over the performance period. Goodwill impairments arising from acquisitions prior to 30 June 2006 are excluded from the earnings per share calculation.</p> <p>The Committee may make adjustments to the calculations of cumulative earnings per share, including taking into account unusual or non-recurring items that do not reflect underlying performance.</p> <p><b>Cumulative Cash Conversion</b> three-year Cash Conversion is the cumulative operating cash flow of the Company after deducting net capital expenditure items stated as a percentage of cumulative operating profit before exceptional items.</p> <p><b>TSR</b> for each company is the difference between the average market values (in sterling terms) of a notional shareholding (including dividends) in that company on all dealing days for the three-month period prior to the start and end of the performance period, divided by the average market values (in sterling terms) of a notional shareholding in that company on all dealing days for the three-month period to the start of the performance period. The TSR for Hays' shares is ranked against the respective TSR performance of the comparator group.</p> <p>Vesting will be subject to satisfactory financial performance over the performance period as determined by the Committee.</p> <p>The Committee has not exercised any discretion in relation to PSP outcomes.</p>	<p><b>Alistair Cox</b> Awarded 976,666 shares in 2014. 59.76% of the award has vested. 620,457 shares will be released in November 2017 which includes accrued dividend equivalent shares, with the exception of those relating to the dividends to be approved at this year's AGM. This equates to a value of £1,038,335 using a preliminary share price of £1.6735 – see page 75. This value will be restated in 2018's Report once the final share price and number of dividends are known.</p> <p><b>Paul Venables</b> Awarded 704,175 shares in 2014. 59.76% of the award has vested. 447,348 shares will be released in November 2017 which includes accrued dividend equivalent shares, with the exception of those relating to the dividends to be approved at this year's AGM. This equates to a value of £748,637 using a preliminary share price of £1.6735 – see page 75. This value will be restated in 2018's Report once the final share price and number of dividends are known.</p>

### Actual results

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

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

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



Performance condition	Weighting	Threshold performance required	Maximum performance required	PSP value as % of salary for:			Actual Performance	PSP Value achieved as % of base salary
				Below threshold	Threshold	Maximum		
Relative TSR	1/3	Median of the comparator group	Upper quartile of the comparator group	0	14.583	58.33	19.61% (6th)	0%
EPS <sup>(1)</sup>	1/3	21.51p	25.17p	0	14.583	58.33	25.70p	58.33%
Cash conversion	1/3	71%	101%	0	14.583	58.33	93.23%	46.24%
Total	100%			0	43.75	175		104.57%
					25% of award	100% of award		

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

- Budget (the setting of which is a robust and transparent process):
  - Company budget for FY15 and the expectations for performance;
  - Strategic direction of the business over the period covered by the PSP award;
  - Market conditions and visibility of future trading;
- Analysts' forecasts;
- Real growth around an assumed RPI of 3% per annum. The final Threshold and Maximum figures have been adjusted to reflect the actual RPI now known.

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

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

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

### Performance Conditions

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

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

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

## REMUNERATION REPORT CONTINUED

**PSP 2013 (granted in FY14) vesting in 2016**

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

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

**1.2 Non-executive directors FY17 fees (audited)**

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

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

**Key**

R	Remuneration Committee member
A	Audit Committee member
N	Nomination Committee member
SID	Senior Independent Director
<b>R N A</b>	Chairman of relevant Committee

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

## Section 2 – Long-term value creation

### In this section:

- |  |  |
|--|--|
| <b>2.1</b> Outstanding deferred annual bonus | <b>2.4</b> Statement of directors' shareholdings                             |
| <b>2.2</b> Share options                     | <b>2.5</b> TSR chart and table   |
| <b>2.3</b> Outstanding PSP awards            | <b>2.6</b> Payments to past directors/payment for loss of office during FY17 |

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

The table below shows the shares held under the DAB and those that were awarded or vested during the FY17. The shares that vested related to deferred annual bonus from previous years. The shares awarded in the financial year 2017 relate to deferred annual bonus in relation to performance in the financial year 2016. Dividend equivalent shares which accrue under the DAB have been ignored in the table below. There are no further performance conditions.

Name	Awards outstanding at 1 July 2016	Awards granted in FY17	Grant price (Market price at date of award) £	Face value of award granted in FY17 (at grant price) £	Awards vesting in FY17	Awards outstanding as at 30 June 2017
Alistair Cox	756,386	168,747	1.382	233,209	312,881	651,591
Paul Venables	543,802	121,666	1.382	168,143	225,586	468,210

### 2.2 Share options

Both executive directors participate in the UK Sharesave Scheme (approved by HMRC) on the same terms as other eligible employees. The following table shows outstanding options over Ordinary shares held by the executive directors during the year ended 30 June 2017.

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

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

## REMUNERATION REPORT CONTINUED

### 2.3 Outstanding PSP awards

The tables below show the outstanding PSP awards where vesting will be determined according to the achievement of performance conditions that will be tested in future reporting periods. The awards were made in line with the PSP in the Remuneration Policy approved by shareholders at the 2014 AGM.

#### 2015 PSP (granted in FY16) vesting 2018

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

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

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

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

(1) TSR is measured against a bespoke comparator group, with vesting subject to satisfactory financial performance as determined by the Committee. The comparator group is Adecco SA, CDI Corporation, Kelly Services Inc, Manpower Inc, Michael Page International Plc (now Page Group), Randstad Holdings nv, Robert Half International Inc, Robert Walters Plc, SThree Plc and USG People nv (delisted during 2016 following purchase by Recruit Holdings Co. Ltd. The TSR calculation will take this into account in line with the plan rules).

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

- Budget (the setting of which is a robust and transparent process):
  - Company budget for FY16 and the expectations for performance;
  - Strategic direction of the business over the period covered by the PSP award;
  - Market conditions and visibility of future trading;
- Analysts' forecasts;
- Real growth around an assumed RPI of 3% per annum. The final Threshold and Maximum figures will be adjusted once the actual RPI is known.

**2016 PSP (granted in FY17) vesting 2019**

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

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

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

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

(1) TSR is measured against a bespoke comparator group, with vesting subject to satisfactory financial performance as determined by the Committee. The comparator group is Adecco SA, CDI Corporation, Kelly Services Inc, Manpower Inc, Michael Page International plc (now Page Group), Randstad Holdings nv, Robert Half International Inc, Robert Walters Plc and SThree Plc.

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

- Budget (the setting of which is a robust and transparent process):

- Company budget for FY17 and the expectations for performance;

- Strategic direction of the business over the period covered by the PSP award;

- Market conditions and visibility of future trading;

- Analysts' forecasts;

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

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

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



## REMUNERATION REPORT CONTINUED

### 2.4 Statement of directors' shareholdings and share interests (audited)

#### Policy summary

– Shareholding requirements in operation at Hays are currently 200% of base salary for the Chief Executive and 100% of base salary for the Group Finance Director. Both are required to build up their shareholdings over a reasonable amount of time which would normally be five years.

#### What has happened

The number of shares of the Company in which current directors had a beneficial interest and details of long-term incentive interests as at 30 June 2017 are set out in the table below.

Name	Shareholding requirement % of salary	Number of shares owned outright/ vested shares	Share price as at 30 June 2017	Base salary as at 1 July 2016	Actual share ownership as % of base salary	Guidelines met
Alistair Cox	200%	4,170,235	£1.66	£723,480	957%	Yes
Paul Venables	100%	2,100,035	£1.66	£521,628	668%	Yes

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

Name	Number of owned outright/ vested shares	Value of owned outright/ vested shares <sup>(2)</sup> £	Number of shares subject to deferral/ holding period <sup>(1)</sup>	Value of shares subject to deferral/ holding period <sup>(2)</sup> £	Number of total vested and unvested shares (excludes any shares with performance conditions)	Value of total vested and unvested shares (excludes any shares with performance conditions) <sup>(2)</sup> £	Share ownership as % of base salary using vested and unvested shares	PSP share interests excluding dividends subject to performance conditions
Alistair Cox	4,170,235	6,922,590	651,591	1,081,641	4,821,826	8,004,231	1,106%	2,760,438
Paul Venables	2,100,035	3,486,058	468,210	777,229	2,568,245	4,263,287	817%	1,990,272

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

(2) Share price as at 30 June 2017 and used in the above table was £1.66

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

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

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

#### Note:

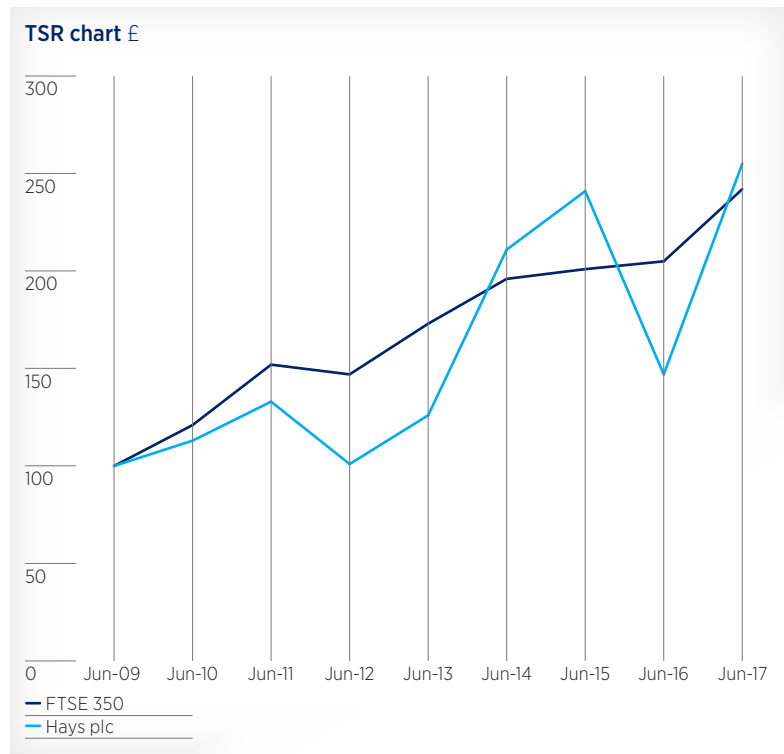
There have been no changes to the above holdings as at the date of this Report.

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

## 2.5 Total Shareholder Return (TSR)

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

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



## Chief Executive historical remuneration

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

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

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

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

## REMUNERATION REPORT CONTINUED

### Section 3 – Remuneration in the broader context

#### In this section:

**3.1** Remuneration for employees below Board

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

**3.3** External appointments

**3.4** Relative importance of spend on pay

### 3.1 Remuneration for employees below Board

Our remuneration philosophy is cascaded throughout the organisation. Our Management Board has an annual bonus scheme that is measured against Group and Regional financial targets and personal and strategic objectives. 40% of any award is deferred into shares for three years and subject to malus provisions. Members of the Management Board also participate in the Performance Share Plan (PSP) with the same performance conditions as the executive directors.

Employees below the Management Board receive salary and benefits which are benchmarked to the local markets and countries in which they work. These are reviewed annually. There is a strong tie of performance to reward which is recognised through annual bonuses, commission or other non-financial recognition. Employees who hold key strategic positions or are deemed critical to the business through their performance are also offered the opportunity to participate in the Performance Share Plan with performance conditions based on Group EPS results measured over one-year. Any shares that crystallise at the end of the performance period have a further two-year holding period prior to vesting. During this time there is also a personal performance underpin. In addition nine countries offer a Sharesave plan to employees. A Resolution was passed at the 2016 AGM to enable the future introduction of a US Stock Purchase Plan for employees in the USA.

As stated in our Remuneration Policy, each year, prior to reviewing the remuneration of the executive directors and the members of the Management Board, the Committee considers a report prepared by the Group Head of Reward detailing remuneration practice across the Group. The report provides a regional overview of how employee pay compares to the market, any material changes during the year and includes detailed analysis of basic pay and variable pay changes within the UK where all of the executive directors and most of the Management Board are based.

While the Company does not directly consult with employees as part of the process of reviewing executive pay and formulating the remuneration policy, the Company takes account of feedback from the broader employee population on an annual basis using the engagement survey which includes a number of questions relating to remuneration.

The table below summarises the above.

Principles	Components		
<p>Operate a consistent reward and performance philosophy throughout the business.</p> <p>Provide a balanced package with a strong link between reward and individual and Group performance.</p> <p>Encourage a material, personal stake in the business to give a long-term focus on sustained growth.</p>	<p><b>Base Salary</b> Based on skill and experience and benchmarked to local market.</p>	<p><b>Annual bonus</b> Employees who hold positions that influence the business strategy and direction, or hold key roles that have a direct effect on business results, have annual bonuses based on a combination of Group, Regional and/or local business targets and personal or strategic objectives.</p> <p>For members of the Management Board, 40% of any bonus earned is deferred into shares for three years and is subject to Malus.</p>	<p><b>Performance Share Plan (PSP) and Sharesave</b> Members of the Management Board participate in the same PSP Plan as executive directors subject to Remuneration Committee approval. The PSP is subject to Malus provisions.</p> <p>Management Board members are encouraged to retain shares.</p> <p>Below the Management Board, broadly 350 key employees each year participate in a PSP which has a one-year performance period and two-year holding period. Financial targets are based on Group EPS results. Nominations are reviewed and approved by the Remuneration Committee.</p> <p>Employees in nine countries can participate in a Sharesave scheme with the option to purchase shares after three years.</p>
	<p><b>Benefits</b> Benchmarked to local market and can include pension, life assurance, health cover and discounted voluntary benefits.</p> <p>In the UK the executive directors participate in the same plans as other UK employees.</p>	<p><b>Commission</b> Client-facing employees have annual bonuses based on personal objectives and/or commission directly related to personal business performance.</p>	<p><b>Talkback Survey</b> An annual global employee engagement survey is conducted across all Hays' employees in all countries to ascertain overall engagement. This includes a number of questions relating to remuneration.</p>
<p><b>Timeline</b></p>			

## REMUNERATION REPORT CONTINUED

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

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

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

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

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

### 3.3 External appointments

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

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

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

### 3.4 Relative importance of spend on pay

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

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

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



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

### In this section:

**4.1** Executive directors

**4.3** Voting outcome

**4.2** Non-executive directors

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

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

### 4.1 Executive directors

#### Summary

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

#### Bonus performance conditions

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

Performance condition	Weighting	
EPS	60%	The operation of the Bonus Plan is as set out in the proposed Remuneration Policy on pages 64 to 71. It should be noted that the Committee views the disclosure of the actual performance targets as commercially sensitive. The Committee will provide retrospective disclosure of the performance targets for the financial measures to allow shareholders to judge the bonus earned in the context of the performance delivered. The Committee believes that some of the personal objectives may continue to be commercially sensitive.
Cash conversion	20%	
Personal	20%	
Total	100%	

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

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

The Malus and Clawback provisions are:

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

## REMUNERATION REPORT CONTINUED

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

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

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

- (1) TSR is measured against a bespoke comparator group, with vesting subject to satisfactory financial performance as determined by the Committee. The comparator group for FY18 is: Adecco SA, Kelly Services Inc, Manpower Inc, Page Group (previously Michael Page International plc), Randstad Holdings nv, Robert Half International Inc, Robert Walters plc and SThree plc. During FY16 USG People nv was purchased by Recruit Holdings Co. Ltd and its shares delisted. CDI Corporation has also been removed because it is no longer considered a relevant comparator.
- (2) The Committee took into account the following factors when setting the EPS targets for the award:
- Budget (the setting of which is a robust and transparent process);
  - Company budget for FY18 and the expectations for performance;
  - Strategic direction of the business over the period covered by the PSP award;
  - Market conditions and visibility of future trading;
  - Analysts' forecasts;
  - Threshold and maximum ongoing growth expectations for years two and three are set around a fixed range.
- (3) There is a two-year holding period post vesting for any shares that vest as a result of performance conditions being met.
- (4) The award is subject to malus for the three-year performance period and clawback during the two-year holding period.

The Malus and Clawback provisions are:

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

### Shareholding requirements

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

### 4.2 Non-executive directors

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

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

All increases were effective from 1 July 2017.

The table below shows the changes.

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

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

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

## Section 5 – Governance

### In this section:

<b>5.1</b>	Remuneration Committee members and attendees	<b>5.4</b>	Advisers to the Remuneration Committee
<b>5.2</b>	Terms of reference	<b>5.5</b>	Engagement with shareholders
<b>5.3</b>	Meetings in FY17	<b>5.6</b>	Considering risk
		<b>5.7</b>	General governance

### 5.1 Remuneration Committee members and attendees

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

Remuneration Committee members	Position	Comments
Paul Harrison	Chairman of the Remuneration Committee	Independent
Victoria Jarman	Member from 1 October 2011	Independent
Torsten Kreindl	Member from 1 June 2013	Independent
Pippa Wicks	Member from 1 January 2012	Independent
Peter Williams	Member from 24 February 2015	Independent
MT Rainey	Member from 14 December 2015	Independent

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

Remuneration Committee attendees	Position	Comments
Alan Thomson	Group Chairman and standing attendee by invitation	Independent upon appointment on 1 October 2010.
Alistair Cox	Chief Executive	Attends by invitation but does not participate in any discussion about his own reward.
Other executives	The Group Head of Reward	Attends by invitation as the executive responsible for advising on the remuneration policy.
	The Company Secretary	Acts as Secretary to the Committee.
FIT Remuneration Consultants and Deloitte	Committee's independent advisers during FY17	Attended by invitation.

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

### 5.2 Terms of reference

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

### 5.3 Meetings in FY17

The Committee normally meets at least four times per year. During FY17, it formally met five times as well as having ongoing dialogue via email or telephone discussion. The meetings principally discussed the following key issues and activities:

- A review of the basic pay, bonus and PSP awards of the executive directors and other senior executives;
- Consideration of the appropriateness of the existing arrangements for the 2017 financial year;
- A review of the reward strategy in the context of Group risk;
- Consideration of the relationship between executive reward and the reward structures in place for other Group employees;
- A review of the Committee's Terms of Reference;
- The selection of a new Independent Adviser; and
- Review of the future structure and appropriateness of the remuneration for executive directors in the light of being a cyclical business and in consideration of the new binding vote in 2017. This included consideration of any feedback received as a result of shareholder consultation.

## REMUNERATION REPORT CONTINUED

### 5.4 Advisers to the Remuneration Committee

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

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

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

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

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

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

### 5.5 Engagement with shareholders

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

### 5.6 Considering risk

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

### 5.7 General governance

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

By order of the Board

#### Paul Harrison

Chairman of the Remuneration Committee  
30 August 2017

## DIRECTORS' REPORT

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

### Strategic Report

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

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

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

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

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

### Related party transactions

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

### Post balance sheet events

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

### Dividends

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

### Financial instruments

Details of the financial instruments used by the Group are set out in notes 18 to 20 to the Consolidated Financial Statements. A general outline of Hays' use of financial instruments is set out in the treasury management section on page 35 of the Financial Review of this Report.

### Directors

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

### General powers of the directors

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

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

### Directors' powers to allot and buy back shares

The directors have the power to authorise the issue and buy-back of the Company's shares by the Company, subject to authority being given to the directors by the shareholders in general meeting, applicable legislation and the Articles.

### Appointment and replacement of directors

Shareholders may appoint any person who is willing to act as a director by ordinary resolution and may remove any director by ordinary resolution. The Board may appoint any person to fill any vacancy or as an additional director, provided that they are submitted for election by the shareholders at the AGM following their appointment. Specific conditions apply to the vacation of office, including cases where a director becomes prohibited by law or regulation from holding office, or is persistently absent from directors' meetings, or if three-quarters of appointed directors request his or her resignation or in the case of mental incapacity or bankruptcy.

### Directors' indemnities

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



## DIRECTORS' REPORT CONTINUED

### Directors' interests

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

### Share capital

Hays has one class of Ordinary shares which carry no right to fixed income or control over the Company. These shares may be held in certificated or uncertificated form. On 30 June 2017, the Company had 1,464,096,566 fully paid Ordinary shares in issue, of which 21,079,129 Ordinary shares were held in treasury by the Company.

The rights and obligations attaching to the Company's Ordinary shares are contained in the Articles. In brief, the Ordinary shares allow holders to receive dividends and to exercise one vote on a poll per Ordinary share for every holder present in person or by proxy at general meetings of the Company. They also have the right to a return of capital on the winding up of the Company.

There are no restrictions on the size of holding or the transfer of shares, which are both governed by the general provisions of the Company's Articles and legislation. Under the Articles, the directors have the power to suspend voting rights and the right to receive dividends in respect of Ordinary shares and to refuse to register a transfer of Ordinary shares in circumstances where the holder of those shares fails to comply with a notice issued under Section 793 of the Companies Act 2006. The directors also have the power to refuse to register any transfer of certificated shares that does not satisfy the conditions set out in the Articles.

The Company is not aware of any agreements between shareholders that might result in the restriction of transfer of voting rights in relation to the shares held by such shareholders.

### Treasury shares

As Hays has only one class of share in issue, it may hold a maximum of 10% of its issued share capital in treasury. As at 30 June 2017, 1.44% of the Company's shares were held in treasury. Legislation restricts the exercise of rights on Ordinary shares held in treasury. The Company is not allowed to exercise voting rights conferred by the shares whilst they are held in treasury. It is prohibited from paying any dividend or making any distribution of assets on treasury shares. Once in treasury, shares can only be sold for cash, transferred to an employee share scheme or cancelled. During the 2017 financial year, Hays transferred 10,084,615 shares out of treasury to satisfy the award of shares under the Company's employee share schemes.

### Shares held by the Employee Benefit Trust

The Hays plc Employee Share Trust (the Trust) is an employee benefit trust which is permitted to hold Ordinary shares in the Company for employee share schemes purposes. No shares were held by the Trust as at the year end. Shares held in the Trust may be transferred to participants of the various Group share schemes. No voting rights are exercisable in relation to shares unallocated to individual beneficiaries.

### Dilution limits in respect of share schemes

The current Association of British Insurers (ABI) guidance (responsibility for which now rests with the Investment Association) on dilution limits provide that the overall dilution under all share plans operated by a company

should not exceed 10% over a 10-year period in relation to the Company's share capital, with a further limitation of 5% in any 10-year period on executive plans.

The Company's share plans operate within these recommended guidelines on dilution limits.

### Major shareholders

As at 30 June 2017, the following shareholders held an interest of 3% or more of the Company's issued share capital:

	% of total voting rights
Cedar Rock Capital Limited	7.7%
Virtus Trust	7.1%
Marathon Asset Management	6.2%
Baillie Gifford & Co	6.1%
Columbia Threadneedle Investments	5.4%
BlackRock Inc	3.8%
Heronbridge Investment Management LLP	3.7%
Silchester International Investors	3.1%

### Human rights

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

### Supplier Code of Conduct

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

### Community support

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

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

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

**Employees**

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

Hays gives full consideration to applications for employment from disabled persons where they have the right skills and abilities for the role. Should an employee become disabled whilst working for the Group, Hays would make every effort to accommodate them, to assist them in any re-training or to find suitable alternative employment within the Group.

**Diversity at Hays**

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

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

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

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

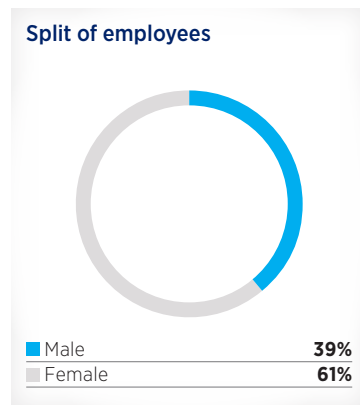
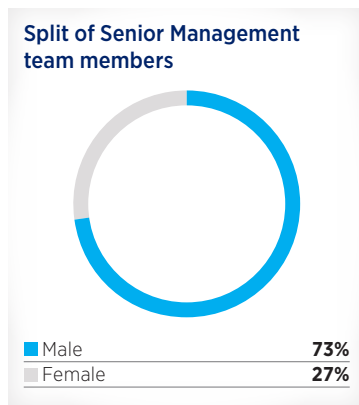
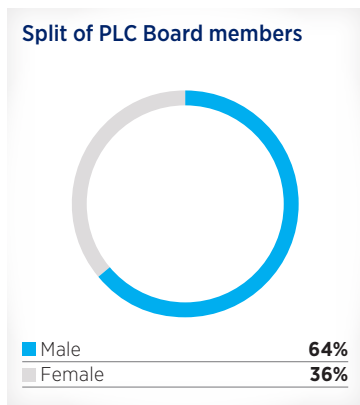
that diversity of perspective and an inclusive approach is great for business and careers with us. By reflecting our marketplace and embracing difference we can continue to drive an outstanding organisation culture that impacts business results and delivers world-class service to our customers. Fundamental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

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

**Employee involvement**

Ongoing communication forms the basis of the partnership between Hays’ leadership and its employees. Employees receive business performance updates from Alistair Cox, the Chief Executive, and from their respective regional Managing Directors, by email on a four-weekly basis. These are posted on the Group’s intranet, which acts as a source of reference for the Group’s brand values, policies and procedures. Regular presentations are also made to employees by the Chief Executive and regional Managing Directors during office visits made over the course of the year. Hays continues to provide tailored training to the people who are in the front line of delivering recruitment solutions as well as in management and leadership roles. These programmes take a number of different guises across the Group’s regional businesses but all share the common goal of improving the service we provide to clients.

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



## DIRECTORS' REPORT CONTINUED



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

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

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

### Greenhouse gas emissions

Hays gathers data from every office around the world in order to calculate our greenhouse gas (GHG) emissions in accordance with the World Resources Institute (WRI) Greenhouse Gas Protocol. We measure our annual emissions in relation to employees (our 'intensity ratio'). As a people-based business, number of employees is a quantifiable factor associated with our activities. Our reporting year for GHG emissions is 1 April 2016 to 31 March 2017, and this year our employee intensity per tonne CO<sub>2</sub>e was 1.58 (against 1.66 last year (restated)).

### FTSE4Good Index

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

### Articles of Association

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

### Disclosure of information to the Auditor

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

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

### 2017 Annual Report and Financial Statements

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

### Annual General Meeting

The Company's AGM will be held at 12 noon on 15 November 2017 at the offices of UBS, 5 Broadgate, London EC2M 2QS.

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

### Auditor

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

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

(1) Greenhouse gas emissions are stated in tonnes of CO<sub>2</sub>e (carbon dioxide equivalent, comprising carbon dioxide, methane and nitrous oxide) for the 12-month period ended 31 March 2017. Out of scope Indirect emissions, which were the biogenic part of vehicle fuels, totalled 167 tonnes of CO<sub>2</sub>e (167 tonnes in FY16).

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

### Political donations

The Company made no political donations during the year and intends to maintain its policy of not making such payments. It will however as a precautionary measure to avoid inadvertent breach of the law, seek shareholder authority at the 2017 AGM to make limited donations or incur limited political expenditure, although it has no intention of using the authority.

Resolution 17 will be proposed as an ordinary resolution to seek authority to make political donations, and if passed, such authority shall expire at the conclusion of the 2018 AGM.

### Authority to allot shares

At the 2016 AGM, shareholders authorised the directors, subject to the Companies Act 2006, to allot Ordinary shares or grant rights to subscribe for or grant rights to subscribe for or convert any securities into shares without the prior consent of shareholders. This authority expires at the conclusion of the 2017 AGM.

Accordingly, Resolution 18 will be proposed as an ordinary resolution to renew this authority for a period expiring at the conclusion of the 2018 AGM. The directors have no present intention of exercising this authority.

### Disapplication of pre-emption rights

Also at last year's meeting, a special resolution was passed under the Companies Act 2006 empowering the directors to allot equity securities for cash without first being required to offer such shares to existing shareholders. Resolution 19 will seek to renew this authority. If approved, the resolution will authorise directors in accordance with the Articles to issue shares in connection with a rights issue and otherwise to issue shares for cash up to a specified maximum nominal amount which includes the sale on a non pre-emptive basis of any shares held in treasury.

Resolution 19 will be proposed as a special resolution to renew this authority for a period expiring at the conclusion of the 2018 AGM.

### Authority to purchase own shares

A special resolution was also passed at last year's meeting enabling the Company to purchase its own shares in the market. Resolution 20 will seek to renew this authority. The directors intend only to exercise this authority if to do so would, in their opinion, enhance shareholder value. The Company will have the option of holding, as treasury shares, any of its own shares that it purchases pursuant to the authority conferred by this resolution. This would give the Company the ability to sell treasury shares, providing the Company with flexibility in the management of its employee shares schemes. No dividends will be paid on shares whilst held in treasury and no voting rights will attach to the treasury shares.

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

Resolution 20 will be proposed as a special resolution to renew this authority for a period expiring at the conclusion of the 2018 AGM.

### Notice of general meetings

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

At last year's AGM, shareholders authorised the calling of general meetings other than an AGM on not less than 14 clear days' notice and Resolution 21 will be proposed as a special resolution and seeks to renew this authority. The authority granted by this resolution, if passed, will be for a period expiring at the conclusion of the 2018 AGM.

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

### Recommendation

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

By order of the Board

### Doug Evans

Company Secretary  
30 August 2017

## DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

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

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

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

By order of the Board

**Alistair Cox**  
Chief Executive

**Paul Venables**  
Group Finance Director  
30 August 2017



# FINANCIAL STATEMENTS

Financial Statements for the Group including the report from the independent Auditor.

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- 134** Hays plc Company Financial Statements



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

### Report on the audit of the financial statements

#### Opinion

In our opinion:

- Hays plc's Group financial statements and Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2017 and of the Group's profit and cash flows for the year then ended;
- The Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- The Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law); and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report and Financial Statements, which comprise: the Consolidated and Company Balance Sheets as at 30 June 2017; the Consolidated Income Statement and Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

#### Basis for opinion

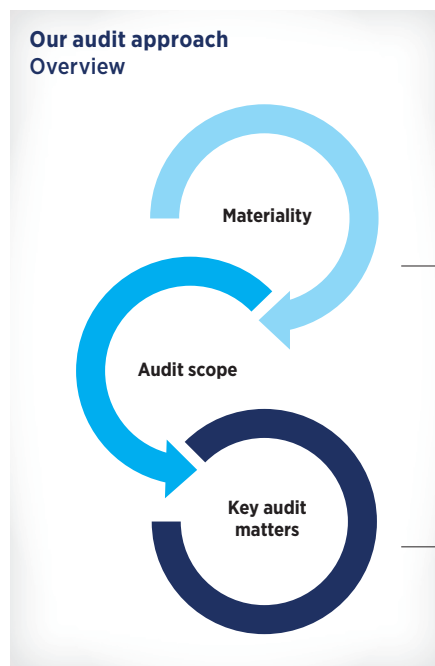
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence 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 to the Group or the Company.

Other than those disclosed in note 6 to the financial statements, we have provided no non-audit services to the Group or the Company in the period from 1 July 2016 to 30 June 2017.



#### 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. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

- £10.0 million – Group financial statements
- Based on approximately 5% of profit before tax from continuing operations
- £9.3 million – Company financial statements
- Based on approximately 1% of total assets
- 89% of Group net fees and 97% Group profit before tax from continuing operations covered through full scope audit procedures
- Australia, UK and Germany considered to be financially significant due to their relative contributions to the Group's net fees and profit before tax
- Five country operations visited by the Group audit team during the year
- Recoverability of accrued income and trade receivables
- Fraud in revenue recognition
- Goodwill impairment assessment

#### Key audit matters

Key audit matters are those matters that, in the auditor's professional judgment, 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.

## Key audit matter

**Recoverability of accrued income and trade receivables**

Refer to page 56 (Audit Committee Report) and notes 2 and 3 to the financial statements for the Directors' disclosures of the related accounting policies, judgments and estimates.

At 30 June 2017, the total receivables and accrued income balances net of provisions included in note 17 was £860.0 million (2016: £695.8 million).

The recoverability of trade receivables, accrued income and the level of provisions for bad debts are considered to be a key risk due to the pervasive nature of these balances to the financial statements, and the importance of cash collection with reference to the working capital management of the business.

## How our audit addressed the key audit matter

In order to test the recoverability of accrued income and trade receivables, we performed the following procedures:

- Verified that billings had been raised against accrued income balances subsequent to the year end and validated any reasons for delays;
- Requested confirmations for a sample of client receivable balances in certain locations;
- Where a response to our request was not received, we sought to agree the relevant trade receivables balances to post year-end cash receipts;
- Where both a response and cash had not been received post year-end, we performed alternative procedures by agreeing amounts recorded to underlying sales contracts and completion documentation;
- Discussed and assessed the reasons that the amounts were not yet paid with Hays' local management teams; and
- Considered the consistency of judgments regarding the recoverability of trade receivables and accrued income made year on year to consider whether there is evidence of management bias.

We did not encounter any issues through these audit procedures that indicated further provisioning against accrued income and trade receivables was required.

We also evaluated the Group's credit control procedures and assessed the ageing profile of accrued income and trade receivables, focusing on older items.

We challenged management as to the recoverability of the older, unprovided amounts, corroborating management explanations with underlying documentation and correspondence with the customer. We also challenged management as to whether the methodology applied in determining bad debt provisions appropriately reflected the level of risk in the total receivables balance with consideration given to individual counterparty credit risk and the general economic conditions in each jurisdiction.

Based upon the above, we are satisfied that management had taken reasonable judgments that were materially supported by the available evidence in respect of the relevant receivable balances.

**Fraud in revenue recognition**

Refer to page 56 (Audit Committee Report) and notes 2 and 3 to the financial statements for the directors' disclosures of the related accounting policies, judgments and estimates.

There is a degree of judgment specifically around year-end cut-off and accruing for income, particularly in respect of the time worked by contractors that has not been processed in the Group's financial systems.

There also may be an incentive for consultants to record more placements or not remove unplaced contractors in order to receive commissions or to meet bonus targets.

The audit risk includes both of the above aspects. We determined that this specifically impacts the occurrence and cut-off assertions.

We performed the following procedures to address the risk that revenue had been recorded fraudulently:

- We assessed the design and implementation of key controls around all streams of revenue recognised;
- We tested the occurrence of revenue journals posted through the year using a combination of data auditing techniques and corroborating of sales transactions to third party documentation;
- We tested the accrued income associated with work performed by contractors before the year end, by comparing the amounts to timesheets submitted after year end;
- We considered the appropriateness and accuracy of any cut-off adjustments processed by considering the start date of permanent placements and the term of a temporary placement with reference to the year-end date, as well as any central adjustments recorded to align weekly country reporting with the Group's year-end date; and
- We evaluated whether revenue has been recognised in accordance with IAS 18 'Revenue' and with Hays' accounting policy by reviewing details of the Group revenue recognition policy, the application of this, and any significant new contracts.

There were no material issues identified by our testing of revenue recognition in the period.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC CONTINUED

### Key audit matter

#### Goodwill impairment assessment

Refer to page 56 (Audit Committee Report), note 3 (Critical accounting estimates) and note 13 for the related disclosures on goodwill.

The Group carried £223.3 million of goodwill at 30 June 2017 (2016: £220.4 million).

The carrying value of goodwill is contingent on future cash flows of the underlying cash-generating units (CGUs) and there is a risk that if these cash flows do not meet the directors' expectations, the goodwill will be impaired.

No impairment charge was recognised in the year ended 30 June 2017.

We focused our assessment on the Veredus CGU in the US, which has a goodwill carrying value of £41.3 million (2016: £40.5 million). Management's investment in headcount to drive long-term growth has reduced short-term profitability. This has resulted in a reduction in headroom over the carrying value of the CGU to £2.4 million (2016: £3.4 million).

There was a risk that small and reasonably possible changes in key assumptions could have resulted in an impairment to Veredus.

### How our audit addressed the key audit matter

Focusing on the Veredus business, we evaluated and challenged the directors' future cash flow forecasts and the process by which they were drawn up, and tested the underlying value in use calculations. We compared management's forecast with the latest Board-approved budget and found them to be reasonable.

We challenged:

- The key assumptions for short- and long-term growth rates in the forecasts by comparing them with historical results, as well as economic and industry forecasts for the US recruitment market; and
- The discount rate used in the calculations by assessing the cost of capital for the Group and comparable organisations, and assessed the specific risk premium applied to the Veredus CGU.

We performed sensitivity analysis on the key assumptions within the cash flow forecasts. This included sensitising the discount rate applied to the future cash flows, and the short- and longer-term growth rates and profit margins forecast.

We ascertained the extent to which a change in these assumptions, both individually or in aggregate, would result in a goodwill impairment, and considered the likelihood of such events occurring. We also ensured that sufficient and appropriate disclosure regarding such events was included in the Group's financial statements.

Based on the procedures described above, we were satisfied that the carrying value of goodwill in respect of Veredus had been appropriately assessed.

#### 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 business's 33 trading countries are structured across three reported segments, Asia Pacific (APAC), UK & Ireland, and Continental Europe & Rest of World (CE&RoW).

Of the 33 trading countries, the UK, Germany and Australia together represent 68% of the Group's net fees and 77% of the Group's profit before tax from continuing operations. We therefore considered these three countries to be financially significant to the Group.

A further 18 other countries were also subject to full scope audits by PwC teams in each of these countries, representing 21% of Group

net fees and 20% of Group profit before tax from continuing operations. In addition to this, the Group audit team performed specified audit procedures in two other countries, representing 5% of Group net fees and 1% of Group profit before tax from continuing operations.

Central review procedures were performed by the Group audit team on the remaining 10 countries that were not subject to full scope or specified audit procedures. These countries represented the remaining 6% of net fees and 2% of profit before tax from continuing operations for the Group.

The Group audit team, over the course of the year, visited the Group's operations in the UK, Germany, France, the US and Canada, having previously visited the Australia operations. The Group team held regular meetings with the component audit teams in Australia, Germany and the UK, and also reviewed the audit workpapers of each of those teams. This helped to ensure that the Group audit

team was sufficiently involved in both the planning and the execution of the audit procedures in these countries.

The Group audit team also joined the audit clearance meetings for each of the other 20 countries that were subject to full scope and specified audit procedures, as well as holding calls with the regional management teams responsible for each of the 10 countries subject to central review procedures.

#### 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 judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£10.0 million	£9.3 million
How we determined it	Approximately 5% of profit before tax from continuing operations.	Approximately 1% of total assets.
Rationale for benchmark applied	We believe that profit before tax from continuing operations is the primary measure used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark.	We believe that total assets is the most appropriate measure to assess a holding company, and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. Our audit work was executed at levels of materiality applicable to each individual entity which were lower than Group materiality and ranged from £0.5 million to £7.5 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £500,000 (Group audit) and £500,000 (Company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

### Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

### Reporting on other information

The other information comprises all of the information in the Annual Report and Financial Statements other than the financial statements and our auditor's 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, Directors' Report and Corporate Governance Statement, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006, (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC CONTINUED

### Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

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. (CA06)

### Corporate Governance Statement

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on page 49) about internal controls and risk management systems in relation to financial reporting processes and about share capital structures in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA (DTR) is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

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 this information. (CA06)

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on page 43) with respect to the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. (CA06)

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Company. (CA06)

### The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 37 of the Annual Report and Financial Statements that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- The disclosures in the Annual Report and Financial Statements that describe those risks and explain how they are being managed or mitigated; and
- The directors' explanation on page 37 of the Annual Report and Financial Statements as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the Code); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. (Listing Rules)

### Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 94, that they consider the Annual Report and Financial Statements taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit;
- The section of the Annual Report and Financial Statements on pages 54 to 57 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; and
- 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.

### 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. (CA06)

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement, 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.

### **Auditor's 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 auditor's 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.

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 auditor's 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 received all the information and explanations we require for our audit; or
- Adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- The Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### **Appointment**

Following the recommendation of the Audit Committee, we were appointed by the members on 9 November 2016 to audit the financial statements for the year ended 30 June 2017 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

### **Andrew Paynter**

(Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
30 August 2017

## CONSOLIDATED INCOME STATEMENT

### FOR THE YEAR ENDED 30 JUNE 2017

(In £s million)	Note	2017	2016
<b>Turnover</b>			
Continuing operations		<b>5,081.0</b>	4,231.4
<b>Net fees<sup>(1)</sup></b>			
Continuing operations	4	<b>954.6</b>	810.3
<b>Operating profit from continuing operations</b>	4	<b>211.5</b>	181.0
Net finance charge	8	<b>(6.9)</b>	(8.0)
<b>Profit before tax</b>		<b>204.6</b>	173.0
Tax	9	<b>(65.5)</b>	(51.9)
<b>Profit from continuing operations after tax</b>		<b>139.1</b>	121.1
<b>Profit from discontinued operations</b>	10	<b>-</b>	3.4
<b>Profit attributable to equity holders of the parent company</b>		<b>139.1</b>	124.5
Earnings per share from continuing operations			
- Basic	12	<b>9.66p</b>	8.48p
- Diluted	12	<b>9.54p</b>	8.37p
Earnings per share from continuing and discontinued operations			
- Basic	12	<b>9.66p</b>	8.72p
- Diluted	12	<b>9.54p</b>	8.60p

(1) Net fees comprise turnover less remuneration of temporary workers and other recruitment agencies.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 30 JUNE 2017

(In £s million)	2017	2016
Profit for the year	<b>139.1</b>	124.5
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Actuarial remeasurement of defined benefit pension schemes	<b>1.7</b>	35.5
Tax relating to components of other comprehensive income	<b>1.4</b>	(7.2)
	<b>3.1</b>	28.3
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Currency translation adjustments	<b>17.4</b>	64.3
Tax relating to components of other comprehensive income	<b>(1.8)</b>	-
Other comprehensive income for the year net of tax	<b>18.7</b>	92.6
Total comprehensive income for the year	<b>157.8</b>	217.1
Attributable to equity shareholders of the parent company	<b>157.8</b>	217.1

## CONSOLIDATED BALANCE SHEET

### AT 30 JUNE

(In £s million)	Note	2017	2016
<b>Non-current assets</b>			
Goodwill	13	223.3	220.4
Other intangible assets	14	18.6	21.6
Property, plant and equipment	15	24.0	19.8
Deferred tax assets	16	23.3	23.9
		<b>289.2</b>	285.7
<b>Current assets</b>			
Trade and other receivables	17	908.2	763.9
Cash and cash equivalents	18	112.0	62.9
Derivative financial instruments	19	-	6.6
		<b>1,020.2</b>	833.4
<b>Total assets</b>		<b>1,309.4</b>	1,119.1
<b>Current liabilities</b>			
Trade and other payables	21	(676.5)	(573.3)
Current tax liabilities		(23.5)	(27.1)
Bank loans and overdrafts	20	(0.4)	(1.1)
Acquisition liabilities	29	(13.6)	-
Provisions	23	(2.6)	(3.1)
		<b>(716.6)</b>	(604.6)
<b>Non-current liabilities</b>			
Bank loans	20	-	(25.0)
Acquisition liabilities	29	-	(11.2)
Retirement benefit obligations	22	(0.2)	(14.3)
Provisions	23	(6.2)	(6.2)
		<b>(6.4)</b>	(56.7)
<b>Total liabilities</b>		<b>(723.0)</b>	(661.3)
<b>Net assets</b>		<b>586.4</b>	457.8
<b>Equity</b>			
Called up share capital	24	14.7	14.7
Share premium		369.6	369.6
Capital redemption reserve		2.7	2.7
Retained earnings		94.1	(15.8)
Cumulative translation reserve		83.8	66.4
Equity reserve		21.5	20.2
<b>Total equity</b>		<b>586.4</b>	457.8

The Consolidated Financial Statements of Hays plc, registered number 2150950, were approved by the Board of Directors and authorised for issue on 30 August 2017.

Signed on behalf of the Board of Directors

**A R Cox**

**P Venables**

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

(In £s million)	Called up share capital	Share premium	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Equity reserve	Total equity
At 1 July 2016	14.7	369.6	2.7	(15.8)	66.4	20.2	457.8
Currency translation adjustments	-	-	-	-	17.4	-	17.4
Remeasurement of defined benefit pension schemes	-	-	-	1.7	-	-	1.7
Tax relating to components of other comprehensive income	-	-	-	(0.4)	-	-	(0.4)
Net expense recognised in other comprehensive income	-	-	-	1.3	17.4	-	18.7
Profit for the year	-	-	-	139.1	-	-	139.1
Total comprehensive income for the year	-	-	-	140.4	17.4	-	157.8
Dividends paid	-	-	-	(42.6)	-	-	(42.6)
Share-based payments	-	-	-	11.3	-	1.3	12.6
Tax on share-based payment transactions	-	-	-	0.8	-	-	0.8
<b>At 30 June 2017</b>	<b>14.7</b>	<b>369.6</b>	<b>2.7</b>	<b>94.1</b>	<b>83.8</b>	<b>21.5</b>	<b>586.4</b>

## FOR THE YEAR ENDED 30 JUNE 2016

(In £s million)	Called up share capital	Share premium	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Equity reserve	Total equity
At 1 July 2015	14.7	369.6	2.7	(138.2)	2.1	18.7	269.6
Currency translation adjustments	-	-	-	-	64.3	-	64.3
Remeasurement of defined benefit pension schemes	-	-	-	35.5	-	-	35.5
Tax relating to components of other comprehensive income	-	-	-	(7.2)	-	-	(7.2)
Net expense recognised in other comprehensive income	-	-	-	28.3	64.3	-	92.6
Profit for the year	-	-	-	124.5	-	-	124.5
Total comprehensive income for the year	-	-	-	152.8	64.3	-	217.1
Dividends paid	-	-	-	(39.9)	-	-	(39.9)
Share-based payments	-	-	-	10.2	-	1.5	11.7
Tax on share-based payment transactions	-	-	-	(0.7)	-	-	(0.7)
At 30 June 2016	14.7	369.6	2.7	(15.8)	66.4	20.2	457.8

The equity reserve is generated as a result of IFRS 2 'Share-based payments'.



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

(In £s million)	Note	2017	2016
<b>Operating profit from continuing operations</b>		<b>211.5</b>	181.0
Adjustments for:			
Depreciation of property, plant and equipment		<b>8.9</b>	7.7
Amortisation of intangible assets		<b>12.8</b>	14.2
Profit on disposal of property, plant and equipment		<b>(0.5)</b>	-
Net movements in provisions		<b>(0.5)</b>	(1.2)
Share-based payments		<b>13.0</b>	11.9
		<b>33.7</b>	32.6
<b>Operating cash flow before movement in working capital</b>		<b>245.2</b>	213.6
Movement in working capital:			
Increase in receivables		<b>(111.4)</b>	(98.8)
Increase in payables		<b>83.2</b>	44.5
		<b>(28.2)</b>	(54.3)
<b>Cash generated by operations</b>		<b>217.0</b>	159.3
Pension scheme deficit funding		<b>(14.8)</b>	(14.4)
Income taxes paid		<b>(68.2)</b>	(41.7)
<b>Net cash inflow from operating activities</b>		<b>134.0</b>	103.2
<b>Investing activities</b>			
Purchase of property, plant and equipment		<b>(12.9)</b>	(10.3)
Proceeds from sales of business assets		<b>0.6</b>	0.1
Purchase of intangible assets		<b>(9.1)</b>	(4.7)
Interest received		<b>0.6</b>	0.5
<b>Net cash used in investing activities</b>		<b>(20.8)</b>	(14.4)
<b>Financing activities</b>			
Interest paid		<b>(2.5)</b>	(4.1)
Equity dividends paid		<b>(42.6)</b>	(39.9)
Proceeds from exercise of share options		<b>1.0</b>	1.5
Decrease in bank loans and overdrafts		<b>(25.8)</b>	(74.4)
<b>Net cash used in financing activities</b>		<b>(69.9)</b>	(116.9)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>43.3</b>	(28.1)
<b>Cash and cash equivalents at beginning of year</b>	28	<b>62.9</b>	69.8
Effect of foreign exchange rate movements		<b>5.8</b>	21.2
<b>Cash and cash equivalents at end of year</b>	28	<b>112.0</b>	62.9
(In £s million)	Note	2017	2016
<b>Bank loans and overdrafts at beginning of year</b>		<b>(26.1)</b>	(100.5)
Decrease in year		<b>25.8</b>	74.4
Effect of foreign exchange rate movements		<b>(0.1)</b>	-
Bank loans and overdrafts at end of year		<b>(0.4)</b>	(26.1)
<b>Net cash at end of year</b>	28	<b>111.6</b>	36.8

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. General information

Hays plc is a Company incorporated in the United Kingdom and registered in England and Wales and its registered office is 250 Euston Road, London NW1 2AF.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretation Committee interpretations (IFRICs) as adopted by the European Union and therefore comply with Article 4 of the European Union International Accounting Standard (IAS) Regulation.

#### New standards and interpretations

The Consolidated Financial Statements have been prepared on the basis of the accounting policies and methods of computation applicable for the year ended 30 June 2017. These accounting policies are consistent with those applied in the preparation of the financial statements for the year ended 30 June 2016 with the exception of the following new accounting standards, amendments and interpretations which were mandatory for accounting periods beginning on or after 1 January 2016, none of which had any material impact on the Group's results or financial position.

- IFRS 11 (amendments) Accounting for Acquisitions of Interests in Joint Operations (effective 1 January 2016)
- IAS 1 (amendments) Disclosure Initiative (effective from 1 January 2016)
- IAS 16 and IAS 38 (amendment) Clarification of Acceptable Methods of Depreciation and Amortisation (effective 1 January 2016)
- IAS 27 (amendments) Equity Method in Separate Financial Statements (effective from 1 January 2016)
- Annual Improvements to IFRSs 2014 (effective 1 January 2016)

There have been no alterations made to the accounting policies as a result of considering all IFRS and IFRIC amendments and interpretations that became effective during the financial year, as these were either not material to the Group's operation, or were not relevant.

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but which are only effective for the Group accounting periods beginning on or after 1 July 2017. These new pronouncements are listed as follows:

- IAS 12 (amendments) Income Taxes (effective from 1 January 2017)
- IAS 7 (amendments) Statement on Cashflows on Disclosure Initiative (effective from 1 January 2017)
- IFRS 2 (amendments) Share Based Payments (effective 1 January 2018)
- IFRS 9 Financial Instruments (effective 1 January 2018)
- IFRS 15 Revenue from Contracts and Customer (effective 1 January 2018)
- IFRS 15 (amendments) Revenue from Contracts and Customer (effective 1 January 2018)
- IFRS 16 Leases (effective 1 January 2019)
- Annual Improvements to IFRSs 2016 (effective 1 January 2018)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)
- IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)

An assessment of the impact of IFRS 15 has been completed following a comprehensive review of the contracts that exist across the Group's revenue streams. The review has concluded that revenue recognition under IFRS 15 is expected to be consistent with current practice for the Group's revenue and had IFRS 15 been applied in the current reporting period, it would not have had a material impact on the financial statements.

IFRS 16 is expected to have a significant impact on the amounts recognised in the Group's Consolidated Financial Statements. On adoption of IFRS 16 the Group will recognise within the balance sheet a right of use asset and lease liability for all applicable leases. Within the income statement, operating lease rentals payable will be replaced by depreciation and interest expense. This will result in an increase in operating profit and an increase in finance costs.

The standard will also impact a number of statutory measures such as operating profit, and cash generated from operations, and alternative performance measures used by the Group. The full impact of IFRS 16 is currently under review, including understanding the practical application of the principles of the standard. It is therefore not practical to provide a reasonable estimate of the financial effect until this review is complete. IFRS 16 will become effective in the Group's financial year 2020. The directors expect to be able to provide an indication of the impact on the Group's financial statements by 30 June 2019.

IFRS 9 introduces a new classification approach for financial assets and liabilities. The categories of financial assets will be reduced from four to three and financial liabilities will be measured at amortised cost or fair value through profit and loss. The standard also prescribes an 'expected credit loss' model for determining the basis of providing for bad debts. The directors do not expect this to have a material impact on the financial statements.

The directors are currently evaluating the impact of the adoption of all other standards, amendments and interpretations but do not expect them to have a material impact on the Group operation or results.

The Group's principal accounting policies adopted in the presentation of these financial statements are set out below and have been consistently applied to all the periods presented.

### 2. Significant accounting policies

#### a. Basis of preparation

The Consolidated Financial Statements have been prepared on the historical cost basis with the exception of financial instruments and pension assets. Financial instruments have been recorded initially on a fair-value basis and then at amortised cost. Pension assets have been measured at fair value.

#### b. Going concern

The Group's business activities, together with the factors likely to effect its future development, performance and viability are set out in the Strategic Report on pages 3 to 40. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review on pages 32 to 35. In addition, notes 18 to 20 to the Consolidated Financial Statements include details of the Group's treasury activities, long-term funding arrangements and exposure to financial risk.

The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments and any proposed dividends. Therefore the Group is well placed to manage its business risks.

After making enquiries the directors have formed the judgment that at the time of approving the Consolidated Financial Statements there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the Consolidated Financial Statements.

### c. Basis of consolidation

Subsidiaries are fully consolidated from the date on which power to control is transferred to the Group. They are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group whereby the identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. The financial statements consolidate the accounts of Hays plc and all of its subsidiaries. The results of subsidiaries acquired or disposed during the year are included from the effective date of acquisition or up to the effective date of disposal as appropriate.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

### d. Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Turnover arising from the placement of permanent candidates, including turnover arising from Recruitment Process Outsourcing (RPO) services, is recognised at the time the candidate commences full-time employment. Where a permanent candidate starts employment but does not work for the specified contractual period, a provision is made in respect of the required refund or credit note due to the client.

Turnover arising from temporary placements, including turnover arising from Managed Service Programme (MSP) services, is recognised over the period that temporary workers are provided. Where the Group is acting as a principal, turnover represents the amounts billed for the services of the temporary workers, including the remuneration costs of the temporary workers.

Where Hays acts as principal in arrangements that invoice on the costs incurred with other recruitment agencies as part of the MSP service provided and manage the recruitment supply chain, turnover represents amounts invoiced on from other recruitment agencies, including arrangements where no commission is directly receivable by the Group.

Where the Group is acting as an agent in arrangements that invoice on behalf of other recruitment agencies as part of the MSP service provided, turnover represents commission receivable relating to the supply of temporary workers and does not include the remuneration costs of the other agency temporary workers.

The critical accounting judgment in respect of revenue recognition is described further in note 3 to the Consolidated Financial Statements.

### e. Net fees

Net fees represent turnover less the remuneration costs of temporary workers for temporary assignments and remuneration of other recruitment agencies. For the placement of permanent candidates, net fees are equal to turnover.

### f. Foreign currencies

On consolidation, the tangible and intangible assets and liabilities of subsidiaries denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Income and expense items are translated into sterling at average rates of exchange for the period. Any exchange differences which have arisen from an entity's investment in a foreign subsidiary, including long-term loans, are recognised as a separate component of equity and are included in the Group's translation reserve.

On disposal of a subsidiary, any amounts transferred to the translation reserve are included in the calculation of profit and loss on disposal. All other translation differences are dealt with in the Consolidated Income Statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### g. Retirement benefit costs

The expense of defined benefit pension schemes and other post-retirement employee benefits is determined using the projected-unit credit method and charged to the Consolidated Income Statement as an expense, based on actuarial assumptions reflecting market conditions at the beginning of the financial year. All remeasurement gains and losses are recognised immediately in reserves and reported in the Consolidated Statement of Comprehensive Income in the period in which they occur. Past service costs, curtailments and settlements are recognised immediately in the Consolidated Income Statement.

The Group has chosen under IFRS 1 to recognise in retained earnings all cumulative remeasurement gains and losses as at 1 July 2004, the date of transition to IFRS. The Group has chosen to recognise all remeasurement gains and losses arising subsequent to 1 July 2004 in reserves and reported in the Consolidated Statement of Comprehensive Income.

The retirement benefit obligation recognised in the Consolidated Balance Sheet represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets.

The Hays Pension Scheme Definitive Deed and Rules is considered to provide Hays with an unconditional right to a refund of surplus assets and therefore the recognition of a net defined benefit scheme asset is not restricted and agreements to make funding contributions do not give rise to any additional liabilities in respect of the scheme.

Payments to defined contribution schemes are charged as an expense in the Consolidated Income Statement as they fall due.

### h. Share-based payments

The fair value of all share-based remuneration that is assessed upon market-based performance criteria is determined at the date of grant and recognised as an expense in the Consolidated Income Statement on a straight-line basis over the vesting period, taking account of the estimated number of shares that will vest.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### 2. Significant accounting policies continued

The fair value of all share-based remuneration that is assessed upon non-market-based performance criteria is determined at the date of the grant and recognised as an expense in the Consolidated Income Statement over the vesting period, based on the number of shares that are expected to vest. The number of shares that are expected to vest is adjusted accordingly to the satisfaction of the performance criteria at each period end.

The fair values are determined by use of the relevant valuation models. All share-based remuneration is equity settled.

#### i. Borrowing costs

Interest costs are recognised as an expense in the Consolidated Income Statement in the period in which they are incurred. Arrangement fees incurred in respect of borrowings are amortised over the term of the agreement.

#### j. Taxation

The tax expense comprises both current and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on all temporary differences, at rates that are enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which to offset the deductible temporary differences. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Temporary differences arise where there is a difference between the accounting carrying value in the Consolidated Balance Sheet and the amount attributed to that asset or liability for tax purposes. Temporary differences arising from goodwill and, except in a business combination, the initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit, are not provided for. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

The calculation of the Group's total tax charge necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process.

Provisions for tax contingencies require management to make judgments and estimates in relation to tax audit issues and exposures. Amounts provided are based on management's interpretation of applicable tax law and the likelihood of settlement, and are derived from the Group's best estimation and judgment. However, the inherent uncertainty regarding the outcome of these items means the eventual resolution could differ from the provision and in such event the Group would be required to make an adjustment in a subsequent period.

#### k. Goodwill

Goodwill arising on consolidation represents the excess of purchase consideration less the fair value of the identifiable tangible and intangible assets and liabilities acquired.

Goodwill is recognised as an asset and reviewed for impairment at least annually. For the purpose of impairment testing, assets are grouped at the lowest level for which there are separately identifiable cash flows, known as cash-generating units (CGUs). Any impairment is recognised immediately in the Consolidated Income Statement and is not subsequently reversed.

On disposal of a business the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS (1 July 2004) has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date. Goodwill arising on acquisitions prior to 1 July 1998 was written off direct to reserves under UK GAAP. This goodwill has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

#### l. Intangible assets

Intangible assets acquired as part of a business combination are stated in the Consolidated Balance Sheet at their fair value as at the date of acquisition less accumulated amortisation and any provision for impairment. The directors review intangible assets for indications of impairment annually.

Internally generated intangible assets are stated in the Consolidated Balance Sheet at the directly attributable cost of creation of the asset, less accumulated amortisation. Intangible assets are amortised on a straight-line basis over their estimated useful lives up to a maximum of 10 years. Software incorporated into major Enterprise Resource Planning (ERP) implementations that support the recruitment process and financial reporting process is amortised over a life of up to seven years. Other software is amortised between three and five years.

#### m. Property, plant and equipment

Property, plant and equipment is recorded at cost, net of depreciation and any provision for impairment. Depreciation is provided on a straight-line basis over the anticipated useful working lives of the assets, after they have been brought into use, at the following rates:

Freehold land – No depreciation is provided

Freehold buildings – At rates varying between 2% and 10%

Leasehold properties – The cost is written off over the unexpired term of the lease

Plant and machinery – At rates varying between 5% and 33%

Fixtures and fittings – At rates varying between 10% and 25%

#### n. Trade and other receivables

Trade and other receivables are initially measured at fair value and then at amortised cost after appropriate allowances for estimated irrecoverable amounts have been recognised in the Consolidated Income Statement where there is objective evidence that the asset is impaired.

#### o. Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

#### p. Trade payables

Trade payables are measured initially at fair value and then at amortised cost.

#### q. Bank borrowings

Interest-bearing bank loans and overdrafts are recorded initially at fair value and subsequently measured at amortised cost.

Finance charges, including premiums payable on settlement or redemption and direct-issue costs, are accounted for on an accrual basis in the Consolidated Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

#### r. Derivative financial instruments

The Group may use certain derivative financial instruments to reduce its exposure to foreign exchange movements. The Group held four foreign exchange contracts at the end of the current year (2016: eight) to facilitate cash management within the Group. The Group does not hold or use derivative financial instruments for speculative purposes.

The fair values of foreign exchange swaps are measured using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. It is the Group's policy not to seek to designate these derivatives as hedges. All derivative financial instruments not in a hedge relationship are classified as derivatives at fair value in the income statement. The fair value of long-term borrowing is calculated by discounting expected future cash flows at observable market rates.

#### Fair value measurements

The information below sets out how the Group determines fair value of various financial assets and financial liabilities.

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### s. Leases

Leases where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases by the lessee.

Rentals payable under operating leases are charged to the Consolidated Income Statement on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to enter into an operating lease are recognised on a straight-line basis over the lease term.

#### t. Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

### 3. Critical accounting judgments and key sources of estimation uncertainty

#### Critical accounting judgments Revenue recognition

The main areas of judgment in revenue recognition relate to (i) cut-off as revenue is recognised for permanent placements on the day a candidate starts work and temporary placement income over the duration of the placement; and (ii) the recognition of temporary contractual arrangements where Hays act on a gross basis (principal basis) rather than a net basis (agent basis).

The factors considered by management on a contract by contract basis when concluding the Company is acting as principal rather than agent are as follows:

- The client has a direct relationship with Hays;
- Hays has the primary responsibility for providing the services to the client, and engages and contracts directly with the temporary worker or other recruitment companies;
- Hays has latitude in establishing the rates directly or indirectly with all parties; and
- Hays bears the credit risk on the receivable due from the client.

Turnover and Net fees are described in note 2 (d) and (e) to the Consolidated Financial Statements.

#### Provisions in respect of recoverability of trade receivables

As described in note 17, provisions for impairment of trade receivables 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 economic conditions.

#### Estimation uncertainty Goodwill impairment

Goodwill is tested for impairment at least annually. In performing these tests assumptions are made in respect of future growth rates and the discount rate to be applied to the future cash flows of income-generating units. These assumptions are set out in note 13 to the Consolidated Financial Statements.

#### Pension accounting

Under IAS 19 'Employee Benefits', the Group has recognised a pension deficit of £0.2 million (2016: £14.3 million). A number of assumptions have been made in determining the pension deficit and these are described in note 22 to the Consolidated Financial Statements.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### 4. Segmental information

##### IFRS 8 Operating Segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segment and to assess their performance.

As a result, the Group continues to segment the business into three regions, Asia Pacific, Continental Europe & Rest of World, and United Kingdom & Ireland. There is no material difference between the segmentation of the Group's turnover by geographic origin and destination.

The Group's continuing operations comprise one class of business, that of qualified, professional and skilled recruitment.

##### Net fees and operating profit from continuing operations

The Group's Management Board, which is regarded as the chief operating decision maker, uses net fees by segment as its measure of revenue in internal reports, rather than use turnover. This is because net fees exclude the remuneration of temporary workers, and payments to other recruitment agencies where the Group acts as principal, which are not considered relevant in allocating resources to segments. The Group's Management Board considers net fees for the purpose of making decisions about allocating resources. The Group does not report items below operating profit by segment in its internal management reporting. The full detail of these items can be seen in the Group Consolidated Income Statement on page 104. The reconciliation of turnover to net fees can be found in note 5.

(In £s million)	2017	2016
<b>Net fees from continuing operations</b>		
Asia Pacific	<b>230.9</b>	176.1
Continental Europe & Rest of World	<b>470.8</b>	362.5
United Kingdom & Ireland	<b>252.9</b>	271.7
	<b>954.6</b>	810.3

(In £s million)	2017	2016
<b>Operating profit from continuing operations</b>		
Asia Pacific	<b>69.3</b>	50.2
Continental Europe & Rest of World	<b>100.7</b>	78.7
United Kingdom & Ireland	<b>41.5</b>	52.1
	<b>211.5</b>	181.0

##### Net trade receivables

For the purpose of monitoring performance and allocating resources from a balance sheet perspective, the Group's Management Board monitors trade receivables net of provisions for impairments only on a segment by segment basis. These are monitored on a constant currency basis for comparability through the year. These are shown below and reconciled to the totals as shown in note 17.

##### Net trade receivables

(In £s million)	As reported internally	Foreign exchange	2017	As reported internally	Foreign exchange	2016
Asia Pacific	90.8	4.6	<b>95.4</b>	58.2	7.6	65.8
Continental Europe & Rest of World	307.6	15.2	<b>322.8</b>	202.4	34.5	236.9
United Kingdom & Ireland	167.3	0.6	<b>167.9</b>	180.3	3.9	184.2
	565.7	20.4	<b>586.1</b>	440.9	46.0	486.9

##### Major customers

In the current year and prior year there was no one customer that exceeded 10% of the Group's turnover.

## 5. Operating profit from continuing operations

The following costs are deducted from turnover to determine net fees from continuing operations:

(In £s million)	2017	2016
Turnover	<b>5,081.0</b>	4,231.4
Remuneration of temporary workers	<b>(3,930.6)</b>	(3,236.5)
Remuneration of other recruitment agencies	<b>(195.8)</b>	(184.6)
Net fees	<b>954.6</b>	810.3

Operating profit is stated after charging the following items to net fees of £954.6 million (2016: £810.3 million):

(In £s million)	2017	2016
Staff costs (note 7)	<b>563.0</b>	476.3
Depreciation of property, plant and equipment	<b>8.9</b>	7.7
Amortisation of intangible assets	<b>12.8</b>	14.2
Operating lease rentals payable (note 27)	<b>42.1</b>	34.0
Impairment loss on trade receivables	<b>3.2</b>	3.0
Auditor remuneration (note 6)		
– for statutory audit services	<b>1.1</b>	0.9
– for other services	<b>0.7</b>	0.7
Other external changes	<b>111.3</b>	92.5
	<b>743.1</b>	629.3

## 6. Auditor remuneration

(In £s million)	2017	2016
Fees payable to the Company's Auditor for the audit of the Company's annual financial statements	<b>0.2</b>	0.2
Fees payable to the Company's Auditor and their associates for other services to the Group:		
The audit of the Company's subsidiaries pursuant to legislation	<b>0.9</b>	0.7
Total audit fees	<b>1.1</b>	0.9
Half year review	<b>0.1</b>	0.1
Other services	<b>0.6</b>	0.6
Total non-audit fees	<b>0.7</b>	0.7

Following approval at the Annual General meeting on 9 November 2016, PricewaterhouseCoopers LLP (PwC) were appointed as the Company's auditor and therefore the total audit and non-audit fees in the current year relate solely to the newly appointed external auditor. The total audit and non-audit fees in the prior year relate solely to the Company's previous external auditor Deloitte LLP.

Other services fees incurred in the current year relate to consultancy services provided in respect of project management and communication support for a specific back-office change management programme in Germany. PwC involvement in this project will cease by September 2017.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### 7. Staff costs

The aggregate staff remuneration (including executive directors) was as follows:

(In £s million)	2017	2016
Wages and salaries	<b>474.4</b>	400.5
Social security costs	<b>61.0</b>	50.0
Pension costs	<b>14.6</b>	13.9
Share-based payments	<b>13.0</b>	11.9
	<b>563.0</b>	476.3

Average number of persons employed during the year (including executive directors):

(Number)	2017	2016
Continuing operations		
Asia Pacific	<b>1,750</b>	1,662
Continental Europe & Rest of World	<b>4,411</b>	3,923
United Kingdom & Ireland	<b>3,479</b>	3,668
	<b>9,640</b>	9,253

Closing number of persons employed at the end of the year (including executive directors):

(Number)	2017	2016
Continuing operations		
Asia Pacific	<b>1,805</b>	1,660
Continental Europe & Rest of World	<b>4,737</b>	4,040
United Kingdom & Ireland	<b>3,458</b>	3,514
	<b>10,000</b>	9,214

#### 8. Net finance charge

(In £s million)	2017	2016
Interest received on bank deposits	<b>0.6</b>	0.5
Interest payable on bank loans and overdrafts	<b>(2.7)</b>	(3.4)
Other interest payable	<b>(0.8)</b>	-
Interest unwind on acquisition liability	<b>(1.1)</b>	(0.9)
Pension Protection Fund levy	<b>(0.5)</b>	(0.3)
Net interest on pension obligations	<b>(2.4)</b>	(3.9)
Net finance charge	<b>(6.9)</b>	(8.0)

## 9. Tax

The tax (expense)/credit for the year is comprised of the following:

### Current tax

(In £s million)	2017	2016
Current tax expense in respect of the current year	<b>(64.0)</b>	(49.2)
Adjustments recognised in the current year in relation to the current tax of prior years	<b>1.3</b>	-
	<b>(62.7)</b>	(49.2)

### Deferred tax

(In £s million)	2017	2016
Deferred tax charge in respect of the current year	<b>(0.7)</b>	(3.1)
Adjustments to deferred tax in relation to prior years	<b>(2.1)</b>	0.4
	<b>(2.8)</b>	(2.7)
Total income tax expense recognised in the current year relating to continuing operations	<b>(65.5)</b>	(51.9)

Current tax expense for the year comprised of the following:

(In £s million)	2017	2016
UK	<b>(6.2)</b>	(6.5)
Overseas	<b>(57.8)</b>	(42.7)
	<b>(64.0)</b>	(49.2)

The income tax expense for the year can be reconciled to the accounting profit as follows:

(In £s million)	2017	2016
Profit before tax from continuing operations	<b>204.6</b>	173.0
Income tax expense calculated at 19.75% (2016: 20.00%)	<b>(40.4)</b>	(34.6)
Net effect of items that are non-taxable/(non-deductible) in determining taxable profit	<b>(4.2)</b>	(1.4)
Effect of unused tax losses not recognised as deferred tax assets	<b>(1.0)</b>	(1.5)
Effect of tax losses not recognised as deferred tax utilised in the year	<b>0.9</b>	0.7
Effect of other timing differences not recognised as deferred tax assets	<b>(0.8)</b>	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>(19.3)</b>	(14.6)
Effect of share-based payment charges and share options	<b>0.1</b>	(0.9)
	<b>(64.7)</b>	(52.3)
Adjustments recognised in the current year in relation to the current tax of prior years	<b>1.3</b>	-
Adjustments to deferred tax in relation to prior years	<b>(2.1)</b>	0.4
Income tax expense recognised in the Consolidated Income Statement relating to continuing operations	<b>(65.5)</b>	(51.9)
Effective tax rate for the year on continuing operations	<b>32.0%</b>	30.0%

The tax rate used for the 2017 reconciliations above is the corporate tax rate of 19.75% (2016: 20.00%) payable by corporate entities in the United Kingdom on taxable profits under tax law in that jurisdiction.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### 9. Tax continued

#### Income tax recognised directly in equity

(In £s million)	2017	2016
<b>Current tax</b>		
Excess tax deductions relating to share-based payments	0.4	0.9
<b>Deferred tax</b>		
Excess tax deductions relating to share-based payments	0.4	(1.6)
Total income tax recognised in equity	0.8	(0.7)

#### Income tax recognised in other comprehensive income

(In £s million)	2017	2016
<b>Current tax</b>		
Contributions in respect of defined benefit pension scheme	-	1.8
Charge in respect of foreign exchange	(1.8)	-
<b>Deferred tax</b>		
Actuarial loss/(gain) in respect of defined benefit pension scheme	1.4	(9.0)
Total income tax recognised in other comprehensive income	(0.4)	(7.2)

### 10. Discontinued operations

The results of the discontinued operations which have been included in the Consolidated Income Statement were as follows:

(In £s million)	2017	2016
Profit from discontinued operations	-	4.6
Profit before tax	-	4.6
Tax charge	-	(1.2)
Profit from discontinued operations after tax	-	3.4

There was no profit or loss from discontinued operations in the current year. In the prior year the profit of £3.4 million arose primarily from the write-back of provisions that were no longer required. The provisions were established when the Group completed the disposal of its non-core activities between March 2003 and November 2004.

The cash outflows generated from discontinued operations were £0.3 million (2016: £0.6 million) and are recorded within net movements in provisions on the Consolidated Cash Flow Statement.

There were no cash inflows generated from discontinued operations (2016: nil).



## 11. Dividends

The following dividends were paid by the Group and have been recognised as distributions to equity shareholders in the year:

	2017 pence per share	2017 £s million	2016 pence per share	2016 £s million
Previous year final dividend	1.99	28.7	1.89	26.9
Current year interim dividend	0.96	13.9	0.91	13.0
		42.6		39.9

The following dividends have been paid/proposed by the Group in respect of the accounting year presented:

	2017 pence per share	2017 £s million	2016 pence per share	2016 £s million
Interim dividend (paid)	0.96	13.9	0.91	13.0
Final dividend (proposed)	2.26	32.8	1.99	28.7
Special dividend (proposed)	4.25	61.6	-	-
	7.47	108.3	2.90	41.7

The final dividend for 2017 of 2.26 pence per share (£32.8 million) along with a special dividend of 4.25 pence per share (£61.6 million) will be proposed at the Annual General Meeting on 15 November 2017 and has not been included as a liability as at 30 June 2017. If approved, the final and special dividend will be paid on 17 November 2017 to shareholders on the register at the close of business on 6 October 2017.

## 12. Earnings per share

	Earnings (£s million)	Weighted average number of shares (million)	Per share amount (pence)
<b>For the year ended 30 June 2017</b>			
<b>Continuing operations:</b>			
Basic earnings per share from continuing operations	139.1	1,440.7	9.66
Dilution effect of share options	-	18.1	(0.12)
Diluted earnings per share from continuing operations	139.1	1,458.8	9.54
<b>For the year ended 30 June 2016</b>			
<b>Continuing operations:</b>			
Basic earnings per share from continuing operations	121.1	1,428.4	8.48
Dilution effect of share options	-	19.0	(0.11)
Diluted earnings per share from continuing operations	121.1	1,447.4	8.37
<b>Discontinued operations:</b>			
Basic earnings per share from discontinued operations	3.4	1,428.4	0.24
Dilution effect of share options	-	19.0	(0.01)
Diluted earnings per share from discontinued operations	3.4	1,447.4	0.23
<b>Continuing and discontinued operations:</b>			
Basic earnings per share from continuing and discontinued operations	124.5	1,428.4	8.72
Dilution effect of share options	-	19.0	(0.12)
Diluted earnings per share from continuing and discontinued operations	124.5	1,447.4	8.60

The weighted average number of shares in issue for both years exclude shares held in treasury.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### 13. Goodwill

(In £s million)

	2017	2016
<b>Cost</b>		
At 1 July	<b>220.4</b>	198.4
Exchange adjustments	<b>2.9</b>	22.0
At 30 June	<b>223.3</b>	220.4

Goodwill arising on business combinations is reviewed and tested on an annual basis or more frequently if there is indication that goodwill might be impaired. Goodwill has been tested for impairment by comparing the carrying amount of each cash-generating unit (CGU), including goodwill, with the recoverable amount. The recoverable amounts of the CGUs are determined from value-in-use calculations.

The key assumptions for the value-in-use calculations are as follows:

Assumption	How determined
Operating profit	The operating profit is based on the latest one-year forecasts for the CGUs approved by the Group's Management Board which are compiled using expectations of fee growth, consultant productivity and operating costs. The Group prepares cash flow forecasts derived from the most recent financial forecasts approved by management and extrapolates cash flows in perpetuity based on the long-term growth rates and expected cash conversion rates.
Discount rates	<p>The pre-tax rates used to discount the forecast cash flows range between 9.1% and 13.3% (2016: 9.3% and 16.7%) reflecting current market assessments of the time value of money and the country risks specific to the relevant CGUs.</p> <p>The discount rate applied to the cash flows of each of the Group's operations is based on the weighted average cost of capital (WACC), taking into account adjustments to the risk-free rate for 20-year bonds issued by the government in the respective market. Where government bond rates contain a material component of credit risk, high-quality local corporate bond rates may be used.</p> <p>These rates are adjusted for a risk premium to reflect the increased risk of investing in equities and, where appropriate, the systematic risk of the specific Group operating company. In making this adjustment, inputs required are the equity market risk premium (that is the increased return required over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment beta, applied to reflect the risk of the specific Group operating company relative to the market as a whole.</p>
Growth rates	<p>The medium-term growth rates are based on management forecasts. These are consistent with a minimum average estimated growth rate of 5.0% (2016: 5.0%), with the exception of the United Kingdom where an average of 1.0% has been applied for years two to five and the United States where an average of 20.0% has been applied for years two to five following the completion of the initial investment phase in the business. The growth estimates reflect a combination of both past experience and the macroeconomic environment, including GDP expectations driving fee growth.</p> <p>The long-term growth rates are based on management forecasts, which are consistent with external sources of an average estimated growth rate of between 2.0% to 3.5% (2016: 2.0%), reflecting a combination of GDP expectations and long-term wage inflation driving fee growth.</p> <p>GDP growth is a key driver of our business, and is therefore a key consideration in developing long-term forecasts. Wage inflation is also an important driver of net fees as net fees are derived directly from the salary level of candidates placed into employment. Based on past experience a combination of these two factors is considered to be an appropriate basis for assessing long-term growth rates.</p>

Management has determined that there has been no impairment to any of the CGUs and in respect of these a sensitivity analysis has been performed in assessing recoverable amounts of goodwill. This has been based on changes in key assumptions considered to be reasonably possible by management. This included a change in the pre-tax discount rate of up to 1% and changes in the long-term growth rate of between 0% and 2% in absolute terms.

The sensitivity analysis shows that no impairment would arise in isolation under each scenario for any of the CGUs with the exception of the Veredus business.

The Veredus business, which is part of the Continental Europe & Rest of World segment, was acquired in December 2014 and continues to perform in line with management expectations. As a result the Group has continued to make significant investments in the business to accelerate its growth in line with the Group's strategy to build a strong presence in the USA, and maximise the long-term growth opportunities available in the market. As a consequence of this investment, the headroom on goodwill based on the assumptions used in the goodwill calculation is £2.4 million arising on goodwill of £41.3 million. The key assumptions in determining the value-in-use calculation are the pre-tax discount rate used which is 11.7%, the short-term growth rate which is 20% and the long-term growth rate which is 3.5%. In isolation, an increase in the pre-tax discount rate by 1%, a reduction in the short-term growth rate by 3% or a reduction in the long-term growth rate by 1%, all in absolute terms and considered to be reasonably possible by management, would result in a small immaterial impairment of between £1.4 million to £2.7 million.

Goodwill acquired in a business combination is considered its own CGU or allocated to the groups of CGUs that are expected to benefit from that business combination. Individual CGUs are either country or brand specific. For the purpose of disclosure individual CGUs have been aggregated and disclosed in accordance with segmental reporting. The carrying amount of goodwill has been allocated as follows:

(In £s million)	2017	2016
Asia Pacific	24.6	25.8
Continental Europe & Rest of World	105.6	101.5
United Kingdom & Ireland	93.1	93.1
	<b>223.3</b>	220.4

## 14. Other intangible assets

(In £s million)	2017	2016
<b>Cost</b>		
At 1 July	101.8	93.2
Exchange adjustments	1.3	3.9
Additions	9.1	4.7
<b>At 30 June</b>	<b>112.2</b>	101.8
<b>Amortisation</b>		
At 1 July	80.2	63.4
Exchange adjustments	0.6	2.6
Charge for the year	12.8	14.2
<b>At 30 June</b>	<b>93.6</b>	80.2
<b>Net book value</b>		
<b>At 30 June</b>	<b>18.6</b>	21.6
At 1 July	21.6	29.8

All other intangible assets relate mainly to computer software additions, and of the additions in the current year, £4.2 million relate to internally generated assets (2016: £3.5 million).

The estimated average useful life of the computer software related intangible assets is seven years (2016: seven years). Software incorporated into major Enterprise Resource Planning (ERP) implementations is amortised on a straight-line basis over a life of up to seven years. Other software is amortised on a straight-line basis between three and five years.

There were no capital commitments at the year end (2016: £nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### 15. Property, plant and equipment

(In £s million)	Freehold properties	Leasehold properties (short)	Plant and machinery	Fixtures and fittings	Total
<b>Cost</b>					
At 1 July 2016	0.7	15.7	33.5	29.1	79.0
Exchange adjustments	-	0.5	0.8	0.7	2.0
Capital expenditure	-	3.6	5.9	3.4	12.9
Disposals	(0.6)	(0.7)	(1.3)	(2.4)	(5.0)
<b>At 30 June 2017</b>	<b>0.1</b>	<b>19.1</b>	<b>38.9</b>	<b>30.8</b>	<b>88.9</b>
<b>Accumulated depreciation</b>					
At 1 July 2016	0.5	11.1	26.1	21.5	59.2
Exchange adjustments	-	0.4	0.7	0.5	1.6
Charge for the year	-	2.1	3.9	2.9	8.9
Disposals	(0.5)	(0.7)	(1.3)	(2.3)	(4.8)
<b>At 30 June 2017</b>	<b>-</b>	<b>12.9</b>	<b>29.4</b>	<b>22.6</b>	<b>64.9</b>
<b>Net book value</b>					
<b>At 30 June 2017</b>	<b>0.1</b>	<b>6.2</b>	<b>9.5</b>	<b>8.2</b>	<b>24.0</b>
At 1 July 2016	0.2	4.6	7.4	7.6	19.8

There were no capital commitments at the year end (2016: £nil).

(In £s million)	Freehold properties	Leasehold properties (short)	Plant and machinery	Fixtures and fittings	Total
<b>Cost</b>					
At 1 July 2015	0.6	12.4	29.1	22.6	64.7
Exchange adjustments	0.1	2.1	2.6	2.1	6.9
Capital expenditure	-	2.0	3.8	4.5	10.3
Disposals	-	(0.8)	(2.0)	(0.1)	(2.9)
At 30 June 2016	0.7	15.7	33.5	29.1	79.0
<b>Accumulated depreciation</b>					
At 1 July 2015	0.4	9.2	22.2	17.3	49.1
Exchange adjustments	0.1	1.5	2.0	1.7	5.3
Charge for the year	-	1.2	3.9	2.6	7.7
Disposals	-	(0.8)	(2.0)	(0.1)	(2.9)
At 30 June 2016	0.5	11.1	26.1	21.5	59.2
<b>Net book value</b>					
At 30 June 2016	0.2	4.6	7.4	7.6	19.8
At 1 July 2015	0.2	3.2	6.9	5.3	15.6

## 16. Deferred tax assets

Deferred tax assets in relation to:

(In £s million)	1 July 2016	(Charge)/ credit to Consolidated Income Statement	(Charge)/ credit to other comprehensive income	(Charge)/ credit to equity	Exchange difference	30 June 2017
Accelerated tax depreciation	13.8	(1.1)	-	-	-	12.7
Acquired tangibles and intangibles	(2.4)	(0.3)	-	-	-	(2.7)
Retirement benefit obligation	2.7	(4.1)	1.4	-	-	-
Share-based payments	2.2	0.6	-	0.4	-	3.2
Provisions	2.9	0.5	-	-	0.2	3.6
Tax losses	0.3	(0.2)	-	-	-	0.1
Other short-term timing differences	4.4	1.8	-	-	0.2	6.4
	23.9	(2.8)	1.4	0.4	0.4	23.3

(In £s million)	1 July 2015	(Charge)/ credit to Consolidated Income Statement	(Charge)/ credit to other comprehensive income	(Charge)/ credit to equity	Exchange difference	30 June 2016
Accelerated tax depreciation	14.7	(1.1)	-	-	0.2	13.8
Acquired tangibles and intangibles	(1.2)	(0.9)	-	-	(0.3)	(2.4)
Retirement benefit obligation	11.7	-	(9.0)	-	-	2.7
Share-based payments	4.5	(0.7)	-	(1.6)	-	2.2
Provisions	2.1	0.5	-	-	0.3	2.9
Tax losses	1.2	(1.0)	-	-	0.1	0.3
Other short-term timing differences	3.4	0.5	-	-	0.5	4.4
	36.4	(2.7)	(9.0)	(1.6)	0.8	23.9

The UK deferred tax asset of £15.6 million (2016: £18.2 million) is recognised on the basis of the UK business performance in the year and the forecast approved by management. Other deferred tax assets of £7.7 million (2016: £5.7 million) arise in the other jurisdictions (primarily Australia) in which the Group operate.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which they reverse. The date enacted or substantively enacted for the relevant periods of reversal are: 19% from 1 April 2017 and 17% from 1 April 2020 in the UK (2016: 19%) and 30% in Australia.

### Unrecognised deductible temporary differences, unused tax losses and unused tax credits

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

(In £s million)	Gross 2017	Tax 2017	Gross 2016	Tax 2016
Tax losses (revenue in nature)	143.5	36.7	150.7	37.8
Tax losses (capital in nature)	22.1	3.8	20.0	3.9
	165.6	40.5	170.7	41.7

(In £s million)	Gross 2017	Tax 2017	Gross 2016	Tax 2016
Unrecognised deductible temporary differences	7.7	2.6	1.9	0.7

In tax losses (revenue in nature) £2.1 million is due to expire in 2023, £1.5 million in 2027, £5.0 million in 2033 and £9.8 million in 2036–37. The remaining tax losses have no fixed expiry date.

### Unrecognised taxable temporary differences associated with investments and interests

(In £s million)	2017	2016
Taxable temporary differences in relation to investments in subsidiaries, for which deferred tax liabilities have not been recognised are attributable to the following:		
Foreign subsidiaries	5.9	4.9
Tax thereon	0.3	0.3



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### 17. Trade and other receivables

(In £s million)	2017	2016
Trade receivables	<b>604.3</b>	503.2
Less provision for impairment	<b>(18.2)</b>	(16.3)
Net trade receivables	<b>586.1</b>	486.9
Accrued income	<b>273.9</b>	208.9
Prepayments and other debtors	<b>48.2</b>	68.1
	<b>908.2</b>	763.9

The directors consider that the carrying amount of trade receivables approximates to their fair value. The average credit period taken is 39 days (2016: 37 days).

Accrued income primarily arises where temporary workers have provided their services but the amount incurred and margin earned thereon has yet to be invoiced onto the client due to timing.

The ageing analysis of the trade receivables not impaired is as follows:

(In £s million)	2017	2016
Not yet due	<b>537.0</b>	435.5
Up to one month past due	<b>42.5</b>	41.7
One to three months past due	<b>6.6</b>	9.7
	<b>586.1</b>	486.9

The Group's exposure to foreign currency translation is primarily in respect of the Euro and the Australian Dollar. The sensitivity of a 1 cent change in the year end closing exchange rates in respect of the Euro and Australian Dollar would result in a £2.5 million and £0.5 million movement in trade receivables respectively.

The movement on the provision for impairment of trade receivables is as follows:

(In £s million)	2017	2016
At 1 July	<b>16.3</b>	15.5
Exchange movement	<b>0.5</b>	1.3
Charge for the year	<b>3.2</b>	3.0
Uncollectable amounts written off	<b>(1.8)</b>	(3.5)
At 30 June	<b>18.2</b>	16.3

The ageing of impaired trade receivables relates primarily to trade receivables over three months past due.

#### Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Consolidated Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a likely reduction in the recoverability of the cash flows. The Group reduces risk through its credit control process and by contractual arrangements with other recruitment agencies in situations where the Group invoices on their behalf. The Group's exposure is spread over a large number of customers.

The risk disclosures contained on pages 36 to 40 within the Strategic Report form part of these financial statements.

## 18. Cash and cash equivalents

(In £s million)	2017	2016
Cash at bank and in hand	112.0	62.9

The effective interest rate on short-term deposits was 1.3% (2016: 1.0%). The average maturity of short-term deposits was one day (2016: one day).

### Capital management

The Board's priorities for free cash flow are to fund the Group's investment and development, maintain a strong balance sheet and deliver a sustainable dividend at a level that is affordable and appropriate. The Board targets a dividend cover range of 2.0x to 3.0x, full year earnings and remains committed to paying a sustainable and progressive dividend. Further details including the Group's policy on uses of excess free cash flow and payment of special dividends can be found in the Financial Review on pages 34 to 35.

The capital structure of the Group consists of net cash/(debt), which is represented by cash and cash equivalents, bank loans and overdrafts (note 20) and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings.

The Group is not restricted to any externally imposed capital requirements.

### Risk management

A description of the Group's treasury policy and controls is included in the Financial Review on page 35.

### Cash management and foreign exchange risk

The Group's cash management policy is to minimise interest payments by closely managing Group cash balances and external borrowings. Euro-denominated cash positions are managed centrally using a cash concentration arrangement which provides visibility over participating country bank balances on a daily basis. Any Group surplus balance is used to repay any maturing loans under the Group's revolving credit facility or invested in overnight money market funds. As the Group holds a sterling-denominated debt facility and generates significant foreign currency cash flows, the Board considers it appropriate in certain cases to use derivative financial instruments as part of its day-to-day cash management to reduce the Group's exposure to foreign exchange risk.

The Group had no cash pooling arrangements as at 30 June 2017. As at 30 June 2016, £88 million of overdraft balances were offset against £88 million of cash balances under the European cash pool facility that existed at that date and which the Group had legal set-off.

The Group's operating profit exposure to foreign currency translation is primarily in respect of the Euro and the Australian Dollar. The sensitivity of a 1 cent change in the average exchange rates for the year in respect of the Euro and Australian Dollar would result in a £1.1 million and £0.4 million change in operating profit respectively.

The Group does not use derivatives to hedge balance sheet and income statement translation exposure.

### Interest rate risk

The Group is exposed to interest rate risk on floating rate bank loans and overdrafts. It is the Group's policy to limit its exposure to fluctuating interest rates by selectively hedging interest rate risk using derivative financial instruments, however there were no interest rate swaps held by the Group during the current or prior year. Cash and cash equivalents carry interest at floating rates based on local money market rates.

### Counterparty credit risk

Counterparty credit risk arises primarily from the investment of surplus funds. Risks are closely monitored using credit ratings assigned to financial institutions by international credit rating agencies. The Group restricts transactions to banks and money market funds that have an acceptable credit profile and limits its exposure to each institution accordingly.

## 19. Derivative financial instruments

As at 30 June 2017, the Group had entered into four forward exchange contracts arrangements with counterparty banks:

(In £s million)	2017	2016
Net derivative asset	-	6.6

As set out in note 18 and in the Treasury management section of the Financial Review on page 35, in certain cases the Group uses derivative financial instruments to manage its foreign exchange exposures as part of its day-to-day cash management.

As at 30 June 2017, the Group had entered into four forward exchange contract arrangements with counterparty banks (2016: eight forward contracts). The fair market value of the contracts as at 30 June 2017 gave rise to an immaterial unrealised gain resulting in the presentation of a net derivative asset of £nil (2016: £6.6 million) in the Consolidated Balance Sheet.

Some of the derivative assets and liabilities meet the offsetting criteria of IAS 32 paragraph 42. Consequently, the qualifying gross derivative liabilities are set off against the qualifying gross derivative assets. The derivative liabilities not qualifying for offset is less than the rounding factor presented in the financial statements and thus presented as £nil (2016: £nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### 19. Derivative financial instruments continued

The Group does not use derivatives for speculative purposes and all transactions are undertaken to manage the risks arising from underlying business activities. These instruments are classified as Level 2 in the IFRS 7 fair value hierarchy.

Categories of financial assets and liabilities held by the Group are as shown below:

(In £s million)	2017	2016
<b>Financial assets</b>		
Net trade receivables	586.1	486.9
Accrued income	273.9	208.9
Cash and cash equivalents	112.0	62.9
Derivative financial instruments	-	6.6
	<b>972.0</b>	765.3
<b>Financial liabilities</b>		
Trade creditors	213.9	170.0
Other creditors	40.8	25.5
Accruals	352.7	312.7
Bank loans and overdrafts	0.4	26.1
	<b>607.8</b>	534.3

#### 20. Bank loans and overdrafts

(In £s million)	2017	2016
Bank loans	-	25.0
Overdrafts	0.4	1.1
	<b>0.4</b>	26.1

#### Risk management

A description of the Group's treasury policy and controls is included in the Financial Review on page 35.

#### Committed facilities

The Group has a £210 million unsecured revolving credit facility which expires in April 2020. The financial covenants require the Group's interest cover ratio to be at least 4:1 and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1. The interest rate of the facility is based on a ratchet mechanism with a margin payable over LIBOR in the range of 0.90% to 1.55%.

At 30 June 2017, £210 million of the committed facility was undrawn.

#### Maturities of bank loans and overdrafts

The maturity of borrowings are as follows:

(In £s million)	2017	2016
Within one year	0.4	1.1
More than one year	-	25.0
	<b>0.4</b>	26.1

#### Fair values of financial assets and bank loans and overdrafts

The fair value of financial assets and bank loans and overdrafts is not materially different to their book value due to the short-term maturity of the instruments, which are based on floating rates.

The interest rate profile of bank loans and overdrafts is as follows:

(In £s million)	2017	2016
Floating rate – sterling	0.4	26.1

The floating rate liabilities comprise bank loans and unsecured overdrafts bearing interest at rates based on local market rates.

#### Interest rates

The weighted average interest rates paid were as follows:

	2017	2016
Bank borrowings	2.2%	2.3%

For each 10 basis point fall or rise in the average LIBOR rate in the year there would be a reduction or increase in profit before tax by approximately £0.1 million.

## 21. Trade and other payables

(In £s million)

	2017	2016
<b>Current</b>		
Trade creditors	213.9	170.0
Other tax and social security	69.1	65.1
Other creditors	40.8	25.5
Accruals	352.7	312.7
	<b>676.5</b>	573.3

The directors consider that the carrying amount of trade payables approximates to their fair value. The average credit period taken for trade purchases is 32 days (2016: 29 days).

Accruals primarily relate to the remuneration costs for temporary workers and other agencies that have provided their services but remuneration has yet to be made due to timing.

## 22. Retirement benefit obligations

The Group operates a number of retirement benefit schemes in the UK and in other countries. The Group's principal schemes are within the UK where the Group operates one defined contribution scheme and two defined benefit schemes. The majority of overseas arrangements are either defined contribution or government-sponsored schemes and these arrangements are not material in the context of the Group results. The total cost charged to the Consolidated Income Statement in relation to these overseas arrangements was £8.1 million (2016: £7.7 million).

### UK Defined Contribution Scheme

The Group's principal defined contribution retirement benefit scheme is the Hays Group Personal Pension Plan which is operated for all qualifying employees and is funded via an employee salary sacrifice arrangement, and for qualifying employees additional employer contributions. Employer contributions are in the range of 2% to 12% of pensionable salary depending on the level of employee contribution and seniority.

The total cost charged to the Consolidated Income Statement of £6.5 million (2016: £6.2 million) represents employer's contributions payable to the money purchase arrangements. There were no contributions outstanding at the end of the current year or prior year. The assets of the money purchase arrangements are held separately from those of the Group.

### UK Defined Benefit Schemes

The Group's principal defined benefit schemes are the Hays Pension Scheme and the Hays Supplementary Scheme both in the UK. The Hays Pension Scheme is a funded final salary defined benefit scheme providing pensions and death benefits to members. The Hays Supplementary Scheme is an unfunded unapproved retirement benefit scheme for employees who were subject to HMRC's earnings cap on pensionable salary. The Schemes were closed to future accrual from 30 June 2012 with pensions calculated up until the point of closure. The Schemes are governed by a trustee board, which is independent of the Group and is subject to full actuarial valuation on a triennial basis.

The last formal actuarial valuation of the Hays Pension Scheme was performed at 30 June 2015 and quantified the deficit at c.£95 million. A revised deficit funding schedule was agreed with effect from 1 July 2015 which maintained the annual contribution at its previous level, subject to a 3% per annum fixed uplift over a period of just under 10 years. During the year ended 30 June 2017, the Group made a contribution of £14.4 million to the Hays Pension Scheme (2016: £14.0 million) in accordance with the agreed deficit funding schedule. The cash contributions during the year mainly related to deficit funding payments.

In respect of IFRIC 14, The Hays Pension Scheme Definitive Deed and Rules is considered to provide Hays with an unconditional right to a refund of surplus assets and therefore the recognition of a net defined benefit scheme asset is not restricted and agreements to make funding contributions do not give rise to any additional liabilities in respect of the scheme.

The defined benefit schemes expose the Group to actuarial risks, such as longevity risk, inflation risk, interest rate risk and market (investment) risk. The Group is not exposed to any unusual, entity-specific or scheme-specific risks.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### 22. Retirement benefit obligations continued

The net amount included in the Consolidated Balance Sheet arising from the Group's obligations in respect of its defined benefit pension schemes is as follows:

(In £s million)	2017	2016
Present value of defined benefit obligations	<b>(784.9)</b>	(726.3)
Less fair value of defined benefit scheme assets:		
Equities	<b>119.3</b>	132.3
Bonds and gilts	<b>320.9</b>	293.3
Absolute return funds	<b>46.7</b>	36.6
LDI funds	<b>237.0</b>	224.7
Real estate	<b>48.6</b>	22.7
Cash	<b>12.2</b>	2.4
Total fair value of defined benefit scheme assets	<b>784.7</b>	712.0
Net liability arising from defined benefit obligation	<b>(0.2)</b>	(14.3)

(In £s million)	Quoted	Unquoted	Total
Asset category			
Equities	110.9	8.4	<b>119.3</b>
Bonds and gilts	138.0	182.9	<b>320.9</b>
Absolute return funds	46.7	-	<b>46.7</b>
LDI funds	932.3	(695.3)	<b>237.0</b>
Real estate	3.0	45.6	<b>48.6</b>
Cash	12.2	-	<b>12.2</b>
Total scheme assets	1,243.1	(458.4)	<b>784.7</b>

The trustee board is responsible for determining the Hays pension schemes investment strategy, after taking advice from the Schemes' investment advisor Mercer Limited. The investment objective for the trustee of the Scheme is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the defined benefit scheme as they fall due. The current strategy is to hold investments that share characteristics with the long-term liabilities of the Scheme. The majority of assets are invested in equities, corporate bonds and a Liability Driven Investment (LDI) portfolio. The Scheme assets do not include any directly held shares issued by the Company or property occupied by the Company.

The fair value of financial instruments has been determined using the fair value hierarchy. Where such quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted if necessary, is used. Where quoted prices are not available and recent transactions of an identical asset on their own are either unavailable or not a good estimate of fair value, valuation techniques are employed using observable market data and non-observable data.

In relation to the LDI funds the valuations have been determined as follows:

- Repurchase agreements (where the Scheme has sold assets with the agreement to repurchase at a fixed date and price) are included in the financial statements at the fair value of the repurchase price as a liability. The assets sold are reported at their fair value reflecting that the Scheme retains the risks and rewards of ownership of those assets.
- The fair value of the forward currency contracts is based on market forward exchange rates at the year end and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.
- Swaps represent current value of future cash flows arising from the swap, determined using discounted cash flow models and market data at the reporting date.



The analysis of the LDI funds included within the pension scheme assets is as follows:

(In £s million)	Quoted	Unquoted	Total
LDI funds summary valuation			
Corporate bonds	7.2	-	<b>7.2</b>
Government bonds	478.6	-	<b>478.6</b>
Government index linked	435.4	-	<b>435.4</b>
Interest rate swaps	-	62.8	<b>62.8</b>
Fixed incomes futures	-	24.6	<b>24.6</b>
Liquidity	11.1	-	<b>11.1</b>
Gross funds	932.3	87.4	<b>1,019.7</b>
Repurchase agreements	-	(634.3)	<b>(634.3)</b>
Asset swaps	-	(103.3)	<b>(103.3)</b>
RPI swaps	-	(20.5)	<b>(20.5)</b>
Futures	-	(24.6)	<b>(24.6)</b>
Gross liabilities	-	(782.7)	<b>(782.7)</b>
Total LDI funds	932.3	(695.3)	<b>237.0</b>

The LDI portfolio is managed by Insight (a Bank of New York Mellon company) under an active mandate and uses government bonds and derivative instruments (such as interest rate swaps, inflation swaps and gilt repurchase transactions) to hedge the impact of interest rate and inflation movements in relation to the long-term liabilities.

Under the Scheme's LDI strategy, if interest rates fall, the value of LDI investments will rise to help match the increase in actuarial liabilities arising from the fall in discount rate. Similarly if interest rates rise, the LDI investments will fall in value, as will the liabilities because of the increase in the discount rate. The extent to which the liability interest rate and inflation risk is not fully matched by the LDI funds represents the residual interest rate and inflation risk the Scheme remains exposed to.

In addition to the above risk, the LDI portfolio forms part of a diversified investment portfolio for the Scheme, with this diversification seeking to reduce investment risk.

The Scheme is subject to direct credit risk because the Scheme invests in segregated mandates with the Insight LDI portfolio. Credit risk arising on bonds held directly within the LDI portfolio is mitigated by investing mostly in government bonds where the credit risk is minimal.

Credit risk arising on the derivatives held in the LDI mandate depends on whether the derivative is exchange traded or over the counter (OTC). OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps held in the LDI portfolio is reduced by collateral arrangements.

The change in the present value of the defined benefit obligation was:

(In £s million)	2017	2016
<b>Change in benefit obligation</b>		
Opening defined benefit obligation at 1 July	<b>(726.3)</b>	(685.3)
Administration costs	<b>(2.2)</b>	(1.9)
Effect of settlement	<b>-</b>	19.5
Interest on defined benefit scheme liabilities	<b>(19.4)</b>	(25.7)
Net remeasurement losses – change in experience assumptions	<b>(4.1)</b>	28.9
Net remeasurement gains – change in demographic assumptions	<b>-</b>	14.7
Net remeasurement losses – change in financial assumptions	<b>(70.1)</b>	(99.2)
Benefits and expenses paid	<b>37.2</b>	22.7
Closing defined benefit obligation at 30 June	<b>(784.9)</b>	(726.3)
<b>Analysis of defined benefit obligation</b>		
Plans that are wholly or partly funded	<b>(772.5)</b>	(714.7)
Plans that are wholly unfunded	<b>(12.4)</b>	(11.6)
Total	<b>(784.9)</b>	(726.3)

The defined benefit schemes' liability comprises 64% (2016: 65%) in respect of deferred scheme participants and 36% (2016: 35%) in respect of retirees.

The weighted average duration of the UK defined benefit scheme liabilities at the end of the reporting period is 22.0 years (2016: 22.0 years).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### 22. Retirement benefit obligations continued

The change in the fair value of defined benefit schemes assets was:

(In £s million)	2017	2016
<b>Change in the fair value of scheme assets</b>		
Fair value of plan assets at 1 July	<b>712.0</b>	626.6
Effect of settlement	-	(21.1)
Interest income on defined benefit scheme assets	<b>19.2</b>	23.7
Return on scheme assets	<b>75.9</b>	91.1
Employer contributions (towards funded and unfunded schemes)	<b>14.8</b>	14.4
Benefits and expenses paid	<b>(37.2)</b>	(22.7)
Fair value of plan assets at 30 June	<b>784.7</b>	712.0

During the year the Company made deficit funding contributions of £14.4 million (2016: £14.0 million) into the funded Hays Pension scheme, and made pension payments amounting to £0.4 million (2016: £0.4 million) in respect of the unfunded Hays Supplementary Scheme. The amount of deficit funding contributions expected to be paid into the funded Hays Pension scheme in the year to 30 June 2018 is £14.8 million. Following the closure of the Schemes in 2012 future service contributions are no longer payable.

The net expense recognised in the Consolidated Income Statement comprised:

(In £s million)	2017	2016
Net interest expense	<b>(0.2)</b>	(2.0)
Administration costs	<b>(2.2)</b>	(1.9)
Effect of settlement	-	(1.6)
Net expense recognised in the Consolidated Income Statement	<b>(2.4)</b>	(5.5)

The net interest expense and administration costs in the current year and prior year were recognised within finance costs.

The amounts recognised in the Consolidated Statement of Comprehensive Income are as follows:

(In £s million)	2017	2016
The return on plan assets (excluding amounts included in net interest expense)	<b>75.9</b>	91.1
Actuarial remeasurement		
Net remeasurement gains – change in experience assumptions	<b>(4.1)</b>	28.9
Net remeasurement gains – change in demographic assumptions	-	14.7
Net remeasurement losses – change in financial assumptions	<b>(70.1)</b>	(99.2)
Remeasurement of the net defined benefit liability	<b>1.7</b>	35.5

A roll forward of the actuarial valuation of the Hays Pension Scheme to 30 June 2017 and a valuation of the Hays Supplementary Pension Scheme have been performed by an independent actuary, who is an employee of Hymans Robertson LLP.

The key assumptions used at 30 June 2017 are listed below.

	2017	2016
Discount rate	<b>2.7%</b>	2.8%
RPI inflation	<b>3.3%</b>	2.8%
CPI inflation	<b>2.3%</b>	1.8%
Rate of increase of pensions in payment	<b>3.2%</b>	2.8%
Rate of increase of pensions in deferment	<b>2.3%</b>	1.8%

The discount rate has been constructed to reference the Hymans Robertson AA corporate bond curve (which fits a curve to iBoxx AA corporate data). The corporate bond yield curve has been used to discount the Scheme cash flows using the rates available at each future duration and this had been converted into a single flat rate assumption to give equivalent liabilities to the Scheme's cash flows. The duration of the Scheme's liabilities using this approach is circa 22 years.

The RPI inflation assumption has been set as gilt market implied RPI appropriate to the duration of the liabilities (circa 22 years) less a 0.2% per annum inflation risk premium. The CPI inflation assumption has been determined as 1% per annum below the RPI assumption. This approach for both RPI and CPI assumptions is consistent with last year.

The life expectancy assumptions have been calculated using Club Vita base tables and future improvements in line with the CMI 2013 model with a long-term improvement rate of 1.5% per annum and 'non peaked' short-term future improvements. On this basis a 65-year-old current pensioner has a life expectancy of 24.5 years for males (2016: 24.3 years) and 25.0 years for females (2016: 24.8 years).

A sensitivity analysis on the principal assumptions used to measure the Schemes liabilities at the year end is:

	Change in assumption	Impact on Schemes
Discount rate	0.5%	£97m
RPI inflation	0.5%	£57m
Pension increase sensitivity	0.5%	£40m
Assumed life expectancy at age 60 (rate of mortality)	+1 Year	£31m

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation to one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Consolidated Balance Sheet.

## 23. Provisions

(In £s million)	Discontinued	Continuing	Total
At 1 July 2016	6.9	2.4	9.3
Utilised	(0.3)	(0.2)	(0.5)
<b>At 30 June 2017</b>	<b>6.6</b>	<b>2.2</b>	<b>8.8</b>

(In £s million)	2017	2016
Current	2.6	3.1
Non-current	6.2	6.2
	<b>8.8</b>	9.3

Discontinued provisions comprise potential exposures arising as a result of the business disposals that were completed in 2004, together with deferred employee benefits relating to former employees.

Of the total provisions of £8.8 million, £1.2 million relates to deferred employee benefit obligations, and the remaining £7.6 million relate mainly to potential warranty claim liabilities arising from the business disposals which took place in 2004. Of the provisions that remain, £2.6 million is expected to be paid in the next 12 months and it is not possible to estimate the timing of the payments for the other items.

## 24. Called up share capital

### Called up, allotted and fully paid Ordinary shares of 1 pence each

	Share capital number (thousand)	Share capital £s million
At 1 July 2016 and 30 June 2017	<b>1,464,097</b>	<b>14.7</b>

In accordance with the Companies Act 2006, the Company no longer has an authorised share capital.

The Company is allowed to hold 10% of issued share capital in treasury.

As at 30 June 2017, the Company held 21.1 million (2016: 31.2 million) Hays plc shares in treasury. The shares held in treasury are used to satisfy the exercises in relation to equity-settled share-based payment awards.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### 25. Share-based payments

During the year, £13.0 million (2016: £11.9 million) was charged to the Consolidated Income Statement in relation to equity-settled share-based payments.

##### Share options

At 30 June 2017 the following options had been granted and remained outstanding in respect of the Company's Ordinary shares of 1 pence each under the Company's share option schemes:

	Number of shares	Nominal value of shares £	Subscription price pence/share	Date normally exercisable
Hays UK Sharesave Scheme	218,569	2,186	131	2017
	819,701	8,197	142	2018
	1,973,168	19,732	107	2019
	847,246	8,472	143	2020
	3,858,684	38,587		
Hays International Sharesave Scheme	101,626	1,016	131	2017
	339,312	3,393	142	2018
	765,264	7,653	107	2019
	519,046	5,190	143	2020
	1,725,248	17,252		
Total Sharesave options outstanding	5,583,932	55,839		

The Hays International Sharesave Scheme is available to employees in Australia, New Zealand, Germany, the Republic of Ireland, Canada, Hong Kong, Singapore and the United Arab Emirates.

Details of the share options outstanding during the year are as follows:

	2017 Number of share options (thousand)	2017 Weighted average exercise price (pence)	2016 Number of share options (thousand)	2016 Weighted average exercise price (pence)
Sharesave				
Outstanding at the beginning of the year	6,371	117	6,252	111
Granted during the year	1,409	143	3,457	107
Forfeited/cancelled during the year	(1,155)	120	(1,545)	110
Exercised during the year	(948)	109	(1,748)	85
Expired during the year	(93)	104	(45)	91
Outstanding at the end of the year	5,584	124	6,371	117
Exercisable at the end of the year	320	131	567	88

The weighted average share price for all options exercised during the year was 153p (2016: 135p).

The options outstanding as at 30 June 2017 had a weighted average remaining contractual life of 1.9 years.

On 31 March 2017, 1.4 million Sharesave options were granted. The aggregate of the estimated fair values of the options granted on that date is £0.4 million. In the prior year, 3.5 million Sharesave options were granted. The aggregate of the estimated fair values of the options granted in the prior year was £0.9 million.

The inputs into the valuation model (a binomial valuation model) are as follows:

Share price at grant	159 pence
Exercise price	143 pence
Expected volatility	31.4%
Expected life	3.34 years
Risk-free rate	0.13%
Expected dividends	4.15%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years.

#### Performance Share Plan (PSP) and Deferred Annual Bonus (DAB)

The PSP is designed to link reward to the key long-term value drivers of the business and to align the interests of the executive directors and approximately 320 of the global senior management population with the long-term interests of shareholders. PSP awards are discretionary and vesting is dependent upon the achievement of performance conditions measured over either a three-year period or a one-year period with a two-year holding period.

Only the executive directors and other members of the Management Board participate in the DAB which promotes a stronger link between short-term and long-term performance through the deferral of annual bonuses into shares for a three-year period.

Further details of the schemes for the executive directors can be found in the Remuneration Report on pages 64 to 66.

Details of the share awards outstanding during the year are as follows:

	2017 Number of share options (thousand)	2017 Weighted average fair value at grant (pence)	2016 Number of share options (thousand)	2016 Weighted average fair value at grant (pence)
Performance Share Plan				
Outstanding at the beginning of the year	22,688	122	25,762	97
Granted during the year	8,559	131	6,755	153
Exercised during the year	(7,620)	106	(8,729)	74
Lapsed during the year	(1,860)	135	(1,100)	123
Outstanding at the end of the year	21,767	131	22,688	122

The weighted average share price on the date of exercise was 132p (2016: 142p).

The options outstanding as at 30 June 2017 had a weighted average remaining contractual life of 1.3 years.

	2017 Number of share options (thousand)	2017 Weighted average fair value at grant (pence)	2016 Number of share options (thousand)	2016 Weighted average fair value at grant (pence)
Deferred Annual Bonus				
Outstanding at the beginning of the year	2,663	130	2,628	107
Granted during the year	595	138	747	162
Exercised during the year	(1,051)	107	(712)	80
Outstanding at the end of the year	2,207	143	2,663	130

The weighted average share price on the date of exercise was 134p (2016: 154p).

The options outstanding as at 30 June 2017 had a weighted average remaining contractual life of 1.1 years.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### 26. Related parties

##### Remuneration of key management personnel

The remuneration of the Management Board and non-executive directors, who are key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures' and represents the total compensation costs incurred by the Group in respect of remuneration, not the benefit to the individuals. Further information about the remuneration of executive and non-executive directors is provided in the Directors' Remuneration Report on pages 72 and 78.

(In £s million)	2017	2016
Short-term employee benefits	9.0	9.2
Post-employment benefits	-	0.1
Share-based payments	6.4	5.2
	<b>15.4</b>	14.5

Information relating to pension fund arrangements is disclosed in note 22.

#### 27. Operating lease arrangements

##### The Group as lessee

(In £s million)	2017	2016
Land & Buildings	34.7	27.4
Motor Vehicles	7.4	6.6
Lease payments under operating leases recognised as an expense for the year	42.1	34.0

At 30 June 2017, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

(In £s million)	2017	2016
Within one year	46.7	39.4
Between two and five years	102.0	70.3
After five years	20.9	6.6
	<b>169.6</b>	116.3

IFRS 16 'Leases' will become effective in the Group's financial year 2020 and will primarily change the lease accounting requirements for lessees as currently disclosed above.

#### 28. Movement in net cash/(debt)

(In £s million)	1 July 2016	Cash flow	Exchange movement	30 June 2017
Cash and cash equivalents	62.9	43.3	5.8	<b>112.0</b>
Bank loans and overdrafts	(26.1)	25.8	(0.1)	<b>(0.4)</b>
Net cash	36.8	69.1	5.7	<b>111.6</b>

The table above is presented as additional information to show movement in net cash/(debt), defined as cash and cash equivalents less bank loans and overdrafts.

## 29. Acquisition liabilities

(In £s million)	<b>Total</b>
At 1 July 2016	<b>(11.2)</b>
Exchange adjustments	<b>(0.2)</b>
Charge to income statement	<b>(1.1)</b>
Interest unwind on acquisition liability	<b>(1.1)</b>
At 30 June 2017	<b>(13.6)</b>

Acquisition liabilities relate to the deferred consideration payable following the acquisition of 80% of Veredus Corp., a pure play US IT staffing company in December 2014. The business was acquired for a total cash consideration of £36.1 million and to reflect the substance of the transaction using the principles of IFRS 10, the acquisition was accounted for as if 100% of the equity had been acquired.

The deferred consideration is subject to a put/call arrangement which provides Hays with an option to acquire the remaining 20% of the equity from the shareholders. The option is first available for exercise in March 2018. On 17 January 2017 there was an amendment to the arrangement that fixed the purchase price for the remaining 20% of the equity from shareholders at \$18.5 million. This has resulted in an additional charge of £1.1 million being recognised in the income statement during the year. The unwind of the discount in the year of £1.1 million is recognised as a finance cost in the income statement. A liability of £11.2 million was recognised in the prior year representing management's best estimate of the amount payable, discounted to its present value.

## 30. Subsequent events

The final dividend for 2017 of 2.26 pence per share (£32.8 million) together with a special dividend of 4.25 pence per share (£61.6 million) will be proposed at the Annual General Meeting on 15 November 2017 and has not been included as a liability as at 30 June 2017. If approved, the final dividend will be paid on 17 November 2017 to shareholders on the register at close of business on 6 October 2017.

## COMPANY BALANCE SHEET

### AT 30 JUNE 2017

(In £s million)	Note	2017	2016
<b>Non-current assets</b>			
Property, plant and equipment		0.3	0.9
Investment in subsidiaries	4	910.4	910.4
Trade and other receivables	5	150.5	115.9
Deferred tax assets	6	0.2	3.0
		<b>1,061.4</b>	1,030.2
<b>Current assets</b>			
Trade and other receivables	7	12.7	11.5
Cash and bank balances		1.0	3.1
		<b>13.7</b>	14.6
<b>Total assets</b>		<b>1,075.1</b>	1,044.8
<b>Current liabilities</b>			
Trade and other payables	8	(379.2)	(352.8)
<b>Net current liabilities</b>		<b>(365.5)</b>	(338.2)
<b>Total assets less current liabilities</b>		<b>695.9</b>	692.0
<b>Non-current liabilities</b>			
Retirement benefit obligations	9	(0.2)	(14.3)
Provisions	10	(5.0)	(5.3)
		<b>(5.2)</b>	(19.6)
<b>Total liabilities</b>		<b>(384.4)</b>	(372.4)
<b>Net assets</b>		<b>690.7</b>	672.4
<b>Equity</b>			
Called up share capital		14.7	14.7
Share premium		369.6	369.6
Capital redemption reserve		2.7	2.7
Retained earnings		282.3	265.2
Equity reserve		21.4	20.2
<b>Total equity</b>		<b>690.7</b>	672.4

The financial statements of Hays plc, registered number 2150950, were approved by the Board of Directors and authorised for issue on 30 August 2017.

Signed on behalf of the Board of Directors

**A R Cox**

**P Venables**

## COMPANY STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 30 JUNE 2017

(In £s million)	Called up share capital	Share premium	Capital redemption reserve	Retained earnings	Equity reserve	Total equity
At 1 July 2016	14.7	369.6	2.7	265.2	20.2	672.4
Remeasurement of defined benefit pension schemes	-	-	-	1.7	-	1.7
Tax relating to components of other comprehensive income	-	-	-	1.4	-	1.4
Net expense recognised in other comprehensive income	-	-	-	3.1	-	3.1
Profit for the year	-	-	-	45.3	-	45.3
Total comprehensive income for the year	-	-	-	48.4	-	48.4
Dividends paid	-	-	-	(42.6)	-	(42.6)
Share-based payments	-	-	-	11.3	1.2	12.5
<b>At 30 June 2017</b>	<b>14.7</b>	<b>369.6</b>	<b>2.7</b>	<b>282.3</b>	<b>21.4</b>	<b>690.7</b>

### FOR THE YEAR ENDED 30 JUNE 2016

(In £s million)	Called up share capital	Share premium	Capital redemption reserve	Retained earnings	Equity reserve	Total equity
At 1 July 2015	14.7	369.6	2.7	223.4	18.7	629.1
Remeasurement of defined benefit pension schemes	-	-	-	35.5	-	35.5
Tax relating to components of other comprehensive income	-	-	-	(7.2)	-	(7.2)
Net expense recognised in other comprehensive income	-	-	-	28.3	-	28.3
Profit for the year	-	-	-	43.3	-	43.3
Total comprehensive income for the year	-	-	-	71.6	-	71.6
Dividends paid	-	-	-	(39.9)	-	(39.9)
Share-based payments	-	-	-	10.1	1.5	11.6
At 30 June 2016	14.7	369.6	2.7	265.2	20.2	672.4

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

### 1. Accounting policies

#### a. Basis of accounting

The financial statements have been prepared under the historical cost convention, in accordance with Financial Reporting standard 101 (FRS101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by Section 408 of the Companies Act 2006, the Company's income statement has not been presented. The Company, as permitted by FRS101, 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 Group Financial Statements of Hays plc.

The significant accounting policies and significant judgments and key estimates relevant to the Company are the same as those set out in note 2 and note 3 to the Group Financial Statements.

### 2. Employee information

There are no staff employed by the Company (2016: none). Therefore no remuneration has been disclosed. Details of directors' emoluments and interests are included in the Remuneration Report on pages 72 to 82 of the Annual Report.

### 3. Profit for the year

Hays plc has not presented its own income statement and related notes as permitted by Section 408 of the Companies Act 2006. The profit for the financial year in the Hays plc Company Financial Statements is £45.3 million (2016: profit £43.3 million).

### 4. Investment in subsidiaries

(In £s million)	Shares in subsidiary undertakings
<b>Cost</b>	
At 1 July 2016 and 30 June 2017	<b>910.4</b>
<b>Provision for impairment</b>	
At 1 July 2016 and 30 June 2017	-
<b>Total</b>	
At 30 June 2016 and 30 June 2017	<b>910.4</b>

Investments in subsidiaries are stated at cost less any impairment in recoverable value.

The principal subsidiary undertakings of the Group are listed in note 11.

### 5. Trade and other receivables: amounts falling due after more than one year

(In £s million)	2017	2016
Prepayments	<b>1.0</b>	1.5
Amounts owed by subsidiary undertakings	<b>149.5</b>	114.4
	<b>150.5</b>	115.9

The Company charges interest on amounts owed by subsidiary undertakings at a rate of three-month LIBOR plus 1%.

### 6. Deferred tax assets

Deferred tax assets in relation to:

(In £s million)	2017	2016
Retirement benefit obligations	-	2.7
Other short-term timing differences	<b>0.2</b>	0.3
	<b>0.2</b>	3.0

## 7. Trade and other receivables: amounts falling due within one year

(In £s million)	2017	2016
Corporation tax debtor	9.9	8.8
Prepayments	2.8	2.7
	<b>12.7</b>	11.5

## 8. Trade and other payables

(In £s million)	2017	2016
Accruals	18.4	15.9
Amounts owed to subsidiary undertakings	360.8	336.9
	<b>379.2</b>	352.8

Amounts owed to subsidiary undertakings are repayable on demand. The Company is charged interest on amounts owed to subsidiary undertakings at a rate of three-month LIBOR less 1%.

## 9. Retirement benefit obligations

(In £s million)	2017	2016
Defined benefit scheme deficit	0.2	14.3

The details of this UK scheme, for which Hays plc is the sponsoring employer, are set out in note 22 to the Group financial statements.

## 10. Provisions

(In £s million)	
At 1 July 2016	5.3
Utilised during the year	(0.3)
<b>At 30 June 2017</b>	<b>5.0</b>

Provisions comprise of potential exposures arising as a result of the business disposals relating to the Group transformation that concluded in 2004. It is not possible to estimate the timing of payments against the remaining provisions.



## NOTES TO THE COMPANY FINANCIAL STATEMENTS

### CONTINUED

#### 11. Subsidiaries

	Registered Address and Country of Incorporation
Hays Specialist Recruitment (Australia) Pty Limited	Level 13, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000, Australia
Hays Österreich GmbH	Europaplatz 3/5, 1150 Wien, Austria
Hays Professional Solutions Österreich GmbH	Europaplatz 3/5, 1150 Wien, Austria
Hays NV	B – 8500 Kortrijk, Brugsesteenweg 255 box 2, Belgium
Hays Services NV	B – 8500 Kortrijk, Brugsesteenweg 255 box 2, Belgium
Hays Recruitment and Selection Ltda	Rua Pequetita, No.215, 13th Floor, Sao Paulo, Brazil
Hays Specialist Recruitment (Canada) Inc.	1500 Don Mills Road, Suite 402 North York ON M3B 3K4, Canada
Hays Especialistas En Reclutamiento Limitada	Cerro El Plomo 5630, Of. 1701, Las Condes, P.O. 7560742, Santiago, Chile
Hays Specialist Recruitment (Shanghai) Co. Limited* (90% owned)	Unit 0304, 19/F Shui On Plaza, 333 Huaihai Road, Lot No.7 Luwan District, Shanghai 200020, CN, O, China
Hays Colombia SAS	AK 45 No. 108-27 Torre 2 Oficina 1105, Bogotá, Colombia
Hays Czech Republic s.r.o	Olivova 4/2096, 110 00 Praha 1, Czech Republic
Hays Information Technology s.r.o	Olivova 4/2096, 110 00 Praha 1, Czech Republic
Hays Specialist Recruitment (Denmark) A/S	Kongens Nytorv 8, 1050 København K, Denmark
Axis Resources Holding Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Axis Resources Limited	250 Euston Road, London, NW1 2AF, United Kingdom
EPS Pension Trustees Limited	250 Euston Road, London, NW1 2AF, United Kingdom
H101 Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Commercial Services Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Finance Technology Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Group Holdings Limited †	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Healthcare Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Holdings Ltd †	250 Euston Road, London, NW1 2AF, United Kingdom
Hays International Holdings Limited †	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Nominees Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Overseas Holdings Limited †	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Pension Trustee Limited †	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Personnel (Managed Solutions) Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Personnel Payroll Services Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Personnel Services Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Pharma Consulting Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Pharma Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Project Solutions Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Property Holdings Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Recruitment Services Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Social Care Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Specialist Recruitment (Holdings) Limited †	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Specialist Recruitment Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays SRA Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Stakeholder Life Assurance Trustee Limited †	250 Euston Road, London, NW1 2AF, United Kingdom
Hays ZMB Limited	250 Euston Road, London, NW1 2AF, United Kingdom
James Harvard International Group Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Krooter Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Myriad Computer Services Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Oval (1620) Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Owen, Thornhill and Harper Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Paperstream Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Recruitment Solutions Group Limited (IOM)	15 – 19 Athol Street, Douglas, Isle of Man, IM1 1LB
RSG EBT Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Weyside 23 Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Weyside Group Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Weyside Office Services Limited	250 Euston Road, London, NW1 2AF, United Kingdom

	Registered Address and Country of Incorporation
Weyside Telecoms Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Weyside Turngate Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays BTP & Immobilier SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Clinical Research SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Consulting SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Corporate SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Est SASU	34 rue Stanislas, 54000 Nancy, France
Hays Executive SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Finance SASU	147 boulevard Haussmann, 75008 Paris, France
Hays France SAS	147 boulevard Haussmann, 75008 Paris, France
Hays Ile de France SASU	147 boulevard Haussmann, 75008 Paris, France
Hays IT Services SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Life Sciences Consulting SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Life Sciences Services SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Media SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Méditerranée SASU	369/371 Promenade des anglais – Immeuble Crystal Palace, 06000 Nice, France
Hays Nord Est SASU	6, rue Jean Roisin, 59000 Lille, France
Hays Ouest SASU	36 boulevard Guist'Hau, 44000 Nantes, France
Hays Outsourced Solutions SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma Consulting SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma Services SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma Technology SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma Technology Consulting SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma Technology Services SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Sud Est SASU	Immeuble Grand Bazar, 2 rue Grolee, 69002 Lyon, France
Hays Sud Ouest SASU	23 rue Lafayette, 31000 Toulouse, France
Hays Talent Solutions SASU	23 rue Lafayette, 31000 Toulouse, France
Hays Travail Temporaire SASU	147 boulevard Haussmann, 75008 Paris, France
Hays AG	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Talent Solutions GmbH	Völklinger Straße 4, 40219 Düsseldorf, Germany
Hays Holding GmbH	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Technology Solutions GmbH	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Professional Solutions GmbH	Völklinger Straße 4, 40219 Düsseldorf, Germany
Hays Hong Kong Limited	Unit 6604-06, 66/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Hays Specialist Recruitment Hong Kong Limited	Unit 6604-06, 66/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Hays Hungary Kft.	1054 Budapest, Szabadság tér 7, Bank Center, Hungary
Hays Business Solutions Private Limited	Buildings 9B, 11th Floor, DLF Cyber City, Gurgaon, Haryana-HR, India
Hays Specialist Recruitment Private Limited	Level 3, Neo Vikram, New Link Road, Above Audi Showroom, Andheri West, Mumbai, Maharashtra-MH, India
Hays Business Services Ireland Limited	26/27a Grafton St, Dublin 2, Ireland
Hays Specialist Recruitment (Ireland) Limited	26/27a Grafton St, Dublin 2, Ireland
Hays Professional Services S.r.l	Corso Italia 13, CAP 20122, Milano, Italy
Hays S.r.l	Corso Italia 13, CAP 20122, Milano, Italy
Hays Resource Management Japan K.K.	Izumi Garden Tower 28F 1-6-1 Roppongi, Minato-ku, Tokyo 106-6028 Japan
Hays Specialist Recruitment Japan K.K.	Izumi Garden Tower 28F 1-6-1 Roppongi, Minato-ku, Tokyo 106-6028 Japan
Hays Finance (Jersey) Limited	44 Esplanade St, Helier, Jersey JE4 9WG
Hays S.a.r.l	65 Avenue de la Gare – L 1611 Luxembourg
Hays Travail Temporaire Luxembourg	65 Avenue de la Gare – L 1611 Luxembourg
Hays Specialist Recruitment (Malaysia) Sdn. Bhd.* (49% owned)	B4-3A-6, Solaris Dutamas, No 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia

## NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

### 11. Subsidiaries continued

	Registered Address and Country of Incorporation
Hays Solutions Sdn. Bhd.	B4-3A-6, Solaris Dutamas, No 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia
Hays Specialist Recruitment Holdings Sdn. Bhd.	B4-3A-6, Solaris Dutamas, No 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia
Hays Servicios, S.A. de C.V.	Avenida Paseo de las Palmas No. 405, 1003, Colonia Lomas de Chapultepec VII Seccion, C.P. 11000, México, CD.MX.
Hays, S.A. de C.V.	Avenida Paseo de las Palmas No. 405, 1003, Colonia Lomas de Chapultepec VII Seccion, C.P. 11000, México, CD.MX.
Hays B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Commercial Services B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Holdings B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Services B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Temp B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Specialist Recruitment (NZ) Limited	Level 12, Pwc Tower, 188 Quay Street, Auckland, 1010, New Zealand
Hays Document Management (Private) Limited	6th Floor, AWT Plaza, I.I Chundrigar Road, Karachi, Pakistan
Hays Outsourcing Sp. z.o.o.	Złota 59, 00-120 Warszawa, Poland
Hays Poland Sp. z.o.o.	Złota 59, 00-120 Warszawa, Poland
Hays Poland Centre of Excellence sp. z.o.o.	Złota 59, 00-120 Warszawa, Poland
Hays Recrutamento Seleccao e Empresa de Trabalho Temporario Unipessoal LDA	Avenida da Republica, no 90 – 1º andar, fração 4, 1600-206 – Lisbon, Portugal
Hays Specialist Recruitment Romania SRL	30 Frumoasa Street, 1st Floor, zone A, module 1.32, 1st District, Bucharest, Romania
Hays Business Solutions Limited Liability Company	Citydel Business Centre, 9 Zemlyanoy Val Street, Moscow 305064, Russia
Hays IT Solutions Limited Liability Company	Citydel Business Centre, 9 Zemlyanoy Val Street, Moscow 305064, Russia
Hays Specialist Recruitment Limited Liability Company	Citydel Business Centre, 9 Zemlyanoy Val Street, Moscow 305064, Russia
Hays Specialist Recruitment P.T.E Limited	80 Raffles Place, #27-20 UOB Plaza 2, Singapore
Hays Business Services S.L.	Paseo de la Castellana 81, 28046 Madrid, Spain
Hays Personnel Espana Empresa de Trabajo Temporal SA	Paseo de la Castellana 81, 28046 Madrid, Spain
Hays Personnel Services Espana SA	Paseo de la Castellana 81, 28046 Madrid, Spain
Hays Specialist Recruitment AB	Stureplan 4 C, 114 35, Stockholm, Sweden
Hays (Schweiz) AG	Nüscherstrasse 32, CH-8001 Zurich, Switzerland
Hays Talent Solutions (Schweiz) GmbH	Nüscherstrasse 32, CH-8001 Zurich, Switzerland
Hays FZ-LLC	Block 19, 1st Floor, Office F-02, Knowledge Village, Dubai 500340, United Arab Emirates
3 Story Software LLC	615 West Johnson Ave #202 Cheshire, CT 06410 USA
Hays Holding Corporation	160 Greentree Dr. Suite 101 Dover DE 19904 USA
Hays Specialist Recruitment LLC	160 Greentree Dr. Suite 101 Dover DE 19904 USA
Hays Talent Solutions LLC	160 Greentree Dr. Suite 101 Dover DE 19904 USA
Hays USA Holdings Inc	1209 Orange Street, Wilmington, DE 19801, USA
Veredus Corporation* (80% owned)	4300 W Cypress Street Suite 900 Tampa FL 33607 USA
Veredus Government Solutions, LLC* (80% owned)	101 E. Kennedy Blvd Suite 2700 Tampa, FL 33602 USA
Veredus Holdings, Inc.* (80% owned)	1200 South Pine Island Road, Plantation FL 33324 USA
Veredus, LLC* (80% owned)	1200 South Pine Island Road, Plantation FL 33324 USA

As at 30 June 2017, Hays plc and/or a subsidiary or subsidiaries in aggregate owned 100% of each class of the issued shares of each of these companies with the exception of companies marked with an asterisk (\*) in which case each class of issued shares held was as stated.

Shares in companies marked with a (+) were owned directly by Hays plc. All other companies were owned by a subsidiary or subsidiaries of Hays plc.

### 12. Other related party transactions

Hays plc has taken advantage of the exemption granted under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries. Transactions entered into and trading balances outstanding that were owed to Hays plc at 30 June 2017 with other related parties was £1.1 million (2016: £1.7 million).

# SHAREHOLDER INFORMATION

Supporting information for investors.

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## SHAREHOLDER INFORMATION

### Registrar

The Company's registrar is:  
Equiniti Limited  
Aspect House, Spencer Road, Lancing  
West Sussex BN99 6DA  
[www.shareview.co.uk](http://www.shareview.co.uk)

Telephone: 0371 384 2843<sup>(1)</sup>  
International: +44 121 415 7047  
Textphone: 0371 384 2255

### ID fraud and unsolicited mail

Share-related fraud and identity theft affects shareholders of many companies and we urge you to be vigilant. If you receive any unsolicited mail offering advice, you should inform Equiniti immediately.

As the Company's share register is, by law, open to public inspection, shareholders may receive unsolicited mail from organisations that use it as a mailing list. To reduce the amount of unsolicited mail you receive, contact the Mailing Preference Service, FREEPOST 29 LON20771, London W1E 0ZT. Telephone: 0845 703 4599 or 020 7291 3310. Website: [www.mpsonline.org.uk](http://www.mpsonline.org.uk)

### ShareGift

ShareGift is a charity share donation scheme for shareholders and is administered by the Orr Mackintosh Foundation. It is especially useful for those shareholders who wish to dispose of a small number of shares whose value makes it uneconomical to sell on a normal commission basis. Further information can be obtained from [www.sharegift.org](http://www.sharegift.org) or from Equiniti.

### Website

The Company has a corporate website at [haysplc.com](http://haysplc.com), which holds, amongst other information, a copy of our latest Annual Report & Financial Statements and copies of all announcements made over the last 12 months.

### Registered office

250 Euston Road  
London  
NW1 2AF

Registered in England & Wales no. 2150950  
Telephone: +44 (0) 20 7383 2266

### Company Secretary

Doug Evans  
Email: [cosec@hays.com](mailto:cosec@hays.com)

### Investor Relations contact

David Walker, Head of Investor Relations  
Email: [ir@hays.com](mailto:ir@hays.com)

Equiniti provides a range of services for shareholders:

Service	What it offers	How to participate
Shareholder service	You can access details of your shareholding and a range of other shareholder services.	You can register at <a href="http://www.shareview.co.uk">www.shareview.co.uk</a>
Enquiries relating to your shareholding	You can inform Equiniti of lost share certificates, dividend warrants or tax vouchers, change of address or if you would like to transfer shares to another person.	Please contact Equiniti.
Dividend payments	Dividends may be paid directly into your bank or building society account. Tax vouchers will continue to be sent to the shareholder's registered address.	Complete a dividend bank mandate instruction form which can be downloaded from <a href="http://www.shareview.co.uk">www.shareview.co.uk</a> or by telephoning Equiniti.
Dividend payment direct to bank account for overseas shareholders	Equiniti can convert your dividend in over 83 currencies to over 90 countries worldwide and send it directly to your bank account.	For more details please visit <a href="http://www.shareview.co.uk">www.shareview.co.uk</a> or contact Equiniti.
Dividend Reinvestment Plan (DRIP)	The Company has a DRIP to allow shareholders to reinvest the cash dividend that they receive in Hays plc shares on competitive dealing terms.	Further information is available from the Share Dividend helpline on 0371 384 2268 or visit <a href="http://www.shareview.co.uk">www.shareview.co.uk</a>
Amalgamation of accounts	If you receive more than one copy of the Annual Report & Financial Statements, it could be because you have more than one record on the register. Equiniti can amalgamate your accounts into one record.	Please contact Equiniti.
Share dealing service <sup>(2)</sup>	Equiniti offers Shareview Dealing, a service which allows you to sell your Hays plc shares or add to your holding if you are a UK resident. If you wish to deal, you will need your account/shareholder reference number which appears on your share certificate.  Alternatively, if you hold a share certificate, you can also use any bank, building society or stockbroker offering share dealing facilities to buy or sell shares. <sup>(2)</sup>	You can deal in your shares on the internet or by phone. For more information about this service and for details of the rates, log on to <a href="http://www.shareview.co.uk/dealing">www.shareview.co.uk/dealing</a> or telephone Equiniti on 0345 603 7037 between 8.00am and 4.30pm, Monday to Friday.
Individual Savings Accounts (ISAs) <sup>(2)</sup>	Investors in Hays plc Ordinary shares may take advantage of a low-cost individual savings account (ISA) and/or an investment account where they can hold their Hays plc shares electronically. The ISA and investment account are operated by Equiniti Financial Services Limited and are subject to standard dealing commission rates.	For further information or to apply for an ISA or investment account, visit Equiniti's website at <a href="http://www.shareview.co.uk/dealing">www.shareview.co.uk/dealing</a> or telephone them on 0345 300 0430.

(1) Lines open 8.30am to 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales).

(2) The provision of share dealing services is not intended to be an invitation or inducement to engage in an investment activity. Advice on share dealing should be obtained from a professional independent financial adviser.

## FINANCIAL CALENDAR

**2017**

<b>12 October</b>	Trading Update for quarter ending 30 September 2017
<b>9 November</b>	Investor Day, London
<b>15 November</b>	Annual General Meeting
<b>17 November</b>	Payment of final and special dividends

**2018**

<b>11 January</b>	Trading Update for quarter ending 31 December 2017
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## HAYS ONLINE

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



🔗 See [haysplc.com/investors](https://haysplc.com/investors)

### Our investor site includes:

- Investment case
- Results centre
- Events calendar
- Corporate governance
- Investor day
- Regulatory news
- Alerts
- Share price information
- Shareholder services
- Advisors & analysts' consensus
- Annual reports archive



### Follow us on social media:

-  [linkedin.com/company/hays](https://linkedin.com/company/hays)
-  [twitter.com/HaysWorldwide](https://twitter.com/HaysWorldwide)
-  [facebook.com/HaysUK](https://facebook.com/HaysUK)
-  [youtube.com/user/HaysTV](https://youtube.com/user/HaysTV)



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ACCOUNTANCY & MA/CONSTRUCTI  
 CONTACT CENTR  
 ATIONS/EDUCATI  
 KNOWLEDGE/LEGAL  
 SAFETY/POLICY &  
 OUBCES & MINING  
 NSINEERING/HU  
 LOGISTICS/FACILITIES MANAGEMENT/FINANCIAL  
 CIAL SERVICES/SOCIAL CARE/SALES & MARKETI  
 ING/ENERGY/OFFICE SUPPORT/RESPONSE MANA  
 HEALTHCARE/OIL & GAS/ARCHITECTURE/ASSESS  
 & DEVELOPMENT/PUBLIC SERVICES/ACCOUNTAN  
 NCTY & FINANCE/EDUCATION/PHARMA/CONSTRU  
 NSTRUCTION & PROPERTY/RESOURCE MANAGEM  
 ENT/MANUFACTURING & OPERATIONS/RETAIL/I  
 NFORMATION TECHNOLOGY/SALES & MARKETING  
 RATEGY/BANKIN  
 MARKETING/ENE  
 RGY/TELECOMS  
 HUMAN RESOURC  
 ES/FINANCIAL  
 PHARMA/MARKE  
 TING/HEALTHCARE/HR  
 PROCUREMENT/H

UCATION/PHARM  
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 ON TECHNOLOGY  
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PUBLIC SERVICES  
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 CARE/PROPERTY  
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